

Before the Oil Conservation Division
Exhibit No. 5
Burlington Resources Oil & Gas Company LP
OCD CASE 14773
Hearing: December 15, 2011

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF CONOCOPHILLIPS COMPANY TO
TERMINATE THE LA JARA CANYON-GALLUP POOL
AND TO EXPAND TO THE BASIN-MANCOS GAS POOL
TO INCLUDE ALL ACRAGE INCLUDED IN THE LA JARA
CANYON-GALLUP POOL AND FOR AN EXCEPTION TO
RULE 19.15.12.9 NMAC TO PERMIT DOWNHOLE COMMINGLING
OF PRODUCTION FROM THE GALLUP FORMATION, NOW
MANCOS, WITH DATOKA AND MESAVERDE PRODUCTION
RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 14773

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

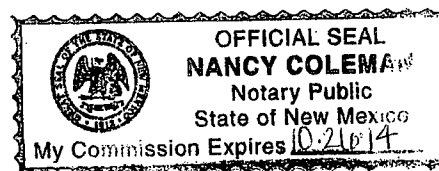
Richard Corcoran, being first duly sworn, hereby certifies that he is a petroleum landman for the Applicant and is responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on November 15 2011 he caused to be send first by certified mail return-receipt requested the attached notice of this hearing and a copy of the amended application for the above referenced case, at least twenty days prior to the hearing of this case scheduled for December 15, 2011, to the parties shown in said application and as evidenced by the attached copies of return receipt cards and/or receipts of certified mailing, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.



Richard Corcoran

SUBSCRIBED AND SWORN to before me this 7th day of December 2011, by Richard Corcoran.

Nancy Coleman 10.26.14
Notary Public
My Commission Expires:



5-B

KELLAHIN & KELLAHIN
ATTORNEY AT LAW

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501

phone 505.982.4285
Facsimile 505.216.2780
tkellahin@comcast.net

December 15, 2011

**TO: NOTICE OF THE HEARING OF THE FOLLOWING
NEW MEXICO OIL CONSERVATION DIVISION CASE:**

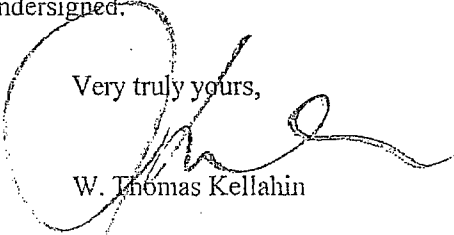
Re: Amended Application of ConocoPhillips Company to
terminate the La Jara Canyon-Gallup Pool
and to expand the Basin-Mancos Gas Pool and
for exceptions to Rule 19.15.12.9 NMAC to
permit downhole commingling of production including
further exceptions from Rule 19.15.12.10 and Rule 19.15.12.11
for the Gallup formation, now Mancos, with Dakota and
Mesaverde production, Rio Arriba County, New Mexico

On behalf of ConocoPhillips Company, please find enclosed our referenced amended application. This application will be set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for December 15, 2011 to start at 8:15 a.m. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.

As an interest owner or an offsetting operator who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case or to oppose this application, then you are requested to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Thursday, December 8, 2011, with a copy delivered to the undersigned.

Very truly yours,


W. Thomas Kellahin

5- C

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE APPLICATION
OF CONOCOPHILLIPS COMPANY TO TERMINATE THE
LA JARA CANYON-GALLUP POOL AND TO EXPAND THE
BASIN-MANCOS GAS POOL AND FOR EXCEPTIONS TO
RULE 19.15.12.9 NMAC TO PERMIT DOWNHOLE COMMINGLING
PRODUCTION INCLUDING FURTHER EXCEPTIONS FROM
RULE 19.15.12.10 AND RULE 19.15.12.11 APPROVING ALTERNATIVE
ALLOCATION METHODS AND NOTIFICATIONS FOR THE
GALLUP FORMATION, NOW MANCOS FORMATION PRODUCTION
WITH MESAVERDE AND DAKOTA FORMATION PRODUCTION,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NO.

AMENDED APPLICATION

ConocoPhillips Company, ("CPC") by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division for the termination of the La Jara Canyon-Gallup Pool (Pool ID #96483), being parts of Sections 25, 26, 27, and 34 of T30N, R5W, NMPM, a pool for oil production from the Gallup portion of the Mancos Formation, to expand the Basin-Mancos Gas Pool (Pool ID #97232) to include all acreage that had been included to the La Jara Canyon-Gallup Pool, and for exceptions to Rule 19.15.12.9 NMAC to permit downhole commingling production from the Mancos, Mesaverde and Dakota formations, and including further exceptions from Rule 19.15.12.10 approving alternative methods of allocation and notifications and Rule 19.15.12.11 approving alternative methods of allocation and notifications, Rio Arriba County, New Mexico.

