

**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 87410-1893

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 and Gas****PO Box 4289, Farmington, NM 87499**

Operator

**San Juan 29-7 Unit****#86-A**

Address

**E-17-29N-07W****Rio Arriba**

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7465 API NO. 30-039-22629 Federal ☒ State ☐ 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)	5177'-6138'	<div style="text-align: center;"> <b>RECEIVED</b>  MAR - 4 1993  <b>OIL CON. DIV.</b>  DIST. 3 </div>	7811'-8025'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure	(Current) a. 442 psi (see attachment)		a. 212 psi (see attachment)
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	(Original) b. 795 psi (see attachment)		b. 2554 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1212		BTU 1157
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	No		Yes

All distances must be from the outer boundaries of the Section

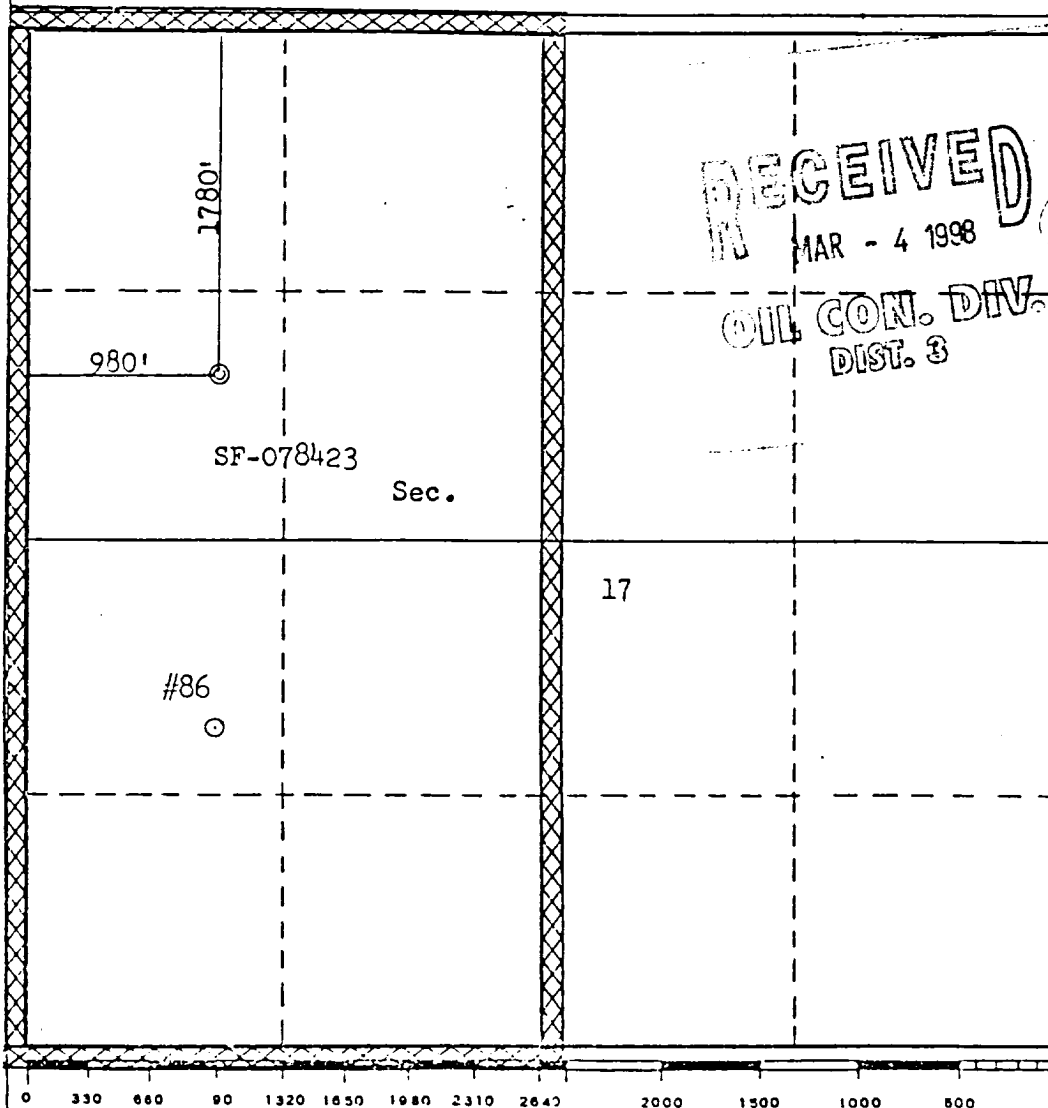
Operator <b>EL PASO NATURAL GAS COMPANY</b>			Lease <b>SAN JUAN 29-7 UNIT (SF-078423)</b>		Well No. <b>86A</b>
Unit Letter <b>E</b>	Section <b>17</b>	Township <b>29N</b>	Range <b>7W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>1780</b> feet from the <b>North</b> line and <b>980</b> feet from the <b>West</b> line					
Ground Level Elev. <b>6770</b>	Producing Formation <b>MESA VERDE - DAKOTA</b>		Pool <b>BLANCO MESA VERDE BASIN DAKOTA</b>	Dedicated Acreage: <b>320.0 &amp; 320.0</b> 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.



CERTIFICATION

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

Name Nancy B. Haddad  
Drilling Clerk

Position  
El Paso Natural Gas Co.

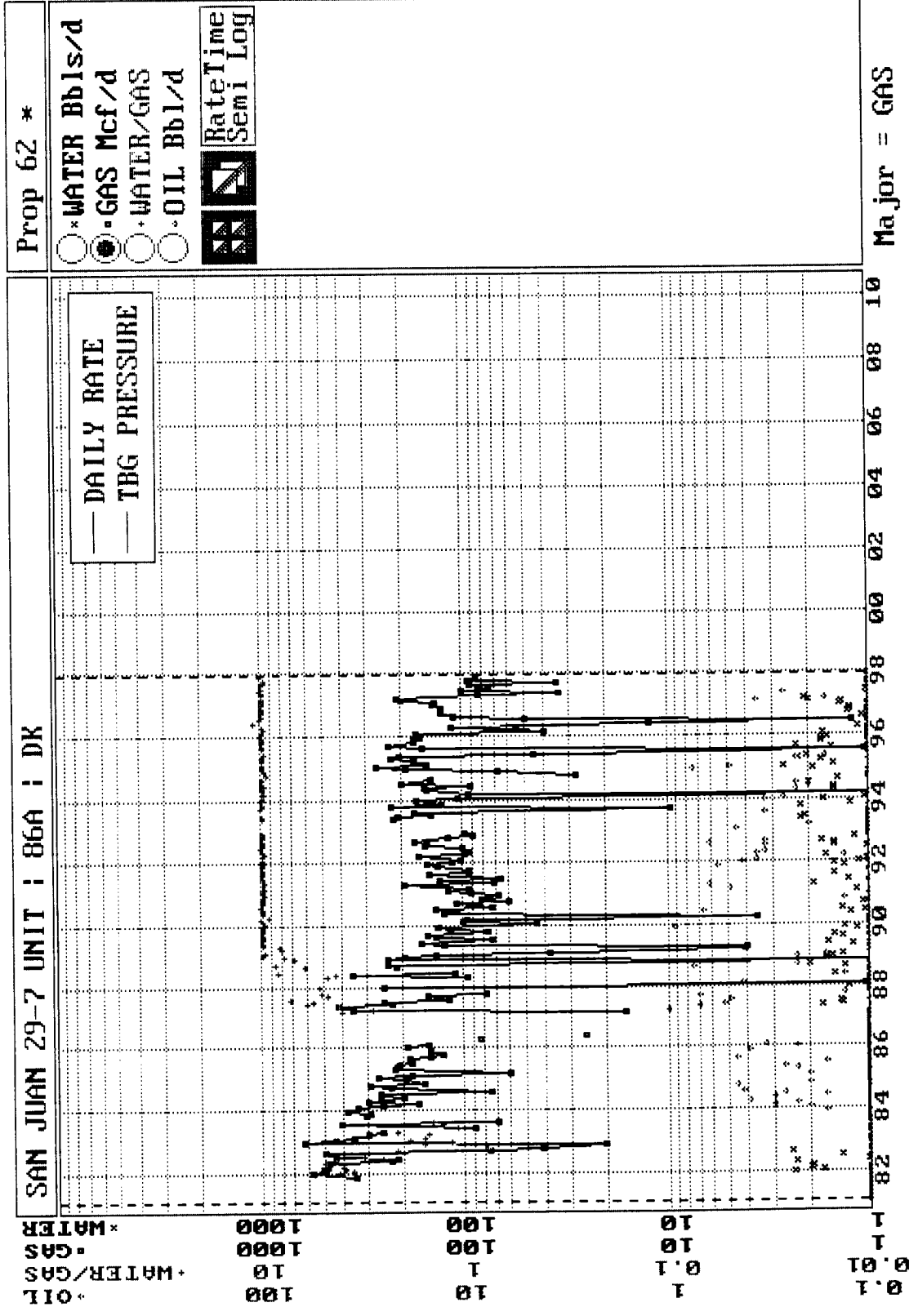
Correctly  
September 29, 1980

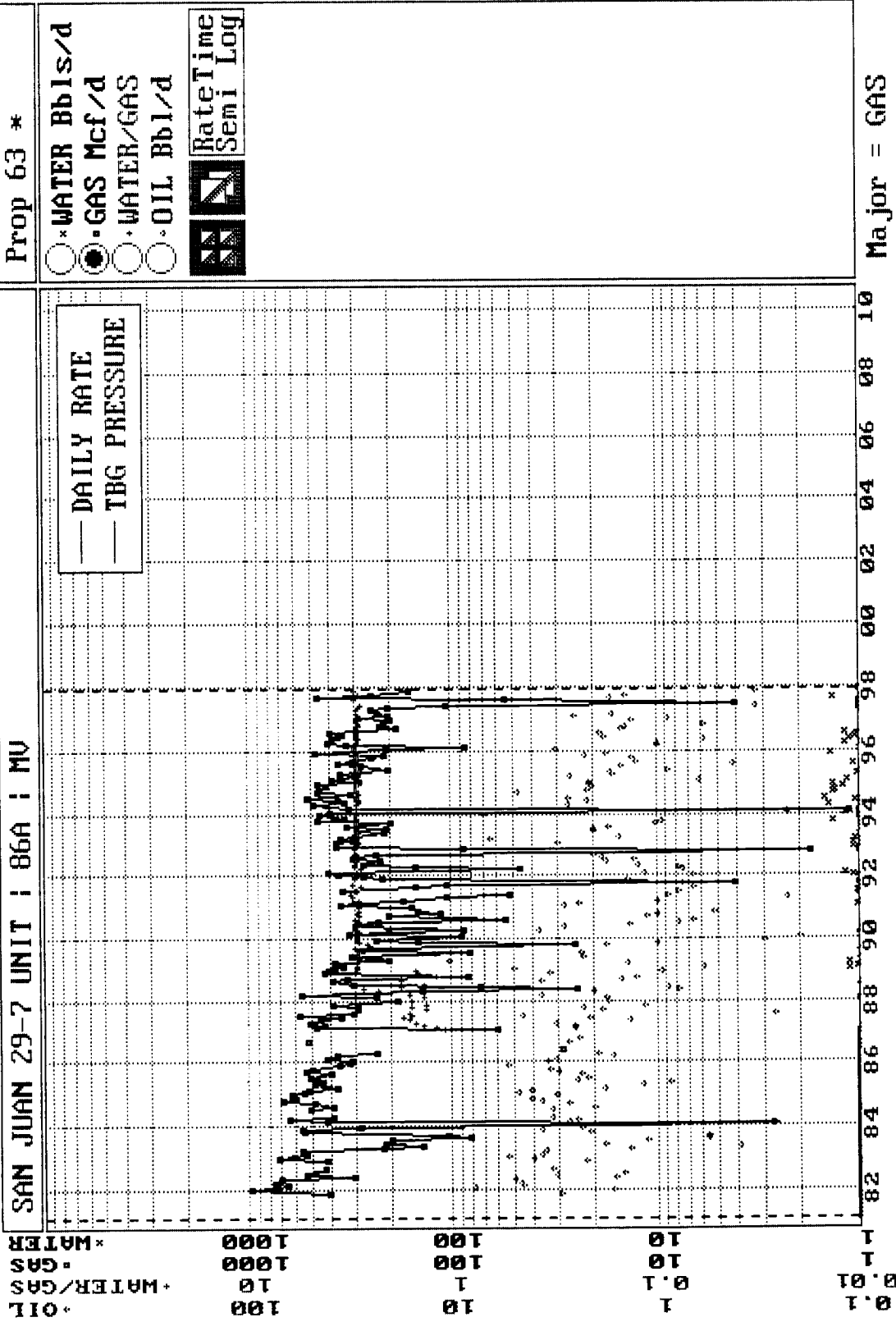
Date

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  
August 9, 1979  
Registered Professional Engineer  
and/or Land Surveyor

Fred B. Kerr Jr.  
Certificate No. 3950





**San Juan 29-7 Unit #86A**  
**Bottom Hole Pressures**  
**Flowing and Static BHP**  
**Cullender and Smith Method**

Version 1.0 1/14/98

<b>Mesaverde</b>		<b>Dakota</b>	
<b><u>MV-Current</u></b>		<b><u>DK-Current</u></b>	
GAS GRAVITY	0.696	GAS GRAVITY	0.616
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.13
%CO2	0.92	%CO2	1.49
%H2S	0	%H2S	0
DIAMETER (IN)	7	DIAMETER (IN)	2.375
DEPTH (FT)	5658	DEPTH (FT)	7918
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	156	BOTTOMHOLE TEMPERATURE (DEG F)	194
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	385	SURFACE PRESSURE (PSIA)	181
BOTTOMHOLE PRESSURE (PSIA)	442.4	BOTTOMHOLE PRESSURE (PSIA)	212.4
<b><u>MV-Original</u></b>		<b><u>DK-Original</u></b>	
GAS GRAVITY	0.696	GAS GRAVITY	0.616
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.13
%CO2	0.92	%CO2	1.49
%H2S	0	%H2S	0
DIAMETER (IN)	7	DIAMETER (IN)	2.375
DEPTH (FT)	5658	DEPTH (FT)	7918
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	156	BOTTOMHOLE TEMPERATURE (DEG F)	194
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	687	SURFACE PRESSURE (PSIA)	2116
BOTTOMHOLE PRESSURE (PSIA)	795.2	BOTTOMHOLE PRESSURE (PSIA)	2554.0

Page No.: 1  
 Print Time: Wed Feb 11 10:58:36 1998  
 Property ID: 63  
 Property Name: SAN JUAN 29-7 UNIT | 86A | MV  
 Table Name: S:\ARIES\1MXJ\TEST.DBF

--DATE--	--CUM OIL-- Bbl	---CUM GAS-- Mcf	M SIWHP Psi
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09/22/81		0	687.0
01/13/82		65069	572.0
05/13/82		138794	510.0
11/21/83		331812	515.0
08/21/84		412149	517.0
10/03/86		708736	512.0
05/22/89		977385	473.0
01/24/91		1094687	520.0
06/01/93		1288234	460.0
12/31/97		1774586	385.0

Original

Current estimated from P/z data

Page No.: 1  
Print Time: Wed Feb 11 10:58:31 1998  
Property ID: 62  
Property Name: SAN JUAN 29-7 UNIT | 86A | DK  
Table Name: S:\ARIES\1MXJ\TEST.DBF

<u>--DATE--</u>	<u>--CUM_OIL--</u>	<u>---CUM_GAS---</u>	<u>M SIWHP</u>
	Bbl	Mcf	Psi

09/15/81		0	2116.0	Original
01/13/82		42942	1584.0	
05/13/82		94036	539.0	
11/21/83		228851	591.0	
12/09/85		382958	808.0	
08/31/88		477023	965.0	
07/01/90		551562	567.0	
05/28/92		623309	692.0	
12/31/97		836789	181.0	Current estimated from 1 1/2" data

# Package Preparation Volume Data

DPNo: 70007 SAN JUAN 29-7 UNIT 86A Form: MV

Supt: 60 KEN RAYBON FF: 335 LARY BYARS MS: 318 J.R TRUJILLO  
 Pipeline: EPNG Plunger: No Dual: Yes Compressor: No

<u>Ownership (No Trust)</u>			<u>Prior Year</u>			<u>Current Year</u>			
	<u>Gas</u>	<u>Oil</u>				<u>Days</u>			<u>Days</u>
				<u>MCF/M</u>	<u>BOPM</u>	<u>On</u>	<u>MCF/M</u>	<u>BOPM</u>	<u>On</u>
GWI:	62.5191%	62.5191%							
GNI:	52.8043%	52.8043%	Jan	6,391	95.0	31	8,686	27.0	31
			Feb	2,564	0.0	29	6,292	77.0	28
			Mar	10,237	30.0	31	7,146	50.0	31
<u>Volumes</u>			Apr	12,493	30.0	30	7,579	0.0	30
<u>(Days On)</u>	<u>MCFD</u>	<u>BOPD</u>	May	11,863	18.0	26	6,284	0.0	31
7 Day Avg	191	0.0	Jun	11,037	55.0	26	3,161	10.0	22.6
30 Day Avg	168	0.0	Jul	10,528	0.0	31	0	0.0	31
60 Day Avg	166	0.7	Aug	12,366	57.0	31	1,581	0.0	31
3 Mo Avg	193	1.0	Sept	5,718	45.0	30	14,256	51.0	30
6 Mo Avg	182	0.8	Oct	6,908	43.0	31	7,677	43.0	31
12 MoAvg	203	0.9	Nov	6,632	18.0	30	4,929	10.0	30
			Dec	6,081	40.0	31	5,119	42.0	31
<u>Volumes</u>									
<u>(Days in Month)</u>	<u>MCFD</u>	<u>BOPD</u>	Total	102,818	431.0		72,710	310.0	
30 Day Avg	168	0.0							
60 Day Avg	166	0.7							
3 Mo Avg	193	1.0							
6 Mo Avg	184	0.8							
12 Mo Avg	199	0.8							

Print Form

Exit Volumes Data

Print Form

Exit Volumes Data

2/12/98



# Package Preparation Volume Data

DPNo: 70006      SAN JUAN 29-7 UNIT      86A      Form: DK

Supt: 60   KEN RAYBON      FF: 335   LARY BYARS      MS: 318   J.R TRUJILLO  
Pipeline: EPNG      Plunger: No      Dual: Yes      Compressor: No

Ownership (No Trust)			Prior Year			Current Year		
	Gas	Oil			Days			Days
				MCF/M	BOPM	On	MCF/M	BOPM
								On
GWI:	60.2270%	60.2270%	Jan	5,155	0.0	31	4,107	0.0
GNI:	49.8477%	49.8477%	Feb	1,115	0.0	29	6,123	11.0
			Mar	1,578	0.0	31	6,387	5.0
<u>Volumes</u>			Apr	3,409	0.0	30	2,444	0.0
<u>(Days On)</u>	<u>MCFD</u>	<u>BOPD</u>	May	265	0.0	28	919	8.0
7 Day Avg	54	0.0	Jun	0	0.0	9.1	3,071	0.0
30 Day Avg	53	0.0	Jul	1,470	0.0	14.9	2,160	0.0
60 Day Avg	54	0.0	Aug	3,318	0.0	31	2,761	0.0
3 Mo Avg	76	0.0	Sept	3,899	0.0	30	948	0.0
6 Mo Avg	70	0.0	Oct	3,857	0.0	31	2,822	0.0
12 MoAvg	100	0.1	Nov	3,839	0.0	30	2,536	0.0
			Dec	4,223	0.0	31	1,673	0.0
<u>Volumes</u>			Total	32,128	0.0		35,951	24.0
<u>(Days in Month)</u>	<u>MCFD</u>	<u>BOPD</u>						
30 Day Avg	53	0.0						
60 Day Avg	54	0.0						
3 Mo Avg	76	0.0						
6 Mo Avg	71	0.0						
12 Mo Avg	98	0.1						

[Print Form](#)

[Exit Volumes Data](#)

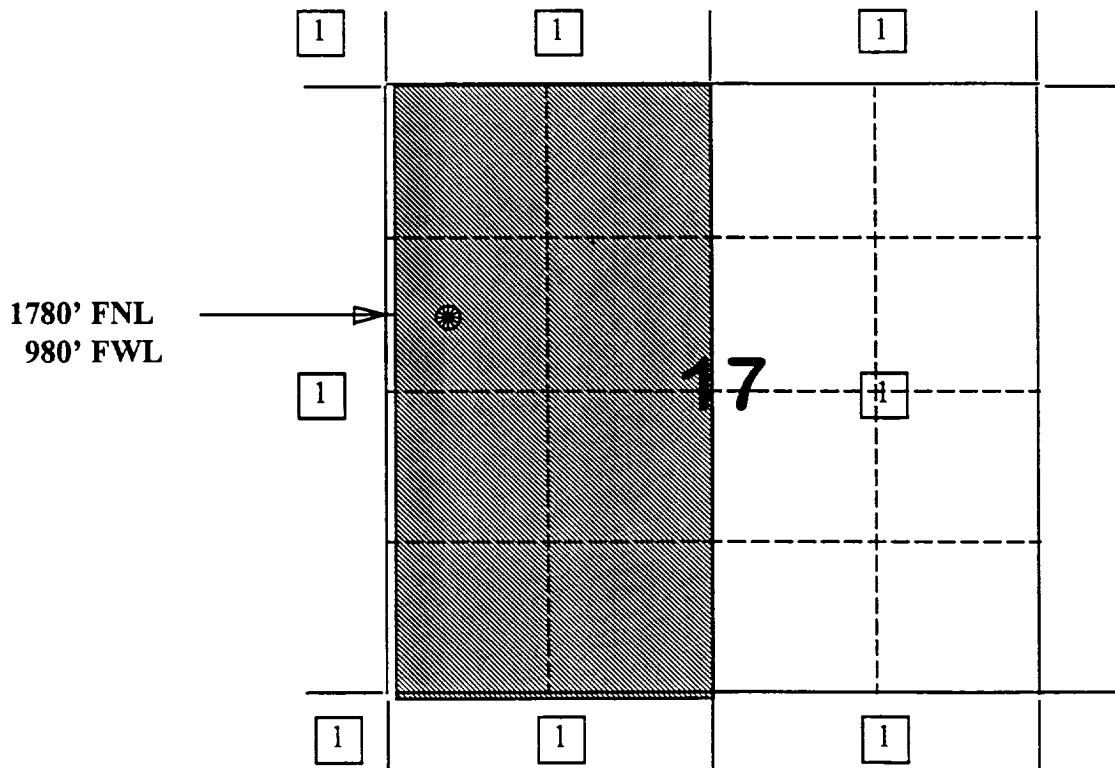
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***BURLINGTON RESOURCES OIL AND GAS COMPANY***

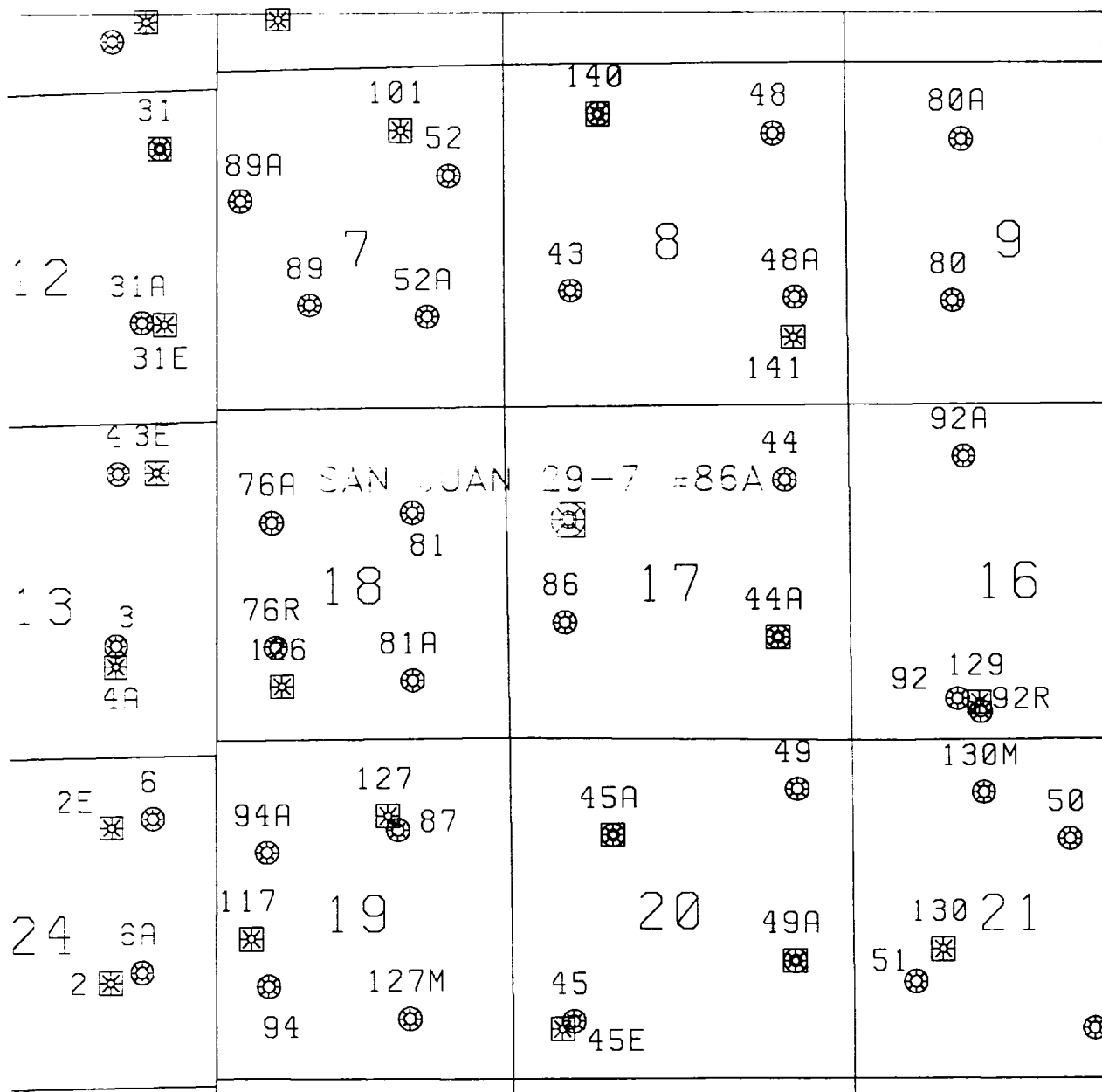
**San Juan 29-7 Unit #86A**

**OFFSET OPERATOR/OWNER PLAT  
Mesaverde / Dakota Formations Commingle Well**

**Township 29 North, Range 7 West**



1) Burlington Resources



PLH 12/11/97

*SAN JUAN 29-7 #86A*  
*SEC. 17 T29N, R7W*  
*MESAVERDE/DAKOTA*

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. 11629  
ORDER NO. R-10697

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY FOR THE ESTABLISHMENT  
OF A DOWNHOLE COMMINGLING "REFERENCE  
CASE" FOR ITS SAN JUAN 29-7 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 8th 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 29-7 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 29-7 Unit which encompasses some 22,500 acres in Township 29 North, Range 7 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 29-7 Unit, the applicant currently operates fifty-five (55) Basin-Dakota Gas Pool wells, one hundred thirty-one (131) Blanco-Mesaverde Gas Pool wells, thirteen (13) Blanco-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pool wells, and forty-nine (49) 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 245 MMCFG and 76 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 218 MCFGD and 238 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 29-7 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 29-7 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 3.209 psi and 1.148 psi, respectively; and,
- b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations is approximately 952 psi and 655 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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;
- c) providing notice to each interest owner within the San Juan 29-7 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 29-7 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 Unit of such proposed commingling.



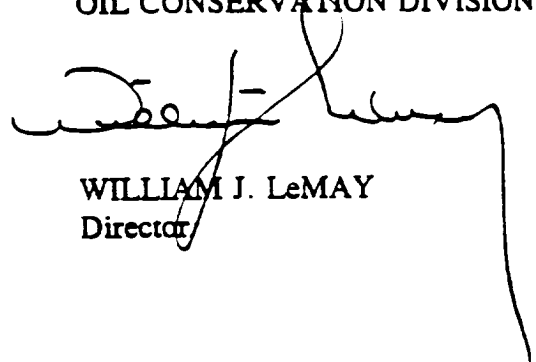
CASE NO. 11629  
Order No. R-10697  
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(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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