



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 13, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Burlington Resources Oil & Gas Company, L. P.

P. O. Box 4289

Farmington, New Mexico 87499-9700

Attention: Amanda Sanchez
Regulatory Analyst

Administrative Order NSL-5448

Dear Ms. Sanchez:

Reference is made to the following: (i) your application filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 23, 2006 (*administrative application reference No. pTDS0-623651744*); and (ii) the Division's records in Santa Fe and Aztec, including the file on Division Administrative Order NSL-638: all concerning Burlington Resources Oil & Gas Company, L.P.'s ("Burlington") request for an unorthodox gas well location in the Pictured Cliffs formation and Basin-Fruitland Coal (Gas) Pool (**71629**) for Burlington's proposed Luthy Well No. 3 (*API No. 30-045-33585*) to be drilled 760 feet from the South line and 370 feet from the East line (Unit P) of Section 12, Township 26 North, Range 8 West, NMPM, San Juan County, New Mexico.

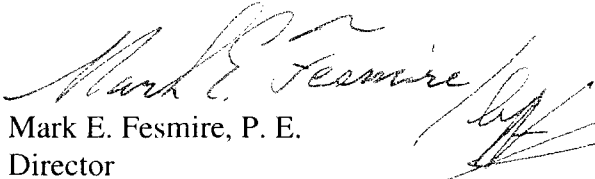
It is the Division's understanding that Burlington intends to dually complete this well by commingling both the Pictured Cliffs and Fruitland coal gas intervals and that the: (i) E/2 of Section 12, being a standard 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool; and (ii) SE/4 of Section 12, being a standard 160-acre gas spacing/proration unit for either the Undesignated Ballard-Pictured Cliffs Pool (**71439**) or the Undesignated South Blanco-Pictured Cliffs Pool (**72439**), are to be dedicated to the proposed Luthy Well No. 3.

Your application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; (ii) Division Rule 605; (iii) the "*Special Rules and Regulations for the South Blanco-Pictured Cliffs Pool*," as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998; and (iv) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

By the authority granted me under the provisions of and/or in accordance with: (i) Division Rule 104.F (2); (ii) Rule 8 of the special Basin-Fruitland Coal (Gas) Pool rules; (iii) Division Rule 605.B (2) (b); and (iv) the applicable provisions of the special pool rules governing the South Blanco-Pictured Cliffs Pool, the above-described unorthodox infill Basin-Fruitland coal gas well location within the E/2 of Section 12/unorthodox Pictured Cliffs gas well location within the SE/4 of Section 12 for Burlington's above-described Luthy Well No. 3 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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