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December 20, 2010

**HAND DELIVERED**

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

*Case 14589*

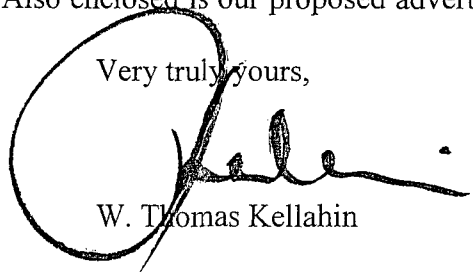
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Re:  
IN THE MATTER OF THE APPLICATION OF  
BURLINGTON RESOURCES OIL & GAS COMPANY, L.P.  
TO VOID DIVISION ORDER R-8993 INCLUDING  
AUTHORITY TO FILE AMENDED ACREAGE,  
DEDICATION PLATS "C-102s" FOR CERTAIN FRUITLAND  
COAL GAS WELLBORES WITHIN SECTION 7 AND 8 OF  
TOWNSHIP 32 NORTH RANGE 6 WEST, ALL WITHIN  
THE ALLISON UNIT, SAN JUAN COUNTY, NEW MEXICO

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 January 20, 2011. 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: Chuck Creekmore

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

IN THE MATTER OF THE APPLICATION OF  
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CASE NO. 14589

APPLICATION

Application of Burlington Resources Oil & Gas Company L.P. ("Burlington") by its attorneys, Kellahin & Kellahin, seeks an order voiding Division Order R-8993 including amended acreage dedication plats, "C-102s", for certain wells in the Basin-Fruitland Coal Gas Pool within Section 7 and 8 Township 32 North Range 6 West, all within the Allison Unit, San Juan County, New Mexico; and in support states:

- (1) Burlington is the current operator of the Allison Unit that includes, among other acreage, all of Sections 7 and 8, T32N, R6W, San Juan County, New Mexico. **See locator Map attached as Exhibit "A".**
- (2) The Allison Unit is a "fixed interest unit" in which the working interest and royalty interest are not calculated on a lease basis. Thus Burlington's requested voiding of Order R-8993 and the changes to the configuration of these spacing units will not result in a change of gross or net interest for any interest owner.
- (3) By Order R-8993, dated August 31, 1989, the Division at the request of Meridian Oil, Inc., the operator of the Allison Unit at that time, approved a 308.75-acre non-standard spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the SW/4NW/4 of Section 8 and Lots 1 through 5, the SE/4NW/4 and the S/2NE/4 of Section 7, both in T32N, R6W to be dedicated to the Allison Unit Well #133 (API#30-045-27154). **See original C-102 for the Allison Unit Well #133 attached as Exhibit "B."**

Burlington Resources Oil & Gas Company, L.P.

NMOCD Application

-Page 1-

- (4) Then some six days later, on September 6, 1989 and again on October 4, 1989, the Division held an Examiner's hearing involving a spacing unit orientation dispute in the Basin-Fruitland Coal-Gas Pool between Meridian Oil, Inc. and Richmond Petroleum Inc. that had resulted in four compulsory pooling cases 9744, 9745, 9746 and 9750.
- (5) In these cases, Meridian sought the pooling for its Allison Unit Well #135 to be drilled in the SW/4 of Section 9 and dedicated to a 317.51-acre non-standard gas spacing and proration unit ("NSL") consisting of Lots 1 and 2, the SE/4NE/4 and the E/2SE/4 of Section 8 and the SW/4 of Section 9, T32N, R6W. **See locator map attached as Exhibit "C".**
- (6) The proposed 317.51-acre NSP for the Allison Unit Well #135 along with the original 308.75-acre NSP for the Allison Unit Well #133 were intended to resolve the acreage dedication problem within Section 8 caused by the irregular township along the New Mexico boundary with Colorado.
- (7) The pooling dispute between Meridian and Richmond was settled with the parties agreeing that the Fruitland Coal-gas wells' spacing units in Section 9 would be oriented W/2, operated by Meridian, and E/2, operated by Richmond.
- (8) In approving this settlement, the Division issued Order R-9014, dated October 10, 1989, in Case 9750 pooling the W/2 equivalent of Section 9 to form a 278.2-acre standard gas spacing and proration unit to be dedicated to Meridian's Allison Unit Well #135.
- (9) Based upon Order R-9014, Meridian then commenced to dedicate new wells drilled in the Basin-Fruitland Coal-Gas Pool to stand-up spacing units in Section 7 and 8 being the W/2 or E/2 equivalent of those two sections. If Meridian had not changed the acreage dedication for the Allison Unit Well #134 from the SW/4, W/2 SE/4, SW/4 NE/4, SE/4 NW/4 and Lots 2-3 of Section 8 to the W/2 of Section 8, then the E/2 E/2 of Section 8 would have been stranded. **See locator map attached as Exhibit "D".** Changing the acreage dedication for the Allison Unit Well #134 required the dedication for the Allison Unit Well #133 be changed as well, since the original dedication overlapped the revised dedication for the Allison Unit Well #134. **See locator map attached as Exhibit "E".**

