

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS :

☒ Administrative ☐ Hearing

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ YES ☐ NO

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

San Juan 28-6 Unit

179

N 13-27N-06W

Rio Arriba

Lessee

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7462 API NO. 30-039-20669 Federal , State , (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Basin
1. Pool Name and Pool Code	Cereza Canyon Gallup - 96766		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	6395' - 6575'		7354' - 7564'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current	(Current) Est. a. 1963		a. 888
Gas & Oil - Flowing: Measured Current	(Original) Est. b. 1963	b.	b. 3180
All Gas Zones: Estimated or Measured Original			
6. Oil Gravity (°API) or Gas BTU Content	BTU (Est.) 1224		BTU 1048
7. Producing or Shut-In?	Shut-in		producing
Production Marginal? (yes or no)	no		yes
* If Shut-In and oil/gas/water rates of last production	Date: n/a Rates:	Date: n/a Rates:	Date: n/a Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: n/a Rates: n/a	Date: n/a Rates: n/a	Date: n/a Rates: 102 MCF/D
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: % will be supplied upon completion	Oil: % Gas: % will be supplied upon completion	Oil: % Gas: % will be supplied upon completion

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☐ Yes ☒ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☒ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No11. Will cross-flow occur? ☒ Yes ☐ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10696

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jennifer Dobson TITLE Production Engineer DATE 09-17-98TYPE OR PRINT NAME Jennifer Dobson TELEPHONE NO. (505) 326-9700

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Dept.

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-10
Revised February 21, 1995
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-20669		Pool Code 96766/71599	Pool Name WC:Cereza Canyon Gallup/Basin Dakota
Property Code 7462	Property Name SAN JUAN 28-6 UNIT		Well Number 179
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6419'

¹⁰ Surface Location

U. or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
N	13	27N	6W		1180	South	1500	West	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

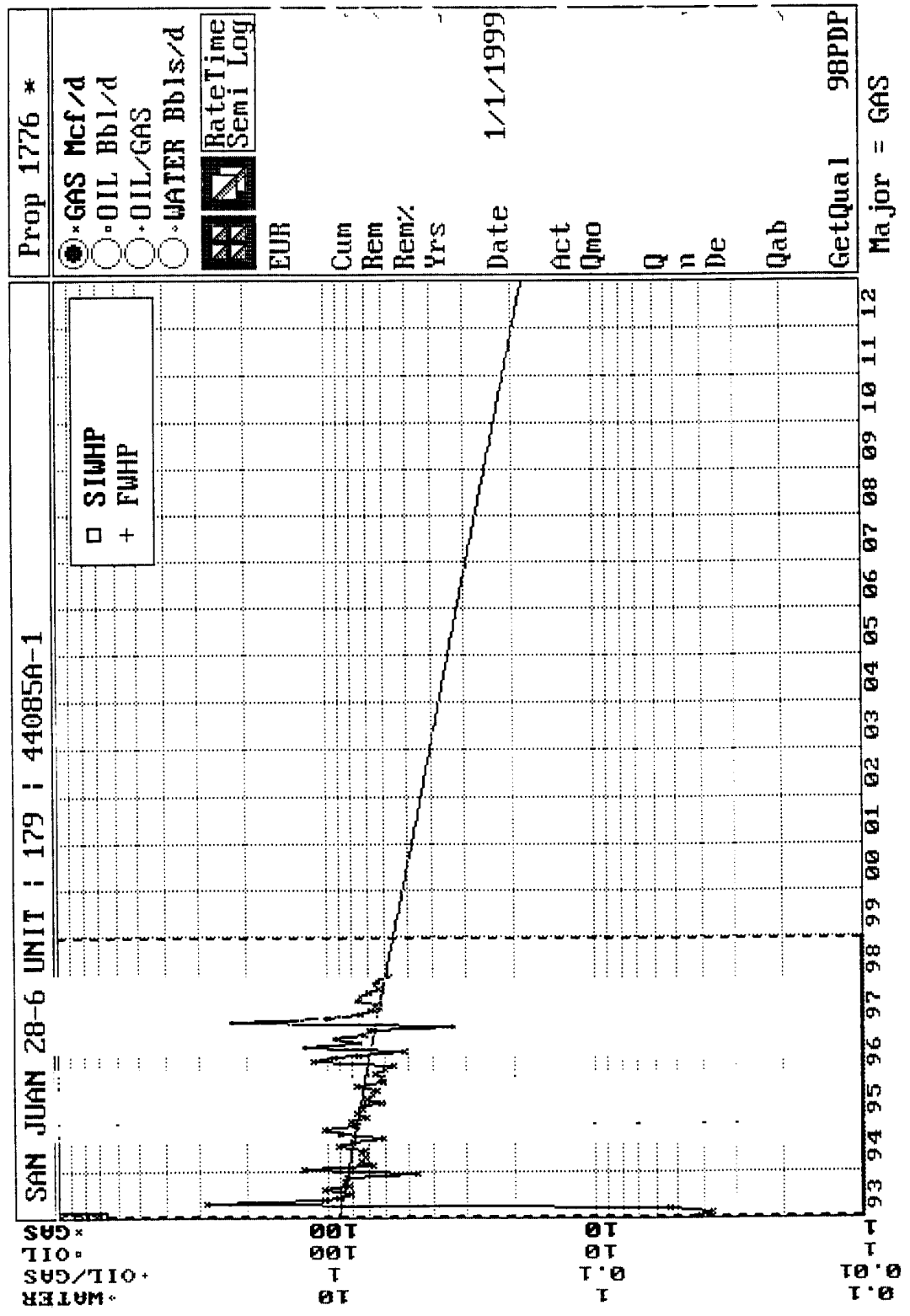
U. or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres Gal - 160 DK - W/320	Joint or Infill	Consolidation Code	Order No.
--------------------------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>*Not re-surveyed: Prepared from plat By: David O. Vilven Dated: April 13, 1973</p> <p>RECEIVED SEP 25 1998 OIL CON. DIV. DIST. 3</p> <p>RECEIVED DEC 3 1997 OIL CON. DIV. DIST. 3</p>	<p>¹² OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature Peggy Bradfield Printed Name Regulatory Administrator Title 12-2-97 Date</p> <p>¹³ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>NOVEMBER 20, 1997 Date of Survey Signature and Seal of Surveyor NEALE C. EDWARDS NEW MEXICO 6857 Certificate Number</p>
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DK



