

**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:**

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR AN EXCEPTION
TO THE WELL DENSITY REQUIREMENTS
(Low Productivity Area) OF RULE 7(d) OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BASIN FRUITLAND COAL-GAS POOL,
SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 14280

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PRE-HEARING STATEMENT

This 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
3401 East 30th Street
Farmington, NM 87401
Attn: Alan Alexander
Phone 505-326-9757

ATTORNEY

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
phone 505-982-4285
Fax 505-982-2047

OTHER PARTIES

ATTORNEY

NONE

STATEMENT OF THE CASE

APPLICANT:

Burlington Resources Oil & Gas Company LP. ("Burlington") seeks an order for approval of an exception to the well density requirements (Low Productivity Area) of Rule 7(d) of the Special Rules and Regulations for the Basin Fruitland Coal-Gas Pool, San Juan County, New Mexico, E/2 Section 13, T32N, R8W including a horizontal wellbore project for the Reese Mesa Well No. 101 (surface in Unit P and BHL in Unit B) and the simultaneous dedication of this well with the Reese Mesa Well No. 101S (Unit Letter H) to permit production of these two Fruitland Coal-Gas wells in the same quarter section (NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 13, T32N, R8W, NMPM.

(1) Burlington is the current operator of the E/2 of Section 13, T32N, R8W, San Juan County, New Mexico.

(2) This spacing unit currently contains two wells completed in the Basin Fruitland Coal- Gas Pool

(a) the Reese Mesa Well No. 101 (API #30-045-26977) located 945 feet FEL and 1100 feet FSL (Unit P) of this section; and

(b) the Reese Mesa Well No. 101S (API #30-045-33286) located 1870 feet FNL and 805 feet FEL (Unit H).

(3) The Basin Fruitland Coal-Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units in the Low Productivity Area on which as many as two wells may be drilled. See Order R-8768 thru R-8768-F) These Special Pool Rules and Regulations provide, among other things, that no more than two wells shall be located within a 320-acre spacing unit with each well located in a different quarter section (160-acre tract) of the unit. See Special Rule 7(d).

(4) Because the two existing coal-gas wells are estimated to recovery only 1.1% of the gas in place, Burlington plans to re-enter the Reese Mesa Well No. 101 and drill a horizontal lateral sidetrack in this existing wellbore in a northerly direction approximately 3,458 feet to test the practicality of increasing ultimate recovery from this spacing unit.

(5) By doing so, the northern portion of the horizontal lateral for the Reese Mesa No. 101 well will be within the NE/4 of this section thus resulting in two wellbores in the same quarter section.

(6) In accordance with Division Rule 111, Burlington proposes the creation of a horizontal wellbore project area consisting of the E/2 of Section 13 staying within the vertical limits of the Fruitland coal-gas pool and a production area not less than 660 feet from each of the end and side boundaries of this spacing unit.

(7) Burlington also requests approval to simultaneously dedicate the Reese Mesa Well No. 101 with the Reese Mesa Well No. 101S (Unit Letter H) to permit it to produce these two Fruitland Coal-Gas wells in the same quarter section (NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 13, T32N, R8W, NMPM.

(8) Approval of this application will not impair the correlative rights of any other interest owner in the Basin Fruitland Coal-Gas Pool and will afford Burlington the opportunity to utilize the existing wells to produce the reserves from this GPU.

(9) Notice of this application will be sent to all offsetting operators of adjoining spacing units and if operated by Burlington then to the working interest owners within those adjoining spacing units.

PROPOSED EVIDENCE

APPLICANT'S WITNESSES	EST. TIME	EST. EXHIBITS
Chuck Creekmore (landman)	25 min.	8
Hal Mead (Engineer)	45 min	19

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN

W. Thomas Kellahin

CERTIFICATION OF SERVICE

I hereby certify that a copy of this pleading was served upon the following parties and attorneys this 25th day of February 2009, by email

David K. Brooks, Esq.
Oil Conservation Division
1220 South St. Francis Drive
david.brooks@state.nm.us

W. Thomas Kellahin