



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

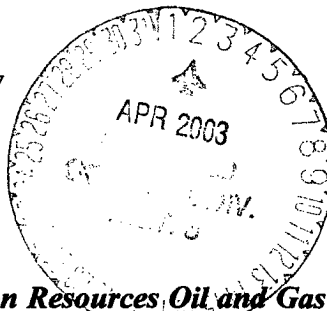
March 17, 2003

Lori Wrotenbery
Director
Oil Conservation Division

30-045-31109

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

Attention: Peggy Cole



Re: Administrative application of Burlington Resources Oil and Gas Company for an exception to Division Rule 104.C (3) for the proposed Aztec Federal Well No. 1-M (administrative application reference No. pKRV0-305056281) to be drilled at an unorthodox gas well location within a standard 157.60-acre gas spacing unit comprising the NE/4 equivalent of Section 24, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, in the Chacra formation 700 feet from the North line and 2225 feet from the East line (Lot 2/Unit B) of Section 24, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

Dear Ms. Cole:

Due to inadequate notice this application is **denied** and is being returned to you at this time. Please refer to Division Rule 1207.A (2) (b). The SW/4 of offsetting Section 13, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, is by definition an affected 160-acre unit. The nearest standard gas well location in the NE/4 equivalent of Section 24 would be 660 feet from the northern and western boundary of this unit. By triangulation this location is 933 feet from that point common to the NE/4 equivalent of Section 24 and the SW/4 of section 13. The proposed Aztec Federal Well No. 1-M is 794 feet from this point, or 139 feet closer than required.

Should you have any questions concerning this matter, please contact your legal counsel, Mr. W. Thomas Kellahin in Santa Fe at (505) 982-4285. Thank you.

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 - Santa Fe

DATE	2/19/03	SUBMITTER	3/4/03	ENGINEER	WLT	LOGGED IN	KW	TYPE	NSL	PRV	030505628
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

PEGGY COLE
 Print or Type Name

Peggy Cole
 Signature

REGULATORY Supr.
 Title

Date

peole@br-inc.com
 e-mail Address

BURLINGTON RESOURCES

SAN JUAN DIVISION

Sent Federal Express February 18, 2003

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Aztec Federal #1M
700'FNL, 2225'FEL, Section 24, T-30-N, R-11-W, San Juan County
30-045-31109

Dear Mr. Stogner:

Burlington Resources is applying for administrative approval of an unorthodox gas well location for the Otero Chacra and Basin Dakota pools. The subject well is planned as a Chacra, Mesaverde, Dakota commingled completion and an application will be submitted for downhole commingling in these three pools.

The subject well was staked at this location due to terrain, existing utilities, and geology. Rugged terrain shown on the attached topographic map, and the existing utilities as shown on the aerial photograph encompass a majority of the area within the legal window for the Chacra and Dakota. This well is staked at an orthodox location for the Mesaverde.

The Kessler #1 (30-045-09388) is located at 990'FNL, 990'FEL; we do not wish to utilize its wellpad due to the interpreted Mesaverde drainage pattern as attached. The Lloyd #2 (30-045-26641) is located at 1840'FNL, 1710'FEL but its wellpad cannot be utilized as it is an existing Mesaverde well.

Production from the Chacra is to be included in a 157.6 acre gas spacing and proration unit comprising of the northeast quarter of Section 24 and is to be dedicated to the Aztec Federal #1 (API# 30-045-09319), located at 1560'FSL, 1850'FEL of Section 24.

Production from the Dakota is to be included in a 320 acre gas spacing and proration unit comprising of the east half of Section 24 and is to be dedicated to the Aztec Federal #1 (API# 30-045-09319), located at 1560'FSL, 1850'FEL of Section 24.

The following attachments are for your review:

- Approved application for Permit to Drill
- Completed C-102 at referenced location
- Offset operators/owners plats for the Chacra and Dakota
- Topographic Map
- Aerial photograph
- Mesaverde drainage patterns

Mr. Michael Stogner
Page Two
February 18, 2003

Three copies of this application are being submitted to offset operators/owners by certified mail with a request that they furnish you with a Waiver of Objection, keep one copy for their files and return one copy to this office. Please let me know if you have any questions about this application.

Sincerely,

BURLINGTON RESOURCES


Peggy Cole
Regulatory Supervisor

WAIVER

_____ hereby waives objection to Burlington Resources' application for a non-standard location for the Aztec Federal #1M as proposed above.

