

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 BURLINGTON RESOURCES
OIL & GAS COMPANY FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 12276

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 12277

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Burlington Resources Oil & Gas Company ("Burlington") as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Burlington Resources Oil & Gas Company
P. O. Box 4289
Farmington, NM 87499
(505) 326-9757
attn: Alan Alexander

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OPPONENT

Energen Resources Corporation

ATTORNEY

J. Scott Hall, Esq.

NMOCD Cases 12276 & 12277
Burlington's prehearing statement
-Page 2-

STATEMENT OF CASES

In case 12276, Burlington seeks a compulsory pooling order for the following spacing units located in Section 36, T27N, R8W:

- (a) The W/2 for any Mesaverde production from the Brookhaven Com Wells No 8 and 8-A to be drilled as dual completion gas wells with Well 8 located in the NW/4 and Well 8-A located in the SW/4;
- (b) the SW/4 for any Chacra production from the Brookhaven Com Well No. 8-A;
- (c) the NW/4 for any Chacra production from the Brookhaven Com Well No. 8.

In case 12277, Burlington seeks a compulsory pooling order for the E/2 of Section 16, T31N, R11W to be dedicated to any Mesaverde production from its Brookhaven Com B Well No 3B to be located in SE/4SE/4 of this section.

Burlington requests orders pooling the mineral interest of described spacing units which include:

- (1) Burlington be named operator;
- (2) The order make provisions for all uncommitted interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event an uncommitted working interest owner fails to elect to participate he becomes a "compulsory pooled party" and then provisions should be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

NMOCD Cases 12276 & 12277
Burlington's prehearing statement
-Page 3-

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME EXHIBITS

Shannon Nichols (landman)	20 min.	@ 8 exhibits
Ralph Nelms (PE)	20 Min.	@ 4 exhibits

PROCEDURAL MATTERS

Burlington requests that both cases be consolidated for hearing.

KELLAHIN AND KELLAHIN



By: _____
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

OIL CONSERVATION DIV.
10/29 AM 11:51

MILLER, STRATVERT & TORGERSON, P. A.

LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
JAMES B. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK
TERRI L. SAUER
JOEL T. NEWTON
THOMAS M. DOMME

RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH M. FUESS
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
FRED SCHILLER
LARA L. WHITE
PAULA G. MAYNES
DEAN B. CROSS
MICHAEL C. ROSS
CARLA PRANDO
KATHERINE N. BLACKETT
JENNIFER L. STONE
ANDREW M. SANCHEZ
M. DYLAN O'REILLY
AMINA QUARGNALI-LINSLEY

ALBUQUERQUE

500 MARQUETTE N.W. , SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125-0687
TELEPHONE: (505) 842-1950
(800) 424-7585
FACSIMILE: (505) 243-4408

LAS CRUCES

500 S. MAIN ST., SUITE 800
POST OFFICE BOX 1209
LAS CRUCES, NM 88004-1209
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

FARMINGTON

300 WEST ARRINGTON, SUITE 300
POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

SANTA FE

150 WASHINGTON AVE., SUITE 300
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL
JAMES J. WIDLAND, COUNSEL
BRADLEY D. TEPPER, COUNSEL

PLEASE REPLY TO SANTA FE

October 29, 1999

BY HAND-DELIVERY

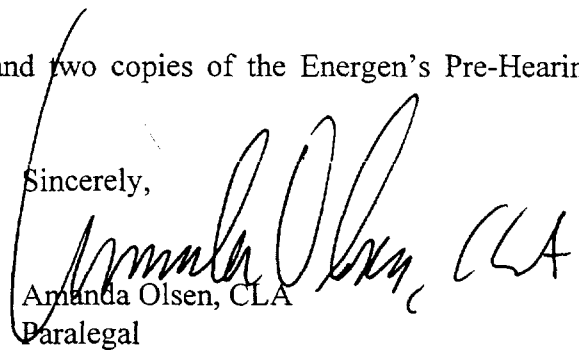
Ms. Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCC Case # 12276 and 12277; Applications of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico

Dear Ms. Davidson:

Enclosed please find an original and two copies of the Energen's Pre-Hearing Statements in the above-entitled matters.

Sincerely,



Amanda Olsen, CLA

Paralegal

/ao

Enclosure(s) – as stated

David Catanach, NMOCD (with enclosures)
Rand Carroll, NMOCD (with enclosures)
Lori Wrotenbery, NMOCD (with enclosures)
W. Thomas Kellahin, Esq. (with enclosures)

6621/23699/davidson.doc

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
BURLINGTON RESOURCES OIL & GAS COMPANY
FOR COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO

CASE No. 12276

99 OCT 29 AM 11:19
OIL CONSERVATION DIV.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Energen Resources Corporation through its counsel of record, Miller, Stratvert & Torgerson, P.A. (J. Scott Hall, Esq.) as required by the Oil Conservation Division.