SAN JUAN 28-6 UNIT : 179 !

• OIL
• GAS
• WATER
• WATER/GAS

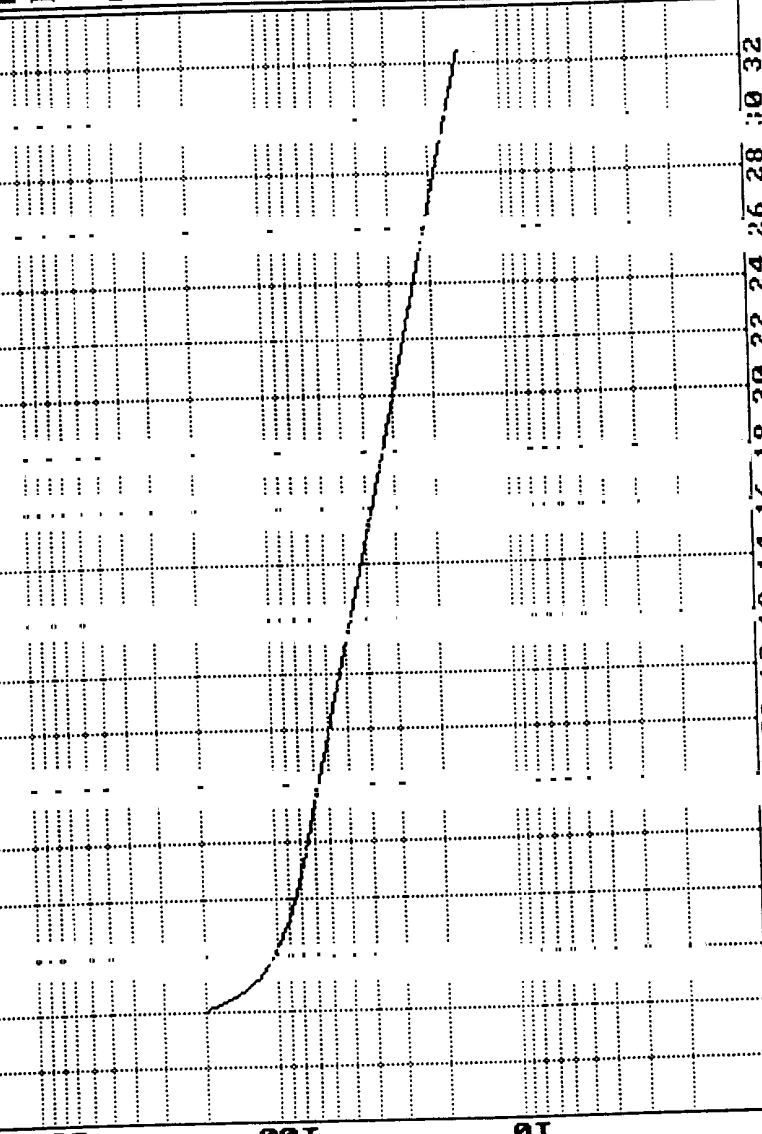
— DAILY RATE
— TBG PRESSURE

100
1000
1000
1000

10
100
100
100

1
10
10
10

0
1
1
1



Prop 665 GL

- ☐ • WATER Bbls/d
- ☒ • GAS Mcf/d
- ☐ • WATER/GAS
- ☐ • OIL Bbl/d

RateTime
Semi Log

EUR

Cum

Rem

Rem%

Yrs

Date

Act

Qmo

Q

n

De

Qab

GetQual BOBMED

Major = GAS

SJ 28-6 #179
Bottom Hole Pressures
Cullender and Smith Method
Version 1.0 3/13/94

Dakota

DK-Current

GAS GRAVITY	<u>0.601</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.17</u>
%CO2	<u>1.41</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>7605</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>144</u>
FLOWRATE (MCFPD)	<u>102</u>
SURFACE PRESSURE (PSIA)	<u>749</u>
