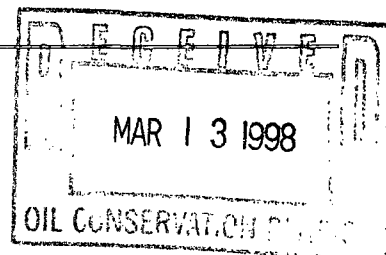


NSL 4/2/98

BURLINGTON RESOURCES

SAN JUAN DIVISION

PC Ø5



March 12, 1998

Sent Federal Express

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Hanks #5R
295'FSL, 560'FWL, Section 7, T-27-N, R-9-W, San Juan County, New Mexico
30-045-not assigned

Dear Ms. Wrotenbery:

Burlington Resources is applying for administrative approval of an unorthodox gas well location for the Fulcher Kutz Pictured Cliffs pool. This application for the referenced location is due to terrain in the Badlands, the presence of the endangered gillia formosa plant.

Production from the Fulcher Kutz Pictured Cliffs pool is to be included in a standard 160 gas spacing and proration unit comprising the southwest quarter (SW/4) of said Section 7.

The following attachments are for your review:

1. Application for Permit to Drill.
2. Completed C-102 at referenced location.
3. Offset operators/owners plat
4. 7.5 minute topographic map showing the orthodox windows, and enlargement of the map to define topographic features.

Three copies of this application are being submitted to all offset owners/ operators by certified mail with a request that they furnish you with a Waiver of Objection, return one copy to this office, and retain one copy for their file.

We appreciate your earliest consideration of this application.

Sincerely,

Peggy Bradfield
Regulatory/Compliance Administrator

WAIVER


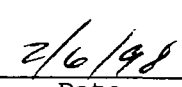
_____ hereby waives objection to Burlington Resources' application for a non-standard location for their Hanks #5R as proposed above.

By: _____ Date: _____

xc: Amoco

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | |
|-----|---|-----|---|
| 1a. | Type of Work DRILL | 5. | Lease Number SF-077874 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 Hanks |
| | | 9. | Well Number 5R |
| 4. | Location of Well 295' FSL, 560' FWL Latitude 36° 35.0, Longitude 107° 52.4 | 10. | Field, Pool, Wildcat Fulcher Kutz Pic.Cliffs |
| | | 11. | Sec., Twn, Rge, Mer. (NMPM) Sec 7, T-27-N, R-9-W API # 30-045- |
| 14. | Distance in Miles from Nearest Town 10 miles to Bloomfield | 12. | County SJ |
| | | 13. | State NM |
| 15. | Distance from Proposed Location to Nearest Property or Lease Line 295' | | |
| 16. | Acres in Lease | 17. | Acres Assigned to Well SW/4 160 |
| 18. | Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease 2000' | | |
| 19. | Proposed Depth 2300' | 20. | Rotary or Cable Tools Rotary |
| 21. | Elevations (DF, FT, GR, Etc.) 6180' GR | 22. | Approx. Date Work will Start |
| 23. | Proposed Casing and Cementing Program See Operations Plan attached | | |
| 24. | Authorized by:  Regulatory/Compliance Administrator | |  Date |

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE _____ DATE _____

Archaeological Report submitted
Threatened and Endangered Species Report submitted
NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------|---|---|
| API Number 30-045- | Pool Code 77200 | Pool Name Fulcher Kutz Pictured Cliffs |
| Property Code | Property Name HANKS | Well Number 5R |
| OGRID No. 14538 | Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY | Elevation 6180' |

10 Surface Location

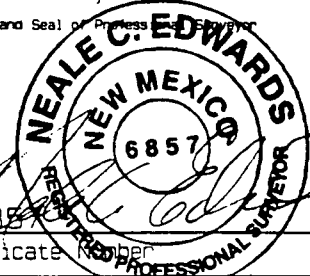
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| M | 7 | 27N | 9W | | 295 | South | 560 | West | 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 160 | 13 Joint or Infill | 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 | 1341.12' | 1308.78' | 2617.56' | 17 OPERATOR CERTIFICATION |
| 2584.56' | <i>Burlington Resources Hanks Well No. 5 1450' FSW - 780' FSW Spud: 5-15-52 Fulcher - Kutz P.G. Completion until 1990 when it was decompleted into the Basin - Fulcher Cool Gas Pool</i> | | | I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief |
| | | | | Signature <i>Peggy Bradfield</i> |
| | | | | Printed Name Peggy Bradfield |
| | | | | Regulatory Administrator |
| | | | | Title |
| | | | | Date 2/6/98 |
| | | | | 18 SURVEYOR CERTIFICATION |
| | | | | I hereby certify that the well location shown on this plat 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. |
| | | | | JANUARY 9, 1998 |
| | | | | Date of Survey |
| | | | | Signature and Seal of Professional Surveyor |
| | | | |  |
| | | | | Certificate No. 6857 |

