

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

Allison Unit

24A

P 07-32N-06W

San Juan

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 6784 API NO. 30-045-29614 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. 678 psi (see attachment) (Original) b. 1376 psi (see attachment)	a. b.	a. 840 psi (see attachment) b. 3233 psi (see attachment)
6. Oil Gravity (API) or Gas BTU Content	BTU 993		BTU 948
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. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). Reference Order R-9918 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: Ken Collins TITLE: Production Engineer DATE: 12-07-98

TYPE OR PRINT NAME: Ken Collins TELEPHONE NO.: (505) 326-9700

District I
Box 1980, Hobbs, NM 88241-1980

District II
Drawer DD, Artesia, NM 88211-0719

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

District IV
Box 2088, 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
Revised February 2
Instructions
Submit to Appropriate District
State Lease - 4
Fee Lease - 3

☐ AMENDED RE

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-		Pool Code 72319/71599		Pool Name Blanco Mesaverde/Basin Dakota			
Property Code 6784		Property Name ALLISON UNIT			Well Num 24A		
OGRID No. 14538		Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY			Elevation 6520		
10 Surface Location							
U or lot no. P	Section 7	Township 32N	Range 6W	Lot Idn 1145	Feet from the North/South line SOUTH 1305	East/West line EAST	Co SAN
11 Bottom Hole Location If Different From Surface							
U or lot no.	Section	Township	Range	Lot Idn	Feet from the North/South line	Feet from the	East/West line Co
Dedicated Acres MV-S/318.27 DK-S/318.27		Joint or Infill		Conservation Code		Order No.	

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

1300.20'	1345.74'	2692.14'	615.12'
4	3	2	1
598.62'	1329.24'	1321.98'	
7			
6	NM 04207		
2660.46'	7	FEE	94'
1316.70'	1339.14'	2669.70'	2579'
FEE		1305'	1145'

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

Signature
Peggy Bradfield
Printed Name
Regulatory Administrator
Title
Date

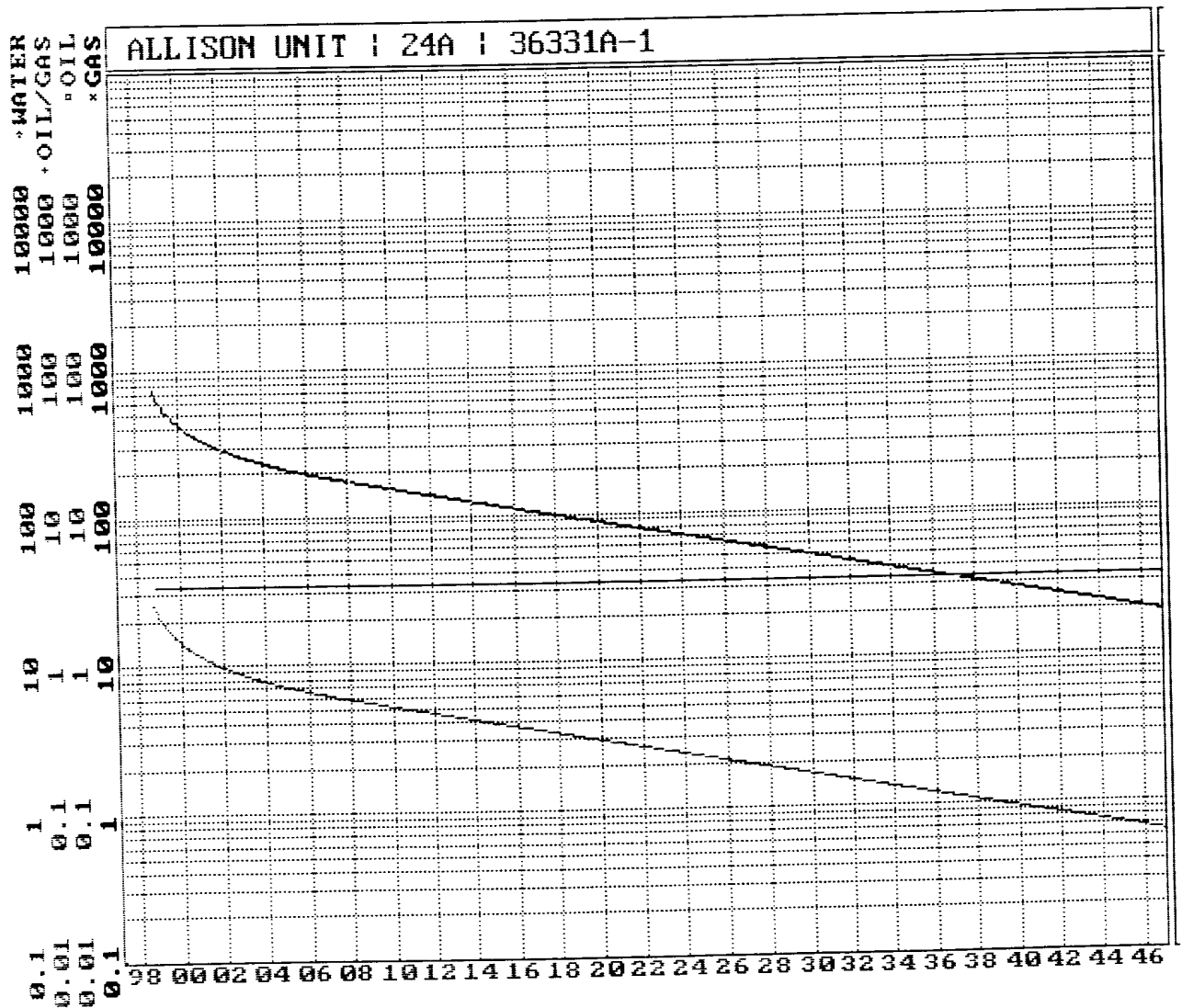
18 SURVEYOR CERTIFICATE
I hereby certify that the well location shown was plotted from field notes of actual surveys, or under my supervision, and that the same is correct to the best of my belief.

