

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

August 13, 2008

HAND DELIVERED

Mr. Mark Fesmire, P.E., Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14188

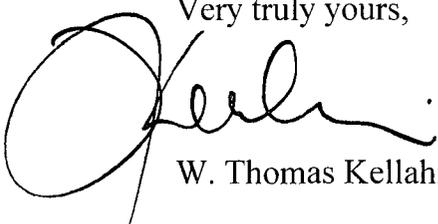
Re: Application of Burlington Resources Oil & Gas Company LP
For Compulsory Pooling, San Juan County, New Mexico
E/2 Section 15, T31N, R10W to be dedicated to
Kelly A Well 3E (Unit Letter P) for Mesaverde and Dakota Production

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Dear Mr. Fesmire:

On behalf of Burlington Resources Oil & Gas Company LP, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for October 2, 2008. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company LP
Attn: Alan Alexander

CASE ¹⁴¹⁸⁸: Application of Burlington Resources Oil & Gas Company LP for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation underlying the E/2 of Section 15, T31N, R10W, NMPM, Rio Arriba County, New Mexico, forming a standard 318.86-acre gas spacing and proration unit for the Mesaverde and Dakota formation spaced on 320-acre spacing. This unit is to be dedicated to its Kelly A No. 3E well to be drilled and completed at a standard well location as downhole commingled wellbore for production from the Dakota and Mesaverde formations in Unit P of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a 200% charge for the risk involved in this well. This unit is located approximately 7-1/4 miles east-southeast of the Aztec, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT

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

IN THE MATTER OF THE APPLICATION OF
BURLINGTON RESOURCES OIL & GAS COMPANY LP
FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 14188

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APPLICATION

Burlington Resources Oil & Gas Company LP. ("Burlington") by its attorneys, Kellahin & Kellahin, seeks an order pooling all mineral interests in the Mesaverde formation underlying the E/2 of Section 15, T31N, R10W, NMPM, San Juan County, New Mexico, forming a standard 318.86-acre gas spacing and proration unit for the Mesaverde and Dakota formation spaced on 320-acre spacing. This unit is to be dedicated to its Kelly A No. 3E well has been drilled and completed at a standard well location as a downhole commingled wellbore for production from Dakota and Mesaverde formations in Unit P of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well.

In support of its application Burlington states:

- (1) Burlington, an affiliate of ConocoPhillips Company, is a working interest owner and the proposed operator for the Kelly A No. 3E well to be dedicated to the E/2 of Section 15, T31N, R10W, San Juan County, New Mexico.
- (2) Burlington has proposed to drill, complete and operate the Kelly A No. 3E well to be located in Unit letter P of this section and if productive to downhole commingle Dakota and Mesaverde production. See Division form C-102 attached as Exhibit "A"

- (3) All of the interest owners in the Dakota formation have agreed to participate in this well, but two owners in the Mesaverde formation have declined: (a) Laurence B Kelly Living Trust (6.25% WI) and (b) Kelly Living Trust (3.125% WI)
- (4) The subject 318.86-acre spacing unit is located within the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.
- (5) Burlington despite reasonable effort has been unable to obtain the voluntary agreement of these two interest owners in this spacing unit. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Burlington needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (6) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "B" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for October 2, 2008.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on October 2, 2008 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) Burlington Resources Oil & Gas Company LP be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Kellahin', written over the typed name below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

Exhibit "B"

Kelly Living Trust
Rosalie H. Kelly, Trustee
P. O. Box 383
Amherst, VA 24531

Laurence B. Kelly Living Trust
839 Summit Rd Montecito
Santa Barbara, CA 93108