

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

July 6, 2004

HAND DELIVERED

Mark E. Fesmire, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13314

2004 JUL 6 PM 3 28

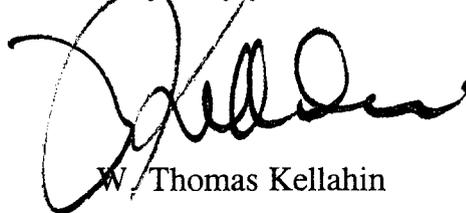
Re: Application of Burlington Resources Oil & Gas
Company LP for surface commingling,
San Juan County, New Mexico.

Dear Mr. Fesmire:

On behalf of Burlington Resources Oil & Gas Company LP, please find our application in the referenced case which we request be set on the next available Division Examiner's docket on scheduled for August 5, 2004.

Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Burlington Resources Oil & Gas Company LP
Attn: Alan Alexander

PROPOSED ADVERTISEMENT

CASE 13314 Application of Burlington Resources Oil & Gas Company LP for surface commingling, San Juan County, New Mexico. Applicant, seek an order granting an exception to Rule 303.A and, in accordance with Rule 303.B (4), approving surface commingling of oil production as a “pre-approved” allocation and measurement method other than individual well/lease metering for the following described wells/leases:

- (a) San Juan 29-7 Unit #191 Well
NWSE Section 22-T29N-R7W
Basin Fruitland Coal and Blanco Pictured Cliffs Pools
- (b) San Juan 29-7 Unit #65A Well
NWSE Section 22-T29N-R7W
Basin Dakota and Blanco Mesaverde Pools
- (c) San Juan 29-7 Unit #193 Well
SESE Section 36-T29N-R7W
Blanco PC South Pool
- (d) San Juan 29-7 Unit #55A Well
SESE Section 36-T29N-R7W
Blanco Mesaverde Pool

which shall be stored and measured at its centralized facilities located on each of the production pads located on the sections listed above. The #191 and #65A facilities are located approximately 24 miles East of Bloomfield, New Mexico. The #193 and #55A facilities are located approximately 25 miles East Southeast of Bloomfield, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR SURFACE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13314

APPLICATION

Comes now Burlington Resources Oil & Gas Company LP ("Burlington") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order granting an exception to Rule 303.A and, in accordance with Rule 303.B (4), approving surface commingling of oil production as a "pre-approved" allocation and measurement method other than individual well/lease metering for the following described wells/leases:

- (a) San Juan 29-7 Unit #191 Well
NWSE Section 22-T29N-R7W
Basin Fruitland Coal and Blanco Pictured Cliffs Pools
- (b) San Juan 29-7 Unit #65A Well
NWSE Section 22-T29N-R7W
Basin Dakota and Blanco Mesaverde Pools
- (c) San Juan 29-7 Unit #193 Well
SESE Section 36-T29N-R7W
Blanco PC South Pool
- (d) San Juan 29-7 Unit #55A Well
SESE Section 36-T29N-R7W
Blanco Mesaverde Pool

which shall be stored and measured at its centralized facilities located on each of the production pads located on the sections listed above, and

In support states:

1. Burlington is the operator of the above described wells being produced from the Basin Fruitland Coal, Blanco PC South, Blanco Pictured Cliffs, Blanco Mesaverde and Basin Dakota Pools all within Township 29 North, Range 7 West.

2. Burlington proposes to operate a centralized facility in the NWSE (Unit J) of Section 22-T29N-R7W and the SENE (Unit P) of Section 36-T29N-R7W for the gathering of oil production from these wells.

3. Effective April 1, 2003, See Order R-11972, Division Rule 303.B (4) provided:

“Specific Requirements and Provisions for Commingling of leases, Pool or Leases and Pools with Diverse Ownership.

(a) Measurement and Allocation Methods. Where there is diversity of ownership between two or more leases, two or more pools, or between different pools and leases, the surface commingling of production there from shall be permitted only if production from each of such pools or leases is accurately metered, or determined by other methods specifically approved by the Division, prior to such commingling.”

4. Burlington is the operator of the San Juan 29-7 Unit 65A gas well which is approved for downhole-commingled production from the Blanco Mesaverde Pool and the Basin Dakota Pool. See DHC-1875. The San Juan 29-7 Unit 191 well is approved for downhole-commingled production from the Blanco Pictured Cliffs Pool and the Basin Fruitland Coal Pool. See DHC-1403AZ. The San Juan 29-7 Unit 193 is a stand alone Basin Blanco PC South Pool well. The San Juan 28-6 Unit 55A is a stand alone Blanco Mesaverde Pool well.

