



# BURLINGTON RESOURCES

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SAN JUAN DIVISION

March 24, 1997

SENT FEDERAL EXPRESS

Mr. William LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: San Juan 28-5 Unit #88M  
1840'FNL, 815'FWL Section 15, T-28-N, R-05-W, Rio Arriba County, NM  
API #30-039-23856

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota pools in the subject well. This well was originally drilled as a Mesa Verde/Dakota dual; it is intended to commingle.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas Company is submitting the following for your approval of this commingling:

1. Form C107A - Application for Downhole Commingling;
2. C-102 plat for each zone showing its spacing unit and acreage dedication;
3. Production curve for Dakota and expected production curve for the Mesa Verde;
4. Notification list of offset operators - Burlington is the operator of the unit;
5. Shut in wellhead pressure and calculated down hole pressure of surrounding wells;
6. Nine-section plats for the Mesa Verde and Dakota.

Notification of Mesa Verde and Dakota interest owners is covered under Order R-10695 dated November 12, 1996 attached.

We will consult with the Supervisor of the Aztec District Office of the New Mexico Oil Conservation Division to establish an allocation formula.

Please let me know if you require additional data.

Sincerely,



Peggy Bradfield  
Regulatory/Compliance Administrator

xc: Bureau of Land Management - hand delivered

**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 :

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 28-5 Unit

88M

E 15-28-05

Rio Arriba

Lease Well No. Unit Ltr. - Sec - Twp - Rge County Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7460 API NO. 30-039-23856 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)	5389' - 6176'		7860' - 8051'
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	a. (Current) 490 psia	a.	a. (Current) 615 psia
	b. (Original) 1097 psia	b.	b. 2210 psia
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content	1053		1053
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 <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give data and oil/gas/water of recent test (within 60 days)	Date: 1/31/97 Rates: 0.00 Bbls/d / 0 MCFD	Date: Rates:	Date: 1/31/97 Rates: 0.16 Bbls/d / 176 MCFD
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

- 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.
- 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  No
- 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)
- Are all produced fluids from all commingled zones compatible with each other?  Yes  No
- Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
- 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
- NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). Reference Order # R-10695 attached
- 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 Kevin J. Midkiff TITLE Production Engineer DATE 03-24-97

TYPE OR PRINT NAME Kevin Midkiff for ROS TELEPHONE NO. ( 505 ) 326-9700

MEXICO OIL CONSERVATION COMMISSION  
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.

