

**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:**

**IN THE MATTER OF THE APPLICATION OF
ENERGEN RESOURCES CORPORATION
FOR APPROVAL OF A PILOT PROJECT,
UNORTHDOX WELL LOCATION AND FOR
EXCEPTION RULE 19.15.15.11 NMAC DETERMINE
PROPER WELL DENSITIES FOR PICTURED CLIFFS
FORMATION WELLS IN PORTIONS OF THE GAVILAN,
TAPACITO AND SOUTH BLANCO-PICTURED CLIFFS POOLS,
RIO ARRIBA COUNTY, NEW MEXICO**

CASE NO. 14539

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

Energy Resources Corporation

ATTORNEY

J. Scott Hall, Esq.

INTERESTED PARTY

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STATEMENT OF THE CASE

INTERESTED PARTY:

Burlington Resources Oil Gas Company LP ("Burlington") was the principle operator involved in obtaining Division approval for the original Pictured Cliffs Pilot Infill Project with the hearing held on May 2, 2002 in Case 12857 and the approval Order R-11848 dated October 25, 2002. Thereafter, based upon the data from this infill pilot project by September 2005, Burlington concluded that the majority of available data suggests infilling the PC across the basin is not appropriate at that time. Today, Burlington continues to conclude that it is not appropriate to increase the density for the Pictured Cliffs spacing units within those pools in the San Juan Basin.

Burlington is the offsetting operator to some of the Energen's proposed infill Pictured Cliffs pilot wellbores and is potentially affected.

Burlington will request that the Division apply the same protocols that were used in the original pilot project as set forth in Order R-11848, including:

(1) The pilot program is intended to:

- (a) enable the applicants to gather layer pressure measurements;
- (b) accumulate comprehensive technical data for study and reservoir simulation;
- (c) accurately determine formation water saturations; and
- (d) make an estimation of original gas-in-place and remaining reserves.

(2) The pilot program well should be chosen based upon the following criteria:

- (a) they must each be located 900 feet or more from an existing Pictured Cliffs well;
- (b) the existing Pictured Cliffs gas wells must be in good producing condition;
- (c) if any Basin-Fruitland Coal (Gas) Well exists within a subject 160-acre unit, it must not have higher production rates or cumulative recoveries;
- (d) offset Pictured Cliffs wells' cumulative recoveries should be between 0.7 and 1.5 BCF;

- (e) they represent a variety of Pictured Cliffs pools; and
 - (f) they include wells located in both high and low permeability areas.
- (3) Criteria used for selecting the wellbores to be recompleted should be:
- (a) current well production is less than 50 MCFD;
 - (b) casing and cement are in good mechanical condition; and
 - (c) production from the current producing formation can be commingled with production from the Pictured Cliffs formation.

BURLINGTON'S PROPOSED EVIDENCE

WITNESSES	EST. TIME	EST. EXHIBITS
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None at this time

Counsel for Burlington may cross-examine Applicant's witnesses

PROCEDURAL MATTERS

None at this time

KELLAHIN & KELLAHIN



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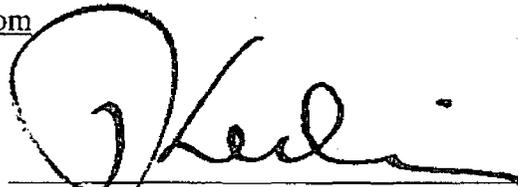
CERTIFICATE OF SERVICE

I certify that on August 26, 2010, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile
- Email

to the following:

J. Scott Hall, Esq. shall@montand.com



W. Thomas Kellahin