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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

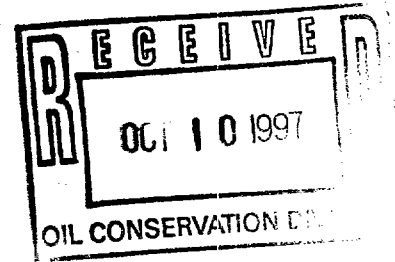
JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
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October 10, 1997

HAND DELIVERED

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



11879

Re: *Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including an exception from Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool for purposes of establishing a program in its San Juan 27-5 Unit to determine proper well density and well location requirements for Mesaverde wells, Rio Arriba 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 next available Examiner's docket now scheduled for November 6, 1997.

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, with a large initial "W" and a long, sweeping underline.

W. Thomas Kellahin

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

PROPOSED ADVERTISEMENT

Case 11879 Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including an exception from Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool for purposes of establishing a pilot infill drilling program within its San Juan 27-5 Unit whereby up to four wells may be drilled on a standard gas proration unit to determine proper well density and well location requirements for Mesaverde wells, Rio Arriba County, New Mexico. Applicant seeks approval for a pilot program including an exception for the San Juan 27-5 Unit from Rule 2(b) of the Special Rule and Regulations for the Blanco-Mesaverde Gas Pool and authorization to drill wells at unorthodox locations anywhere in the proration unit provided such wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter section line and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R-1670-T to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Blanco Mesaverde Gas Pool within the San Juan 27-5 Unit. Said unit is located approximately 10 miles south of Gobernador, New Mexico.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR AN EXCEPTION
FOR THE SAN JUAN 27-5 UNIT FROM
RULE 2(b) OF THE SPECIAL RULES AND
REGULATIONS FOR THE BLANCO MESAVERDE POOL,
RIO ARriba COUNTY, NEW MEXICO

APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY (formerly Meridian Oil Inc.), by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division approval for a pilot program including an exception for the San Juan 27-5 Unit from Rule 2(b) of the Special Rule and Regulations for the Blanco-Mesaverde Gas Pool and authorization to drill wells at unorthodox well locations provided said wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter section line and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R-1670-T to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Blanco Mesaverde Gas Pool within the San Juan 27-5 Unit.

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

(1) Burlington is the current operator of the San Juan 27-5 Unit containing 23,043.99 acres, more or less and consisting of 36 sections in Township 27 North, Range 5 West, NMPM. See Exhibit "A" attached.

(2) The San Juan 27-5 Unit is within the current boundaries of the Blanco-Mesaverde Gas Pool and includes 99 producing and 12 temporarily shut-in wells in the San Juan 27-5 Unit which are dedicated to that pool. See Exhibit "B" attached.

(3) On November 14, 1974, the New Mexico Oil Conservation Division ("Division") issued Order R-1670-T adopted "infill drilling" for the Blanco-Mesaverde Gas Pool by permitting in Rule 2 for the drilling of a second well within a 320-acre gas proration and spacing unit ("GPU") providing this **one optional** "infill well" to be located on the opposite 160-acres from the 160-acres containing the original well ("the initial well") **and** further providing that these infill wells were not closer than 990 feet (but subject to a 200 foot topographical allowance) to the outerboundary of a quarter section.

(4) On September 20, 1978, the Division issued Order R-1670-U amended Rule 2 to permit the initial well on the proration unit to be drilled on either 160-acre tracts comprising the unit, so long as the well is no closer than 790 feet to the outer boundary of the quarter section and no closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

(5) On March 28, 1986, the Commission issued Order R-8170 which, among other things, promulgated the Rules and Regulations for the Prorated Gas Pools, including "reformatting" Rule 2 of the Rules and Regulations for the Blanco Mesaverde Gas Pool which currently provides:

"A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a). Standard GPU (Gas proration Unit) in the Blanco-Mesaverde Gas Pool shall be 320 acres.

RULE 2(b) Well Location:

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Mesaverde well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph."

(4) Based upon a study of the geological and reservoir engineering data, Burlington has concluded that in order to increase ultimate recovery of gas from this pool within the San Juan 27-5 Unit there is a need to drill more wells per GPU than is currently permitted by Rule 2(b) of the pool rules.

