DISTRICT I

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

State of New Mexico
Energy, Minerals and Natural Resources Department

APPLICATION FOR DOWNHOLE COMMINGLING

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

OIL CONSERVATION DIVISION

APPROVAL PROCESS: _X_ Administrative

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

SIGNATURE

x (mm

hopen

TYPE OR PRINT NAME __Jennifer L. Dobson_____ TELEPHONE NO. (505) 599-4026_

DISTRICT III 1000 Rio Brazos Rd, Aztec, NM 87410-1693 2040 S. Pacheco Santa Fe, New Mexico 87505-6429

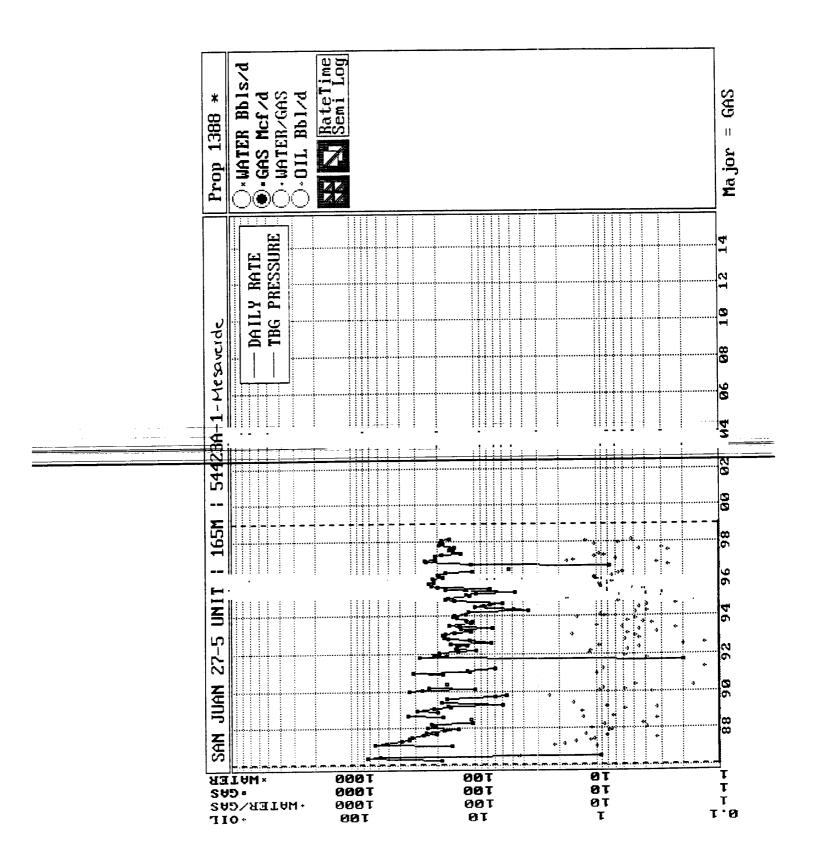
EXISTING WELLBORE

X YES _NO

PO Box 4289, Farmington, NM 87499 **Burlington Resources Oil & Gas Company** Rio Arriba **SAN JUAN 27-5 UNIT** 165M C-29-27N-05W Unit Ltr. - Sec - Twp - Rge Well No. County Spacing Unit Lease Types: (check 1 or more) , State OGRID NO. _14538_ Property Code __7454_ __ API_NO. 30-39-2390300 __Federal __X (and/or) Fee The following facts are submitted in support of downhole commingling: Intermediate Lowe Upper Blanco Mesaverde - 72319 Rasin Dakota - 71599 1. Pool Name and Pool Code 2. Top and Bottom of Pay Section (Perforations) 3854-5916' 7499-7703' 3. Type of production (Oil or Gas) Gas 4. Method of Production (Flowing or Artificial Lift) **Flowing** Flowing (Current) a. 566 psi a. 725 psi 5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current (Original) b. 1035 psi b. 2630 psi OHL CON. DIV. All Gas Zones: Estimated or Measured Original Digir, a BTU 1102 6. Oil Gravity (°API) or Gas BTU Content BTU 1223 **Producing Producing** 7. Producing or Shut-In? Yes Production Marginal? (yes or no) Yes Date: n/a Date: n/a * 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: 10/98 * If Producing, give data and oil/gas/water water of recent test (within 60 days) Date: 10/98 Date: Rates: 143 MCFD Rates: 172 MCFD Gas: 8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%) Oil: Oil: Oil; Gas: Gas: % will be supplied upon completion will be supplied upon completion 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? 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 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) 11. Will cross-flow occur? 12. Are all produced fluids from all commingled zones compatible with each other? __X_ Yes 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** 4ENTS: * 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.