MAY 13, 1998
Date of Survey
Signature and Seal of Professional Surveyor
NEALE C. EDWARDS
NEW MEXICO
6857
Certificate Number 6857

Allison Unit #24A

Expected Production Curve

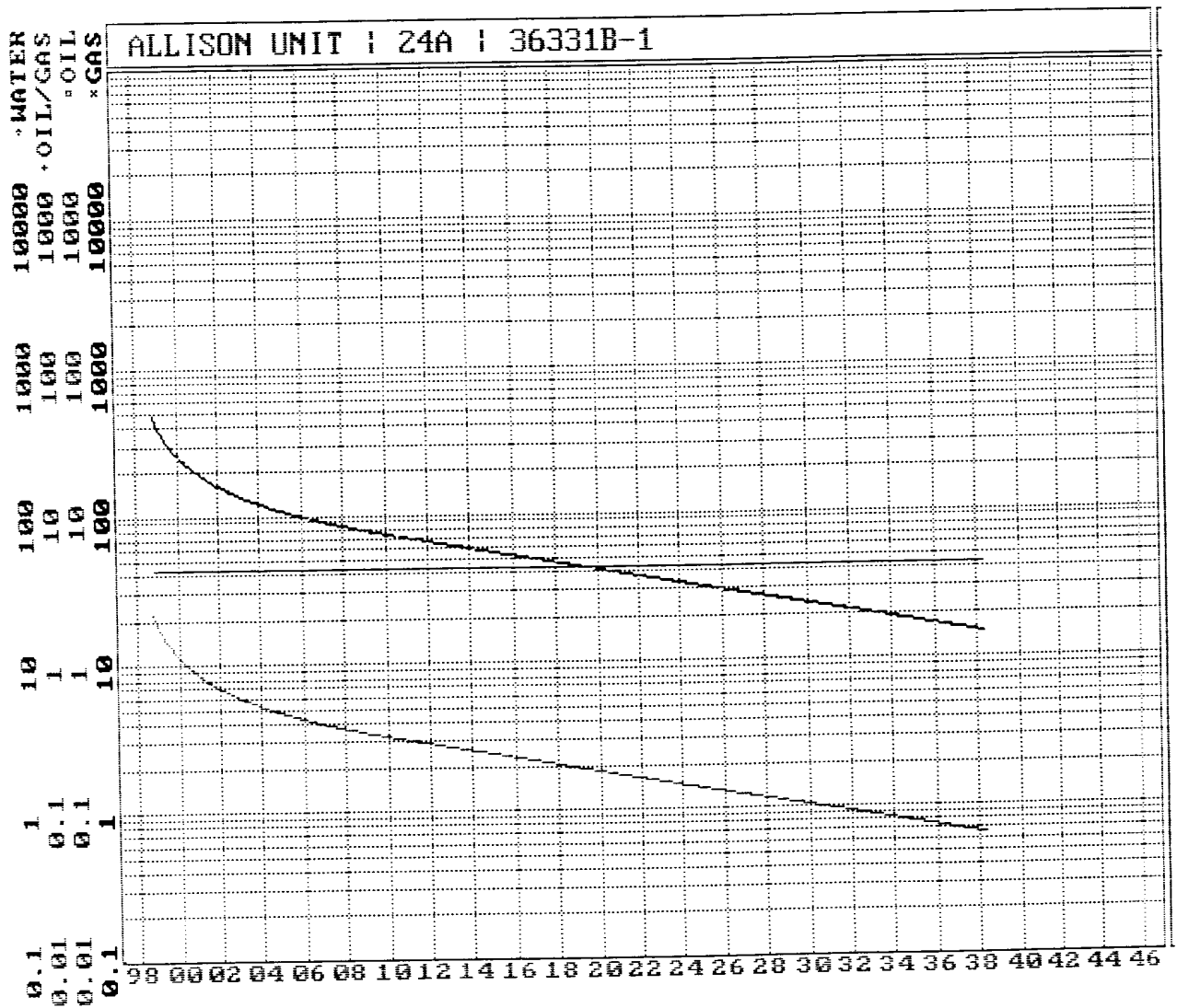
Blanco Mesaverde



Allison Unit #24A

Expected Production Curve

Basin Dakota



Page No.: 1
 Print Time: Mon Nov 23 10:40:19 1998
 Property ID: 2397
 Property Name: ALLISON UNIT | 10 | 52995B-1
 Table Name: K:\ARIES\RR99PDP\TEST.DBF

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 ::::Mcf:::: Psi::

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07/23/56	35000	819.0
06/07/57	149000	672.0
11/14/58	255000	749.0
07/29/59	310000	787.0
07/29/60	372000	702.0
07/28/61	428000	685.0
04/25/62	470000	694.0
04/29/63	515000	741.0
04/29/64	575000	718.0
05/10/65	635000	649.0
04/19/66	701000	775.0
05/15/67	772000	598.0
05/02/68	836000	593.0
06/29/69	907891	599.0
11/09/70	945021	633.0
08/31/71	981281	647.0
06/22/72	1021091	643.0
04/18/74	1105130	637.0
06/02/76	1212501	647.0
08/03/78	1317379	636.0
06/05/80	1400083	632.0
05/03/82	1465206	612.0
05/17/84	1509086	670.0
03/17/86	1555096	653.0
