

**BURLINGTON RESOURCES  
OIL & GAS COMPANY**

**CASE # 11809**

**JULY 10, 1997**

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

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

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

June 17, 1997

TO:

**ALL INTERESTED PARTIES ENTITLED TO NOTICE  
OF THE HEARING OF THE FOLLOWING NEW MEXICO  
OIL CONSERVATION DIVISION CASE:**

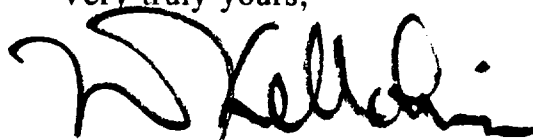
*Re: Application of Burlington Resources Oil & Gas Company  
for Compulsory Pooling, an unorthodox gas well location  
and a 639.78-acre non-standard gas proration and spacing unit,  
San Juan County, New Mexico*

On behalf of Burlington Resources Oil & Gas Company (formerly Meridian Oil Inc.), please find enclosed our application for compulsory pooling for its proposed Marcotte Well No. 2 to be located at an unorthodox gas well location 935 feet FEL and 1540 feet FSL (Unit I) Section 8, T31N, R10W, NMPM, and to be dedicated to all of Irregular Section 8, which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for July 10, 1997. The hearing will be held at the Division hearing room located at 2040 S. Pacheco, 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 4:00 PM on Friday, July 4 1997, with a copy delivered to the undersigned. Please direct any questions to James Strickler (505) 326-9700.

Very truly yours,



W. Thomas Kellahin

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

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

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W. THOMAS KELLAHIN\*

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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

June 11, 1997

**HAND DELIVERED**

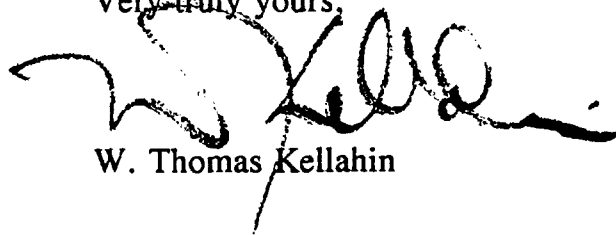
Mr. William J. LeMay, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

**Re: Marcotte Well No. 2  
all of Section 8, T31N, R10W, NMPM  
Application of Burlington Resources Oil & Gas Company  
for Compulsory Pooling, an unorthodox gas well location  
and a non-standard gas proration and spacing unit,  
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 July 10, 1997. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

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

## PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

**CASE \_\_\_\_:** Application of Burlington Resources Oil & Gas Company for compulsory pooling, an unorthodox gas well location and a non-standard proration and spacing unit, San Juan County, New Mexico. Applicant seeks an order pooling all mineral owners, including working interest, royalty interests and overriding royalty interests below the base of the Dakota formation (base of the Cretaceous aged formation) to the top of the Pre-Cambrian aged formation underlying all of Irregular Section 8, T31N, R10W, NMPM, San Juan County, New Mexico, forming a non-standard 639.78-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Applicant seeks to be designated as the operator of the well. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Marcotte Well No. 2 which is to be drilled at an unorthodox gas well location 935 feet from the east line and 1540 feet from the south line, Unit I of said Section 8. Said well is located approximately 2-1/2 miles southeast of Cedar Hills, 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, AN  
UNORTHODOX GAS WELL LOCATION AND A  
NON-STANDARD PRORATION AND SPACING UNIT,  
SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**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 owners including working interest, royalty interests and overriding royalty interests from the base of the Dakota formation to the base of the Pre-Cambrian aged formation underlying all of Irregular Section 8, T31N, R10W, NMPM, San Juan County, New Mexico, forming a non-standard 639.78-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Applicant seeks to be designated as the operator of the well. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Marcotte Well No. 2 which is to be drilled at an unorthodox gas well location 935 feet from the east line and 1540 feet from the south line (Unit I) of said Section 8.

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

1. On June 5, 1997, the New Mexico Oil Conservation Commission entered Order R-10815 which:

(a) established gas spacing units consisting of 640-acres for gas production **below** the base of the Dakota formation ("deep gas") for the San Juan Basin (OCD Case 11745); and

(b) provided within the surface outcrop of the Pictured Cliffs formation for standard well locations not closer than 1200 feet to the outer boundary, 130 to any quarter section line nor closer than 10 feet to any quarter-quarter section line.

2. Burlington, is the proposed operator for a "deep gas" well in Irregular Section 8, T31N, R10W, NMPM, San Juan County, New Mexico.

3. Burlington has attempted to consolidate on a voluntary basis all of the oil and gas working interests ("operating rights") within said Section 8 as a possible deep gas 640-acre spacing unit on which Burlington, as operator, intends to locate and drill the Marcotte Well No. 2 to the top of the pre-cambrian aged formation and to dedicate any production from the base of the Dakota formation to the base of the Pre-Cambrian aged formation to a non-standard 639.78-acre gas spacing and proration unit consisting of all of said Section 8. See Exhibit "A" attached.

