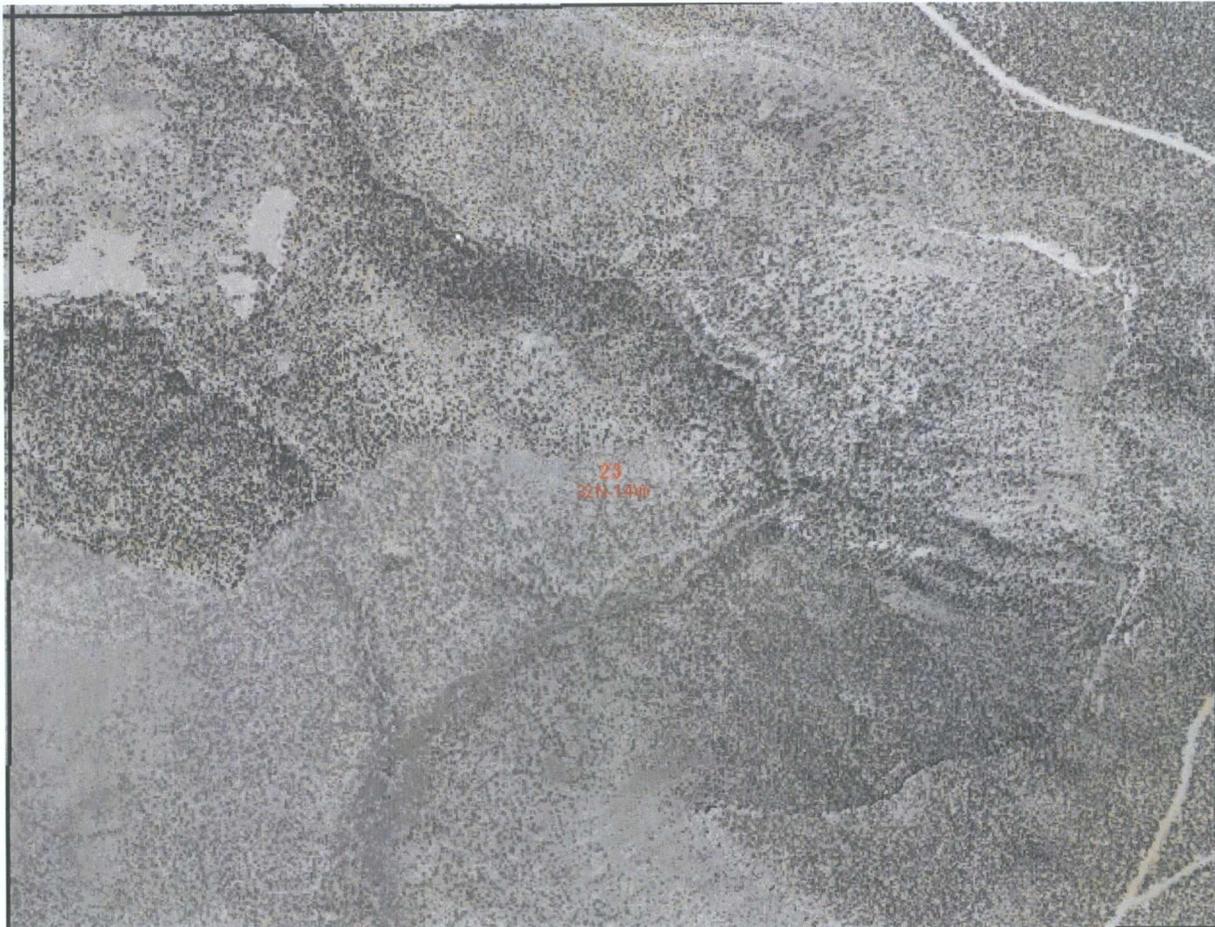


**ConocoPhillips Company and Burlington Resources Oil & Gas Company LP
Section 23-Township 32N-Range 14W, San Juan County, New Mexico**



**New Mexico Oil Conservation Division
Case #14394
October 29, 2009**

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

September 16, 2009

HAND DELIVERED

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

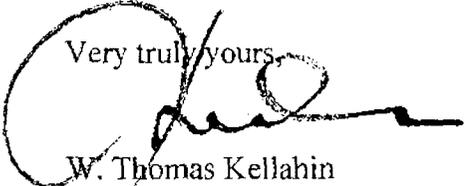
RECEIVED
SEP 16 10 03 AM '09

Re: Application of ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Section 23, T32N R14W and the concomitant contraction of the Barker Dome-Paradox Pool, the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool and the Barker Dome-Ismay Pool
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of ConocoPhillips Company and Burlington Resources Oil & Gas Company LP, please find enclosed our referenced Application to be set for hearing on the Examiner's docket now scheduled for October 29, 2009.

Very truly yours,


W. Thomas Kellahin

cc: ConocoPhillips Company
Attn: Michelle Blankenship

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

IN THE MATTER OF THE APPLICATION OF
CONOCOPHILLIPS COMPANY AND BURLINGTON
RESOURCES OIL & GAS COMPANY, LP TO EXPAND THE
HORIZONTAL LIMITS OF THE UTE DOME-PARADOX
GAS POOL TO INCLUDE ALL OF SECTION 23, T32N, R14W
AND THE CONCOMITANT CONTRACTION OF THE BARKER
DOME-PARADOX POOL, THE BARKER DOME-AKAH/UPPER
BARKER CREEK POOL, THE BARKER DOME-DESERT CREEK
POOL AND THE BARKER DOME-ISMAI POOL.
SAN JUAN COUNTY, NEW MEXICO.

CASE NO.

APPLICATION

ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP (collectively "ConocoPhillips") by its attorneys, Kellahin & Kellahin, seeks an order to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Section 23, T32N, R14W and the concomitant contraction of the Barker Dome-Paradox Pool, the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool and the Barker Dome-Ismai Pool

In support of its application ConocoPhillips states:

- (1) ConocoPhillips is a working interest owner and the proposed operator of Section 23, T32N, R14W, San Juan County, New Mexico. See locator map attached as Exhibit "A"
- (2) The only wellbore within this section is the Huntington Energy Company's Ute Mountain Ute Well No. 73, (API#30-045-33302) located in Unit E of this section and drilled to a depth of 2915 feet. This wellbore was temporarily abandoned after failing to establish production in the completed Dakota formation - W/2 dedicated to the Barker Creek Pool, and further failing to establish production in the completed Mancos formation - NW/4 dedicated to the WC Basin Mancos Pool.

(3) By Division Order R-46, dated December 29, 1950, the NW/4 of Section 23, T32N, R14W, along with other acreage, was subject to Barker Creek-Paradox (Pennsylvanian) Gas Pool with rules that included 640-acre gas spacing units.