(5) Accordingly, Burlington desires to initiate a pilot program for the drilling of additional Blanco Mesaverde Pool wells in the San Juan 27-5 Unit to validate and confirm reservoir simulation and geologic studies for the purposes of determining the proper well density not to exceed a maximum of four (4) wells per GPU ("80-acre infill") **and** for determining the well location requirements for said wells.

(6) The approval of a pilot program which increases the density of Blanco Mesaverde Pool wells at unorthodox well locations within the San Juan 27-5 Unit will not violate correlative rights because the San Juan 27-5 Unit Agreement has established an equitable method for the allocation of production of Blanco-Mesaverde Gas production to all interest owners within the unit regardless of the number of wells drilled or where those wells are located.

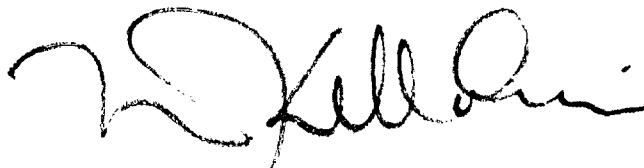
(7) In order to protect the correlative rights of any owners adjacent to the outer boundary of this unit, Burlington proposes that the well density for each 160-acres within the unit along its outer boundary shall be limited to the current well density of not more than one (1) well per 160-acres with the proposed infill wells to be located anywhere within the proration unit provided that such wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter section line nor located closer than 790 feet to the outer boundary of the San Juan 27-5 Unit. The area of limited well density ("Buffer Zone") is illustrated on Exhibit "A" attached.

(8) Copies of this application have been sent to all appropriate parties as required by the Division notice rules as set forth on Exhibit C attached.

(9) Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE Applicant requests that this matter be set for hearing on November 6, 1997 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted

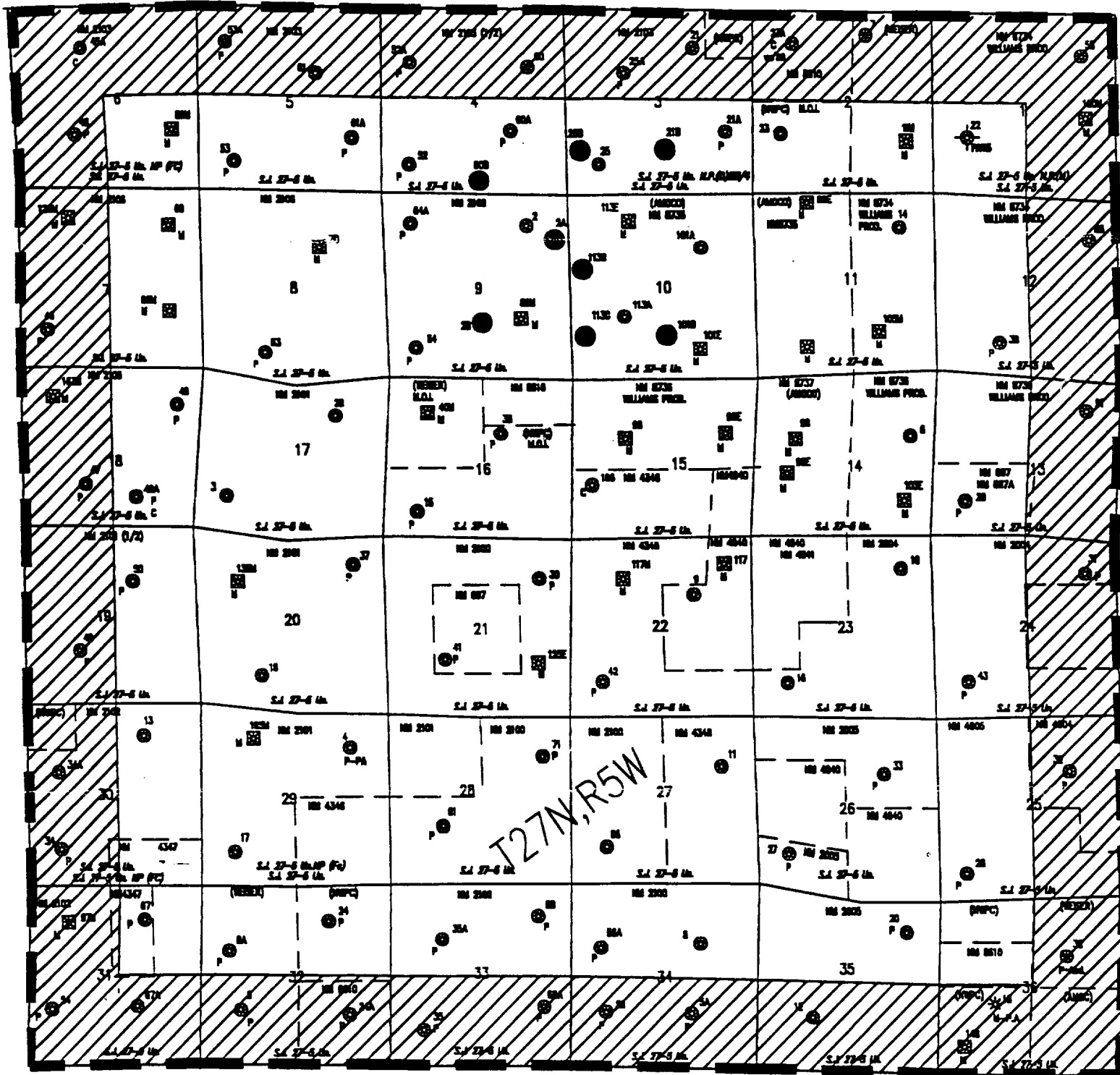
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