③ 40.83
④ 40.75
81.58
61.58
560' 295'
1327.92' 1304.16'
2608.32'

*Burlington Resources
Hanks Well No. 11
1450' FSW - 930' FSW
Spud: 5-22-60
Basin Dakota
completion*

OPERATIONS PLAN

Well Name: Hanks #5R
Location: 295' FSL, 560' FWL Section 7, T-27-N, R-9-W
 San Juan County, New Mexico
 Latitude 36° 35.0', Longitude 107° 52.4'
Formation: Fulcher Kutz Pictured Cliffs
Elevation: 6180' GL

| Formation: | Top | Bottom | Contents |
|-----------------|------------|--------|----------|
| Surface | Nacimiento | 1154' | |
| Ojo Alamo | 1154' | 1294' | aquifer |
| Kirtland | 1294' | 1841' | |
| Fruitland | 1841' | 2094' | |
| Upper Coal | 1979' | 2069' | gas |
| Basal Coal | 2069' | 2094' | gas |
| Pictured Cliffs | 2094' | | gas |
| Total Depth | 2300' | | |

Logging Program: Hi Res Ind, Den/Neut, MRL/GR to Total Depth.

Mud Program:

| Interval | Type | Weight | Vis. | Fluid Loss |
|-----------|------|---------|-------|------------|
| 0- 120' | Spud | 8.4-9.0 | 40-50 | no control |
| 120-2300' | LSND | 8.4-9.0 | 40-60 | no control |

Casing Program (as listed, equivalent, or better):

| Hole Size | Depth Interval | Csq. Size | Wt. | Grade |
|-----------|----------------|-----------|-------|-------|
| 12 1/4" | 0 - 120' | 8 5/8" | 23.0# | M-50 |
| 6 1/4" | 0 - 2300' | 3 1/2" | 7.7# | WC-70 |

Tubing Program: - none

Float Equipment: 8 5/8" surface casing - saw tooth guide shoe.
 Centralizers will be run in accordance with Onshore Order #2.

3 1/2" production casing - float shoe on bottom. Three centralizers run every other joint above shoe. Four centralizers run every 3rd joint to the base of the Ojo Alamo @ 1294'. Two turbolizing type centralizers - one below and one into the base of the Ojo Alamo @ 1294'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

Wellhead Equipment: 8 5/8" x 3 1/2" x 11" 2000 psi screw on independent wellhead.

Cementing:

8 5/8" surface casing - cement with 129 sx Class "B" cement with 1/4# flocele/sx and 3% calcium chloride (149 cu.ft. of slurry, 200% excess to circulate to surface). WOC 8 hrs. Test casing to 600 psi for 30 minutes.

3 1/2" production casing - Lead w/257 sx of 65/35 Class "B" Poz w/6% gel, 2% calcium chloride, and 1/4# flocele/sx. Tail w/100 sx Class "B" w/2% calcium chloride (588 cu.ft. of slurry, 75% excess to circulate to surface). WOC 8 hrs. If cement does not circulate to surface, a CBL will be run during completion to determine TOC.

BOP and tests:

Surface to TD - 11" 2000 psi (minimum double gate BOP stack (Reference Figure #1 and #2). Prior to drilling out surface casing, test rams to 600 psi/30 min.

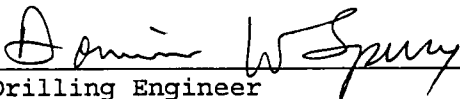
Completion - 6" 2000 psi (minimum) double gate BOP stack (Reference Figure #2). Prior to completion operations, test rams and casing to 2000 psi/15 min.

From surface to TD - choke manifold (Reference Figure #3).

Pipe rams will be actuated to least once each day and blind rams actuated once each trip to test proper functioning. An upper kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor.

Additional information:

- * The Pictured Cliffs formation will be completed.
- * Anticipated pore pressure for the Fruitland Coal is 300 psi and for the Pictured Cliffs is 600 psi.
- * This gas is dedicated.
- * The southwest quarter of the section is dedicated to the Pictured Cliffs.
- * New casing will be utilized.
- * Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.