5. In addition to gas production, these wells also produce oil at the daily rate of 10 barrels/day or less.

6. Burlington seeks approval to establish an allocation for oil production as follows:

(a) utilizing a mechanical dump counter installed on the oil dump valve of the separate for each individual well, Burlington will monitor this counter for a specific 24 hour period on the same day;

- (b) the number of oil dumps recorded will be the method to allocate the oil to each well;
- (c) any well's allocated oil production that is excess of 10 BOPD shall have a separate oil tank installed and measured under current methods;

7. This proposed allocation/measurement method will be for a 5-year period or until wells are added or plugged at which time the allocation will be recalculated.

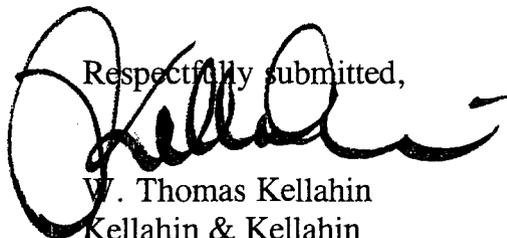
8. Any gas production will continue to be separately and continually metered or measured in accordance with previously approved down-hole commingling orders.

9. As a result of different ownership, the ownership of the proposed commingled production is not identical in terms of parties or interest.

10. In accordance with Division Rule 1207.A and Rule 303.B(d) applicant has sent a copy of this application and notice for hearing to be held on August 5, 2004 to all the proper parties entitled to said notice. **See Exhibit "A"**

Accordingly, Burlington requests that this application be set for hearing before a Division Examiner and that after notice and hearing, the Division grant an exception to Division Rule 309-A and Rule 303-A to permit surface commingling, and storage of Blanco Mesaverde and Basin Dakota Pool production from its San Juan 29-7 Unit #68N and #65A wells and its San Juan 29-7 Unit #193 and #55A wells and associated leases all in Section 22-T29N-R7W and Section 36-T29N-R7W respectively, which shall be stored and measured at its centralized facilities located in Unit J and Unit H of the sections listed above.

Respectfully submitted,



W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

July 9, 2004

HAND DELIVERED

Case 13314

2004 JUL 9 PM 2 11

Mark E. Fesmire, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

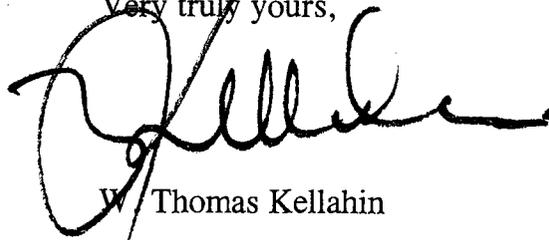
Re: First Amended Application of Burlington Resources Oil & Gas
Company LP for surface commingling,
San Juan County, New Mexico.

Dear Mr. Fesmire:

On behalf of Burlington Resources Oil & Gas Company LP, please find our application in the referenced case which we request be set on the next available Division Examiner's docket on scheduled for August 5, 2004.

Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Burlington Resources Oil & Gas Company LP
Attn: Alan Alexander

PROPOSED ADVERTISEMENT

CASE 13314 Application of Burlington Resources Oil & Gas Company LP for surface commingling, San Juan County, New Mexico. Applicant, seek an order granting an exception to Rule 303.A and, in accordance with Rule 303.B (4), approving surface commingling of oil production as a “pre-approved” allocation and measurement method other than individual well/lease metering for the following described wells/leases:

- (a) San Juan 29-7 Unit #191 Well
NWSE Section 22-T29N-R7W
Basin Fruitland Coal and Blanco Pictured Cliffs Pools
- (b) San Juan 29-7 Unit #65A Well
NWSE Section 22-T29N-R7W
Basin Dakota and Blanco Mesaverde Pools
- (c) San Juan 29-7 Unit #193 Well
SESE Section 36-T29N-R7W
Blanco PC South Pool
- (d) San Juan 29-7 Unit #55A Well
SESE Section 36-T29N-R7W
Blanco Mesaverde Pool

which shall be stored and measured at its centralized facilities located on each of the production pads located on the sections listed above. If the Division approves this application, then the Applicant intends to utilize this approved method for the surface commingling of production from other wells and areas. The #191 and #65A facilities are located approximately 24 miles East of Bloomfield, New Mexico. The #193 and #55A facilities are located approximately 25 miles East Southeast of Bloomfield, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR SURFACE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13314