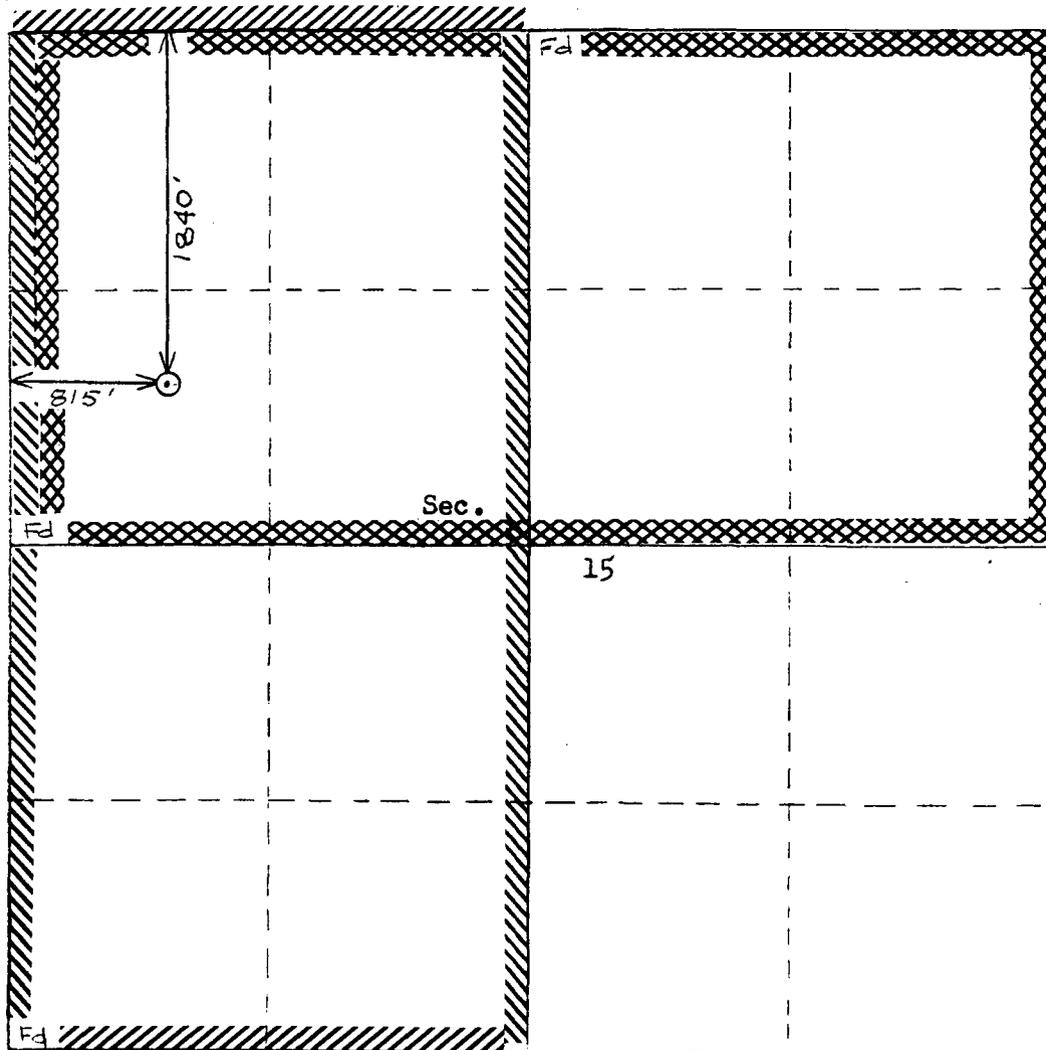
Operator <b>EL PASO NATURAL GAS COMPANY</b>			Lease <b>SAN JUAN 28-5 UNIT (SF 079250)</b>		Well No. <b>88M</b>
Unit Letter <b>E</b>	Section <b>15</b>	Township <b>28 N</b>	Range <b>5 W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>1840</b> feet from the <b>North</b> line and <b>815</b> feet from the <b>West</b> line					
Ground Level Elev: <b>6667</b>	Producing Formation <b>Mesa Verde &amp; Dakota (Dual)</b>		Pool <b>Blanco/Basin</b>		Dedicated Acreage: <b>320 &amp; 320</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?

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	<b>Drilling Clerk</b>
Position	<b>El Paso Natural Gas</b>
Company	
Date	

