

**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 NO. 12553
ORDER NO. R-11535**

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR
AN UNORTHODOX COAL GAS WELL LOCATION, SAN JUAN COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 7 and 21, 2000, at Santa Fe, New Mexico before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 8th day of February, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Burlington Resources Oil & Gas Company ("Burlington"), seeks approval to drill its Farmington "A" Well No. 100 at an unorthodox ("off pattern") coal gas well location 660 feet from the South line and 705 feet from the East line (Unit P) of Section 1, Township 29 North, Range 13 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. The S/2 of Section 1 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

(3) The proposed well and unit are located within the Basin-Fruitland Coal Gas Pool, which is currently governed by special pool rules established by Division Order No. R-8768, as amended, that require: (i) wells drilled or recompleted on every standard or non-standard unit to be located in the NE/4 or SW/4 of a single governmental section; and (ii) wells to be located no closer than 660 feet to any outer boundary of the unit nor closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary.

(4) The proposed well is standard with respect to the setback requirements for the Basin-Fruitland Coal Gas Pool, but is unorthodox with respect to the quarter section location requirement.

(5) The applicant presented evidence that demonstrates:

- (a) due to its ownership position in Section 1, Burlington proposes to develop the Fruitland Coal gas reserves with a S/2 well dedication;
- (b) the proposed well and spacing unit are located within the city limits of Farmington, New Mexico;
- (c) the entire SW/4 of Section 1 is unavailable for drilling due to commercial real estate development that is occurring at this time;
- (d) there are numerous surface features within the SE/4 of Section 1 that make it difficult to locate a well in that quarter section; however, Burlington has reached an agreement with a surface owner to drill the Farmington "A" Well No. 100 at the proposed location; and
- (e) the Farmington "A" Well No. 100 will be the first Fruitland Coal well in Section 1.

(6) Development of the Basin-Fruitland Coal Gas Pool has occurred to the east, southeast and south of Section 1 in Sections 6 and 7, Township 29 North, Range 12 West, and Section 12, Township 29 North, Range 13 West, respectively.

(7) Burlington testified that due to the presence of the city of Farmington, it is unlikely that future development of the Basin-Fruitland Coal Gas Pool will occur to the north, northwest, west and southwest of Section 1 in Sections 36 and 35, Township 30 North, Range 13 West, and Sections 2 and 11, Township 29 North, Range 13 West, respectively.

(8) Burlington has obtained waivers of objection to its proposed unorthodox gas well location from Maralex Resources, Inc., Texakoma Oil and Gas Corporation and Yates Petroleum Corporation, affected offset operators in Sections 6 and 7, Township 29 North, Range 12 West, and Section 12, Township 29 North, Range 13 West.

(9) No other offset operator or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the application will provide Burlington the opportunity to produce the gas reserves in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 1 and will not violate correlative rights.

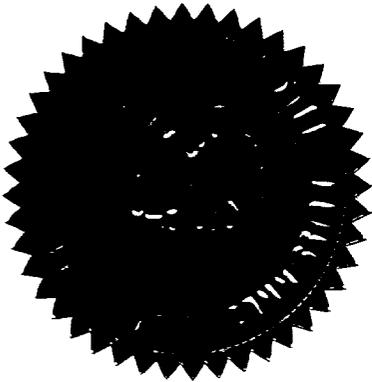
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Burlington Resources Oil & Gas Company, is hereby authorized to drill its Farmington "A" Well No. 100 at an unorthodox ("off pattern") coal gas well location 660 feet from the South line and 705 feet from the East line (Unit P) of Section 1, Township 29 North, Range 13 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

(2) The S/2 of Section 1 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery
LORI WROTENBERY
Director