



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 4, 1998

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

Administrative Order NSL-4027

Dear Ms. Bradfield:

Reference is made to the following: (i) your initial application to the Division dated February 9, 1998; (ii) the Division's response to said application by E-mail from Mr. Michael E. Stogner dated February 17, 1998; (iii) your response by letter dated March 11, 1998 with supplemental attachments; and, (iv) the records of the Division in Santa Fe: all of which concern Burlington Resources Oil & Gas Company's ("Burlington") request to drill the proposed Ute Mountain Ute Well No. 51 1500 feet from the South line and 2270 feet from the West line (Unit K) of Section 14, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico, in order to test the entire Pennsylvanian System, which includes the Hermosa formation and the Barker Dome-Ismay, Barker Dome-Desert Creek, Barker Dome-Akah/Upper Barker Creek, and Barker Dome-Paradox Pools for gas production.

THE DIVISION DIRECTOR FINDS THAT:

- (1) Burlington's requested location for the Ute Mountain Ute Well No. 51 is due to topographic conditions, the presence of archaeology, and the request of the Ute Mountain Ute Indian Tribe for minimum surface disturbance in the immediate area;
- (2) For the **Hermosa** interval the proposed Ute Mountain Ute Well No. 51 is not currently located within a designated Hermosa producing pool nor is it within two miles of such a designated pool; therefore, said well can be properly classified as a "wildcat" Hermosa gas well that is located outside of the surface outcropping of the Pictured Cliffs formation and is subject to Rule 104.B(2)(b)(ii) of the Division's General Rules and Regulations for "deep wildcat gas wells" in San Juan County, New Mexico, which provides for 160-acre gas spacing and proration units and requires that wells be located no closer than 790 feet from the outer boundary of the spacing and proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary;
- (3) For the **Ismay** interval the proposed Ute Mountain Ute Well No. 51 is within the

boundary of the Barker Dome-Ismay Pool and is therefore subject to the "*Special Rules and Regulations for the Barker Dome-Ismay Pool*," as promulgated by Division Order No. R-46-A, dated February 13, 1995, as amended by Division Order Nos. R-46-B, dated November 6, 1996, and R-46-C, dated April 3, 1997, which includes provisions for 160-acre gas spacing and proration units with wells to be located no closer than 790 feet from the outer boundary of the proration and spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary;

- (4) For the **Desert Creek** interval the proposed Ute Mountain Ute Well No. 51 is within the boundary of the Barker Dome-Desert Creek Pool and is therefore subject to the "*Special Rules and Regulations for the Barker Dome-Desert Creek Pool*," as promulgated by Division Order No. R-46-A, as amended by Division Order Nos. R-46-B and R-46-C, which includes provisions for 320-acre gas spacing and proration units with wells to be located no closer than 790 feet from the outer boundary of the proration and spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary;
- (5) For the **Akah/Upper Barker Creek** interval the proposed Ute Mountain Ute Well No. 51 is within the boundary of the Barker Dome-Akah/Upper Barker Creek Pool and is therefore subject to the "*Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek Pool*," as promulgated by Division Order No. R-46-A, as amended by Division Order Nos. R-46-B and R-46-C, which, as for the Desert Creek interval, includes provisions for 320-acre gas spacing and proration units with wells to be located no closer than 790 feet from the outer boundary of the proration and spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary; and,
- (6) For the **Lower Barker Creek and Alkali Gulch** intervals:
 - (a) the proposed Ute Mountain Ute Well No. 51 is within the boundary of the Barker Dome-Paradox Pool and is therefore subject to the "*Special Rules and Regulations for the Barker Dome-Paradox Pool*," as promulgated by Division Order No. R-46, dated December 29, 1950, as amended by Division Order Nos. R-46-A, R-46-B and R-46-C, which includes provisions for 640-acre gas spacing and proration units with wells no closer than 330 feet to the center of the respective sections and 1650 feet from boundaries within the boundaries of said Barker Dome-Paradox Pool; and,
 - (b) Division Order No. R-46-B also provided for an 842-acre non-

standard gas spacing and proration unit comprising all of irregular Section 11, and all of Section 14, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico to be established for Barker Dome-Paradox Pool gas production [see Decretory Paragraph No. (2) of Order No. R-46-B];

- (7) Gas production from the proposed Ute Mountain Ute Well No. 51:
 - (a) attributed to the Hermosa and Ismay intervals is to be dedicated to the SW/4 of said Section 14 in order to form a standard 160-acre gas spacing and proration unit;
 - (b) attributed to the Desert Creek and Akah/Upper Barker Creek intervals is to be dedicated to the S/2 of said Section 14 in order to form a standard 320-acre gas spacing and proration unit; and,
 - (c) attributed to the Barker Dome-Paradox Pool is to be dedicated to the previously approved 842-acre non-standard gas spacing and proration unit;
- (8) Pursuant to the special rules governing the Barker Dome-Desert Creek and Barker Dome Akah/Upper Barker Creek Pools the location of the proposed Ute Mountain Ute Well No. 51 is considered to be orthodox for said 320-acre standard gas spacing and proration unit;
- (9) The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"); and,
- (10) Pursuant to Division General Rules 104.F(2) and Rule 5 of the "*Special Rules and Regulations for the Barker Dome-Ismay Pool*," and the "*Special Rules and Regulations for the Barker Dome-Paradox Pool*" the unorthodox gas well location of Burlington's Ute Mountain Ute Well No.51, as described above, in the Hermosa formation and the Barker Dome-Ismay and Barker Dome-Paradox Pools should be approved.

IT IS THEREFORE ORDERED THAT:

- (1) Burlington Resources Oil & Gas Company ("Burlington") is hereby authorized to drill its Ute Mountain Ute Well No. 51 at an unorthodox gas well location 1500 feet from the South line and 2270 feet from the West line (Unit K) of Section 14, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico, within the Hermosa formation and the Barker Dome-Ismay

Administrative Order NSL-4027
Burlington Resources Oil & Gas Company
May 4, 1998
Page 4

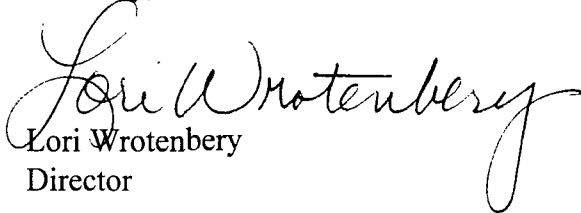
NMPM, San Juan County, New Mexico, within the Hermosa formation and the Barker Dome-Ismay and Barker Dome-Paradox Pools.

(2) For the Hermosa formation and the Barker Dome-Ismay Pool, the 160-acre standard gas spacing and proration unit comprising the SW/4 of said Section 14 is to be dedicated to said well.

(3) For the Barker Dome-Paradox Pool, the previously approved 842-acre non-standard gas spacing and proration unit comprising all of irregular Section 11 and all of Section 14, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico is to be dedicated to said well.

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

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Durango, Colorado
File: Case 11089