 BOTTOMHOLE PRESSURE (PSIA)	 <u>888.2</u>

DK-Original

GAS GRAVITY	<u>0.601</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.17</u>
%CO2	<u>1.41</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>7605</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>144</u>
FLOWRATE (MCFPD)	<u>102</u>
SURFACE PRESSURE (PSIA)	<u>2640</u>
 BOTTOMHOLE PRESSURE (PSIA)	 <u>3180.2</u>

Company: BURLINGTON RESOURCES
Well: SAN JUAN 28-6 #179
Field: GALLUP FORMATION
Engineer:
Gauge Type: AMERADA
Gauge Range:
Gauge Depth: 6750 ft
Serial No.:

County: RIO ARRIBA
State: NEW MEXICO
Date: 07/20/1998
Well Type:
Test Type: STATIC GRADIENT
Status: SHUT-IN
File Name: 32120-1

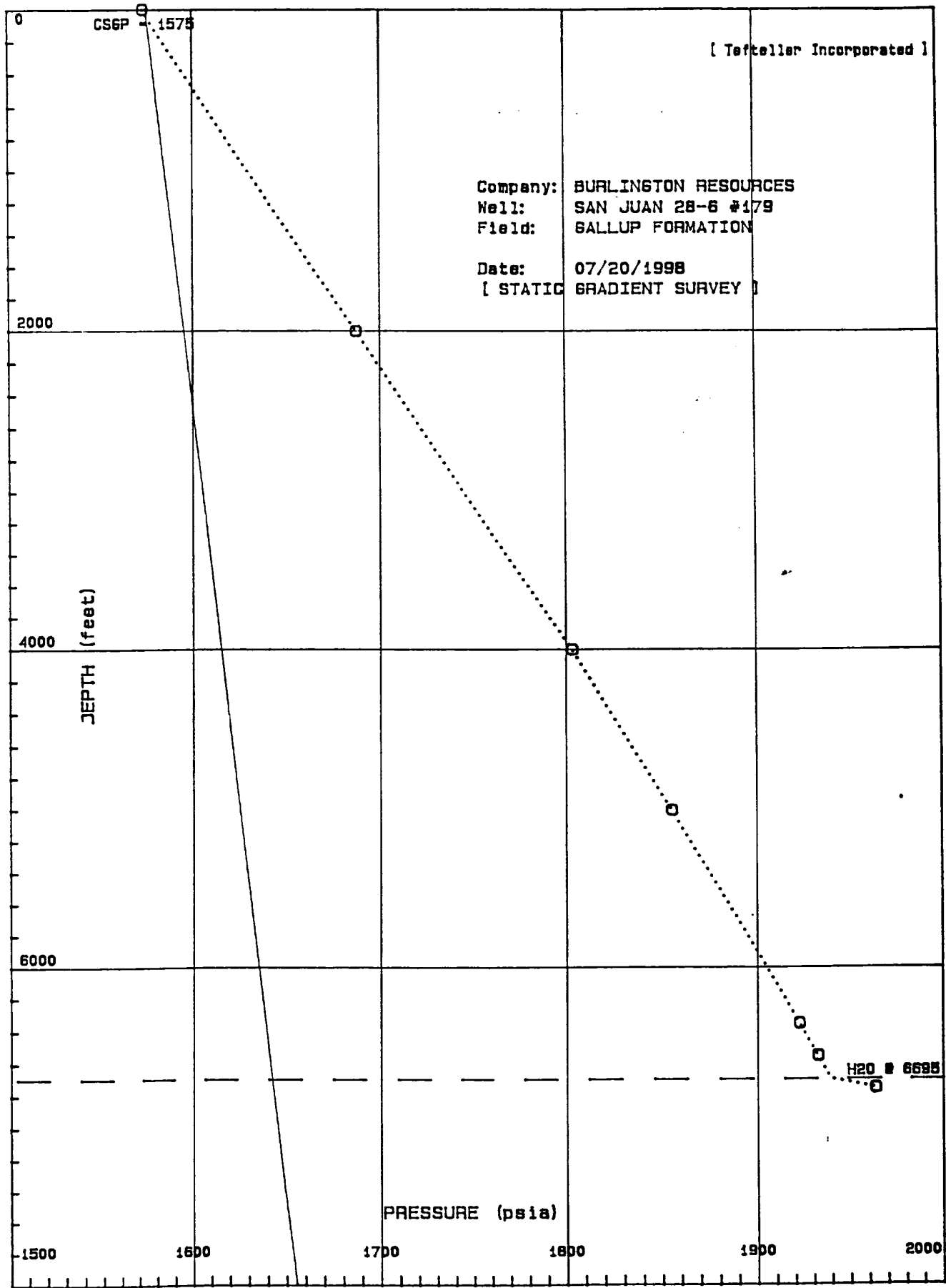
Tubing: 1 1/2" TO 6938
Tubing: TO
Casing: TO
Perfs.: 6393-6980
Shut-in Time 168 hrs