(4) By Order R-46-A, dated February 13, 1995, the Division subdivided the Barker Creek-Paradox Gas Pool and created three additional pools such that the NW/4 of Section 23 is now subject to the following pools:

Barker Dome-Paradox Pool = 640-acre spacing

Barker Dome-Akah/Upper Barker Creek Pool = 320-acre spacing

Barker Dome-Desert Creek Pool = 320-acre spacing

Barker Dome-Ismay Pool = 160-acre spacing

(5) The eastern and southern boundaries of Section 23 are contiguous to the boundary of Ute Dome-Paradox Gas Pool. See Division Order R-12444, dated October 17, 2005. The special rules and regulations for the Ute Dome-Paradox Gas Pool provide for 640-acre gas spacing with the option to drill one well per quarter section and relaxed well location rules that allow a well to be not closer than 660 feet to the outer boundary of the 640-acre spacing unit and not closer than 330 feet to an interior quarter section line or 10 feet to any quarter-quarter section line.

(6) These special rules for the Ute Dome-Paradox Gas Pool are needed for this very complex stratigraphic reservoir with highly variable porosity in order to attempt to recovery gas that might not otherwise be recovered.

(7) There is no significant geologic difference between Section 23 and the acreage within the Ute-Dome Paradox Gas Pool that should cause these two areas to be regulated with different Division rules.

(8) If all of Section 23 is made subject to the rules for the Ute Dome- Paradox Gas Pool rather than to the four pools identified in paragraph (4) above, ConocoPhillips also will have an opportunity to attempt recovery of gas that might not otherwise be recovered from Section 23.

(9) ConocoPhillips would have the flexibility so that at its option it may drill two or three additional Mancos wells within Section 23.

(10) ConocoPhillips needs an order of the Division in order to protect correlative rights and prevent waste.

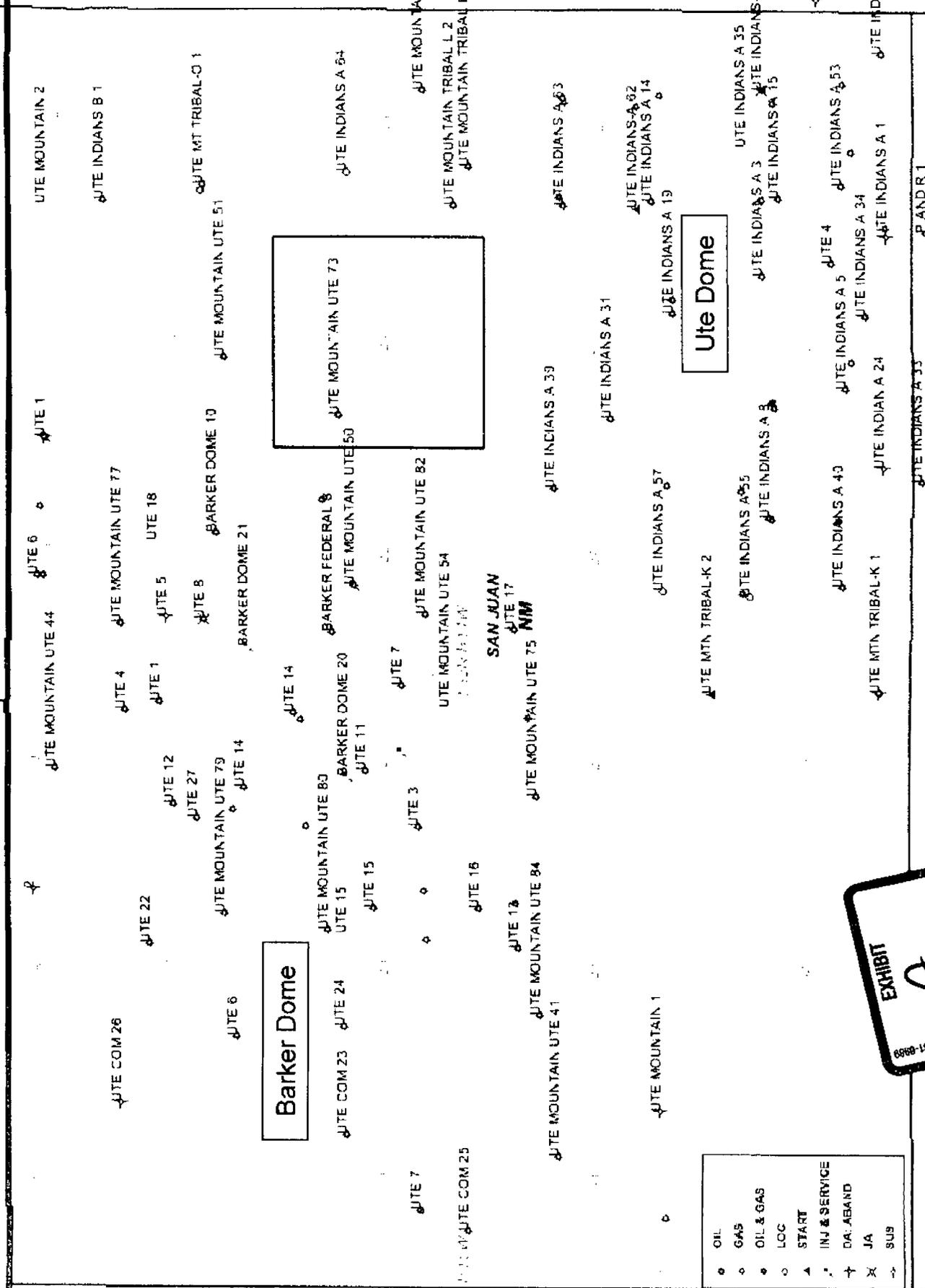
- (11) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties listed on Exhibit "B" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for October 29, 2009.

WHEREFORE, ConocoPhillips, as applicant, requests that this application be set for hearing on October 29, 2009 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enters its order granting this application

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a faint, circular stamp or watermark.

