



OLD-1221

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

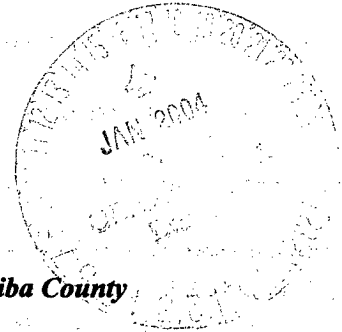
January 13, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Burlington Resources Oil & Gas Company, L.P.
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attention: Joni Clark, Regulatory Specialist

Re: San Juan "29-7" Unit Well No. 188
1030' FNL & 900' FWL (Lot 10/Unit C) Sec. 6, T29N, R7W, NMPM, Rio Arriba County
API No. 30-039-27441



Dear Ms. Clark:

Reference is hereby made to your application dated December 12, 2004 for:

(A) an exception to the spacing requirements of Division Rule 104.C (3) in order to create a non-standard 215.22-acre gas spacing unit in the Blanco-Pictured Cliffs Pool (72359) comprising Lots 10, 11, 12, 13, and 14, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of Irregular Section 6, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico;

(B) an exception to Division Rule 104.D (3) in order to simultaneously dedicate Pictured Cliffs gas production from the unprorated Blanco-Pictured Cliffs Pool within this proposed 215.22-acre non-standard gas spacing unit from its existing: (i) San Juan "29-7" Unit Well No. 583 (API No. 30-039-25260), located at a standard gas well location 1850 feet from the South line and 790 feet from the West line (Unit K) of Irregular Section 6; and (ii) its proposed San Juan "29-7" Unit Well No. 188 (API No. 30-039-27441), to be drilled at a standard gas well location 1030 feet from the North line and 900 feet from the West line (Lot 10/Unit C) of Irregular Section 6; and

(C) the suspension of that portion of Division Order No. R-9880, issued in Case No. 10699 on April 21, 1993, as amended by Division Order No. R-9880-A, dated June 4, 1993, that established a non-standard 110.66-acre gas spacing unit in the Blanco-Pictured Cliffs Pool comprising Lots 13 and 14 and the E/2 SW/4 (SW/4 equivalent) of Irregular Section 6 for the above-described San Juan "29-7" Unit Well No. 583.

The Blanco-Pictured Cliffs Pool, being unprorated, is not subject to Part H of the Division's statewide rules entitled "*Gas Proration and Allocation*" (Rules 601 through 605); however, this pool is currently governed by Division Rules 104.C (3) and D (3), which requires the following:

(i) that gas wells developed on 160-acre spacing are to be located in a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys;

- (ii) for such wells to be located not closer than 660 feet to any outer boundary of such tract nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary; and
- (iii) precludes the drilling, recompletion, and production of a second gas well within a single gas spacing unit.

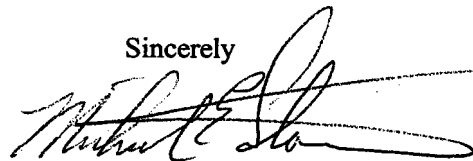
Your proposed 215.22-acre non-standard unit (W/2 equivalent of Irregular Section 6) only serves to combine the aforementioned existing non-standard Pictured Cliffs 110.66-acre gas spacing unit (SW/4 equivalent of Irregular Section 6) and the 104.56 acres comprising the NW/4 equivalent of Irregular Section 6. The proposed unit of course does not conform to the "quarter section" requirements of 104.C (3). The requests for the formation of such a unit in an unprorated pool and the simulations dedication of wells are matters beyond administrative review of Division Rule 104.D (2) (b) and (3). Furthermore, Burlington Resources Oil & Gas Company, L.P.'s ("Burlington") rationale for the formation of this unit, which is "for accounting purposes", is not a viable or acceptable reason to seek such an exception to the State's spacing requirements. Your application is therefore **denied** and is being returned to you at this time.

As a reminder the State's spacing rules is a serious matter for the purpose of orderly development of New Mexico's valuable oil and gas resources and for the additional purpose of protecting correlative rights and preventing waste. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for minor exceptions as "open and shut" issues without so much as a thought about the setting of precedence by the issuance of a frivolous exception by the Division.

NOW not to discourage Burlington from developing its Pictured Cliffs reserves underlying the NW/4 equivalent of Irregular Section 6, I suggest you consider a more reasonable, common sense approach by re-filing to form a non-standard 104.56-acre gas spacing unit, being 0.65 % the size of a standard 160-acre unit, that comprises Lots 10, 11, and 12 and the SE/4 NW/4 (NW/4 equivalent) of Irregular Section 6 under the provisions of Rule 104.D (2) (c).