FIRST AMENDED APPLICATION

Comes now Burlington Resources Oil & Gas Company LP ("Burlington") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order granting an exception to Rule 303.A and, in accordance with Rule 303.B (4), approving surface commingling of oil production as a "pre-approved" allocation and measurement method other than individual well/lease metering for the following described wells/leases:

- (a) San Juan 29-7 Unit #191 Well
NWSE Section 22-T29N-R7W
Basin Fruitland Coal and Blanco Pictured Cliffs Pools
- (b) San Juan 29-7 Unit #65A Well
NWSE Section 22-T29N-R7W
Basin Dakota and Blanco Mesaverde Pools
- (c) San Juan 29-7 Unit #193 Well
SESE Section 36-T29N-R7W
Blanco PC South Pool
- (d) San Juan 29-7 Unit #55A Well
SESE Section 36-T29N-R7W
Blanco Mesaverde Pool

which shall be stored and measured at its centralized facilities located on each of the production pads located on the sections listed above. If the Division approves this application, then the Applicant intends to utilize this approved method for other wells and areas.

In support states:

1. Burlington is the operator of the above described wells being produced from the Basin Fruitland Coal, Blanco PC South, Blanco Pictured Cliffs, Blanco Mesaverde and Basin Dakota Pools all within Township 29 North, Range 7 West.

2. Burlington proposes to operate a centralized facility in the NWSE (Unit J) of Section 22-T29N-R7W and the SENE (Unit P) of Section 36-T29N-R7W for the gathering of oil production from these wells.

3. Effective April 1, 2003, See Order R-11972, Division Rule 303.B (4) provided:

“Specific Requirements and Provisions for Commingling of leases, Pool or Leases and Pools with Diverse Ownership.

(a) Measurement and Allocation Methods. Where there is diversity of ownership between two or more leases, two or more pools, or between different pools and leases, the surface commingling of production there from shall be permitted only if production from each of such pools or leases is accurately metered, or determined by other methods specifically approved by the Division, prior to such commingling.”

4. Burlington is the operator of the San Juan 29-7 Unit 65A gas well which is approved for downhole-commingled production from the Blanco Mesaverde Pool and the Basin Dakota Pool. See DHC-1875. The San Juan 29-7 Unit 191 well is approved for downhole-commingled production from the Blanco Pictured Cliffs Pool and the Basin Fruitland Coal Pool. See DHC-1403AZ. The San Juan 29-7 Unit 193 is a stand alone Basin Blanco PC South Pool well. The San Juan 28-6 Unit 55A is a stand alone Blanco Mesaverde Pool well.

5. In addition to gas production, these wells also produce oil at the daily rate of 10 barrels/day or less.

6. Burlington seeks approval to establish an allocation for oil production as follows:

(a) within 30-days after first delivery of oil from a well, Burlington will take a direct measurement of the oil volume from the tanks for each well and then will utilize that volume to allocate all prior and future production to each well;

(b) any well's allocated oil production that is excess of an average yearly production of 10 BOPD shall have a separate oil tank installed and measured under current methods.

7. This proposed allocation/measurement method will be for a 5-year period or until wells are added or plugged at which time the allocation will be recalculated.

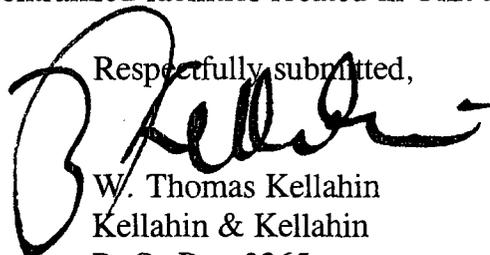
8. Any gas production will continue to be separately and continually metered or measured in accordance with previously approved down-hole commingling orders.

9. As a result of different ownership, the ownership of the proposed commingled production is not identical in terms of parties or interest.

10. In accordance with Division Rule 1207.A and Rule 303.B(d) applicant has sent a copy of this application and notice for hearing to be held on August 5, 2004 to all the proper parties entitled to said notice. **See Exhibit "A"**

Accordingly, Burlington requests that this application be set for hearing before a Division Examiner and that after notice and hearing, the Division grant an exception to Division Rule 309-A and Rule 303-A to permit surface commingling, and storage of Blanco Mesaverde and Basin Dakota Pool production from its San Juan 29-7 Unit #68N and #65A wells and its San Juan 29-7 Unit #193 and #55A wells and associated leases all in Section 22-T29N-R7W and Section 36-T29N-R7W respectively, which shall be stored and measured at its centralized facilities located in Unit J and Unit H of the sections listed above.

Respectfully submitted,



W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504