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September 26, 2012

**VIA E-MAIL-ELECTRONIC FILING**

*Case 14926*

Ms. Jami Bailey, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

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Re: Application of Burlington Resources Oil & Gas Company LP  
For Compulsory Pooling, San Juan County, New Mexico  
N/2 Section 7, T29N, R10W to be dedicated to  
Houck Com 2 (Unit Letter D) for Mesaverde and Dakota Production  
Houck Com 2N (Unit E) for Mesaverde and Dakota Production

Dear Ms. Bailey:

On behalf of Burlington Resources Oil & Gas Company LP, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for November 1, 2012. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours

  
W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company LP  
Attn: Terry Ruby

CASE 14926: Application of Burlington Resources Oil & Gas Company LP for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Mesaverde formation to the base of the Dakota formation underlying the N/2 of Section 7, T29N, R10W, NMPM, San Juan County, New Mexico, forming a standard 308.28-acre gas spacing and proration unit for the Mesaverde, Mancos and Dakota formations spaced on 320-acre spacing. This unit is to be dedicated to its (a) Houck Com 2 well to be drilled and completed at a standard surface well location 1570 feet FNL and 1114 feet FWL and a standard bottom hole location 1970 feet FNL and 1115 feet FWL of Sec 7 as downhole commingled wellbore for production from the Dakota, Mancos and Mesaverde formations and its (b) Houck Com 2N well to be drilled and completed at a standard surface well location 1518 feet FNL and 1115 feet FWL and a standard bottom hole location 710 feet FNL and 710 feet FWL of Sec 7 as downhole commingled wellbore for production from the Dakota, Mancos and Mesaverde formations. Also to be considered will a request by the applicant for a provision authorizing the application to hold any proceeds, rather than establish an escrow account, and to then escheat those funds directly to the Tax & Rev, as the Administrator under the New Mexico Unclaimed Property Act. Also be considered will be a request the costs of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the wells and, pursuant to Commission Order R-11992, a 200% charge for the risk involved in these wells. This unit is located approximately 3 miles east of the Aztec, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT

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

IN THE MATTER OF THE APPLICATION OF  
BURLINGTON RESOURCES OIL & GAS COMPANY LP  
FOR COMPULSORY POOLING  
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 14926

APPLICATION

Burlington Resources Oil & Gas Company LP. ("Burlington") by its attorneys, Kellahin & Kellahin, seeks an order pooling all mineral interests from the top of the Mesaverde formation to the base of the Dakota formation underlying the N/2 of Section 7, T29N, R10W, NMPM, San Juan County, New Mexico, forming a standard 308.28-acre gas spacing and proration unit for the Mesaverde, Mancos and Dakota formations spaced on 320-acre spacing. These units are to be dedicated to its (a) Houck Com 2 well to be drilled and completed at a standard surface well location 1570 feet FNL and 1114 feet FWL and a standard bottom hole location 1970 feet FNL and 1115 feet FWL of Sec 7 as downhole commingled wellbore for production from the Dakota, Mancos and Mesaverde formations and its (b) Houck Com 2N well to be drilled and completed at a standard surface well location 1518 feet FNL and 1115 feet FWL and a standard bottom hole location 710 feet FNL and 710 feet FWL of Sec 7 as downhole commingled wellbore for production from the Dakota, Mancos and Mesaverde formations. Also to be considered will be a request by the applicant for a provision authorizing the applicant to hold any proceeds, rather than establish an escrow account, and to then escheat those funds directly to the Tax & Rev, as the Administrator under the New Mexico Unclaimed Property Act. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well.

In support of its application Burlington states:

(1) Burlington, an affiliate of ConocoPhillips Company, is a working interest owner and the proposed operator for the Houck Com 2 Well and the Houck Com 2N Well to be dedicated to the N/2 of Section 7, T29N, R10W, San Juan County, New Mexico.

(2) Burlington has proposed to drill, complete and operate these wells and if productive to downhole commingle Dakota and Mesaverde production with the possibility of present or future completion with the Mancos formations. See Division form C-102 attached as Exhibit "A" and Exhibit "B"

(3) All of the interest owners from the top of the Mesaverde to the base of the Dakota formations have agreed to participate in these wells, but for:

- (a) A working interest owner in the Mesaverde formation that cannot be located: Ted W. White, living or deceased, or his heirs, with a 16.7441126% interest in the Mesaverde and no interest in the Dakota. The subject 308.28-acre spacing unit is located within the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.
- (b) Lewis Chandler (aka Robert Lewis Chandler), deceased, and/or his heirs, and/or Lewis Chandler & Bert J. Chenault, Trustee for the R. Lewis Chandler Trust, a working interest owner with a 1.004646% interest from the top of the Mesaverde to the top of the Dakota and a 3.348822% interest in the Dakota. The last contact address was the Pace & Pace L.L.P. a law firm at Meadow Building, Ste 840, 5646 Milton Street, Dallas, Texas 75206

(4) Burlington despite reasonable effort has been unable to:

- (a) locate Ted W. White or any heirs or successors in interest and therefore has not obtained the voluntary agreement of this Mesaverde working interest owner in this spacing unit, or
- (b) reach a voluntary agreement with Lewis Chandler and/or his heirs or Lewis Chandler & Bert J. Chenault, Trustee for the R. Lewis Chandler Trust.

(5) Because of the difficulty of establishing an escrow account and the unlikely ability of a "true owner" to become aware of an escrow account in the county where the well is located, the applicant seeks more practical language for this pooling order and the adoption of a procedure escheating these funds directly to the Tax & Rev, as the Administrator under the New Mexico Unclaimed Property Act.

(6) Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Burlington needs an order of the Division pooling all the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

(7) In accordance with the Division's notice requirements, a copy of notice of this application will be published in a newspaper in Farmington, New Mexico. It will also be sent those parties list above to their last known address, with notice by certified mail return receipt.

(8) Applicant request that this application be set for a hearing before the Division on the next available Examiner's docket now scheduled for November 1, 2012.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on November 1, 2012 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Burlington Resources Oil & Gas Company LP be named operator.

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

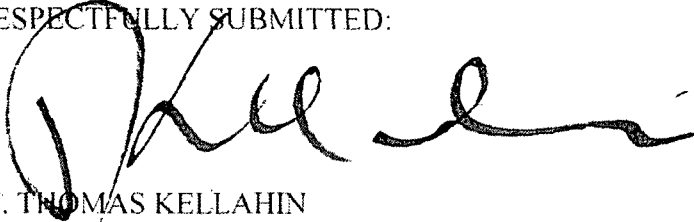
(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for escheats any suspended funds directly to the Tax & Rev, as the Administrator under the New Mexico Unclaimed Property Act.

(5) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the printed name.

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