AND in support states:

- (1) CPC is the current operator of the San Juan 30-5 Unit that contains two wells in the Gallup formation each currently spaced on 160-acre spacing units.

- (2) These Gallup wells are part of the larger Mancos formations which is located vertically between the base of the Mesaverde formation and the top of the Dakota formations is widely known as being marginally productive and for the most part is only economic if developed concurrently with Mesaverde and/or Dakota wells.
- (3) CPC desires to streamline the regulatory process by converting these two existing spacing units into 320-acre spacing units so that they and the remaining acreage in the La Jara Canyon-Gallup Pool can be further develop with similarly dedicated Mesaverde and/or Dakota also on 320-acre spacing units.
- (4) This change is necessary in order to drill more wells and recover production from the Mancos formations that might otherwise be lost.
- (5) By Order R-10600, dated June 1, 1996, the Division established the La Jara Canyon-Gallup Pool.
- (6) By Order R-12984, dated September 3, 2008, the Division created the Basin-Mancos Gas Pool and in doing so designated the following described acreage in the La Jara-Canyon-Gallup Pool:

Township 30 North, Range 5 West

Section 25: SW/4

Section 26: S/2

Section 27: S/2

Section 34: SW/4

See Locator Map attached as Exhibit "A" hereto

(7) The Rules for the La Jara Canyon-Gallup Pool are based upon the general statewide rules (19.15.15. and provide in part, that gas well will be spacing on 160-acre units with well located not closer than 660 feet to the side boundaries of the spacing unit

(8) CPC is the only operator in this Pool and currently operates two wells, and plans to drill an additional three wells. Those two wells are the San Juan 30-5 Unit Well No. 91 (API #30-039-23168) dedicated to the SW/4 of Section 25 and the San Juan 30-5 Unit Well No. 102 (API # 30-039-23176) dedicated to the SW/4 of Section 34.

(9) These two wells are within the San Juan 30-5 Unit but have not been designate part of any participation area. As drill block spacing units CPC owns 100%.

(10) By Order R-12984, dated September 3, 2008, the Division adopted operating rules for the Basin-Mancos Gas Pool but denied designation of pre-approved downhole commingling of production. See NMOCD Case 14133.

(11) The Basin Mancos Gas Pool is defined as:

- (a) Vertical limits are from the base of the Point Lookout formation (the lowest subdivision of the Mesaverde) to the base of the Greenhorn member of the Mancos formation, and
- (b) Horizontal boundaries are all of San Juan and Rio Arriba Counties and all of Section 21, Township 23 North Range 5 West in Sandoval County, NM

(12) All of CPC's planned wellbores will be drilled as gas wells in the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool with the Mancos added as a secondary target. The Gallup interval aka El Vado (or Niobrara Sandstone) is part of the Mancos Formation.

(13) The anticipated productivity of the El Vado portion of the Mancos Formation will be inadequate to justify drilling a vertical "stand-alone" wellbores into this zone. In order to be produced, these wells must be drilled in conjunction with a well that also produces from either the Dakota or Mesaverde formations or both.

(14) These future wellbores will be downhole commingled with production from the Mancos, Mesaverde and the Dakota formations.

(15) Applicant further requests an exception to Rule 303.C(4) now Rule 19.15.12.9 NMAC based upon the demonstration by the Applicant of the following as set forth in Rule 19.15.12.11 NMAC: The director may grant an exception to 19.15.12.9 NMAC to permit the commingling of multiple producing pools in existing or proposed well bores when the following conditions, set forth in Rule 19.15.12.11, are met:

- (a) The fluids from each pool are compatible and combining the fluids will not damage the pools.
- (b) The commingling will not jeopardize the efficiency of present or future secondary recovery operations in the pools to be commingled.
- (c) The bottom perforation of the lower zone is within 150 percent of the depth of the top perforation in the upper zone and the lower zone is at or below normal pressure with normal pressure assumed to be 0.433 psi per foot of depth. If the pools to be commingled are not within this vertical interval, then evidence is required to demonstrate that commingling will not result in shut-in or flowing well bore pressures in excess of any commingled pool's fracture parting pressure. The fracture parting pressure is assumed to be 0.65 psi per foot of depth unless the applicant submits other measured or calculated pressure data acceptable to the division.