- (10) For more than 22 years, Meridian and now Burlington, as operators of the Allison Unit, have been approved to and have drilled five wells using these standup spacing units as follows:

**List wells, spacing units and API numbers**

**E/2 of Section 7:**

- (a) Well No. 133 (API #30-045-27154)
- (b) Well No. 133(H) - lateral re-entry (API # 30-045-27154)
- (c) Well No. 133S (API # 30-045-33235)

**W/2 Section 7:**

- (a) Well No. 145 (API # 30-045-29363)
- (b) Well No. 145(H) – pending lateral re-entry (API # 30-045-29363)
- (c) Well No. 145S – cancelled in lieu of 145H (or lateral re-entry)
- (d) Well No. 149(H) – pending lateral re-entry. Surface location only; producing portion of lateral is in Colorado.

**E/2 Section 8:**

- (a) Well No. 150 (API #30-045-30154)
- (b) Well No. 150(H) – lateral re-entry (API #30-045-30154)

**W/2 Section 8:**

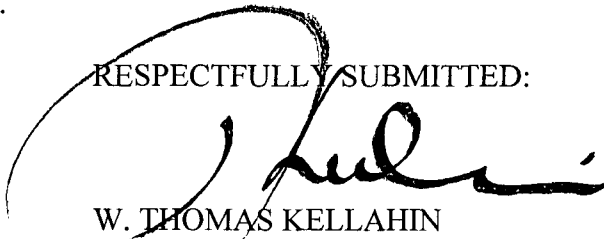
- (a) Well No. 134 (API #30-045-27186)
- (b) Well No. 134S (API #30-045-33236)

- (11) Included among these wells is the Allison Unit Com Well #150 (API #30-045-30154) approved by Division Administrative Order NSL-4460, dated May 26, 2000, authorizing an unorthodox well location but including this language: “(E/2 equivalent) of Section 8 is to be dedicated to this well in order to form a standard 277.51 acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.”
- (12) As a result of its attempt to permit its Allison Unit Well #145-Lateral a horizontal wellbore for the W/2 of Section 7, there is an apparent conflict in partially overlapping acreage dedications for the Allison Unit Well #133 as approved by Order R-8993 and with the Allison Unit Well #133-Lateral (C-102, dated 7/24/2009)
- (13) After extensive search of Division and Allison Unit records, Burlington has not been able to find a Division order that amended Order R-8993 being the original NSP for the Allison Unit Well #133. However, there is a C-102 dated 9/30/1989, which was submitted and accepted by the NMOCD, with a notation that states, “Reissued to show revised dedication” on its face.