Once you have read this letter and reviewed all the rules mentioned; should you have any questions, I suggest you contact your legal counsel, Mr. W. Thomas Kellahin in Santa Fe at (505) 982-4285 for a detailed explanation of New Mexico's conservation rules with respect to spacing and the formation of "units". Thank you for your understanding and cooperation and Burlington's continued support in making New Mexico's conservation rules a meaningful success.

Sincerely



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Legal Counsel for Burlington Resources Oil & Gas Company, L.P. - Santa Fe

**BURLINGTON
RESOURCES**

SAN JUAN DIVISION

NSL
RECEIVED

DEC 15 2003

Sent Federal Express

December 12, 2003

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: San Juan 29-7 Unit #188
1030' FNL, 900' FWL, Section 6, T29N, R7W, Rio Arriba County
API #30-039-27441

Dear Mr. Stogner:

Burlington Resources requests that the New Mexico Oil Conservation Division establish a non-standard gas spacing unit within the San Juan 29-7 Unit to be dedicated to any production from the Blanco Pictured Cliffs Pool, to be configured from Lots 10, 11 and 12 and the SE/4NW/4 of Section 6, T29N, R7W, NMPM, Rio Arriba County, New Mexico. This unit is made necessary as a result of variations in the legal subdivision of the United States Public Land Survey. The requested non-standard gas spacing unit is adjacent to the previously approved NSP Order No. R-9303, as shown on the attached map.

Burlington Resources proposes to drill the San Juan 29-7 Unit #188 well to the Fruitland Coal and Pictured Cliffs formation. This well is located 1030' FNL, 900' FWL in Section 6, Township 29 North, Range 7 West. Burlington will apply for a commingle order in the near future. The attached APD lists the spacing unit for the Pictured Cliffs formation as Lots 10, 11, 12, 13 and 14 and the E/2SW/4 and the SE/4NW/4. This spacing unit is being utilized for accounting purposes, according to the San Juan 29-7 Unit Agreement, even though the Blanco Pictured Cliffs pool requires equivalent 160 acre spacing.

The following attachments are for your review:

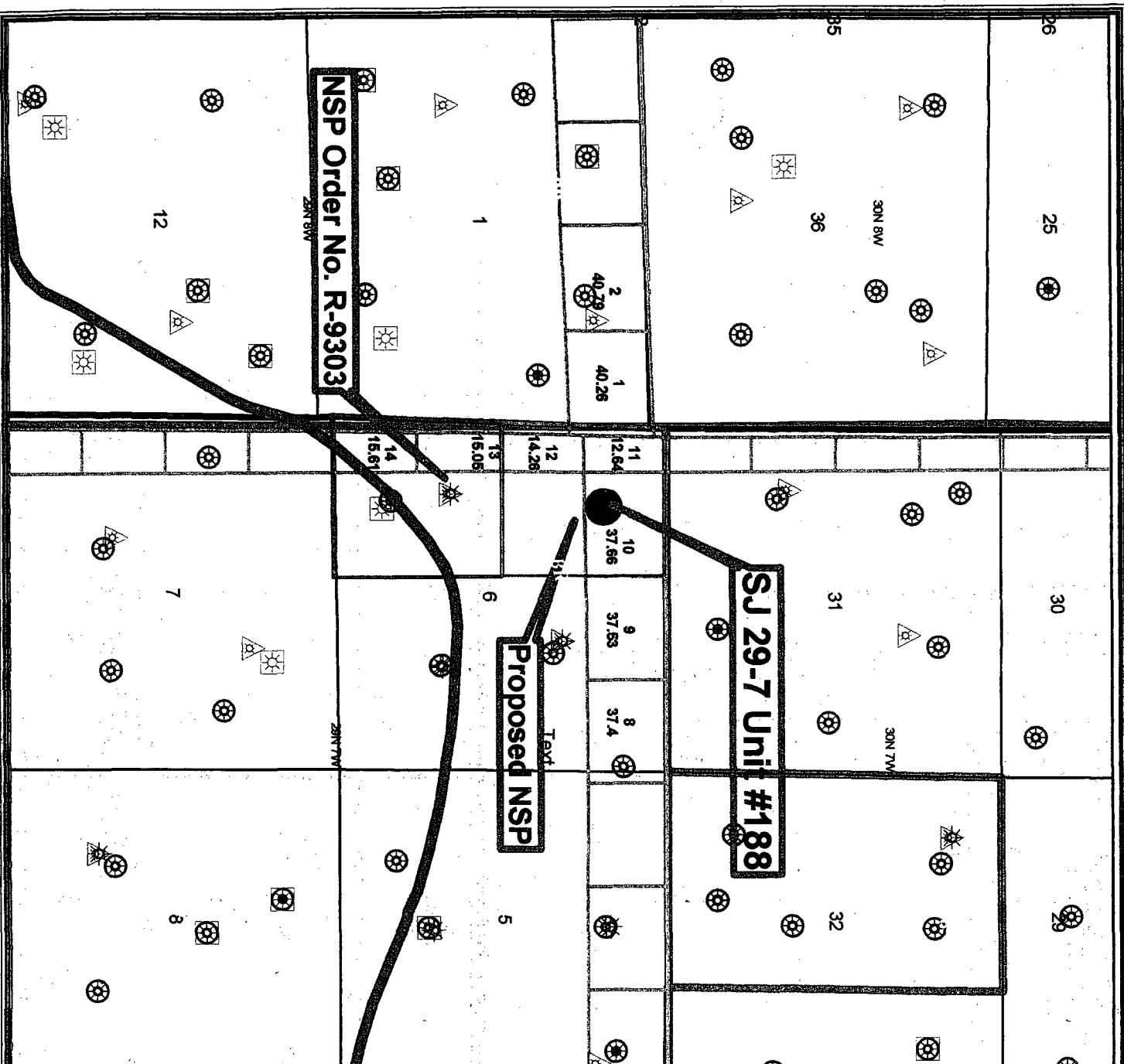
- Approved application for Permit to Drill and C-102 at referenced location
- Offset operators / owners plat
- 9 Section plat
- List of offset operators


