

**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:**

CASE NO. 12857

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP, BP AMOCO AND
ENERGEN RESOURCES CORP. FOR A PICTURED
CLIFFS PILOT PROJECT INCLUDING WELLS AT
UNORTHODOX LOCATIONS AND INCREASED DENSITY
WELLS, SAN JUAN. SANDOVAL, AND RIO ARRIBA
COUNTIES, NEW MEXICO**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by BURLINGTON RESOURCES OIL & GAS COMPANY LP, BP AMOCO, AND ENERGEN RESOURCES CORP. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Burlington Resources Oil & Gas Company LP
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ATTORNEY

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STATEMENT OF CASE

(1) Burlington is the current operator of the approximately 1,413 active Pictured Cliff wells, Amoco is the current operator of approximately 814 Pictured Cliffs wells, and Energen is the current operator of approximately 514 Pictured Cliff wells in the San Juan Basin of New Mexico.

(2) Burlington, Amoco and Energen want to conduct a pilot project in the Pictured Cliffs Formation to study the feasibility of "infill drilling" for all of the Pictured Cliffs pools currently governed by Division Rule 104.C.3 which provides for 160-acre Pictured Cliffs spacing units and precludes drilling and production of a second gas well within a 160-acre gas spacing unit ("GPU")

(3) Analysis of existing data suggests that increasing well density to two wells per 160 acre spacing unit would recover addition reserves.

(4) Based upon a study of current geological and reservoir engineering data, Burlington, BP Amoco and Energen have concluded that in order to determine the ultimate recovery of gas from the Pictured Cliffs formation/pools there is a need for a pilot project to study the current well density and ultimate recovery of gas from this formation.

(5) Currently available data is inadequate.

(6) Accordingly, Burlington, Amoco and Energen desire to initiate a pilot program for the drilling of additional "infill wells" in the Pictured Cliffs formation/pools to obtain data for reservoir engineering and geologic studies for the purposes of determining the proper well density and the ultimate recoverable reserves.

(7) The initial 30 pilot project wells are to be drilled or recompleted in calendar years 2002 and 2003 and will be located at standard gas well locations except for 4 project wells to be located at unorthodox well locations.

PROPOSED EVIDENCE

| WITNESSES | EST. TIME | EXHIBITS |
|--|-----------|---------------|
| Mike Dawson (geologist) | 30 Min | est. 8 pages |
| Earuch Broacha (petroleum engineer) | 60 Min. | est. 60 pages |
| Matt Gray (landman) | 15 Min | est. 12 pages |

PROCEDURAL MATTERS

None

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin
Attorney for Applicant