

BURLINGTON RESOURCES

SAN JUAN DIVISION

01 AUG 16 AM 9:51

Sent Federal Express August 15, 2001

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

Re: Allison Unit Com #64
2065'FSL, 145'FEL, T-32-N, R-6-W, San Juan County
30-045-29810



Dear Mr. Stogner:

Burlington Resources has applied for administrative approval of an unorthodox gas well location for the Basin Dakota and Blanco Mesaverde. This well is planned as a Mesaverde and Dakota commingled completion and Order DHC-2217 has been received for the commingling.

We have received your letter of July 23, 2001 requesting an explanation for why the well should be located at this unorthodox location. We have also been in discussion with Mr. Steve Hayden of your Aztec District Office and determined that this well location is non-standard only for the Basin Dakota, and is standard for the Blanco Mesaverde.

Attached is an aerial photograph showing Section 8. As annotated, a substantial portion of the north half of the standard window is irrigated fields. The surface owner has requested the well not be located in these fields. Also shown is the placement of the Allison Unit #47M (30-045-29700) Mesaverde/Dakota well located at 1110'FSL, 1570'FEL in Section 8.

We have attached a diagram showing the drainage ellipses for the #47M well, and the Allison Unit #6M (30-045-29809) located at 1750'FNL, 880'FWL in Section 16 and Allison Unit #47B (30-045-30255) located at 675'FNL, 2655'FWL in Section 8. The current location for the Allison Unit Com #64 well is located on the eastern edge of the drainage ellipse for the #47M well and we would prefer not moving the proposed location to the west in as much as we would see greater interference with the Allison Unit #47M well. We would also prefer to not move the proposed location to the east due to the possible encounter of water in the lower Point Lookout formation such as was encountered in the Allison Unit #6M well (please refer to the geologic discussion attached).

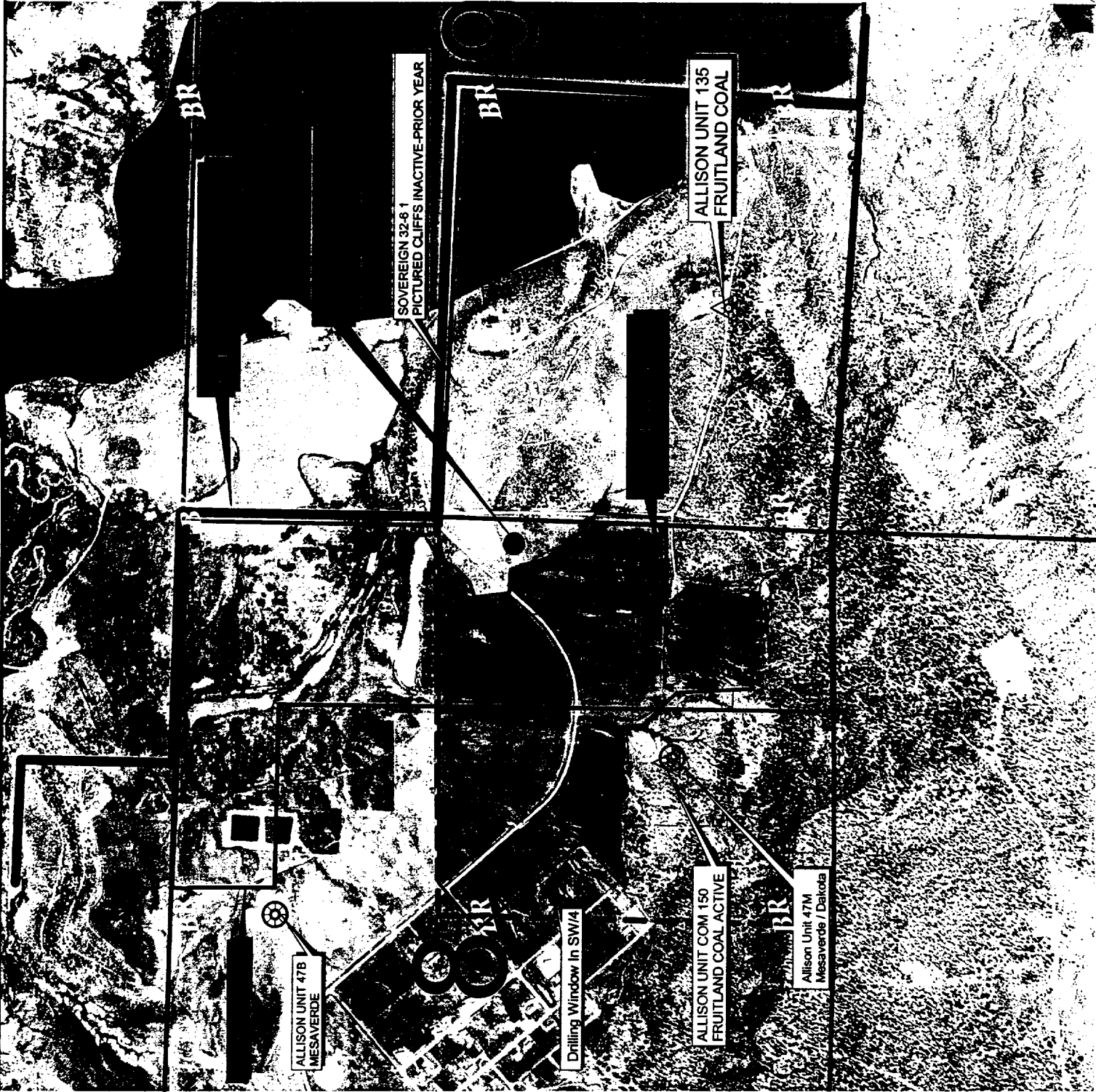
Burlington Resources believes correlative rights issues are minimized because the encroachment is toward the proration unit established for this well in Orders 11588 and 2046.