W. Thomas Kellahin
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Attorneys for Applicant

INCREASE DENSITY STUDY AREA

MESAVERDE FORMATION

SAN JUAN 27-5 UNIT



⊗ EXISTING MESAVERDE WELL

● INCREASE DENSITY WELL



BUFFER ZONE 2640'

EXHIBIT

A

SJ 27-5 UNIT MESAVERDE WELLS

03-Oct-97

STATUS	NAME	SECTION	TOWNSHIP	RANGE	FORMATION	API NO.
ABANDON						
FLOWING	SAN JUAN 27-5 UNIT	22	01	027N	005W	MESAVERDE 300390718500
	SAN JUAN 27-5 UNIT NP	5	01	027N	005W	MESAVERDE 300390720501
	SAN JUAN 27-5 UNIT	100	01	027N	005W	MESAVERDE 300392559100
	SAN JUAN 27-5 UNIT	111	02	027N	005W	MESAVERDE 300392559800
	SAN JUAN 27-5 UNIT	23	02	027N	005W	MESAVERDE 300390718400
	SAN JUAN 27-5 UNIT	23	02	027N	005W	MESAVERDE 300392387000
	SAN JUAN 27-5 UNIT	7	02	027N	005W	MESAVERDE 300390720300
	SAN JUAN 27-5 UNIT	21	03	027N	005W	MESAVERDE 300392188200
	SAN JUAN 27-5 UNIT	25	03	027N	005W	MESAVERDE 300392218300
	SAN JUAN 27-5 UNIT	21	03	027N	005W	MESAVERDE 300390720700
	SAN JUAN 27-5 UNIT	60	04	027N	005W	MESAVERDE 300392185800
	SAN JUAN 27-5 UNIT	52	04	027N	005W	MESAVERDE 300390715500
	SAN JUAN 27-5 UNIT	60	04	027N	005W	MESAVERDE 300390719300
	SAN JUAN 27-5 UNIT	52	04	027N	005W	MESAVERDE 300392218400
	SAN JUAN 27-5 UNIT	53	05	027N	005W	MESAVERDE 300390715800
	SAN JUAN 27-5 UNIT	53	05	027N	005W	MESAVERDE 300392218500
	SAN JUAN 27-5 UNIT	61	05	027N	005W	MESAVERDE 300390719100
	SAN JUAN 27-5 UNIT	61	05	027N	005W	MESAVERDE 300392185900
	SAN JUAN 27-5 UNIT	59	06	027N	005W	MESAVERDE 300390720800
	SAN JUAN 27-5 UNIT	45	06	027N	005W	MESAVERDE 300392370200