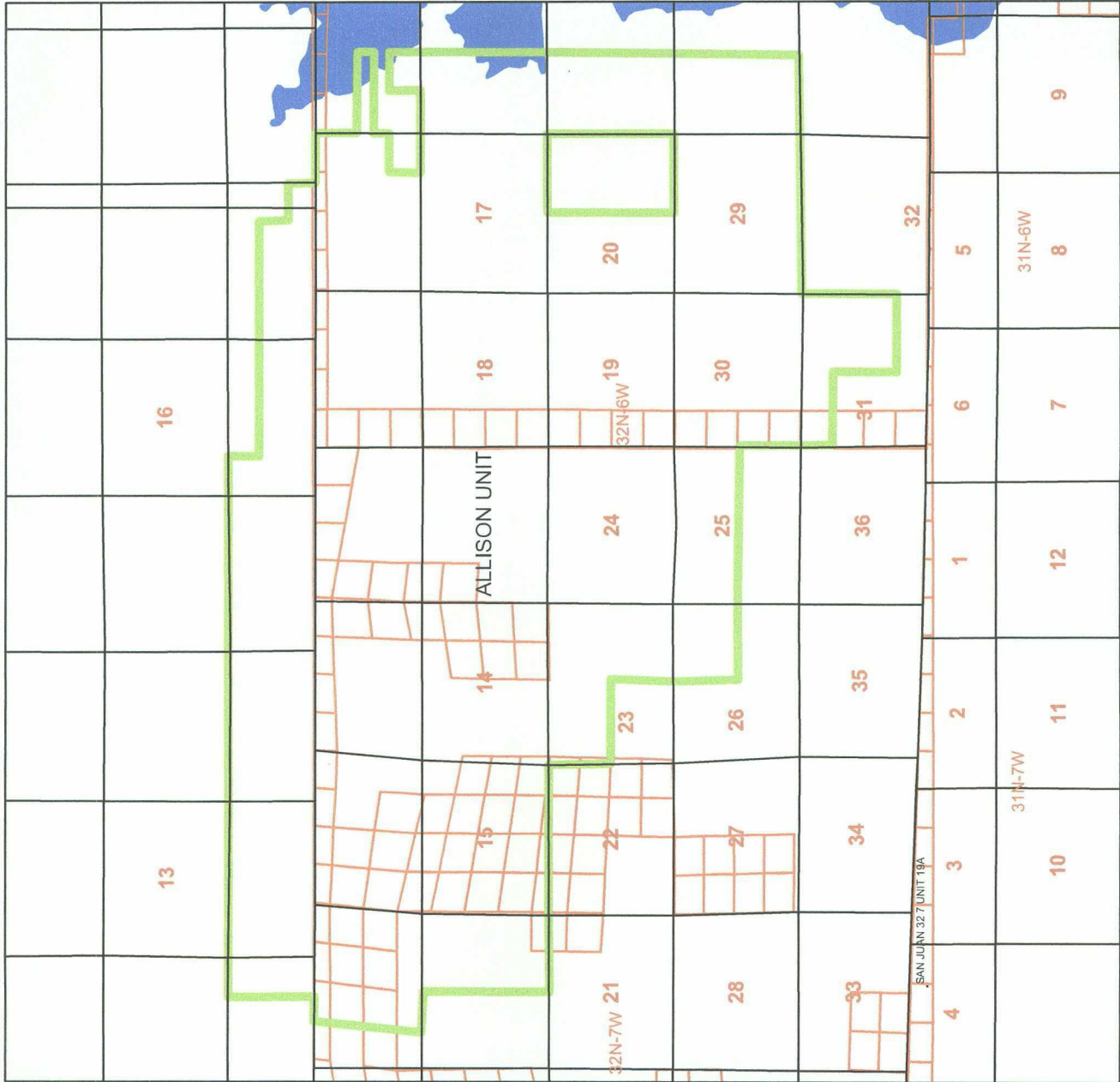
- (14) In order to solve this apparent conflict in dedications between the Allison Unit Well #133 / #133-Lateral (both API #30-045-27154) and all other FC wellbores in Section 7 and 8, Burlington seeks an order voiding Order R-8993.
- (15) In addition, Burlington seeks authority to file amended C-102s for the following wellbores and the dedication spacing units:
- i. Allison Unit Well #133(H) Lateral – Lots 1-2, S/2 NE/4, SE/4 Section 7. **See plat attached as Exhibit “F”.**
  - ii. Allison Unit Well #133S – Lots 1-2, S/2 NE/4, SE/4 Section 7. **See plat attached as Exhibit “G”.**
  - iii. Allison Unit Well #145(H) Lateral – Lots 3-7, SE/4 NW/4, E/2 SW/4 Section 7. **See plat attached as Exhibit “H”.**
- (16) Approval of this application will not impair the correlative rights of any other interest owner in these Fruitland Coal-Gas well and spacing units.
- (17) Because of fixed interest ownership within the Allison Unit notification is not required.
- (18) Approval of this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Burlington Resources Oil & Gas Company, L.P. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 6, 2011 and after notice and hearing as required by law, the Division enter its order granting this application.

