



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 2, 2011

Burlington Resources Oil & Gas Company, LP
Attn: Ms. Patsy Clugston
3401 East 30th Street
Farmington, NM 87402

Administrative Order NSL-6388

**Re: San Juan 29-7 Unit Well No. 89A
API No. 30-039-21625
2020 feet FNL & 390 feet FWL
Unit E, Section 7-29N-7W
Rio Arriba County, New Mexico**

Dear Ms Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-12650216**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 6, 2011, and

(b) the Division's records pertinent to this request.

Burlington Resources Oil & Gas Company, LP (Burlington) [OGRID 14538] has requested to re-complete the above-referenced well in the Pictured Cliffs and Fruitland Coal formations at an unorthodox gas well location, described above in the caption of this letter.

The NW/4 of Section 7 will be dedicated to this well in order to form a standard 112.65-acre gas spacing unit in the Blanco Pictured Cliffs Gas Pool (72359). Spacing in this pool is governed by Order R-46, issued in Case No. 237 on December 29, 1950, which provides for 160-acre units with wells located at least 660 feet from a unit outer boundary and at least 330 feet from a quarter section boundary. This location is less than 660 feet from the western unit boundary.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



The W/2 of Section 7 will be dedicated to this well in order to form a standard 226.72-acre gas spacing unit in the Basin Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary. This location is less than 660 feet from the western unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location in order to utilize an existing wellbore.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2) NMAC], in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management