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



○	OIL
○	GAS
●	OIL & GAS
○	LOC
▲	START
●	INJ & SERVICE
+	DA, ABAND
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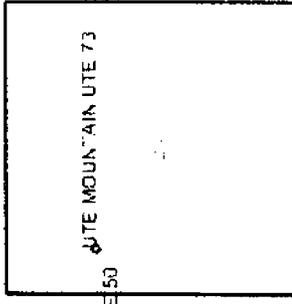
EXHIBIT
A

PERKINS 800-631-6889

Barker Dome

Ute Dome

SAN JUAN
UTE 17
NM



P AND R 1

NOTICE LIST

Steve Hayden, geologist
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Charlie Perrin, Supervisor
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Gordon Hammond
Ute Mountain Ute Tribe
Tribal Energy and Tax Administration
P.O. Box 42
Towaoc, CO 81334

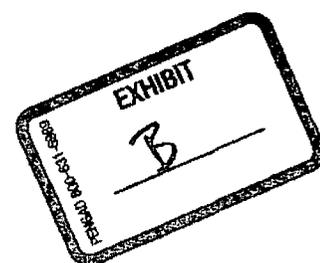
Helen Mary Johnson
Dan Rabinowitz
BLM, San Juan Public Lands Center
15 Burnett Court
Durango, CO 81301

Dave Swanson
BLM, San Juan Public Lands Center
15 Burnett Court
Durango, CO 81301

G.D. Simon
Ute Mountain Ute Tribe
P.O. Box 14749
Albuquerque, NM 87191

Priscilla Bancroft
Bureau of Indian Affairs
Ute Mountain Ute Agency
P.O. Box KK
Towaoc, CO 81334

George Tetreault
Bureau of Indian Affairs
Southwest Regional Office
P.O. Box 26567
Albuquerque, NM 87125-
6567



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

September 18, 2009

TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW
MEXICO OIL CONSERVATION DIVISION CASE:

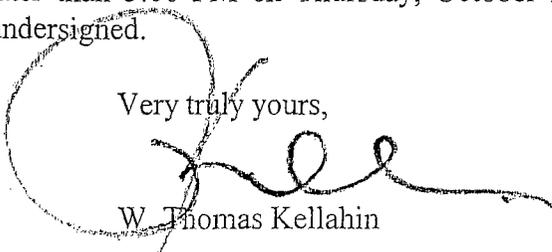
Re: Application of ConocoPhillips Company and Burlington Resources Oil Gas Company LP to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Section 23, T32N R14W and the concomitant contraction of the Barker Dome-Paradox Pool, the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool and the Barker Dome-Ismay Pool
San Juan County, New Mexico

On behalf of ConocoPhillips Company and Burlington Resources Oil & Gas Company LP, please find enclosed our referenced application that has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket and continued to 8:15 a.m. on October 29, 2009. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico.

As an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Thursday, October 22, 2008, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

NOTICE LIST

Steve Hayden, geologist
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Charlie Perrin, Supervisor
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Gordon Hammond
Ute Mountain Ute Tribe
Tribal Energy and Tax Administration
P.O. Box 42
Towaoc, CO 81334

Helen Mary Johnson
Dan Rabinowitz
BLM, San Juan Public Lands Center
15 Burnett Court
Durango, CO 81301

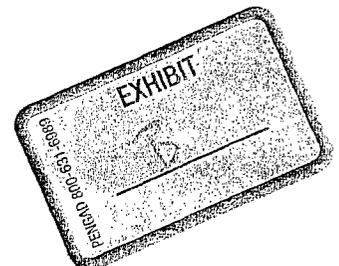
Dave Swanson
BLM, San Juan Public Lands Center
15 Burnett Court
Durango, CO 81301

XTO Energy, Inc.
Attn: Aaron Austin
810 Houston Street
Fort Worth, TX 76102

G.D. Simon
Ute Mountain Ute Tribe
P.O. Box 14749
Albuquerque, NM 87191

Priscilla Bancroft
Bureau of Indian Affairs
Ute Mountain Ute Agency
P.O. Box KK
Towaoc, CO 81334

George Tetreault
Bureau of Indian Affairs
Southwest Regional Office
P.O. Box 26567
Albuquerque, NM 87125-
6567



SENDER, COMPLETE THIS SECTION

1. Article Addressed to:

Mr. Steve Hayden
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

2. Article Number
(Transfer from service label)
7008 1140 0002 1503 5700

PS Form 3811, February 2004
Domestic Return Receipt
102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
[Signature]
X
B. Received by (Printed Name)
Brazos Powell
C. Date of Delivery
9/23/09
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

SENDER, COMPLETE THIS SECTION

1. Article Addressed to:

Charlie Perrin, Supervisor
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

2. Article Number
(Transfer from service label)
7008 1140 0002 1503 5731

PS Form 3811, February 2004
Domestic Return Receipt
102595-02-M

COMPLETE THIS SECTION ON DELIVERY

A. Signature
[Signature]
X
B. Received by (Printed Name)
Brazos Powell
C. Date of Delivery
9/23/09
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

SENDER, COMPLETE THIS SECTION

1. Article Addressed to:

XTO Energy, Inc.
Attn: Aaron Austin
810 Houston Street
Fort Worth, TX 76102

2. Article Number
(Transfer from service label)
7008 1140 0002 1503 5663

PS Form 3811, February 2004
Domestic Return Receipt
102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
[Signature]
X
B. Received by (Printed Name)
Brazos Powell
C. Date of Delivery
9/23/09
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

COMPLETE THIS SECTION ON DELIVERY

A. Signature
[Signature]
X
B. Received by (Printed Name)
Brazos Powell
C. Date of Delivery
9/23/09
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Helen Mary Johnson
 Dan Rabinowitz
 BLM, San Juan Public Lands Cent
 15 Burnett Court
 Durango, CO 81301

2. Article Number (Transfer from service label) **7008 1140 0002 1503 5687**
 PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Dan Kellogg* Agent
 B. Received by (Printed Name) *Dan Kellogg* Address
 C. Date of Delivery *9-24*
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Dave Swanson
 BLM, San Juan Public Lands Center
 15 Burnett Court
 Durango, CO 81301

2. Article Number (Transfer from service label) **7008 1140 0002 1503 5748**
 PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Dan Kellogg* Agent
 B. Received by (Printed Name) *Dan Kellogg* Address
 C. Date of Delivery *9-23*
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Priscilla Bancroft
 Bureau of Indian Affairs
 Ute Mountain Ute Agency
 P.O. Box KK
 Towaoc, CO 81334

2. Article Number (Transfer from service label) **7008 1140 0002 1503 5717**
 PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Priscilla Bancroft* Agent
 B. Received by (Printed Name) *Priscilla Bancroft* Address
 C. Date of Delivery *9/23/05*
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 George Tetreault
 Bureau of Indian Affairs
 Southwest Regional Office
 P.O. Box 26567
 Albuquerque, NM 871256567

2. Article Number (Transfer from service label) **7008 1140 0002 1503 5670**
 PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Dean Marten* Agent
 B. Received by (Printed Name) *Dean Marten* Address
 C. Date of Delivery *SEP 28 2004*
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

ENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

G.D. Simon
Ute Mountain Ute Tribe
P.O. Box 14749
Albuquerque, NM 87191

Article Number
(Transfer from service label)