RESPECTFULLY SUBMITTED:



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



# Legend

- Allison Unit
- New Mexico Lots

0 1,500 3,000 4,500 6,000 7,500 9,000 10,500 12,000 Feet

1" equals 6,532'

1:78,387

GCS North American 1927



Project File:	1980
Compiled by:	1980
Author:	1980

## Exhibit "A" Allison Unit Locator Map

ConocoPhillips

## Exhibit "B"

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

All distances must be from the outer boundaries of the Section.

Revised 10-1-88  
*Location*

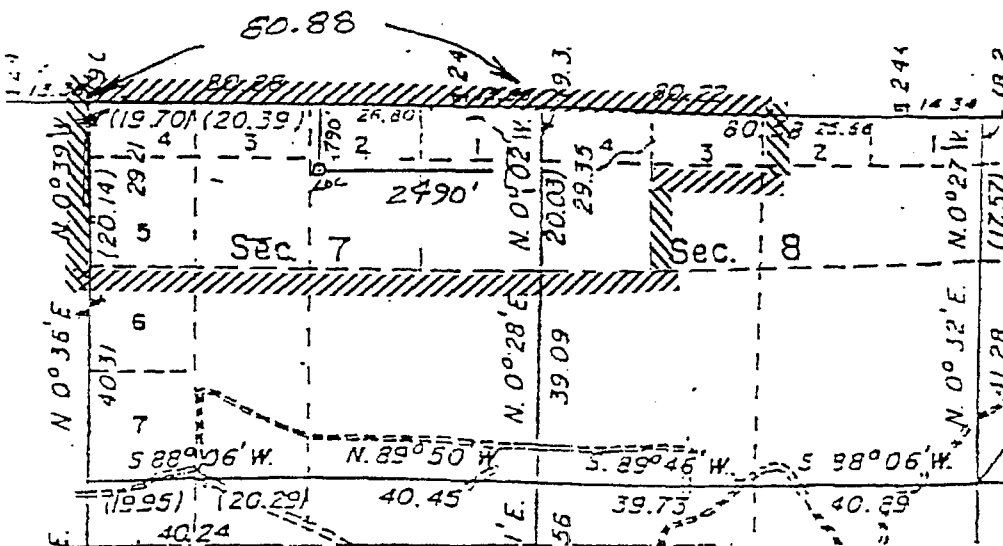
Operator Meridian Oil Inc.		Lease Allison Unit (Fee)		Well No. 133
Unit Letter G	Section 7	Township 32 North	Range 6 West	County San Juan
Actual Footage Location of Wells 790 feet from the North line and 2490 feet from the East line				
Ground Level Elev. 6246	Producing Formation Fruitland Coal	Pool Basin	Dedicated Acreage 308.78	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division. Reissued to show moved location



## CERTIFICATION

I hereby certify that the information furnished herein is true and complete to the best of my knowledge and belief.

*[Signature]*  
Name

Regulatory Affairs

Position  
Meridian Oil Inc.

Company  
12-23-88

Date

*[Signature]*  
I hereby certify that the information shown on this plat was prepared from notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
12/21/88

Registered Professional Engineer and/or Land Surveyor

*Neale C. Edwards*  
Certificate No.