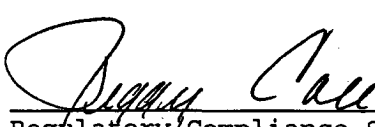
By: _____ Date: _____

Xc: Bureau of Land Management
NMOCD – Aztec District Office

NSC
Ch

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a.	Type of Work DRILL	202 MAY 23 PM 1:44 0/3	5. Lease Number SF-078174-A Unit Reporting Number
1b.	Type of Well GAS		6. If Indian, All. or Tribe
2.	Operator BURLINGTON RESOURCES Oil & Gas Company		7. Unit Agreement Name
3.	Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700		8. Farm or Lease Name Aztec Federal 9. Well Number 1M
4.	Location of Well 700' FNL, 2225' FEL Latitude 36° 48.2, Longitude 107° 56.4		10. Field, Pool, Wildcat Otero Cha/Blanco MV/Basin DK 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 24, T-30-N, R-11-W API # 30-045- 31109
14.	Distance in Miles from Nearest Town 5.6 Mls to Int. Hwy 550 & Hwy 173 in Aztec NM		12. County San Juan 13. State NM
15.	Distance from Proposed Location to Nearest Property or Lease Line 700		
16.	Acres in Lease		17. Acres Assigned to Well Cha-157.60, MV-314.36, DK-320
18.	Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 1294		
19.	Proposed Depth 7309 <small>This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4</small>		20. Rotary or Cable Tools Rotary
21.	Elevations (DF, FT, GR, Etc.) 6212' GR		22. Approx. Date Work will Start
23.	Proposed Casing and Cementing Program See Operations Plan attached		DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".
24.	Authorized by: <u></u> Regulatory/Compliance Supervisor		Date <u>2-8-02</u>

PERMIT NO. _____

APPROVAL DATE _____

APPROVED BY 

TITLE

AFM

DATE 6/25/02

Archaeological Report to be submitted

Threatened and Endangered Species Report to be submitted

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

OPERATOR

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pocheo, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

**2040 South Pacheco
Santa Fe, NM 87505**

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
30-045	82329/72319/71599	Otero Cha/Blanco MV/Basin DK
⁴ Property Code	⁵ Property Name	⁶ Well Number
6818	AZTEC FEDERAL	1M
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
14538	BURLINGTON RESOURCES OIL & GAS INC.	6212

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	30-N	11-W	-	700	NORTH	2225	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres Cha-NE/157.6 MV-N/324.36 DK-E/320			¹³ Joint or Infil		¹⁴ Consolidation Code		¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	FD 3 1/4" BLM 1969 BRASS CAP	N 89°06'18" W 2599'(M)	FD 3 1/4" BLM 1967 BRASS CAP
LOT 4	LOT 3 LAT: 36°48.2'N. LONG:107°56.4'W.	LOT 2 SF-078174-A	LOT 1 S 00°01'49" W 2638.52' (M)
SF-078144	LOT 6	LOT 7 SF-078171	LOT 8
LOT 12	LOT 11	LOT 10 SF-078171	LOT 9 FD 3 1/4" BLM 1967 BRASS CAP
LOT 13	LOT 14	LOT 15 SF-078198	LOT 16

OPERATOR CERTIFICATION

I hereby certify that the information contained herein
is true and complete to the best of my knowledge and
belief.

Peggy Case
Signature

Peggy Cole
Printed Name
Regulatory Supervisor

Time _____
Date 2-8-02

18 SURVEYOR CERTIFICATION

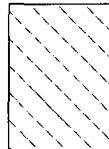
I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
8894
Date of Survey
Signature and Seal of Professional Surveyor
8894
Certificate Number

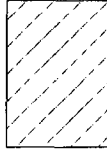
1 Burlington Resources Oil & Gas Company
Operator & working interest owner
PO Box 4289
Farmington, NM 87499