Drilling Engineer

Page 1

2-12-98
Date

February 6, 1998

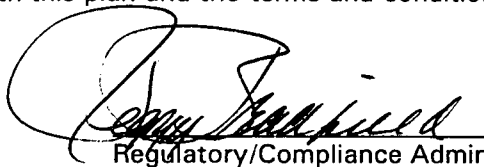
BURLINGTON RESOURCES

Hanks #5R

Multi-Point Surface Use Plan

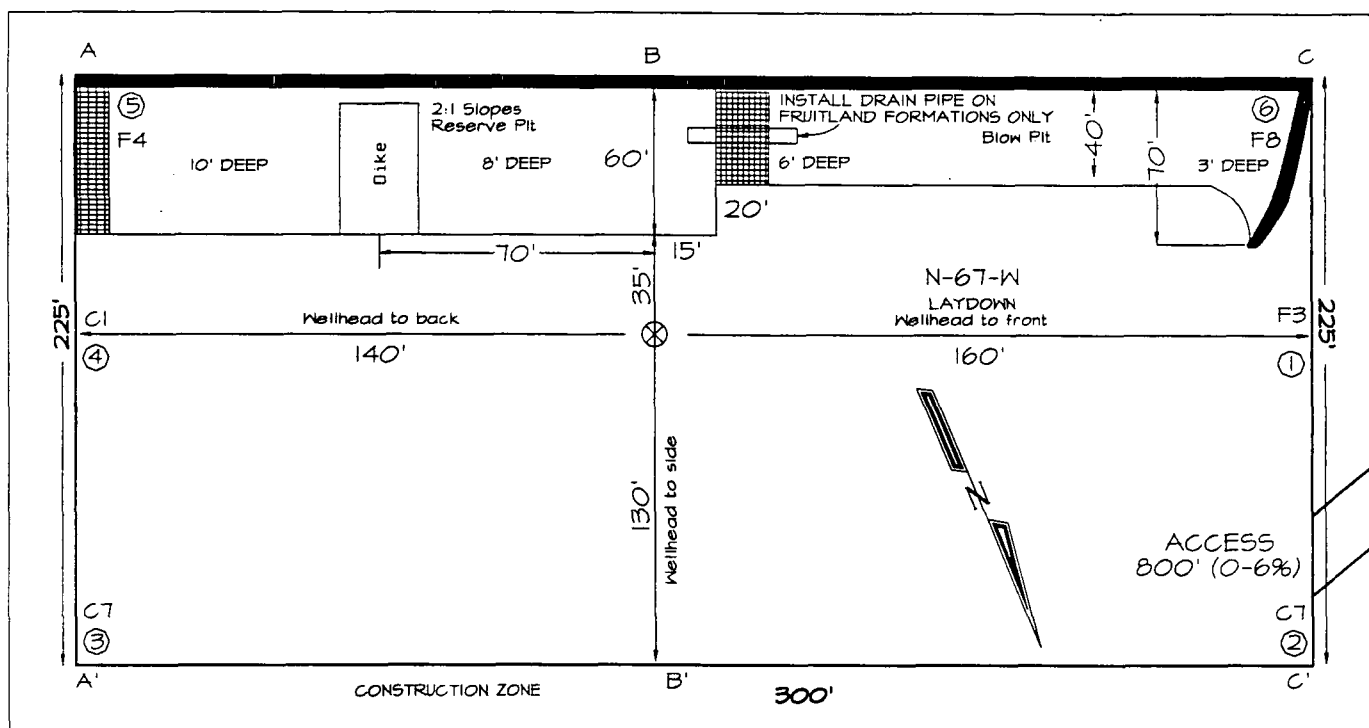
1. Existing Roads - Refer to Map No. 1. Existing roads used to access the proposed location will be properly maintained for the duration of the project. Bureau of Land Management right-of-way has been applied for as shown on Map No. 1.
2. Planned Access Road - Refer to Map No. 1. The required new access road is shown on Map No. 1. The gradient, shoulder, crowning and other design elements will meet or exceed those specified by the responsible government agency. The new access road surface will not exceed twenty feet (20') in width. No additional turnarounds or turnouts will be required. Upon completion of the project, the access road will be adequately drained to control soil erosion. Approximately 800' of access road will be constructed. Pipelines are indicated on Map No. 1A.
3. Location of Existing Wells - Refer to Map No. 1A.
4. Location of Existing and/or Proposed Facilities if Well is Productive -
 - a. On the Well Pad - Refer to Plat No. 1, anticipated production facilities plat.
 - b. Off the Well Pad - Anticipated pipeline facilities as shown on the attached plat from Williams Field Service.
5. Location and Type of Water Supply - Water will be hauled by truck for the proposed project and will be obtained from San Juan Water Hole located SW/4 Section 20,T-28-N,R-9-W, New Mexico.
6. Source of Construction Materials - If construction materials are required for the proposed project, such materials will be obtained from a commercial quarry.
7. Methods of Handling Waste Materials - All garbage and trash materials will be removed from the site for proper disposal. A portable toilet will be provided for human waste and serviced in a proper manner. If liquids are left in the reserve pit after completion of the project, the pit will be fenced until the liquids have had adequate time to dry. The location clean-up will not take place until such time as the reserve pit can be properly covered over to prevent run-off from carrying waste materials into the watershed. Reserve pits will be lined as needed with either 12 mil bio-degradable plastic liner or a bentonite liner. All earthen pits will be so constructed as to prevent leakage from occurring; no earthen pit will be located on natural drainage. Generation of hazardous waste is not anticipated. Federal regulations will be adhered to regarding handling and disposal of such waste if so generated.
8. Ancillary Facilities - None anticipated.
9. Wellsite Layout - Refer to the location diagram and to the wellsite cut and fill diagram (Figure No. 4). The blow pit will be constructed with a 2'/160' grade to allow positive drainage to the reserve pit and prevent standing liquids in the blow pit.