133

# Legend

- Allison Unit Fruitland Coal Wells
- New Mexico Lots

## Original Spacing Units

### Well\_Name

- Allison Unit 133
- Allison Unit 135
- Allison Unit 134



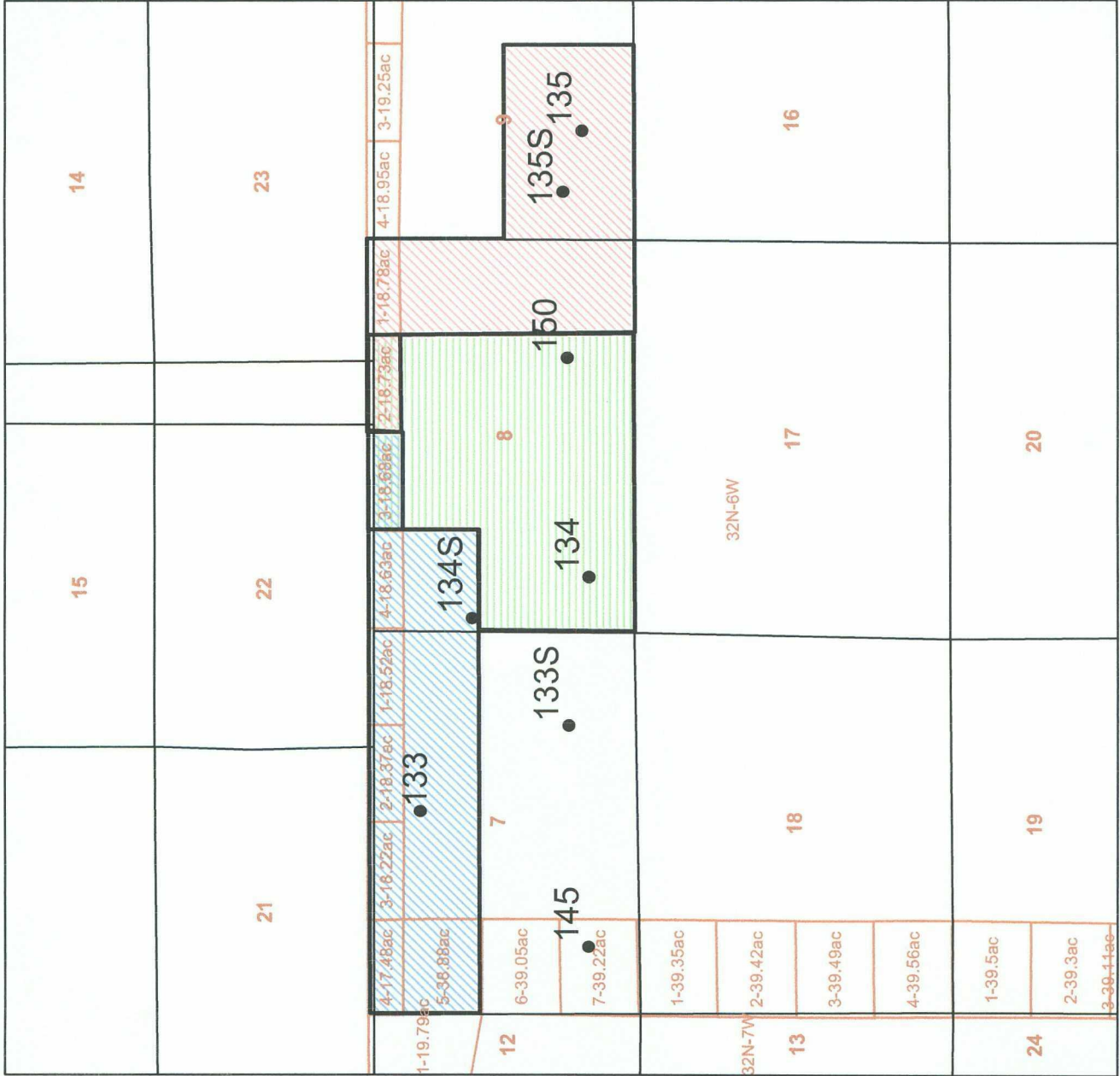
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GCS North American 1927



