KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW EL PATIO BUILDING 117 NORTH GUADALUPE POST OFFICE BOX 2265

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

JASON KELLAHIN (RETIRED 1991)

SANTA FE, NEW MEXICO 87504-2265

October 12, 1999

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

TO:

W. THOMAS KELLAHIN"

NOTICE OF THE HEARING OF THE FOLLOWING NEW MEXICO **OIL CONSERVATION DIVISION CASE:**

Application of Burlington Resources Oil & Gas Company Re: for Compulsory Pooling, San Juan County, New Mexico

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our application for compulsory pooling of the E/2 of Section 16, T31N, R11W for a 320-acre gas spacing unit consisting of the E/2 of this section for Mesaverde gas production to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4SE/4 of this section. This application has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for November 4, 1999. 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 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, October 29, 1999, with a copy delivered to the undersigned.

W. Thomás Kellahin

cc: Burlington Resources Oil & Gas Company Attn: James Strickler

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.

CACE	NIO	
CASE	NU.	

APLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY, 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 owners of mineral interests in the Mesaverde formation within the E/2 Section 16, T31N, R11W, NMPM, San Juan County, New Mexico for a 320-acre gas spacing unit consisting of the E/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4SE/4 of this section. Applicant seeks to be designated as the operator of this well.

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

- 1. Burlington is a 50.927120% working interest owner in the Mesaverde formation in the E/2 of Section 16, T31N, R11W, NMPM, San Juan County, New Mexico and is the proposed operator for the Brookhaven Com B Well No. 3B to be located within the NE/4SE/4 of this section and drilled as a gas well in the Blanco Mesaverde Gas Pool.
- 2. This proposed spacing unit was included within acreage subject to a November 27, 1951 farmout/operating agreements between Brookhaven Oil Company and San Juan Production Company (collectively the "GLA-46 Agreement") which set forth a drilling obligation for 18 Mesaverde wells to be drilled within the contract area.
 - 3. This drilling obligation has been satisfied.
- 4. Thereafter and only by unanimous agreement made on an individual well basis, did the parties decide to make any future well subject to the GLA-46 Agreement.

NMOCD Application
Burlington Resources Oil & Gas Company
-Page 2-

- 5. Burlington is the successor to San Juan Production Company and Energy Resources Corporation (formerly Total Minatome) and others are successors to Brookhaven Oil Company, (the "GLA-46 Group").
- 6. On December 14, 1998, Burlington first proposed to the other working interest owners in this spacing unit the drilling of the Brookhaven Com B Well No. 3B as a Mesaverde completion at an estimated well cost of \$386,488.00 to be governed by the parties signing a new joint operating agreement instead of being subject to the GLA-46 Agreement.
- 7. On September 15, 1999, Burlington made its second request to the other working interest owners in this spacing unit again proposing the drilling of the Brookhaven Com B Well No. 3B as a Mesaverde completion at an estimated well cost of \$386,488.00 to be governed by the parties signing a new joint operating agreement for this well.
- 8. Despite its good faith efforts, Burlington has not been able to obtain the voluntary agreement of certain mineral owners as indicated on Exhibit "A".
- 9. As set forth in Division Order R-10877 and Order R-10878, the Division has already decide this issue in favor of issuing a compulsory order which pooled the GLA-46 Group's interest for the drilling of other wells because:
 - (a) if the Division does not pool the interests of the GLA-46 Group, and subsequent litigation determines that the GLA-46 Group's interpretation of the GLA-46 Agreement is incorrect, Burlington will be forced to consolidate the interests once again, either by a new agreement or by compulsory pooling. The well will have been drilled by that time, and the GLA-46 Group, in deciding whether or not to voluntarily participate in the well will have knowledge as to its success giving them an unfair advantage over Burlington; or
 - (b) if Burlington's interpretation of the GLA-46 Agreement is subsequently determined to be incorrect, the GLA-46 Group will have been voluntarily committed under the terms of the GLA-46 Agreement and will simply be dropped from the compulsory pooling order.
- 10. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of production from this well and this spacing unit, Burlington needs an order of the Division pooling the described spacing unit and described mineral interests involved.

NMOCD Application
Burlington Resources Oil & Gas Company
-Page 3-

- 11. 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 "A".
- 12. Burlington requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for November 4, 1999.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on November 4, 1999 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 these wells at standard gas well locations and 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 for this well;
- (3) in the event a working interest owner fails to elect to participate in this well, then provision be made to recover out of production the costs of the drilling, completing, equipping and operating for this 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) for such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

W. THOMAS KELLAHIN KELLAHIN & KELLAHIN

P. O. Box 2265

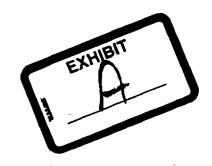
Santa Fe, New Mexico 87504

BROOKHAVEN COM B #3B NEW DRILL WORKING INTEREST OWNERS

NAME

WORKING INTEREST

Energen Resources MAQ, Inc. Attn: Rich Corcoran 2198 Bloomfield Highway Farmington, NM 87401	24.752346%
Westport Oil & Gas Company Attn: Kent Davis 410 Seventeenth Street, Ste 2300 Denver, CO 80202-4436	11.120620%
DACRESA GROUP:	
Marcia Berger	.939251%
WWR Enterprises Inc.	.939251%
Carolyn Nielsen Sedberry	1.878502%
Herbert R. Briggs	.939561%
William C. Briggs	.939561%
F. A. & H. B. Cronican Trust	1.052180%
Cyrene L. Inman	1.857198%
C. Fred Luthy, Jr.	1.857198%
C/o Bank of America	
Attn: Ed Di Re	
P.O. Box 25546	
Fort Worth, TX 76113-2546	
Cheryl L. Potenziani	.926702%
P.O. Box 36600, Station D	
Albuquerque, NM 87176	
Roger B. Nielsen 1200 Danbury Dr. Mansfield, TX 76063	1.878502 %



PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE____: Application of Burlington Resources Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all owners of mineral interests in the Mesaverde formation within the E/2 Section 16, T31N, R11W, NMPM, San Juan County, New Mexico for a 320-acre gas spacing unit consisting of the W/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4SE/4 of this section. Applicant seeks to be designated as the operator of this well. This well is located approximately 5 miles north of Aztec, New Mexico.

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

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

CASE NO. 12277

CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

STATE OF NEW MEXICO)

(COUNTY OF SANTA FE)

W. Thomas Kellahin, being first duly sworn, hereby certifies that he is an attorney for the Applicant and responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on 13th day of October, 1999, he caused to be mailed by certified mail return-receipt requested the attached notice of this hearing and a copy of the first amended application for the above referenced case, at least twenty days prior to the hearing of this case set for November 18, 1999, to the parties shown in said application and as evidenced by the attached copies of return receipt cards and/or receipts of certified mailing, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 16th day of November, 1999, by W. Thomas Kellahin.

Lynda Kellahin, Notary Public

OFFICIAL SEAL Lynda Kellahin NOTARY PUBLIC STALE OF NEW MEXICO

My Commission Expires: 6/14/2000

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW EL PATIO BUILDING 117 NORTH GUADALUPE POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

October 12, 1999

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Very truly, your

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Cyrene L. Inman	1.857198%
C. Fred Luthy, Jr.	1.857198%
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Attn: Ed Di Re	
P.O. Box 25546	
Fort Worth, TX 76113-2546	
Cheryl L. Potenziani	.926702%
P.O. Box 36600, Station D	
Albuquerque, NM 87176	
Roger B. Nielsen 1200 Danbury Dr. Mansfield, TX 76063	1.878502 %



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