Oil Level
H2O Level 6695 ft

Shut-in BHP	1963	@	6750 ft	Shut-in BHT	0 F	@	0 ft
Shut-in WHP	1573			Shut-in WHT	0 F		
Casing CSGP	1575						

[Tefteller Incorporated]

#	MD	TVD	PRESSURE	PSI/ft
1	0	0	1573.00	
2	2000	2000	1687.00	0.057
3	4000	4000	1803.00	0.058
4	5000	5000	1855.00	0.052
5	6350	6350	1922.00	0.050
6	6550	6550	1932.00	0.050
7	6750	6750	1963.00	0.155



FDG055M4 0104

WELL PRODUCTION 8/8'S VOLUME *>K*

09/01/98 17:31:10

START OF DATA

DP NO: 44085A

DATE: 980830 (YYMMDD FORMAT)

SAN JUAN 28-6 UNIT

179

SCROLL FORWARD BY DATE: _

S

E	DATE	HOURS	-OIL PRODN-	-GAS PRODN-	-WATER PRODN-			
L PRODUCED	ON	(BOPD	BOPM)	(MCFD	MCFM)	(BWPD	BWPM)	
-	08/30/98	24.0	0.00	0.00	51	3051	0.00	0.00
-	08/29/98	24.0	0.00	0.00	53	3000	0.00	0.00
-	08/28/98	24.0	0.00	0.00	61	2947	0.00	0.00
-	08/27/98	24.0	0.00	0.00	75	2886	0.00	0.00
-	08/26/98	24.0	0.00	0.00	65	2811	0.00	0.00
-	08/25/98	24.0	0.00	0.00	65	2746	0.00	0.00
-	08/24/98	24.0	0.00	0.00	79	2681	0.00	0.00
-	08/23/98	24.0	0.00	0.00	93	2602	0.00	0.00
-	08/22/98	24.0	0.00	0.00	93	2509	0.00	0.00
-	08/21/98	24.0	0.00	0.00	93	2416	0.00	0.00
-	08/20/98	24.0	0.00	0.00	104	2323	0.00	0.00

ENTER I UNDER SEL FOR MAINTENANCE

PF12=MAIN MENU

PF6=NRI
ENTER=BACKWARDS

PF10=BROWSE MENU

PF11=INQ/UPDATE MENU

PF24=HELP

102 avg, mcf/d - Aug

DP NO: 44085A

DATE: 980819 (YYMMDD FORMAT)

SAN JUAN 28-6 UNIT

179

SCROLL FORWARD BY DATE: _

S

E	DATE	HOURS	-OIL PRODN-	-GAS PRODN-	-WATER PRODN-		
L PRODUCED	ON	(BOPD	BOPM)	(MCFD	MCFM)	(BWPD	BWPM)
08/19/98	24.0	0.00	0.00	114	2219	0.00	0.00
08/18/98	8.4	0.00	0.00	229	2105	0.00	0.00
08/17/98	0.0	0.00	0.00	0	1876	0.00	0.00
08/16/98	0.0	0.00	0.00	0	1876	0.00	0.00
08/15/98	0.0	0.00	0.00	0	1876	0.00	0.00
08/14/98	0.0	0.00	0.00	0	1876	0.00	0.00
08/13/98	11.0	0.00	0.00	18	1876	0.00	0.00
08/12/98	24.0	0.00	0.00	88	1858	0.00	0.00
08/11/98	24.0	0.00	0.00	95	1770	0.00	0.00
08/10/98	24.0	0.00	0.00	110	1675	0.00	0.00
08/09/98	24.0	0.00	0.00	110	1565	0.00	0.00

