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 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A
New 3-12-96

APPROVAL PROCESS :
_X_ Administrative
___Hearing

EXISTING WELLBORE
_X__ YES ___ NO

BURLINGTON RESOURCES OIL & GAS COMPANY — PO Box 4289, Farmington, NM 87499
Operator — Address

SAN JUAN 27-5 UNIT	97M	D, Sec. 31, T27N, R05W	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. __14538_____ Property Code _7455_____ API NO. 30-039-2372800__Federal ___X___ , State _____, (and/or) Fee _____

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Mesa Verde - 72319		Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	4895' - 5835'		7458' - 7666'
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 Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	(Current) a. 586 Psia @ 5365' (Original) b. 1225 Psia	a. b.	a. 485 Psia @ 7562' b. 2467 Psia
6. Oil Gravity (°API) or Gas BTU Content	1165		1079
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: 9/8/97 Rates: 88 MCFD	Date: Rates:	Date: 9/7/97 Rates: 142 MCFD
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: Gas:	Oil: Gas:	Oil: Gas:

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OCT 10 1997
OIL CON. DIV.
DIST. 3

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 __X_No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___Yes __X_No
Have all offset operators been given written notice of the proposed downhole commingling? _X_Yes ____No

11. Will cross-flow occur? _X__ 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. __X___ Yes _____No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? __X_ Yes ___ No

13. Will the value of production be decreased by commingling? ___ Yes _X__ 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. _X__Yes ___ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). __ R-10694_____

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 Kevin L. Midkiff TITLE Sr. Operations Engineer _DATE ____10/02/97_____

TYPE OR PRINT NAME _Kevin L. Midkiff_____ TELEPHONE NO. (505) 326-9700_____

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
EL PASO NATURAL GAS COMPANY	SAN JUAN 27-5 UNIT (SF 079367)	97M

Unit Letter	Section	Township	Range	County
D	31	27N	5W	Rio Arriba

Actual Footage Location of Well: 1000 feet from the North line and 1000 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6596	Mesa Verde /Dakota	Blanco /Basin	319.08 & 319.08 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

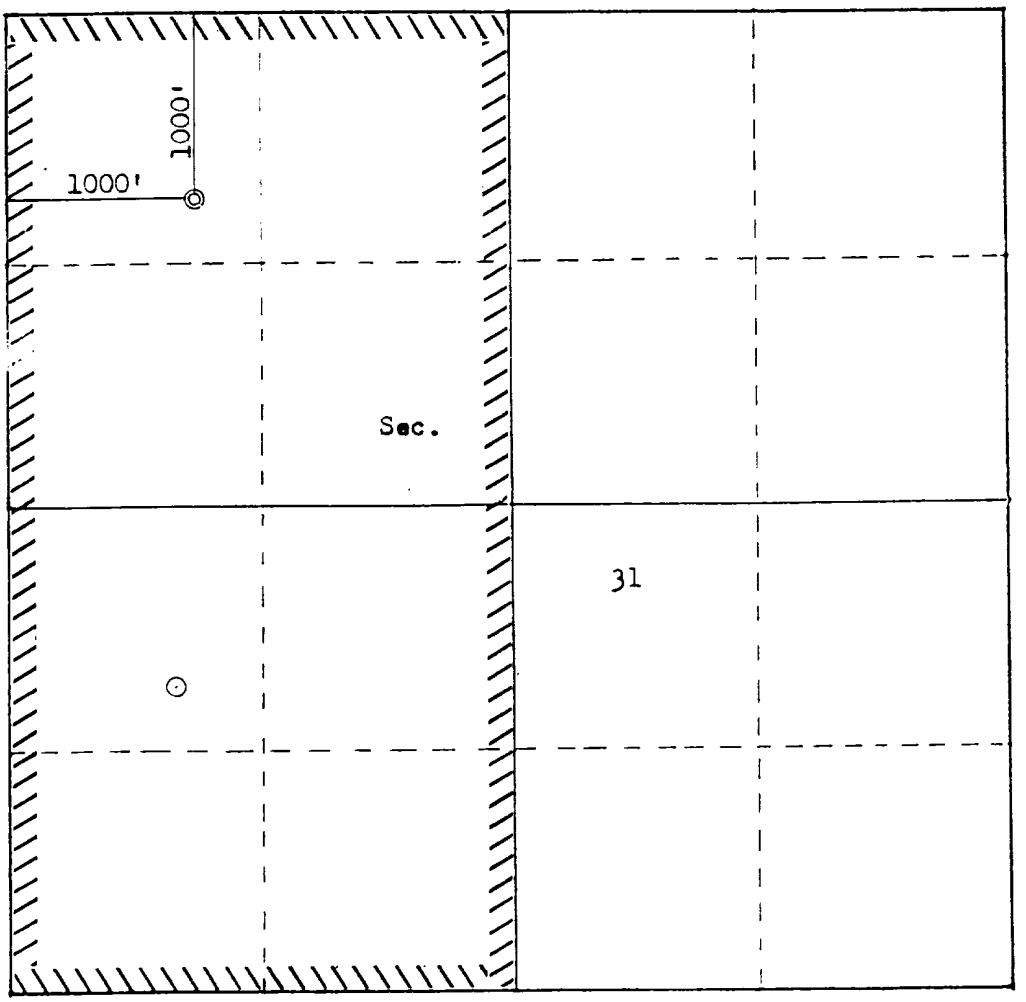
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

