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April 23, 2001

W. THOMAS KELLAHIN*

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NATURAL RESOURCES-OIL AND GAS LAW

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HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Case 12651

**Re: FIRST AMENDED APPLICATION
FRUITLAND COAL GAS WELL
INFILL PILOT PROJECT**

*Amended Application of Burlington Resources Oil
& Gas Company for approval of a Pilot Project
including unorthodox gas well locations and an
exception from Rule 4 of the Special Rules and
Regulations for the Basin-Fruitland Coal Gas Pool
for purposes of determining proper well density
requirements for coal-gas wells, Rio Arriba and
San Juan Counties, New Mexico.*

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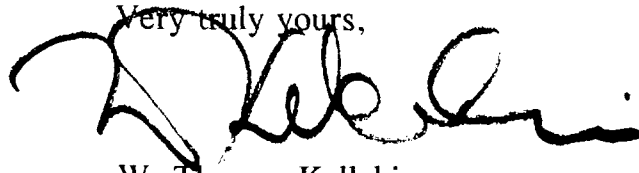
OIL CONSERVATION DIV.

Dear Ms. Wrotenbery:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our referenced **first amended application** which we request continued from the May 3rd docket and readvertised for the May 17, 2001 docket

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Oil & Gas Company
Attn: Alan Alexander

PROPOSED ADVERTISEMENT

continued and readvertised

Case 12651: Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including unorthodox well locations and an exception from Rule 4 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of establishing a pilot infill drilling program to determine proper well density for Fruitland Coal Gas wells, San Juan and Rio Arriba Counties, New Mexico. Applicant seeks approval for a pilot program including an exception from the Special Rule and Regulations for the Basin-Fruitland Coal Gas Pool and authorization to drill "infill" wells at unorthodox locations ("off pattern") as follows:

San Juan 28-6 Unit Well No. 418S
1065 feet from the north line and 1830 feet from the West line
Unit C, W/2 Section 28, T28N, R6W

Turner Federal Well No. 210S
665 feet from the north line and 980 feet from the west line
Unit D, N/2 Section 13, T30N, R10W

San Juan 28-5 Unit Well No. 201S
1980 feet from the north line and 2630 feet from the west line
Unit F, N/2 Section 15, T28N, R5W

Davis Well 505S
2420 feet from the south line and 660 feet from the east line
Unit I, E/2 of Irregular Section 12, T13N, R12W

In addition, Burlington will drill the following test well at a standard location as follows:

Huerfano Unit Well No. 258S
1190 feet from the north line and 840 feet from the east line
Unit A, E/2 Section 36, T27N, R10W

The wells are located as follows: Well 418S is 7 miles southwest of Gobernador Camp, Well 210S is 8 miles east of Aztec, Well 258S is 14 miles southeast of Bloomfield, Well 505S is 8 miles northeast of La Plata and Well 201S is 5 miles southeast of Gobernador Camp, 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 UNORTHODOX WELL
LOCATIONS AND AN EXCEPTION FROM RULE 4
OF THE SPECIAL RULES AND REGULATIONS
FOR THE BASIN FRUITLAND COAL GAS POOL,
RIO ARriba AND SAN JUAN COUNTIES, NEW MEXICO**

CASE NO. 12651

APPLICATION

Comes now Burlington Resources Oil & Gas Company ("Burlington") and applies to the Division for approval of a Pilot Project including unorthodox well locations and an exception from Rule 4 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of establishing a pilot infill drilling program to determine proper well density for coal-gas wells, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks approval for a pilot program including an exception from the Special Rule and Regulations for the Basin-Fruitland Coal Gas Pool and authorization to drill wells at unorthodox and/or off pattern locations.

In support of its application, Burlington states:

(1) Burlington proposes to drill and operate the following test wells as part of its study of the appropriate well density for the Basin Fruitland Coal Gas Pool:

San Juan 28-6 Unit Well No. 418S
1065 feet from the north line and 1830 feet from the west line
Unit C, "infill" well, W/2 Section 28, T28N, R6W

Turner Federal Well No. 210S
665 feet from the north line and 980 feet from the west line
Unit D, "infill" well, N/2 Section 13, T30N, R10W

San Juan 28-5 Unit Well No. 201S
1980 feet from the north line and 2630 feet from the west line
Unit F, N/2 Section 15, T28N, R5W

Davis Well 505S
2420 feet from the south line and 660 feet from the east line
Unit I, E/2 of Irregular Section 12, T13N, R12W

In addition, Burlington will drill the following test well at a standard location as follows:

Huerfano Unit Well No. 258S
1190 feet from the north line and 840 feet from the east line
Unit A, E/2 Section 36, T27N, R10W

(2) The Basin Fruitland Coal Gas Pool Rules provide, in part, that:

Rule 4: 320 acre spacing units with a provision for an exception from Rule 4 to allow the drilling of a second well on a standard 320-acre unit after notice and hearing.

Rule 7: wells in the pool "shall be located in the NE/4 or SW/4 of a single governmental section and shall be located not closer than 660 feet to any outer boundary of a proration unit nor closer than 10 feet to any interior quarter or quarter-quarter line or subdivision inner boundary."

(3) On July 16, 1991, the Division entered Order R-8768-A which found that:

"(9) The results of the reservoir simulation study generally establish that one well in the subject pool can effectively drain and develop 320 acres."

"(10) The results of the study further indicate however that there may be certain areas within the basin where reservoir parameters such as porosity, permeability, coal thickness, pressure, gas content, sorption isotherm and initial gas/water

saturation may exist in certain combinations such that infill drilling may be required to increase gas recovery."

(4) Accordingly, Burlington desires to initiate a pilot program for the drilling of additional Basin-Fruitland Coal Gas Pool wells to provide data for reservoir engineering and geologic studies for the purposes of determining the proper well density.

(5) The initial pilot project wells will be second wells on a GPU and four are to be located at unorthodox gas well locations and/or off pattern locations in an attempt to locate them in portions of the reservoir which will provide the necessary well density data.

(6) Copies of this application have been sent to all appropriate parties as required by the Division notice rules (Rule 1207) and Rule 4 of the Basin-Fruitland Coal Gas Pool Rules.

(7) 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 May 3, 2001 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
KELLAHIN and KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504