ENTER I UNDER SEL FOR MAINTENANCE

PF6=NRI PF10=BROWSE MENU PF11=INQ/UPDATE MENU
 PF12=MAIN MENU ENTER=BACKWARDS PF24=HELP

DP NO: 44085A

DATE: 980808 (YYMMDD FORMAT)

SAN JUAN 28-6 UNIT

179

SCROLL FORWARD BY DATE: _

S

E	DATE	HOURS	-OIL PRODN-	-GAS PRODN-	-WATER PRODN-		
L	PRODUCED	ON	(BOPD	BOPM)	(MCFD	MCFM)	(BWPD BWPM)
—	08/08/98	24.0	0.00	0.00	123	1455	0.00 0.00
—	08/07/98	24.0	0.00	0.00	130	1332	0.00 0.00
—	08/06/98	24.0	0.00	0.00	136	1202	0.00 0.00
—	08/05/98	24.0	0.00	0.00	217	1066	0.00 0.00
—	08/04/98	24.0	0.00	0.00	317	849	0.00 0.00
—	08/03/98	24.0	0.00	0.00	532	532	0.00 0.00
—	08/02/98	24.0	0.00	0.00	0	0	0.00 0.00
—	08/01/98	24.0	0.00	0.00	0	0	0.00 0.00
—	07/31/98	24.0	0.00	0.00	0	159	0.00 0.00
—	07/30/98	0.0	0.00	0.00	0	159	0.00 0.00
—	07/29/98	0.0	0.00	0.00	0	159	0.00 0.00

ENTER I UNDER SEL FOR MAINTENANCE

PF6=NRI PF10=BROWSE MENU PF11=INQ/UPDATE MENU
 PF12=MAIN MENU ENTER=BACKWARDS PF24=HELP

REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)

DK

OPR008M1 0104

0008 CHROMATOGRAPH TEST MAIN SCREEN

17:32:30.8 09/01/98

FUNCTION (A,C,D,I) : ** DATA AT TEST PRESSURE UNLESS NOTED **
MP NUMBER 87825 SAN JUAN 28-6 UNIT 179
EFFECTIVE DATE 19960701
REGION CD 42 SAN JUAN
MP TYPE CODE 10 GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS,LIQ,BTU) GAS ----- BTU/CF -----
SAMPLE DATE 19951218 --- (AT 14.73 PSIG) --
SAMPLE LINE PRESSURE (PSIG) WET 1029.779 DRY 1048.000
SAMPLE LINE TEMPERATURE (DEG F) -----
TEST DATE ----- BTU/CF -----
TEST PRESSURE (PSIG) 14.730 WET 1029.779 DRY 1048.000
TEST TEMPERATURE (DEG F) 60 VAPOR FACTOR -----
TEST LIFE (MONTHS) 12
TESTER SOURCE BA NUMBER 098795 EL PASO FIELD SERVICES
TEST PURPOSE CODE -----

03=DETAIL SCR 04=MP-NM BRWS 06=MP/DS LST 07=MP/WN LST
11=PREV SCR 12=MAIN MENU 20=NEXT REC
21=REFRESH SCR 22=PREV MENU 24=HELP PA1=TERMINATE

	MOL %	GPM (AT 14.73)
HYDROGEN	_____	
HELIUM	_____	
NITROGEN	___0.17	
OXYGEN	_____	
HYDROGEN SULFIDE	_____	
CARBON DIOXIDE	___1.41	
METHANE	___94.58	
ETHANE	___2.55	0.6821
PROPANE	___0.57	0.1571
ISO-BUTANE	___0.16	0.0523
N-BUTANE	___0.14	0.0441
ISO-PENTANE	___0.08	0.0293
N-PENTANE	___0.05	0.0181
HEXANE	_____	
HEXANE PLUS	___0.29	0.1265
HEPTANE PLUS	_____	
TOTALS	100.00	1.1095