- (d) The commingling will not result in the permanent loss of reserves due to cross-flow in the well bore.
- (e) Fluid-sensitive formations that may be subject to damage from water or other produced liquids are protected from contact with the liquids produced from other pools in the well.
- (f) If any of the pools being commingled are prorated, or the well's production has been restricted by division order in any manner, the allocated production from each producing pool in the commingled wellbore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
- (g) Notice: Applicant will seek the elimination of notice requirements for downhole commingling as set forth on Division order R-107-A and as required by Rules 19.15.12.10 and 19.15.12.11
- (16) Applicant will propose an Alternative Allocation Method using a Spinner Method of allocation. Both of these methods are already approved for the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool. See Division Rule 19.15.12.10.B & C and Rule 19.15.12.11.C
- (17) The commingling will not reduce the value of the total remaining production.
- (18) The existing two Gallup "gas" wells will not be adversely affected by inclusion in the Basin-Mancos Gas Pool or by being downhole commingled with production from the Dakota and/or Mesaverde formations.
- (19) The existing La Jara wells are described on Division form C-0102s attached as Exhibits "B" and "C" hereto.
- (20) The two existing gas wells in the La Jara Canyon-Gallup Pool have demonstrated a limited drainage area thereby leaving possible production at locations outside of the "standard" wells location windows for this Pool.
- (21) Drilling of additional wells in the La Jara pool pursuant to current well density rules will cause the operator and working interest owners to either drill too few wells or have to incur the time and expenses of seeking exceptions to certain Division's rules.
- (22) Approval of this application will provide greater flexibility for La Jara wells and to allow a small resource to be developed in conjunction with Basin Dakota Gas Pool and Blanco Mesaverde Gas Pool wells.

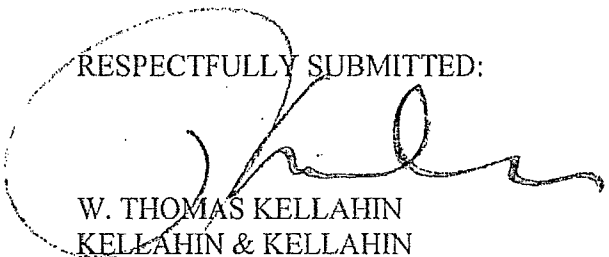
(23) Approval of this application will protect correlative rights and prevent waste.

(24) Applicant is the only operator is Gallup wells within the La Jara Canyon-Gallup Pool and the only operator of Gallup wells within one mile of the outer boundary of this pool.

(24) In accordance with the Division's notice requirements, a copy of this application will be sent to the interest owners within each existing 160-acre La Jara spacing unit operated by CPC as listed on Exhibit "D" notifying them of this case and of the applicant's request for a hearing of this matter before the Division on the Examiner's docket now scheduled for December 15, 2011.

WHEREFORE, ConocoPhillips Company, as applicant, requests that this application be set for hearing on December 15, 2011 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enters its order approving this application.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
Telephone: (505) 982-4285
Fax: (505) 216-2780

5043 JUN 5 5-5 UNIT 5 100

SAN JUAN 325 UNIT 501
 00 MD 00 PHILIPPS COMPANY SAN JUAN 325 UNIT 11

77 244-10-4 305 UNIT-55

Moss, H.H., 2006. M1189, pp. 644-670.

FOR JUNE 2005

2.11 MN SDS UNIT 7

1946-1950 North West

25 JUN 2007

STAINLESS STEEL

La Jolla Canyon
Geology Pool

99

Proposed

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Reviewed by

Proposed Title:

Existing
(S) Unit

2015-2016

Existing Spacing Unit

15

www.pearsoned.com

11

U.S. LIFE

2007-08-08

65 JUN 25 1965
U.S. AIR FORCE

223

SALESMAN UNIT 731

1150

Call 1-800-828-7600

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Q. 2. July 2018 (247) (10)

DUGAN 1
XTO ENERGY INCORPORATED
1077581

SHERMAN 2
TUSAN PRODUCTION CORPORATION
255153

EXHIBIT

6869-169-008 669473

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 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

¹ API Number 30-039-23168		² Pool Code 96483		³ Pool Name La Jara Canyon - Gallup (G)	
⁴ Property Code 009258		⁵ Property Name San Juan 30-5 Unit			⁶ Well Number 91
⁷ OGRID No. 017654		⁸ Operator Name PHILLIPS PETROLEUM COMPANY			⁹ Elevation 6659

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
L	25	30N	5W		1950	South	835	West	RA