Please let me know if you have any questions about this application.

Sincerely,

Peggy Cole
Regulatory Supervisor

Xc: Bureau of Land Management
NMOCD - Aztec District Office



- P2000 Well Header
- DAKOTA
- FRUITLAND COAL
- FRUITLAND-PICTURED CLIFFS
- MESAVERDE
- MORROW
- PICTURED CLIFFS
- Major Water Bodies

300 0 300 600 900 Feet



BURLINGTON RESOURCES

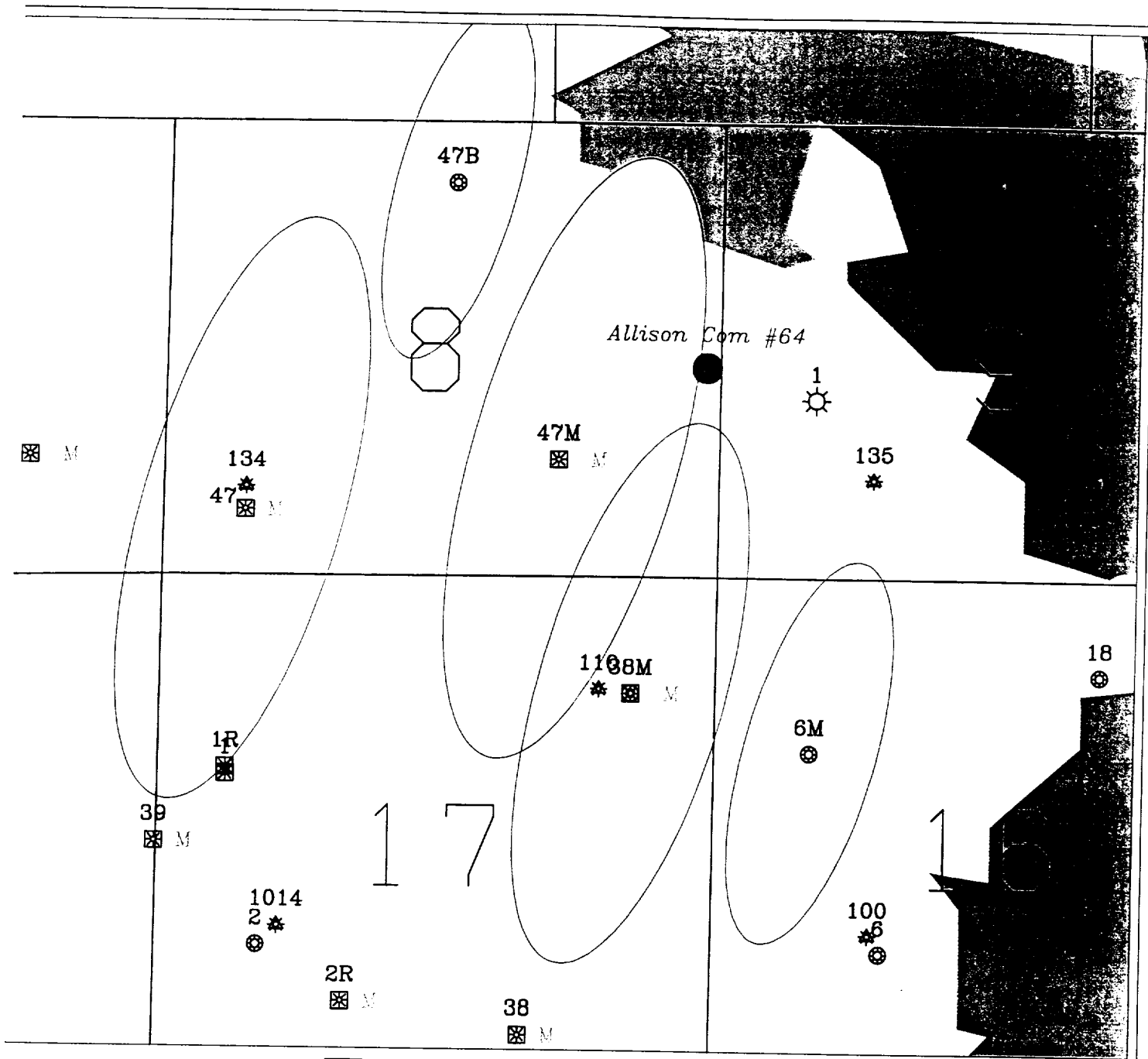
San Juan Division

Proposed NSL For Allison Unit Com 64 Well
Section 8-32N-6W
145 T&E, 2065 FSL

Transverse Meridian
UTM - 1927 Zone 13

Prepared By: Puffer Cole
File No.: Allison Unit
Date: 06/10/2001
Revised:

1:11591



T32N R6W
Mesaverde
Drainage Areas

J. Dehart
8/01

Proposed Allison Unit Com Well Number 64
2065' FSL & 145' FEL
Section 8, T32N, R6W
San Juan County, New Mexico
Blanco Mesaverde/Basin Dakota Pool
Estimated TD 7632'

The Mesaverde spacing unit for the Allison Unit Com 64 is an irregular shaped tract located in Sections 8 and 9 of T32N, R6W. The proposed test is staked at a standard Mesaverde gas well location within the spacing unit. No Mesaverde well has been completed to date in the spacing unit. The location of the proposed test was selected to optimize recovery from the Mesaverde Group. The primary control on productivity in the Mesaverde is the density of natural fractures. Fracture orientation ranges from due north to north 30 degrees east. Gas drainage areas are elliptical in shape with the long axis parallel to the direction of fracture orientation.

A drainage ellipse map of the project vicinity indicates that undeveloped gas reserves remain to be exploited on the east side of the spacing unit. The drainage ellipse map is based upon data derived from a larger study of the entire Blanco Mesaverde Pool (estimated