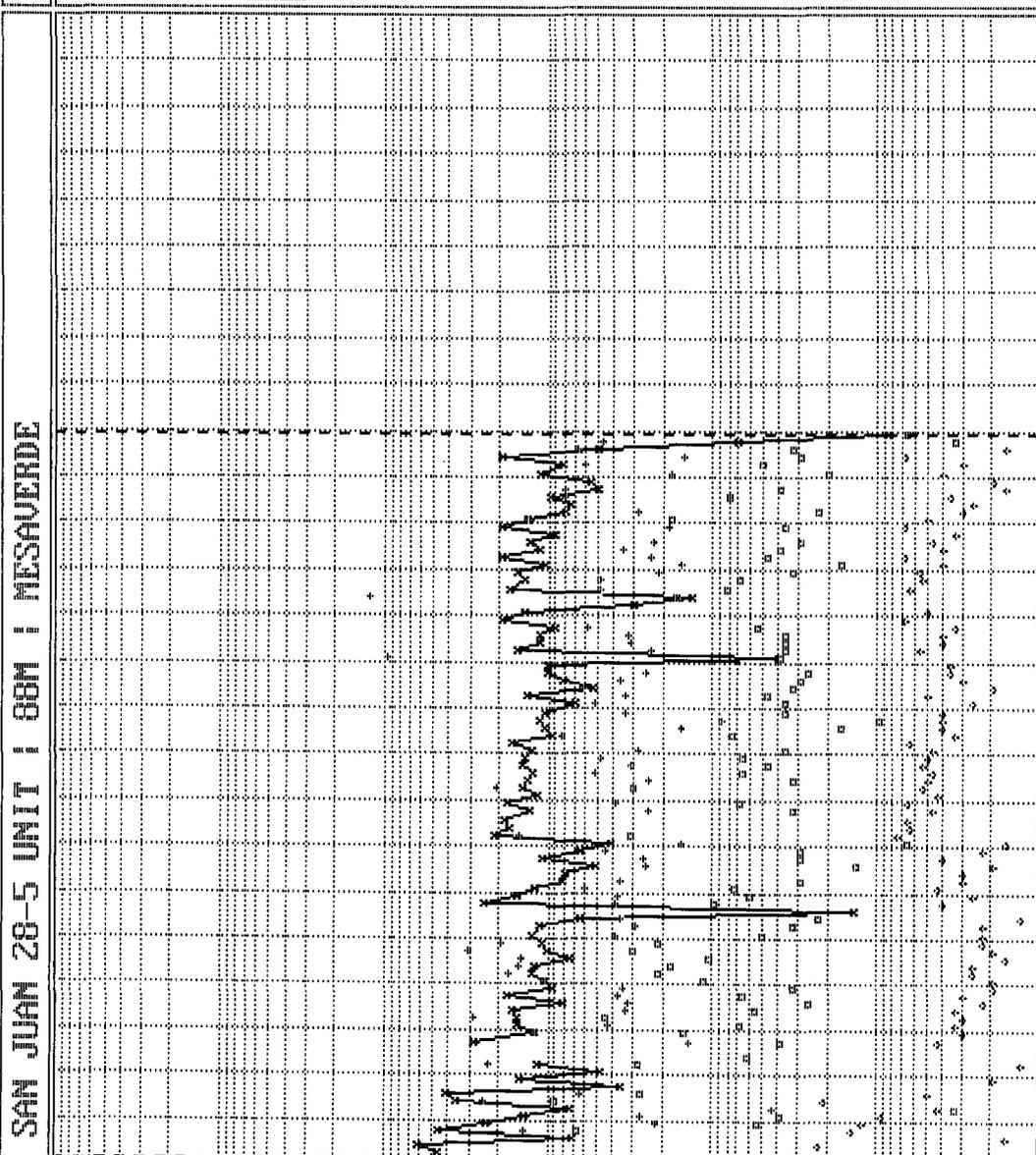
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed	<b>11-2-85</b>
<i>William E. Mahnke II</i>	

