



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

June 13, 2002

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: Peggy Cole

Re: *Administrative application (reference No. pKRV0-215437586) for an exception to the well location provisions (Rule 7) of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, for Burlington Resources Oil & Gas Company's ("Burlington") existing Albright Well No. 10 (API No. 30-045-25689) located 964 feet from the North line and 1854 feet from the West line (Unit C) of Section 22, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico. The N/2 of Section 22, being a standard 320-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool, is to be dedicated to this well.*

Dear Ms. Cole:

I have reviewed your application for an off-pattern coal gas well and have discussed many times this issue with the technical staff of the Division's Aztec district office. This application is hereby found to be inadequate, unjustified, and unwarranted.

The "Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool," as promulgated by Division Order No. R-8768, issued in Case No. 9420 and dated October 17, 1988, as amended by Order No. R-8768-A, issued in Reopened Case No. 9420 on July 16, 1991, and Order No. R-8768-B, issued in Case No. 12296 and dated February 10, 2000, were established and modified over time in order to assure orderly development and to maximize recovery of gas reserves in this pool. Rule 7 of these special pool rules provide in part that wells either drilled or recompleted on a single 320-acre spacing unit in the Basin-Fruitland Coal (Gas) Pool be located in either the NE/4 or SW/4 of a governmental section.

According to the Division's records in Santa Fe, Burlington currently operates the following four wells within the NE/4 of Section 22 that could be utilized as an on-pattern Fruitland coal gas well by simply recompleting the well in a similar manner as Burlington has for the Albright Well No. 10:

- (1) Albright Well No. 6 (API No. 30-045-08101), 1160' FNL & 1190' FEL (Unit A);
- (2) Albright Well No. 4 (API No. 30-045-08102), 1190' FNL & 1450' FEL (Unit B);
- (3) Albright Well No. 12 (API No. 30-045-25720), 1919' FNL & 2229' FEL (Unit G); and
- (4) Albright Well No. 18 (API No. 30-045-26157), 1799' FNL & 894' FEL (Unit H).

Burlington Resources Oil & Gas Company

June 13, 2002

Page 2

Your application did not provide an explanation why the Albright Well No. 10 was chosen over any of these four.

Pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues.

This application is hereby **denied** and is being returned to you at this time.

Should Burlington wish to pursue this application, a hearing in Santa Fe before a duly appointed examiner will be required. At that time Burlington is to provide the Division with, but not necessarily limited to, any and all data pertaining to the current wells within the appropriate quarter section why they are not good candidates for reentry and recompletions, what complications Burlington expects to encounter if these wells were utilized. An detailed explanation with reservoir and geological support data as how and why the proposed off-pattern wells will not adversely affect this pools development thereby preventing waste.

Additionally, that portion of Division Administrative Order DHC-2973, issued on November 29, 2001, which authorized Burlington to commingle within the wellbore of the Albright Well No. 10 production from the Basin-Fruitland Coal (Gas) Pool, Blanco-Mesaverde Pool, and Armenta-Gallup Oil Pool, approving the Basin-Fruitland Coal (Gas) Pool is hereby suspended until further notice.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
Kathy Valdes, NMOCD - Santa Fe
Richard Ezeanyim, Chief Engineer - NMOCD, Santa Fe
Mr. Thomas Kellahin, Legal Counsel for Burlington Resources Oil & Gas Company - Santa Fe
File: DHC-2973