10. Plans for Restoration of the Surface - After completion of the proposed project, the location will be cleaned and leveled. The location will be left in such a condition that will enable reseeding operations to be carried out. Seed mixture as designated by the responsible government agency will be used. The reseeding operations will be performed during the time period set forth by the responsible government agency. The permanent location facilities will be painted as designated by the responsible government agency.
11. Surface Ownership - Bureau of Land Management
12. Other Information - Environmental stipulations as outlined by the responsible government agency will be adhered to. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
13. Operator's Representative and Certification - Burlington Resources Oil & Gas Company Regional Drilling Manager, Post Office Box 4289, Farmington, NM 87499, telephone (505) 326-9700. I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan, are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Burlington Resources Oil and Gas Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

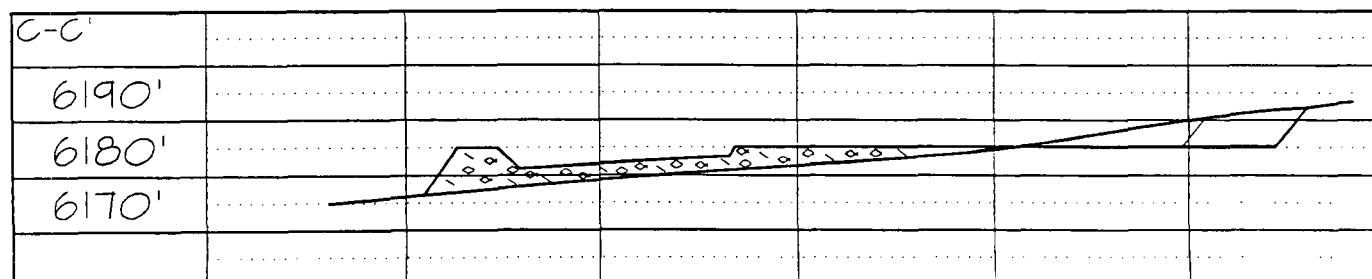
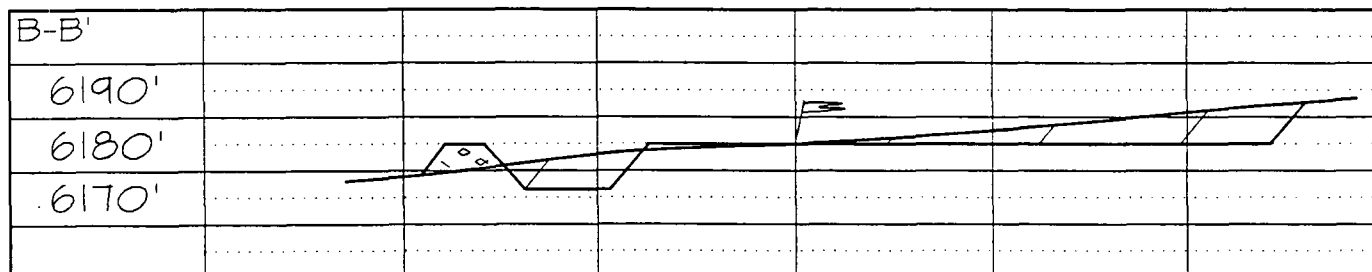
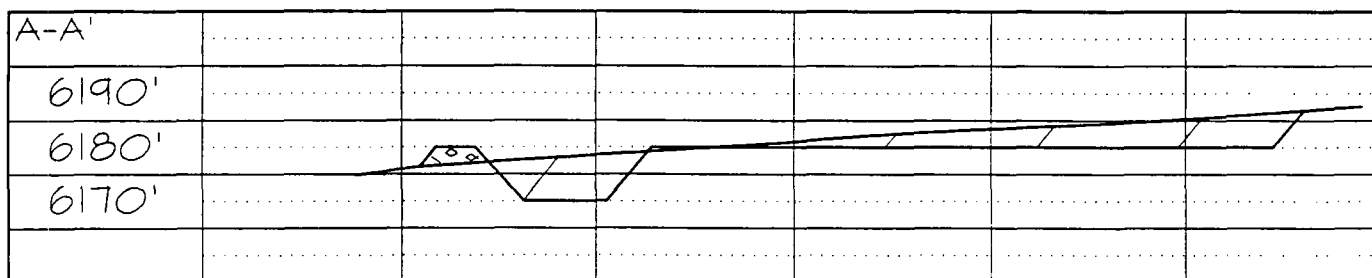