Prop 43 \*

- \* GAS Mcf/d
- OIL Bbl/d
- OIL/GAS
- WATER Bbls/d

 Rate Time  
 Semi Log

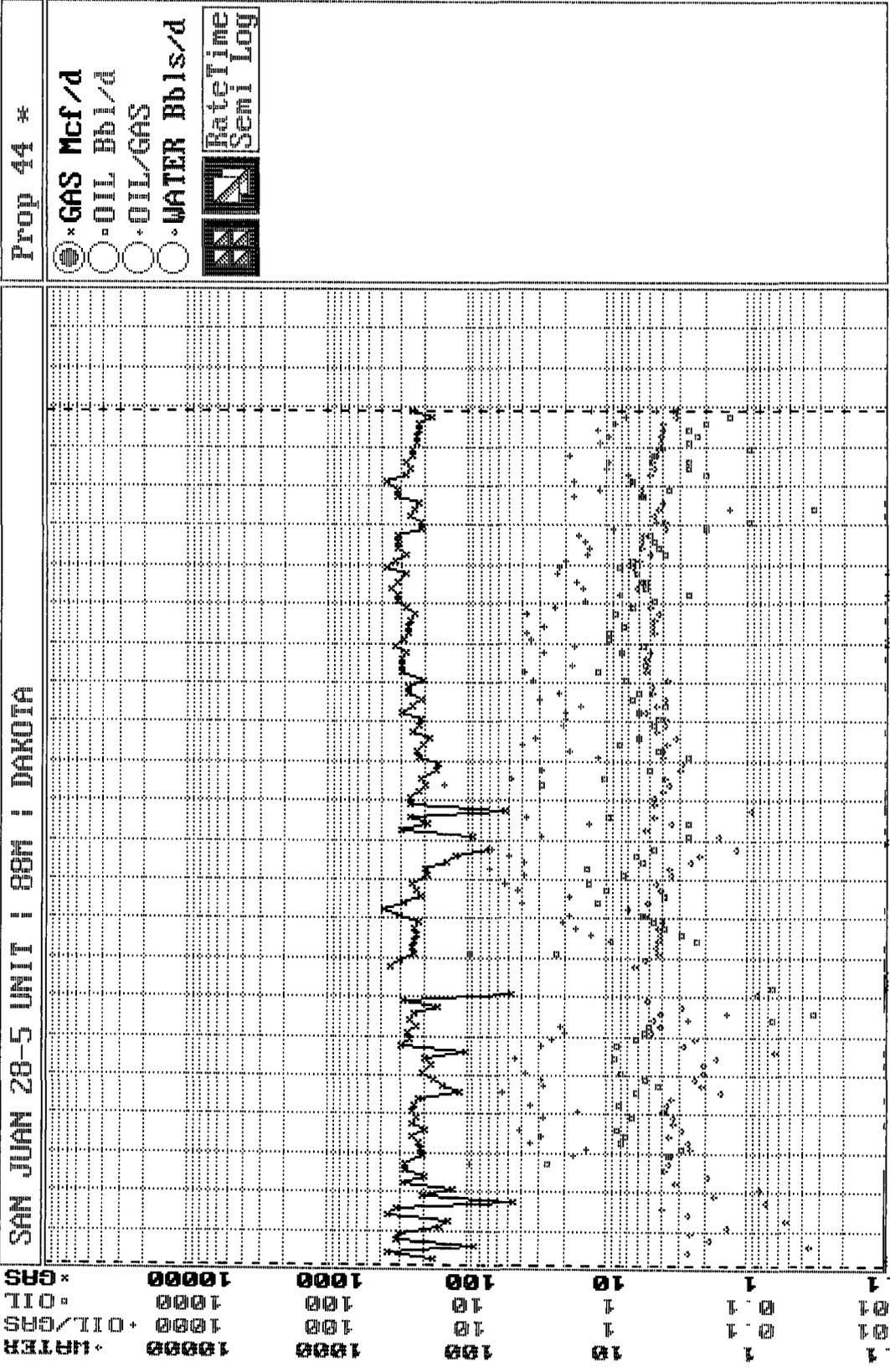


SAN JUAN 28-5 UNIT : 80M : MESAVERDE

\* GAS 10000  
 \* OIL 1000  
 \* OIL/GAS 1000  
 \* WATER 10000

1000  
 100  
 10  
 1  
 0.1  
 1  
 0.1  
 1

Major = GAS



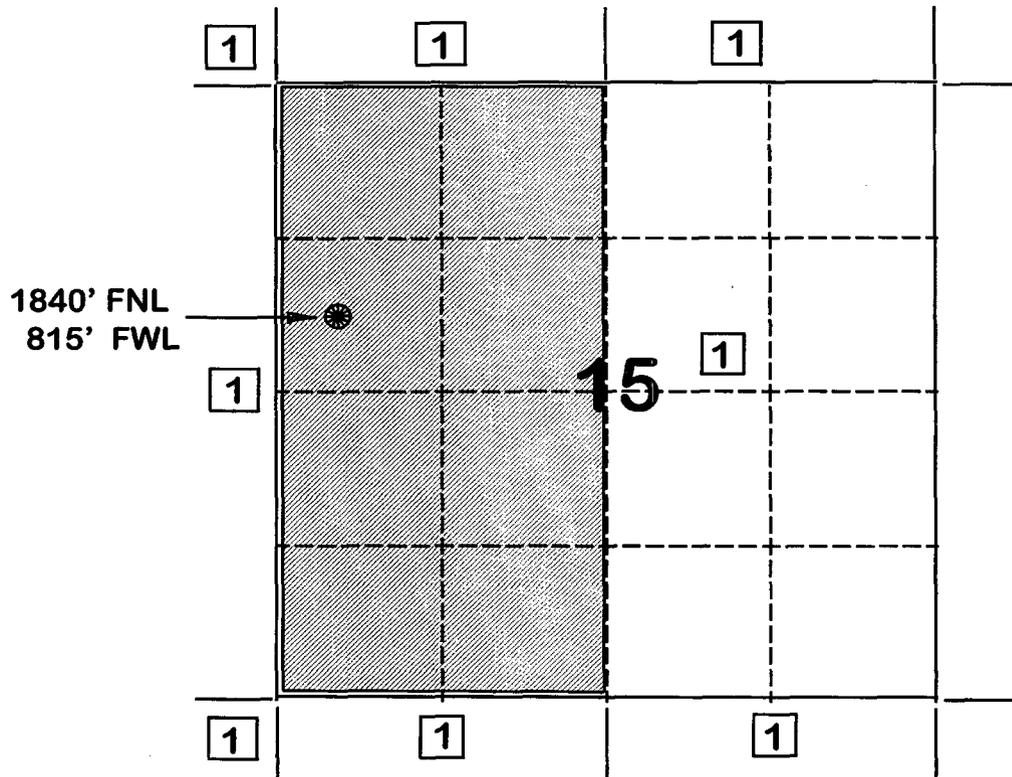
Major = GAS

**BURLINGTON RESOURCES OIL AND GAS COMPANY**

**San Juan 28-5 Unit #88M  
OFFSET OPERATOR \ OWNER PLAT**

**Mesaverde/Dakota Formations Commingle Well**

**Township 28 North, Range 5 West**



**1) Burlington Resources Oil and Gas Company**

Page No.: 2

Print Time: Sat Mar 08 19:48:06 1997

Property ID: 43

Property Name: SAN JUAN 28-5 UNIT | 88M | MESAVERDE

Table Name: S:\ARIES\1ROS\TEST.DBF

<u>--DATE--</u>	<u>---CUM_GAS--</u> Mcf	<u>M SIWHP</u> Psi	
01/16/86	0	954.0	<i>Original</i>
04/02/86	35539	631.0	
11/25/87	132974	592.0	
08/02/88	162408	592.0	
11/07/89	214976	550.0	
02/21/91	273054	550.0	
06/18/91	283382	562.0	
03/29/93	357481	482.0	
3/25/97	377309	430.0	<i>Estimated From P/2 data</i>

Page No.: 1

Print Time: Sat Mar 08 19:48:06 1997

Property ID: 44

Property Name: SAN JUAN 28-5 UNIT | 88M | DAKOTA

Table Name: S:\ARIES\1ROS\TEST.DBF

<u>--DATE--</u>	<u>---CUM_GAS--</u> Mcf	<u>M SIWHP</u> Psi	
01/09/86	0	1832.0	<i>Original</i>
04/02/86	19085	1448.0	
07/01/87	123783	1316.0	
08/02/88	205298	1302.0	
04/10/90	325616	1266.0	
11/02/92	525229	1070.0	
3/25/97	929330	520.0	<i>Estimated From P/2 curve</i>

