NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 24, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 326-9833

Administrative Order NSL-1210-A

Dear Ms. Cole:

Reference is made to your application submitted to the New Mexico Oil Conservation Division ("Division") on November 16, 2000 for an exception to the well location requirements provided within the: **(i)** the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999; and **(ii)** Division Rule 104.C (3), for Burlington Resources Oil & Gas Company's ("Burlington") existing Lively Well No. 18-E **(API No. 30-045-24581)** to be re-completed at an unorthodox gas well location in both the Blanco-Mesaverde Pool and Undesignated Otero-Chacra Pool 410 feet from the North line and 750 feet from the West line (Unit D) of Section 1, Township 26 North, Range 8 West, NMPM, San Juan County, New Mexico.

The acreage to be dedicated in both the Mesaverde and Chacra intervals include: **(i)** Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 1, being a standard 321.50-acre stand-up gas spacing and proration unit for the Blanco-Mesaverde Pool; and **(ii)** Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 1, being a standard 161.50-acre gas spacing and proration unit for the Otero-Chacra Pool.

It is our understanding that the Lively Well No. 18-E is currently completed in the Basin-Dakota Pool at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1210, dated June 25, 1980) within a standard 321.50-acre stand-up gas spacing and proration unit comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 1.

It is our understanding further that, pursuant to Division Administrative Order DHC-2795, dated 2795, dated August 8, 2000, Burlington intends to perforate the Lively Well No. 18-E uphole into the Mesaverde and Chacra formations and recomplete the well such that production from all three intervals will be downhole commingled.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde/Chacra gas well location for the Lively Well No. 18-E is hereby approved. The above-described 321.50-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Further, Division Administrative Orders DHC-2795 and NSL-1210 shall remain in full force and effect until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Albuquerque
W. Thomas Kellahin, Legal Counsel for Burlington Resources Oil & Gas Company
File: NSL-1210
DHC-2795