Regulatory/Compliance Administrator 2/27/98
Date

PLAT #1

BURLINGTON RESOURCES OIL & GAS COMPANY
HANKS #5R, 295' FSL & 560' FWL
SECTION 7, T27N, R9W, NMPM, SAN JUAN COUNTY, NEW MEXICO
GROUND ELEVATION: 6180' DATE: JANUARY 9, 1998



Reserve Pit Dike: to be 8' above Deep side (overflow - 3' wide and 1' above shallow side).
Blow Pit: overflow pipe halfway between top and bottom and to extend over plastic liner and into blow pit.



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

BURLINGTON RESOURCES OIL AND GAS COMPANY

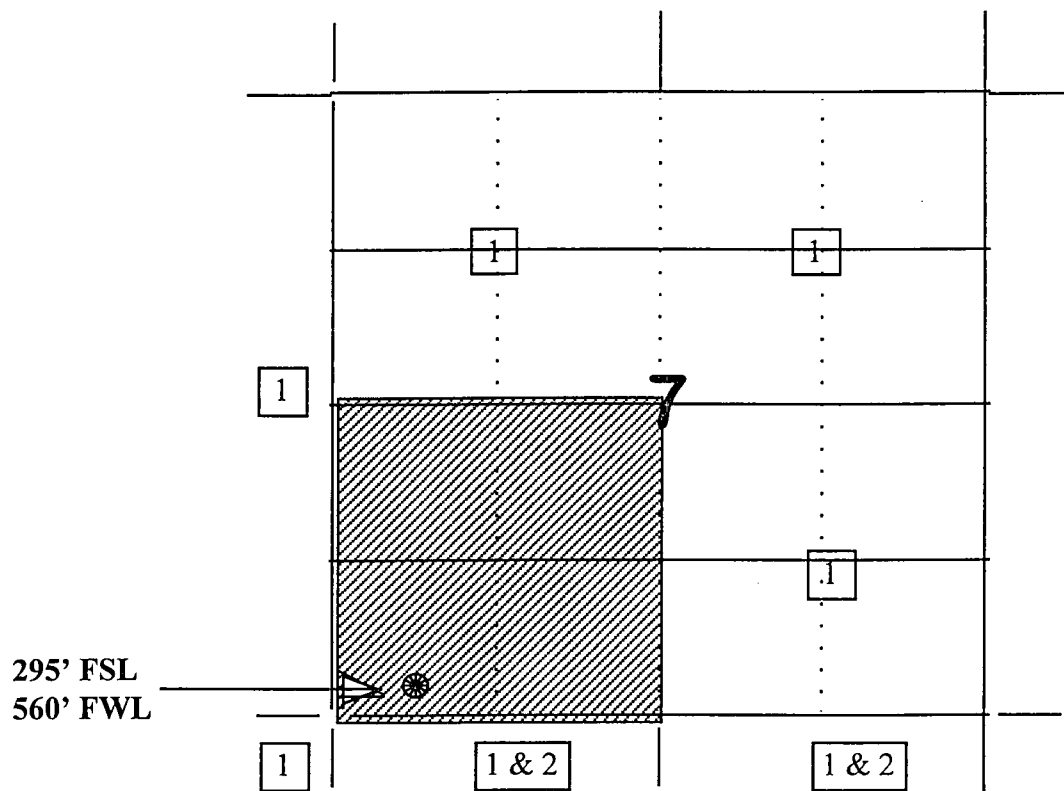
Hanks #5R

OFFSET OPERATOR/OWNER PLAT

Non Standard Location

Pictured Cliffs Formation Well

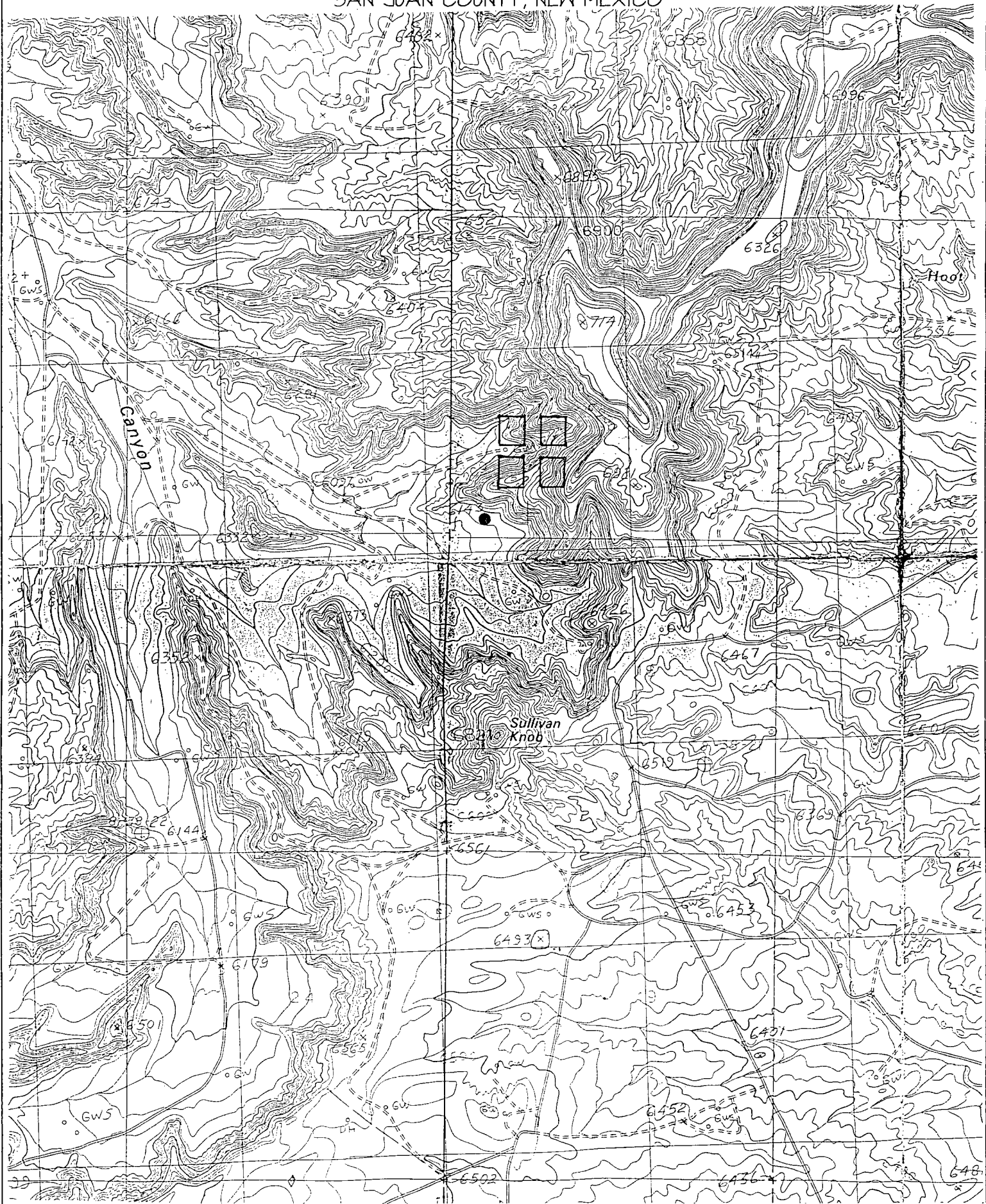
Township 27 North, Range 9 West



- 1) Burlington Resources
 - 2) Amoco
- P.O. Box 800
Denver, CO 80201

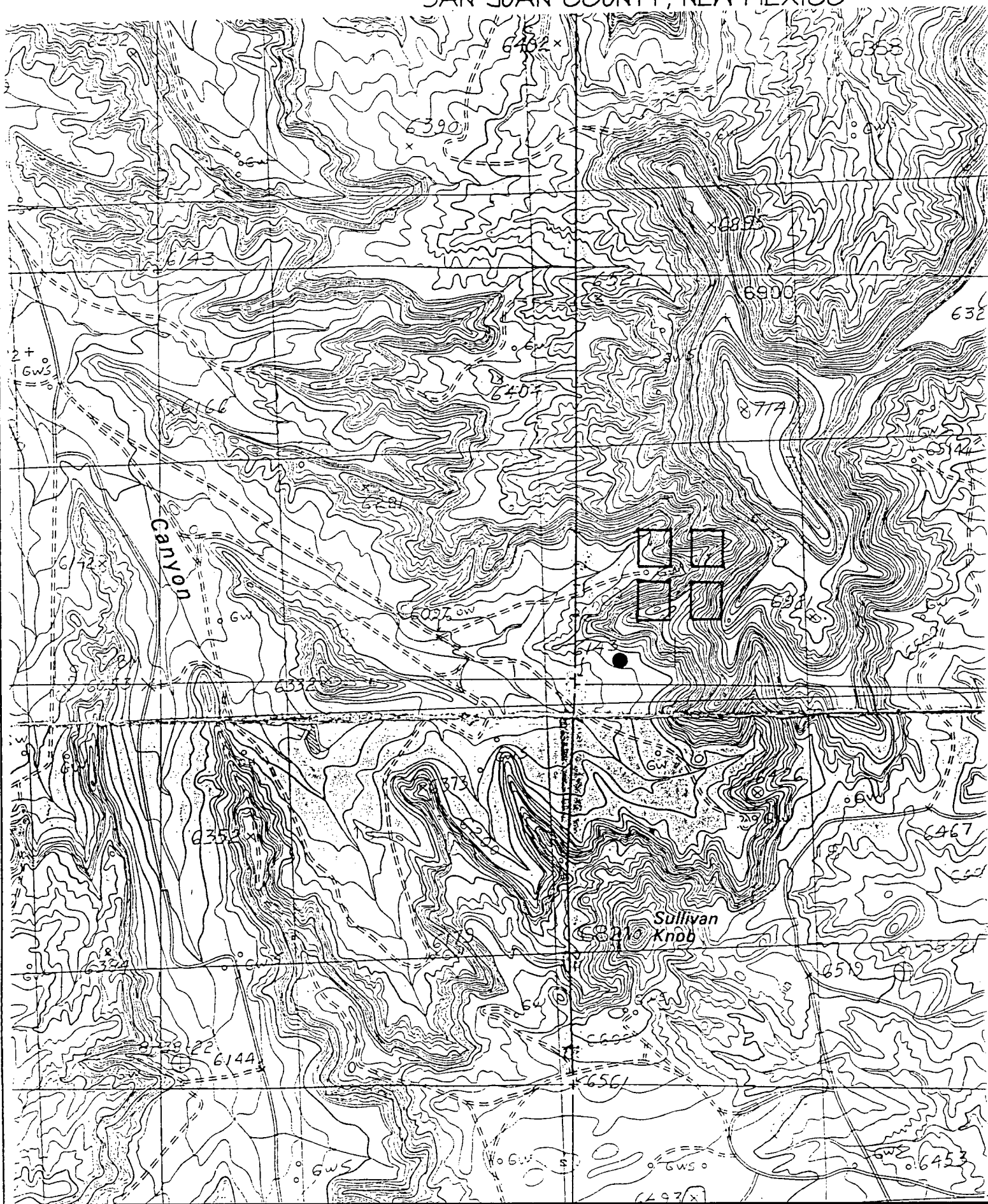