STATUS	NAME	SECTION	TOWNSHIP	RANGE	FORMATION	API NO.
	SAN JUAN 27-5 UNIT	45	06	027N	MESAVERDE	300390717600
	SAN JUAN 27-5 UNIT	59	06	027N	MESAVERDE	300392222400
	SAN JUAN 27-5 UNIT	126	07	027N	MESAVERDE	300392375600
	SAN JUAN 27-5 UNIT	63	08	027N	MESAVERDE	300398236000
	SAN JUAN 27-5 UNIT	86	09	027N	MESAVERDE	300392239400
	SAN JUAN 27-5 UNIT	2	09	027N	MESAVERDE	300390714100
	SAN JUAN 27-5 UNIT	64	09	027N	MESAVERDE	300392184200
	SAN JUAN 27-5 UNIT	64	09	027N	MESAVERDE	300390710500
	SAN JUAN 27-5 UNIT	113	10	027N	MESAVERDE	300392263800
	SAN JUAN 27-5 UNIT	101	10	027N	MESAVERDE	300392390600
	SAN JUAN 27-5 UNIT	113	10	027N	MESAVERDE	300392390700
	SAN JUAN 27-5 UNIT	101	10	027N	MESAVERDE	300392251600
	SAN JUAN 27-5 UNIT	99	11	027N	MESAVERDE	300392263900
	SAN JUAN 27-5 UNIT	105	11	027N	MESAVERDE	300392003100
	SAN JUAN 27-5 UNIT	105	11	027N	MESAVERDE	300392243500
	SAN JUAN 27-5 UNIT	14	11	027N	MESAVERDE	300390714200
	SAN JUAN 27-5 UNIT	102	12	027N	MESAVERDE	300392389600
	SAN JUAN 27-5 UNIT	88	12	027N	MESAVERDE	300398236100
	SAN JUAN 27-5 UNIT	29	13	027N	MESAVERDE	300396006700
	SAN JUAN 27-5 UNIT	91	13	027N	MESAVERDE	300390709501
	SAN JUAN 27-5 UNIT	103	14	027N	MESAVERDE	300392389700
	SAN JUAN 27-5 UNIT	98	14	027N	MESAVERDE	300390706400
	SAN JUAN 27-5 UNIT	6	14	027N	MESAVERDE	300390706201
	SAN JUAN 27-5 UNIT	98	14	027N	MESAVERDE	300392264000

STATUS	NAME	SECTION TOWNSHIP RANGE			FORMATION	API NO.
	SAN JUAN 27-5 UNIT	96	15	027N	MESAVERDE	300396012300
	SAN JUAN 27-5 UNIT	96	15	027N	MESAVERDE	300392264100
	SAN JUAN 27-5 UNIT	196	15	027N	MESAVERDE	300392334800
	SAN JUAN 27-5 UNIT	15	16	027N	MESAVERDE	300390704200
	SAN JUAN 27-5 UNIT	40	16	027N	MESAVERDE	300392370000
	SAN JUAN 27-5 UNIT	38	16	027N	MESAVERDE	300390707800
	SAN JUAN 27-5 UNIT	3	17	027N	MESAVERDE	300390703801
	SAN JUAN 27-5 UNIT	26	17	027N	MESAVERDE	300390709300
	SAN JUAN 27-5 UNIT	47	18	027N	MESAVERDE	300390704900
	SAN JUAN 27-5 UNIT	163	18	027N	MESAVERDE	300392375700
	SAN JUAN 27-5 UNIT	50	19	027N	MESAVERDE	300390699600
	SAN JUAN 27-5 UNIT	48	19	027N	MESAVERDE	300390697400
	SAN JUAN 27-5 UNIT	37	20	027N	MESAVERDE	300390701900
	SAN JUAN 27-5 UNIT	19	20	027N	MESAVERDE	300390696100
	SAN JUAN 27-5 UNIT	125	21	027N	MESAVERDE	300392389900
	SAN JUAN 27-5 UNIT	30	21	027N	MESAVERDE	300390700000
	SAN JUAN 27-5 UNIT	41	21	027N	MESAVERDE	300390697900
	SAN JUAN 27-5 UNIT	117	22	027N	MESAVERDE	300392022100
	SAN JUAN 27-5 UNIT	117	22	027N	MESAVERDE	300392370300
	SAN JUAN 27-5 UNIT	42	22	027N	MESAVERDE	300390695900
	SAN JUAN 27-5 UNIT	10	23	027N	MESAVERDE	300390701200
	SAN JUAN 27-5 UNIT	16	23	027N	MESAVERDE	300390696400
	SAN JUAN 27-5 UNIT	31	24	027N	MESAVERDE	300390702200
	SAN JUAN 27-5 UNIT	43	24	027N	MESAVERDE	300390696200