ConocoPhillips

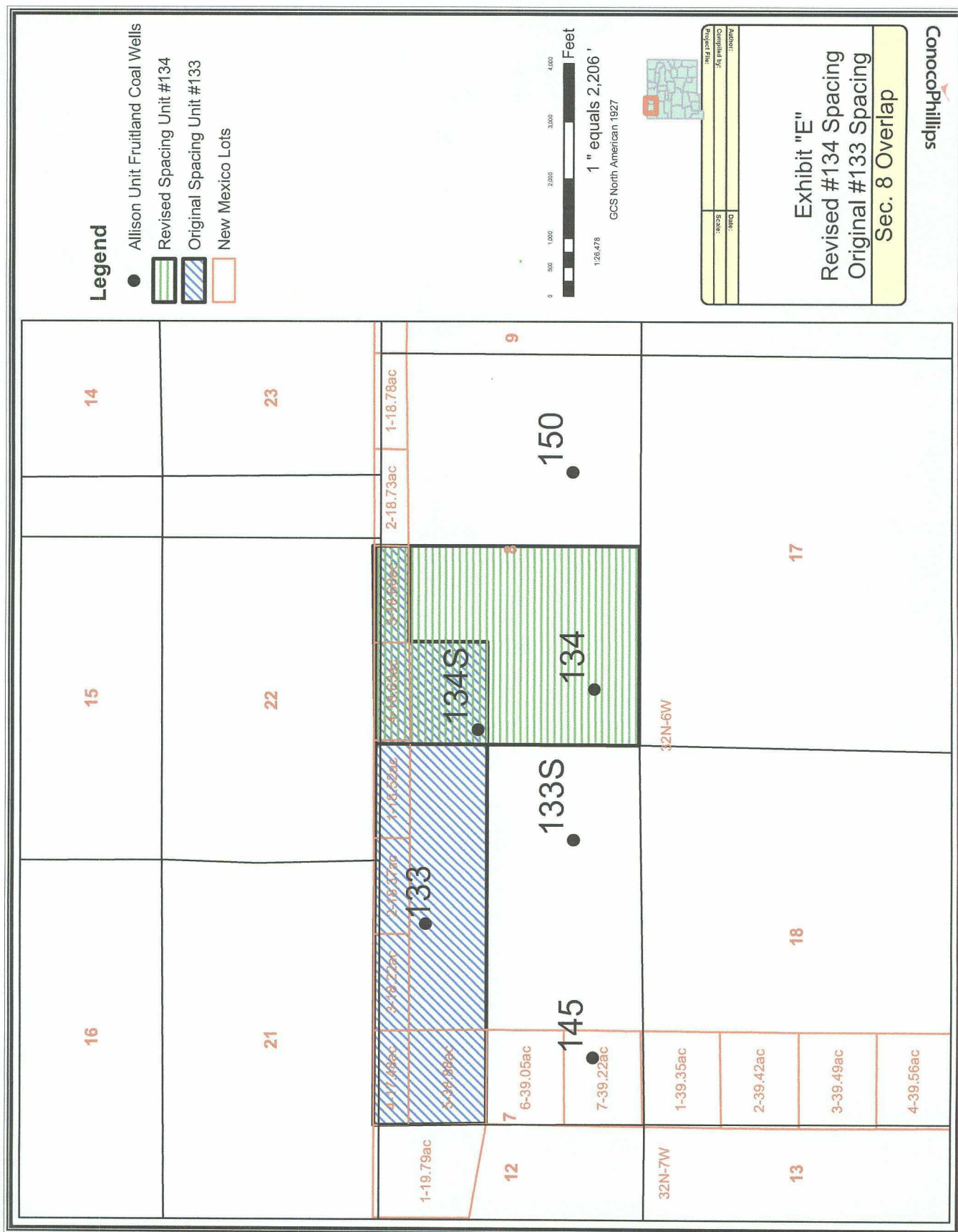
Exhibit "C"  
Original Spacing Units  
Allison Unit 133, 134, 135

Author:	Date:
Compiled by:	Scale:
Project File:	









**CASE 14589** Application of Burlington Resources Oil & Gas Company LP requesting an order voiding Division Order R-8993 including amended acreage dedication plats, "C-102s", for certain wells in the Basin- Fruitland Coal Gas Pool within Section 7 and 8 Township 32 North Range 6 West, NMPM, all within the Allison Unit, San Juan County, New Mexico. Applicant seeks an order to solve a conflict in dedications between the Allison Unit Well #133 / #133-Lateral (both API #30-045-27154) and all other FC wellbores in Section 7 and 8, by voiding Order R-8993. In addition, Burlington seeks authority to file amended C-102s for the following wellbores and the dedication spacing units:

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- ii. Allison Unit Well #133S – Lots 1-2, S/2 NE/4, SE/4 Section 7.
- iii. Allison Unit Well #145(H) Lateral – Lots 3-7, SE/4 NW/4, E/2 SW/4 Section 7.

These wells are located approximately 6 miles southeast of the point where New Mexico state highway # 511 crosses into the state of Colorado. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**