** DATA AT 14.730 PSIG UNLESS NOTED **

MP NUMBER 87825
EFFECTIVE DATE 19960701

-- GASOLINE CONTENT (GPM) --
26/70 GASOLINE _____
100% PROPANE _____
EXCESS BUTANES _____
TOTAL

----- SPECIFIC GRAVITY -----
CALCULATED _0.6010
MEASURED _____

SULPHUR GRAINS / 100 CU FT _____

03=MAIN SCREEN

24=HELP

PA1=TERMINATE

BURLINGTON RESOURCES OIL AND GAS COMPANY

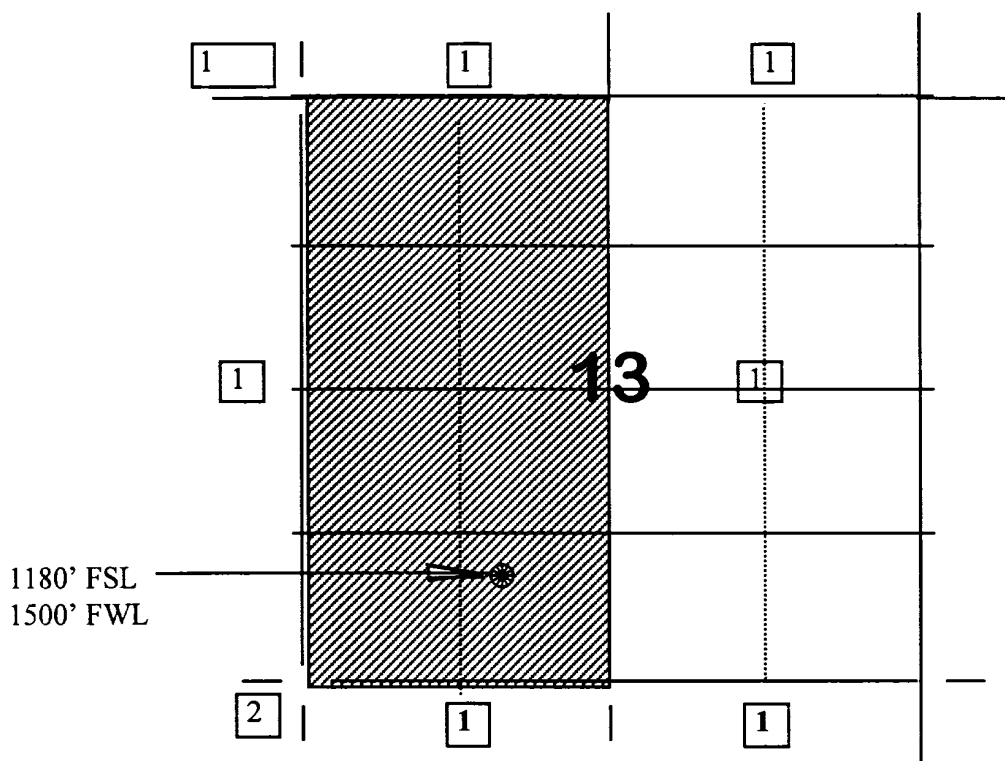
San Juan 28-6 Unit #179

OFFSET OPERATOR/OWNER PLAT

Gallup(SW/4), Dakota (W/2) Formations

Down-hole Commingle

Township 28 North, Range 6 West



1) Burlington Resources

**2) Union Oil Company of California
P.O. Box 3100
Midland, Texas 79702**

DATE: September 02, 1998
 NAME: SAN JUAN 28-6 UNIT 179
 FORM: DAKOTA
 LOCATION
 UNIT: N
 SEC: 13
 TWN: 27N
 RNG: 6W

<p>4/98 • San Juan 28-6 Unit 158M 43/1 (98) 0/0</p> <p>7/71 • San Juan 28-6 Unit 158 43/759 (98) 0/0</p> <p>5/74 • San Juan 28-6 Unit 208 69/909 (98) 0/2</p>	<p>3/98 • San Juan 28-6 Unit 182M 109/6 (98) 0/0</p> <p>8/71 • San Juan 28-6 Unit 161 119/1504 (98) [12] 0/0</p> <p>8/73 • San Juan 28-6 Unit 182 114/1422 (98) 0/3</p>	<p>3/86 • San Juan 27-5 Unit 126M 38/339 (98) 0/0</p> <p>6/62 • San Juan 27-5 Unit 69 148/2610 (98) 0/5</p> <p>8/71 • San Juan 27-5 Unit 126 81/1432 (98) 0/0</p> <p>4/86 • San Juan 27-5 Unit 69M 96/550 (98) 0/1</p>
<p>4/98 • San Juan 28-6 Unit 181M 9/0 (98) 0/0</p> <p>10/73 • San Juan 28-6 Unit 181 49/1055 (98) 0/0</p> <p>7/72 • San Juan 28-6 Unit 168 54/839 (98) 0/0</p>	<p>2/98 • San Juan 28-6 Unit 179M 230/21 (98) 0/0</p> <p>7/73 • San Juan 28-6 Unit 183 213/2899 (98) [13] 0/6</p> <p>9/73 • San Juan 28-6 Unit 179 63/1347 (98) 0/0</p>	<p>11/85 • San Juan 27-5 Unit 163M 64/853 (98) 0/1</p> <p>4/72 • San Juan 27-5 Unit 137 107/1284 (98) [18] 0/0</p> <p>11/73 • San Juan 27-5 Unit 163 103/1407 (98) 0/1</p> <p>12/85 • San Juan 27-5 Unit 137E 171/974 (98) 0/1</p>
<p>7/62 • Rincon Unit 173 127/2645 (98) 0/7</p> <p>12/68 • Rincon Unit 146 83/1483 (98) [23] 0/5</p>	<p>11/69 • San Juan 28-6 Unit 146 110/1929 (98) 0/5</p> <p>4/72 • San Juan 28-6 Unit 171 117/1462 (98) [24] 0/0</p>	<p>9/71 • San Juan 27-5 Unit 133 211/3039 (98) 0/4</p> <p>4/72 • San Juan 27-5 Unit 138 74/1969 (98) [19] 0/3</p> <p>3/86 • San Juan 27-5 Unit 138E 146/878 (98) 0/1</p>

T
27
N

LEGEND
 COMPLETION DATE
 WELL NAME
 MCF/D-CUM(MMF)
 BOP/D-CUM(MBO)

R-5-W

R-6-W

DATE: September 02, 1998
NAME: SAN JUAN 28-6 UNIT 179
FORM: GALLUP

LOCATION
UNIT: N
SEC: 13
TWN: 27N
RNG: 6W

[11]	[12]	[7]
[14]	[13] San Juan 28-6 Unit 179	[18]
[23]	[24]	[19]

T 27 N

R-6-W R-5-W

LEGEND
COMPLETION DATE
WELL NAME
MC/F/D-CUM(MMF)
BOP/D-CUM(MBO)

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. 11628
ORDER NO. R-10696

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR THE ESTABLISHMENT
OF A DOWNHOLE COMMINGLING "REFERENCE
CASE" FOR ITS SAN JUAN 28-6 UNIT PURSUANT
TO DIVISION RULE 303.E. AND THE ADOPTION
OF SPECIAL ADMINISTRATIVE RULES THEREFOR,
SAN JUAN COUNTY, NEW MEXICO..

