

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
BURLINGTON RESOURCES OIL)
& GAS COMPANY LP) CAUSE NO. 112
IGNACIO-BLANCO FIELD,)
LA PLATA COUNTY, COLORADO) DOCKET NO. ____

VERIFIED APPLICATION

COMES NOW, the Applicant, Burlington Resources Oil & Gas Company LP, by and through its attorneys, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order to permit, at the option of the operator, one additional well to be drilled in certain drilling and spacing units to the Fruitland coal seams in La Plata County, Colorado. In support thereof, Burlington Resources Oil & Gas Company LP states as follows:

APPLICATION LANDS

Applicant is the owner of certain oil and gas leases and the operator of wells producing from the Fruitland coal seams in the Ignacio-Blanco Field in the following described lands:

- Township 32 North, Range 6 West, N.M.P.M.
Section 19: Lots 1, 2, 3, 4, 5, 6, NE/4, E/2 NW/4 (All)
Section 20: Lots 1, 2, 3, 4, N/2 (All)
Section 21: Lots 1, 2, 3, 4, N/2 (All)
Section 22: Lots 2, 3, 4, W/2 NE/4, NW/4
(also described as the W/2 E/2, W/2)
- Township 32 North, Range 7 West, N.M.P.M.
Section 23: Lots 3, 4, NE/4 (also described as E/2)
Section 24: Lots 1, 2, 3, 4, N/2 (All)
- Township 32 North, Range 9 West, 6th N.M.P.M.
Section 18: Lots 1, 2, 3, 4, E/2 W/2 (also described as W/2)
Section 19: Lots 1, 2, 4, 6, 7, 10, 11, E/2 NW/4
(also described as W/2 E/2, W/2)
- Township 32 North, Range 10 West, N.M.P.M.
Section 11: All
Section 12: W/2
Section 13: All
Section 22: Lot 4, E/2 NE/4 (also described as E/2 E/2)
Section 23: Lots 1, 2, 3, 4, N/2 (All)
Section 24: Lots 1, 2, 3, 4, N/2 (All)

These lands are referred to as the Application Lands.

Section 18 of Township 32 North, Range 9 West, N.M.P.M. and Sections 11, 12 and 13 of Township 32 North, Range 10 West, N.M.P.M. are full sections. Sections 19, 20, 21, and 22 of Township 32 North, Range 6 West, N.M.P.M., Section 23 and 24 of Township 32 North, Range 7 West, N.M.P.M., Section 19 of Township 32 North, Range 9 West, N.M.P.M., and Sections 22, 23, and 24 of Township 32 North, Range 10 West, N.M.P.M. are fractional sections immediately North of the Colorado-New Mexico state line.

By Cause No. 112, Order No. 112-1 dated October 15, 1957, by Cause No. 112, Order No. 112-6 dated November 9, 1959, by Cause No. 112, Order No. 112-21 dated February 19, 1963, by Cause No. 112, Order No. 112-46 dated July 16, 1979, by Addendum to Order in Cause No. 112, Order No. 112-6 dated December 31, 1990 as of December 17, 1990, by Cause No. 112, Order No. 112-60 dated June 17, 1988, by Cause No. 112-61 dated September 7, 1988, as of August 15, 1988, and by Cause No. 112, Order No. 112-85 dated December 28, 1990 as of December 17, 1990, the Oil and Gas Conservation Commission established drilling and spacing units for production of methane gas from the Fruitland coal seams (as defined in Order No. 112-60) in the Ignacio-Blanco Field, including the Application Lands. As to the Application Lands which contain full sections, those orders establish drilling and spacing units of 320 acres for the production of gas from the Fruitland coal seams consisting of the N/2 and S/2 or the E/2 and W/2 of the section. As to the Application Lands which contain fractional sections, these orders establish the following drilling and spacing units of approximately 360 acres, with one permitted well in each such drilling and spacing unit:

Township 32 North, Range 6 West, N.M.P.M.

Section 19: Lots 1, 2, 3, 4, 5, W/2 NE/4, E/2 NW/4
(also described as W/2, W/2 E/2)

Township 32 North, Range 6 West, N.M.P.M.

Section 19: Lot 6, E/2 NE/4 (also described as E/2 E/2)
Section 20: Lots 3, 4, NW/4 (also described as W/2)

Township 32 North, Range 6 West, N.M.P.M.

Section 20: Lots 1, 2, NE/4 (also described as E/2)
Section 21: Lot 4, W/2 NW/4 (also described as W/2 W/2)

Township 32 North, Range 6 West, N.M.P.M.

Section 21: Lots 1, 2, 3, E/2 NW/4, NE/4
(also described as E/2 W/2, E/2)

Township 32 North, Range 6 West, N.M.P.M.

Section 22: Lots 2, 3, 4, E/2 NE/4, NW/4
(also described as W/2, W/2 E/2)

Township 32 North, Range 7 West, N.M.P. M.

Section 23: Lots 1, 2, NE/4 (also described as E/2)
Section 24: Lot 4, W/2 NW/4 (also described as W/2 W/2)

Township 32 North, Range 7 West, N.M.P.M.

Section 24: Lots 1, 2, 3, NE/4, E/2 NW/4
(also described as E/2 W/2, E/2)

Township 32 North, Range 9 West, N.M.P.M.