STATUS	NAME	SECTION	TOWNSHIP	RANGE	FORMATION	API NO.
	SAN JUAN 27-5 UNIT	32	25	027N	MESAVERDE	300390691200
	SAN JUAN 27-5 UNIT	28	25	027N	MESAVERDE	300390685900
	SAN JUAN 27-5 UNIT	27	26	027N	MESAVERDE	300390687500
	SAN JUAN 27-5 UNIT	33	26	027N	MESAVERDE	300390691000
	SAN JUAN 27-5 UNIT	11	27	027N	MESAVERDE	300390691400
	SAN JUAN 27-5 UNIT	66	27	027N	MESAVERDE	300390687800
	SAN JUAN 27-5 UNIT	51	28	027N	MESAVERDE	300390688800
	SAN JUAN 27-5 UNIT	71	28	027N	MESAVERDE	300398236400
	SAN JUAN 27-5 UNIT	165	29	027N	MESAVERDE	300392390300
	SAN JUAN 27-5 UNIT	4	29	027N	MESAVERDE	300390692900
	SAN JUAN 27-5 UNIT	17	29	027N	MESAVERDE	300390687600
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	SAN JUAN 27-5 UNIT	67	31	027N	MESAVERDE	300392370400
	SAN JUAN 27-5 UNIT	24	32	027N	MESAVERDE	300390683200
	SAN JUAN 27-5 UNIT	8A	32	027N	MESAVERDE	300392230900
	SAN JUAN 27-5 UNIT	8	32	027N	MESAVERDE	300390680600
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	SAN JUAN 27-5 UNIT	68	33	027N	MESAVERDE	300390684700
	SAN JUAN 27-5 UNIT	68	33	027N	MESAVERDE	300392210600
	SAN JUAN 27-5 UNIT	35	33	027N	MESAVERDE	300392235800
	SAN JUAN 27-5 UNIT	35	33	027N	MESAVERDE	300390678600

STATUS	NAME	SECTION TOWNSHIP RANGE			FORMATION	API NO.
SHUTIN	SAN JUAN 27-5 UNIT	5	34	027N	MESAVERDE	300390682600
	SAN JUAN 27-5 UNIT	56	34	027N	MESAVERDE	300390680500
	SAN JUAN 27-5 UNIT	56	34	027N	MESAVERDE	300392237800
	SAN JUAN 27-5 UNIT	5A	34	027N	MESAVERDE	300392210700
	SAN JUAN 27-5 UNIT	20	35	027N	MESAVERDE	300390684400
	SAN JUAN 27-5 UNIT	12	35	027N	MESAVERDE	300396008500
	SAN JUAN 27-5 UNIT	146	36	027N	MESAVERDE	300392046200
	SAN JUAN 27-5 UNIT	36	36	027N	MESAVERDE	300390682800
	SAN JUAN 27-5 UNIT	25	03	027N	MESAVERDE	300390716400
	SAN JUAN 27-5 UNIT	46	07	027N	MESAVERDE	300390711200
	SAN JUAN 27-5 UNIT	69	07	027N	MESAVERDE	300390713900
	SAN JUAN 27-5 UNIT	69	07	027N	MESAVERDE	300392382300
	SAN JUAN 27-5 UNIT	70	08	027N	MESAVERDE	300390713100
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	SAN JUAN 27-5 UNIT	49	18	027N	MESAVERDE	300390708900
	SAN JUAN 27-5 UNIT	49	18	027N	MESAVERDE	300392380900
TEMP.SI	SAN JUAN 27-5 UNIT	139	20	027N	MESAVERDE	300392389800
	SAN JUAN 27-5 UNIT	9	22	027N	MESAVERDE	300390699300
	SAN JUAN 27-5 UNIT	97	31	027N	MESAVERDE	300392372800
	SAN JUAN 27-5 UNIT	67	31	027N	MESAVERDE	300390683700
	SAN JUAN 27-5 UNIT	18	36	027N	MESAVERDE	300390681300

