

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 22, 2008
Administrative Order NSL-5880

Burlington Resources Oil & Gas, LP
Attn: **Ms. Patsy Clugston**
3401 East 30th Street
Farmington, NM 87505

RCVD JUL 28 '08

OIL CONS. DIV.

DIST. 3

Burlington's NSL Application: Grambling C Well No. 4B API (30-045-34722)

1642' FSL, 2169' FWL, Unit K

Section 12, T30N, R10W, N.M.P.M., San Juan County, New Mexico

294.98 Acre, W/2 of Section 12 Spacing Unit for both the following pools:

Blanco Mesaverde Prorated Gas Pool (71319) and Basin Dakota Prorated Gas Pool (71599)

Dear Ms Clugston:

Reference is made to the following:

- (a) your application (***administrative application reference No. pKVR0818232469***) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 27, 2008, and
- (b) the Division's records pertinent to this request.

Burlington Resources Oil & Gas, LP ("Burlington") requests authority to drill and produce this well within these two pools at a non-standard bottom hole gas well location for the Mesaverde and Dakota formations. The well is to be dedicated to an existing gas spacing and proration unit in both pools. The Basin-Dakota and Blanco-Mesaverde Gas Pools are currently governed by special pool rules established by Division Order No. R-10987, as amended, which allow 4 wells per spacing unit and require 660 feet setbacks from the outer boundary of the gas proration unit. The subject well is non-standard by 39 feet and encroaches on spacing units to the East.



This location is un-orthodox because it is located closer than 660 feet from the eastern boundary of the W/2 of Section 12 GPU. The application states that Burlington is the operator and owns 100% of the working interest in the proposed unit and in the offsetting unit towards which this location encroaches.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2)

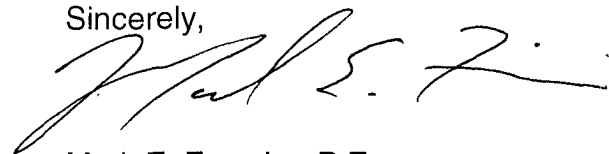
It is our understanding that Burlington (OGRID **14538**) is seeking this non-standard location due to pipelines and sand dune constrictions.

Pursuant to the authority granted under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

This approval is subject to your being in compliance with all the other applicable Division rules, including, but not limited to Division Rule 40.

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 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Division Director

MEF/tw

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