[X] Yes [ ] No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. Note: Plat reissued this location was San Juan 27-5 Unit #54A.



Scale: 1"=1000'

CERTIFICATION

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

Name: Drilling Clerk

Position: El Paso Natural Gas Co.

Company:

Date:

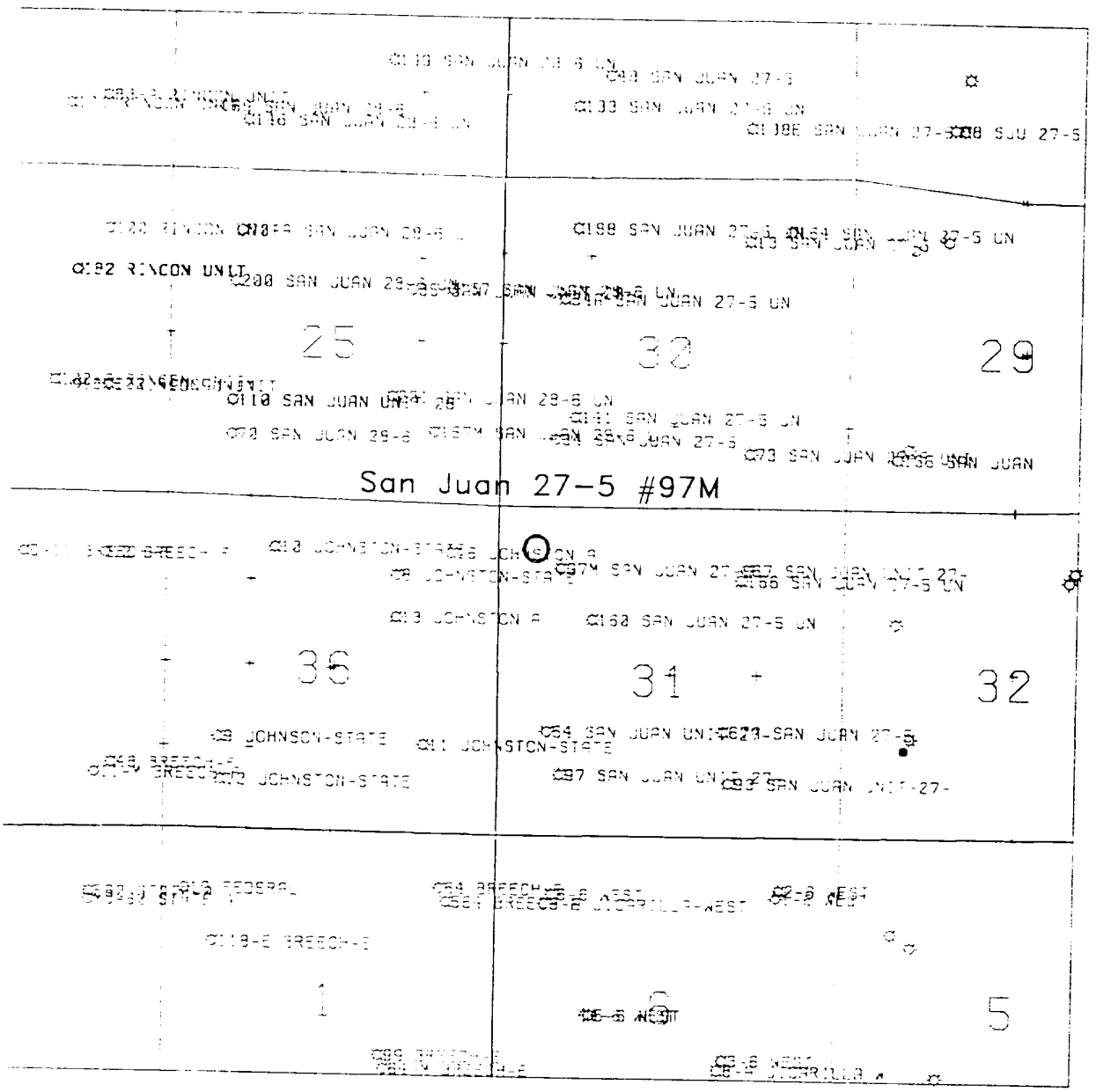
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: October 31, 1984

