



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

September 22, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: Peggy Cole

Administrative Order NSL-3372-A

Dear Ms. Cole:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on August 27, 2003 (*administrative application reference No. pLR0-323950909*); and (ii) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Order NSL-3372 and in Division Case No. 11118: all concerning Burlington Resources Oil & Gas Company's ("Burlington") request for an unorthodox gas well location in the Chacra formation for the existing Zachry Well No. 50 (API No. 30-045-25597), located 1846 feet from the North line and 621 feet from the West line (Unit E) of Section 35, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico. The NW/4 of Section 35 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for the Otero-Chacra Pool (82329).

The Division's records indicate that Union Texas Petroleum Corporation drilled and completed this well in 1983 in the Armenta Gallup Oil Pool (2290) at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 35. In October, 1994 Meridian Oil, Inc. dually recompleted this well with two strings of tubing to include the Blanco-Mesaverde Pool (72319). By Division Administrative Order NSL-3372, dated March 24, 1994, this location was approved as an unorthodox Mesaverde gas well location within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 35.

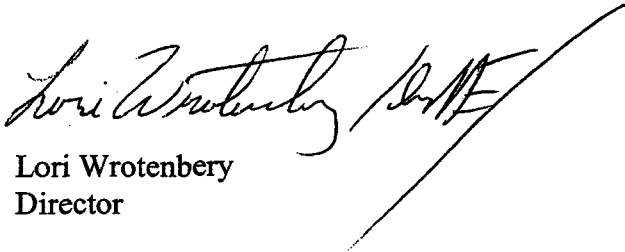
It is our understanding that Burlington now intends to abandon the Gallup interval, perforate the Chacra interval, and recomplete the well such that production from both the Mesaverde and Chacra formations will be downhole commingled (as referenced by Division Administrative Order AZ/DHC-1291). The location of this well within the Otero-Chacra Pool is also considered to be unorthodox, pursuant to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The application has been duly filed under the provisions of Division Rules 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Otero-Chacra gas well location for Burlington's existing Zachry Well No. 50 is hereby approved.

Further all provisions of Division Order NSL-3372 shall remain in full force and affect 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: Division Administrative Order NSL-3372