ConocoPhillips Company
Working interest owner
PO Box 2197
Houston, TX 77252-2197

Merchant Resources #1 LP
Working interest owner
PO Box 27
Houston, TX 77001-0027



Proposed Well



Offset Operator



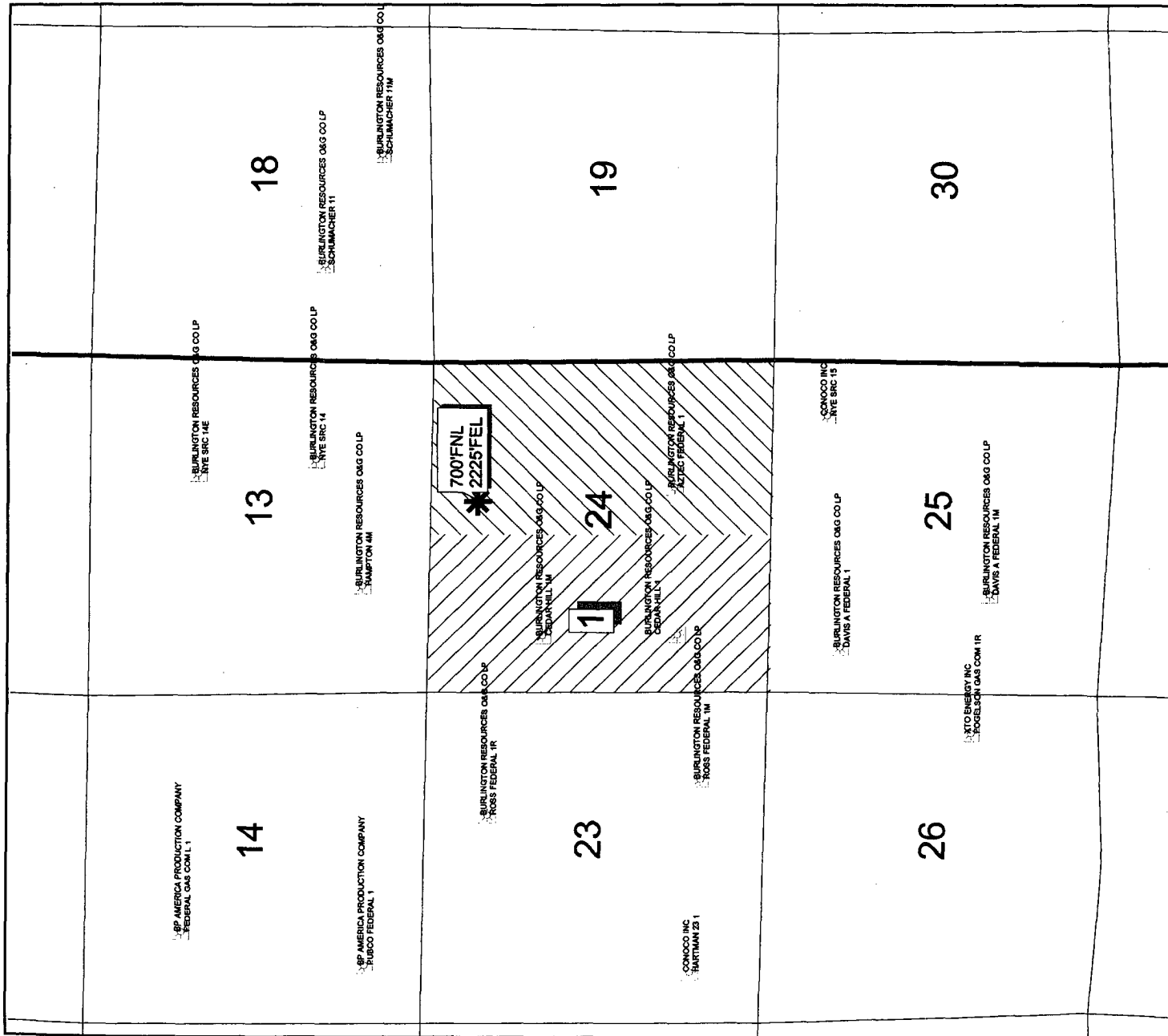
BURLINGTON RESOURCES
PLAT

800 0 800 1600 Feet

BURLINGTON RESOURCES
San Juan Division

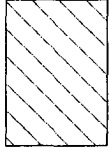
Aztec Federal #1M
Section 24, T-30-N, R-11-W
San Juan County, New Mexico
Offset Operator/Owner Plat
Nonstandard Location
Dakota Formation

Transverse Mercator
State Plane - 1927 ; New Mexico, West
Prepared By: Tammy Wimsatt
File No: 1-28763
Date: 02/04/2003
Revised:
File Name: s:\public\fw\aztec federal #1m-dk.apr

