

COMPANY

Burlington Resources Oil & Gas, LP

3401 E. 30th Street
Farmington, NM 87401

July 16, 2008

NMOCD
1220 South St. Francis Drive
Santa Fe, NM 87505

SWD 1082 - (Vasaly Com #2) SWD

30-045-29936

Dear Sirs:

Burlington Resources Oil & Gas, LP respectfully requests the Vasaly Com #2 SWD permit (SWD-1082) to be considered still valid. According to Order #1082 "the injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the Operator, may grant an extension thereof for good cause shown".

We completed the downhole work on this well and did the downhole testing in January 2007. A Step-rate Test which involves injecting water into the wells zones was conducted February 14, 2008 with Kelly Roberts with the Aztec OCD as a witness. This test verifies that the well is capable of taking water and at what rate we can inject into the formation.

Originally when we permitted this SWD we thought the whole process of the completing, testing and building the two locations would only take us approx. 6 months. We were wrong. The facility's locations which are approx. 1/2+ mile apart (the wellsite and the off-load site). The process of setting up this facility went from 6 months to 12 months. The main reason identified for the delay was that so many company personnel were involved in the project and for the betterment of the project changes were made. Changes made included adding a truck off-loading metering system to help with the required regulatory reporting and our buried lines at the off-load site were changed to having accessible lines to establish 100% corrosion management. There was also more than 4000' of buried pipe from the off-load facility to the wellhead which needed to be designed and laid after right of ways were secured. The wellbore was capable of injecting before May 17th as indicated by our step-rate test. We sincerely hope that you can and will grant us permission to continue with our plans to start injecting into the Vasaly Com #2 SWD the week of July 20th.

Should you have questions or need more information please call me at 326-9518. Thank you for your consideration.

Sincerely,



Patsy Clugston

505-326-9518

Richard:

I understand David's legal opinion, however, I recommend we submit this for Mark's approval for the following reasons:

The permitted injection is into the Entrada at about 7000 feet. The Entrada is a massive, usually permeable aeolian sandstone that does not produce oil or gas in this area of the San Juan Basin. There are no wells within the 1/2 mile AOR. The ownership of the AOR is all Fee and those 70 or so owners were notified approximately one year ago and no formal protests were received. It is highly likely that if the Division requires the well to be submitted as an injector again, that it would be approved again - but with some delay.

The well and the injection facility in this case are separated by thousands of feet and are located in populated areas. That seems to have prompted Burlington to take extra precautions with construction - causing more delays than normal. From the info in Burlington's request, it appears the well actually had "injection" in the form of an injectivity test prior to the one year deadline. Burlington has the well ready to go and hopes to begin injection the week of July 20.

The enforcement of the rigid one year commencement rule in this case would serve no purpose except to cause a delay in Burlington's operations and could result in waste or shutin surrounding production wells. Shutin Coalbed methane wells are often harmed by shutins - especially if they are initial completions of marginal wells.

The Division has in the past winked at the 1 year deadline - especially when good reasons were given. Burlington has been put on notice by this issue - and I think now are much more likely to get future requests for extension into the Divisions hands as soon as possible.

Thanks,

Will