

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
COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO

CASE NO. 14526

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
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Farmington, NM 87501
Attn: Terry B. Simcoe
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ATTORNEY

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OTHER PARTIES

None has filed appearances

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

Burlington Resources Oil & Gas Company LP ("Burlington") pursuant to Section 70-2-17.C NMSA (1979), seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 2, T29N, R8W, NMPM, San Juan County, New Mexico, forming a standard 326.92-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 (i) State Com SRC Well No. 1B (API # 30-045-35038) to be drilled and completed at a standard surface well in Unit A with a bottom hole location in Unit B and downhole commingled wellbore for production from Dakota and Mesaverde formations and (ii) State Com SRC Well No. 1C (API # 30-045-35061) to be drilled and completed at a standard well location as a downhole commingled wellbore for production from Dakota and Mesaverde formations in Unit F of this section.

In addition, Burlington, pursuant to Section 70-2-17.E NMSA (1979), requests that the Division invoke the Division's authority to modify the terms of an existing Joint Operating Agreement, dated May 19, 1952 to the extent necessary to comply with the well density rules for the Blanco-Mesaverde Gas Pool. Order R-10987-A(1), effective December 2, 2002, and for the Basin-Dakota Gas Pool. Order R-10981-B(1), effective January 29, 2002. Section 70-2-17.E NMSA(1979) provides that:

"Whenever it appears that the owners in any pool have agreed upon a plan for the spacing of wells, or upon a plan or method of distribution of any allowable fixed by the division for the pool, or upon any other plan for the development or operation of such pool, which plan, in the judgment of the division, has the effect of preventing waste as prohibited by this act and is fair to the royalty owners in such pool, then such plan shall be adopted by the division with respect to such pool; however, the division, upon hearing and after notice, may subsequently modify any such plan to the extent necessary to prevent waste as prohibited by this act."

Also to be considered will be the costs of drilling and completing said wells and the adoption provisions for the allocation of the costs and subsequent operations as well as actual operating costs and charges for supervision, designation of applicant as the operator of the wells and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in these wells.

Burlington despite reasonable effort has been unable to obtain the voluntary agreement of all the interest owners in this spacing unit. Pursuant to Sections 70-2-17.C and 70-2-17.E 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

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EST. EXHIBITS

Terry B. Simcoe, petroleum landman

@ 45-60-min.

@ 8-12

PROCEDURAL MATTERS

None

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CERTIFICATION OF SERVICE

I hereby certify that a copy of this pleading was served upon the following counsel of record this 12th day of August 2010, by email

David K. Brooks, Esq.
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W. Thomas Kellahin