7008 1140 0002 1503 5694

Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15-

COMPLETE THIS SECTION ON DELIVERY

A. Signature G.D. Simon Agent Addressee
B. Received by (Printed Name) G.D. Simon C. Date of Delivery 9/24/01
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

UNDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gordon Hammond
Ute Mountain Ute Tribe
Tribal Energy and Tax Admin
P.O. Box 42
Towaoc, CO 81334

Article Number
(Transfer from service label)

7008 1140 0002 1503 5724

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15-

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] Agent Addressee
B. Received by (Printed Name) Alicia Sanchez C. Date of Delivery 9/25/01
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

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:

NOMENCLATURE
CASE NO. 11089
Order No. R-46-A

APPLICATION OF MERIDIAN OIL INC. TO
CONTRACT THE VERTICAL LIMITS OF THE
BARKER CREEK-PARADOX (PENNSYLVANIAN)
POOL, THE AMENDMENT OF DIVISION ORDER
NO. R-46, AND THE CONCOMITANT CREATION
OF THREE GAS POOLS EACH WITH SPECIAL
RULES AND REGULATIONS THEREFOR, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 10, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of February, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-13 issued in Case No. 213 on March 15, 1950, the Division created and defined the Barker Creek-Paradox (Pennsylvanian) Gas Pool, San Juan County, New Mexico.

(3) By Order No. R-46 issued in Case No. 237 on December 29, 1950, the Division promulgated Special Rules and Regulations for the Barker Creek-Paradox (Pennsylvanian) Gas Pool including 640-acre gas spacing with wells to be located no closer than 1650 feet from the outer boundary of the proration unit nor closer than 330 feet from the center of the proration unit. The vertical limits of the Barker Creek-Paradox (Pennsylvanian) Gas Pool currently comprise all of the Pennsylvanian formation.

(4) The Barker Creek-Paradox (Pennsylvanian) Gas Pool currently comprises the following described area in San Juan County, New Mexico all as projected into the unsurveyed Ute Mountain Indian Reservation:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 9 through 11: All
Sections 14 through 16: All
Section 17: E/2
Sections 19 through 22: All
Section 23: NW/4
Section 27: NW/4
Section 28: N/2
Section 29: All

(5) The applicant, Meridian Oil Inc., seeks to contract the vertical limits of the Barker Creek-Paradox (Pennsylvanian) Gas Pool to include only the Lower Barker Creek and Alkali Gulch members of the Paradox interval, and the concomitant creation of three new gas pools comprising, respectively, the Upper and Lower Ismay members, the Desert Creek member, and the Akah and Upper Barker Creek members of the Paradox interval.

(6) The applicant further seeks:

- a) to expand the pool boundaries of the Barker Creek-Paradox (Pennsylvanian) Gas Pool to include the following described area as projected into the unsurveyed Ute Mountain Indian Reservation in San Juan County, New Mexico:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 7 and 8: All
Section 17: W/2
Section 18: All
Section 28: S/2
Section 30: All

- b) to establish pool boundaries for the three proposed new gas pools similar to those for the Barker Creek-Paradox (Pennsylvanian) Gas Pool;
- c) to promulgate special rules and regulations for the proposed gas pools as follows:

<u>PROPOSED POOL</u>	<u>WELL SPACING</u>	<u>SETBACK REQUIREMENTS</u>
Ismay	160-acres	No closer than 330 feet from the outer boundary of the spacing unit nor closer than 20 feet from any governmental quarter-quarter section line or subdivision inner boundary.
Desert Creek	320-acres	No closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.
Akah/Upper Barker Creek	320-acres	No closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

- d) to amend the well location requirements for the Barker Creek-Paradox (Pennsylvanian) Gas Pool such that wells can be located no closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(7) The applicant proposes that the vertical limits of each of the subject pools comprise the following described intervals as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I, Section 22, Township 32 North, Range 13 1/2 West, La Plata County, Colorado:

<u>INTERVAL</u>	<u>VERTICAL LIMITS</u>
Ismay (Includes Upper and Lower Ismay)	8502'-8693'
Desert Creek	8693'-8809'
Akah/Upper Barker Creek	8809'-9134'
Barker Creek (Includes Lower Barker Creek) and Alkali Gulch)	9134'-9430'

(8) According to applicant's evidence, there have been eleven wells drilled in the subject pool subsequent to its discovery in 1945. The vast majority of the cumulative gas production from the subject pool, which according to applicant's testimony is some 230 BCFG, has originated from the Lower Barker Creek interval.

(9) Within the subject pool, there are currently eight active wells, four of which are producing from the Lower Barker Creek/Alkali Gulch interval, two of which are producing from the Desert Creek interval, and two of which are producing from the Ismay interval.

(10) The applicant's geologic evidence and testimony in this case indicates that there are four separate and distinct intervals within the Paradox member of the Pennsylvanian formation each of which constitutes one or more separate productive reservoirs.

(11) The Pennsylvanian formation in this area is characterized by occasionally porous limestone and dolomite, anhydrides and black shales.

(12) Meridian presented geologic and engineering evidence and testimony which indicates that each of the proposed pools are:

- a) associated with a structural dome centered approximately in the center of Section 15 which is of limited extent. The trap of each reservoir is formed by a down-dip structural limit of effective porosity;
- b) a single structure feature geologically separated both vertically and horizontally from any other pool;
- c) a single source of common supply ("reservoir") separated from and not in communication with any other pool in this area.

(13) The applicant has grouped the producing intervals into the four proposed pools based upon their similar geologic characteristics. In addition, the proposed gas pools appear to be continuous and correlatable across the entire proposed pool boundaries.

(14) Meridian's engineering evidence and testimony indicates that each of the proposed pools are gas pools, and that while this is a complex reservoir with limited data, there is a reasonable engineering probability that the behavior of the gas wells will be similar to the established behavior of the gas wells in the existing Barker Creek-Paradox (Pennsylvanian) Gas Pool.

(15) The evidence presented in this case indicates that the vertical limits and the Special Rules and Regulations for the Barker Creek-Paradox (Pennsylvanian) Gas Pool are not conducive to continuous and orderly development of the pool for the following reasons:

- a) long term production of the Lower Barker Creek/Alkali Gulch interval has resulted in a significant pressure differential between this interval and the Ismay and Desert Creek intervals. This significant pressure differential precludes downhole commingling of these intervals at the present time;
- b) depletion of the Lower Barker Creek/Alkali Gulch interval in those wells producing from this interval will not occur for several years;
- c) the Special Rules and Regulations for the Barker Creek- Paradox (Pennsylvanian) Gas Pool and current Division policy (Division Memorandum dated July 27, 1988) severely limit the ability of an operator to drill and operate more than one well on a standard gas proration unit in this non-prorated gas pool;

(16) Applicant's plan of development for the subject pool(s) includes the drilling of additional conventional, downhole commingled and/or dually completed wells, whichever is applicable, in order to maximize the recovery of gas from each of the subject reservoirs.