Registered Professional Engineer and Land Surveyor.

Fred B. Kerr Jr.

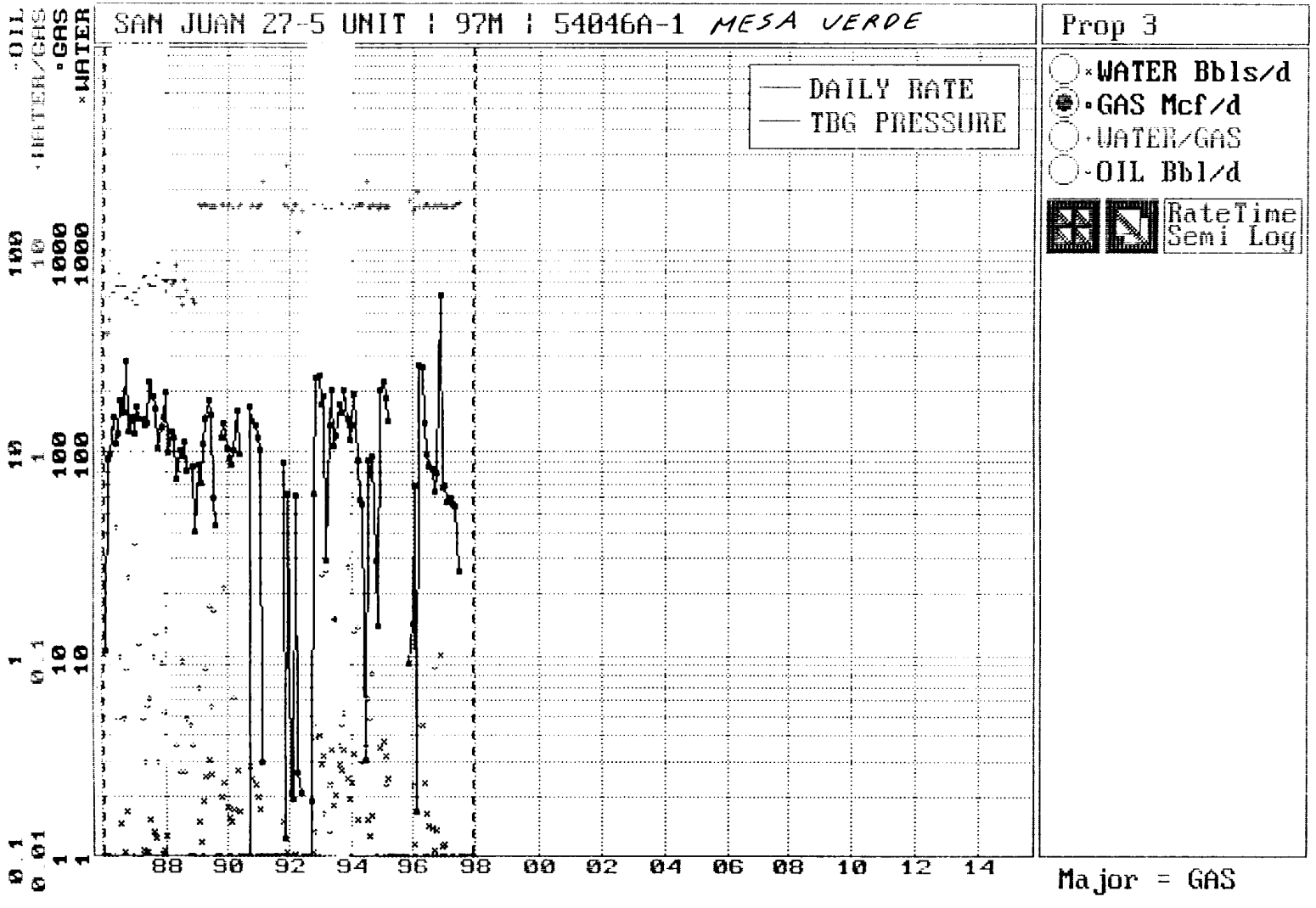
Certificate No. 3950

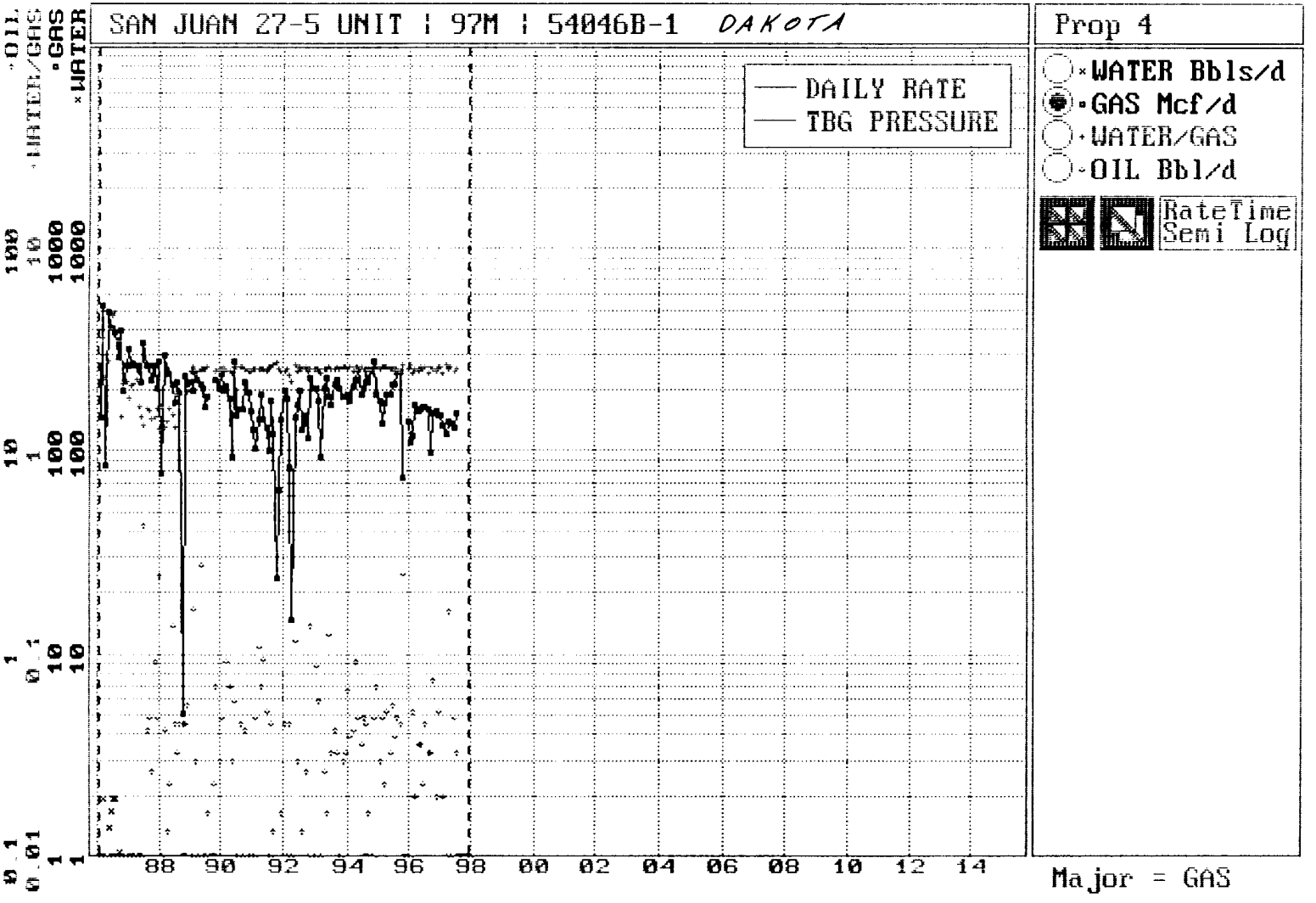


San Juan 27-5 #97M

D, Sec 31 T27N, R5W

MV / DK


SAN JUAN 27-5 UNIT | 97M | 54046A-1 MESA VERDE
DAILY RATE
TBG PRESSURE
·OIL
·WATER/GAS
▪GAS
×WATER
88 90 92 94 96 98 00 02 04 06 08 10 12 14
