

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	5. Lease Number SF-079394 Unit Reporting Number
1b. Type of Well GAS	6. If Indian, All. or Tribe
2. Operator BURLINGTON RESOURCES Oil & Gas Company	7. Unit Agreement Name San Juan 27-5 Unit
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name San Juan 27-5 Unit
4. Location of Well 965' FNL, 1940' FWL Latitude 36° 33.8, Longitude 107° 22.0	9. Well Number 122M
10. Field, Pool, Wildcat Blanco MV/Basin DK	11. Sec., Twn, Rge, Mer. (NMPM) Sec. 21, T-27-N, R-5-W API # 30-039-26079
14. Distance in Miles from Nearest Town 7 miles from Gobernador	12. County Rio Arriba
	13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 965'	
16. Acres in Lease	17. Acres Assigned to Well 320 DK N/2, MV W/2
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 2000'	
19. Proposed Drig ^{This action is subject to technical and} 7780' ^{procedural review pursuant to 43 CFR 3165.3} ^{and appeal pursuant to 43 CFR 3165.4.}	20. Rotary or Cable Tools Rotary
21. Elevations (DF, FT, GR, Etc.) 6572' GR	22. Approx. Date Work will Start
23. Proposed Casing and Cementing Program See Operations Plan attached	DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"
24. Authorized by: <u>[Signature]</u> Regulatory/Compliance Administrator	<u>12-7-98</u> Date

PERMIT NO. _____ APPROVAL DATE **APR 19 1999**
APPROVED BY /s/ Duane W. Spencer TITLE Team Lead, Petroleum Management DATE _____

Archaeological Report to be submitted

Threatened and Endangered Species Report to be submitted

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

NMOCD

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

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

RECEIVED
CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088
APR 22 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

99 JAN 21 PM 4:23 AMENDED REPORT

OIL CON. DIV.

WELL LOCATION AND ACREAGE DEDICATION PLAT
DIST. 3
0701-0001, NM

¹ API Number 30-039- <i>26079</i>	² Pool Code 71599/72319	³ Pool Name Basin Dakota/Blanco Mesaverde
⁴ Property Code 7454	⁵ Property Name SAN JUAN 27-5 UNIT	⁶ Well Number 122M
⁷ GRID No. 14538	⁸ Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY	⁹ Elevation 6572'

¹⁰ Surface Location

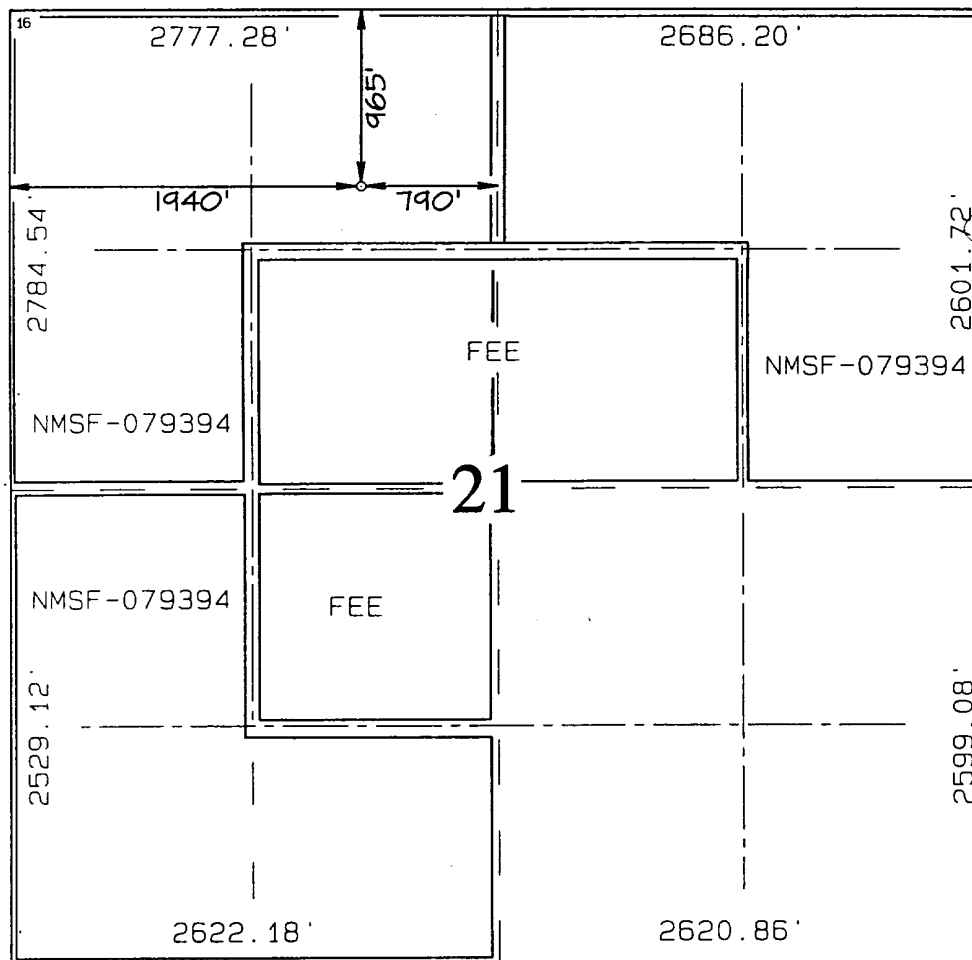
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	21	27N	5W		965	NORTH	1940	WEST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres DK: N/320 MV: W/320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Peggy Bradfield
Signature
Peggy Bradfield
Printed Name
Regulatory Administrator
Title
12-7-98
Date

¹⁸ SURVEYOR CERTIFICATION
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 belief.

JULY 30, 1998
Date of Survey

Signature and Seal of Professional Surveyor
W. E. G. EDWARDS
6857
Certificate Number
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR

OPERATIONS PLAN

Well Name: San Juan 27-5 Unit #122M
Location: 965' FNL, 1940' FWL, Sec 21, T-27-N, R-5-W
Rio Arriba County, NM
Latitude 36° 33.8, Longitude 107° 22.0
Formation: Blanco Mesa Verde/Basin Dakota
Elevation: 6572' GL

<u>Formation Tops:</u>	<u>Top</u>	<u>Bottom</u>	<u>Contents</u>
Surface	San Jose	2753'	
Ojo Alamo	2753'	2853'	aquifer
Kirtland	2853'	2908'	gas
Fruitland	2908'	3364'	gas
Pictured Cliffs	3364'	3462'	gas
Lewis	3462'	3829'	gas
Intermediate TD	3562'		
Mesa Verde	3829'	4318'	gas
Chacra	4318'	5004'	gas
Massive Cliff House	5004'	5130'	gas
Menefee	5130'	5504'	gas
Massive Point Lookout	5504'	6013'	gas
Mancos	6013'	6689'	gas
Gallup	6689'	7450'	gas
Greenhorn	7450'	7511'	gas
Graneros	7511'	7647'	gas
Dakota	7647'		gas
TD (4 1/2" liner)	7780'		

Logging Program:

Cased hole - CBL-CCL-GR - TD to surface

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0- 200'	Spud	8.4-9.0	40-50	no control
200- 3562'	LSND	8.4-9.0	30-60	no control
3562-7780'	Gas	n/a	n/a	n/a

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program (as listed, the equivalent, or better):

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' - 200'	9 5/8"	32.3#	H-40
8 3/4"	0' - 3562'	7"	20.0#	J-55
6 1/4"	3462' - 7780'	4 1/2"	10.5#	K-55

Tubing Program:

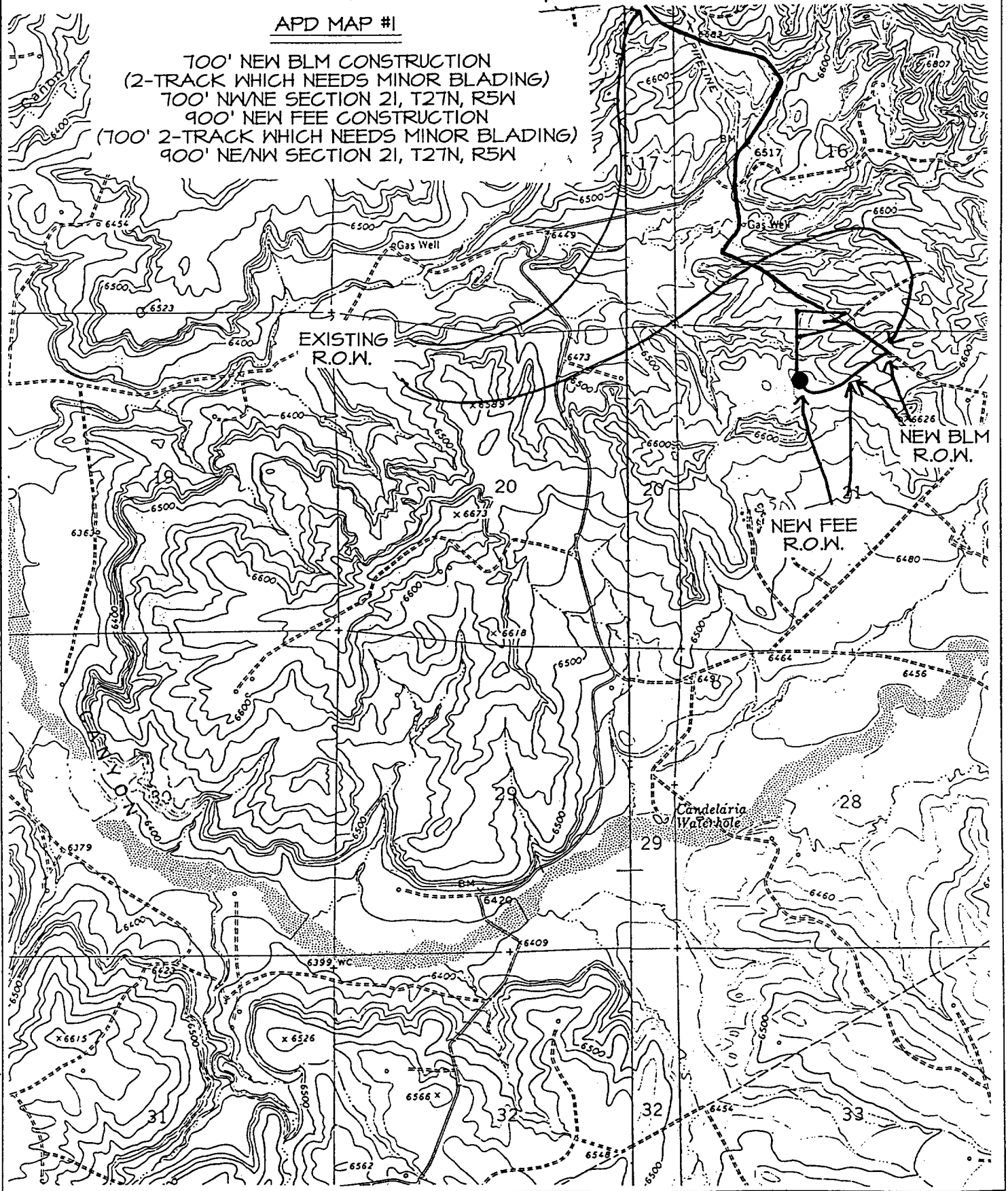
0' - 7780'	2 3/8"	4.70# EUE
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BURLINGTON RESOURCES OIL & GAS COMPANY SAN JUAN 27-5 UNIT #122M

965' FNL & 1940' FNL, SECTION 21, T27N, R5W, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO

APD MAP #1

700' NEW BLM CONSTRUCTION
(2-TRACK WHICH NEEDS MINOR BLADING)
700' NWNE SECTION 21, T27N, R5W
900' NEW FEE CONSTRUCTION
(700' 2-TRACK WHICH NEEDS MINOR BLADING)
900' NE/NW SECTION 21, T27N, R5W



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

EXISTING WELLBORE

☐ YES ☒ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

San Juan 27-5 Unit

122M

21-27N-05W

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7454 API NO. 30-XXX Federal ☒ 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	Blanco Mesaverde - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	will be supplied upon completion		will be supplied upon completion
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. 566 psi (see attachment) (Original) b. 1277 psi (see attachment)	a. b.	a. 963 psi (see attachment) b. 3187 psi (see attachment)
6. Oil Gravity (API) or Gas BTU Content	BTU 1105		BTU 1099
7. Producing or Shut-In?	shut in		shut in
Production Marginal? (yes or no)	no		yes
* If Shut-In and oil/gas/water rates of last production <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
* If Producing, give data and oil/gas/water of recent test (within 60 days)	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: % will be supplied upon completion	Oil: % Gas: %	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. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). Reference Order R-10694 attached

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: 

TITLE: Production Engineer DATE: 2-2-99

TYPE OR PRINT NAME: Dan Voecks

TELEPHONE NO.: (505) 326-9700

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

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PO Drawer 00, Artesia, NM 88211-0719

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

District IV
PO Box 2038, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 1 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-		*Pool Code 71599/72319	*Pool Name Basin Dakota/Blanco Mesaverde
*Property Code 7454	*Property Name SAN JUAN 27-5 UNIT		*Well Number 122"
*CGRID No. 14538	*Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		*Elevation 6572'

¹⁰ Surface Location

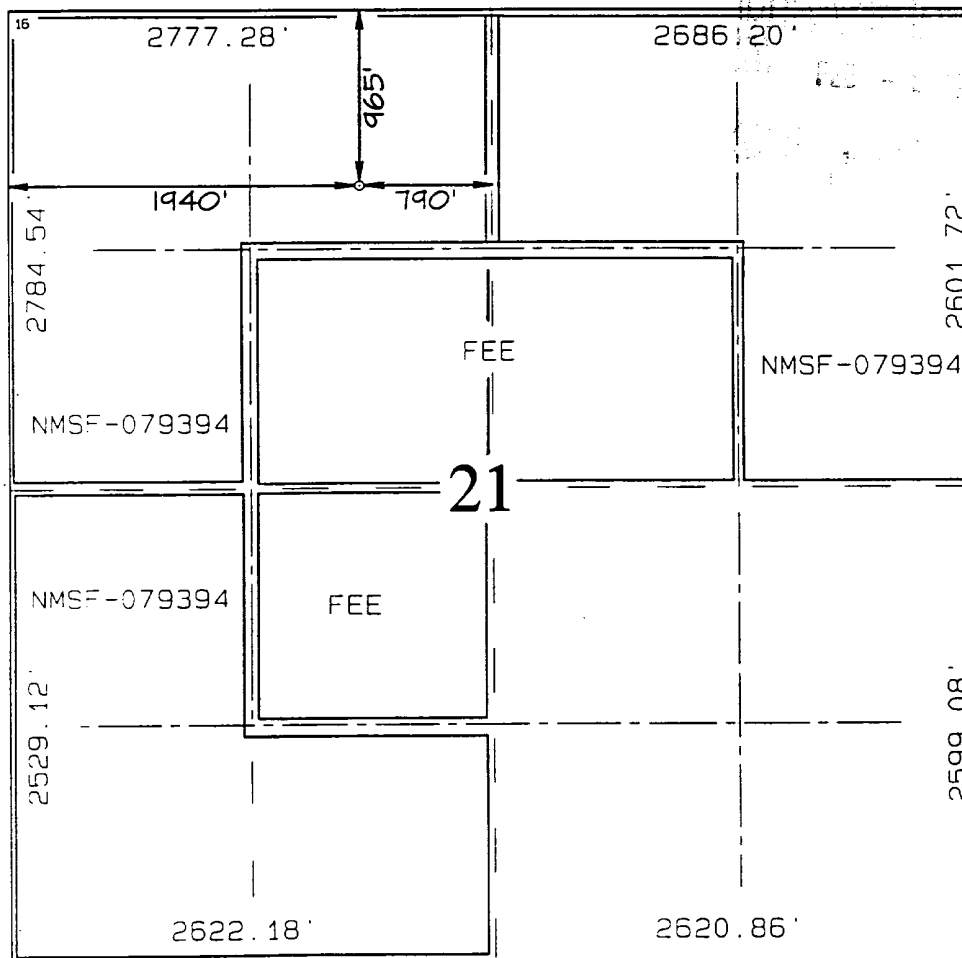
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres DK: N/320 MV: W/320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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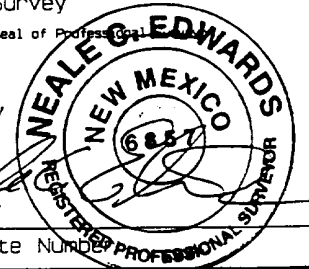


¹⁷ OPERATOR CERTIFICATION
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Signature
Peggy Bradfield
Printed Name
Regulatory Administrator
Title
Date

¹⁸ SURVEYOR CERTIFICATION
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 belief.

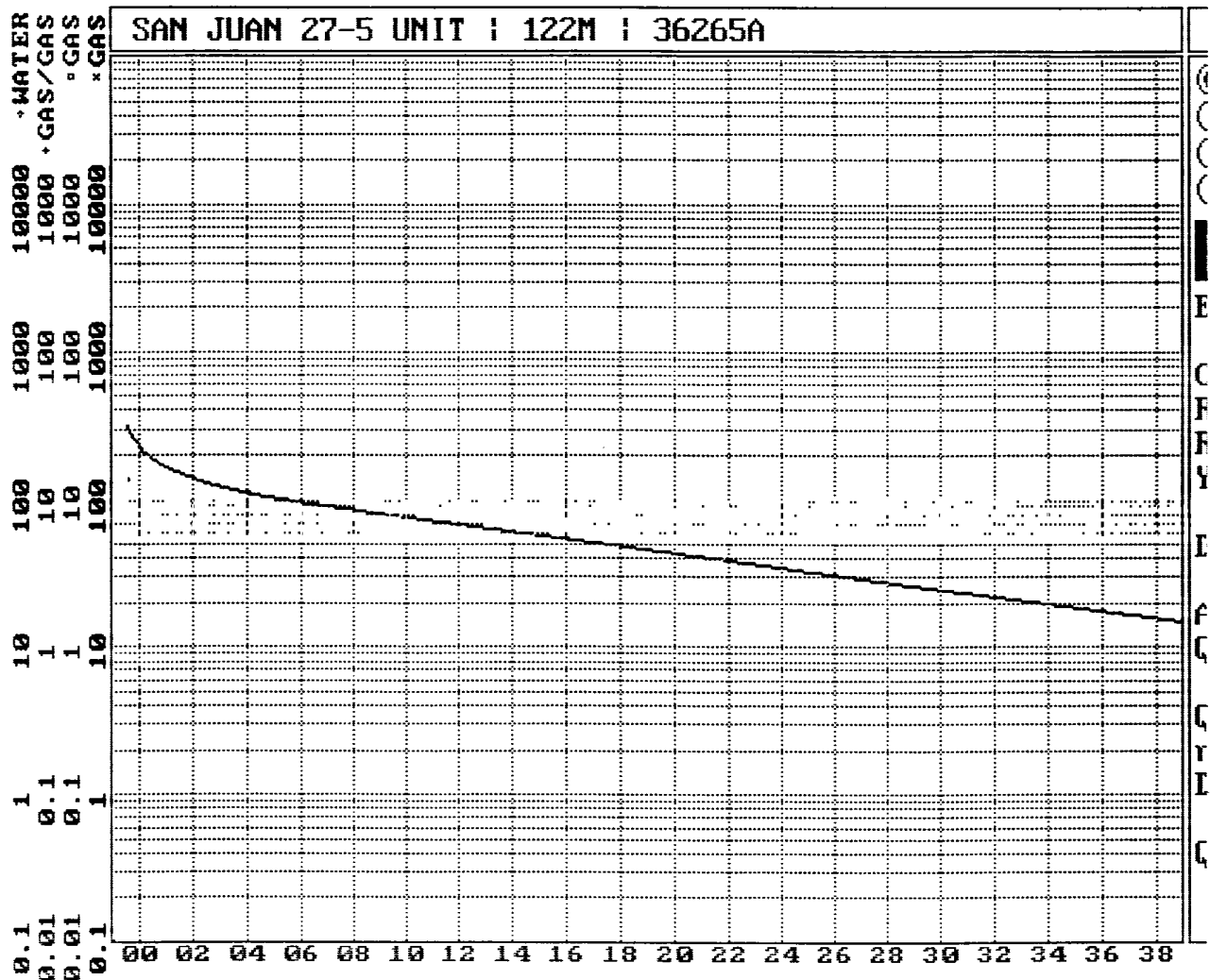
JULY 30, 1998
Date of Survey
Signature and Seal of Professional Surveyor
6857
Certificate Number



San Juan 27-5 Unit #122M

Expected Production Curve

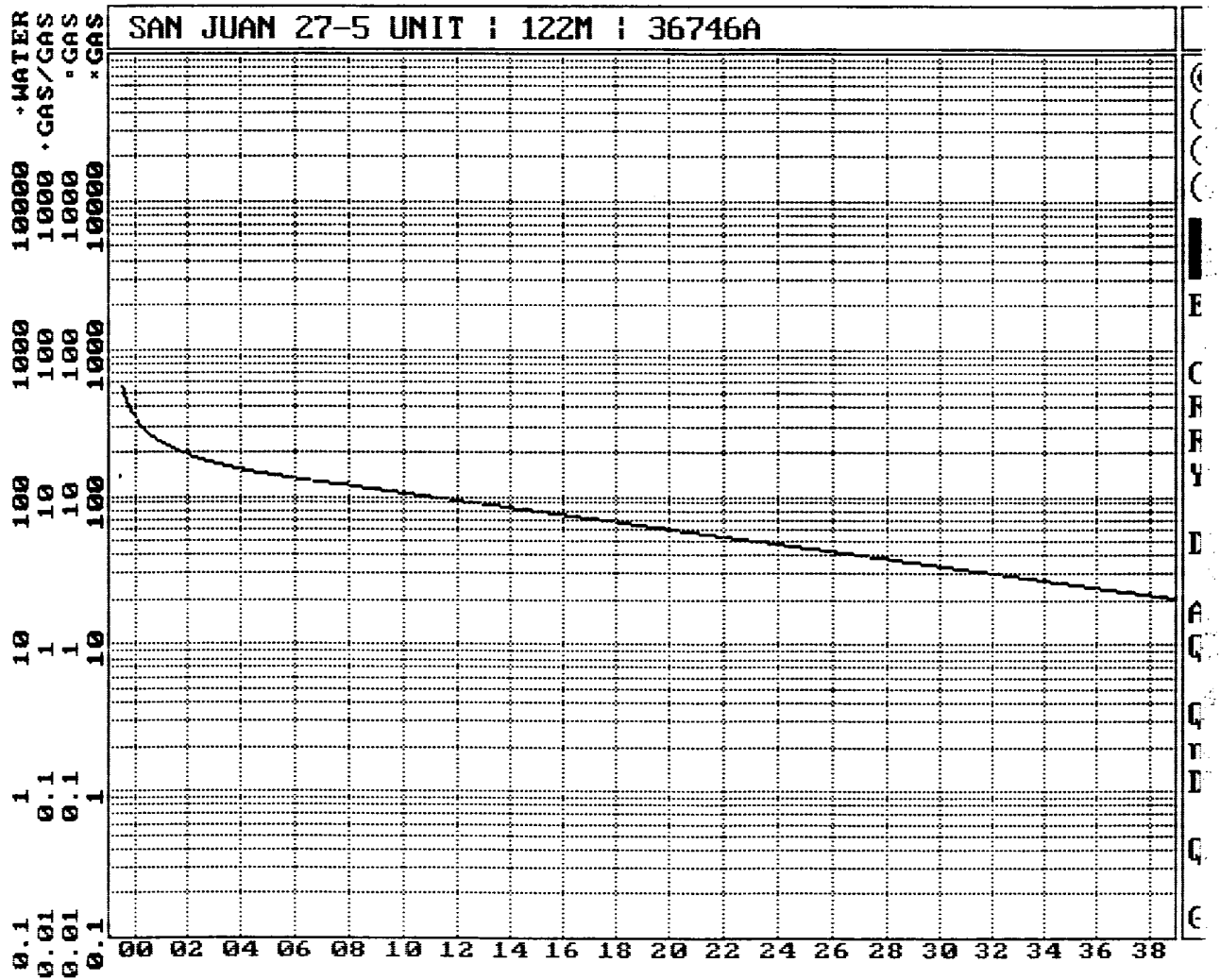
Mesaverde Formation



San Juan 27-5 Unit #122M

Expected Production Curve

Dakota Formation



San Juan 27-5 Unit #122M

Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method
Version 1.0 3/13/94

Mesaverde		Dakota	
<u>MV-Current</u>		<u>DK-Current</u>	
GAS GRAVITY	0.637	GAS GRAVITY	0.644
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.31	%N2	0.22
%CO2	0.51	%CO2	1.27
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	1.5
DEPTH (FT)	5519	DEPTH (FT)	7671
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	137	BOTTOMHOLE TEMPERATURE (DEG F)	198
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	498	SURFACE PRESSURE (PSIA)	808
BOTTOMHOLE PRESSURE (PSIA)	565.9	BOTTOMHOLE PRESSURE (PSIA)	963.3
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.637	GAS GRAVITY	0.644
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.31	%N2	0.22
%CO2	0.51	%CO2	1.27
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	1.5
DEPTH (FT)	5519	DEPTH (FT)	7671
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	137	BOTTOMHOLE TEMPERATURE (DEG F)	198
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1110	SURFACE PRESSURE (PSIA)	2635
BOTTOMHOLE PRESSURE (PSIA)	1276.6	BOTTOMHOLE PRESSURE (PSIA)	3187.4

Page No.: 1
 Print Time: Tue Feb 02 09:12:15 1999
 Property ID: 1445
 Property Name: SAN JUAN 27-5 UNIT | 37 | 53369B-1
 Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

--DATE-- ---CUM GAS-- M SIWHP
 ::::: :::::McF::::: ::::Psi:::::

03/08/58	0	1110.0
06/03/58	0	1109.0
12/06/58	24000	883.0
06/14/59	45000	863.0
06/14/60	78000	833.0
11/22/60	94000	763.0
06/13/61	118000	722.0
10/01/62	164000	690.0
04/19/63	182000	681.0
04/29/64	214000	651.0
05/10/65	243000	649.0
04/19/66	269000	654.0
05/16/67	297000	635.0
05/02/68	321000	634.0
10/07/70	382596	599.0
07/22/71	401792	582.0
06/06/72	425578	537.0
06/04/74	482198	442.0
06/25/76	532643	511.0
04/21/86	693136	634.0
04/23/91	744493	510.0
05/20/91	746822	498.0

San Juan 27-5 Unit #122M

Mesaverde Offset

Page No.: 1

Print Time: Tue Feb 02 09:12:06 1999

Property ID: 1356

Property Name: SAN JUAN 27-5 UNIT | 131 | 44045A-1

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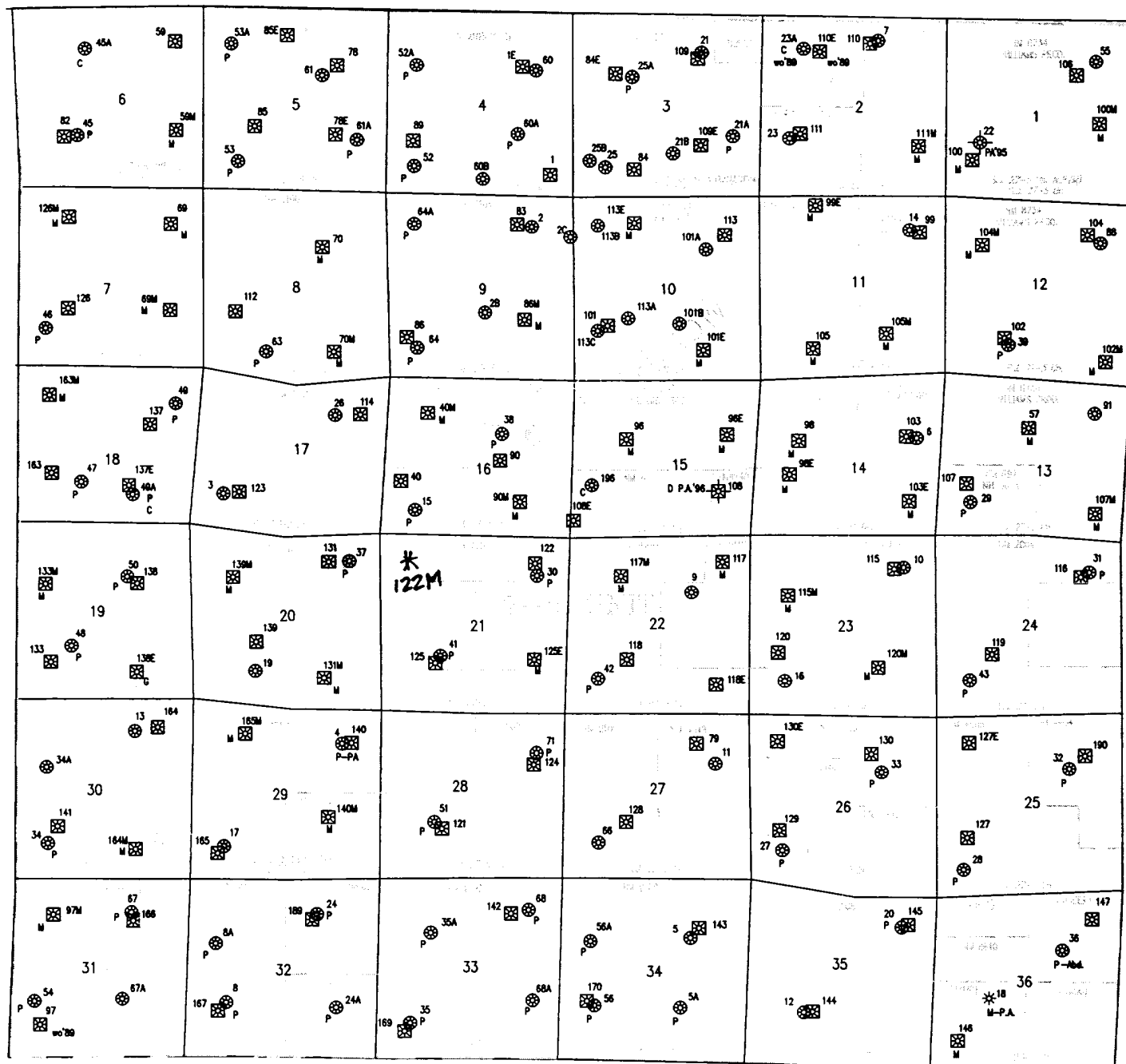
--DATE-- ---CUM GAS-- M SIWHP
.....Mcf.....Psi

08/17/71	0	2635.0
08/19/71	0	2634.0
11/03/71	45974	1722.0
06/06/72	124729	1240.0
07/19/73	213690	1042.0
05/22/75	346962	909.0
07/06/77	486526	847.0
05/01/79	593290	830.0
05/04/81	703345	772.0
09/19/83	803701	942.0
06/04/85	875292	857.0
06/28/88	992407	999.0
06/01/90	1089480	853.0
04/29/92	1150889	808.0

San Juan 27-5 Unit #122M

Dakota Offset

27N - 5W - 21



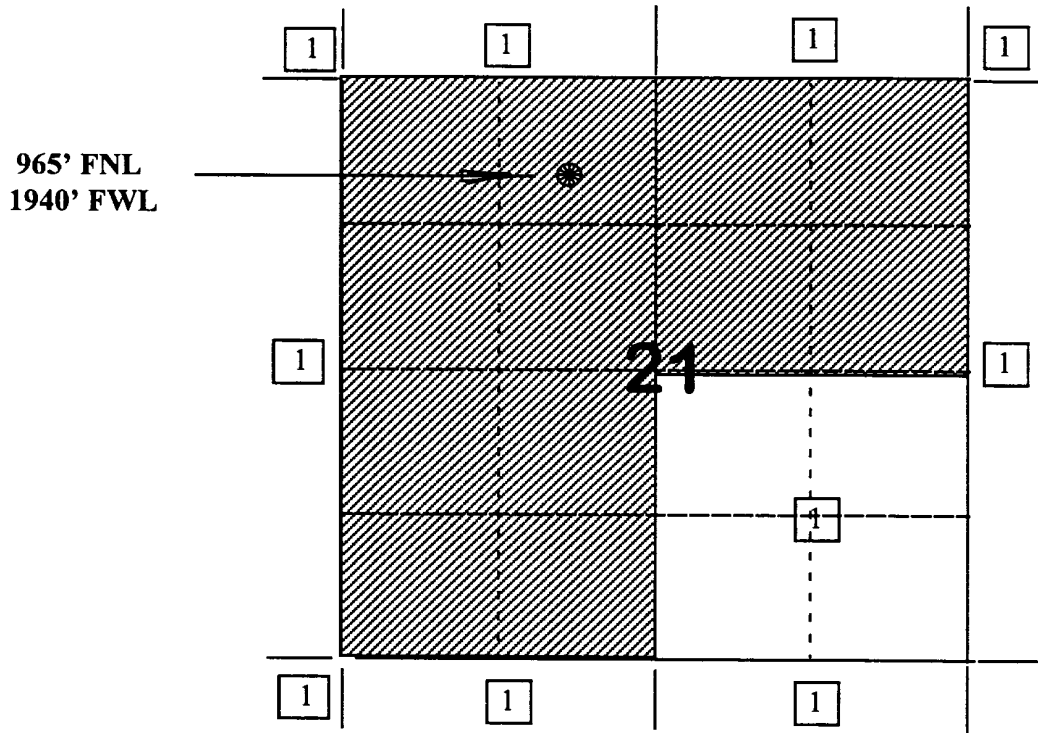
BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 27-5 Unit #122M

OFFSET OPERATOR/OWNER PLAT

Mesaverde (W/2) / Dakota (N/2) Formations Commingle Well

Township 27 North, Range 5 West



1) Burlington Resources

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.

✓ RIO ARRIBA

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 Tapacino-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 Picured Cliffs formations are very consistent;
- b) the average recoverable Dakota and Picured 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 Picured 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 Picured 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 Picured 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 Picured 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 Picured Cliffs gas production within existing or future drilled wells within the San Juan 27-5 Unit, San Juan County New Mexico, is hereby approved.

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(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 H. LEMAY
Director

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