(17) The evidence indicates that Meridian Oil Inc. is the only leasehold owner in the Barker Creek-Paradox (Pennsylvanian) Gas Pool, and that the royalty interest ownership is owned entirely by the Ute Mountain Ute Tribe.

(18) No other offset operators and/or interest owners appeared at the hearing in opposition to the application.

(19) Approval of the contraction of the Barker Creek-Paradox (Pennsylvanian) Gas Pool and concomitant creation of three new gas pools will allow the applicant the opportunity to drill additional wells and recover additional gas reserves from the Ismay, Desert Creek and Akah/Upper Barker Creek intervals, will prevent the premature abandonment of production within the Lower Barker Creek/Alkali Gulch interval, thereby preventing waste, and will not violate correlative rights.

(20) The Barker Creek-Paradox (Pennsylvanian) Gas Pool should be redesignated the Barker Dome-Paradox Pool. The remaining pools should be designated the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek, and the Barker Dome-Ismay Pools. The vertical limits of the subject pools should comprise those intervals as described in Finding No. (7) above.

(21) The applicant's proposed pool boundaries, which include an extension of the Barker Creek-Paradox (Pennsylvanian) Gas Pool, are not reasonable inasmuch as the proposed extension area does not currently contain production.

(22) The horizontal boundaries of the Barker Dome-Paradox, Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should comprise the area currently contained within the Barker Creek-Paradox (Pennsylvanian) Gas Pool.

(23) The engineering evidence indicates that 640-acre spacing is appropriate for the Barker Creek-Paradox (Pennsylvanian) Gas Pool (Barker Dome-Paradox Pool).

(24) The engineering evidence currently available indicates that wells in the Barker Dome-Akah/Upper Barker Creek and Barker Dome-Desert Creek Pools should be capable of draining an area of approximately 320 acres. The preliminary evidence further indicates that the Barker Dome-Ismay Pool should be spaced on 160 acres.

(25) In order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations should be promulgated for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools.

(26) The applicant proposed that the well setback requirements for the Barker Creek-Paradox (Pennsylvanian) Gas Pool (Barker Dome-Paradox Pool) be amended such that a well can be located no closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary. In addition, the applicant requested that the well setback requirements for the Barker Dome-Ismay Pool be established such that a well can be located no closer than 330 feet from the outer boundary of the spacing unit nor closer than 20 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(27) The setback requirements described above are significantly more flexible than the normal setback requirements for 640-acre and 160-acre gas pools. According to applicant's testimony, this flexibility is needed due to the topography in this area and due to the numerous archaeological sites thus far encountered in this area.

(28) The Division's rules and procedures for obtaining approval of unorthodox locations due to topography, including archaeological sites, are flexible and do not represent an excessive burden on the applicant. In addition, setback requirements are necessary in order to assure that wells are situated on their proration units such that effective and efficient drainage of gas occurs.

(29) Applicant's request to amend the well location requirements for the Barker Creek-Paradox (Pennsylvanian) Gas Pool (Barker Dome-Paradox Pool) should be denied.

(30) The Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek, and Barker Dome-Ismay Pools should provide for designated well locations such that a well cannot be located closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(31) At the request of the applicant, the Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should be established for a temporary period of two years in order to allow the operators in the subject pools the opportunity to gather sufficient reservoir information to show that the spacing established herein for the subject pools is appropriate.

(32) This case should be reopened at an examiner hearing in February, 1997, at which time the operators in the subject pools should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) The Barker Creek-Paradox (Pennsylvanian) Gas Pool, created by Division Order No. R-13, is hereby redesignated the Barker Dome-Paradox Pool.

(2) The vertical limits of the Barker Dome-Paradox Pool are hereby contracted to include only the Lower Barker Creek and Alkali Gulch intervals of the Paradox formation as found from a depth of 9134 feet to 9430 feet on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 1/2 West, La Plata County, Colorado.

(3) Three new gas pools for the production of gas from the Paradox member of the Pennsylvanian formation are hereby created and designated the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool, and the Barker Dome-Ismay Pool.

(4) The vertical limits of the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools shall comprise the following described intervals as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 1/2 West, La Plata County, Colorado.

<u>POOL</u>	<u>VERTICAL LIMITS</u>
Barker Dome-Akah/Upper Barker Creek Pool	8809'-9134'
Barker Dome-Desert Creek Pool	8693'-8809'
Barker Dome-Ismay Pool	8502'-8693'

(5) The horizontal limits of the Barker Dome-Paradox, Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools shall comprise the following described area in San Juan County, New Mexico all as projected into the unsurveyed Ute Mountain Indian Reservation:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 9 through 11: All
Sections 14 through 16: All
Section 17: E/2
Sections 19 through 22: All
Section 23: NW/4
Section 27: NW/4
Section 28: N/2
Section 29: All

(6) Temporary Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BARKER DOME-AKAH/UPPER BARKER CREEK POOL

RULE 1. Each well completed in or recompleted in the Barker Dome-Akah/Upper Barker Creek Pool or in the equivalent vertical limits thereof within one mile of the pool boundary, shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Barker Dome-Akah/Upper Barker Creek Pool shall be located on a unit containing 320 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division" may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than 320 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the

proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 790 feet from the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(7) Temporary Special Rules and Regulations for the Barker Dome-Desert Creek Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
BARKER DOME-DESERT CREEK POOL**

RULE 1. Each well completed in or recompleted in the Barker Dome-Desert Creek Pool or in the equivalent vertical limits thereof within one mile of the pool boundary, shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Barker Dome-Desert Creek Pool shall be located on a unit containing 320 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division" may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than 320 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified

mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 790 feet from the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(8) Temporary Special Rules and Regulations for the Barker Dome-Ismay Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BARKER DOME-ISMAY POOL

RULE 1. Each well completed in or recompleted in the Barker Dome-Ismay Pool or in the equivalent vertical limits thereof within one mile of the pool boundary, shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Barker Dome-Ismay Pool shall be located on a unit containing 160 acres, more or less, which consists of the NE/4, SE/4, NW/4 or SW/4 of a single governmental section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified

mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 790 feet from the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED THAT:

(9) The location of all wells presently drilling to or completed in the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek, or Barker Dome-Ismay Pool or in the respective vertical limits thereof within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Aztec District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(10) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing gas wells in the Barker Dome-Akah/Upper Barker Creek and Barker Dome-Desert Creek Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Barker Dome-Akah/Upper Barker Creek or Barker Dome-Desert Creek Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (4) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool(s)

(11) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing gas wells in the Barker Dome-Ismay Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Barker Dome-Ismay Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (4) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool.

