



CASE NO:
14706-14718
EXHIBIT 6

August 19, 2011

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
(Consolidated) Case No.'s 14706-14718
Exhibit No. 6
Submitted by:
COG OPERATING, LLC
Hearing Date: August 29, 2011

HAND DELIVERED

Mr. Don Peterson
Assistant Field Manager, Lands & Minerals
Bureau of Land Management, Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292

Re: Burnett Oil Co., Inc., Application and Request for Designation of Taylor Draw Unit Area No. NMNM126930X

Dear Mr. Peterson:

COG Operating LLC ("Concho") hereby objects to the preliminary approval of Burnett Oil Co., Inc.'s Taylor Draw Unit referenced above, and designated unit area No. NMNM126930X, and requests that the BLM deny final approval of the proposed unit and unit development plan for, at least, the three substantial reasons identified below.

First, Burnett Oil Co., Inc. ("Burnett") has not secured the full commitment of sufficient lands to afford effective control of operations in the unit area. According to the BLM's own policy, "generally at least 85 percent, on an acreage basis, of the lands within the unit area must be fully, effectively, or partially committed to the unit agreement." BLM Handbook H-3180-1 at 2-12 ¶ 6. Here, Burnett has secured the joinder of fewer than two-thirds of the operators by acreage. Only when the non-committed land is "fringe acreage" may the BLM grant approval for a unit with less than 85 percent commitment. The non-committed acreage here—owned by Concho and in excess of 33.7 percent—is in the nature of an undivided leasehold interest in the entire proposed unit area, and is anything but fringe acreage.

Under 43 C.F.R. § 3183.4(a), this failure to join sufficient acreage in the proposed unit agreement provides adequate reason alone for rejection of the unit. Section 3183.4(a) provides that "[n]o such agreement shall be approved unless the parties signatory to the agreement hold sufficient interests in the unit area to provide reasonably effective control of operations." Having failed to do so, Burnett's application and proposed unit agreement must be denied final approval.

Second, the proposed unit plan of development and contemplated operations would neither be in the public interest nor provide for the most efficient and effective production to conserve the natural resource, as required by 43 C.F.R. § 3183.4(a). Burnett's proposed "slow-play" plan of development, which is the impetus behind its attempted formation of the unit, is not in the best interests of BLM or the other working interest owners who own oil and gas leases within the boundaries of the proposed unit, and who much prefer a more rapid and sensible plan of development. A development plan of one well every six months is a pace that is woefully inadequate given the production capacity and nature of the subject reservoirs and would not constitute prudent development of the Glorieta and Yeso formations. Burnett's proposed unit

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and development plan is not in the economic interests of the BLM, the public, or the other working interest owners and, therefore, should be denied.

Third, the unit plan would provide no special or unique conservation benefits for the protection of the Sand Dune Lizard or the Lesser Prairie Chicken. Concho, which has signed a Candidate Conservation Agreement to further the conservation and preservation of these two species, has been working directly with BLM personnel to design a horizontal well drilling program that will actually significantly reduce the surface disturbance caused by drilling and production operations, while providing a substantial economic benefit to the BLM and all working interest owners in the proposed unit area. Relative to other more prudent development plans, such as Concho's, Burnett's proposed unit and development plans provide minimal to no conservation benefits.

In sum, Burnett has failed to join sufficient acreage to adequately control operations of the unit and Burnett's proposed unit plan of development would not be in the public interest and would not properly conserve natural resources. Given these considerations, Burnett's proposed Taylor Draw Unit should be denied final approval by the BLM. It is not conceivable that Burnett's plan is "necessary or advisable in the public interest." See 43 C.F.R. § 3183.4(a).

I appreciate your prompt attention and consideration to this matter. If you have any questions or concerns or feel a meeting to discuss the merits of this objection would help the BLM understand the drawbacks to Burnett's proposed unit, Concho would be eager to coordinate a meeting or telephone conference to discuss.

Sincerely,

COG Operating LLC



David R. Evans
New Mexico Shelf Team Land Lead

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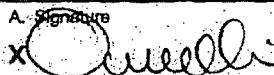
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