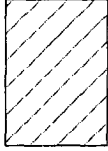


Burlington Resources Oil & Gas Company
 Operator & working interest owner
 PO Box 4289
 Farmington, NM 87499

1



Proposed Well



Offset Operator



BURLINGTON RESOURCES
 San Juan Division
 PLAT

800 0 800 1600 Feet

BURLINGTON RESOURCES
 San Juan Division

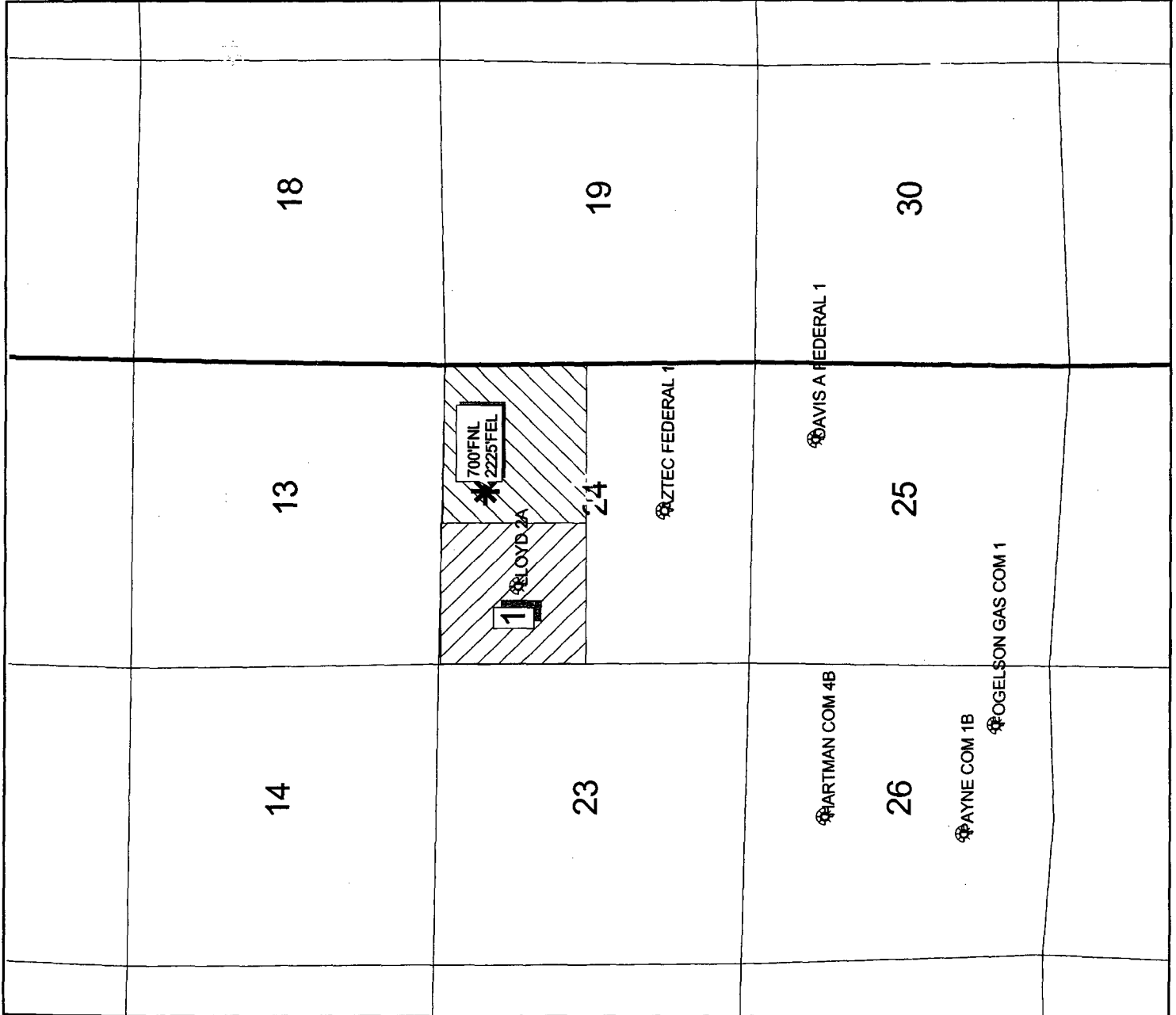
Aztec Federal #1M
 Section 24, T-30-N, R-11-W
 Offset Operator/Owner Plat
 Nonstandard Location
 Chacra Formation