(12) The applicant's request to amend the Special Rules and Regulations for the Barker Dome-Paradox Pool, as promulgated by Division Order No. R-46, is hereby denied.

(13) The Barker Dome-Paradox Pool shall continue to be subject to the Special Rules and Regulations as contained within Division Order No. R-46 until further order of the Division.

(14) The applicant's request to extend the horizontal boundaries of the Barker Dome-Paradox Pool to include the acreage described in Finding No. (6) above, is hereby denied. In addition, the applicant's request to include this acreage within the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools is hereby denied.

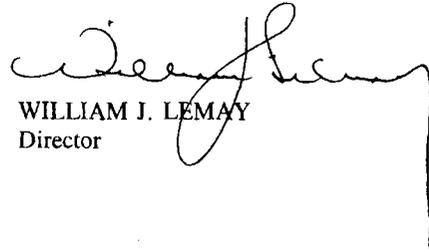
(15) This case shall be reopened at an examiner hearing in February, 1997, at which time the operators in the subject pools should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should not be rescinded.

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

Nomenclature
Case No. 11089
Order No. R-46-A
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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. 11089 (Reopened)
Order No. R-46-B

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY TO REOPEN CASE NO.
11089 AND AMEND ORDER NO. R-46-A TO
CONFORM TO BLM ORDER NO. UMU-1, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of November, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-46-A issued in Case No. 11089 on February 13, 1995, the Division, upon application of Meridian Oil Inc., redesignated the Barker Creek Paradox (Pennsylvanian) Gas Pool as the Barker Dome-Paradox Pool and created three new pools for the production of gas from the Paradox member of the Pennsylvanian formation, all described as follows, and all hereinafter referred to collectively as the "Barker Dome Field":

<u>POOL NAME</u>	<u>VERTICAL LIMITS</u>
Barker Dome-Paradox Pool	9,134'-9,430'
Barker Dome-Akah/Upper Barker Creek Pool	8,809'-9,134'
Barker Dome-Desert Creek Pool	8,693'-8,809'
Barker Dome-Ismay Pool	8,502'-8,693'

(Note: All depths as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 ½ West, La Plata County, Colorado)

(3) Order No. R-46-A further left in place the Special Rules and Regulations for the Barker Dome-Paradox Pool as promulgated by Order No. R-46, and promulgated special rules and regulations for each of the newly created gas pools all summarized as follows:

<u>POOL NAME</u>	<u>SPACING</u>	<u>WELL LOCATION REQUIREMENTS</u>
Barker Dome-Paradox Pool	640-acres	No closer than 330 feet to the center of the section and no closer than 1650 feet to the outer boundary of the section.
Barker Dome-Akah/Upper Barker Creek Pool & Barker Dome-Desert Creek Pool	320-acres	No closer than 790 feet to the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.
Barker Dome-Ismay Pool	160-acres	No closer than 790 feet to the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(4) On June 9, 1995, the United States Bureau of Land Management (BLM), San Juan Resource Area, issued Order No. UMU-1, effective March 20, 1995, which order promulgated rules and regulations for each of the pools within the Barker Dome Field in La Plata and Montezuma Counties, Colorado, and San Juan County, New Mexico.

(5) Order No. UMU-1 declared that the BLM has jurisdiction to set well spacing on lands which are held in trust by the United States for Tribes or individual members of a Tribe notwithstanding decisions and orders of the State of New Mexico.

(6) The BLM relied upon and utilized the Division's hearing process in Case No. 11089 to promulgate the rules and regulations for the Barker Dome Field. The rules and regulations for the Barker Dome Field as promulgated by BLM Order No. UMU-1 and Division Order No. R-46-A are similar in some respects and different in others.

(7) The applicant, Burlington Resources Oil & Gas Company (formerly known as Meridian Oil Inc.) seeks to amend Division Order No. R-46-A to conform to BLM Order No. UMU-1 in the following manner:

- a) amend the pool names to reflect the nomenclature contained within Order No. UMU-1;
- b) amend the vertical limits of the Barker Dome-Paradox Pool to reflect the vertical pool limits contained within Order No. UMU-1. In addition, applicant seeks to add the wording "stratigraphic equivalent" to aid in the definition of vertical pool limits; and,
- c) expand the horizontal pool boundaries to those contained within Order No. UMU-1.

(8) The applicant further seeks approval of the following described non-standard gas spacing and proration units, the adoption of an administrative procedure for obtaining approval to drill unorthodox locations within the proposed non-standard gas spacing units, and the authority to drill an optional second (infill) well within the subject non-standard gas spacing units:

Barker Dome-Paradox Pool

640-acre Spacing

Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
849-acres	Irregular Section 7: All Section 18: All
847-acres	Irregular Section 8: All Section 17: All
845-acres	Irregular Section 9: All Section 16: All
844-acres	Irregular Section 10: All Section 15: All
842-acres	Irregular Section 11: All Section 14: All

Township 32 North, Range 15 West, NMPM

851-acres	Irregular Section 12: All Section 13: All
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**Barker Dome Akah/Upper Barker Creek Pool
&
Barker Dome-Desert Creek Pool
320-acre Spacing**

Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
529-acres	Irregular Section 7: All Section 18: N/2
527-acres	Irregular Section 8: All Section 17: N/2
525-acres	Irregular Section 9: All Section 16: N/2
524-acres	Irregular Section 10: all Section 15: N/2
522-acres	Irregular Section 11: All Section 14: N/2

Township 32 North, Range 15 West, NMPM

531-acres	Irregular Section 12: All Section 13: N/2
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Barker Dome-Ismay Pool
160-acre Spacing
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
209-acres	Irregular Section 7: All
207-acres	Irregular Section 8: All
205-acres	Irregular Section 9: All
204-acres	Irregular Section 10: All
202-acres	Irregular Section 11: All
Township 32 North, Range 15 West, NMPM	
211-acres	Irregular Section 12: All

(9) At the time of the hearing, applicant testified that the BLM has recently amended its Barker Dome Field nomenclature to reflect the field/pool names utilized by the Division in Order No. R-46-A.

(10) At the time of the hearing applicant further testified that it no longer seeks to expand the horizontal pool boundaries within the Barker Dome Field as currently defined by the Division.

(11) The portion of the application requesting the amendment of Order No. R-46-A to conform to BLM's field nomenclature and expansion of the horizontal boundaries of the pools within the Barker Dome Field should be dismissed.

(12) The geologic evidence presented in Case No. 11089 indicates that the vertical limits of the Barker Dome-Paradox Pool were correctly identified by the Division in Order No. R-46-A.