4. Within said Section 8, Burlington has obtained the voluntarily agreement of 87.5995% of the working interest owners will participate on a voluntary basis with Burlington. See Exhibit "B" attached.

5. If Burlington is able to complete a well capable of production, then Burlington intends to distribute the proceeds from production based upon each interest owner's proportionate share of acreage within the 639.78-acre unit.

6. Despite its good faith efforts, Burlington has not been able to obtain the voluntary agreement of certain mineral owners as indicated on Exhibit "B".

7. In addition, based upon preliminary title examination, it appears that Amoco and its partners may be the lessee of certain leases in this section which are subject to royalty or overriding royalty interests owned by the parties listed on Exhibit "C" attached which contain pooling provisions limiting the size of spacing units to less than 640-acres.

8. Because such a provision is inconsistent with 640-acre gas spacing, Burlington has attempted to notify these royalty and overriding royalty interest owners and has requested that they voluntarily participate based upon proportionately sharing on a 639.78-acre spacing unit basis.

9. Burlington has been unable to obtain the voluntarily agreement of all said mineral owners, including certain working interest, royalty and overriding royalty interest owners and therefore requests that the Division enter a compulsory pooling order pooling all said mineral interests so that proceeds can be paid based upon the percentage of each lease's acreage contained in that 640-acre spacing unit.

10. The non-standard 639.78 acre gas proration and spacing unit is necessary because Section 8 contains less than the standard 640 acres as a result of governmental survey.

11. The unorthodox well location is necessary because of geologic reasons and topographic limitations.

12. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of 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.

13. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties to be pooled as shown on Exhibit "B" and Exhibit "C".

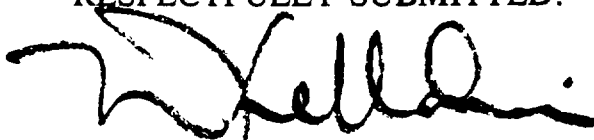
14. Burlington requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for July 10, 1997.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on July 10, 1997 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 interests described in this spacing unit for the drilling, completing and operating the subject well at a non-standard gas well location and a non-standard proration and spacing unit upon terms and conditions which include:

- (1) Burlington Resources Oil & Gas Company be named operator;
- (2) provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) in the event a working interest owner fails to elect to participate, then provision be made to recover out of production the costs of the drilling, completing, equipping and operating the well including a risk factor penalty of 200 %
- (4) provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS.
- (5) provisions allowing each royalty interest owner to participate in any production from the Marcotte Well No. 2 by voluntarily committing that interest to this 639.78-acre gas spacing unit.

- (6) in the event a royalty or overriding royalty interest owner fails to elect to participate, then provisions declaring said interest pooled so that proceeds can be paid based upon the percentage of each lease's acreage contained in the 639.78-acre spacing unit.
- (7) for approval of an unorthodox gas well location and a non-standard gas proration and spacing unit.
- (8) for such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

