dugan production corp.

Case 11745

March 14, 1997

Mr. William J. LeMay, Chairman
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 87505

Re: ***NMOCC Case No. 11745, March 19, 1997***
Application of Burlington Resources Oil & Gas Co.
640 A Spacing for Gas Production Below the Dakota Formation
San Juan, Rio Arriba, Sandoval & McKinley Counties, New Mexico

Dear Mr. LeMay:

Dugan Production Corp. has reviewed the subject application and supports Burlington Resources in this case. We do not plan to appear at the hearing and request you make this letter a part of the record in this case.

The early establishment of 640 acre spacing for gas production from these deeper formations is a wise move and will eliminate a great deal of confusion, conflict and unnecessary development costs that are likely to occur should this development be done under existing NMOCD rules (i.e. the Gavilan Mancos-West Puerto Chiquito Mancos Pools development). It is fairly common to have 640 acre spacing in other producing areas for gas production from depths that are anticipated for producing formations below the Dakota formation.

Should you have questions or need additional information, please let us know.

Sincerely,

Thomas A. Dugan
President

TAD/JDR/cg

cc: Burlington Resources Oil & Gas Co., Attn: Alan Alexander

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March 14, 1997

Mr. William J. Lemay, Chairman
Oil Conservation Commission
Energy, Minerals and Natural Resources Department
State of New Mexico
PO Box 2088
Santa Fe, NM 87504

RE: APPLICATION FOR DEEP POOL SPACING
SAN JUAN BASIN
BURLINGTON RESOURCES OIL & GAS COMPANY, APPLICANT
NMOCD HEARING MARCH 19, 1997

Dear Chairman Lemay,

Robert L. Bayless strongly supports this application for the following reasons:

640 acre spacing has been the rule for many years for the Pennsylvanian-age strata producing to the northwest of the San Juan Basin in the Barker Dome and Ute Dome fields. Reservoir and well performance data from this area indicate that 640 acre spacing is sufficient to drain the reserves. Pennsylvanian-age strata in the Basin proper are expected to have similar reservoir storage and flow characteristics.

Further, Pennsylvanian-age strata in the Basin proper lies much deeper than to the northwest. As a result, anticipated pressure in reservoirs below the base of the Dakota formation is expected to be high enough that one well per governmental section will be clearly sufficient to efficiently produce the reservoir. Drilling wells according to standard rules on 160 acre spacing would result in economic and physical waste. Impact to the surface also will be reduced under the applied-for designation.

Finally, wells drilled to formations below the base of the Dakota will be high-risk and high-cost. Establishment of 640 spacing will allow the formation of compulsory units on that basis, which will serve to ameliorate the very high risk undertaken by producers willing to invest in this new play.

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Again, I strongly support the application of Burlington Resources Oil and Gas Company in this regard. Thank you for your consideration of my comments.

Yours truly,

Robert L. Bayless
RLB/pc

MERRION

OIL & GAS

Case 11745

March 13, 1997

Mr. William J. Lemay, Chairman
Oil Conservation Commission
Energy, Minerals and Natural Resources Department
State of New Mexico
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: Application for Deep Pool Spacing
San Juan Basin
Burlington Resources Oil & Gas Company, Applicant

Dear Chairman Lemay:

A hearing before the New Mexico Oil Conservation Commission has been scheduled for March 19, 1997 to hear the application of Burlington Resources Oil & Gas Company requesting 640 acre spacing for certain Deep Pools below the base of the Dakota formation in the San Juan Basin.

Merrion Oil & Gas Corporation supports this application for the following reasons:

1.) 640 acre spacing has been the rule for many years for the Pennsylvanian-age strata producing to the northwest of the San Juan Basin in the Barker Dome and Ute Dome fields. Reservoir and well performance data from this area indicate that 640 acre spacing is sufficient to drain the reserves. Pennsylvanian-age strata in the Basin proper are expected to have similar reservoir storage and flow characteristics.

2.) Wells drilled to formations below the base of the Dakota will be high-risk and high-cost. Establishment of 640 spacing will allow the formation of compulsory units on that basis, which will serve to spread out the very high risk undertaken by producers willing to invest in this new play.

Again, we strongly support the application of Burlington Resources Oil & Gas Company in this regard. Thank you for your consideration of our comments.

Sincerely,

George F. Sharpe
Manager - Oil & Gas Investments

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610 Reilly Avenue • Farmington, New Mexico 87401 • 505-327-9801 / 505-326-5900 (Fax)

Patrick A. Brazan
San Juan/Panhandle
Asset Manager
Midland Division
Exploration Production
North America

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500
(915) 686-5712
(915) 686-5508

March 12, 1997

Mr. William J. Lemay, Chairman
Oil Conservation Commission
Energy, Minerals and Natural Resources Department
State of New Mexico
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

RE: **Application for Deep Pool Spacing**
San Juan Basin, New Mexico
Burlington Resources Oil & Gas Company, Applicant

Dear Chairman Lemay:

A hearing before the New Mexico Oil Conservation Commission has been scheduled for March 19, 1997 to hear the application of Burlington Resources Oil & Gas Company requesting 640 acre spacing for certain Deep Pools, more specifically those pools below the base of the Dakota formation, underlying San Juan and Rio Arriba Counties, New Mexico.

Conoco Inc. strongly supports this application for the following reasons:

- 640 acre spacing has been the rule for many years for the Pennsylvanian-age strata producing to the northwest of the San Juan Basin in the Barker Dome and Ute Dome fields. Reservoir and well performance data from this area indicate that 640 acre spacing is sufficient to drain the reserves. Pennsylvanian-age strata in the Basin proper are expected to have similar reservoir storage and flow characteristics.

- Further, Pennsylvanian-age strata in the Basin proper lies much deeper than to the northwest. As a result, anticipated pressure in reservoirs below the base of the Dakota formation is expected to be high enough that one well per governmental section will be clearly sufficient to efficiently produce the reservoir. Drilling wells according to standard rules on 160 acre spacing would result in economic and physical waste. Impact to the surface also will be reduced under the applied-for designation.

- Finally, wells drilled to formations below the base of the Dakota will be high-risk and high-cost. Establishment of 640 spacing will allow the formation of compulsory units on that basis, which will serve to ameliorate the very high risk undertaken by producers willing to invest in this new play.

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Again, we strongly support the application of Burlington Resources Oil & Gas Company in this regard. Thank you for your consideration of our comments.

Respectfully,

Patrick A. Brazan

cc: Mr. W. Thomas Kellahin
El Patio Building
117 North Guadalupe
Santa Fe, New Mexico 87501-1848