(13) The vertical limits of the Barker Dome-Paradox Pool should not be amended at this time, however, in order to provide flexibility in identifying vertical pool boundaries, Ordering Paragraph Nos. (2) and (4) of Division Order No. R-46-A should be amended to include the term "or its stratigraphic equivalent".

(14) The evidence presented by the applicant indicates that Sections 7 through 11, Township 32 North, Range 14 West, and Section 12, Township 32 North, Range 15 West, are irregular due to a variation in the legal subdivision of the United States Public Lands Survey.

(15) With the exception of the N/2 of Section 17 which contains the Ute Well No. 22, currently completed in the Barker Dome-Desert Creek Pool, none of the proposed non-standard gas spacing units are developed at this time.

(16) Each of the proposed non-standard gas spacing units are located within or within one mile of each of the pools within the Barker Dome Field.

(17) All of the acreage contained within the proposed non-standard gas spacing units constitutes a single common lease which is operated by the applicant.

(18) There are no offset operators to the proposed non-standard gas spacing units.

(19) The establishment of the proposed non-standard gas spacing units will ensure the orderly development of the gas reserves within the Barker Dome Field.

(20) The applicant further seeks authority to drill a second well on each of the proposed non-standard gas spacing units established herein.

(21) Inasmuch as each of the proposed non-standard gas spacing units are oversized, one well cannot efficiently and effectively drain and develop each of these units.

(22) The applicant should be authorized to drill no more than two wells on each of the non-standard gas proration units established herein.

(23) The applicant further seeks to establish an administrative procedure for obtaining approval to drill unorthodox locations within the proposed non-standard spacing units.

(24) Pursuant to the provisions of Rule No. 104.F. of the Division Rules and Regulations, there already exists an administrative procedure for obtaining approval to drill wells at unorthodox locations within the subject non-standard gas proration units or anywhere within the Barker Dome Field, therefore, applicant's request should be dismissed.

(25) With the exception of the well setback requirements within each of the pools in the Barker Dome Field, there do not exist any requirements as to the location of the infill well within each of the non-standard gas proration units.

(26) The Division Director may require the applicant to furnish additional geologic, engineering or other pertinent data to justify the location (either orthodox or unorthodox) of the infill well in each of the subject non-standard spacing units in order to determine that the location of the infill well is adequate so as to effectively drain and develop the portion of the proration unit(s) not drained by the parent well.

(27) Approval of the proposed amendments to Division Order No. R-46-A and non-standard gas spacing units will allow the applicant to develop the gas reserves in each of the pools in the Barker Dome Field in an orderly fashion, and will not cause waste or violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Ordering Paragraph Nos. (2) and (4) of Division Order No. R-46-A are hereby amended to read in their entirety as follows:

“(2) The vertical limits of the Barker Dome-Paradox Pool are hereby contracted to include only the Lower Barker Creek and Alkali Gulch intervals of the Paradox formation as found from a depth of 9134 feet to 9430 feet, or its stratigraphic equivalent, on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 ½ West, La Plata County, Colorado.”

“(4) The vertical limits of the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools shall comprise the following described intervals, or their stratigraphic equivalent, as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 ½ West, La Plata County, Colorado:

<u>POOL</u>	<u>VERTICAL LIMITS</u>
Barker Dome-Akah/Upper Barker Creek Pool	8809'-9134'
Barker Dome-Desert Creek Pool	8693'-8809'
Barker Dome-Ismay Pool	8502'-8693"

(2) The following described non-standard gas spacing and proration units within the Barker Dome Field are hereby established:

Barker Dome-Paradox Pool

640-acre Spacing

Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
849-acres	Irregular Section 7: All Section 18: All
847-acres	Irregular Section 8: All Section 17: All
845-acres	Irregular Section 9: All Section 16: All
844-acres	Irregular Section 10: All Section 15: All
842-acres	Irregular Section 11: All Section 14: All

Township 32 North, Range 15 West, NMPM

851-acres	Irregular Section 12: All Section 13: All
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**Barker Dome Akah/Upper Barker Creek Pool
&
Barker Dome-Desert Creek Pool**
320-acre Spacing
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
529-acres	Irregular Section 7: All Section 18: N/2
527-acres	Irregular Section 8: All Section 17: N/2
525-acres	Irregular Section 9: All Section 16: N/2
524-acres	Irregular Section 10: all Section 15: N/2
522-acres	Irregular Section 11: All Section 14: N/2
Township 32 North, Range 15 West, NMPM	
531-acres	Irregular Section 12: All Section 13: N/2

Barker Dome-Ismay Pool

160-acre Spacing

Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
209-acres	Irregular Section 7: All
207-acres	Irregular Section 8: All
205-acres	Irregular Section 9: All
204-acres	Irregular Section 10: All
202-acres	Irregular Section 11: All

Township 32 North, Range 15 West, NMPM

211-acres	Irregular Section 12: All
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(3) The applicant is hereby authorized to drill two wells in each of the pools within the Barker Dome Field within each of the subject non-standard gas proration units established herein.

PROVIDED HOWEVER THAT the Division Director may require the applicant to furnish additional geologic, engineering or other pertinent data to justify the location (either orthodox or unorthodox) of the infill well in each of the subject non-standard spacing units in order to determine that the location of the infill well is adequate so as to effectively drain and develop the portion of the proration unit(s) not drained by the parent well.

(4) The portion of the application requesting the amendment of Order No. R-46-A to conform to BLM's field nomenclature and expansion of the horizontal boundaries of the pools within the Barker Dome Field, and to establish an administrative procedure for obtaining approval to drill wells at unorthodox locations within the non-standard gas proration units established herein is hereby dismissed.

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

CASE NO. 11089 (Reopened)
Order No. R-49-B
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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. 13544
ORDER NO. R-12444

APPLICATION OF XTO ENERGY, INC. TO AMEND THE SPECIAL RULES
AND REGULATIONS FOR THE UTE DOME-PARADOX GAS POOL, AND TO
EXPAND THE HORIZONTAL LIMITS OF THE POOL, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 25, 2005, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 17th day of October 2005 the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

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

(2) The Commission Order No. R-13, issued in Case No. 213 on March 15, 1950, initially created and defined the Ute Dome-Paradox Gas Pool. Division Order No. R-4292, issued on May 1, 1972, Order No. R-4690, issued on December 1, 1973, Order No. R-5772, issued on July 1, 1978, Order No. R-7046, issued on August 1, 1982, and order No. R-7420, issued on January 1, 1984, subsequently expanded the horizontal limits of this pool. The horizontal limits of this pool currently include the following described lands in San Juan County, New Mexico:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Sections 1-3:	All
Sections 8-11:	All.

