

**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 CONOCOPHILLIPS COMPANY  
AND BURLINGTON RESOURCES OIL & GAS COMPANY, LP  
TO ESTABLISH A SPECIAL TRANSITION AREA  
(AND OTHER RELIEF)  
SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 14355

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**PRE-HEARING STATEMENT**

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

**APPEARANCES OF THE PARTIES**

**APPLICANT**

ConocoPhillips Company  
Burlington Resources  
3535 West 32<sup>nd</sup> Street  
Farmington, NM 87501  
Attn: Chuck Creekmore  
Phone 505-324-6122

**ATTORNEY**

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**OTHER PARTIES**

None of record

**ATTORNEY**

WTK 8/3/09

## STATEMENT OF THE CASE

### APPLICANTS:

(1) ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP are the current operators of fifteen non-standard proration and spacing units within New Mexico along the state border between New Mexico and Colorado referred as the "Stateline Project Area." See a Locator Map, a Project Map and a List of spacing units attached as Exhibit "A," Exhibit "B," and Exhibit "C", respectively, to this application.

(2) On the Colorado side of this common border, the Colorado Oil Conservation Commission has authorized the drilling of Fruitland coal-gas well within smaller spacing units and with densities greater than currently allowed within New Mexico.

(3) The Rules within Colorado can be summarized as follows: **a density of one well per 80-acres**. See list of Colorado's applicable orders attached as Exhibit "B" to this application.

(4) On the New Mexico side of this common border, the New Mexico Oil Conservation Commission has authorized the drilling of Fruitland coal-gas wells at locations and densities within this portion of the "Low Productivity Area" that can be summarized as follows: 320-acre gas spacing and proration units with no more than 2 wells with each located in a different 160-acre tract--**a density of one well per 160-acres**. See Orders R-8768 thru R-8768-F

(5) In order to provide the necessary flexibility within New Mexico so that Fruitland coal-gas wells may be drilled to protect the common boundary between these two states and to provide a transition ("buffer") between this area and the balance of this pool within New Mexico, the Applicants seek the following:

(6) The establishment of a special transition area (the "Stateline Project Area") shall include Sections 7, 8, 9 of T32NR7W, Sections 7-12 of T32NR8W and Sections 9-12 of T32NR9W and shall provide:

(a) That in the northern half of each of the non-standard spacing units within this special transition area, the Division will allow two (2) Fruitland coal-gas wells and authorized the Division's district office in Aztec to grant (i) exceptions for well locations ("NSLs") for both vertical and directional wellbores, and (ii); waive subsurface density restrictions for directional wellbores;

(b) That in the southern half of each of the non-standard spacing units within this special transition area, the Division will allow one (1) Fruitland coal-gas wells and authorized the Division's district office in Aztec to grant exception for well locations for both vertical and directional wellbores.

(7) The rules for the northern half of the special transition area will provide the necessary flexibility within New Mexico to allow operators to take appropriate drainage protective measures when and where it is deemed necessary and determined to be economic so that wells may be drilled to protect the common boundary between these two states.

(8) The rules for the southern half of the special transition area will provide the necessary "buffer" between this area and the acreage within New Mexico that continues to be subject to a well density of one well per 160-acres pursuant to the current rules for the "low productivity area" of the Basin-Fruitland Coal-Gas Pool in New Mexico.

(9) In addition, the applicants seek an administrative procedure so that the Aztec District Office of the Division can expand either the western or the eastern ends of this Stateline Project Area to meet any further expansion of 80-acre infill density drilling within Colorado that may affect the spacing units within New Mexico.

(10) The applicants have consulted with the Farmington office of the Bureau of Land Management and the OCD-Aztec about this application and believe that both are in support of this application.

(11) Approval of this application will not impair the correlative rights of any other interest owner in the Fruitland coal-gas well.

(12) Approval of this application will be in the best interests of conversations, the prevention of waste and the protection of correlative rights.

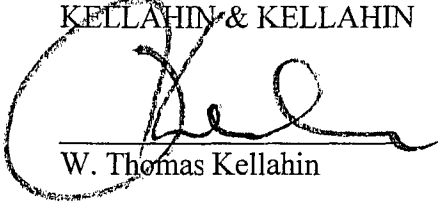
## **PROPOSED EVIDENCE**

### **APPLICANT**

<b>WITNESSES</b>	<b>EST. TIME</b>	<b>EST. EXHIBITS</b>
Micah Wolfe (Landman)	@ 15-20 -min.	@ 8-10
Jeffery Harrison (Geologist)	@ 25 min	@ 7-8
Kassadie Gastgeb (Sr Reservoir Engineer)	@ 30-45 min	@ 8-12

**PROCEDURAL MATTERS**

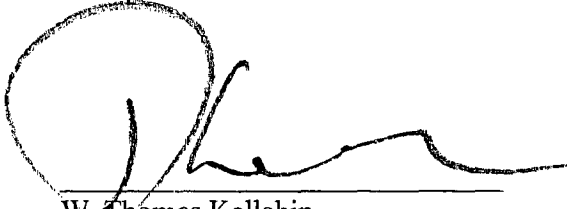
None

KELLAHIN & KELLAHIN  
  
W. Thomas Kellahin

**CERTIFICATION OF SERVICE**

I hereby certify that a copy of this pleading was served upon the following parties and attorneys  
this 30th day of July 2009, by email

None at this time

  
W. Thomas Kellahin