**San Juan 28-5 Unit #88M**  
**Bottom Hole Pressures**  
**Flowing and Static BHP**  
**Cullender and Smith Method**

Version 1.0 3/13/94

<b>Mesaverde</b>		<b>Dakota</b>	
<b><u>MV-Current</u></b>		<b><u>DK-Current</u></b>	
GAS GRAVITY	0.62	GAS GRAVITY	0.619
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.27	%N2	0.17
%CO2	1.54	%CO2	1.55
%H2S	0	%H2S	0
DIAMETER (IN)	1.5	DIAMETER (IN)	2.375
DEPTH (FT)	5783	DEPTH (FT)	7956
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	126	BOTTOMHOLE TEMPERATURE (DEG F)	201
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	430	SURFACE PRESSURE (PSIA)	520
BOTTOMHOLE PRESSURE (PSIA)	489.6	BOTTOMHOLE PRESSURE (PSIA)	614.8
<b><u>MV-Original</u></b>		<b><u>DK-Original</u></b>	
GAS GRAVITY	0.62	GAS GRAVITY	0.619
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.27	%N2	0.17
%CO2	1.54	%CO2	1.55
%H2S	0	%H2S	0
DIAMETER (IN)	1.5	DIAMETER (IN)	2.375
DEPTH (FT)	5783	DEPTH (FT)	7956
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	126	BOTTOMHOLE TEMPERATURE (DEG F)	201
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	954	SURFACE PRESSURE (PSIA)	1832
BOTTOMHOLE PRESSURE (PSIA)	1097.4	BOTTOMHOLE PRESSURE (PSIA)	2209.6

FARMINGTON 1997 MONTHLY PRODUCTION FOR 54345A  
 SAN JUAN 28-5 UNIT 88M  
 BLANCO MESAVERDE (PRORATED GAS FIELD) MESAVERDE ZONE

PHS030M1

MO	T	S	DAYS		OIL			GAS			WATER	PROD	C
			ON	PC	PROD	GRV	PC	PROD	ON	BTU			
1	2	S		02				01			15.025		
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													

