



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 24, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Burlington Resources Oil & Gas Company, L.P.

P. O. Box 4289

Farmington, New Mexico 87499-4289

Attention: Joni Clark, Regulatory Specialist

RE: Administrative application (Division reference No. pSEM0-422926600) filed with the Division on August 13, 2004 for an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools for the proposed San Juan "27-4" Unit Com. Well No. 34-N (API No. 30-039-26903) to be drilled 370 feet from the South line and 20 feet from the East line (Unit P) of Section 34, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. This well is to be dedicated to the existing standard 320-acre stand-up gas spacing and proration unit ("GPU") in both pools comprising the E/2 of Section 34, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Clark:

I have reviewed your application and due to the extreme nature of the proposed unorthodox location and being so close to other operators and to lands with Tribal royalty interests, belonging to the Jicarilla Apache Indian Tribe, I will not review this application administratively. This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for September 16, 2004. Please be prepared to provide evidence that correlative rights of these Tribal lands will be protected from drainage and that these royalty interest owners were notified.

In order to expatiate this matter I have prepared the following advertisement in this matter:

"Application of Burlington Resources Oil & Gas Company, L.P. for an unorthodox infill gas well location, Rio Arriba County, New Mexico. Applicant seeks to drill its proposed San Juan "27-4" Unit Com. Well No. 34-N (API No. 30-039-26903) at an unorthodox infill gas well in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 370 feet from the South line and 20 feet from the East line (Unit P) of Section 34, Township 27 North, Range 4 West, which is located approximately 26 miles north of the junction of U. S. Highway 550 and New Mexico State Road No. 537. Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 34, which is currently dedicated to Burlington Resources Oil & Gas Company, L.P.'s ("Burlington") two: (i) San Juan "27-4" Unit Com. Well No. 34 (API No. 30-039-06796), located at a standard gas well location 1180 feet from the South line and 1700 feet from the East line (Unit O) of Section 34; and (ii) San Juan "27-4" Unit Com. Well No. 137 (API No. 30-039-22376), located at a standard infill gas well location 800 feet from the North line and 1120 feet from the East line (Unit A) of Section 34. Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up GPU that also comprises the E/2 of Section 34 that is currently dedicated to Burlington's above-described San Juan "27-4" Unit Com. Well No. 34."

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Should you have any questions, please contact your legal counsel, Mr. W. Thomas Kellahin in Santa Fe at (505) 982-4285.

Sincerely

A handwritten signature in black ink, appearing to read 'Michael E. Stogner', with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management – Farmington
U. S. Forest Service – Bloomfield, NM
W. Thomas Kellahin, Legal Counsel for Burlington Resources Oil & Gas Company, L.P. – Santa Fe
Ms. Florene Davidson, Staff Specialist – NMOCD, Santa Fe