Prop 3
×WATER Bbls/d
▪GAS Mcf/d
·WATER/GAS
·OIL Bbl/d
RateTime Semi Log
Major = GAS


SAN JUAN 27-5 UNIT | 97M | 54046B-1 DAKOTA
DAILY RATE
TBG PRESSURE
OIL
WATER/GAS
GAS
WATER
88 90 92 94 96 98 00 02 04 06 08 10 12 14
Prop 4
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
Major = GAS

San Juan 27-5 Unit No. 97M

Pressure Data for BHP Calculations

Dakota Formation

1/23/86	2020 psig	Original shut in surface pressure
6/24/97	399 psig	Current shut in surface pressure

Mesa Verde Formation

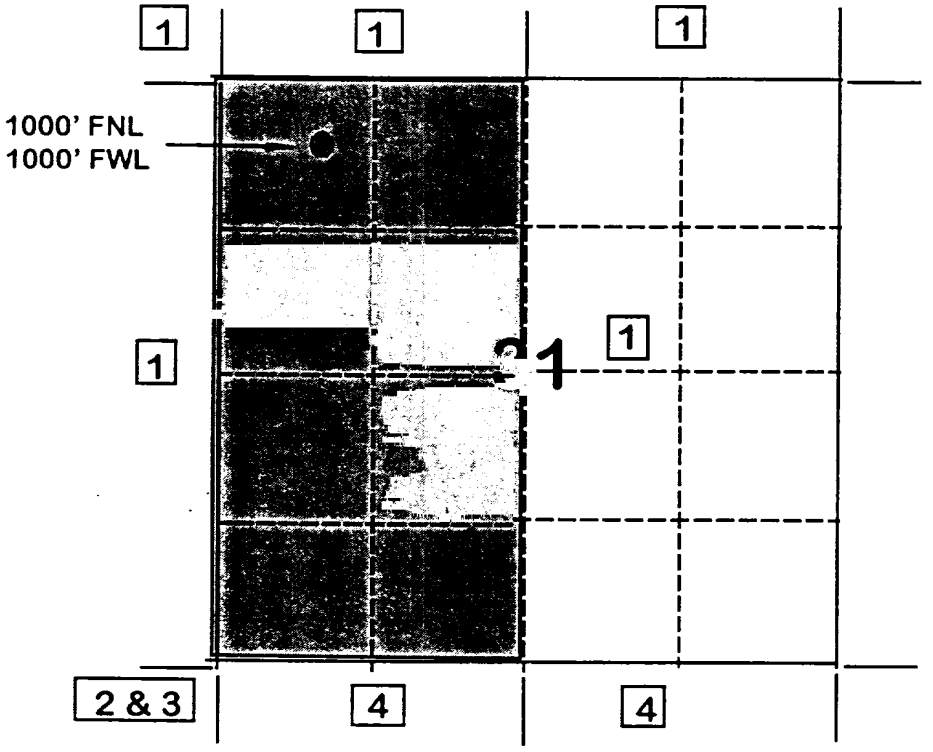
11/2/61	1043 psig	Original MV shut-in pressure from parent well in same section (San Juan 27-5 Unit No. 67)
6/24/97	500 psig	Current shut-in surface pressure

BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 27-5 Unit #97M
OFFSET OPERATOR \ OWNER PLAT

Mesaverde / Dakota Formations Commingle Well

Township 27 North, Range 5 West



1) Burlington Resources Oil and Gas Company
2) Caulkins Oil Company
   1600 Broadway, Suite 2100
   Denver, CO 80202
3) Conoco, Inc.
   10 Desta Drive, Suite 100W
   Midland, Texas 79705-4500
4) Taurus Exploration USA, Inc.
   2101 6th Avenue North
   Birmingham, Alabama 35203-2784

San Juan 27-5 Unit No. 97M
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method
Version 1.0 3/13/94

Mesa Verde		Dakota	
MV - Current		**DK-Current**	
GAS GRAVITY	0.687	GAS GRAVITY	0.631
COND. OR MISC. (C/M)	M	COND. OR MISC. (C/M)	M
%N2	0.41	%N2	0.18
%CO2	1.09	%CO2	1.29
%H2S	0	%H2S	0
DIAMETER (IN)	6.4	DIAMETER (IN)	4
DEPTH (FT)	5365	DEPTH (FT)	7562
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	140	BOTTOMHOLE TEMPERATURE (DEG F)	165
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	512	SURFACE PRESSURE (PSIA)	411
BOTTOMHOLE PRESSURE (PSIA)	586.3	BOTTOMHOLE PRESSURE (PSIA)	485.3
MV - Original		**DK-Original**	
GAS GRAVITY	0.687	GAS GRAVITY	0.631
COND. OR MISC. (C/M)	M	COND. OR MISC. (C/M)	M
%N2	0.41	%N2	0.18
%CO2	1.09	%CO2	1.29
%H2S	0	%H2S	0
DIAMETER (IN)	6.4	DIAMETER (IN)	4
DEPTH (FT)	5365	DEPTH (FT)	7562
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	140	BOTTOMHOLE TEMPERATURE (DEG F)	165
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1055	SURFACE PRESSURE (PSIA)	2032
BOTTOMHOLE PRESSURE (PSIA)	1224.6	BOTTOMHOLE PRESSURE (PSIA)	2466.8

Note: The pressure used here is from the SJ 27-5 Unit No. 67 which was a parent well in the same section.

FDG055M4 3725 WELL PRODUCTION 8/8'S VOLUME 09/10/97 15:11:40
START OF DATA
DP NO: 54046A DATE: 970908 (YYMMDD FORMAT)
SAN JUAN 27-5 UNIT 97M SCROLL FORWARD BY DATE: _
S MESA VERDE

E L	DATE PRODUCED	HOURS ON	-OIL PRODN- (BOPD	BOPM)	-GAS PRODN- (MCFD	MCFM)	-WATER PRODN- (BWPD	BWPM)
_	09/08/97	24.0	0.00	0.00	88	832	0.00	0.00
_	09/07/97	24.0	0.00	0.00	95	744	0.00	0.00
_	09/06/97	24.0	0.00	0.00	90	649	0.00	0.00
_	09/05/97	24.0	0.00	0.00	212	559	0.00	0.00
_	09/04/97	24.0	0.00	0.00	212	347	0.00	0.00
_	09/03/97	15.3	0.00	0.00	135	135	0.00	0.00
_	09/02/97	0.0	0.00	0.00	0	0	0.00	0.00
_	09/01/97	0.0	0.00	0.00	0	0	0.00	0.00
_	08/31/97	0.0	0.00	0.00	0	0	0.00	0.00
_	08/30/97	0.0	0.00	0.00	0	0	0.00	0.00
_	08/29/97	0.0	0.00	0.00	0	0	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

