

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. 13,579
APPLICATION OF BURLINGTON RESOURCES OIL)	
AND GAS COMPANY, L.P., FOR AN UNORTHODOX)	
GAS WELL LOCATION AND FOUR NONSTANDARD)	
GAS PRORATION UNITS IN THE BASIN-DAKOTA)	
POOL, SAN JUAN COUNTY, NEW MEXICO)	
)	

OFFICIAL EXHIBIT FILE

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

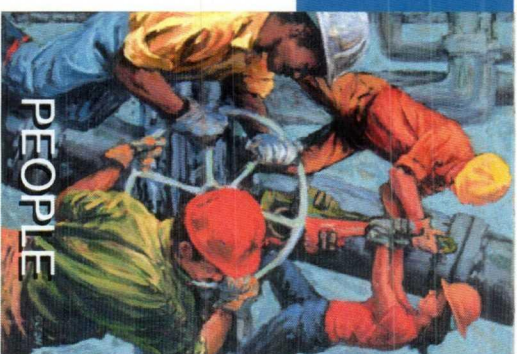
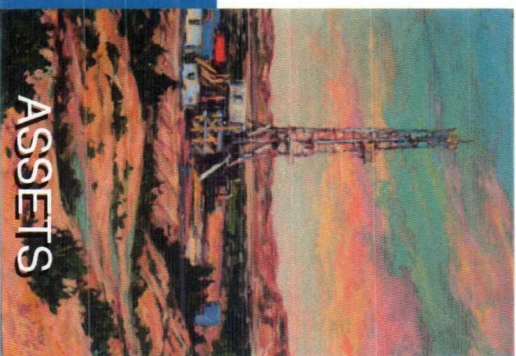
October 20th, 2005

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, October 20th, 2005, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

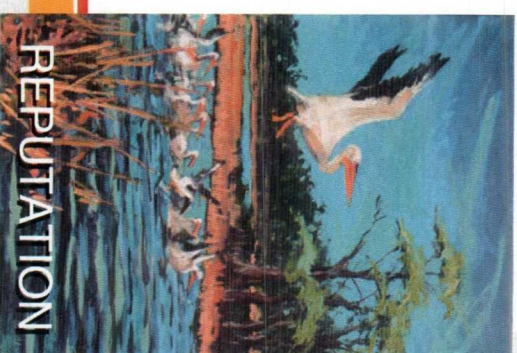


BURLINGTON™

RESOURCES

New Mexico Oil Conservation Division Case # 13579

October 20, 2005





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 16, 2005

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. pMES0-525931175) filed with the Division on August 25, 2005 for four non-standard gas spacing and proration units ("GPU") for the Basin-Dakota Pool (71599) within Irregular Sections 6, 7, 18, 19, 30, and 31, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico.

Dear Ms. Clark:

I have reviewed your application dated August 24, 2005, and find, pursuant to the spacing provisions governing the Basin-Dakota Pool [see Part II.A of the special pool rules and Division Rules 605.B and 104.D (2)], there is no provision for the administrative review of such non-standard GPU's that cross section lines. This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for October 20, 2005.

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

"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. Applicant seeks an exception to the spacing provisions of the Basin-Dakota Pool (71599) by amending Division Order No R-392 allowing development of Dakota gas production on the same four spacing and proration units ("GPU") previously approved for the Blanco-Mesaverde Pool (72319) in the narrow sections along the west side of Township 31 North, Range 8 West, which are located approximately 6.5 miles west of the Los Pinos arm of the Navajo Reservoir. These four GPU's to comprise the following lands: (i) 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 containing 332.94 acres; (ii) Lots 3 and 4 and 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 containing 330.16 acres; (iii) 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 containing 326.56 acres; and (iv) 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 containing 326.00 acres. Applicant further seeks to deepen and re-complete 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.

Burlington Resources Oil & Gas Company, L.P.