A copy of this application is being submitted to offset operator / owner by certified mail. Please let me know if you have any questions about this application.

Sincerely,

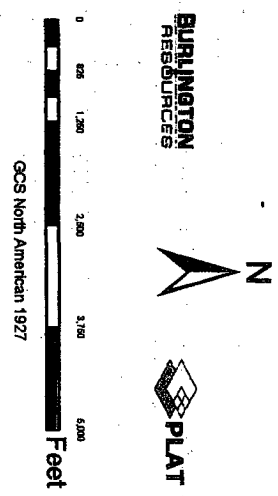


Joni Clark
Regulatory Specialist



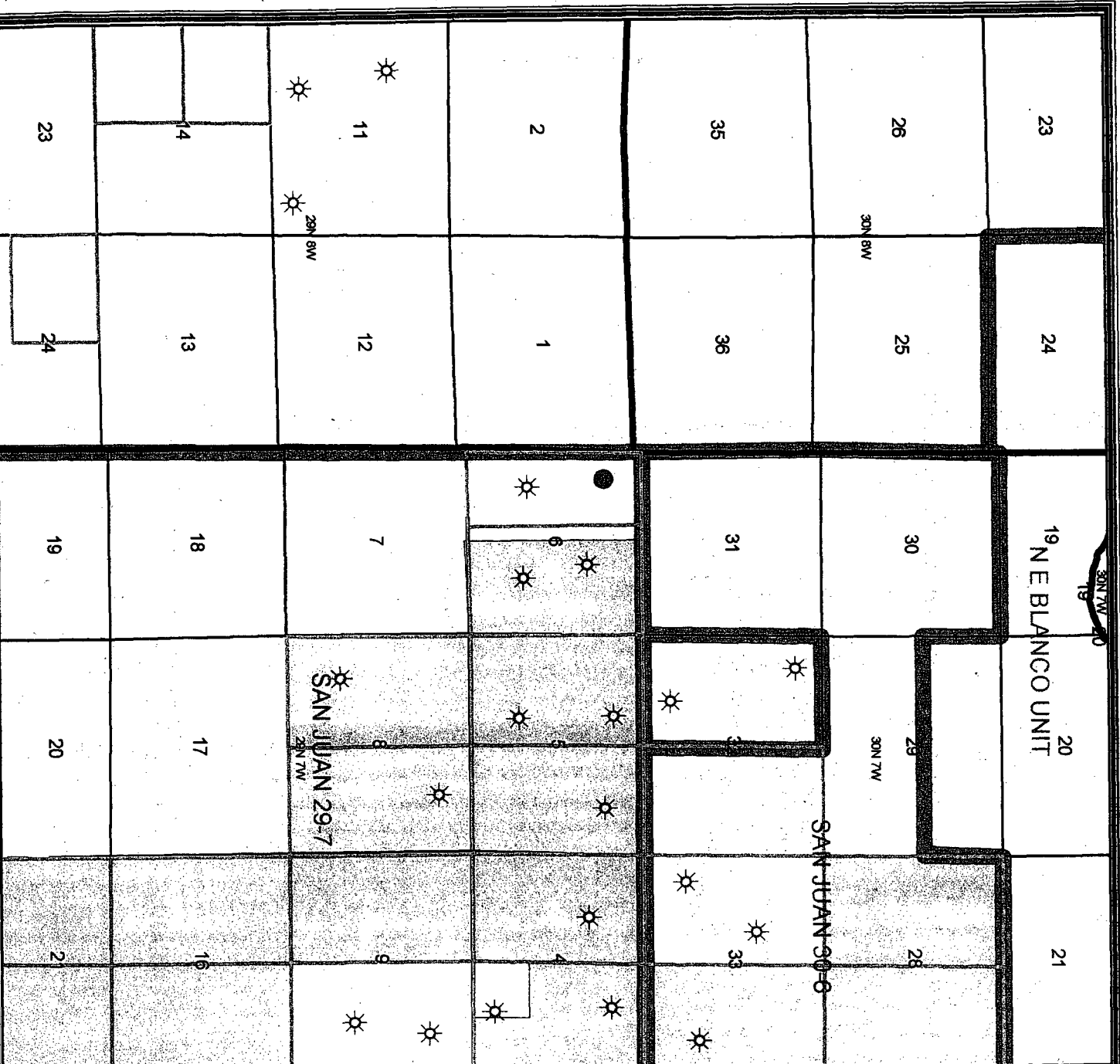


FRUITLAND
 FRUITLAND COAL
 PICTURED CLIFFS
 CHACRA
 MESAVERDE
 DAKOTA
 Major Roads
 Sections
 Townships
 San Juan Federal Units
 U.S. Water Bodies
 Iotall83_0919_region



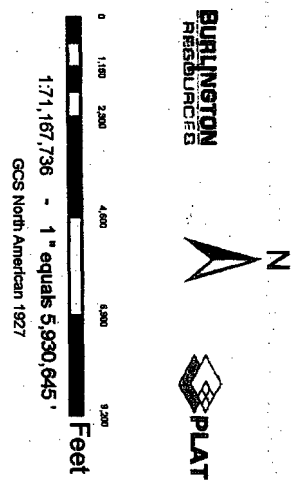
BURLINGTON RESOURCES
San Juan
San Juan 29-7 Unit #188
Section 6, T29N, R7W, Rio Arriba County, NM

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|--------------|------------|---------------|--------------------|
| Prepared By: | <u>kc3</u> | Date: | <u>12/12/2003</u> |
| File Number: | | Revised Date: | <u>12/12/2003</u> |
| File Name: | | | <u>New Project</u> |



Legend

- ☐ PictCliff
- ☐ Sections
- ☐ Townships
- ☒ San Juan Federal Units