FDG055M4 3725 WELL PRODUCTION 8/8'S VOLUME 09/10/97 15:12:03
START OF DATA
DP NO: 540463 DATE: 970908 (YYMMDD FORMAT)
SAN JUAN 27-5 UNIT 97M SCROLL FORWARD BY DATE: _
S DAKOTA

E L	DATE PRODUCED	HOURS ON	-OIL PRODN- (BOPD	BOPM)	-GAS PRODN- (MCFD	MCFM)	-WATER PRODN- (BWPD	BWPM)
_	09/08/97	24.0	0.00	0.00	142	1146	0.00	0.00
_	09/07/97	24.0	0.00	0.00	169	1004	0.00	0.00
_	09/06/97	24.0	0.00	0.00	132	835	0.00	0.00
_	09/05/97	24.0	0.00	0.00	144	703	0.00	0.00
_	09/04/97	24.0	0.00	0.00	144	559	0.00	0.00
_	09/03/97	24.0	0.00	0.00	144	415	0.00	0.00
_	09/02/97	24.0	0.00	0.00	144	271	0.00	0.00
_	09/01/97	24.0	0.00	0.00	127	127	0.00	0.00
_	08/31/97	24.0	0.00	0.00	150	4247	0.00	0.00
_	08/30/97	24.0	0.00	0.00	150	4097	0.00	0.00
_	08/29/97	24.0	0.00	0.00	150	3947	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

FARMINGTON ANNUAL PRODUCTION FOR 54046A PHS020M1
SAN JUAN 27-5 UNIT 97M
BLANCO MESAVERDE (PRORATED GAS FIELD MESAVERDE ZONE
====== OIL CUM ======= ====== GAS CUM ======= ==== WATER CUM =====
PC DATE BBLS PC DATE MCF DATE BBLS

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1986	291	291	45683	45683	280	280
1987	328	619	56194	101877	396	676
1988	142	761	34838	136715	231	907
1989	235	996	37281	173996	623	1530
1990	20	1016	33992	207988	568	2098
1991		1016	7947	215935	134	2232
1992	18	1034	18701	234636	312	2544
1993	389	1423	53939	288575	902	3446
1994	165	1588	32340	320915	542	3988
1995	14	1602	17748	338663	296	4284

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION
ENTER - CONTINUES ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE
PF6 - RETURN TO WELL-INFO DISPLAY PF9 - ANNUAL INJECTION DISPLAY
PF10 - HELP INFORMATION

FARMINGTON ANNUAL PRODUCTION FOR 54046A PHS020M1
SAN JUAN 27-5 UNIT 97M
BLANCO MESAVERDE (PRORATED GAS FIELD MESAVERDE ZONE

====== OIL CUM =======		====== GAS CUM =======		==== WATER CUM =====	
PC DATE	BBLS	PC DATE	MCF	DATE	BBLS

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1996	30	1632	56295	394958	941	5225
1997		1632	9826	404784	164	5389

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION
ENTER - CONTINUES ANNUAL DISPLAY
PF3 - TRANSFER TO UPDATE
PF6 - RETURN TO WELL-INFO DISPLAY
PF9 - ANNUAL INJECTION DISPLAY
PF10 - HELP INFORMATION

FARMINGTON ANNUAL PRODUCTION FOR 54046B PHS020M1
SAN JUAN 27-5 UNIT 97M
BASIN DAKOTA (PRORATED GAS) FIELD DAKOTA ZONE

====== OIL CUM =======		====== GAS CUM =======		==== WATER CUM =====	
PC DATE	BBLS	PC DATE	MCF	DATE	BBLS

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1986			110667	110667	357	357
1987	209	209	96803	207470	166	523
1988	223	432	74010	281480	112	635
1989	187	619	64137	345617	163	798
1990	122	741	69002	414619	176	974
1991	141	882	44922	459541	115	1089
1992	129	1011	55808	515349	142	1231
1993	148	1159	69959	585308	180	1411
1994	169	1328	80952	666260	187	1598
1995	191	1519	61546	727806	158	1756