APPEARANCES

APPLICANT'S ATTORNEY

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

APPLICANT

Burlington Resources Oil & Gas Company
P.O. Box 4289
Farmington, NM 87499
(505) 326-9757

OPPONENT'S ATTORNEY

J. Scott Hall, Esq.
Miller, Stratvert & Torgerson, P.A.
P.O. Box 1986
Santa Fe, NM 87504-1986
(505) 989-9614

OPPONENT

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401
(505) 325-6800

STATEMENT OF THE CASE

Burlington Resources Company seeks the issuance of an order pooling the interests of Energen Resources Corporation and others for its Brookhaven Com Wells 8 and 8-a, designation of Burlington as operator, the imposition of a 200% risk factor penalty and other relief pursuant to Section 70-2-17(C), N.M. Stat. Ann. (1978 Comp.).

Energen Resources Corporation opposes Burlington's applications for the following reasons, among others: (1) Energen Resources Corporation has previously voluntarily committed its interests in the spacing units to Burlington's proposed wells. As a consequence, the interests are not subject to compulsory pooling; (2) Burlington is attempting to repudiate the terms and applicability of a preexisting operating agreement governing the operation and development of the subject lands; (3) Burlington has failed to exercise good faith in obtaining the voluntary joinder of uncommitted interests to the well in violation of Section 70-2-17 and 70-2-18, N.M. Stat. Ann. (1978 Comp.); (4) Burlington has improperly invoked the processes of the Division to the detriment of Energen's real property and contract rights; (5) In the context of this proceeding, Burlington's application is not cognizable under Section 70-2-17(C), N.M. Stat. Ann. (1978 Comp).

PROPOSED EVIDENCE

Energen Resources Corporation will present evidence relating to any or all of the issues set forth in the Statement of the Case submitted by the various parties.

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

Richard Corcoran, Landman

30 minutes

9

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

The production of documents pursuant to Division subpoena issued on October 28, 1999 is pending. Energen anticipates filing a motion to dismiss prior to hearing. Energen is seeking the Applicant's concurrence to continue the present setting to facilitate the resolution of a number of pre-hearing issues.



Signature

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was sent this 25 day of October, 1999 to the following counsel of record:

Rand Carroll, Esq.
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Pre-hearing Statement
NMOCD Case No. 12,276
Page 4

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
BURLINGTON RESOURCES OIL & GAS COMPANY
FOR COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO

CASE No. 12276

OIL CONSERVATION DIV.
OCT 29 AM 11:54

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Energen Resources Corporation, through its counsel of record, Miller, Stratvert & Torgerson, P.A. (J. Scott Hall, Esq.) as required by the Oil Conservation Division.

APPEARANCES

APPLICANT'S ATTORNEY

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

APPLICANT

Burlington Resources Oil & Gas Company
P.O. Box 4289
Farmington, NM 87499
(505) 326-9757

OPPONENT'S ATTORNEY

J. Scott Hall, Esq.
Miller, Stratvert & Torgerson, P.A.
P.O. Box 1986
Santa Fe, NM 87504-1986
(505) 989-9614

OPPONENT

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401
(505) 325-6800

STATEMENT OF THE CASE

Burlington Resources Company seeks the issuance of an order pooling the interests of Energen Resources Corporation and others for its Brookhaven Com Wells 8 and 8-a, designation of Burlington as operator, the imposition of a 200% risk factor penalty and other relief pursuant to Section 70-2-17(C), N.M. Stat. Ann. (1978 Comp.).

Energen Resources Corporation opposes Burlington's applications for the following reasons, among others: (1) Energen Resources Corporation has previously voluntarily committed its interests in the spacing units to Burlington's proposed wells. As a consequence, the interests are not subject to compulsory pooling; (2) Burlington is attempting to repudiate the terms and applicability of a preexisting operating agreement governing the operation and development of the subject lands; (3) Burlington has failed to exercise good faith in obtaining the voluntary joinder of uncommitted interests to the well in violation of Section 70-2-17 and 70-2-18, N.M. Stat. Ann. (1978 Comp.); (4) Burlington has improperly invoked the processes of the Division to the detriment of Energen's real property and contract rights; (5) In the context of this proceeding, Burlington's application is not cognizable under Section 70-2-17(C), N.M. Stat. Ann. (1978 Comp).

PROPOSED EVIDENCE

Energen Resources Corporation will present evidence relating to any or all of the issues set forth in the Statement of the Case submitted by the various parties.

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

OPPOSITION

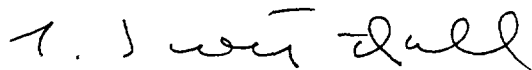
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

Richard Corcoran, Landman	30 minutes	9
---------------------------	------------	---

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

The production of documents pursuant to Division subpoena issued on October 28, 1999 is pending. Energen anticipates filing a motion to dismiss prior to hearing. Energen is seeking the Applicant's concurrence to continue the present setting to facilitate the resolution of a number of pre-hearing issues.



Signature

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was sent this 25 day of October, 1999 to the following counsel of record:

Rand Carroll, Esq.
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Pre-hearing Statement
NMOCD Case No. 12,276
Page 4

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504



J. Scott Hall