___TITLE__ProductionEngineer____DATE ___01-18-99_

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FARMINGTON 1998 MONTHLY PRODUCTION FOR 54423A
SAN JUAN 27-5 UNIT 165M

BLANCO MESAVERDE (PRORATED GAS FIELD MESAVERDE ZONE

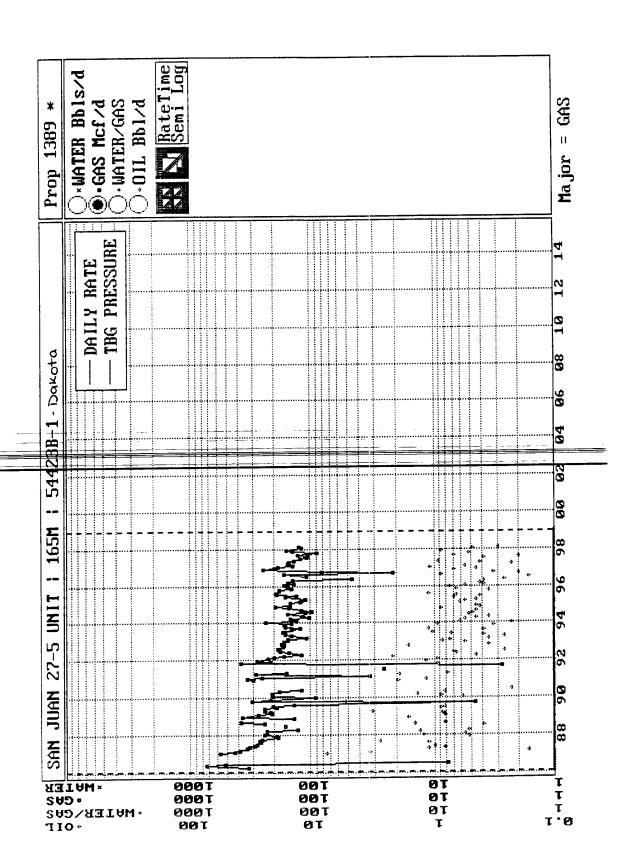
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PF6 - RETURNS TO ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

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PF9 - DISPLAY MONTHLY INJECTIC



SAN JUAN 27-5 UNIT 165M

BASIN DAKOTA (PRORATED GAS) FIELD DAKOTA ZONE

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2	2	F	28	02	9		01	3798	28	1079	15.025		
3	2	F	31	02	12		01	4027	31	1079	15.025		
4	2	F	30	02	19	58.4	01	3562	30	1079	15.025		
5	2	F	29	02	7		01	3873	29	1079	15.025		
6	2	F	30	02	9		01	3304	30	1102	15.025		
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PF6 - RETURNS TO ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

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PF9 - DISPLAY MONTHLY INJECTI

San Juan 27-5 Unit #165M Bottom Hole Pressures Flowing and Static BHP

Cullender and Smith Method

Version 1.0 3/13/94

DK-Current 0.645
0.645
RAVITY 0.945 OR MISC. (C/M) C 1.25 0 TER (IN) 1.995 I (FT) 7601 ACE TEMPERATURE (DEG F) 60 DMHOLE TEMPERATURE (DEG F) RATE (MCFPD) 0 ACE PRESSURE (PSIA) 610 DMHOLE PRESSURE (PSIA) 724.8
DK-Original
SRAVITY 0.645 D. OR MISC. (C/M) C 0.16 1.25 1.995 H (FT) 7601 AGE TIEMPERATURE (DEG F) 60 OMHOLE TEMPERATURE (DEG F) 185 (RATE (MCFPD) 0
2 12S MI PT RF

Page No.: 1

Print Time: Wed Dec 30 14:30:40 1998

Property ID: 1388

Property Name: SAN JUAN 27-5 UNIT | 165M | 54423A-1 Mesaverde Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

DATE	CUM_GAS	
01/30/86 07/04/86 08/12/87 06/28/88 05/21/89 04/11/91 10/21/91 05/31/93	0 46234 136152 186960 242004 309004 317496 400541	885.0-original pressure 605.0 521.0 801.0 475.0 554.0 542.0 511.0
06/18/93	413109	490.0-current pressure