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION
ENTER - CONTINUES ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE
PF6 - RETURN TO WELL-INFO DISPLAY PF9 - ANNUAL INJECTION DISPLAY
PF10 - HELP INFORMATION

FARMINGTON ANNUAL PRODUCTION FOR 54046B PHS020M1
SAN JUAN 27-5 UNIT 97M
BASIN DAKOTA (PRORATED GAS) FIELD DAKOTA ZONE

====== OIL CUM =======		====== GAS CUM =======		==== WATER CUM =====
PC DATE	BBLS	PC DATE	MCF	DATE BBLS

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1996	131	1650	54102	781908	138	1894
1997	82	1732	29620	811528	76	1970

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION
ENTER - CONTINUES ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE
PF6 - RETURN TO WELL-INFO DISPLAY PF9 - ANNUAL INJECTION DISPLAY
PF10 - HELP INFORMATION

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. 11626
ORDER NO. R-10694

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR THE ESTABLISHMENT OF A DOWNHOLE COMMINGLING "REFERENCE CASE" FOR ITS SAN JUAN 27-5 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 27-5 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 27-5 Unit which encompasses some 23,043 acres in Township 27 North, Range 5 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 27-5 Unit, the applicant currently operates one hundred and one (101) Basin-Dakota Gas Pool wells, one hundred and five (105) Blanco-Mesaverde Gas Pool wells, eighty-seven (87) South Blanco-Pictured Cliffs and Tapacito-Pictured Cliffs Gas Pool wells, and four (4) 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 27-5 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 27-5 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 27-5 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 27-5 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 27-5 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 583 MMCFG and 426 MMCFG, respectively;

c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 393 MCFGD and 63 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 27-5 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 27-5 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 were approximately 3,141 psi and 1,118 psi, respectively; and,

b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations are approximately 1,032 psi and 441 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 27-5 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 27-5 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 27-5 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 27-5 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 27-5 Unit every time a Form C-107-A is submitted to the Division. There is a considerable number of such interest owners within the unit;

c) providing notice to each interest owner within the San Juan 27-5 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 27-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 27-5 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 27-5 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 27-5 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 27-5 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 27-5 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 27-5 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 27-5 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

S E A L

San Juan 27-5 Unit No. 97M
Proposed Allocation Formula

Production allocation based on production over the four year period 1993 to 1996

	1993 MCF	1994 MCF	1995 MCF	1996 MCF	Total MCF
Mesa Verde	53,939	32,340	17,748	56,295	160,322
Dakota	69,959	80,952	61,546	54,102	266,559
	123,898	113,292	79,294	110,397	426,881

	1993 Bbl. Oil	1994 Bbl. Oil	1995 Bbl. Oil	1996 Bbl. Oil	Total Bbl. Oil
Mesa Verde	1,423	1,588	1,602	1,632	6,245
Dakota	1,159	1,328	1,519	1,650	5,656
	2,582	2,916	3,121	3,282	11,901

Gas Allocation:

$$\textbf{Mesa Verde \%} = \frac{\text{(Total Mesa Verde Production)}}{\text{(Total Combined Production)}} = \frac{\text{(160,322 MCF)}}{\text{(426,881 MCF)}} = \textbf{37.60\%}$$

$$\textbf{Dakota \%} = \frac{\text{(Total Dakota Production)}}{\text{(Total Combined Production)}} = \frac{\text{(266,559 MCF)}}{\text{(426,881 MCF)}} = \textbf{62.40\%}$$

Oil Allocation:

$$\textbf{Mesa Verde \%} = \frac{\text{(Total Mesa Verde Production)}}{\text{(Total Combined Production)}} = \frac{\text{(6,245 Bbl. Oil)}}{\text{(11,901 Bbl. Oil)}} = \textbf{52.50\%}$$

$$\textbf{Dakota \%} = \frac{\text{(Total Dakota Production)}}{\text{(Total Combined Production)}} = \frac{\text{(5,656 Bbl. Oil)}}{\text{(11,901 Bbl. Oil)}} = \textbf{47.50\%}$$