



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 5, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: Sharon Zubrod
Project Supervisor

Administrative Order NSL-5309

Dear Ms. Zubrod:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 23, 2005 (*administrative application reference No. pSEM0-532747660*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Burlington Resources Oil & Gas Company, L. P.'s ("Burlington") request for exceptions to the well location requirements provided within both the:

(A) "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(B) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002:

Burlington proposes to drill its Grambling "C" Well No. 3-M (**API No. 30-045-33306**) at an unorthodox infill gas well location in both the Blanco-Mesaverde (**72319**) and Basin-Dakota (**71599**) Pools 1645 feet from the North line and 1785 feet from the East line (Lot 7/Unit G) of Section 12, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico.

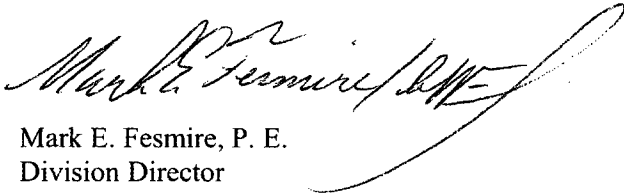
Gas production from the shallower Blanco-Mesaverde Pool is to be included within an existing 296.00-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of Section 12, which is currently dedicated to Burlington's: (i) Grambling "C" Well No. 3 (**API No. 30-045-09705**), located at a standard gas well location 1750 feet from the North line and 1090 feet from the East line (Lot 8/Unit H) of Section 12; (ii) Grambling "C" Well No. 3-A (**API No. 30-045-21718**), located at a standard infill gas well location 900 feet from the South line and 1535 feet from the East line (Lot 15/Unit O) of Section 12; and (iii) Grambling "C" Well No. 3-B (**API No. 30-045-33131**), recently drilled at a standard infill gas well location 1800 feet from the South line and 660 feet from the East line (Lot 9/Unit I) of Section 12.

Basin-Dakota gas production from both Burlington's proposed Grambling "C" Well No. 3-M and above-described Grambling "C" Well No. 3-B are to be simultaneously dedicated and both wells assigned to E/2 equivalent of Section 12 to also form a 296.00-acre GPU in the Basin-Dakota Gas Pool.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde gas well location for Burlington's proposed Grambling "C" Well No. 3-M is hereby approved. Further all of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Mark E. Fesmire, P. E.
Division Director

MEF/ms

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