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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:**

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR APPROVAL OF
A PILOT INFILL WELL PROJECT WITHIN
THE SAN JUAN 27-5 UNIT,
RIO ARriba COUNTY, NEW MEXICO**

CASE NO. 13888

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Burlington Resources Oil & Gas Company LP as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Burlington Resources Oil & Gas Company LP
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ATTORNEY

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OPPONENT

None

ATTORNEY

WTD-3/24/07

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STATEMENT OF THE CASE

APPLICANT:

Burlington Resources Oil Gas Company LP ("Burlington") seeks an order approving a pilot infill well project in Section 8, T27N R5W, including directional wellbores and exceptions from Rule I. B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and Rule II. B. of the Special Rules and Regulations of the Basin-Dakota Gas Pool whereby 15 new producing and 2 pressure observation wells may be drilled within Section 8, Township 27 North Range 5 West to determine proper well density and well locations requirements for Mesaverde and Dakota wells with this Unit, Rio Arriba County, New Mexico.

Burlington is the current operator of the San Juan 27-5 Unit that includes, among other acreage, all of Section 8, T27N, R5W, Rio Arriba County, New Mexico, which is within The San Juan 27-5 Unit boundary and is within the current boundaries of both the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.

Effective December 2, 2002, the Division entered Order R-10987-A for the Blanco-Mesaverde Gas Pool and effective January 29, 2002 entered Order R-10987-B for the Basin-Dakota Gas Pool that both provide, in part, that a standard gas proration unit of 320-acres ("GPU") may contain up to a total 4 wellbores so that no more than 2 well are within 160-acres and that an infill well shall not be located within the same quarter-quarter section as another well, being effectively 80-acre well density.

Section 8, T27N, R5W has been selected by Burlington as the proposed Pilot Project Area that currently contains 7 producing wells. If approved, Burlington proposes to drill from existing well pads within Section 8 an additional 15 producing wells and 2 pressure observation wellbores. All of Section 8 is within both the Mesaverde and the Dakota Participation Areas for the San Juan 27-5 Unit, therefore the interests within the San Juan 27-5 Unit have been fixed and no corrective rights will be impaired by approval of this pilot project.

Burlington will present its preliminary study that analyzed the estimated ultimate gas recoveries within the San Juan 27-5 Unit that indicated:

- a. increasing well densities in both the Mesaverde and the Dakota may improve ultimate recoveries;
- b. Volumetric and decline curve analysis indicate poor recoveries under current well densities;

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- c. It is prudent to drill additional wells with a pilot project area in order to evaluate the optimum well density under current costs and pricing environments;
- d. pilot wellbores can be drilled from existing pads to minimize surface disturbance;
- e. there is an overlap in Mesaverde and Dakota potential within this Unit making it feasible to conduct a pilot within Section 8 for both formations in a single wellbore.

Approval of a Pilot Project will afford an opportunity to:

- (a) Determine the optimum well density for both the Mesaverde and the Dakota formations within the San Juan 27-5 Unit;
- (b) Confirm the economic viability for increasing well densities;
- (c) Validate the reservoir simulation and geologic studies that were used for the preliminary modeling for this project.

Notice of this application and the requested hearing will to be sent to the Mesaverde and Dakota interest owners in the San Juan 27-5 Unit.

Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
K.W. Cryer (Landman)	15- Min.	4 exhibits
Neal Roberts (Petroleum Engineer)	60-90 Min.	80 exhibits

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PROCEDURAL MATTERS

None at this time.

KELLAHIN & KELLAHIN

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

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