



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

December 26, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Burlington Resources Oil & Gas Company
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Case 12993

Re: *Administrative application on behalf of Burlington Resources Oil & Gas Company (application reference No. pKRV0-235834926) filed with the New Mexico Oil Conservation Division ("Division") on December 23, 2002 for exceptions to Division Rule 104 within the Barker Creek-Dakota Pool (71529) in Irregular Sections 9, 10, and 11, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico.*

Dear Mr. Kellahin:

I am setting this application to the Examiner's hearing scheduled for January 23, 2003 for reasons that may not be apparent when reviewing the Division's rules. In 1999 when that portion of Division Rule 104 that addresses the formation and administrative approval of non-standard spacing units, it was not the Division's intent to allow the whole sale formation and establishment of non-standard units just because a section was skewed somewhat due to survey corrections. Operators would then be allowed to adjust units in a matter to met their acreage holdings or to avoid consolidation of acreage for little to no reasons other then a section containing a little over or under 640 acres.

Reading Rule 104.D (2) (b) could be interpreted in that way. It was my intent to restrict approval in these instances when the survey corrections where under 70 % or over 130 % of a normal spacing unit assigned a formation and were restricted to a quarter-quarter section for 40-acre spacing, half a quarter section for 80-acre spacing, a single quarter section for 160-acre spacing, and so on. Perhaps to word "or" should be changed to "and" in the last part of the sentence of 104.D (2) (b).

Because Burlington is purposing to cross a quarter section line in forming these three units I will not address this request administratively. Considering however in this instance the obvious necessity for the creation of these three units and why they would be in the best interest of conservation and to prevent waste, your application will be set for hearing but will be allowed to stand on its own merits, which is why it will be advertised as follows:

"Application of Burlington Resources Oil and Gas Company for three non-standard gas spacing and proration units, San Juan County, New Mexico. Applicant seeks an exception to Division Rule 104.C (3) in order to create three non-standard gas spacing and proration units within the Barker Creek-Dakota Pool (71520) in Irregular Sections 9, 10, and 11, Township 32 North, Range 14 West, which area is located approximately 7.5 miles northwest of La Plata, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT".

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Durango
U. S. Bureau of Land Management – Santa Fe

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Case 12993

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing-Unit - Simultaneous Dedication
 NSL NSP SD

DEC 23 2002

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature Kellahin Title KELLAHIN & KELLAHIN Attorneys At Law Date 12/27/02
 P.O. Box 2265
 Santa Fe, NM 87504-2265

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
New Mexico Board of Legal
Specialization Recognized Specialist
in the area of Natural resources-
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December 23, 2002

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HAND DELIVERED

Case 12993

CO DEC 21 11:12:00
OIL CONSERVATION DIV.

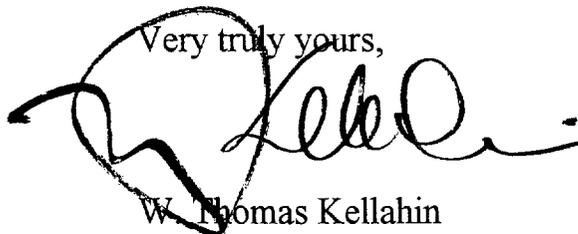
Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Application of Burlington Resources Oil & Gas Company LP for approval of three non-standard gas proration and spacing units, Barker Creek-Dakota Gas Pool, San Juan County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Burlington Resources Oil & Gas Company LP, please find enclosed our referenced application that is being filed in accordance with Division Rule 104.D(2)(b)).

Very truly yours,



W. Thomas Kellahin

CC: Burlington Resources Oil & Gas Company LP
Attn: Matt Gray

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE 12993

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR APPROVAL OF THREE
NON-STANDARD GAS PRORATION AND SPACING
UNITS IN THE BAKER CREEK-DAKOTA GAS POOL,
SAN JUAN COUNTY, NEW MEXICO**

APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY LP (“Burlington”) and by and through its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division (“Division”) for approval of three non-standard gas prorating and spacing units to be dedicated to any production from the Dakota Formations of the Baker Creek-Dakota Gas Pool, the units to be configured as follows: (i) all of Irregular Section 9 consisting of 199.71 acres; (ii) all of Irregular Section 10 consisting of 200.48; and (iii) all of Irregular Section 11 consisting of 200.07 acres, T32, R14W, NMPM, San Juan County New Mexico.

In support, Burlington states:

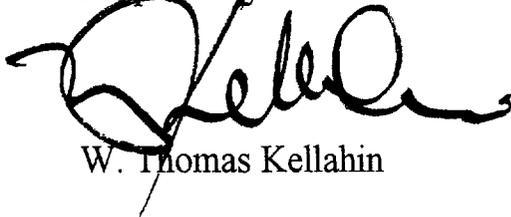
- (1) Burlington is the operator and the only working interest owner of the Ute Mountain Ute Tribe’s oil and gas lease number I-22-IND-2772 which includes all of Irregular Sections 9, 10, 11 of T32N, R14W, San Juan County, New Mexico,

- (2) Burlington proposes the following non-standard proration and spacing units for Dakota production from these irregular sections in Township 32 North, Range 14 West:
 - (a) 199.71-acres consisting of all of Section 9
 - (b) 200.48-acres consisting of all of Section 10
 - (c) 200.07-acres consisting of all of Section 11
- (3) These proposed units are made necessary as a result of variations in the legal subdivisions of the United States Public Land Survey. **See Exhibit (1)**
- (4) This are the same sections approved by the Division as non-standard gas proration and spacing for production from the Baker Dome-Ismay Pool. **See Order R-46-B, dated November 6, 1996.**
- (5) The total acreage for each of these non-standard gas proration and spacing units as set forth in Paragraph (2) above is different from the acreage totals used in Order R-46-B which is now believed to be incorrect.
- (6) Irregular Sections 9, 10, 11, T32N, R14W are subject to the Division's rules for the Barker Creek-Dakota Gas Pool that provide for Standard 160-acre gas spacing units with wells located no closer than 660 feet to the side boundaries.
- (7) All the acreage contained within each of the proposed non-standard proration and spacing units constitutes a single common lease that is operated by Burlington
- (8) With the exception of Section 12 which is unleased and owned by the Ute Mt. Ute Tribe, all adjoining prospective and existing Dakota proration and spacing units in New Mexico are operated by Burlington and have the same ownership as the proposed non-standard proration and spacing units.
- (9) The establishment of the proposed non-standard gas proration and spacing units will ensure the orderly development of the gas reserves within the Dakota formation.
- (10) No notification of the application is required by Division rules.

- (11) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Dakota formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:

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

W. Thomas Kellahin