PF6 - RETURNS TO ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE  
 PF10 - HELP INFORMATION PF9 - DISPLAY MONTHLY INJECTION  
 00/00/00 00:00:00:0 PRS 03/05/97

B MY JOB NUM LU #2

FARMINGTON 1997 MONTHLY PRODUCTION FOR 54345B  
 SAN JUAN 28-5 UNIT 88M  
 BASIN DAKOTA (PRORATED GAS) FIELD DAKOTA ZONE

PHS030M1

MO	T	S	DAYS		OIL			GAS			WATER	PROD	C
			ON	PC	PROD	GRV	PC	PROD	ON	BTU			
1	2	F	31	02		5		01	5451	31	1077	15.025	98
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													

$5 \div 31 = 0.16$

$5451 \div 31 = 175.8 \text{ MCFD}$

PF6 - RETURNS TO ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE  
 PF10 - HELP INFORMATION PF9 - DISPLAY MONTHLY INJECTION  
 00/00/00 00:00:00:0 PRS 03/05/97

B MY JOB NUM LU #2

FARMINGTON

ANNUAL PRODUCTION FOR 54345B

PHS020M1

SAN JUAN 28-5 UNIT 88M

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC DATE

BBLs

PC DATE

MCF

DATE

BBLs

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1986			75546	75546	558	558
1987	191	191	83101	158647	1074	1632
1988	181	372	72492	231139	877	2509
1989	36	408	65223	296362	1170	3679
1990	248	656	94316	390678	1692	5371
1991	161	817	57173	447851	1026	6397
1992	215	1032	77015	524866	1382	7779
1993	195	1227	97677	622543	1576	9355
1994	228	1455	107622	730165	1278	10633
1995	112	1567	102075	832240	1832	12465

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 DISPLAY  
 PF10 - HELP INFORMATION

B MY JOB

LU #21

FARMINGTON

ANNUAL PRODUCTION FOR 54345A

PHS020M1

SAN JUAN 28-5 UNIT 88M

BLANCO MESAVERDE (PRORATED GAS) FIELD

MESAVERDE ZONE

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC DATE

BBLs

PC DATE

MCF

DATE

BBLs

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1986	591	591	93032	93032	285	285
1987	373	964	42790	135822	79	364
1988	424	1388	40856	176678	78	442
1989	183	1571	43762	220440	157	599
1990	208	1779	46369	266809	168	767
1991	113	1892	36849	303658	132	899
1992	157	2049	45034	348692	161	1060
1993	141	2190	28617	377309	102	1162
1994		2190		377309		1162
1995		2190		377309		1162

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 DISPLAY  
 PF10 - HELP INFORMATION

