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February 15, 2006

**HAND DELIVERED**

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

*Case 13667*

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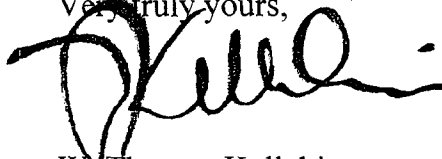
Re: Application of Burlington Resources Oil & Gas Company LP  
for an exception to the well density requirements of the  
Special Rules and Regulations for the Blanco-Mesaverde  
Gas Pool, Rio Arriba County, New Mexico

E/2 Section 16, T30N, R7W including the simultaneous dedication  
of the State Com Well 1 (Unit Letter H) and the  
State Com Well 1R (Unit Letter H) both located in the  
same 40-acre tract of the spacing unit.

Dear Mr. Fesmire:

On behalf of Burlington Resources Oil & Gas Company LP, please  
find enclosed our referenced application which we request be set for  
hearing on the Examiner's docket now scheduled for March 16, 2006. Also  
enclosed is our proposed advertisement of this case for the NMOCD  
docket.

Very truly yours,



W. Thomas Kellahin

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

CASE 13667 Application of Burlington Resources Oil & Gas Company LP for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 16, T30N, R7W, NMPM:

(a) the State Com Well No. 1 (API #30-039-0784700) located 1090 feet FEL and 2040 feet FNL (Unit H) of this section; and

(b) the State Com Well No. 1R (API #30-039-2526200) located 640 feet FEL and 2515 feet FNL (Unit H) of this section; and

These wells are located approximately 2 miles east of the Navajo Dam, New Mexico.

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

**IN THE MATTER OF THE APPLICATION OF  
BURLINGTON RESOURCES OIL & GAS COMPANY LP  
FOR AN EXCEPTION TO THE WELL DENISTY  
REQUIREMENTS FOR THE BLANCO-MESAVERDE  
GAS POOL, SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13667

**APPLICATION**

Burlington Resources Oil & Gas Company LP. ("Burlington") by its attorneys, Kellahin & Kellahin, seeks an order for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 16, T30N, R7W, NMPM:

(a) the State Com Well No. 1 (API #30-039-0784700) located 1090 feet FEL and 2040 feet FNL (Unit H) of this section; and

(b) the State Com Well No. 1R (API #30-039-2526200) located 640 feet FEL and 2515 feet FNL (Unit H) of this section; and

In support of its application Burlington states:

- (1) Burlington is the current operator of a spacing unit consisting of the E/2 of Section 16, T30N, R7W, San Juan County, New Mexico.
- (2) This spacing unit currently contains three wells completed in the Blanco-Mesaverde Gas Pool as follows:

(a) the State Com Well No. 1 (API #30-039-0784700) located 1090 feet FEL and 2040 feet FNL (Unit H) of this section; and

(b) the State Com Well No. 1R (API #30-039-2526200) located 640 feet FEL and 2515 feet FNL (Unit H) of this section; and

(c) the San Juan 29-7 Unit Well No. —1A (API #300392192500) located 1140 feet FSL and 690 feet FEL (Unit P) of this section.

- (3) The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. See Order R-8170, as superseded by Order R-10987-A, effective February 1, 1999 and amended by Order R-10987-A (1), effective December 2, 2002. This Special Pool Rules and Regulations provide, among other things, that an infill well shall not be located within the same quarter-quarter section (40-acre tract) and another well.
- (4) On or about September 2, 1993, Burlington completed the State Com Well No. 1R, such that the No. 1 and the No. 1R are both in the same quarter-quarter section and are located at standard distances from the outer boundaries of this GPU.
- (5) Upon becoming aware of its mistake, on February 6, 2006, Burlington shut-in the Well No. 1 that remains shut-in and is not producing from the Mesaverde formation.
- (6) While the total number of wells in this Mesaverde gas proration unit ("GPU") is less than what is allowed, the Well No. 1 and Well No. 1R are located in the same quarter-quarter section and therefore are in violation of the density requirements of this Special Pool Rules.

- (7) Burlington therefore requests that the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the State Com Well No. 1 and the Well No. 1R in the same quarter-quarter section and authoring Burlington to simultaneously produce both wells.
- (8) Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Burlington the opportunity to utilize the existing wells to produce the reserves from this GPU.
- (9) Approval of this application will be in the best interests of conversations, the prevention of waste and the protection of correlative rights.

WHEREFORE, Burlington Resources Oil & Gas Company, LP requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 16, 2006 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the State Com Wells No. 1 and No. 1R in the Mesaverde formation and authorizing Burlington to simultaneously produced both wells.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Kellahin', written over the printed name.

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