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17 and November 7, 1996, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 12th day of November, 1996, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Burlington Resources Oil & Gas Company (Burlington), pursuant to the provisions of Division Rule 303.E., seeks to establish a downhole commingling "reference case" to provide exceptions for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 28-6 Unit, San Juan County, New Mexico.
- (3) Division Rule No. 303.E., amended by Order No. R-10470-A, currently states:

"If sufficient data exists on a lease, pool, formation, geographic area, etc., so as to render it unnecessary to repeatedly provide such data on Form C-107-A, an operator may except any of the various criteria required under Paragraph 303.D. of this rule by establishing a "reference case". The Division, upon its own motion, or by application from an operator, may establish "reference cases" either administratively or by hearing. Upon Division approval of such "reference cases" for specific criteria, subsequent applications to downhole commingle (Form C-107-A) will be required only to cite the Division order number which established such exceptions and shall not be required to submit data for those criteria."

(4) The applicant is the current operator of the San Juan 28-6 Unit which encompasses some 27,735 acres in Townships 27 and 28 North, Range 6 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 28-6 Unit, the applicant currently operates ninety (90) Basin-Dakota Gas Pool wells, one hundred twenty-six (126) Blanco-Mesaverde Gas Pool wells, fifty-one (51) South Blanco-Pictured Cliffs Gas Pool wells, and fifty-eight (58) Basin-Fruitland Coal Gas Pool wells.

(6) According to its evidence and testimony, Burlington seeks to:

- a) establish a "reference case" for marginal economic criteria in the Dakota and Pictured Cliffs formations whereby these formations and/or pools may be identified as "marginal" on Form C-107-A's subsequently filed for wells within the San Juan 28-6 Unit. The applicant further proposes that the data provided in the immediate case serve as supplemental data or confirmation that these formations and/or pools should be classified as "marginal";
- b) establish a "reference case" for pressure criteria in the Dakota and Pictured Cliffs formations whereby the Division may utilize data provided in the immediate case to verify the pressure data provided on Form C-107-A's subsequently filed for wells within the San Juan 28-6 Unit;

- c) establish a "reference case" whereby the Division utilizes the data presented in the immediate case to endorse or approve certain methods of allocating production whereby the applicant need not submit additional data or justification when proposing a certain method of allocating production on Form C-107-A's subsequently filed for wells within the San Juan 28-6 Unit; and,
- d) establish a "reference case" or an administrative procedure for authorizing the downhole commingling of existing or future drilled wells within the San Juan 28-6 Unit without additional notice to each affected interest owner as required by Division Rule No. 303.D.