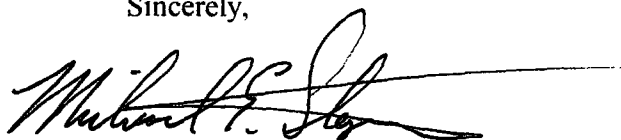
Division Administrative Application Reference No. pMES0-525931175

September 16, 2005

Page 2

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
Engineer

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

BURLINGTON RESOURCES

San Juan Division

Sent Federal Express

August 24, 2005

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Non-Standard Spacing Units Application
Sections 6, 7, 18, 19, 30 and 31
Township 31 North, Range 8 West
San Juan County, New Mexico

Dear Mr. Stogner:

Burlington Resources requests that the New Mexico Oil Conservation Division establish non-standard gas spacing units (NSP) in order to provide a uniform drilling pattern for all wells drilled to the Basin Dakota formation in sections 6, 7, 18, 19, 30 and 31 of Township 31 North, Range 8 West, San Juan County, New Mexico. These sections are less than normal in size, each containing approximately 540 acres. On November 19, 1953, El Paso Natural Gas Company received Order R-392, which established NSPs for the Blanco Mesaverde formation covering this same area. In 1997, BP America, formerly Amoco Production Company, proposed to deepen the Dawson LS #1B in the SW/4 of section 31 to the Dakota formation and intended to establish a NSP consisting of the W/2 of section 31 and the NW/4 of section 30, however, this project was withdrawn and we cannot find any record of this NSP being established.

In association with this request for NSP approval, Burlington Resources proposes to deepen the Quinn #2B Mesaverde well to the Dakota formation, as per commingle number DHC 1928AZ. This well is located 310' FSL, 1055' FWL in Section 19, T31N, R8W. The Quinn #2B is to be dedicated to any production from the Basin Dakota formation, and is to be dedicated to the proposed Unit #3 NSP at a standard location if approved.

In order to incorporate the requested non-standard spacing order along the Western border this township and to not exclude any interest owners, the following units (identical to the Mesaverde NSPs) are requested for approval for the Basin Dakota formation. We believe that since no interest owners will be excluded by the adoption this application no notice to other parties is required.

Unit #1: Lots 3, 4, 5, 6, 7 SENW/4, E/2SW/4 Section 6 and Lots 1, 2, E/2NW/4 Section 7
(Unit containing 332.94 acres)

Unit #2: Lots 3, 4, E/2SW/4 Section 7 and Lots 1, 2, 3, 4, E/2NW/4, E/2SW/4 Section 18
(Unit containing 330.16 acres)

Unit #3: Lots 1, 2, 3, 4, E/2NW/4, E/2SW/4 Section 19 and Lots 1, 2, E/2NW/4 Section 30
(Unit containing 326.56 acres)

Unit #4: Lots 3, 4, E/2SW/4 Section 30 and Lots 1, 2, 3, 4, E/2NW/4, E/2SW/4 Section 31
(Unit containing 326.00 acres)

Non-Standard Spacing Units Application
Sections 6, 7, 18, 19, 30 and 31
Township 31 North, Range 8 West
San Juan County, New Mexico

The requested non-standard gas spacing units and the location of the Quinn #2B well are shown on the attached map.

The following attachments are for your review:

- C-102 Plat for Quinn #2B Mesaverde
- C-103 Deepening and DHC Quinn #2B Mesaverde and Dakota
- Township Plat for NSP Application
- Mesaverde NSP Order R-392

Please let me know if you have any questions about this application.

