

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13579
ORDER NO. R-12521**

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY, L.P.
FOR AN UNORTHODOX GAS WELL LOCATION AND FOR FOUR NON-
STANDARD GAS PRORATION UNITS IN THE BASIN-DAKOTA POOL, SAN
JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 20, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 20th day of March, 2006, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Burlington Resources Oil & Gas Company, L.P. ("Burlington"), seeks an exception to the spacing provisions of the Basin-Dakota Prorated Gas Pool (71599) allowing development of Dakota gas production on the same four spacing and proration units ("GPU") previously approved for the Blanco-Mesaverde Prorated Gas Pool (72319) in the narrow sections along the west side of Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico. These four GPUs consist of the following lands:

(i) 332.94 acres consisting of: Lots 3, 4, 5, 6, and 7, the SE/4 NW/4, and E/2 SW/4 of Irregular Section 6 and Lots 1 and 2 and the E/2 NW/4 of Irregular Section 7.

(ii) 330.16 acres consisting of: Lots 3 and 4 of the E/2 SW/4 of Irregular Section 7 and Lots 1, 2, 3, and 4 and the E/2 W/2 of Irregular Section 18.

(iii) 326.56 acres consisting of: Lots 1, 2, 3, and 4 and the E/2 W/2 of Irregular Section 19 and Lots 1 and 2 and the E/2 NW/4 of Irregular Section 30.

(iv) 326.00 acres consisting of: Lots 3 and 4 and the E/2 SW/4 of Irregular Section 30 and Lots 1, 2, 3, and 4 and the E/2 W/2 of Irregular Section 31.

(3) The applicant further seeks to deepen and recomplete its existing Quinn Well No. 2-B (API No. 30-045-30151) at an unorthodox Dakota gas well location 310 feet from the South line and 1055 feet from the West line (Unit N) of Irregular Section 19 within the above-described 326.56-acre GPU.

(4) Commission Order No. R-392 issued in Case No. 606 on November 24, 1953 established drilling units 1 through 4 covering lands identical to the four spacing units proposed in this case and pooled all lands within each of those drilling units as to production from the Mesaverde gas horizon.

(5) Division Order No. R-8768-A issued in Case No. 9420 (Re-opened) on July 16, 1991, gave the Division director authority to administratively approve a non-standard spacing unit in the Fruitland Coal Gas Pool if the non-standard spacing and proration unit already exists in the Mesaverde or Dakota.

(6) Acreage and Well Location Requirements within the Basin-Dakota Prorated Gas Pool, for non-Indian lands, are governed by the "Special Rules for the Basin-Dakota Pool," as promulgated January 29, 2002, in Exhibit "A" of Division Order R-10987-B(2) in Case No. 12745. These special rules establish a standard GPU in the Basin-Dakota Pool as 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U.S. Public Lands Survey. The four proposed units, as detailed in Finding (2) above, extend across section lines and therefore must be approved only after notice and hearing.

(7) No other party entered an appearance in this case or otherwise opposed this application.

(8) Burlington presented testimony at the hearing from a landman as follows. Since no lands are being excluded from the proposed creation of spacing units all down the west side of this Township, there are no affected parties who should be notified. Burlington, therefore, sent no certified notices in this case. Burlington is interested in creating spacing units for the Dakota covering the same acreage as those units already created for the Mesaverde. Burlington is interested in drilling new wells or deepening existing wells to be completed in both horizons and then commingled in the wellbore. Burlington and British Petroleum ("BP") are both working interest owners in this area and will be partners in this project.

(9) Division records indicate the size of the lots to be included in these four proposed spacing units average approximately 14.4 acres. Upon further calculations, the Quinn Well No. 2-B for Dakota production is at a standard location from the East and West boundary of the GPU and will also be standard if the GPU is approved, as requested, to cross the Section line and include portions of Section 30.

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

(11) Burlington's application to create four non-standard spacing and proration units for Dakota production within the Basin-Dakota Prorated Gas Pool should be approved.

(12) That portion of this case seeking approval of an unorthodox location for Dakota production from the Quinn Well No. 2-B within the Basin-Dakota Prorated Gas Pool should be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) The application of Burlington Resources Oil & Gas Company, L.P. ("Burlington"), to create four non-standard Dakota gas spacing and proration units ("GPU") is hereby approved. The four Dakota GPUs shall consist of the following lands within the narrow sections along the west side of Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico:

(i) 332.94 acres consisting of: Lots 3, 4, 5, 6, and 7, the SE/4 NW/4, and E/2 SW/4 of Irregular Section 6 and Lots 1 and 2 and the E/2 NW/4 of Irregular Section 7;

(ii) 330.16 acres consisting of: Lots 3 and 4 of the E/2 SW/4 of Irregular Section 7 and Lots 1, 2, 3, and 4 and the E/2 W/2 of Irregular Section 18;

(iii) 326.56 acres consisting of: Lots 1, 2, 3, and 4 and the E/2 W/2 of Irregular Section 19 and Lots 1 and 2 and the E/2 NW/4 of Irregular Section 30; and

(iv) 326.00 acres consisting of: Lots 3 and 4 and the E/2 SW/4 of Irregular Section 30 and Lots 1, 2, 3, and 4 and the E/2 W/2 of Irregular Section 31.

(2) That portion of this case seeking approval of an unorthodox location for Dakota production from the Quinn Well No. 2-B within the Basin-Dakota Prorated Gas Pool is hereby dismissed.

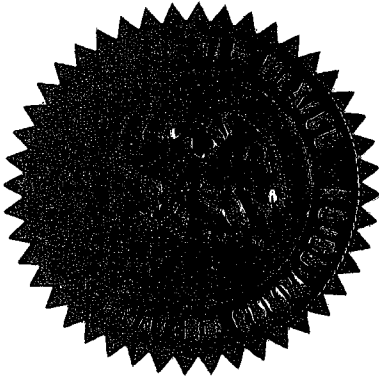
(3) Jurisdiction is hereby retained for the entry of such further orders deemed necessary by the Division.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director



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