Page No.: 2

Print Time: Wed Dec 30 14:30:40 1998

Property ID: 1389

Property Name: SAN JUAN 27-5 UNIT | 165M | 54423B-1 - Dakota
Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

DATE	CUM_GAS	M SIWHP Psi
01/23/86	0	2164.0-original
07/04/86	48579	1284.0
08/12/87	136419	784.0
06/28/88	194234	1017.0
04/22/90	324403	476.0
06/18/93	494106	610.0-current

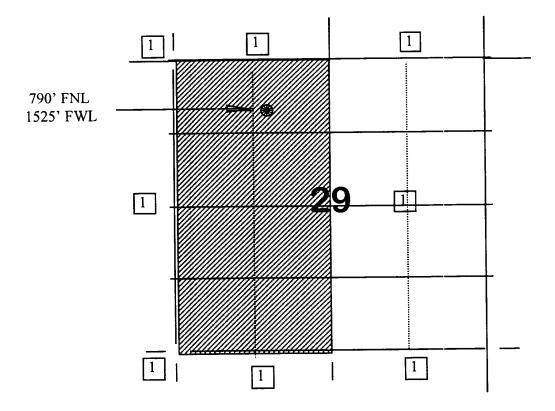
BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 27-5 Unit #165M

OFFSET OPERATOR/OWNER PLAT

Mesaverde & Dakota Formations Commingle well

Township 27 North, Range 5 West



1) Burlington Resources

DATE: January 04,1999 NAME: SAN JUAN 27-5 UNIT 165-A PMT: MESAVERDE	LOCATION UNIT: C SEC: 29 TWN: 27N RNG: 05W			7. N		8	58A LEGEND FEBET THE INVEST DATA	WELL NAME WCFD-CUM(MMCF) BOPD-CUM(MBO)
4/58 San Juan 27-5 Unit 30 145/616 (99)			9/62 San Juan 27-5 Unit 7 67/802 (9)		19/6	520 Juan 27-5 Unit 68 577774 (98)	9/81 \$ San Juan 27-5 Unit 68A 168/885 (%) 0/3	
San	3/59	San Juan 27-5 Unit 41 104/477 (98) 0/0	San	[28] 4/60 * San Juan 27.5 Unit 51 49/612 (99) 0/00		San 8/81 San Juan 27-5 Unit 35A	221/1304 (se) 0/6 [33] 6/58	San Juan 27-5 Unit 35 45/531 (88) 0/0
3/58 San Juan 27-5 Unit 37 63/897 (99)	3		9/53 165M San Juan 27-5 Unit 4 201/956 (84) 0/0	93) 6/98 Jan 27-5 Unit 140M 426/38 (84)	2	4/57 nJuan 27-5 Unit 24 1/02/2083 (94) 0/5	9/81 • San Juan 27-5 Unit 24A 79/594 (99)	0/2
3/86	San Juan 27-5 Unit 139M 194/314 (98) 1/1 [22]	2/57 San Juan 27-5 Unit 19 78/1314 (99)	Chit	(82) San Union S	(98)	San Ju 1/81 San Juan 27-5 Unit 8A	0/1 [32] 12/54 San Juan 27-5 Unit 8 8772954 res	0.7 (S. 18.05.1
360	San Juan 27-5 Unit 50 58/528 (98) 0/0 3/59	San Juan 27-5 Unit 48 240/1041 (96) 0/0	12/55 San Juan 27-5 Unit 13 225/675 (99) 1/1	[06]	5/98 San Juan 27-5 Unit 164M 538/32 (98) 1/0	8/61 San Juan 27-5 Unit 67 115/2987 (99) 0/10	[31] 11/85 it 54 San Juan 27-5 Unit 67A	11/1
		San Ju 24	10/85 San Juan 27-5 Unit 34A	174/841 (58) 1/6 7/67	San Juan 27-5 Unit 34 104/2622 (98) 0/10	San Juan 27-5 Unit 97M 78/434 (99) 0/1	12/62 San Juan 27-5 Unit 54	0/4

CATE. Incline Of 1999	NAME: NAME: FMT: LOCATION UNIT: SEC: TWN: RNG:	ш		- Z Z		LEGEND FIRST DELIVERY DATA	WELL NAME MCF/D-CUM(MMCF) BOPD-CUM(MBO)
	San Juan 27-5 Unit 122 148/1500 (99) 0//8	San Juan 27-5 Unit 125 San Juan 27-5 Unit 125E 170/1521 (98) 165/814 (98) 0/5 1/4	4/71 San Juan 27-5 Unit 1	107/1497 (96) 1 470 0/5 2 470 . San Juan 27-5 Unit 121 118/1466 (96) 0/2	5/72 San Juan 27-5 Unit 142 103/1300 (99) 0/5	[33]	San Juan 27-5 Unit 159 68/830 (98) 0/5
	8/71 arr 27-5 Unit 131 40/1421 (98) D/4	90 F	4/72 65M San Juan 27-5 Unit 140 152/1571 (99) 0/6	6/98 art 27-5 Unit 140M 19/1/7 (se) 1/0	27.5 Luar 27.5 Unit 189 57/887 (94) 0/6		3
	3/86 San Ju San Juan 27-5 Unit 139M 169/791 (el) 0/2 [26]	San Juan 27-5 Unit 1 128/1613 (99) 0/5	4/86 San Juan 27-5 Unit 123/749 (**) 0/2	San Ju 9/73 San Juan 27-5 Unit 165 155/1736 (9)	San	[32] 11/73 San Juan 27-5 Unit 167 69/961 (98) 07	R-06
	4/72 San San Juan 27-5 Unit 138 69/1977 (94) [19] 0/3	INA 3/86 San Juan 27-5 Unit 138E 0/879 (39)	9/73 San Juan 27-5 Unit 164 87/1237 (98) 0/3	[30] 5/98 San Juan 27-5 Unit 164M 1187 (38) 1/0	9/73 Î San Juan 27-5 Unit 166 266/2840 (98) 0.8/11	[31]	
		9/71 San Juan 27-5 Unit 133 204/3063 (98) 0/4		472 San Juan 27-5 Unit 141 2172794 (98) 0/4	2/86 San Juan 27-5 Unit 97M 114/858 (98) 0/2	7/65	San Juan 27-5 Unit 97 70/1457 (96) 0/5

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, havin considered the testimony, the record and the recommendations of the Examiner, and bein fully advised in the premises.

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division h jurisdiction of this cause and the subject matter thereof.
- pursuant to the provisions of Division Rule 303.E.. seeks to establish a downhor commingling "reference case" to provide exceptions for (a) marginal economic criter (b) pressure criteria. (c) allocation formulas and (d) modification of notification rules a unit-wide basis for downhole commingling of Dakota. Mesaverde, Fruitland Coal a Pictured Cliffs gas production within existing or future drilled wells within the San Ju 27-5 Unit, San Juan County, New Mexico.
- (3) Division Rule No. 303.E., amended by Order No. R-10470-A, current 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 commingie (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:
 - 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;

- 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;
 - 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 to Dakota and Pictured Cliffs formations within the San Juan 27-5 Unit should be proper classified as "marginal".
 - (9) In support of its request to except pressure criteria within the Dakota a Pictured Cliffs formations within the San Juan 27-5 Unit, the applicant present 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 unitized 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;
 - production history for both zones is available, or in those instances where where newly completed zones are tested and stabilized flow rates obtained.
 - (12) The allocation methods proposed by the applicant are routinely utilized industry and approved by the Division and therefore the proposal to except allocat formulas should be approved.
 - (13) In support of its request to establish a "reference case" or administration procedure for providing notice within the San Juan 27-5 Unit the applicant preser evidence and testimony which indicates that:
 - a) the interest ownership between two zones within a given weilbore 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 2 Unit for obtaining approval for subsequent downhole commingled wells without notice. Unit interest owners, provided however that, all other provisions contained with Division Rule No. 303.C. are complied with.
- (15) Approval of the proposed "reference cases" for marginal economic crite pressure criteria, allocation formulas and notice will lessen the burden on the appli insofar as providing the data required pursuant to Division Rule No. 303.D. and Formula 107-A. will provide the applicant a streamlined method for obtaining down comminging approvals within the San Juan 27-5 Unit, and will not violate correlating rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Burlington Resources Oil & Gas Company to esta a "reference case" for (a) marginal economic criteria. (b) pressure criteria. (c) alloc formulas and (d) modification of notification rules on a unit-wide basis for down commingling of Dakota. Mesaverde. Fruitland Coal and Pictured Cliffs gas production existing or future drilled wells within the San Juan 27-5 Unit. San Juan Co New Mexico, is hereby approved.

- (2) Upon filing of Division Form No. C-107-A's for weils 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 Fr 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 a 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