Sincerely,



Joni Clark
Senior Regulatory Specialist

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work Deepen	5. Lease Number SF-078511 Unit Reporting Number	
1b. Type of Well GAS	6. If Indian, All. or Tribe	
2. Operator BURLINGTON RESOURCES Oil & Gas Company LP	7. Unit Agreement Name 22498	
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name QUINN 9. Well Number #2B	
4. Location of Well 310' FSL, 1055' FWL Latitude 36*52.63'N, Longitude 107*43.14'W	10. Field, Pool, Wildcat BLANCO MV/BASIN DK 11. Sec., Twn, Rge, Mer. (NMPM) UNIT N, Sec. 19, T31N, R8W API # 30-045-30151	
14. Distance in Miles from Nearest Town 5 MILES FROM NAVAJO CITY	12. County SAN JUAN	13. State NM
Distance from Proposed Location to Nearest Property or Lease Line 310'		
16. Acres in Lease	17. Acres Assigned to Well 326.56	
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 1500'		
19. Proposed Depth 7860'	CONDITIONS OF APPROVAL Adhere to previously issued stipulations.	
20. Rotary or Cable Tools Rotary		
21. Elevations (DF, FT, GR, Etc.) 6393' GL	22. Approx. Date Work will Start	
23. Proposed Casing and Cementing Program See Operations Plan attached		
24. Authorized by: <u>Melissa T. Thompson</u> Regulatory Associate II	6/5/05 Date	

PERMIT NO.

APPROVED BY

APPROVAL DATE

TITLE

DATE

Geological Report attached

Threatened and Endangered Species Report attached

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

OPERATOR

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 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

API Number 30-045- 30151		Pool Code 71599	Pool Name Basin Dakota (Prorated Gas)
Property Code 7407	Property Name QUINN		Well Number 28
GRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6393'

¹⁰ Surface Location

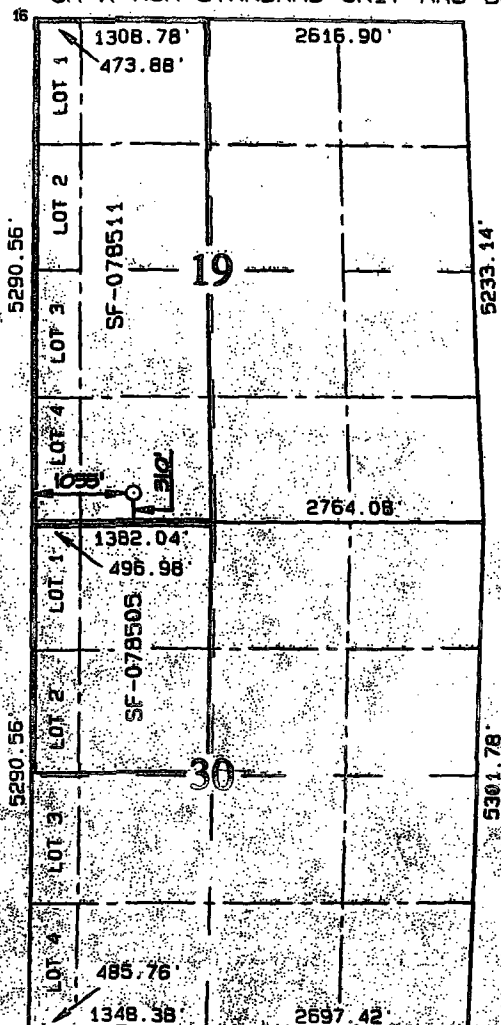
UL or lot no.	Section	Township	Range	Lot Idn	Feet from this	North/South line	Feet from this	East/West line	County
N	19	31N	8W		310	SOUTH	1055	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from this	North/South line	Feet from this	East/West line	County

¹² Dedicated Acres 326.56	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



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Philana Thompson
Signature

Philana Thompson
Printed Name

Regulatory Associate II
Title

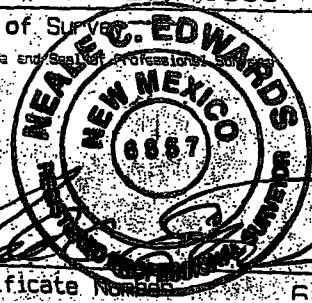
May 18, 2005
Date

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.

