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W. THOMAS KELLAHIN*

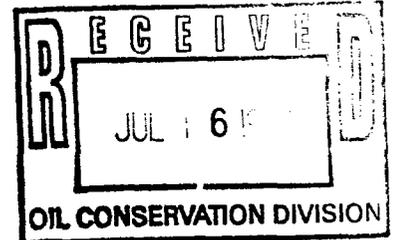
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

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July 16, 1996

HAND DELIVERED



Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

11589

**Re: Newsom B Well No. 500
E/2 Section 7, T26N, R8W, NMPM
Application of Burlington Resources Oil & Gas Company
for Compulsory Pooling, San Juan County, New Mexico**

Dear Mr. LeMay:

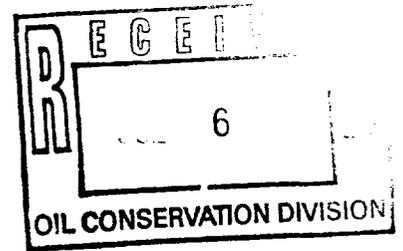
On behalf of Burlington Resources Oil & Gas Company, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for August 8, 1996. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in dark ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive.

W. Thomas Kellahin

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

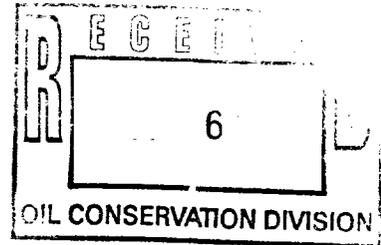


PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 11589: Application of Burlington Resources Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 7, T26N, R8W, NMPM, San Juan County, New Mexico, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Newsom B Well No. 500 which is to be drilled at a standard well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing, and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and competing said well and the designation of applicant as the operator of the well. Said well is located approximately 10-1/2 miles northeast of the Blanco Trading Post, San Juan County, New Mexico.

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

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



CASE NO. 11589

APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY (formerly Meridian Oil Inc.), by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 7, T26N, R8W, NMPM, San Juan County, New Mexico, forming standard 320-acre spacing and proration unit. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Newsom B Well No. 500 which is to be drilled at a standard coal-gas well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing, and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for the risk involved in drilling and completing and the designation of applicant as the operator of the well.

In support of its application, Burlington Resources Oil & Gas Company ("Burlington") states:

1. Burlington is a working interest owner in the E/2 of Section 7, T26N, R8W, NMPM, San Juan County, New Mexico.

2. Conoco Inc. ("Conoco") is a working interest owner in the E/2 of said Section 7.

3. On March 5, 1996, Burlington's predecessor, Meridian, formally proposed to Conoco the voluntary formation of a 320-acre spacing unit consisting of the E/2 of said Section 7 to be dedicate to the Newsom Well No. 500 to be drilled in the NE/4 of said Section at a standard coal gas well location to test for potential production from the Basin Fruitland Coal Gas Pool.

4. Burlington has been unable to persuade Conoco to sign Burlington's propose agreement to join in this well.

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of past and future production from the subject well and this spacing unit, Burlington needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent as shown on Exhibit "A" attached.

7. Burlington requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for August 8, 1996.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on August 8, 1996 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the drilling, completing and operating the subject well at a standard gas well location upon terms and conditions which include:

- (1) Burlington Resources Oil & Gas Company be named operator;
- (2) provisions for each working interest owner to participate in any Basin Fruitland Coal Gas Pool production by reimbursing the applicant for the costs of drilling, completing, equipping and operating said well;

- (3) In the event a working interest owner fails to elect to participate, then provisions be made to recover out of production, reimbursement to the applicant for the costs of drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates of \$474.13 per month drilling and \$4,063.77 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT "A"

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705

Attn: Jerry Hoover