



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

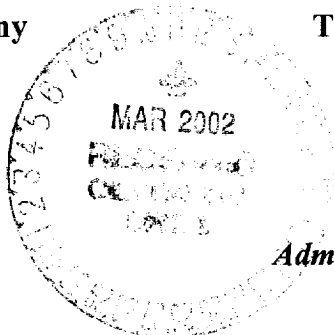
GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

March 4, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Burlington Resources Oil & Gas Company
P. O. Box 4289
Farmington, New Mexico 87499-4289
Attention: Peggy Cole
pbradfield@br-inc.com

Telefax No. (505) 326-9833



Administrative Order NSL-4705

Dear Ms. Cole:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on February 26, 2002 (*application reference No. pKRV0-206051292*); and (ii) the records of the Division in Aztec and Santa Fe: all concerning Burlington Resources Oil & Gas Company's ("Burlington") request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, of an unorthodox gas well for the existing East Well No. 7-F (API No. 30-045-30438), located 1510 feet from the North line and 2100 feet from the West line (Lot 6/Unit F) of Section 14, Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool (72319), San Juan County, New Mexico.

According to the Division's well records, the East Well No. 7-F was drilled to a total depth of 7,550 feet in the summer of 2001 and completed in the Basin-Dakota Pool. By Division Order R-11532, issued in Case No. 12509 and dated February 6, 2001; (i) the existing 280.06-acre gas spacing and proration unit ("GPU") comprising Lots 3, 4, 5, 6, 8, 9, 10, and 11 (W/2 equivalent) of Section 14 was approved as a pilot infill drilling project in the Basin-Dakota Pool whereby up to four wells could be located within this GPU; and (ii) the well location was approved at an unorthodox infill gas well location in the Basin-Dakota Pool within this 280.06-acre GPU. It is our understanding that Burlington intends to perforate the Blanco-Mesaverde gas interval and recomplete the well such that production from both intervals will be commingled downhole upon issuance of this order.

This Blanco-Mesaverde gas production is to be included within an existing standard 280-06-acre stand-up GPU (which was the subject of Division Administrative Order NWU-35, dated May 12, 1955) that also comprises Lots 3, 4, 5, 6, 8, 9, 10, and 11 (W/2 equivalent) of Section 14 and is currently dedicated to Burlington's: (i) East Well No. 7 (API No. 30-045-10814), located at a standard gas well location 790 feet from the North and West line (Lot 4/Unit D) of Section 14; and (ii) East Well No. 1-A (API No. 30-045-22269), located at a standard infill gas well location 790

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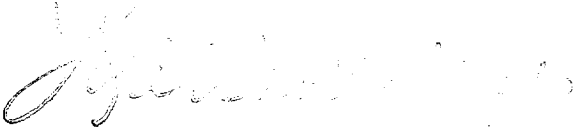
feet from the South and West lines (Lot 10/Unit M) of Section 14.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for the East Well No. 7-F is hereby approved. Further, all three of the aforementioned East Wells No. 7, 1-A, and 7-F, and existing 280.06-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Further, the provisions of Division Administrative Order NWU-35 shall remain in full force and effect until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec ✓
U. S. Bureau of Land Management - Farmington
File: NWU-35