

**KELLAHIN AND
KELLAHIN**

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FAX TRANSMITTAL FORM

To

Name: Florene Davidson
Agency: NMOCD

Fax: 505-476-3462

From

W. Thomas Kellahin

Telephone 505-982-4285
Facsimile 505-982-2047
tkellahin@comcast.net

Case 14304

- Urgent
- For Review
- Please Comment
- Please Reply

Date sent: 3-16-09
Time sent: 4:15 pm
Number of pages including cover page:

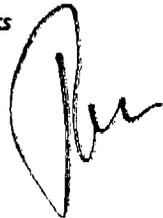
-8-

**Kelly A Well No 3E
Compulsory Pooling**

Dear Florene,

Please find attached is my application for Burlington for the April 16, 2009 docket

Thanks



NOTICE OF CONFIDENTIALITY

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KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

March 16, 2009

HAND DELIVERED

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

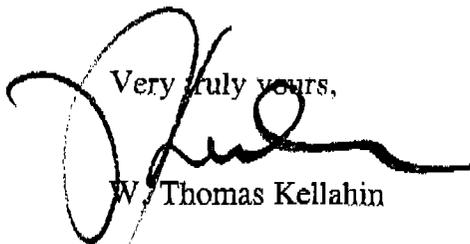
Case 14304

Re: Kelly A Well No. 3E
(API # Pending)
E/2 Section 15, T31N R10W
Application of Burlington Resources Oil & Gas Company
To Re-instate Division Order R-13057
(Case 14188, Compulsory Pooling)
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of Burlington Resources Oil & Gas Company, enclosed for filing is our referenced application to be set for hearing on April 16, 2009.

Very truly yours,



W. Thomas Kellahin

CC: Burlington Resources Oil & Gas Company
Attn: Alan Alexander

CASE 14304: Application of Burlington Resources Oil & Gas Company to re-instate Division Order R-13057 (for compulsory pooling), San Juan County, New Mexico. Applicant seeks to re-instate Order R-13057 that pooled all mineral interests from the surface to the base of the Dakota formation underlying the following described acreage in Section 15, T31N, R10W, NMPM, in the following manner: the E/2 to form a standard 318.86 acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Kelly A Well No. 3E (API # Pending) which will be located at a standard location in Unit P. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 7-1/4 miles east-south of Aztec, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

**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
TO RE-INSTATE ORDER R-13057 FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 14304

APPLICATION

Comes now Burlington Resources Oil Gas Company ("Burlington") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) NMSA (1978), applies to the New Mexico Oil Conservation Division for an order re-instating Division Order R-13057 (for compulsory pooling), San Juan County, New Mexico. Applicant seeks to re-instate Order R-13057 that pooled all mineral interests from the surface to the base of the Dakota formation underlying the following described acreage in Section 15, T31N, R10W, NMPM, in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Kelly A Well No. 3E (API # pending) which will be located at a standard location in Unit P. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well.

In support of its application, Burlington Resources Oil & Gas Company ("Burlington") states:

- (1) Burlington has the right to drill and develop the oil and gas minerals from the surface to the base of the Dakota formation underlying the E/2 of Section 15, T31N, R10W, NMPM, San Juan County, New Mexico.
- (2) Burlington has proposed to drill, complete and operate the Kelly A Well No. 3E to be located in Unit letter P of this section and, if productive, to downhole commingling Dakota and Mcsaverde production. See Division form C-102 attached as Exhibit "A"
- (3) On November 20, 2008, the Division entered Order R-13057 (Case 14188) granting Burlington's application for a compulsory pooling order for this spacing unit. The order expired February 28, 2009.

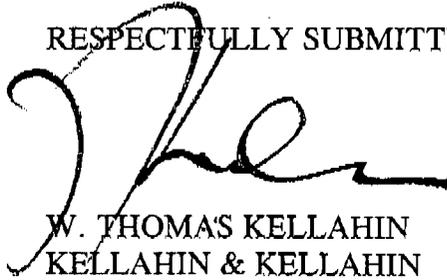
- (4) With the exception of the circumstances involved with the expiration of the order, the estimated well costs and other facts for this pooling order remain the same as on October 30, 2008 the date of the original hearing for Order R-13057.
- (5) Burlington has not been able to obtain a written voluntary agreement from all the parties listed on Exhibit "B"
- (6) Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (7) Pursuant to Commission Order R-13057, effective November 20th 2008, Burlington requests that a 200% risk charge be applied.
- (8) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled and whose current addresses are known as listed on Exhibit "A" of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 16, 2009.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on April 16, 2009 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order re-instating Order R-13057 that pooled the mineral interest described in the appropriate spacing unit for the drilling of this well location upon terms and conditions which include:

- (1) Burlington Resources Oil & Gas Company be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor charge of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

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

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

DISTRICT I
1625 E. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1801 W. Grand Avenue, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name BASIN DAKOTA/BLANCO MESA VERDE	
⁴ Property Code A7220B3		⁵ Property Name SUNRAY A			⁶ Well Number 1N
⁷ O&G No.		⁸ Operator Name BURLINGTON RESOURCES OIL AND GAS COMPANY LP			⁹ Elevation 6251'

¹⁰ Surface Location

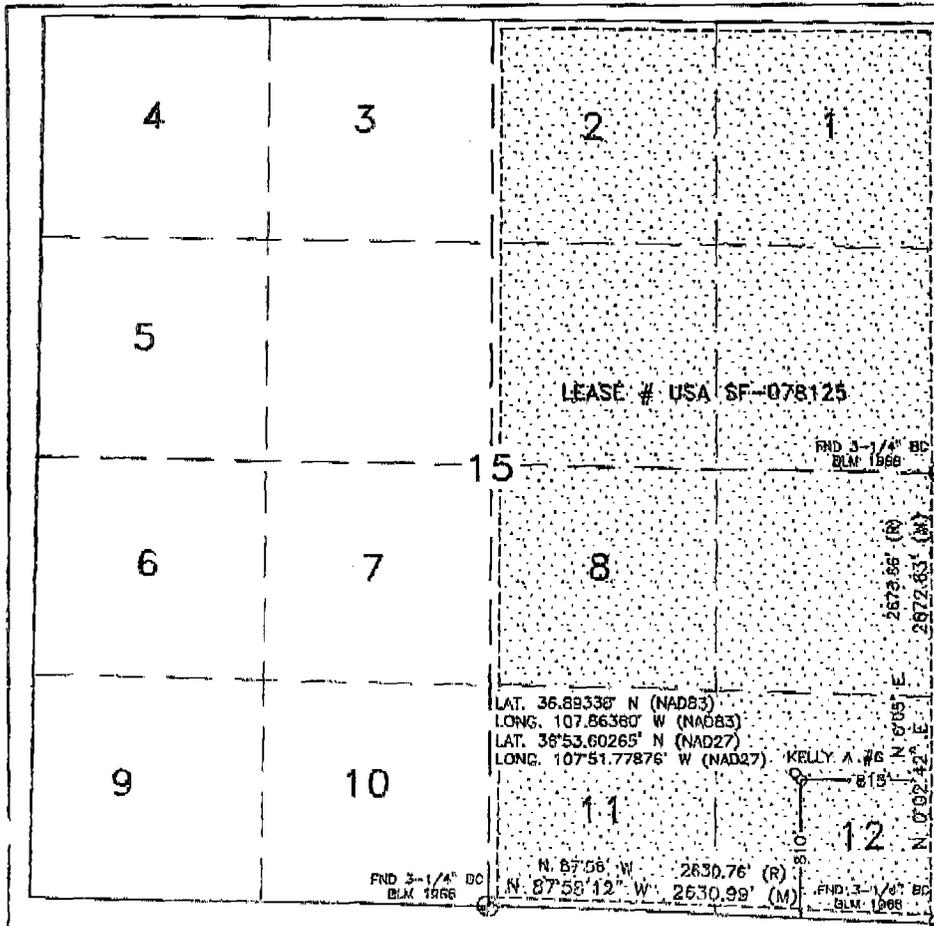
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	15	31N	10W	12	810'	SOUTH	815'	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.00 Acres - (E/2)		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

¹⁸ SURVEYOR CERTIFICATION

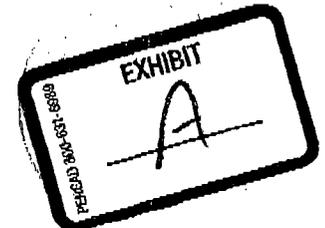
I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 13, 2007

Date of Survey

Signature and Seal of Professional Surveyor:

David R. Russell



DAVID RUSSELL

Certificate Number

10201

Exhibit "B"

Kelly Living Trust
Rosalie H. Kelly, Trustee
141 London Lane
Amherst, VA 24521

Laurence B. Kelly Living Trust
Laurence B. Kelly, Trustee
839 Summit Rd. Montecito
Santa Barbara, CA 93108

Kelly Family Trust
Gregory Kelly, Trustee
3526 Bay Berry Lane
Malibu, CA 90265