

**KELLAHIN & KELLAHIN  
ATTORNEY AT LAW**

*ms*

W. THOMAS KELLAHIN  
NEW MEXICO BOARD OF LEGAL  
SPECIALIZATION RECOGNIZED SPECIALIST  
IN THE AREA OF NATURAL RESOURCES-  
OIL AND GAS LAW

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October 23, 2002

**HAND DELIVERED**

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

02 OCT 23 PM 4:31  
OIL CONSERVATION DIV

Re: *NMOCD Case 12857*  
*Application of Burlington Resources*  
*Oil & Gas Company L.P., BP Amoco and*  
*Energen Resources Corporation for a*  
*Pictured Cliffs Formation Pilot Project*  
*San Juan Basin, New Mexico*

Dear Ms. Wortenbery:

On May 2, 2002, Examiner Michael E. Stogner heard the referenced case which was an unopposed presentation by Burlington Resources Oil & Gas Company L.P., BP Amoco and Energen Resources Corporation requesting that the Division approve a 30 pilot project to obtain data to study increase the well density and amend well location requirements for all wells in the Pictured Cliffs formation the San Juan Basin, New Mexico. These three applicants operate more than 2,800 well in this Pictured Cliffs formation/pool.

There is no opposition to this application. There is a widely held expectation in the industry's that the Division should issue an order within 30-days of a hearing in an uncontested case and within 90-days in a contested case.

Ms. Lori Wortenbery  
Oil Conservation Division  
October 23, 2002  
-Page 2-

On June 17, 2002 I submitted a draft order to the Division. On August 2, 2002 I wrote you requesting that this order be given priority.

On September 11, 2002 I wrote you and enclosed Burlington's timeline describing the urgency of this order.

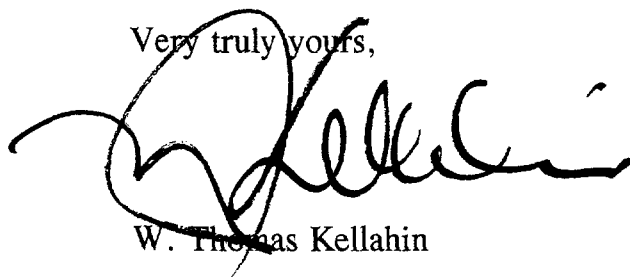
I heard nothing from anyone at the Division until September 12, 2002, when Mr. Ezeanyin advised me that the Division was "moving its draft of this case and we hope to get it in two or three week's time." Those 2-3 weeks have come and gone without the issuance of order.

Because this application will affect thousands of wells in the San Juan Basin, we believe the issuance of an order in this case should take priority over administrative applications involving single wells and other hearing applications now pending before the Division.

I receive several calls each week wanted to know why I am unable to obtain a order from the Division in such an important unopposed case. Those requests have increased substantially since the Division issued the Coal Well Infill Density Order (R-8768-C, October 15, 2002, which was a contested case heard on July 9, 2002).

Would you please write Mr. John Zent at Burlington Resources in Farmington and let me know this delay is neither my respectability or fault.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized initial 'W'.

W. Thomas Kellahin

cc: Mr. Michael E. Stogner, Hearing Examiner  
Burlington Resources Oil & Gas Company LP



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**BETTY RIVERA**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

September 12, 2002

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
Santa Fe, New Mexico 87504

**ILLEGIBLE**

Re: **NMOCD Case 12857**  
**Application of Burlington Resources Oil and Gas Company, L.P.,**  
**BP Amoco and Energen Resources Corporation for a Pictured Cliff**  
**Formation Pilot Project San Juan Basin, New Mexico**

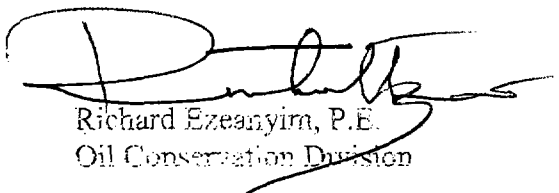
Dear Mr. Kellahin:

This letter responds to your letter of September 11, 2002 regarding the above referenced case. According to our records, the case was heard on May 2, 2002. We have no record of having received your August 2, 2002 letter regarding the status of this case.

Meanwhile we have moved up the drafting of this case, and we hope to get it out in two or three week's time. We have many complex and unique cases pending and waiting to be drafted.

Please contact me at 505-476-3467 if you have any questions.