BURLINGTON RESOURCES OIL & GAS COMPANY HANKS #5R

295' FSL & 560' FWL, SECTION 7, T27N, R9W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO



BURLINGTON RESOURCES OIL & GAS COMPANY HAN

295' FSL & 560' FWL, SECTION 7, T27N, R9W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 18, 1998

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

Attention: Peggy Bradfield

Re: Application for administrative approval to drill the Hanks Well No. 5-R at an unorthodox gas well location 295 feet from the South line and 560 feet from the West line (Lot 4/Unit M) of Section 7, Township 27 North, Range 9 West, NMPM, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico.

Dear Ms. Bradfield:

The designation "R" in a well number usually signifies this well to be a replacement well. Your application gave no information or indication that this was the case. Please submit a brief clarification of this matter and provide any additional information by way of maps, plats, and copies of pertinent information from well files to supplement this request. Since the Fulcher Kutz-Pictured Cliffs Pool is not a "prorated gas pool," does Division General Rule 104.D(3) affect this 160-acre spacing unit?

Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin - Santa Fe

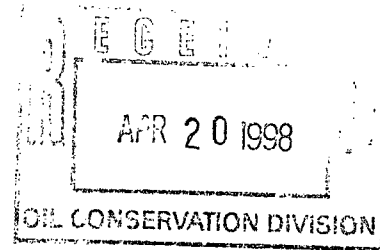
BURLINGTON RESOURCES

SAN JUAN DIVISION

April 16, 1998

FAXED to 505-827-8177

Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: Hanks #5R
295'FSL, 560'FWL, Section 7, T-27-N, R-9-W, San Juan County, New Mexico
30-045-29551

Dear Mr. Stogner:

Per your request, attached is a map showing the proposed non-standard location for the subject well. This map also shows the other wells in Section 7, T-27-N, R-9-W.

