

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

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

CASE NO. 12045

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION  
SAN JUAN COUNTY, NEW MEXICO.

OIL CONSERVATION DIV.  
SEP 11 PM 2:26

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by BURLINGTON RESOURCES OIL & GAS COMPANY as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Burlington Resources  
P. O. Box 4289  
Farmington, N.M. 87499  
Attn: Alan Alexander  
(505) 326-9757

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

**STATEMENT OF CASE**

**APPLICANT:**

1. Burlington is the operator of the San Juan 27-5 Unit and proposes to drill its San Juan "27-5" Unit Well No. 85-E ("Well 85-E") at an unorthodox gas well location 795 feet from the north line and 2435 feet from the west line (Unit C) of Irregular Section 5, Township 27 North, Range 5 West, NMPM.

2. On May 19, 1953, the Division entered Order R-322 which approved the unit agreement for the development and operation of San Juan 27-5 Unit which is a voluntary exploratory unit consisting of all federal oil & gas leases.

3. Burlington proposes to drill Well 85-E to a depth sufficient to test for gas production from the Dakota and/or Mesaverde formations within a standard 319.81 acre standard gas proration and spacing unit consisting of Lots 3 and 4, S/2NW/4 and SW/4 (W/2 equivalent) of said Section 5.

4. This unit is currently dedicated to the San Juan "27-5" Unit Well No. 85 located at a standard well location in Unit K of said Section 5, which is producing from the Basin-Dakota Gas Pool.

5. Previously, Burlington had planned to drill two wells in the NW/4 equivalent of said Section 5, one a Dakota well and the other a Mesaverde well. Towards that end:

(a) On January 8, 1998, the Division entered Order R-10936 which approved a Blanco-Mesaverde pilot 160-acre infill drilling program within the San Juan 27-5 Unit which included a provision for a "buffer zone" along the outer boundary of this unit, said buffer zone includes the N/2 of said Section 5.

(b) In February, 1998, Burlington submitted to the U.S. Bureau of Land Management ("BLM") an application for permit to drill ("APD") the subject Well 85-E as an infill Basin-Dakota gas well at a standard location 825 feet FWL and 1075 feet FNL (Unit D) of said Section 5 which was approved by the BLM.

6. On July 13, 1998, Burlington submitted to the Division an administrative application for approval of the Well 85-E at this proposed unorthodox gas well location.

7. Burlington failed to include sufficient geologic and engineering data to justify this administrative application and on July 23, 1998, the Division denied Burlington's administrative application.

8. Burlington has re-evaluated this plan to drill separate Dakota and Mesaverde wells in the NW/4 equivalent of said Section 5 and has determined the drilling of a single well (the Well 85-E) at the proposed unorthodox location is the most efficient manner of development for the following reasons:

- (a) A Dakota well located at the proposed unorthodox location is geologically comparable with the previously approved standard location;
- (b) A Mesaverde well located at the proposed unorthodox location is geologically superior to the previously approved Dakota standard location;
- (c) the utilization of a single wellbore results in substantial economic savings.
- (d) Burlington plans to downhole commingle production from this single wellbore after the Dakota formation has been tested and evaluated.
- (e) the unorthodox location only encroaches upon the NE/4 equivalent of said Section 5 which is also included in the Dakota and Mesaverde participating areas for the San Juan 27-5 Unit, thus correlative rights will be protected because production from the subject well will be shared equitably by the owners of the unit.

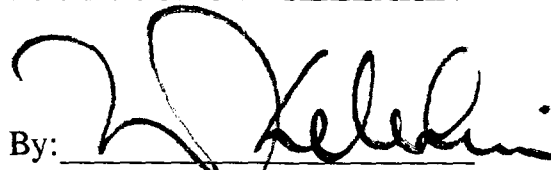
#### **PROPOSED EVIDENCE**

WITNESSES	EST. TIME	EXHIBITS
Linda Donahue (landman)	15 min.	4
David Clark (geologist)	20 Min.	4
Neal Edwards (surveyor)	15 Min.	1
Van Goebel (landman)	15 Min.	3

#### **PROCEDURAL MATTERS**

None anticipated at this time

KELLAHIN AND KELLAHIN

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