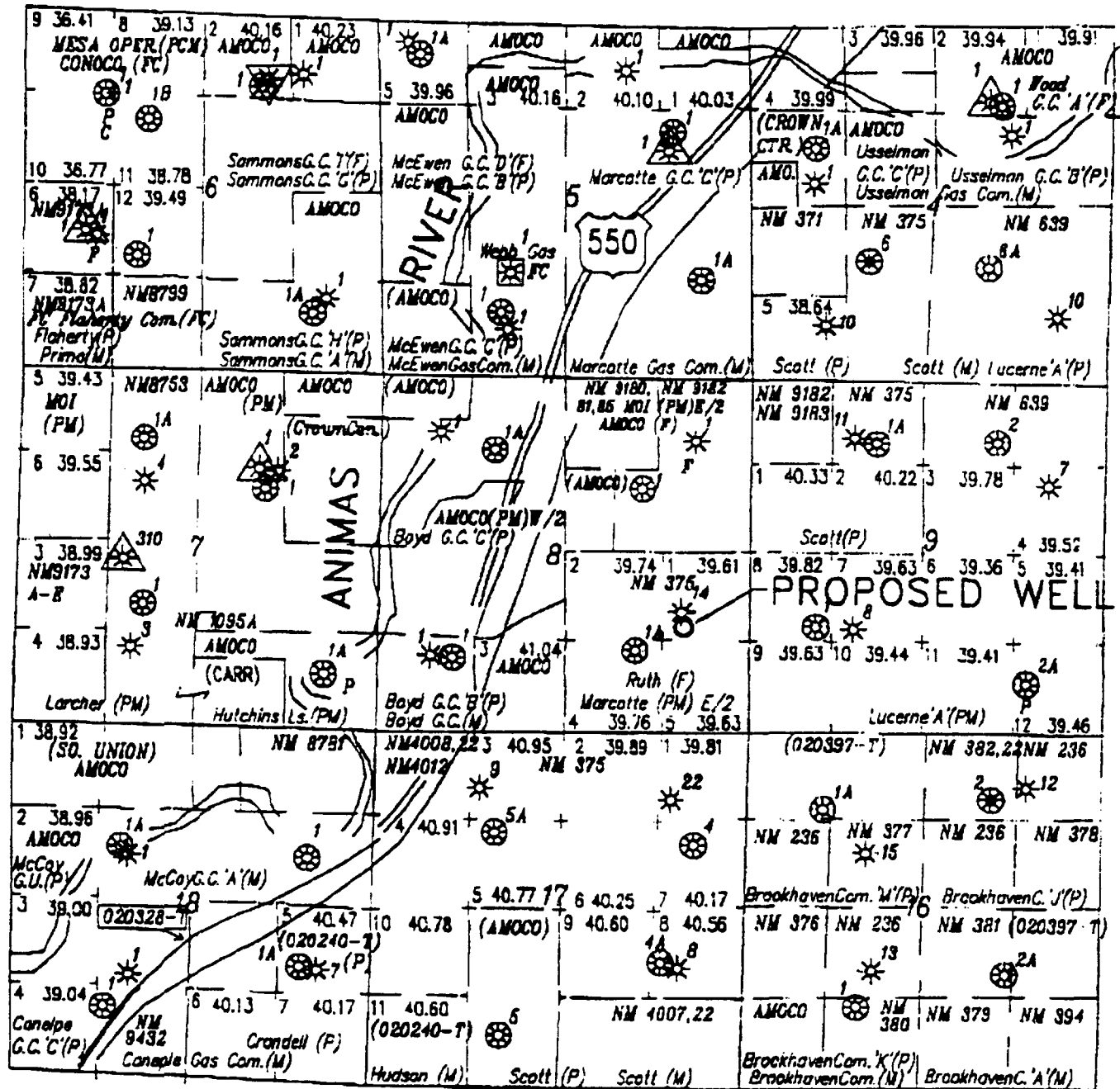
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.







W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87504



# Marcotte # 2 Well

935' FEL, 1540' FSL "Sec. 8, T31N, R10W



	FRUITLAND SAND		MESAVERDE
	FRUITLAND COAL		DAKOTA
	PICTURED CLIFFS		GALLUP

**EXHIBIT**

A

Attached to and made a part of that certain Operating Agreement dated April 1, 1997, by and between BURLINGTON RESOURCES OIL & GAS COMPANY, as Operator, and as Non-Operators.

I. LANDS SUBJECT TO OPERATING AGREEMENT:

Township 31 North, Range 10 West  
Section 8: Lots 1, 2, 3, 4, 5, N/2, NE/4 SW/4, W/2 SW/4 (ALL)  
San Juan County, New Mexico  
containing 639.78 acres, more or less

II. RESTRICTIONS, IF ANY, AS TO DEPTHS OR FORMATIONS:

Limited to all depths below the Dakota formation.

III. ADDRESSES AND WORKING PERCENTAGE INTERESTS OF PARTIES TO THIS AGREEMENT:

Burlington Resources Oil & Gas Company  
c/o Land Department  
P.O. Box 4289  
Farmington, New Mexico 87499  
Main # 505-326-9700  
Fax # 505-326-9781

OPERATOR  
9.310450%

NON-OPERATORS

Working Interest Owners

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500

GW1  
9.310450%

PARTICIPATE/  
FARMOUT  
YES

Amoco Production Company  
P.O. Box 800  
Denver, CO 80201

68.073400%

YES

Total Minatome Corp.  
2 Houston Center, Suite 2000  
909 Fannin  
P.O. Box 4326  
Houston, TX 77210-4326

4.652200%

NO

Cross Timbers Oil Co., LP  
810 Houston Street, Suite 2000  
Fort Worth, TX 76102

3.374700%

YES

Lee Wayne Mmore and JoAnn Montgomery  
Moore, Trustees  
403 N. Marienfield  
Midland, TX 79701

2.251700%

NO

George William Umbach 2620 S. Maryland Pkwy. #496 Las Vegas, NV 89109	1.416600%	YES
Robert Warren Umbach P.O. Box 5310 Farmington, NM 87499	1.416600%	YES
Lowell White Family Trust c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-0500	.048460%	YES
Walter A. Steele c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-6900	.048460%	YES
Estate of G. W. Hannett c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-6900	.040380%	YES
T. G. Cornish c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-6900	.032300%	YES
Patricia Hueter c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-6900	.008100%	YES
Mary Emily Voller c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-6900	.008100%	YES
A. T. Hannett c/o Sunwest Bank of Albuquerque, N.A. Attn: Catherine Rugen P.O. Box 26900 Albuquerque, NM 87125-6900	<u>.008100%</u>	YES
<b>TOTAL</b>	<b>100.000000%</b>	