- ☐ pa-pictured-cliffs
- <all other values>
- ☼ PICTURED CLIFFS



BURLINGTON RESOURCES

San Juan

San Juan 29-7 Unit 188

PC / FTC

Prepared By: mlb Date: 11/6/2003

File Number: 11/6/2003

Revised Date: 11/6/2003

File Name: Public\Projects\San Juan 29-7 Unit 188\San Juan 29-7 Unit 188

WORKING INTEREST OWNERS

SAN JUAN 29-7 , PA NUMBER 6800580000

T H MCELVAIN OIL & GAS LTD

DIRK VANHORN REEMTSMA

D PHIL BOLIN

BOLIN PAT S

DAN H BOLIN

FOUR STAR OIL & GAS COMPANY

DAVID A PIERCE

CONOCOPHILLIPS COMPANY

BOLACK MINERALS CO

LANCE REEMTSMA

WILLIAMS PRODUCTION COMPANY

BURLINGTON RESOURCES O&G CO LP

C W BOLIN PROPERTIES

DOLORES BOLIN TRUSTS

CHARLES W GAY

LORRAYN GAY HACKER

BP AMERICA PRODUCTION COMPANY

J & M RAYMOND LTD

R L BOLIN PROPERTIES LTD

BURLINGTON RESO O&G (SJB)

MAYDELL MILLER MAST

Paul H. Umbach Estate
Wayne Moore
Morris Mizel

Thursday, December 04, 2003

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