



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 21, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

**Attention: Joni Clark
Regulatory Specialist
jclark@br-inc.com**

Administrative Order NSL-5123

Dear Ms. Clark:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-429438992*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on October 18, 2004; and (ii) the Division's records in Santa Fe: all concerning Burlington Resources Oil & Gas Company's ("Burlington") request for an unorthodox gas well location in the Pictured Cliffs formation for Burlington's existing Davis Well No. 505-S (API No. 30-045-30715), located 2420 feet from the South line and 660 feet from the East line (Lot 9/Unit I) of Section 12, Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico. Lots 9, 10, 15, and 16 (SE equivalent) of Section 12 is to be dedicated to this well in order to form a 141.96-acre gas spacing unit within the Aztec-Pictured Cliffs Pool (71280).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

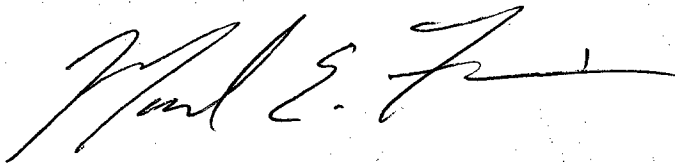
It is the Division's understanding that Burlington drilled this well in late 2001 to a depth of 3,115, well below the Fruitland coal interval, and subsequently completed this well through perforations from 2,655 feet to 2,852 feet, in the Basin-Fruitland Coal (Gas) Pool (71629). Pursuant to Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," applicable at the time this well was drilled, its location was standard for the 278.78-acre stand-up coal gas spacing unit comprising Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of Section 12. It is further understood that Burlington now intends to perforate the Pictured Cliffs interval in the Davis Well No. 505-S in an attempt to establish gas production from the Aztec-Pictured Cliffs Pool and recomplete the well such that production from both intervals will be commingled downhole; however, pursuant to Division Rule 104.C (3), as revised, this Pictured Cliffs location is unorthodox.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for Burlington's Davis Well No. 505-S within the Aztec-Pictured Cliffs Pool is hereby approved.

PLEASE NOTE HOWEVER THAT IN THE FUTURE, Burlington, as a prudent operator, should take all necessary steps to locate wells at locations considered to be standard for all possible zones to be encountered and should be more cognizant of well location requirements for different producing horizons within the immediate area of operations, especially when drilling deeper than the interval of completion.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P. E.
Director

MEF/ms

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