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\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

October 12, 1999

**HAND DELIVERED**

12277

99 OCT 13 AM 3:13

Oil Conservation Div.


Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

**Re: Application of Burlington Resources Oil & Gas Company  
for Compulsory Pooling, San Juan County, New Mexico  
Section 16, T31N, R11W, NMPM  
E/2: Brookhaven Com B Well No. 3B**

Dear Ms. Wrotenbery:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for November 4, 1999. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company  
Attn: James Strickler

PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

12277

**CASE \_\_\_\_:** Application of Burlington Resources Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all owners of mineral interests in the Mesaverde formation within the E/2 Section 16, T31N, R11W, NMPM, San Juan County, New Mexico for a 320-acre gas spacing unit consisting of the ~~E~~/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4SE/4 of this section. Applicant seeks to be designated as the operator of this well. This well is located approximately 5 miles north of Aztec, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF BURLINGTON RESOURCES OIL & GAS  
COMPANY FOR COMPULSORY POOLING,  
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 12277

**A P P L I C A T I O N**

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY, by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all owners of mineral interests in the Mesaverde formation within the E/2 Section 16, T31N, R11W, NMPM, San Juan County, New Mexico for a 320-acre gas spacing unit consisting of the ~~W~~1/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4SE/4 of this section. Applicant seeks to be designated as the operator of this well.

In support of its application, Burlington Resources Oil & Gas Company ("Burlington") states:

1. Burlington is a 50.927120 % working interest owner in the Mesaverde formation in the E/2 of Section 16, T31N, R11W, NMPM, San Juan County, New Mexico and is the proposed operator for the Brookhaven Com B Well No. 3B to be located within the NE/4SE/4 of this section and drilled as a gas well in the Blanco Mesaverde Gas Pool.

2. This proposed spacing unit was included within acreage subject to a November 27, 1951 farmout/operating agreements between Brookhaven Oil Company and San Juan Production Company (collectively the "GLA-46 Agreement") which set forth a drilling obligation for 18 Mesaverde wells to be drilled within the contract area.

3. This drilling obligation has been satisfied.

4. Thereafter and only by unanimous agreement made on an individual well basis, did the parties decide to make any future well subject to the GLA-46 Agreement.

5. Burlington is the successor to San Juan Production Company and Energy Resources Corporation (formerly Total Minatome) and others are successors to Brookhaven Oil Company, (the "GLA-46 Group").

6. On December 14, 1998, Burlington first proposed to the other working interest owners in this spacing unit the drilling of the Brookhaven Com B Well No. 3B as a Mesaverde completion at an estimated well cost of \$386,488.00 to be governed by the parties signing a new joint operating agreement instead of being subject to the GLA-46 Agreement.

7. On September 15, 1999, Burlington made its second request to the other working interest owners in this spacing unit again proposing the drilling of the Brookhaven Com B Well No. 3B as a Mesaverde completion at an estimated well cost of \$386,488.00 to be governed by the parties signing a new joint operating agreement for this well.

8. Despite its good faith efforts, Burlington has not been able to obtain the voluntary agreement of certain mineral owners as indicated on Exhibit "A".

9. As set forth in Division Order R-10877 and Order R-10878, the Division has already decide this issue in favor of issuing a compulsory order which pooled the GLA-46 Group's interest for the drilling of other wells because:

(a) if the Division does not pool the interests of the GLA-46 Group, and subsequent litigation determines that the GLA-46 Group's interpretation of the GLA-46 Agreement is incorrect, Burlington will be forced to consolidate the interests once again, either by a new agreement or by compulsory pooling. The well will have been drilled by that time, and the GLA-46 Group, in deciding whether or not to voluntarily participate in the well will have knowledge as to its success giving them an unfair advantage over Burlington; or

(b) if Burlington's interpretation of the GLA-46 Agreement is subsequently determined to be incorrect, the GLA-46 Group will have been voluntarily committed under the terms of the GLA-46 Agreement and will simply be dropped from the compulsory pooling order.

10. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of production from this well and this spacing unit, Burlington needs an order of the Division pooling the described spacing unit and described mineral interests involved.

11. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties to be pooled as shown on Exhibit "A".

12. Burlington requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for November 4, 1999.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on November 4, 1999 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described in this spacing unit for the drilling, completing and operating these wells at standard gas well locations and upon terms and conditions which include:

- (1) Burlington Resources Oil & Gas Company be named operator;
- (2) provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating for this well;
- (3) in the event a working interest owner fails to elect to participate in this well, then provision be made to recover out of production the costs of the drilling, completing, equipping and operating for this well including a risk factor penalty of 200 %;
- (4) provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) for such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87504

**BROOKHAVEN COM B #3B NEW DRILL  
WORKING INTEREST OWNERS**

**NAME**

**WORKING INTEREST**

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