

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

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

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR APPROVAL OF A PILOT
SEQUESTRATION INJECTION WELL PROJECT
SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 13933

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.

APPEARANCES OF THE PARTIES

APPLICANT

Burlington Resources Oil & Gas Company LP
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

OTHERS

BP American Production Company

ATTORNEY

Ocean Munds-Dry
Holland & Hart, L.P.
505-988-4421

STATEMENT OF THE CASES

APPLICANT:

Burlington Resources Oil Gas Company LP ("Burlington"), a wholly owned subsidiary of ConocoPhillips Company, seeks an order:

A. Request:

- (1) approving a pilot sequestration injection well project within a project area consisting of all of Section 32, T31N R8W,
- (2) the drilling of an CO₂ injection well at an unorthodox location 2500 feet FNL and 2665 feet FWL (Unit F) of Section 32
- (3) for injection within an interval from 3123 feet to 3148 feet into the Fruitland formation of Basin Fruitland Coal Gas Pool,

B. Purpose:

- (1) To test the feasibility of disposal of carbon dioxide as a alternative to the current practice of venting carbon dioxide to the atmosphere and
- (2) to test the feasibility of enhancing methane production from offset wells.

C. Precedent:

To the best of Burlington's knowledge this is the first case like this in New Mexico or anywhere else.

D. Approval of a Pilot Project will afford an opportunity to:

- a. Determine the optimum injection rate:
 - i. Maximum rate and corresponding pressure'
 - ii. Stabilized rate and pressure
 - iii. Permeability changes (coal swelling)
 - iv. Fracture gradients (over time)
- b. Evaluate the sequestration potential:
 - i. Replacement ratio
 - ii. Injection conformance
 - iii. Gross adsorption capacity at varying pressures

E. Background:

- (1) Burlington is the current operator of the Fruitland Coal Gas Pools wells within Section 32, T31N, R8W, San Juan County, New Mexico. **See locator Map attached as Exhibit "A"**
- (2) On June 2, 2005, Governor Richardson issued Executive Order EO-2005-033 establishing greenhouse gas emission reduction goals for New Mexico and called for the creation of the Climate Change Advisory Group.
- (3) This Advisory Group, consisting of about 40 representatives from tribes, industry, agriculture, universities and our national labs and environmental nonprofit groups, forwarded sixty-nine (69) recommendations covering the sectors of energy supply with the impact of implementing these recommendations expected to result in net savings of \$2 billion to New Mexico's economy while reducing the equivalent of 267 million metric tons of carbon dioxide through the year 2020.
- (4) On December 28, 2006, Governor Richardson issued Executive Order EO-2006-69 expanding the reduction goals set forth for the state in executive order 2005-033 and implementing these progressive recommendations.
- (5) As part of this implementation, New Mexico Tech in partnership with United State Department of Energy (DOE) and members of the oil and gas industry, including Burlington, propose this pilot project to see if carbon dioxide currently produced as a waste byproduct of the production of gas from the Fruitland Coal formation can be re-injected and isolated in that formation, i.e. "sequestered."
- (6) Burlington, in cooperation with New Mexico Tech and the DOE, has agreed to operate this pilot project.
- (7) Section 32, T31N, R8W has been selected by Burlington as the proposed Pilot Project Area that currently contains 10 producing wells.
- (8) If approved, Burlington proposes to drill from one injection wellbore at a location 2500 feet FNL and 2665 feet FWL of this section, a location that would be unorthodox if it were a producing well in the Basin Fruitland Coal Gas Pool.
- (9) In accordance with Division Rule 701, Burlington seeks a permit for the injection of carbon dioxide gas for storage in the Fruitland formation of the Basin Fruitland Coal Gas Pool and approval of its Division Form C-108.

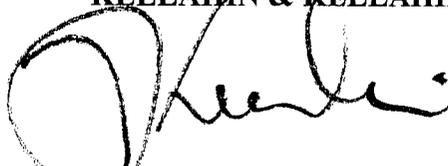
APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
(power point presentation)		
Jim Schlabaugh (Reservoir PE)	60-min	12
Frank Fernandez (Drilling PE)	20-min	3
Dave Clark (geologist)	15-20 min	4
Brian Dart (landman)	10-15 min.	2

PROCEDURAL MATTERS

None at this time

KELLAHIN & KELLAHIN



W. Thomas Kellahin