The Hanks #5 (30-045-06642) was originally drilled and completed at 1450'FSL, 790'FWL as a single Fulcher Kutz Pictured Cliffs well in 1952. In October 1990, the Pictured Cliffs pool was temporarily abandoned with a cast iron bridge plug, and the Fruitland Coal pool was opened. The Hanks #5 has produced from the Fruitland Coal only since 1990.

Please let me know if you have further questions.

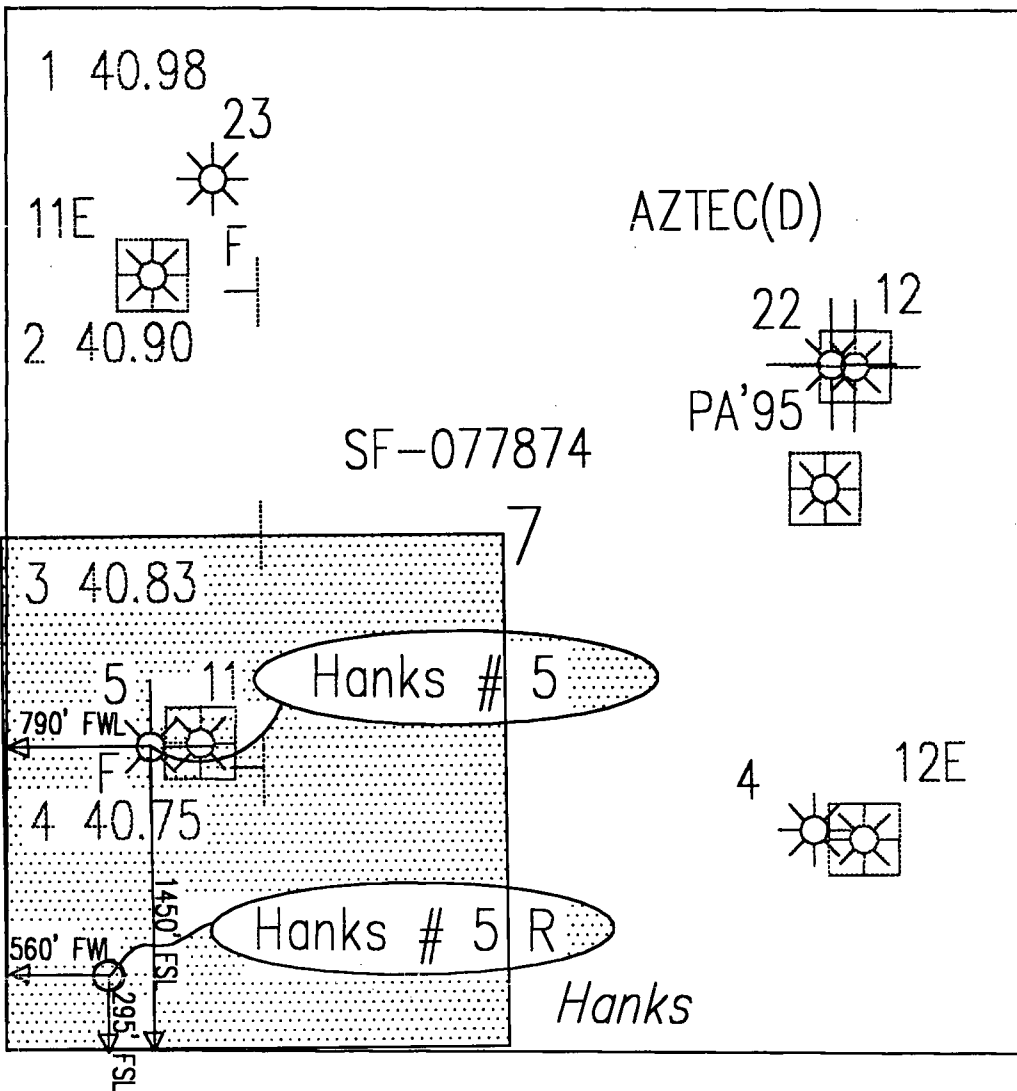
Sincerely,

Peggy Bradfield
Regulatory/Compliance Administrator

encs.

xc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management

WELL LOCATION PLAT



HANKS # 5 WELL
UNIT L (NWSW) SECTION 7, T27N,R9W
(1450' FSL / 790' FWL)

HANKS # 5 R WELL
UNIT M (SWSW) SECTION 7, T27N,R9W
(560' FWL / 295' FSL)
SAN JUAN CO.,NEW MEXICO