



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 17, 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-4540

Dear Ms. Cole:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on December 20, 2000; and (ii) the Division's records in Santa Fe: all concerning Burlington Resources Oil & Gas Company's ("Burlington") request for an unorthodox gas well location in the Blanco-Mesaverde, Basin-Dakota, and Otero-Chacra Pools for the existing Grenier "B" Well No. 5-E (**API No. 30-045-30086**) that was inadvertently drilled recently at an unorthodox gas well location 1910 feet from the South line and 1180 feet from the East line (Lot 16/Unit I) of Irregular Section 6, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

Gas production from the Basin Dakota Pool is to be included within an existing standard 320-acre, more or less, lay-down gas spacing and proration unit comprising Lots 16, 17, 18, 19, 20, 21, 22, and 23 (S/2 equivalent) of irregular Section 6, which is currently dedicated to Burlington's Grenier "B" Well No. 5 (**API No. 30-045-20055**), located at a standard gas well location 1710 feet from the South line and 1040 feet from the West line (Lot 20/Unit L) of irregular Section 6.

The S/2 equivalent of irregular Section 6, being a standard 320-acre, more or less, lay-down gas spacing and proration unit for the Blanco-Mesaverde Pool and Lots 16, 17, 22, and 23 (SE/4 equivalent) of irregular Section 12 being a standard 160-acre, more or less, gas spacing and proration unit for the Otero-Chacra Pool, are to be dedicated to the subject Grenier "B" Well No. 5-E.

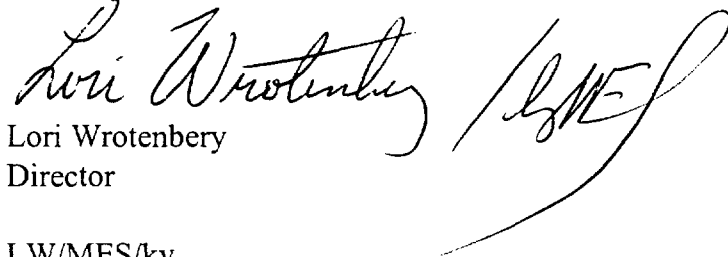
It is our understanding that Burlington intends to downhole commingle the Blanco-Mesaverde, Basin-Dakota, and Otero-Chacra Pools within this wellbore (application pending).

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable provisions of the: (i) "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 dated February 1, 1999; and (ii) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 dated June 30, 2000, as amended by Division Order No. R-10987-B (1).

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde/Otero-Chacra gas well location for the Grenier "B" Well No. 5-E is hereby approved.

Both Dakota gas wells (Grenier "B" Wells No. 5 and 5-E) and both 320-acre, more or less, lay-down Blanco-Mesaverde and Basin-Dakota spacing and proration units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / LME". The signature is written in black ink and is positioned to the right of the typed name and title.

Lori Wrotenbery
Director

LW/MES/kv

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