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM

Section 19 All

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM

Sections 24-26 All

Sections 33-36 All

(3) By Order No. R-46 issued in Case No. 237 on December 29, 1950, the Commission promulgated Special Rules and regulations for the Ute Dome-Paradox Gas Pool, including one well per 640-acre gas spacing with the well to be located no closer than 1650 feet from the outer boundary of the spacing unit nor closer than 330 feet from the center of the spacing unit.

(4) XTO Energy, Inc. ("Applicant") now seeks to amend the above Rules and Regulations currently governing the Ute Dome-Paradox Gas Pool to provide:

- (a) the option to drill one well per quarter section within a standard 640-acre gas spacing unit; and
- (b) the relaxation of the setback requirements for wells, such that wells can be located no closer than (i) 660 feet to the outer boundary of a section line, (ii) 330 feet to an interior quarter section line, and (iii) 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) The Applicant also seeks to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Sections 4 and 12 of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(6) Jerry Simon, a Petroleum Engineer representing Ute Mountain Ute Tribe, appeared at the hearing in support of this application.

(7) The Applicant presented geological evidence that demonstrates that:

- (a) the Ute Dome-Paradox Gas Pool is approximately 1000 feet thick and consists of a sequence of carbonate rocks interspersed with shales;

(b) the type log ran in the pool indicated a very complex stratigraphic reservoir in the sense that porosity is highly variable and not uniformly distributed such that zones of porosity can show up in one well but absent in the adjacent well; and

(c) gas is being produced from spots throughout the 1000 feet thick reservoir, therefore additional wells are needed to develop this heterogeneous reservoir.

(8) The Applicant's engineering evidence demonstrates that:

(a) the Ute Dome-Paradox Gas Pool is a volumetric gas reservoir with negligible water production;

(b) the calculated recovery factor (RF) with one well per 640-acre spacing is forty-two (42%) percent;

(c) the recovery factor increases to sixty (60%) percent when two wells are allowed per 640-acre spacing unit;

(d) the anticipated recovery factor if four wells are allowed per 640-acre spacing unit is expected to be approximately ninety (90%) percent; and

(e) typical recovery factors for volumetric gas reservoirs range from 85 to 90 percent.

(9) The Applicant presented evidence that XTO Energy, Inc. owns leasehold interests in Sections 4 and 12 of Township 31 North, Range 14 West. The Applicant has drilled a well in Section 4 that is currently productive in the Ute Dome-Paradox Gas Pool, and is planning to drill another well in Section 12.

(10) The Applicant testified that its request to relax the setback requirements is largely due to cultural issues, topography, and convenience.

THE DIVISION FINDS THAT:

(11) The Applicant's geological and engineering evidence demonstrate that: (i) one well per 640 acres is insufficient to adequately deplete the remaining gas reserves underlying the Ute Dome-Paradox Gas Pool; and (ii) infill drilling with one well per quarter section within this pool should provide the operators the opportunity to recover additional gas reserves, which may otherwise not be recovered by the existing wells, thereby preventing waste.

(12) The proposed well setback requirements should allow for greater flexibility in locating infill gas wells

(13) Pursuant to the applicable Division rules, the applicant notified all operators and interest owners within the area affected by this application. However, no operator or interest owner appeared at the hearing in opposition to the application.

(14) Approval of the application is in the best interest of conservation, prevention of waste, and protection of correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of XTO Energy, Inc. to amend the "*Special Rules and Regulations for the Ute Dome-Paradox Gas Pool*," currently comprising Sections 1, 2, 3, 8 through 11, of Township 31 North, Range 14 West, Section 19 of Township 32 North, Range 13 West, and Sections 24, 25, 26, 33 through 36 of Township 32 North, Range 14 West, NMPM, Ute Dome-Paradox Gas Pool, San Juan County, New Mexico, is hereby approved to provide:

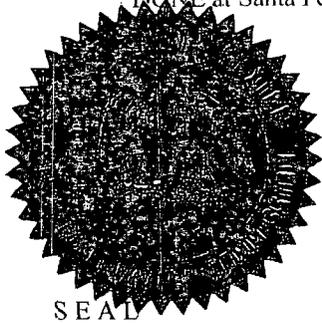
- (a) the option to drill one well per quarter section within a standard 640-acre gas spacing unit; and
- (b) the relaxation of the setback requirements for wells, such that wells shall be located no closer than (i) 660 feet to the outer boundary of a section line, (ii) 330 feet to an interior quarter section line, and (iii) 10 feet to any quarter-quarter section line or subdivision inner boundary.

(2) The horizontal limits of the Ute Dome-Paradox Gas Pool is hereby expanded to include all of Sections 4 and 12 of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) With the exception of Ordering Paragraph No. 1, all other provisions of Commission Order No. R-46 shall remain in full force and effect.

(4) 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, written over the printed name.

MARK E. FESMIRE, P. E.
Director

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. 13544
ORDER NO. R-12444-A

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EXPAND THE HORIZONTAL LIMITS OF THE POOL, SAN JUAN COUNTY,
NEW MEXICO.

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BY THE DIVISION:

It appearing to the New Mexico Oil Conservation Division ("Division") that Order No. R-12444, issued on October 17, 2005, does not correctly state the intended order of the Division.

IT IS THEREFORE ORDERED THAT:

(1) Finding Paragraph No. 2 on pages 1 and 2 of Order No. R-12444 is hereby amended to read in its entirety as follows:

(2) The Commission Order No. R-13, issued in Case No. 213 on March 15, 1950, initially created and defined the Ute Dome-Paradox Gas Pool. Division Order No. R-4292, issued on May 1, 1972, Order No. R-4690, issued on December 1, 1973, Order No. R-5772, issued on July 1, 1978, Order No. R-7046, issued on August 1, 1982, and Order No. R-7420, issued on January 1, 1984, subsequently expanded the horizontal limits of this pool. The horizontal limits of this pool currently include the following described lands in San Juan County, New Mexico:

TOWNSHIP 11 NORTH, RANGE 14 WEST, NMPM

Sections 1-3: All
Sections 8-11: All.

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM

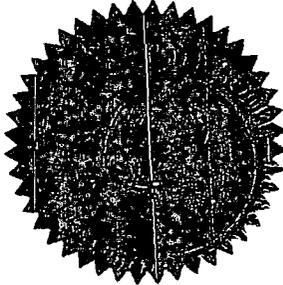
Section 19 All

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 24-26 All
Sections 33-36 All

(3) The corrections set forth in this order shall be entered retroactively as of October 17, 2005.

DONE at Santa Fe, New Mexico, on this 12th day of October, 2006.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

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

MARK E. FESMIRE, P. E.
Director