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W. THOMAS KELLAHIN*

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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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August 26, 1996

HAND DELIVERED

RECEIVED

AUG 26 1996

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

Oil Conservation Division

11613

**Re: Checkmate 24 Federal Well No. 1
NW/4SE/4 Section 24, T22S, R32E, NMPM
Application of Burlington Resources Oil & Gas Company
for Compulsory Pooling, Lea 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 September 19, 1996. 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
Attn: Leslyn Swierc

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

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AUG 26 1996

IN THE MATTER OF THE APPLICATION
OF BURLINGTON RESOURCES OIL & GAS COMPANY Oil Conservation Division
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 11613

A P P L I C A T I O N

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 from the surface to the base of the Bone Spring formation underlying the NW/4SE/4 of Section 24, T22S, R32E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal Well No. 1 which is to be drilled at a standard oil 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 NW/4SE/4 of Section 24, T22S, R32E, NMPM, Lea County, New Mexico.

2. In April 1995, Burlington's predecessor, Meridian, formally proposed to the other working interest owners the voluntary formation of a 40-acre oil spacing unit consisting of the NW/4SE/4 of said Section 24 to be dedicated to the Checkmate 24 Federal Well No. 1 to be drilled at a standard oil well location to test for potential production from the surface to the base of the Bone Spring formation.

3. From April, 1995 to August 14, 1996, Burlington had numerous discussions with the working interest owners concerning the subject well.

4. On August 14, 1996, Burlington again proposed the subject well to these interest owners and requested their voluntary joinder in this well within 30-day of their receipt of this proposal.

5. However, as of August 23, 1996, Burlington had been advised that certain of these working interest owners will not voluntarily agree to Burlington's proposal.

6. Burlington has been unable to persuade those parties listed on Exhibit "A" attached hereto to sign Burlington's proposed agreement to join in this well.

7. 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.

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

9. Burlington requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for September 19, 1996.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on September 19, 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 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 \$5,000.00 per month drilling and \$500.00 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"

Frederick H. Prince, IV
816 Connecticut Ave. NW
Washington, DC 20006

C. W. Trainer and Jackie Trainer
500 West Texas, Suite 710
Midland, Texas 79701

Ann Ransome Losee
4733 Galleta Rd., NW
Albuquerque, New Mexico 87120

Elizabeth Losee
20 First Plaza, Suite 213
Albuquerque, New Mexico 87120

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Oil Conservation Division

PROPOSED ADVERTISEMENT FOR NMOC D DOCKET

CASE 11613: Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4SE/4 of Section 24, T22S, R32E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal No. 1 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 13-1/2 miles southeast of intersection of State Highway 176 and U.S Highway 180, Lea County, New Mexico.