05/23/89	1648631	615.0
03/18/91	1706025	559.0
08/13/91	1723876	571.0
05/04/93	1785206	581.0-current

Allison Unit #24A

Mesaverde Offset

Page No.: 1
 Print Time: Mon Nov 23 10:08:21 1998
 Property ID: 37
 Property Name: ALLISON UNIT | 20 | 52930B-1
 Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

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 :::::Mcf:::::Psi:::::

05/23/59	0	2691.0	-original
06/01/59	0	2690.0	
02/22/60	235000	2121.0	
07/28/61	818000	1868.0	
04/25/62	1024000	1777.0	
05/06/63	1116000	1948.0	
04/22/64	1218000	1936.0	
05/03/65	1409000	1788.0	
02/23/66	1556000	1722.0	
03/06/67	1788000	1643.0	
03/08/68	2354000	1585.0	
04/16/69	2353404	1521.0	
06/20/70	2516933	1477.0	
07/19/71	2718492	1882.0	
02/15/72	2898250	1404.0	
00/04/73	3082901	860.0	
00/04/73	3082901	860.0	
00/04/73	3082901	860.0	
10/04/73	3218836	860.0	
04/29/75	3565124	1277.0	
08/08/77	4081212	1257.0	
06/04/79	4507878	1172.0	
05/15/81	4933240	1167.0	
04/25/83	5178660	1139.0	
05/02/85	5344856	1337.0	
08/16/88	5607227	1306.0	
04/22/90	5895576	1147.0	
03/29/92	6140656	1050.0	
03/01/94	6272083	709.0	-current