Transverse Mercator
 State Plane - 1827, New Mexico, West
 1:31178

Prepared By: Tammy Wimsatt Date: 08/09/2002

File No: Revised:

File Name: s:\public\m\aztec_federal #1m-cha.apr




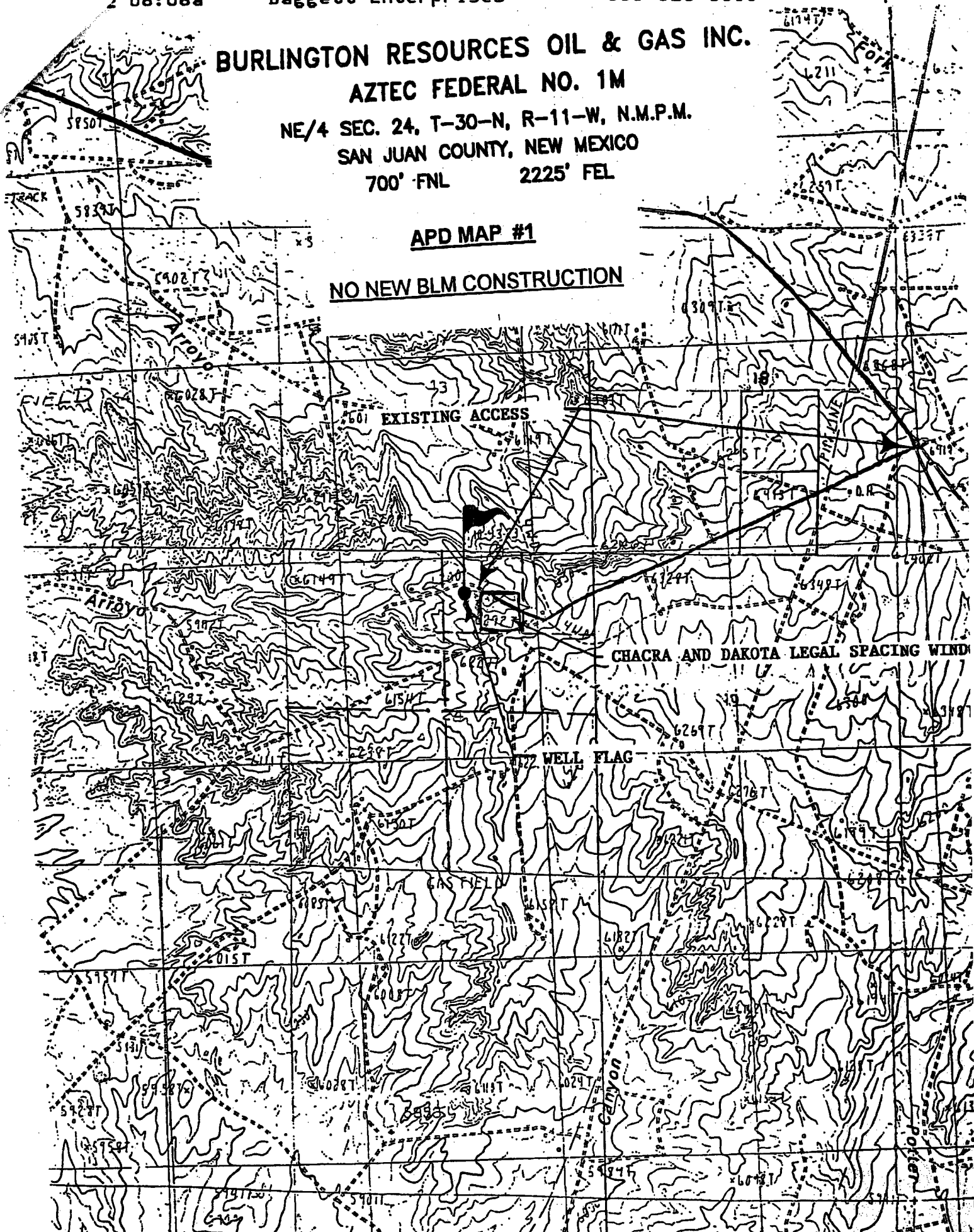
Re: Aztec Federal #1M
700'FNL, 2225'FEL, Section 24, T-30-N, R-11-W, San Juan County
30-045-31109

I hereby certify that the following offset operators/owners have been mailed notification of our application for non-standard location.