(7) In support of its request to except marginal economic criteria, the applicant presented geologic and engineering evidence and testimony which indicates that within the San Juan 28-6 Unit:

- a) the structure and thickness of the Dakota and Pictured Cliffs formations are very consistent;
- b) the average recoverable Dakota and Pictured Cliffs gas reserves underlying an undeveloped drill block are approximately 449 MMCFG and 186 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 254 MCFGD and 216 MCFGD, respectively; and,
- d) the estimated ultimate gas recoveries and initial producing rates from the Dakota and Pictured Cliffs formations are insufficient to justify drilling stand alone wells and/or dually completed wells to recover such gas reserves.

(8) The evidence and testimony presented by the applicant indicates that the Dakota and Pictured Cliffs formations within the San Juan 28-6 Unit should be properly classified as "marginal".

(9) In support of its request to except pressure criteria within the Dakota and Pictured Cliffs formations within the San Juan 28-6 Unit, the applicant presented engineering evidence and testimony which indicates that:

- a) the average shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations at the time of initial development was approximately 3,172 psi and 1,173 psi, respectively; and,
- b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations is approximately 980 psi and 393 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 28-6 Unit so as to except pressure criteria as proposed by the applicant.

(11) The applicant testified that various allocation methods will be utilized for downhole commingled wells within the San Juan 28-6 Unit depending on the circumstances. Some of the methods and circumstances are described as follows:

- a) the subtraction method will likely be utilized in those instances involving the Basin-Fruitland Coal Gas Pool and in those instances where a zone with a well established decline rate is commingled with a newly completed zone;
- b) a fixed allocation formula will be utilized in those instances where production history for both zones is available, or in those instances where newly completed zones are tested and stabilized flow rates obtained.

(12) The allocation methods proposed by the applicant are routinely utilized by industry and approved by the Division and therefore, the proposal to except allocation formulas should be approved.

(13) In support of its request to establish a "reference case" or administrative procedure for providing notice within the San Juan 28-6 Unit the applicant presented evidence and testimony which indicates that:

- a) the interest ownership between two zones within a given wellbore in the San Juan 28-6 Unit is generally not common;
- b) pursuant to Division Rule No. 303.D., applicant is currently required to notify all interest owners within the San Juan 28-6 Unit every time a Form C-107-A is submitted to the Division. There are a considerable number of such interest owners within the unit;

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- c) providing notice to each interest owner within the San Juan 28-6 Unit of subsequent downhole comminglings is unnecessary and is an excessive burden on the applicant;
- d) the downhole commingling of wells within the San Juan 28-6 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-6 Unit should not violate the correlative rights of any interest owner;
- e) no interest owner appeared at the hearing in opposition to the establishment of a "reference case" or administrative procedure for notice.

(14) An administrative procedure should be established within the San Juan 28-6 Unit for obtaining approval for subsequent downhole commingled wells without notice to Unit interest owners, provided however that, all other provisions contained within Division Rule No. 303.C. are complied with.

(15) Approval of the proposed "reference cases" for marginal economic criteria, pressure criteria, allocation formulas and notice will lessen the burden on the applicant insofar as providing the data required pursuant to Division Rule No. 303.D. and Form C-107-A, will provide the applicant a streamlined method for obtaining downhole commingling approvals within the San Juan 28-6 Unit, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Burlington Resources Oil & Gas Company to establish a "reference case" for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 28-6 Unit, San Juan County, New Mexico, is hereby approved.

(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-6 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify the Pictured Cliffs and Dakota pressure information provided, and support or justification for utilizing a given method or formula for allocation of production, provided however, in the event any of the data described above appearing on Form C-107-A appears to be beyond the data range provided in this case, the Division may require the submittal of additional supporting data.

(3) In order to obtain Division authorization to downhole commingle wells within the San Juan 28-6 Unit, the applicant shall file a Form C-107-A with the Santa Fe and Aztec Offices of the Division. Such application shall contain all the information required under Rule No. 303.C. of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the San Juan 28-6 Unit of such proposed commingling.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LeMAY
Director

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