Allison Unit #24A

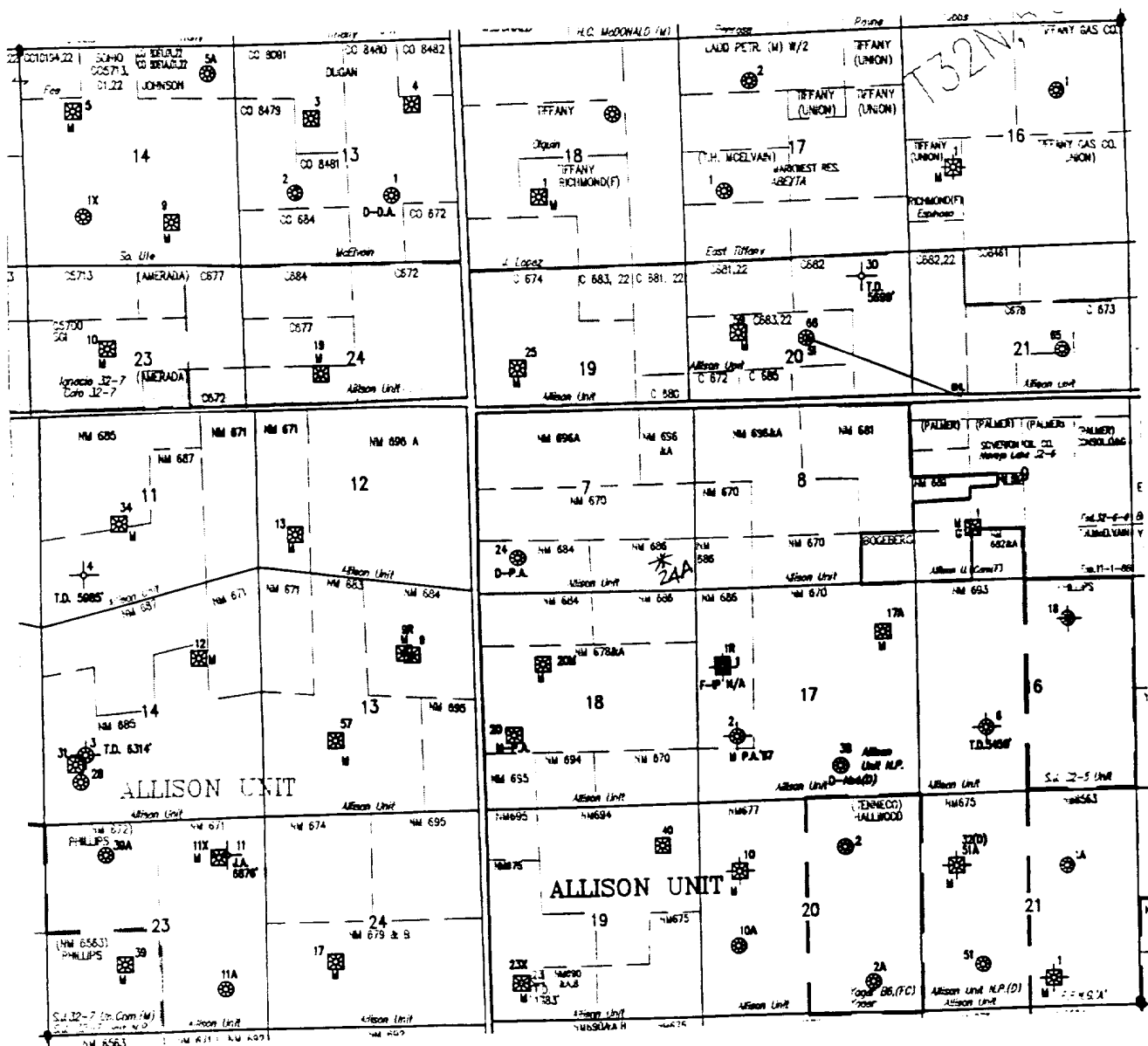
Dakota Offset

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

Version 1.0 3/13/94

Q:\AREA\MVPUD\COMGLS\BHP.xls

32N-06W-07P



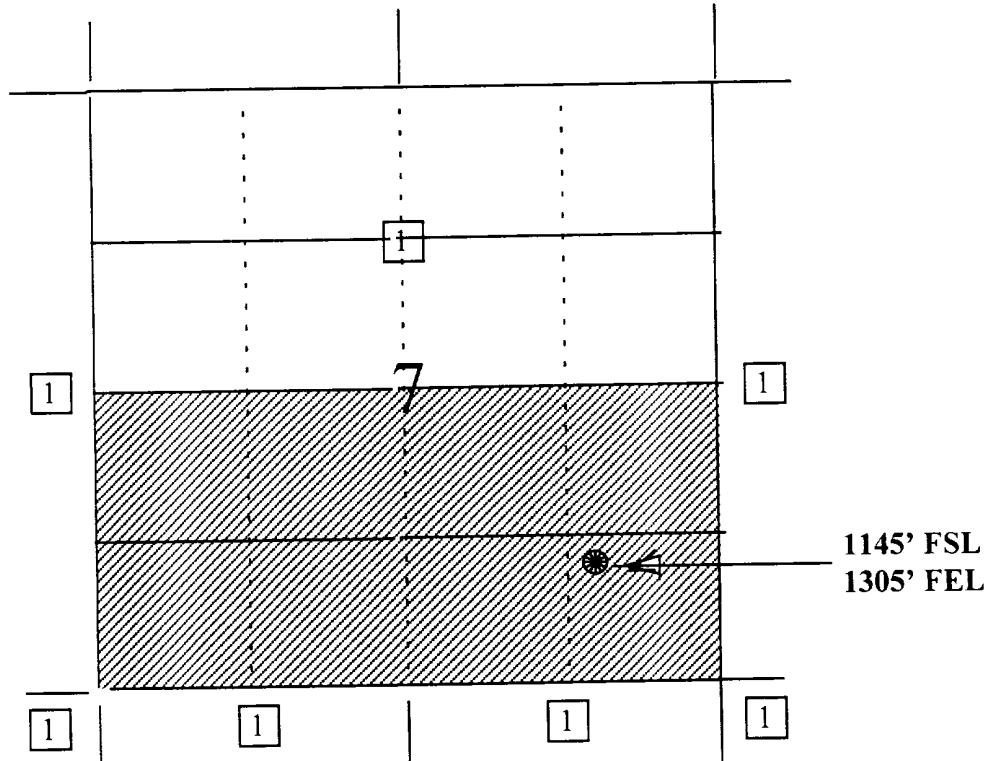
BURLINGTON RESOURCES OIL AND GAS COMPANY

Allison Unit #24A

**OFFSET OPERATOR \ OWNER PLAT
Downhole Commingle**

Mesaverde / Dakota Formations Well

Township 32 North, Range 6 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. 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, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of July, 1993, 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, Meridian Oil Inc., seeks approval to commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison Unit Well No. 9R located 1720 feet from the North line and 1655 feet from the East line (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico.

(3) The applicant further seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde and Basin-Dakota Pool production within certain existing and subsequently drilled wells in its Allison Unit Area, San Juan County, New Mexico, without additional notice to each affected interest owner 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 and Mesaverde Participating Areas of subsequent downhole comminglings 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 a proper allocation of production.

(28) The operator should 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.

IT IS THEREFORE ORDERED THAT:

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

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

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P. 8

(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.

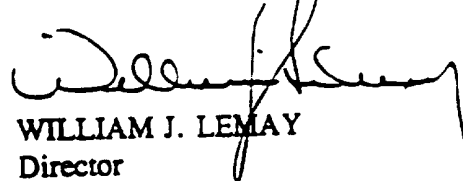
(4) An administrative procedure for obtaining approval to downhole commingle wells within the Allison Unit, located in portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico, is hereby established.

(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

S E A L