B MY JOB

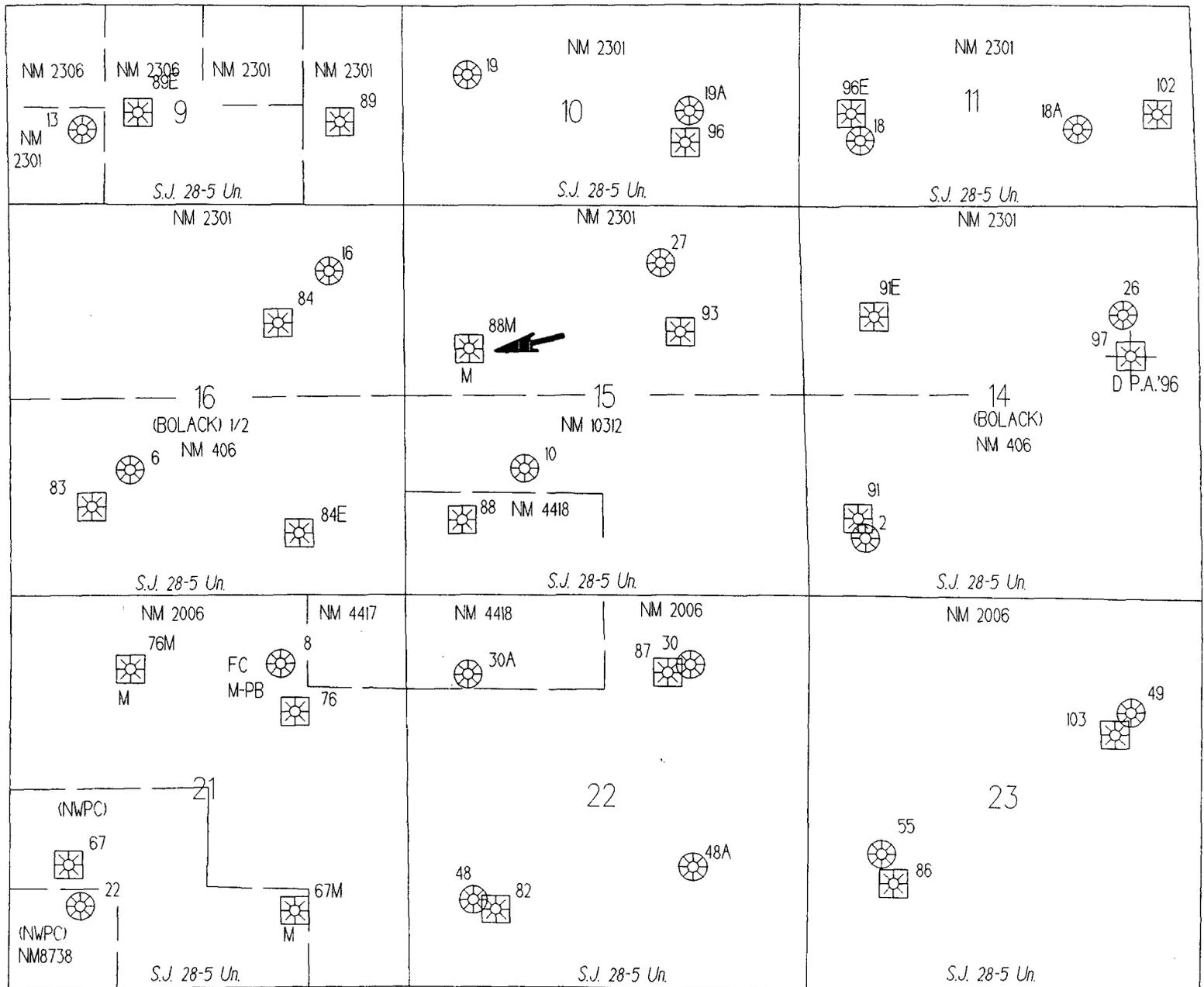
LU #21

# San Juan 28-5 Unit #88M

## Mesaverde/Dakota

### Sec. 15, T-28-5, R-5-W

### Rio Arriba Co., NM



 MESAVERDE WELL  
 DAKOTA WELL

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. 11627  
ORDER NO. R-10695

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY FOR THE ESTABLISHMENT  
OF A DOWNHOLE COMMINGLING "REFERENCE  
CASE" FOR ITS SAN JUAN 28-5 UNIT PURSUANT  
TO DIVISION RULE 303.E. AND THE ADOPTION  
OF SPECIAL ADMINISTRATIVE RULES THEREFOR,  
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17 and November 7, 1996, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 12th day of November, 1996, the Division Director, 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 28-5 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 28-5 Unit which encompasses some 17,399 acres in Township 28 North, Range 5 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 28-5 Unit, the applicant currently operates sixty-seven (67) Basin-Dakota Gas Pool wells, seventy-one (71) Blanco-Mesaverde Gas Pool wells, sixteen (16) Gobernador-Pictured Cliffs, Oso-Pictured Cliffs and Tapacito-Pictured Cliffs Gas Pool wells, and nineteen (19) 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 1,258 MMCFG and 77 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 276 MCFGD and 136 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 28-5 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 28-5 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 3,149 psi and 1,143 psi, respectively; and,
- b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations are approximately 1,059 psi and 714 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-5 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 28-5 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 28-5 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 Pictured Cliffs gas production within existing or future drilled wells within the San Juan 28-5 Unit, San Juan County, New Mexico, is hereby approved.

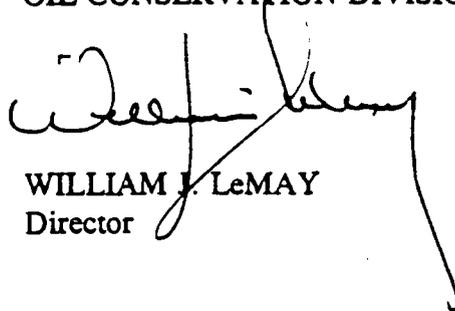
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify 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 28-5 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 28-5 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 J. LeMAY  
Director

S E A L