ultimate recovery calculated for all wells in the Blanco Mesaverde Pool, original gas in place values calculated for entire Blanco Mesaverde Pool, etc.). The Allison Unit 47M, located in the SW/4SE/4 of Section 8, T32N, R6W, will drain gas reserves from much of the west side of the spacing unit. The 47M is a strong well with minimum estimated ultimate recovery of 2.5 BCFG from the Mesaverde. The proposed test is expected to encounter the same excellent reservoir characteristics in the Mesaverde as found at the Allison Unit 47M. The Allison Unit 6M, located in the SW/4NW/4 of Section 16, T32N, R6W, encountered substantial quantities of water in the Point Lookout. A pumping unit was required to produce the Mesaverde at this well. The initial water production rate at the 6M was 100 BPD. Placement of the Allison Unit Com 64 further to the east increases risk of water production from the Point Lookout.

The proposed test will be the first Dakota well completed in the Dakota spacing unit, which is the same irregular shaped tract of land as the Mesaverde spacing unit. Exact placement of the well within the spacing unit is not viewed as critical to success of the new drill project in the Dakota. The proposed test is staked at a non-standard Dakota gas well location within the spacing unit. Every effort was made to locate the Allison Unit Com 64 at a standard Dakota gas well location that would also not create significant Mesaverde drainage area overlap with the Allison Unit 47M. Unfortunately, it was not possible to find such a location due to issues with the surface owner. A test located at the proposed footages is expected to be geologically comparable in the Dakota with a test located at any standard Dakota location in the spacing unit.