

**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. 14119  
ORDER NO. R-12962**

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY LP  
FOR AN EXCEPTION TO THE WELL DENSITY REQUIREMENTS FOR THE  
BLANCO-MESAVERDE GAS POOL, RIO ARRIBA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on May 15, 2008, at Santa Fe, New Mexico, before Examiner Terry G. Warnell, David K. Brooks, and Richard I. Ezeanyim

NOW, on this 19<sup>th</sup> day of June, 2008, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

**FINDS THAT:**

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

(2) By Division Order No. R-10987-A(1) issued in case No. 12837 on December 2, 2002, the Division amended the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319) as promulgated by Division Order No. R-10987-A with the acreage and well location requirements as follows:

***I. ACREAGE AND WELL LOCATION REQUIREMENTS***

***A. Standard GPU (Gas Proration Unit):*** *A standard GPU in the Blanco-Mesaverde Pool shall be 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 Land Surveys.*

***B. Well density:***

(1) *Up to four (4) wells may be drilled on a standard GPU, as follows:*

(a) *the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;*

(b) *the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;*

(c) *the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;*

(d) *at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;*

(e) *no more than two wells shall be located within either quarter section in a GPU; and*

(f) *any deviation from the above-described well density requirements shall be authorized only after hearing.*

(3) Burlington Resources Oil & Gas Company LP ("Burlington" or "applicant"), now seeks an exception to the well density provisions of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde (Prorated Gas) Pool (72319) within an existing standard 320-acre spacing and proration unit ("GPU") consisting of the W/2 of Section 26, Township 29 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico by approval of simultaneous production from the following three Mesaverde gas wells in the same SW/4 quarter section.

(a) San Juan Unit 29-7 Well No. 58N (API No. 30-039-25857) surface location 2485 feet FNL and 2075 feet FWL, Unit F and sub-surface bottomhole location 2600 feet FSL and 1990 feet FWL, Unit K of Section 26, T29N, R7W, N.M.P.M. (Subject Well);

(b) San Juan 29-7 Unit Well No. 58 (API No. 30-039-07556) located 840 feet FSL and 890 feet FWL, Unit M: and

(c) San Juan Unit 29-7 Well No. 58M (API No. 30-039-26618) located 1130 feet FSL and 1845 feet FWL, Unit N.

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

(5) The applicant presented the following testimony at the hearing.

(a) Burlington is the current operator of the San Juan 29-7 Unit that includes the W/2 of Section 26, Township 29 North, Range 7 West, Rio Arriba County, New Mexico. This spacing unit currently contains four wells completed in the Blanco-Mesaverde Gas Pool.

(1) San Juan 29-7 Unit Well No. 58 (API No. 30-039-07556) located 840 feet FSL and 890 feet FWL, Unit M.

(2) San Juan Unit 29-7 Well No. 58A (API No. 30-039-25617) located 790 feet FNL and 790 feet FWL, Unit D.

(3) San Juan Unit 29-7 Well No. 58M (API No. 30-039-26618) located 1130 feet FSL and 1845 feet FWL, Unit N.

(4) San Juan Unit 29-7 Well No. 58N (API No. 30-039-25857) surface location 2485 feet FNL and 2075 feet FWL, Unit F and sub-surface bottomhole location 2600 feet FSL and 1990 feet FWL, Unit K.

(b) On October 24, 2007, Burlington spudded the San Juan 29-7 Unit Well No. 58N at a standard surface location in Unit F of Section 26.

(c) On October 27, 2007, Burlington ran a Teledrift survey at 829 feet to determine BHL. It was discovered later on that the 1 degree deviation shown on the survey was actually 9 or 10 degrees.

(d) Burlington made various unsuccessful attempts to correct the deviation. The wellbore surface location is in Unit F while the bottomhole (sub surface) location is in Unit K of Section 26.

(e) Burlington has temporarily shut-in their San Juan 29-7 Unit Well No. 58 in order to test the 58N well.

(f) Burlington did not intend to drill more wells within this GPU.

(g) The rules allow four wells in the spacing unit and also require each quarter section to contain only two wells. However, Well No. 58, Well No. 58M and Well No. 58N are now all located in the same quarter section and therefore are in violation of the density requirements of the Special Pool Rules.

(h) Burlington therefore requests that the Division enter its order granting approval of this exception to the well density requirements of Rule I.B of

the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the San Juan 29-7 Unit No. 58N Well in the same quarter section as the San Juan 29-7 Unit No. 58 Well and the San Juan Unit No. 58M Well and authorizing Burlington to simultaneously produce all four wells in the spacing unit.

(i) This spacing unit is within the participating area for the Mesaverde Pool and the ownership interests are common between the spacing units and all adjoining spacing units; therefore no notice has been sent.

(j) The subject GPU is wholly contained in the Mesaverde Participating Area (PA), and therefore correlative rights will not be affected.

(6) This application should be approved

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Burlington Resources Oil & Gas Company LP is approved. An exception is hereby granted to the well density provisions (Rule I.B) of the Special Rules and Regulations of the Blanco-Mesaverde (Prorated Gas) Pool (72319) as promulgated by Division Order No. R-10987-A(1), and the following three wells are allowed to simultaneously produce within the SW/4 of the standard 320-acre, more or less, Mesaverde gas spacing and proration unit consisting of the W/2 of Section 26, Township 29 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico:

(a) San Juan Unit 29-7 Well No. 58N (API No. 30-039-25857) surface location 2485 feet FNL and 2075 feet FWL, Unit F and sub-surface bottomhole location 2600 feet FSL and 1990 feet FWL, Unit K

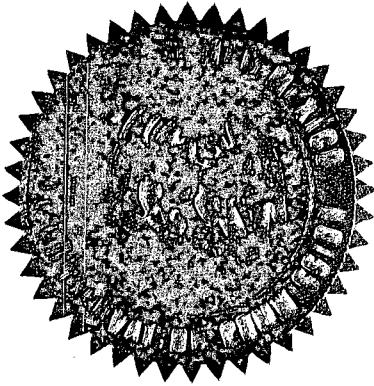
(b) San Juan 29-7 Unit Well No. 58 (API No. 30-039-07556) located 840 feet FSL and 890 feet FWL, Unit M

(c) San Juan Unit 29-7 Well No. 58M (API No. 30-039-26618) located 1130 feet FSL and 1845 feet FWL, Unit N.

(2) Except as provided above, all the provisions of Division Order No. R-10987-A(1) shall remain in full force and effect.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.  
Director