ConocoPhillips
PO Box 2197
Houston, TX 77252-2197

Merchant Resources #1 LP
PO Box 27
Houston, TX 77001-0027

 2-18-03
Peggy Cole
Regulatory Supervisor
Burlington Resources

BURLINGTON RESOURCES OIL & GAS INC.**AZTEC FEDERAL NO. 1M****NE/4 SEC. 24, T-30-N, R-11-W, N.M.P.M.****SAN JUAN COUNTY, NEW MEXICO****700' FNL****2225' FEL****APD MAP #1****NO NEW BLM CONSTRUCTION**

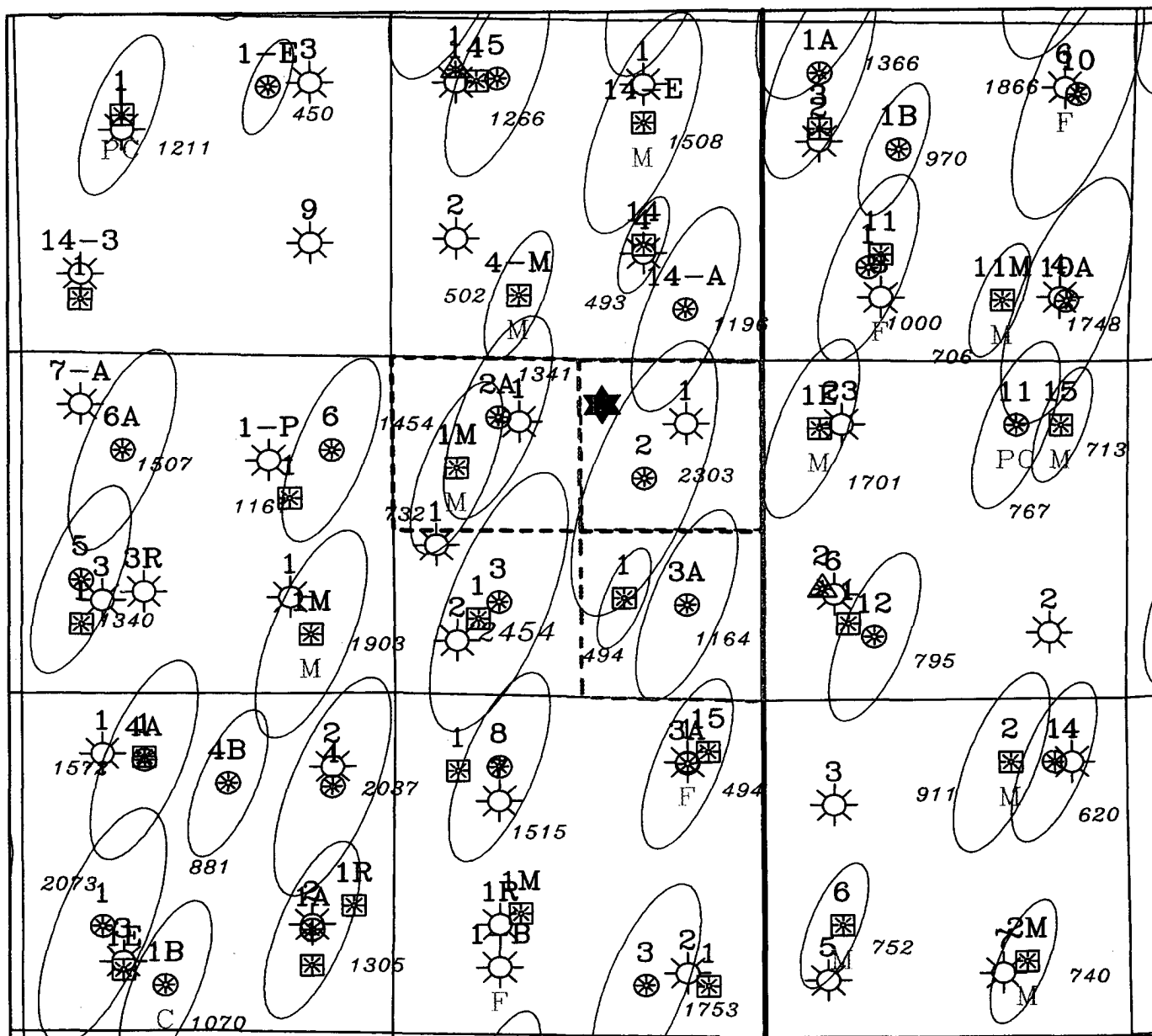
Proposed Aztec Federal Well Number 1M
700' FNL & 2225' FEL
Section 24, T30N, R11W
San Juan County, New Mexico
Otero Chacra/Blanco Mesaverde/Basin Dakota Pool
Estimated TD 7309'

