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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATIONDIVISON FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY LP FOR AN EXCEPTION TO THE WELL DENISTY REQUIREMENTS OF THE BLANCO-MEASAVERDE GAS POOL RIO ARRIBA OR SAN JUAN COUNTY, NEW MEXICO

CASE NO. 13667
CASE NO. 13668
CASE NO. 13669
CASE NO. 13670
CASE NO. 13671
CASE NO. 13672
CASE NO. 13673
CASE NO. 13674

3/10/06

CONSOLIDATED PRE-HEARING STATEMENT

This consolidated pre-hearing statement is submitted by Burlington Resources Oil & Gas Company LP as required by the New Mexico Oil Conservation Division.

APPEARENCES OF THE PARTIES

APPLICANT

Burlington Resources Oil & Gas Company
3535 West 32nd Street
Farmington, NM 87501
Attn: Alan Alexander
Phone 505-326-9757

ATTORNEY

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
phone 505-982-4285
Fax 505-982-2047

OPPONENT

None

ATTORNEY

STATEMENT OF THE CASES

APPLICANT:

These eight applications of Burlington Resources Oil & Gas Company LP are for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it:

(1) CASE 13667: to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 16, T30N, R7W, NMPM:

(a) the State Com Well No. 1 (API #30-039-0784700) located 1090 feet FEL and 2040 feet FNL (Unit H) of this section; and

(b) the State Com Well No. 1R (API #30-039-2526200) located 640 feet FEL and 2515 feet FNL (Unit H) of this section; and

(2) CASE 13668: to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4NW/4) on a standard spacing and proration unit comprised of the W/2 of Section 11, T29N, R7W, NMPM:

(a) the San Juan 29-7 Unit Well No. 57A (API #30-039-2556700) located 1840 feet FWL and 1850 feet FNL (Unit F) of this section; and

(b) the San Juan Unit 29-7 Well No. 57C (API #30-039-2585700) located 2620 feet FWL and 1545 feet FNL (Unit F) of this section.

(3) CASE 13669: to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SW/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 19, T27N, R5W, NMPM:

(a) the San Juan 27-5 Unit Well No. 138 (API #30-039-2046300) located 1600 feet FEL and 1800 feet FNL (Unit G) of this section; and

(b) the San Juan Unit Well No. 50 (API #30-039-0699600) located 1840 feet FEL and 1650 feet FNL (Unit G) of this section.

(4) CASE 13670: to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (NW/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 30, T27N, R4W, NMPM:

(a) the San Juan 27-4 Unit Well No. 21 (API #30-039-0693700) located 1800 feet FEL and 850 feet FNL (Unit B) of this section; and

(b) the San Juan 27-4 Unit Well No. 53 (API #30-039-201500) located 1460 feet FEL and 900 feet FNL (Unit B) of this section.

(5) CASE 13671: to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (NE/4NW/4) on a standard spacing and proration unit comprised of the W/2 of Section 33, T29N, R7W, NMPM:

(a) the San Juan 29-7 Unit Well No. 97B (API #30-039-2586100) located 2135 feet FWL and 1195 feet FNL (Unit C) of this section; and

(b) the San Juan Unit 29-7 Well No. 114M (API #30-039-2242500) located 1530 feet FWL and 790 feet FNL (Unit C) of this section.

(6) CASE 13672: to produce the following 2 Mesaverde/Dakota Commingled gas wells in the same quarter-quarter section (NE/4SW/4) on a standard spacing and proration unit comprised of the W/2 equivalent of Irregular Section 31, T28N, R6W, NMPM:

(a) the San Juan 28-6 Unit Well No. 210 (API #30-039-2084100) located 1190 feet FWL and 1850 feet FSL (Unit K) of this section; and

(b) the San Juan Unit 28-6 Well No. 210P (API #30-039-2945800) located 2015 feet FWL and 1845 feet FSL (Unit K) of this section.

(7) CASE 13673: to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SW/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 5, T27N, R5W, NMPM:

(a) the San Juan 27-5 Unit Well No. 61 (API #30-039-0719100) located 1850 feet FEL and 1700 feet FNL (Unit G) of this section; and

(b) the San Juan Unit 27-5 Well No. 78 (API #30-039-0719400) located 1460 feet FEL and 1460 feet FNL (Unit G) of this section.

