



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 19, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Burlington Resources Oil and Gas Company
P. O. Box 4289
Farmington, New Mexico 87499-4289

#12477

Attention: Peggy Bradfield Cole

Re: Administrative application for an exception to Division Rule 104.C (3) to form four non-standard gas spacing and proration units in irregular Section 11, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico for Pictured Cliffs gas production.

Dear Ms. Cole:

In reviewing this matter further, it appears that your application is beyond the scope of the Division's administrative authority under Division Rule 104.D (b) since the proposed units are based on boundary lines that are arbitrary and do not follow the set standard contained in Division Rule 104.C (3).

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for August 24, 2000. Please provide adequate notice pursuant to Rule 1207.A (5) of the Division's Rules and Regulations.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
Kathy Valdes, NMOCD - Santa Fe
W. Thomas Kellahin, Legal Counsel for Burlington Resources Oil and Gas Company - Santa Fe