DECEMBER 23, 1999
Date of Survey

Signature and Seal of Professional Surveyor



Certificate Number

6857

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 W. Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-45-30151
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. SF-078511
7. Lease Name or Unit Agreement Name QUINN
8. Well Number #2B
9. OGRID Number 14538
10. Pool name or Wildcat Blanco MV/ Basin DK

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Burlington Resources Oil & Gas Company LP

3. Address of Operator
3401 E. 30th Street, Farmington, NM 87402

4. Well Location
Unit Letter N: 310 feet from the South line and 1055 feet from the West line
Section 19 Township 31N Range 8W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6393' GL

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: DHC/Deepening ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to commingle the subject well in the Blanco Mesaverde (Pool Code 72319) and the Basin Dakota (Pool Code 71599). The production will be commingled according to Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the work is completed. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

No notification is required under Oil Conservation Division order R-10695

DHC 1928AZ

hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

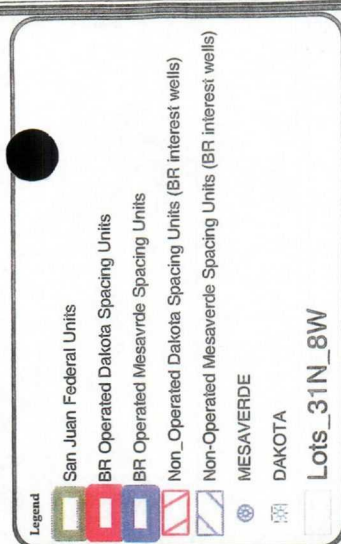
SIGNATURE Philana Thompson TITLE Regulatory Associate II DATE 6/5/05

Type or print name Philana Thompson E-mail address: PTHompson@br-inc.com Telephone No. 505-326-9530
or State Use Only

APPROVED BY: [Signature] TITLE _____

DATE JUL - 5 2005

Conditions of Approval (if any):



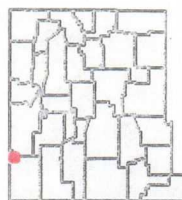
Proposed Dakota NSP



**EVALUATING
BENEFITS**



- 1" equals 5,000'



BURLINGTON

350

Dakota Formation NSP Application
T31N,R8W

Prepared By: Alan Alexander

Date: 8/23/2005

File Number:

Revised Date: 8/23/2005

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 606
Order No. R-392

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR AN ORDER PERMITTING
THE COMMUNITIZATION ON A NORTH-SOUTH
BASIS OF THE NARROW SECTIONS LOCATED
ON THE WEST SIDE OF TOWNSHIP 31 NORTH,
RANGE 8 WEST, NMPM, SUCH UNITS TO
APPROXIMATE THE REGULAR 320-ACRE UNITS
FOR THE BLANCO-MESAVERDE POOL UNDER-
LYING THE ABOVE DESCRIBED AREA IN SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. November 19, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 24th day of November, 1953, the Commission, a quorum being present, having considered the application and the testimony adduced at the hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause.
- (2) That Sections 6, 7, 18, 19, 30 and 31 of Township 31 North, Range 8 West, are less than normal in size, each containing approximately 540 acres. In order to provide a uniform drilling pattern, special drilling units should be established in said sections as to all wells now drilling or hereafter drilled to the Mesaverde gas horizon.
- (3) That in order to prevent waste and protect correlative rights, it is necessary that all lands within each drilling unit be pooled as to production of gas from the Mesaverde gas horizon.

IT IS THEREFORE ORDERED:

1. The following lands shall constitute drilling units for production from the Mesaverde gas horizon:

-2-
Case No. 606
Order No. R-392

Unit No. 1: W/2 Sect. 6, NW/4 Sect. 7 in Twp. 31 N, Rge. 8 W
Unit No. 2: SW/4 Sect. 7, W/2 Sect. 18 in Twp. 31 N, Rge. 8 W
Unit No. 3: W/2 Sect. 19, NW/4 Sect. 30 in Twp. 31 N, Rge. 8 W
Unit No. 4: SW/4 Sect. 30, W/2 Sect. 31 in Twp. 31 N, Rge. 8 W

2. All lands within each of the above drilling units are hereby pooled as to production from the Mesaverde gas horizon. Only one well shall be drilled on each drilling unit.

3. Wells shall be located not closer than 660 feet from the outer boundary of any of the above designated drilling units.

4. Wells drilled in the east halves of said sections shall be located in the northeast quarter of said section, and not closer than 990' from the outer boundaries of said quarter section.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L