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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 9, 2002

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: *Application of Burlington Resources Oil & Gas Company LP to amend the Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin-Fruitland Coal-Gas Pool to conform with the Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002*

Case 12856

Dear Ms. Wrotenbery:

On behalf of Burlington Resources Oil & Gas Company LP, please find enclosed our referenced application which we request be set for the Examiner's hearing currently scheduled for May 2, 2002.

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

Very truly yours,



W. Thomas Kellahin

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

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EL PASO COUNTY CLERK

PROPOSED ADVERTISEMENT

Case 12856: Application of Burlington Resources Oil & Gas Company LP to amend the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to amend the Well location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to conform with the Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002. **IN THE ABSENCES OF OBJECTIONS THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

**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 LP TO AMEND THE
WELL LOCATIONS REQUIREMENTS
AND ADMINISTRATIVE EXCEPTIONS OF SPECIAL
RULES AND REGULATIONS FOR THE BASIN-
FRUITLAND COAL GAS POOL TO CONFORM TO THE
WELL LOCATIONS REQUIREMENTS AND
ADMINISTRATIVE EXCEPTIONS OF THE SPECIAL RULES
AND REGULATIONS FOR THE BASIN-DAKOTA GAS POOL
AS PROMULGATED BY DIVISION ORDER R-10987-B(1)
RIO ARRIBA AND SAN JUAN COUNTIES, NEW MEXICO**

CASE NO. 12836

APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY LP by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division to amend the Well location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to conform with the Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002.

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

- (1) Burlington is the operator of approximately 2287 wells currently producing from the Basin-Fruitland Coal Gas Pool.
- (2) On February 10, 2000, the Division issued Order R-8768-B in Case 12296 which amended the well locations requirements for the Basin-Fruitland Coal Gas Pool as follows:

"Rule 7. Wells drilled or recompleted on every standard or non-standard unit in the Basin-Fruitland Coal Gas Pool shall be located on the NE/4 or SW/4 of a single governmental section and shall be located no closer than 660 feet to any other boundary or the proration unit ("GPU") nor closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary."

(3) On January 29, 2002, the Division issued Order R-10987-B(2) in Case 12745 which increased the well density and amended the well location requirements for the Basin Dakota Gas Pool.

(4) The current rules for Dakota wells located within a federal exploratory unit in the Basin Dakota Gas Pool are different from the current rules for Fruitland coal gas wells located in those same federal exploratory units.

(5) In addition, in order to avoid any confusion, the Basin-Fruitland Coal Gas Pool Rules should be formatted to conform to the Basin-Dakota Gas Pool Rules.

(6) In four proceeding cases, Burlington argued for exception well location rules for federal exploratory unit. Case 12290, Basin-Dakota Pool Rules changes (Order R-10987-B dated June 33, 2002), Case 9420, Basin-Fruitland Coal Gas Pool (Order R-8768-B dated February 11, 2002) Blanco Mesaverde Case 12069 (Order R-10987-A February 1, 1999)

(7) In Case 12837 heard on March 21, 2002, Burlington asked the Division to amend the rules for the Blanco-Mesaverde Gas Pool to conform to the current Basin-Dakota Gas Pool Rules.

(8) Burlington, proposes that the Basin Fruitland Coal Gas Pool Rules be amended as follows:

(1) Effective May 15, 2002, except as provided in subparagraph (8)(2) below, wells drilled on a GPU shall be located not closer than 660 feet to the outer boundary of the GPU and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary.

(2) Well locations inside federal exploratory units: Wells located within federal exploratory units are permitted an exception to the 660-foot setback requirement to the outer boundary of a GPU and shall be permitted to be no closer than 10 feet to any section, quarter section or interior quarter-quarter section line or subdivision inner boundary, provided, however:

(a) wells shall not be closer than 660 feet to the outer boundary of the federal exploratory unit;

(b) a well located within the unit area but adjacent to an existing or prospective GPU containing a non-committed tract or partially committed tract shall not be closer than 660 feet to the outer boundary of its GPU;

(c) a well located within a non-committed or partially committed GPU shall not be closer than 660 feet to the outer boundary of its GPU;

(d) a well located within a participating area but adjacent to an existing or prospective GPU that is not within the same participating area shall not be closer than 660 feet to the outer boundary of the participating area;

(e) a well located within the unit area but in an existing or prospective GPU that is a non-participating GPU shall not be closer than 660 feet to the outer boundary of its GPU.

(3) The operator filing an APD for any well within a unit area that is closer to the outer boundary of its assigned GPU than 660 feet shall provide proof in the form of a participating area plat that such well meets the requirements of paragraph (8) above.

Rule 8.B ADMINISTRATIVE EXCEPTIONS:

The Division Director, in accordance with Division Rule 104, may administratively grant an exception to the well location requirements of Rule 7 upon application to the Division which includes notification by certified mail-return receipt requested to affected parties. [See Division Rule 1207.A(2)].

(9) Copies of this application have been sent to all operators in the pool.

(10) 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 2, 2002 before a duly appointed Examiner of the Oil Conservation Division and that after hearing this matter, 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, cursive script.

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