The Mesaverde spacing unit for the Aztec Federal 1M is the N/2 of Section 24-T30N-R11W. The proposed test is staked at a standard Mesaverde gas well location within the spacing unit, and will be the fourth Mesaverde well completed in the 320-acre spacing unit. The location of the proposed test was selected to optimize recovery from the Mesaverde Group. The primary control on productivity in the Mesaverde is the density of natural fractures. Fracture orientation ranges from due north to north 30 degrees east. Gas drainage areas are elliptical in shape with the long axis parallel to the direction of fracture orientation. A drainage ellipse map of the project vicinity indicates that undeveloped gas reserves remain to be exploited by the Aztec Federal 1M in the NW/4NE/4 of Section 24-T30N-R11W. The drainage ellipse map is based upon data derived from a larger study of the entire Blanco Mesaverde Pool (estimated ultimate recovery calculated for all wells in the Blanco Mesaverde Pool, original gas in place values calculated for entire Blanco Mesaverde Pool, etc.).

The Dakota spacing unit for the Aztec Federal 1M is the E/2 of Section 24-T30N-R11W. The proposed test will be the second Dakota well completed in the 320-acre spacing unit. Exact placement of the well within the NE/4 of the section is not viewed as critical to success of the new drill project in the Dakota. The proposed test is staked at a non-standard Dakota gas well location within the spacing unit. Every effort was made to locate the Aztec Federal 1M at a standard Dakota gas well location in the NE/4 of Section 24 that would also not create significant Mesaverde drainage area overlap with the Lloyd 2, located in the SW/4NE/4 (1840 FNL, 1710 FEL) of Section 24-T30N-R11W. Unfortunately, it was not possible to find such a surface location due to topographic restrictions and orientation of an existing pipeline through the spacing unit. A test located at the proposed footages is expected to be geologically comparable in the Dakota with a test located at any standard Dakota location in the NE/4 of Section 24.

The Chacra spacing unit for the Aztec Federal 1M is the NE/4 of Section 24-T30N-R11W. Exact placement of the well within the NE/4 of the section is not viewed as critical to success of the new drill project in the Chacra. The proposed test is staked at a non-standard Chacra gas well location within the spacing unit.

The Kessler 1 is a Pictured Cliffs producer located in the NE/4NE/4 (990 FNL, 990 FEL) of Section 24. Consideration was given to placement of the Aztec Federal 1M on the same pad as the Kessler 1. However, significant drainage overlap would occur between a Mesaverde producer located on the Kessler 1 pad and the Lloyd 2. We would prefer to use the non-standard location as opposed to the Kessler 1 pad due to potential for significant overlap of Mesaverde drainage areas.



Dave Clark
2/03

● Existing Mesaverde
EUR

★ Aztec Federal #1M

□ Mesaverde
Spacing Unit

□ Dakota
Spacing Unit

□ Chacra
Spacing Unit

Aztec Federal #1M

Sec. 24 T30N R11W



P2000 Well Header

- FRUITLAND
- PICTURED CLIFFS
- MESAVERDE
- DAKOTA

- Counties
- San Juan Federal Units
- Town Outlines
- Sections
- Townships



BURLINGTON RESOURCES **PLAT**

300 0 300 600 900 1200 1500 Feet

BURLINGTON RESOURCES

SAN JUAN DIVISION

Aztec Federal #11M Well
NE/4 Section 24, 30N-11W

Transverse Mercator
UTM - 1927 ; Zone 13

1:10573

Prepared By: ALAN ALEXANDER

Date: 02/04/2003

File No: <Please enter file number>

Revised: <Revision date>

File Name: s:\public\aztec_queries_analysis\aztec_federal_1m.apr