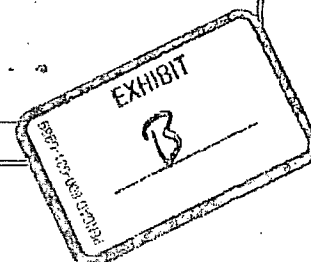
¹¹ Bottom Hole Location If Different From Surface

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.
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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

<p>16</p>	<p>RECEIVED JUN - 6 1996 OIL CONSERVATION DIVISION</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Ed Hasely</i></p> <p>Signature Ed Hasely Printed Name Envir./Regulatory Eng. Title June 4, 1996 Date</p>
		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyer: Certificate Number</p>



5-J

District I
PO Box 1990, Hobbs, NM 88241-1990
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-23176		² Pool Code 96483	³ Pool Name LaJara Canyon-Gallup Ext (G)
⁴ Property Code 009258	⁵ Property Name San Juan 30-5 Unit		⁶ Well Number 102
⁷ OGRID No. 017654	⁸ Operator Name PHILLIPS PETROLEUM COMPANY		⁹ Elevation 6858

¹⁰ Surface Location

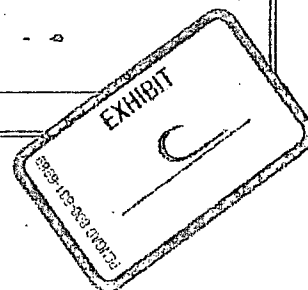
UL or lot no. K	Section 34	Township 30N	Range 5W	Lot Idn	Feet from the 1970	North/South line South	Feet from the 2220	East/West line West	County Rio Arriba
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¹¹ Bottom Hole Location If Different From Surface

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.

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		<p>RECEIVED JUN - 6 1996 OIL CON. DIV. DIST. 3</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Ed Hasely</i> Signature Ed Hasely Printed Name Envir./Regulatory Eng. Title June 4, 1996 Date</p>
			<p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>



5-K

Name Line 1	Address Line 1	Address Line 2	City	State	Zip Code
CARLA JEAN OHORNETT	9920 N SEDONA PL		TUCSON	ARIZONA	85742
CATALIS LLC	PO BOX 1054		EDWARDS	COLORADO	81632
CONOCOPHILLIPS COMPANY	P O BOX 7500		BARTLESVILLE	OKLAHOMA	74005
DEPARTMENT OF INTERIOR MMS	"ROYALTY MANAGEMENT PROGRAM	P O BOX 5810, T A	DENVER	COLORADO	80217
E TAIT MELDRAM REVOC TRUST	E TAIT MELDRAM TRUSTEE	PO BOX 580	WEAVERVILLE	NORTH CAROLINA	28787-0580
ELIZABETH MARIE OHORNETT GILTHVEDT	C/O ROGERS AND BELL	P O BOX 3209	TULSA	OKLAHOMA	74101
GEORGEANNE NILSEN TRUSTEE UTA DATED	JUNE 16 1988	3232 WEST BRITTON	OKLAHOMA CITY	OKLAHOMA	73120
GREG IRETTON AND JO ANN W IRETTON	1430 CHARTWELL VIEW		COLORADO SPRINGS	COLORADO	80906
JOHN DAVID PRESTON	4380 CREEKSIDE DR		SHINGLE SPRINGS	CALIFORNIA	95682
KEVIN MICHAEL OHORNETT	PO BOX 80		GOLDEN	COLORADO	80402-0080
MAHONEY HOLDINGS LLC	STE 102	7675 W 14TH AVE	LAKEWOOD	COLORADO	80214
MARY PATRICIA OHORNETT PETERSDORF	5148 W AQUAMARINE STREET		TUCSON	ARIZONA	85741
PINE CONE PROPERTIES LLC	STE 220	210 ST PAUL ST	DENVER	COLORADO	80206
PRESTON FAMILY LVG TR DTD APR 20 2010	TOM PRESTON & LESLIE PRESTON TRUSTEE	6802 RAYNOR WAY	SUGAR LAND	TEXAS	77479
RABSM LLC	DEPT 1300	PO BOX 22155	TULSA	OKLAHOMA	74121-2155
SHIRLEY ANN CHOUTEAU TR JUNE 10 1992	DANA GARCIA TRUSTEE	7825 S GRANITE AVE	TULSA	OKLAHOMA	74136
SUZANNE PRESTON CAMFERDAM	5410 LEXINGTON DR		BENTON	ARKANSAS	72019

B-P was added 6-B