(8) CASE 13674: to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4SW/4) on a standard spacing and proration unit comprised of the W/2 of Section 15, T32N, R7W, NMPM:

(a) the Allison Unit Well No. 16 (API #30-045-11385) located 1800 feet FWL and 890 feet FSL (Unit N) of this section; and

(b) the Allison Unit Well No. 16R (API #30-045-28986) located 2335 feet FWL and 995 feet FSL (Unit N) of this section.

PROPOSED EVIDENCE

BACKGROUND:

The Banco-Mesaverde Gas Pool Rules (R-10987-A, effective December 2, 2002) among other things allows a well density of (4) wells within a standard 320-acre gas spacing unit ("GPU") provided that no more that two wells be located within either quarter section in a GPU.

Burlington recently became aware that it had recompleted Mesaverde gas well in an existing 320-acre spacing unit (GPU") such that two (2) gas wells had been drilled or recompleted in the same 40-acre tracts of an existing 320-acre GPU.

Burlington conducted a review of 1027 completions and discovered that it operates eight (8) GPUs in which are two (2) within the same 40-acre tract and therefore are not in compliance with Rules for this pool.

Burlington has voluntarily "shut-in" wells in these GPUs in order to be incompliance pending a hearing before the Division on these cases.

PRECEDENT AND CRITERIA

In a recent case, the Division established a "precedent" by approving an application for BP America is Case 13483, Order R-12385, dated July 8, 2005 authorizing two gas wells to simultaneously produce in the same quarter-quarter of an existing GPU.

The criteria adopted by the Division in the BP America's case are:

(1) the wells in the same 40-acre tract are at "standard" locations in relations to the outer boundaries of the 320-acre GPU and do not encroached upon any surrounding spacing units,

(2) both wells are "low-productivity" wells. In the BP case the wells were not capable of producing more than 150 mcfpd at the existing line pressures.

APPLICAN

WITNESSES

L. Tom Loveland (PE)

Alan Alexander (landman)

PROCEDURAL M

Burlington request to consolidate these 8 cases for

KELLAHIN & KELLAHIN

W. Thomas Kellahin

(3) The two well do not appear tc
production decline curves, BP dic
support its contention).

(4) The two well appeared to proc
data to support its contention).

(5) BP had no plans to produced
in its GPU

(6) There was no objections or op

BURLINGTON'S PROPOSED REFI

Burlington will propose that the I
interference calculations rather than the I
Item (2) above.

CONCLUSIONS

Burlington will present evidence
criteria and should be granted exceptions
will testify and present evidence that inc

(1) History of "offending" wells, includ
(2) New Burlington procedures to avoid
(3) Information on encroachment
(4) Total well density for the GPU
(5) Production data, including initial and
(6) Interference data between wells
(7) Incremental reserves being produced
(8) Plats of offsetting owners
(9) Cost to plug and abandon offending

(3) The two well do not appear to interfere with each other. (While BP introduced production decline curves, BP did not introduce actual "interference calculation to support its contention).

(4) The two well appeared to produce "unique" reserves. (BP did not introduce actual data to support its contention).

(5) BP had no plans to produced more and the maximum of four (4) Mesaverde gas wells in its GPU

(6) There was no objections or opposition.

BURLINGTON'S PROPOSED REFINED CRITERIA:

Burlington will propose that the Division use actual reservoir petroleum engineering interference calculations rather than the less reliable "low-productivity" wellbore standard. See Item (2) above.

CONCLUSIONS

Burlington will present evidence that demonstrates that these 8 cases meet the appropriate criteria and should be granted exceptions form the Rules for this pool as requested, and doing so, will testify and present evidence that includes:

(1) History of "offending" wells, including reasons for these mistakes
(2) New Burlington procedures to avoid future non-compliance wellbores
(3) Information on encroachment
(4) Total well density for the GPU
(5) Production data, including initial and current production rates for the wells
(6) Interference data between wells
(7) Incremental reserves being produced
(8) Plats of offsetting owners
(9) Cost to plug and abandon offending well and redrill.

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
L. Tom Loveland (PE)	1-1.5 hour	many
Alan Alexander (landman)	20-30 min.	many

PROCEDURAL MATTERS

Burlington request to consolidate these 8 cases for purposes of hearing.

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W. Thomas Kellahin