GLA

GLA

GLA

Lynea Slazyk  
2960 Marsann Lane  
Dallas, TX 75234

Edith Irene Blair  
4622 Seminole Avenue  
San Diego, CA 92115



Lena E. Farris, Trustee  
250 East Alameda, Apt. 539  
Santa Fe, NM 87501

Kenyon Family Trust  
c/o William Kenyon  
4447 Vista del Tierra  
Del Mar, CA 92014

Wright G. McEwen and  
Velma McEwen, Trustees  
w/t/a 4-12-93  
2232 Highway 550  
Aztec, NM 87410

A. Janelle Osborne  
5945 Norsak Court  
La Mesa, CA 91942

Bankers Trust Company, as Trustees on  
behalf of American Housing Trustees  
c/o Clyde E. Smith  
2252 Highway 550  
Aztec, NM 87410

Lucille T. Fleming, Trustee of the 1986  
Fleming Revocable Trust  
19 Glorietta Court  
Orinda, CA 94563

Katharyn A. Reiser  
1300 Riviera Drive  
Idaho Falls, ID 83404

Wade R. Fleming  
4319 North 5500 East  
Idaho Falls, ID 83401

Frankie S. Carruthers, Trustee of the  
Frankie S. Carruthers Trust  
897 CR 2900  
Aztec, NM 87410

Willard Grant Hottell  
8508 CR 52i  
Bayfield, CO 81122

Emma Jean Claunch  
727 East Baja Drive  
Hobbs, NM 88240

Jacob Eugene Hottell  
83 CR 3004  
Aztec, NM 87410

Mary E. Smith  
RR 2 Lepetich Road  
Quesnel, BC, Canada and/or  
1300 Oakwood  
Bloomfield, NM 87413

Mary Maude Harris  
15 CR 2470  
Aztec, NM 87410

Virginia R. Hadden and  
Huedell Hadden  
17 CR 2470  
Aztec, NM 87410

Harold Pepin and  
Beverly Pepin  
PO Box 1002  
Aztec, NM 87410

Lloyd Coberly and  
Oneida Coberly  
PO Box 372  
Aztec, NM 87410

Clarence Don Keenom and  
Elizabeth Jo Keenom  
2179 Highway 550  
Aztec, NM 87410

Tina Melissa Giles  
2183 Highway 550  
Aztec, NM 87410

Ruby Pauline Boyd  
Durango Highway  
Aztec, NM 87410

F.P. Crum and  
Lois G. Crum, Trustees  
PO Box 400  
Aztec, NM 87410

Church of the Nazarene  
6401 the Paseo  
Kansas City, MO 64131

Estate of Frank J. Welk  
c/o Edward O. Foster  
4598 Edgeware Road  
San Diego, CA 96116

Alma L Brandenburg, Trustee  
w/t/a 5-6-93  
855 CR 2900  
Aztec, NM 87410

Carl F. Brandenburg and  
John D. Brandenburg, Joint Tenants  
855 CR 2900  
Aztec, NM 87410

Jerald T. Marcotte  
3510 Carmel Drive  
Casper, WY 82604

Joe B. Dickie and  
Jimmie A. Dickie  
2136 Highway 550  
Aztec, NM 87410

D. Polk Brown  
808 Baird Circle  
Aztec, NM 87410

EXHIBIT

Ann Brown  
Route 3, Box 153  
Bloomfield, NM 87413

Erby Dennis Brown  
Star Route, Box 3077  
Chugiak, AK 99567

Hilma V. Brown  
2267 Pleasant Hill Road  
Pleasant Hill, CA 94523

Bennie Brown  
2201 Highway 550  
Aztec, NM 87410

Joe E. Brown  
3426 Pima Drive  
Flagstaff, AZ 86001

Charles E. Brown, Jr.  
1209 Kentucky  
Silver City, NM 88061

Kenneth Brown  
1308 North Kewanis  
Sioux Falls,, SD 52104

Katharine Caven  
812 Kentucky Street, SE  
Albuquerque, NM 87108

Nina Whitmen  
3059 Vivian Street  
Lakewood, CO 80215

Heirs of Mithero B. Brown, Deceased  
c/o Betty B. Johnson  
416 Lair Lane  
Canyon, TX 79015-4222

Total Minatome Corp.  
2 Houston Center, Suite 2000  
909 Fannin  
PO Box 4326  
Houston, TX 77210-4326

Lee Wayne Moore and  
Joann Montgomery Moore  
403 N. Marienfield  
Midland, TX 79701