San Juan 27-5 Unit
ORRI & RI Interest Owners

ALICE JANE WEBB
ALICE M VICENTI
AMALIA S SANCHEZ
AMOCO PRODUCTION COMPANY
BEDROCK LIMITED PARTNERSHIP
BURLINGTON RESOURCES O&G CO
CORINNE MILLER GAY TRUST
CRUEZELIA C MONTOYA
CRUZELIA & PAT D MONTOYA HWJT
DEREK PETER VENEZIA
DIOCESE OF GALLUP
DONALD & FLORENCE M CANDELARIA
DONALD R CANDELARIA
E J E BROWN COMPANY
EDNA E MORRELL LIVG TRUST
ELEANOR G HAND
ELIZABETH T CALLOWAY
FRANCIS LEROY CANDELARIA
FRANK D GORHAM JR
FREDDY ARNOLD
FREDERICK EUGENE TURNER
FRIEDA M HOLT
GENEVIEVE CANDELARIA
GERALD F HARRINGTON
HARCO LTD PTSHP
HAROLD O POOL IRRV RESIDUAL TR
HORACE & ELMYRA MCKAY TRUST
IRIS ANN DAHARSH
J FIDEL & CORDELIA CANDELARIA
J FIDEL CANDELARIA
J GLENN TURNER JR
JAMES M RAYMOND
JAMES R PAYNE & JEAN PAYNE
JAMES V HARRINGTON
JO ANN SCHMIDT
JOHN C MEADOWS
JOHN CHRISTOPHER CANDELARIA
JOHN LEE TURNER
JOSEPH R ABRAHAM
JUAN R MONTANO
KATHLEEN QUINN

KATHRYN L CAMPBELL
KERR-MCGEE CORPORATION
LANGDON C HARRISON
LANGDON D HARRISON
MANUEL A SANCHEZ TRUST
MARIA ERNESTINA GALLEGOS TRST
MARIE PEEK
MARY JO WELLS
MARY JONE CHAPPELL
MAYDELL MILLER MAST TRUST
MERCEDES M SKIDMORE
MINERALS MANAGEMENT SERVICE
NICK G CANDELARIA
PABLO LENNY CANDELARIA
PATRICIA ANN ASHBURN
PAUL MICHAEL CANDELARIA
PAULETTE SHARON CANDELARIA
RAYMOND MARTINEZ
RICHARD ARNOLD
ROBERT & FRANCES TINNIN TR
ROBERT L BAYLESS
ROBERT P & ANNA D EARNEST TR
ROMERO FAMILY LTD PARTNERSHIP
RUFIE LUJAN
RUTH ZIMMERMAN TRUSTEE
SCOTT ANTHONY VENEZIA
STANLEY R ARNOLD
STATE OF NEW MEXICO
STEPHANIE A & CARLOS MARTINEZ
T H MCELVAIN OIL & GAS LTD PAR
TEMPE LTD PARTNERSHIP
THELMA POOL REV MARITAL TRUST
THOMAS A DUGAN & MARY E DUGAN
TOTAL MINATOME CORPORATION
U/W FOSTER MORRELL DECD
UNION OIL CO OF CALIF
VASTAR RESOURCES INC
VERDA L BOCCACIO
VIRGINIA M MARTINEZ
W G PEAVY OIL COMPANY
WILLIAM G WEBB