Section 19: Lots 1, 2, 4, 6, 7, 10, 11, E/2 NW/4
(also described as W/2, W/2 E/2)

Township 32 North, Range 10 West, N.M.P.M.

Section 22: Lot 4, E/2 NE/4 (also described as E/2 E/2)
Section 23: Lots 1, 2, NW/4 (also described as W/2)

Township 32 North, Range 10 West, N.M.P.M.

Section 23: Lots 3, 4, NE/4 (also described as E/2)
Section 24: Lot 1, W/2 NW/4 (also described as W/2 W/2)

Township 32 North, Range 10 West, N.M.P.M.
Section 24: Lots 2, 3, 4, NE/4, E/2 NW/4
(also described as E/2 W/2, E/2)

As to the drilling and spacing units in the Application Lands consisting of full sections, the permitted wells are to be located in the NE/4 or the SW/4 of the drilling and spacing unit, no closer than 990 feet to the boundary of the unit, and no closer than 130 feet to any interior quarter section line. As to the designated drilling and spacing units in the fractional sections of the Application Lands, the permitted wells are to be located no closer than 990 feet to the boundary of the unit and no closer than 130 feet to any interior quarter section line. The Director is authorized, without additional notice and hearing, to grant exceptions to a well location because of topography, surface hazards, and archeological considerations.

II

Subsequent drilling and production operations in the Fruitland coal seams in the Ignacio-Blanco Field have provided geological and engineering evidence to the effect that in the Application Lands consisting of full sections one well will not efficiently and economically drain an area of 320 acres, and in the Application Lands consisting of fractional sections one well will not efficiently and economically drain the designated drilling and spacing units. Instead, Applicant asserts that up to two wells may be required in each such drilling and spacing unit to drain the Fruitland coal seams efficiently and economically. Applicant requests that one additional well be permitted in each 320-acre drilling and spacing unit in the Application Lands consisting of full sections and in each designated drilling and spacing unit in the Application Lands consisting of fractional sections, with the result that up to two wells can be drilled to the Fruitland coal seams in each such drilling and spacing unit. Applicant alleges that each such drilling and spacing unit is not smaller than the maximum area that can be efficiently and economically drained by two wells in the Fruitland coal seams, and that the correlative rights of all parties will be protected. Applicant further alleges that the additional wells may be drilled in a manner consistent with the protection of public health, safety and welfare, and that the additional wells are in the best interests of the Southern Ute Indian Tribe.

III

To prevent waste, to protect correlative rights, to ensure the proper and efficient development of the Fruitland coal seams in the Application Lands, and to ensure the greatest ultimate recovery of gas and associated hydrocarbon substances from the Fruitland coal seams in the Application Lands, Applicant requests (1) that after notice and hearing as provided by law, the Commission issue its order providing that, at the option of the operator, two wells may be drilled and completed on each 320-acre drilling and spacing unit in the full sections of the Application Lands and on each designated drilling and spacing unit in the fractional sections of the Application Lands; (2) the permitted location for any well drilled to the Fruitland coal seams subsequent to the entry of such order in a 320-acre drilling and spacing unit in the Application Lands consisting of full sections should be located no closer than 990 feet to any outer boundary of said 320-acre drilling and spacing unit, and no closer than 130 feet to any interior section line; (3) the permitted location for any well drilled to the Fruitland coal seams subsequent to the entry of such order in a designated drilling and spacing unit in the Application Lands consisting of fractional sections should be located no closer than 990 feet to any outer boundary of said designated drilling and spacing unit, and no closer than 130 feet to any interior section line; and (4) the Director be authorized, without additional notice and hearing, to grant exceptions to a well location because of topography, surface hazards, and archeological considerations.

GENERAL PROVISIONS

IV

Applicant states that to the best of its information and belief Exhibit A attached hereto is the list of the names of owners required to be notified in accordance with Commission Rule 507 covering the Application Lands.

V

This application is submitted to this Commission in accordance with the terms of the Memorandum of Understanding dated August 22, 1991 between the Bureau of Land Management and this Commission and a separate Memorandum of Understanding dated August 22, 1991 between the Bureau of Indian Affairs, the Bureau of Land Management, and the Southern Ute Indian Tribe. The Southern Ute Indian Tribe owns interests in the surface and minerals in the Application Lands.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing by the Commission; that notice hereof be given as required by law; and that upon hearing this Commission issue its order granting this Application as requested. Applicant further requests that the Commission in its order grant such other provisions as the Commission may find to be necessary or desirable in the cause.

DATED this 1st day of June, 2005

Respectfully submitted,

BURLINGTON RESOURCES OIL
& GAS COMPANY LP

BY: _____
Carleton L. Ekberg, Esq.
Poulson, Odell & Peterson, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
(303) 861-4400

Applicant's Address:
Burlington Resources Oil & Gas Company LP
3401 East 30th Street
Farmington, New Mexico 87401

VERIFICATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

_____, _____ of Burlington Resources Oil & Gas Company LP, upon oath, deposes and says that he has read the foregoing Verified Application before the Oil and Gas Conservation Commission of the State of Colorado, and states that the matters contained therein are true to the best of his knowledge and belief.

Subscribed to and sworn to before me this _____ day of June, 2005 by _____ of Burlington Resources Oil & Gas Company, LP.

My Commission expires:

Notary Public

Address _____
