



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 12, 2003

Burlington Resources Oil & Gas Company
P. O. Box 4289
Farmington, New Mexico 87499-4289
Attention: Peggy Cole
pbradfield@br-inc.com

Telefax No. (505) 326-9833

Administrative Order NSL-4899

Dear Ms. Cole:

Reference is made to the following: (i) your original application (*administrative application reference No. pKRV0-305056281*) submitted to the New Mexico Oil Conservation Division ("Division") on February 19, 2003; (ii) the Division's response by letter dated March 17, 2003 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) your re-submittal of this application to the Division on May 22, 2003 (*administrative application reference No. pKRV0-314336781*); and (vi) the Division's records in Aztec and Santa Fe: all concerning Burlington Resources Oil & Gas Company's ("Burlington") request for an unorthodox gas well location in the Chacra formation and Basin-Dakota Pool (71599) for Burlington's proposed Aztec Federal Well No. 1-M (API No. 30-045-31109) to be drilled at an unorthodox gas well location in both intervals 700 feet from the North line and 2225 feet from the East line (Lot 2/Unit B) of Section 24, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

It is our understanding that Burlington intends to multi-complete this well in the Chacra formation and the Blanco-Mesaverde (72319) and Basin-Dakota Pools. Acreage to be dedicated to Burlington's proposed Aztec Federal Well No. 1-M include: (i) Lots 1, 2, 7, and 8 (NE/4 equivalent) of Section 24, being a standard 157.6-acre gas spacing unit for wildcat Chacra gas production; (ii) Lots 1 through 8 (N/2 equivalent) of Section 24, being a standard 314.36-acre lay-down gas spacing and proration unit in the Blanco-Mesaverde Pool; and (iii) Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of Section 24, being a standard 314.78-acre stand-up gas spacing and proration unit in the Basin-Dakota Pool.

Pursuant to the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 on February 1, 1999, as amended by Division Order No. R-10987-A (1), issued in Case No. 12837 on December 2, 2002 [see Rule I.C (1)] this location is standard for the 314.36-acre lay-down spacing unit.

Gas production from the Basin-Dakota Pool is to be included within an existing spacing unit

that is currently dedicated to Burlington's Aztec Federal Well No. 1 (API No. 30-045-09319), located at a standard gas well location 1560 feet from the South line and 1850 feet from the East line (Lot 10/Unit J) of Section 24.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; (iii) the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the Basin-Dakota Pool, the above-described unorthodox gas well location for Burlington's proposed Aztec Federal Well No. 1-M is hereby approved.

Further, the Basin-Dakota interval within the aforementioned well and respective spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington