NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

FLOW TEST NO. 2

Commenced at (hour,date)**				Zone producing (Upper or Lower):	
TIME (hour,date)	LAPSED TIME SINCE**	PRESSURE Upper Completion	PRESSURE Lower Completion	PROD. ZONE TEMP.	REMARKS

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hours. _____ Grav. _____ GOR _____

Gas: _____ MCFPD; Tested thru (Orifice or Meter):

Remarks: _____

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

Approved Brent Cardox Deputy Oil & Gas Inspector

New Mexico Oil Conservation Division

SEP 11 1996

By _____

Title _____

Operator Burlington Resources, Inc

By Debra Sitz

Title Operation Associate

Date 9-6-96

NORTHWEST NEW MEXICO PACKER LEAKAGE TEST INSTRUCTIONS

1. A packer leakage test shall be commenced on each multiply completed well within seven days after actual completion of the well, and annually thereafter as prescribed by the order authorizing the multiple completion. Such tests shall also be connected on all multiple completions within seven days following recompletion and/or chemical or frac-ture treatment, and whenever remedial work has been done on a well during which the packer or the tubing have been disturbed. Tests shall also be taken at any time that communication is suspected or when requested by the Division.
2. At least 72 hours prior to the commencement of any packer leakage test, the operator shall notify the Division in writing of the exact time the test is to be commenced. Offset operators shall also be so notified.
3. The packer leakage test shall commence when both zones of the dual completion are shut-in for pressure stabilization. both zones shall remain shut-in until the well-head pressure in each has stabilized, provided however, that they need not remain shut-in more than seven days.
4. For flow Test No. 1, one zone of the dual completion shall be produced at the normal rate of production while the other zone remains shut-in. Such test shall be continued for seven days if the case of a gas well and for 24 hours in the case of an oil well. Note: if, on an initial packer leakage test, a gas well is being flowed to the atmosphere due to the lack of a pipeline connection the flow period shall be three hours.
5. Following completion of flow Test No. 1, the well shall again be shut-in, in accordance with Paragraph 3 above.
6. Flow Test No. 2 shall be conducted even though no leak was indicated during flow Test No. 1. Procedure for Flow Test No. 2 is to be the same as for Flow Test No. 1 except that the previously produced zone shall remain shut-in while the zone which was previously shut-in is produced.
7. Pressures for gas-zone tests must be measured on each zone with a deadweight pressure gauge at time intervals as follows: 3 hours tests: immediately prior to the beginning of each flow-period, at fifteen minute intervals during the first hour thereof, and at hourly intervals thereafter, including one pressure measurement immediately prior to the flow period, at least one time during each flow period (at approximately the midway point) and immediately prior to the conclusion of each flow period. Other pressures may be taken as desired, or may be requested on wells which have previously shown questionable test data.

   24-hour oil zone tests: all pressures, throughout the entire test, shall be continuously measured and recorded with recording pressure gauges the accuracy of which must be checked at least twice, once at the beginning and once at the end of each test, with a deadweight pressure gauge. If a well is a gas-oil or an oil-gas dual completion, the recording gauge shall be required on the oil zone only, with deadweight pressures as required above being taken on the gaz zone.
8. The results of the above described tests shall be filed in triplicate within 15 days after completion of the test. Tests shall be filed with the Aztec District Office of the New Mexico Oil Conservation Division of Northwest New Mexico Packer Leakage Test form Revised 10/01/78 with all deadweight pressures indicated thereon as well as the flowing temperatures (gas zones only) and gravity and GOR (oil zones only).

RECEIVED
OCT 31 1997
OIL CON. DIV.
DIST. 3

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

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

APPROVAL PROCESS :
_X_ Administrative ___Hearing

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
_x__ YES ___ NO

Burlington Resources Oil & Gas Company — PO Box 4289, Farmington, NM 87499
Operator — Address

Allison Unit	13	M 12-32N-7W	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. ____14538__ Property Code __6785____ API NO. ___30-045-11470_____Federal __x_____ , State _____, (and/or) Fee ___x_____

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)	5748'-5830'		7984'-8070'
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. 648 psi (see attachment) (Original) b. 1320 psi (see attachment)	a. b.	a. 700 psi (see attachment) b. 2894 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1001		BTU 975
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: n/a Rates:	Date: Rates:	Date: n/a Rates:
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: n/a Rates: 60 Mcf\d	Date: Rates:	Date: n/a Rates: 25 Mcf\d
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: % will be supplied upon completion	Oil: % Gas: %	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 __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). ___ _____

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 10/29/97_____

TYPE OR PRINT NAME __ Robert L. Goodwin III___ TELEPHONE NO. (505) 326-9700

N MEXICO OIL CONSERVATION COMMISS

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator	Lease	Well No.
EL PASO NATURAL GAS COMPANY	ALLISON UNIT (SF 073483-A)	13 (MD)

Unit Letter	Section	Township	Range	County
M	12	32-N	7-W	SAN JUAN

Actual Footage Location of Well:
890 feet from the S line and 950 feet from the W line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6600 DF	MV & DK	BLANCO MV & BASIN DAKOTA	414.90 Acres

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

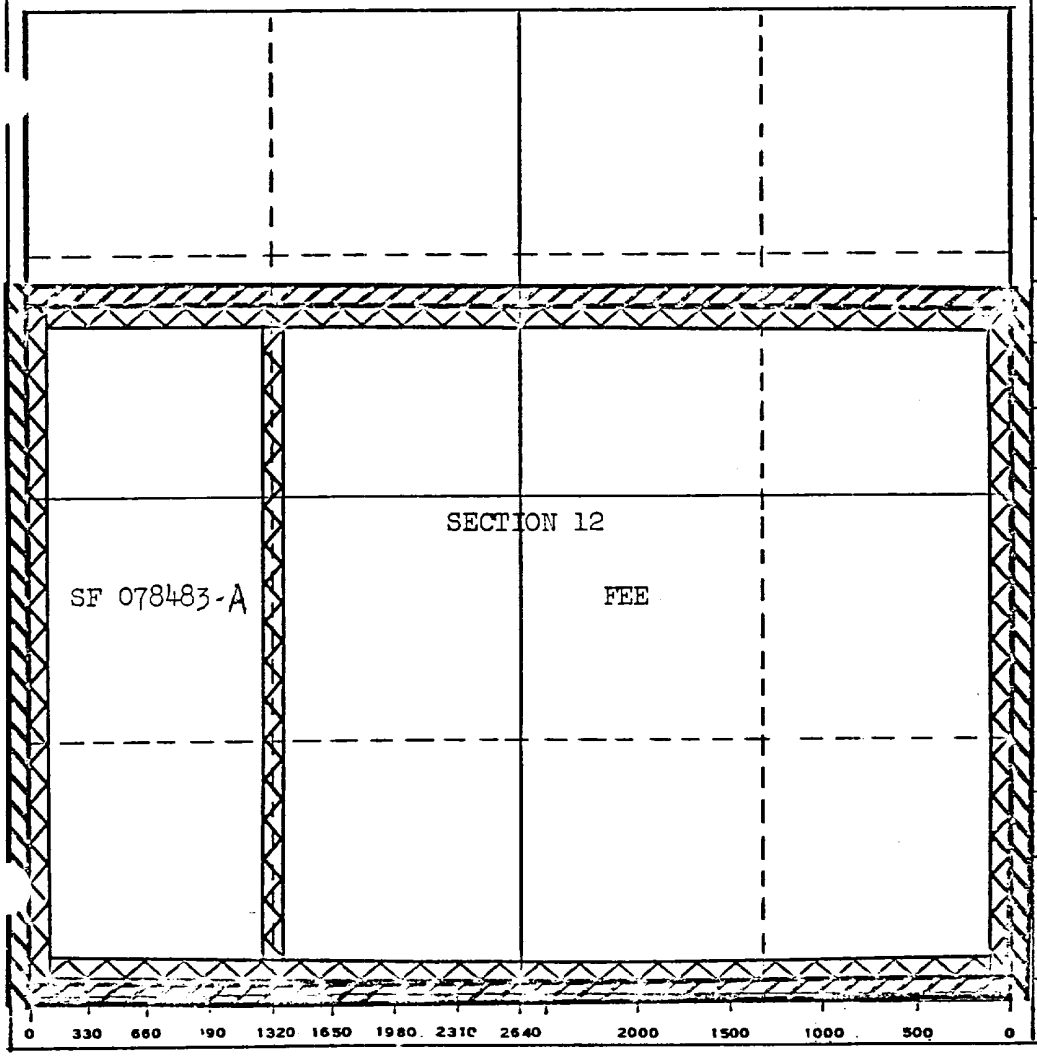
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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. THIS PLAT REISSUED TO SHOW CORRECTED ACREAGE AS PER LETTER N.M.O.C. DATED 2-14-68.



CERTIFICATION

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

Carl E. Matthews
Name
Petroleum Engineer
Position
El Paso Natural Gas Co.
Company
March 11, 1968
Date

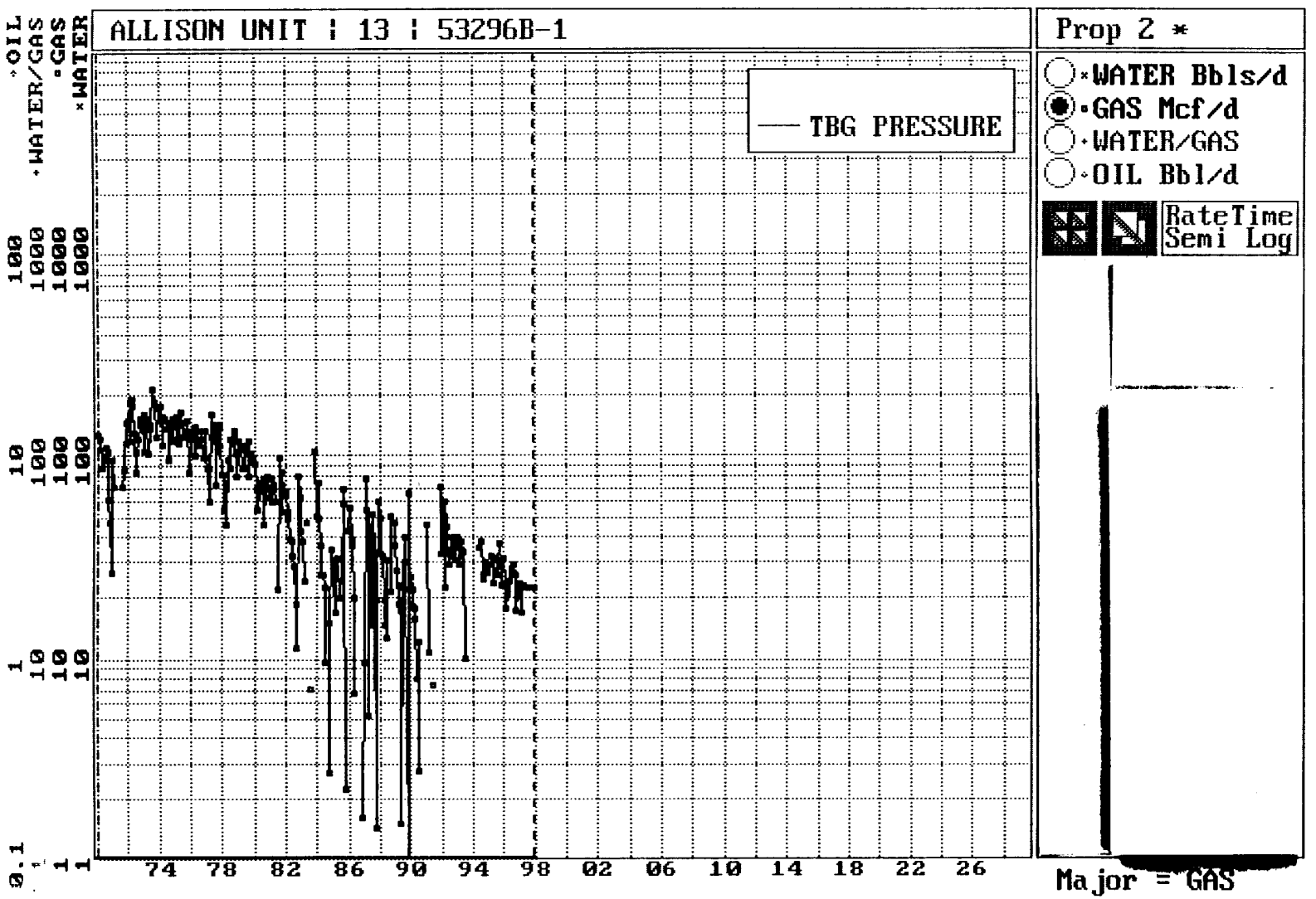
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

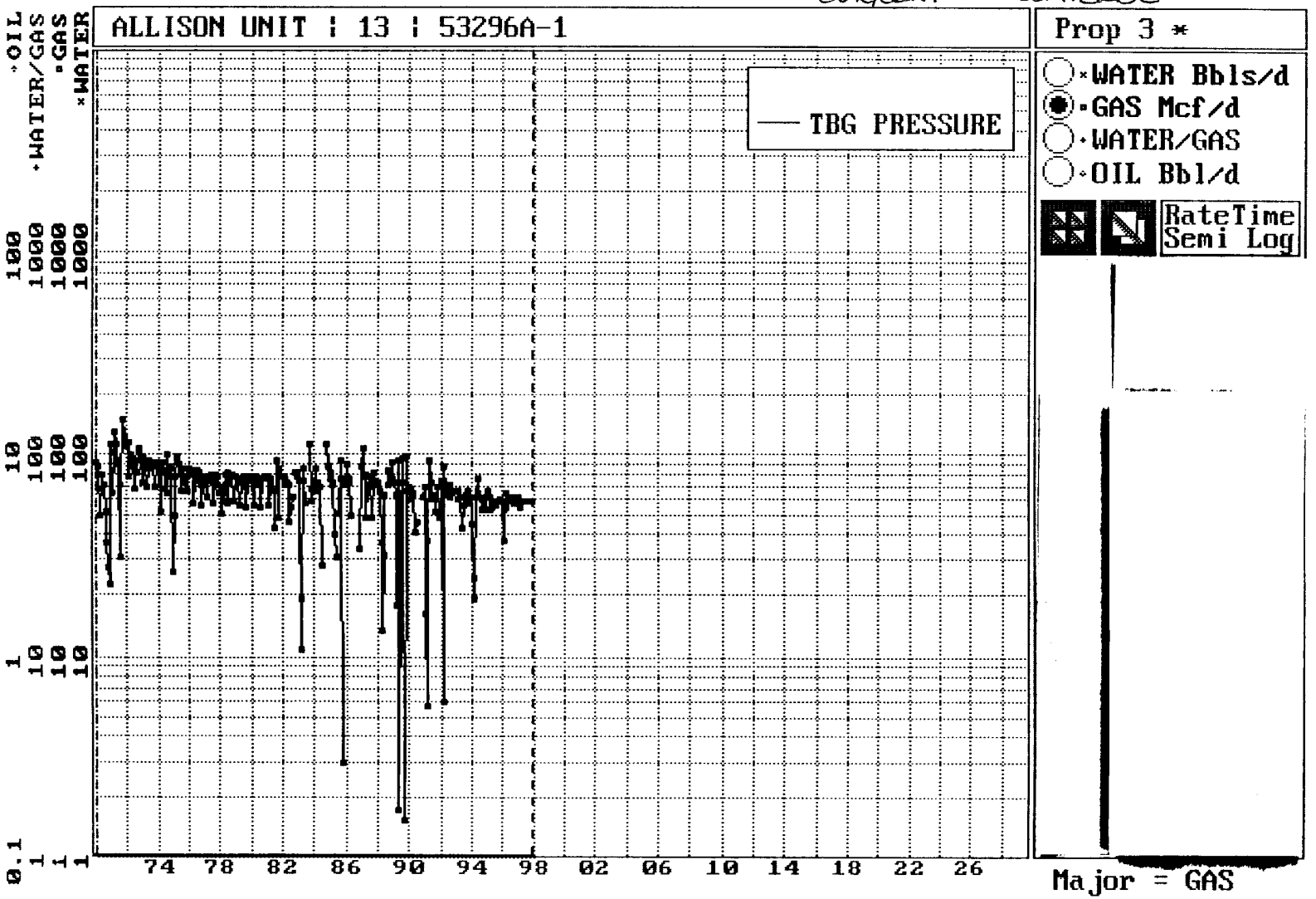
Registered Professional Engineer and/or Land Surveyor

Certificate No.

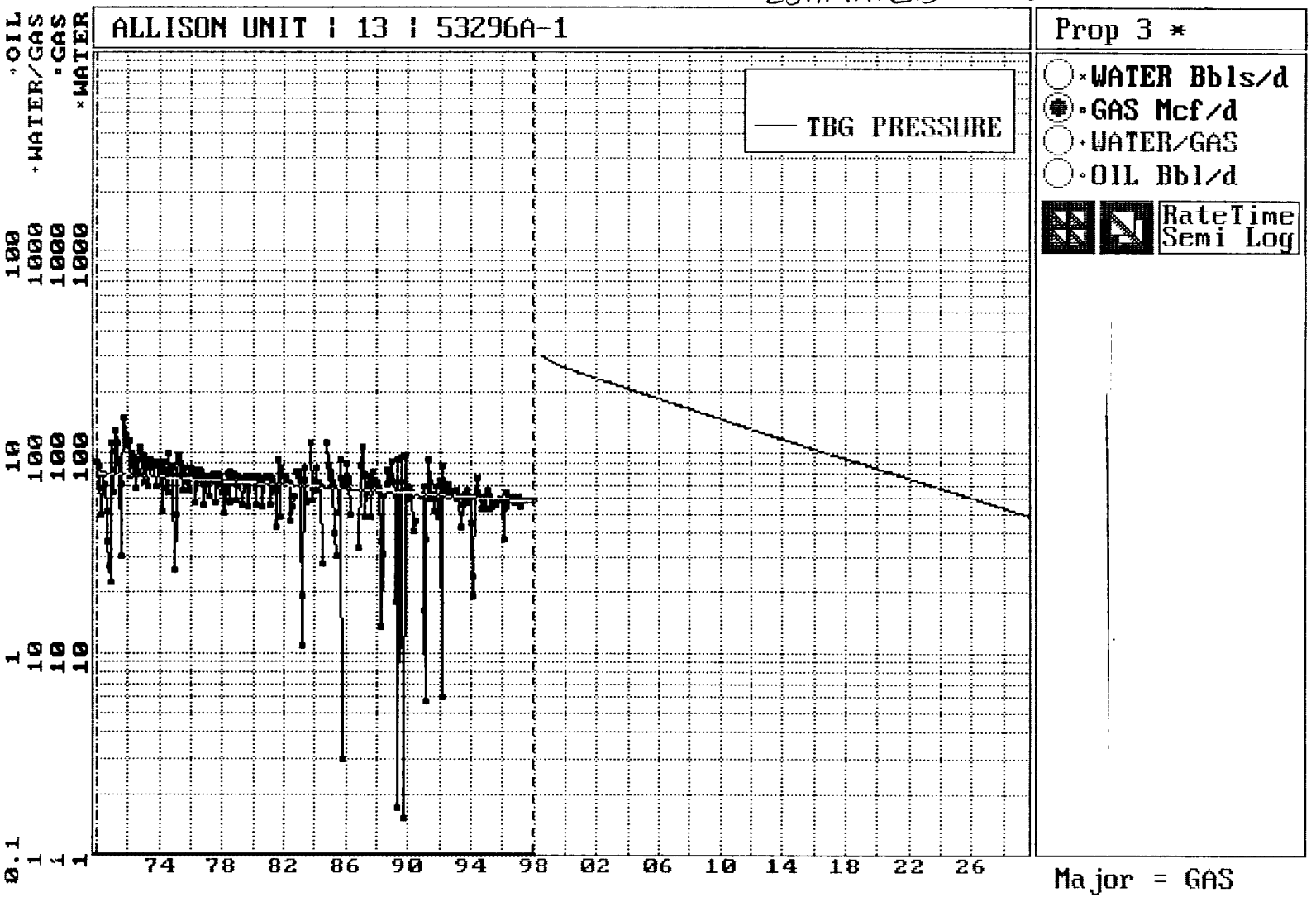
CURRENT DAKOTA



CURRENT MESAVERDE



ESTIMATED MESAVERDE AFTER PAYADD

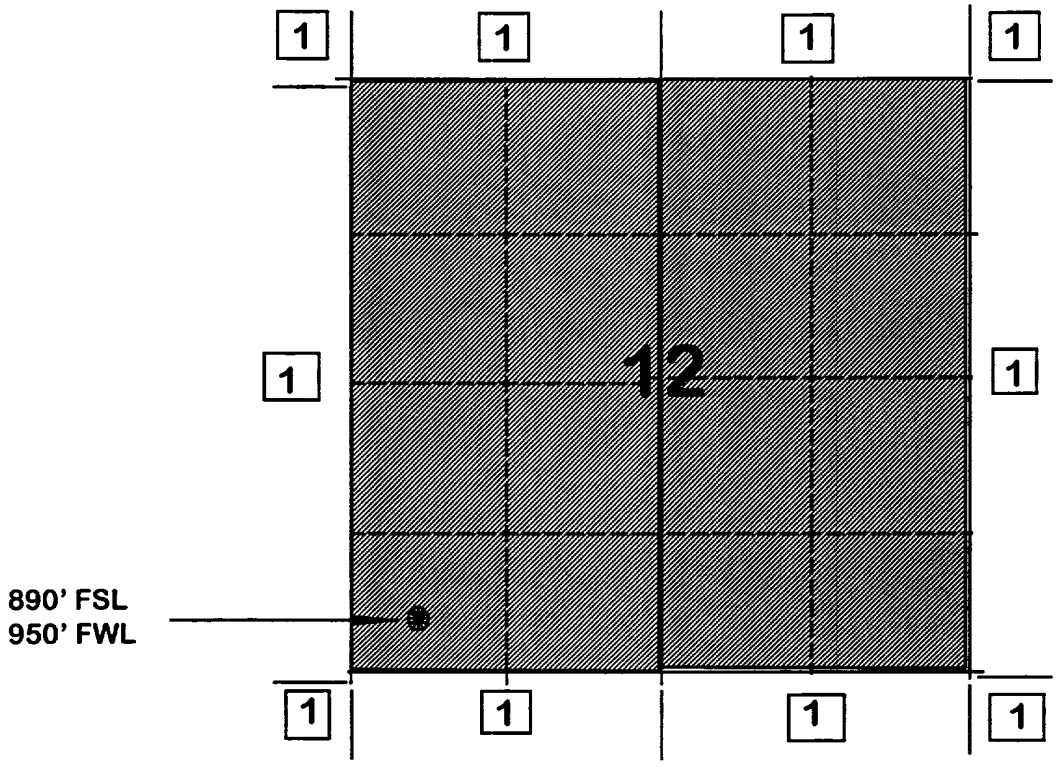


BURLINGTON RESOURCES OIL AND GAS COMPANY

Allison Unit #13
OFFSET OPERATOR \ OWNER PLAT

Mesaverde / Dakota Formations Commingle Well
(Non-Standard Section - Dedication for Dakota & Mesaverde cover all of Section 12 containing 414.90 acres more or less)

Township 32 North, Range 7 West



1) Burlington Resources Oil and Gas Company

Allison Unit #13
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 3/13/94

Mesa Verde

MV - Current

GAS GRAVITY	0.585
COND. OR MISC. (C/M)	M
%N2	0.33
%CO2	2.16
%H2S	0
DIAMETER (IN)	5.5
DEPTH (FT)	5773
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	182
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	577
BOTTOMHOLE PRESSURE (PSIA)	648.3

MV - Original

GAS GRAVITY	0.585
COND. OR MISC. (C/M)	M
%N2	0.33
%CO2	2.16
%H2S	0
DIAMETER (IN)	5.5
DEPTH (FT)	5773
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	182
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1167
BOTTOMHOLE PRESSURE (PSIA)	1319.6

Dakota

DK-Current

GAS GRAVITY	0.597
COND. OR MISC. (C/M)	M
%N2	0.06
%CO2	4.12
%H2S	0
DIAMETER (IN)	5.5
DEPTH (FT)	8027
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	210
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	596
BOTTOMHOLE PRESSURE (PSIA)	700.4

DK-Original

GAS GRAVITY	0.597
COND. OR MISC. (C/M)	M
%N2	0.06
%CO2	4.12
%H2S	0
DIAMETER (IN)	5.5
DEPTH (FT)	8027
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	210
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	2428
BOTTOMHOLE PRESSURE (PSIA)	2893.5

Page No.: 1
Print Time: Tue Sep 30 07:13:38 1997
Property ID: 2
Property Name: ALLISON UNIT | 13 | 53296B-1
Table Name: C:\ARIES\ALLISON\TEST.DBF

DAKOTA

--DATE--	---CUM_GAS--	M_SIWHP	M_SIBHP	C_SIWHP	C_SIBHP
	Mcf	Psi	Psi		
03/31/58	0	2428.0	2904.0		
07/29/59	80000	1732.0			
07/29/60	165000	1678.0			
07/28/61	225000	1617.0			
09/09/62	281000	1540.0			
05/06/63	323000	1413.0			
04/22/64	374000	1357.0			
05/03/65	417000	1493.0			
02/23/66	448000	1474.0			
03/06/67	488000	1439.0			
03/08/68	536000	1216.0			
06/02/70	641967	956.0	1130.0		
08/10/72	709249	1173.0	1391.0		
04/29/75	853176	862.0	1018.0		
08/08/77	955904	891.0	1052.0		
08/07/79	1030920	934.0	1104.0		
05/15/81	1076326	982.0			
05/02/85	1129312	939.0	1110.0		

Page No.: 1
Print Time: Tue Sep 30 07:13:49 1997
Property ID: 3
Property Name: ALLISON UNIT | 13 | 53296A-1
Table Name: C:\ARIES\ALLISON\TEST.DBF

MESAVERDE

--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	M_SIBHP Psi	C_SIWHP	C_SIBHP
03/31/58	0	1167.0	1317.0		
09/18/58	0	1166.0			
10/22/59	32000	970.0			
07/29/60	72000	933.0			
07/28/61	138000	881.0			
04/25/62	178000	623.0			
04/29/63	219000	846.0			
04/22/64	266000	853.0			
05/03/65	313000	820.0			
02/23/66	346000	817.0			
03/06/67	386000	741.0			
03/08/68	420000	781.0			
06/22/69	460291	751.0			
06/02/70	489849	802.0	901.0		
07/19/71	518856	768.0	863.0		
08/10/72	558402	709.0	796.0		
04/18/74	611574	692.0	777.0		
06/02/76	672668	685.0	769.0		
08/03/78	729455	338.0	378.0		
06/05/80	777708	672.0	754.0		
/18/82	825717	667.0	748.0		
03/18/86	902796	678.0	761.0		
01/20/92	1010557	651.0			

10/13/97 WELL-INFO INQUIRE FOR 53296B 0-079714-00 WMS009M1
RECORD TYPE: W SCREEN 1
FARMINGTON SAN JUAN , NM
BASIN DAKOTA (PRORATED GAS) FIELD
DAKOTA ZONE
SAN JUAN TRUST

ALLISON UNIT 13
JRLINGTON RESOURCES O&G CO

06/21/94 FLOWING GAS WELL
LOCATION
890'S, 950'W

BLK	UNIT	SEC	TWN	RNG	TRACT
	SWSW	12	032N	007W	

WORK INT-GAS	NET INT-GAS	TD	PBTD	TPERF	BPERF	AFE	BATTERY
0.5405678	0.4605230	8150	8134	7984	8070		

WORK INT-OIL	NET INT-OIL
0.5405678	0.4605230

ORIG SPUD	WO/RECOMP	DRIL COMP	WELL COMP	1ST OIL PROD	1ST OIL SOLD
06/11/57		03/31/58	08/31/58		

1ST GAS SOLD
09/10/58

INITIAL TEST
09/10/58 2093 AOF, 2005 CH.VOL. 2427 SITP
CURRENT TEST

CONSULTANT
GAS CONTRACT
DD7 08/06/97

PF6 - PAGE BACK PA1 - END INQUIRE ENTER - NEXT SCREEN SCREEN NUMBER

10/13/97 WELL-INFO INQUIRE FOR 53296A 0-079715-00 WMS009M1
RECORD TYPE: W SCREEN 1
FARMINGTON SAN JUAN , NM
BLANCO MESAVERDE (PRORATED GAS FIELD
MESAVERDE ZONE
SAN JUAN TRUST

ALLISON UNIT 13
BURLINGTON RESOURCES O&G CO

11/10/90 FLOWING GAS WELL
LOCATION
890'S, 950'W

BLK	UNIT	SEC	TWN	RNG	TRACT
	SWSW	12	032N	007W	

WORK INT-GAS	NET INT-GAS	TD	PBTD	TPERF	BPERF	AFE	BATTERY
0.5405676	0.4593383	8150	8134	5748	5830		

WORK INT-OIL	NET INT-OIL
0.5405676	0.4593383

ORIG SPUD	WO/RECOMP	DRIL COMP	WELL COMP	1ST OIL PROD	1ST OIL SOLD
06/11/57		03/31/58	08/31/58		

1ST GAS SOLD
09/18/58

INITIAL TEST
09/18/58 4170 AOF, 3914 CH.VOL., 1166 SICP
CURRENT TEST

CONSULTANT
GAS CONTRACT
NXO 07/23/97

PF6 - PAGE BACK PA1 - END INQUIRE ENTER - NEXT SCREEN SCREEN NUMBER

FARMINGTON ANNUAL PRODUCTION FOR 53296B PHS020M

ALLISON UNIT 13

BASIN DAKOTA (PRORATED GAS) FIELD **DAKOTA ZONE**

====== OIL CUM =======		====== GAS CUM =======		==== WATER CUM ====	
PC	DATE BBLS	PC	DATE MCF	DATE	BBLS
02	6912	01	6912 622324		

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1990			2980	1175799		
1991			5164	1180963		
1992			13815	1194778		
1993			5499	1200277		
1994			6393	1206670		
1995			10754	1217424		
1996			8527	1225951		
1997			4887	1230838		

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 DISPLA

PF10 - HELP INFORMATION

00/00/00 00:00:00:0 D03 09/02/89

FARMINGTON 1997 MONTHLY PRODUCTION FOR 53296B PHS030M1

ALLISON UNIT 13

BASIN DAKOTA (PRORATED GAS) FIELD **DAKOTA ZONE**

			DAYS	OIL			GAS						
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER PROD	
1	2	F					01	718	31	958	15.025		
2	2	F					01	522	28	958	15.025		
3	2	F					01	773	31	958	15.025		
4	2	F					01	641	30	958	15.025		
5	2	F					01	579	29	958	15.025		
6	2	F					01	584	26	958	15.025		
7	2	F					01	448	31	958	15.025		
8	2	F					01	622	31	958	15.025		
9													
10													
11													
12													

PF6 - RETURNS TO ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION PF9 - DISPLAY MONTHLY INJECTIO

00/00/00 00:00:00:0 PRS 10/03/97

FARMINGTON ANNUAL PRODUCTION FOR 53296A PHS020M

ALLISON UNIT 13

BLANCO MESAVERDE (PRORATED GAS FIELD **MESAVERDE ZONE**

====== OIL CUM =======		====== GAS CUM =======		==== WATER CUM ====	
PC DATE	BBLS	PC DATE	MCF	DATE	BBL
02 6912		01 6912	475915		

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CU
1990			14401	989080		
1991			19190	1008270		
1992			23057	1031327		
1993			21893	1053220		
1994			19346	1072566		
1995			21474	1094040		
1996			21000	1115040		
1997			13423	1128463		

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 DISPLA

PF10 - HELP INFORMATION

00/00/00 00:00:00:0 D03 09/02/89

FARMINGTON 1997 MONTHLY PRODUCTION FOR 53296A PHS030M

ALLISON UNIT 13,

BLANCO MESAVERDE (PRORATED GAS FIELD **MESAVERDE ZONE**

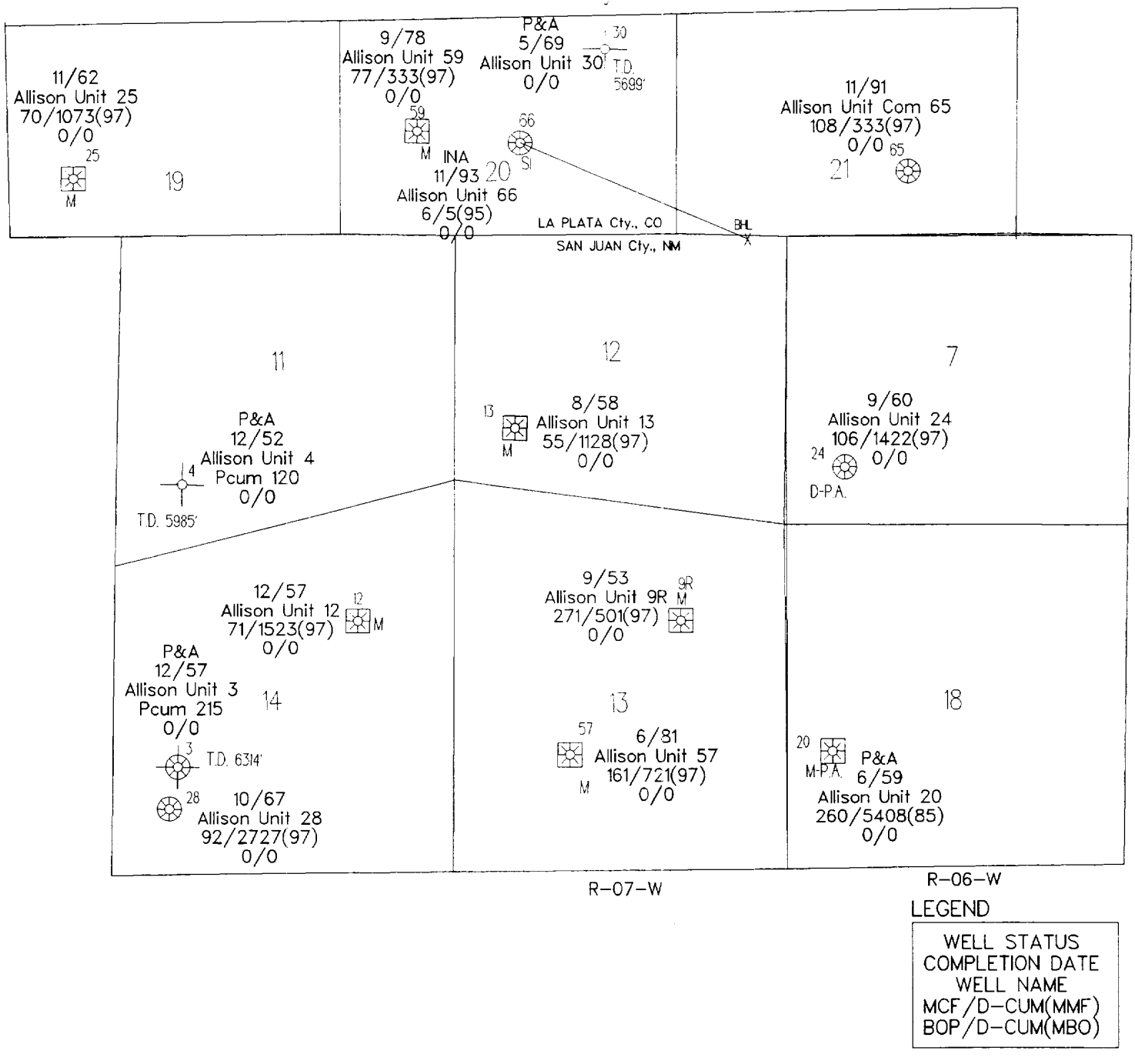
			DAYS	OIL			GAS						
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER PROD	
1	2	F					01	1772	31	983	15.025		
2	2	F					01	1652	28	983	15.025		
3	2	F					01	1748	31	983	15.025		
4	2	F					01	1633	30	983	15.025		
5	2	F					01	1724	29	983	15.025		
6	2	F					01	1633	28	983	15.025		
7	2	F					01	1580	31	983	15.025		
8	2	F					01	1681	31	983	15.025		
9													
10													
11													
12													

PF6 - RETURNS TO ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION PF9 - DISPLAY MONTHLY INJECTIO

00/00/00 00:00:00:0 PRS 10/03/97

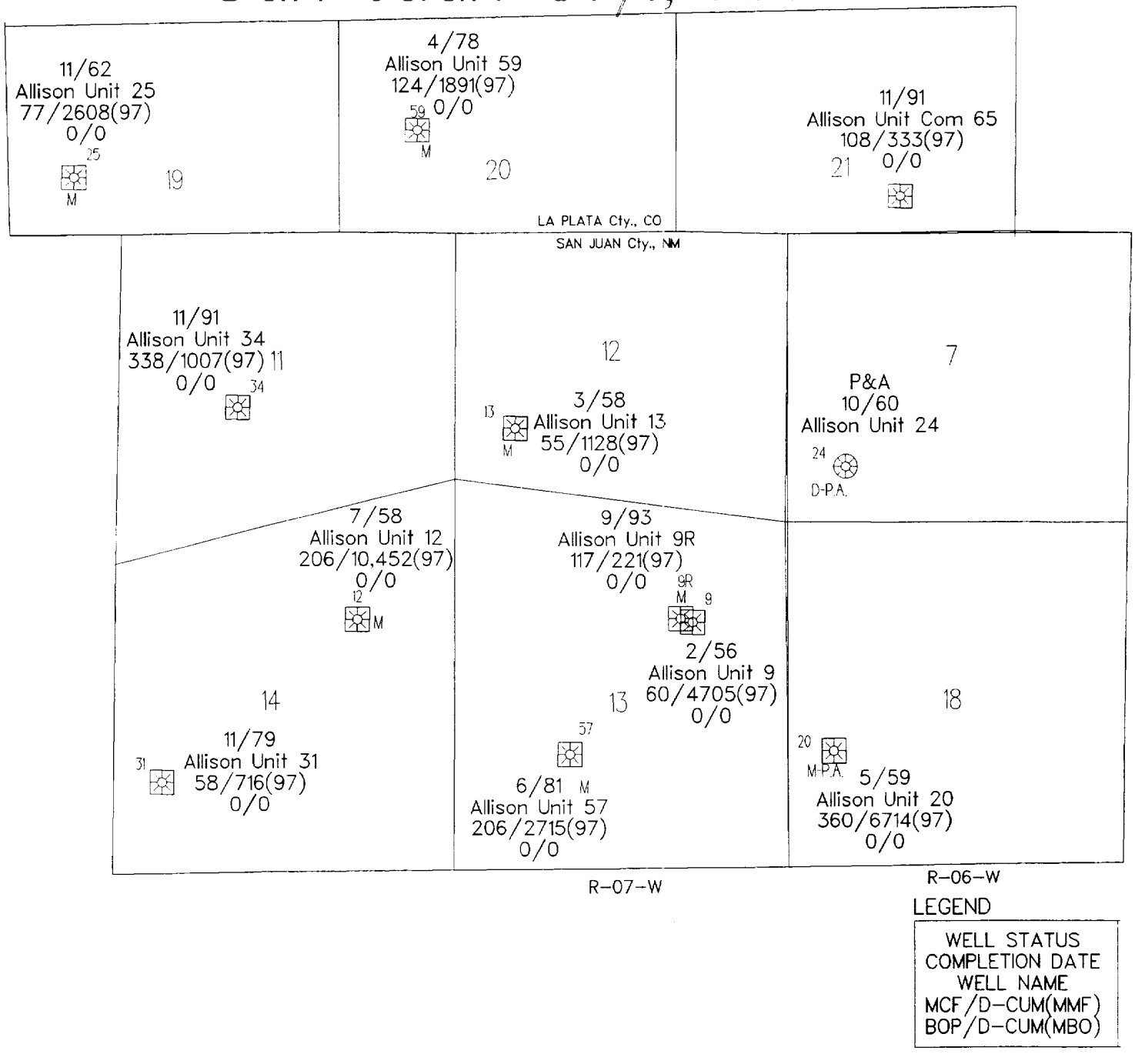
ALLISON UNIT 13
MESAVERDE
T32N, R7W, Sec. 12
San Juan Cty., NM



LEGEND

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

ALLISON UNIT 13
DAKOTA
T32N., R7W., Sec. 12
San Juan Cty., NM



LEGEND

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

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10743
Order No. R-9918

APPLICATION OF MERIDIAN OIL INC.
FOR DOWNHOLE COMMINGLING AND FOR
AN ADMINISTRATIVE DOWNHOLE COMMINGLING
PROCEDURE WITHIN THE ALLISON UNIT
AREA, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1993, at Santa Fe, N Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of July, 1993, the Division Director, having conside the testimony, the record, and the recommendations of the Examiner, and being fi advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Meridian Oil Inc., seeks approval to commingle production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison U Well No. 9R located 1720 feet from the North line and 1655 feet from the East (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan Cou New Mexico.

(3) The applicant further seeks the adoption of an administrative procedure authorizing the downhole commingling of Blanco-Mesaverde and Basin-Dakota F production within certain existing and subsequently drilled wells in its Allison Unit A San Juan County, New Mexico, without additional notice to each affected interest ow within the Unit Area.

(4) The Allison Unit Well No. 9R is to be drilled as a replacement well for the Allison Unit Well No. 9 which is located 1765 feet from the North line and 1500 feet from the East line (Unit G) of Section 13 and which is currently completed in and producing from the Basin-Dakota Pool.

(5) The Allison Unit Well No. 9 was drilled in 1955 and has cumulatively recovered some 4.4 BCF of gas from the Basin-Dakota Pool.

(6) Due to the age and mechanical condition of the Allison Unit Well No. 9, the applicant has estimated that it will not recover some 1.7 BCF of gas in the Basin-Dakota Pool underlying the E/2 of Section 13.

(7) Applicant's testimony indicates that due to economics, the Allison Unit Well No. 9R cannot be drilled solely to recover gas reserves in the Basin-Dakota Pool.

(8) The applicant expects to encounter marginal production only from the Blanco-Mesaverde Pool.

(9) The proposed downhole commingling is necessary in order for the applicant to economically recover Basin-Dakota and Blanco-Mesaverde Pool reserves underlying the E/2 of Section 13.

(10) The Allison Unit is a Federal exploratory unit initially comprising some 11,705 acres in New Mexico and some 2,069 acres in Colorado. Within New Mexico, the unit comprises portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County. The unit was formed in 1950 and is currently operated by Meridian Oil Inc.

(11) The evidence and testimony presented indicates that the Basin-Dakota and Blanco-Mesaverde Pools have both been substantially developed within the Allison Unit.

(12) The applicant has identified numerous Mesaverde and Dakota well locations within the Allison Unit which by virtue of marginal gas reserves and resulting poor economics cannot be economically drilled and produced as stand alone units.

(13) The current well economics and projected Dakota and Mesaverde gas reserves underlying these respective tracts virtually assure that these wells must be downhole commingled in order to meet the economic criteria for drilling.

(14) The applicant expects initial producing rates from both the Mesaverde and Dakota formations to be fairly marginal in nature.

(15) The applicant further demonstrated through its evidence and testimony that within the wells it proposes or will propose to commingle within the Unit Area:

a) there will be no crossflow between the two commingled pools;

b) neither commingled zone exposes the other to damage by produced liquids;

c) the fluids from each zone are compatible with the other;

d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,

e) the value of the commingled production is not less than the sum of the values of the individual production.

(16) The Dakota and Mesaverde Participating Areas within the Allison Unit are not common.

(17) By virtue of different Participating Areas, the interest ownership between the Dakota and Mesaverde formations within any given wellbore is not common.

(18) Applicant's Exhibit No. 2 in this case is a list of three hundred and fifty-four (354) interest owners in the Dakota and Mesaverde Participating Areas within the Allison Unit. All such interest owners were notified of the application in this case.

(19) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.

(20) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Allison Unit Area without hearing, and without the requirement that each interest owner in the Dakota and Mesaverde Participating Areas be notified of such commingling.

(21) The downhole commingling of wells within the Allison Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Allison Unit Area should not violate the correlative rights of any interest owner.

(22) evidence in this case indicates that . : to each interest owner within the Dakota an. .lesaverde Participating Areas of sub..quent downhole commingling within the Allison Unit is unnecessary and is an excessive burden on the applicant.

(23) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(24) An administrative procedure should be established within the Allison Unit for obtaining approval for subsequently downhole commingled wells without notice to Unit interest owners and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part 1 (b)(v), are fully complied with.

(25) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Allison Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(26) In the interest of prevention of waste and protection of correlative rights, the proposed downhole commingling within the Allison Unit Well No. 9R should be approved.

(27) The applicant should consult with the supervisor of the Aztec District Office of the Division subsequent to the completion of the subject well in order to determine proper allocation of production.

(28) The operator should immediately notify the supervisor of the Aztec distric office of the Division any time the subject well has been shut-in for seven consecutiv days and shall concurrently present, to the Division, a plan for remedial action.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil Inc., is hereby authorized to commingle g production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison Ur Well No. 9R located 1720 feet from the North line and 1655 feet from the East li (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan Count New Mexico.

(2) The applicant shall consult with the supervisor of the Aztec district office the Division subsequent to the completion of the subject well in order to determine proper allocation of production.

(3) The operator shall immediately notify the supervisor of the Aztec district office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) An administrative procedure for obtaining approval to downhole commingle wells within the Allison Unit, located in portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico, is hereby established.

(5) In order to obtain Division authorization to downhole commingle wells within the Allison Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of 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 Dakota and Mesaverde Participating Areas in the Allison Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.

(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

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