Sincerely,



Richard Ezeanyim, P.E.  
Oil Conservation Division

Cc: Burlington Resources Oil and Gas Company, L.P.  
Attn: Matt Gray  
BP Amoco:  
Attn: Bill Hawkins  
William F. Carr, Esq  
Energen Resources Corporation  
Attn: Richard Cerroran

**KELLAHIN AND KELLAHIN**  
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W. Thomas Kellahin

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the area of Natural  
Resources-oil and gas  
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**P.O. Box 2265**  
**Santa Fe, New Mexico 87504**  
**117 North Guadalupe**  
**Santa Fe, New Mexico 87501**  
September 11, 2002

Telephone 505-982-4285  
Facsimile 505-982-2047  
Kellahin@msn.com

**Via Facsimile**

Ms. Lori Wortenbery  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

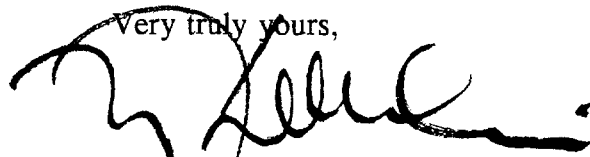
**Re: NMOCDCase 12857**  
***Application of Burlington Resources***  
***Oil & Gas Company L.P., BP Amoco and***  
***Energen Resources Corporation for a***  
***Pictured Cliffs Formation Pilot Project***  
***San Juan Basin, New Mexico***

Dear Ms. Wortenbery:

On August 2, 2002, I wrote to you on behalf of Burlington Resources Oil & Gas Company L.P., BP Amoco and Energen Resources Corporation, requesting that the Division give priority to the issuance of an order in the referenced case which was presented to Examiner Michael E. Stogner at a hearing held on May 2, 2001. **See copy attached.**

As of today, I have not receive a response for either you or Mr. Richard Ezeanyim. I am enclosing a copy of a Burlington report I received yesterday indicating the urgency of this matter.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company, L.P.  
Attn: Matt Gray  
BP Amoco:  
Attn: Bill Hawkins  
William F. Carr, Esq.  
Energen Resources Corporation  
Attn: Richard Corcoran

## **Pictured Cliffs 2002 Infill Pilot Program**

### **BURLINGTON PLAN:**

Drill 3 new PC infill pilot wells and recomplate 6 wells to the PC to evaluate the need for increasing the well density for the PC to 80-acre spacing.

### **STATUS:**

The San Juan 27-5 Unit No. 152J and Huerfanito Unit No. 15J were drilled & cored in May and June of 2002 respectively. Each well remains uncompleted and shut-in awaiting receipt of Infill Pilot Order from NMOCD.

The third new drill pilot well, San Juan 32-9 Unit No. 98J, is schedule to spud the week of September 16<sup>th</sup>. The plan is to shut-in the well once casing is set and wait for receipt of the Infill Pilot Order.

The 6 wells scheduled for recompletion as PC infill pilot wells are:

- I. Angel Peak B No. 34
- II. Huerfanito Unit No. 77
- III. Huerfano Unit No. 227
- IV. Mangum No. 6
- V. Turner Hughes No. 16
- VI. Zachry No. 45

Three of these wells are ready to be recompleted, as they are 100% BR interest. However, the recompletion is being delayed until the Infill Pilot Order is received. This is due to the negative effects of fracturing a well and not allowing the well to clean up by flowing it.

### **PROBLEM:**

Time is running out this year to finish all the work necessary to complete and test the 9 PC infill pilot wells. We do not want to perforate and fracture stimulate the pilot wells until we are able to flow them back for a sufficient amount of time. Experience has shown that PC wells may require weeks to months to clean up properly to avoid formation damage. In addition, if the work on these wells in not completed in 2002 we will lose our funding for these projects and have to apply for new budget monies in 2003. This could delay our ability to evaluate the potential of 80-acre PC wells.

ALTERNATIVE PROPOSAL IF ORDER IS NOT RECEIVED WITHIN 30 DAYS:

To avoid the delaying the evaluation of the PC on 80 acres, we propose that we proceed with the completion/stimulation of the subject PC infill pilot wells and flow them as long as required to clean up. While the pilot wells are being flowed, we would shut-in the adjacent 80-acre (parent) well temporarily, until the NMOCD Infill Pilot Order is received, at which time both wells will be produced. This would also allow the opportunity to collect bottom hole pressure data on the shut-in parent wells (which was going to be done anyway).

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ATTORNEYS AT LAW

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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  
TELEFAX (505) 982-2047

August 2, 2002

**Via Facsimile**

Ms. Lori Wortenbery  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

**Re: NMOCD Case 12857**  
***Application of Burlington Resources***  
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***Energen Resources Corporation for a***  
***Pictured Cliffs Formation Pilot Project***  
***San Juan Basin, New Mexico***

Dear Ms. Wortenbery:

On behalf of Burlington Resources Oil & Gas Company L.P., BP Amoco and Energen Resources Corporation, I am requesting that the Division give priority to the issuance of an order in the referenced case which was presented to Examiner Michael E. Stogner at a hearing held on May 2, 2001.

The application requests that the Division approve a 30 pilot project to obtain data to study increase the well density and amend well location requirements for all wells in the Pictured Cliffs formation the San Juan Basin, New Mexico. These three applicants operate more than 2,800 well in this Pictured Cliffs formation/pool.

Ms. Lori Wortenberg  
Oil Conservation Division  
August 2, 2002  
-Page 2-

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W. Thomas Kellahin

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