

DATE IN 6/03/97	SUSPENSE 6/23/97	ENGINEER BS/DC	LOGGED MV	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

1589

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

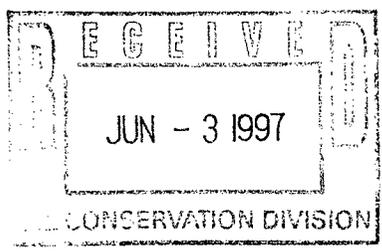
1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling  
 NSL     NSP     DD     SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR



2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

eggy Bradfield  
 Print or Type Name                      Signature

Regulatory/Compliance Administrator  
 Title

6/2/97  
 Date

# **BURLINGTON RESOURCES**

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SAN JUAN DIVISION

June 2, 1997

SENT FEDERAL EXPRESS

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

Re: San Juan 29-7 Unit #66A  
2040'FNL, 2175'FWL Section 22, T-29-N, R-7-W, Rio Arriba County, NM  
API #30-039-25664

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota in the subject well. This well is planned to be drilled and completed as a Mesa Verde/Dakota commingle in 1997.

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 surrounding operator;
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-10697 dated November 8, 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		
<b>SAN JUAN 29-7 UNIT</b>	<b>66A</b>	<b>F 22--29N-7W</b>	<b>Rio Arriba</b>
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
Spacing Unit Lease Types: (check 1 or more)			
OGRID NO. <u>14538</u>	Property Code <u>7465</u>	API NO. <u>30-039-25664</u>	Federal <input checked="" type="checkbox"/> , State <u>          </u> (and/or) Fee <u>          </u>

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. 621 psi (see attachment)	a.	a. 470 psi (see attachment)
	(Original) b. 1250 psi (see attachment)	b.	b. 2173 psi (see attachment)
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content	BTU 1155		BTU 1027
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	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* 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  No
11. 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  No
13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10697
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 Sean C. Woolverton TITLE Production Engineer DATE 05/27/97

TYPE OR PRINT NAME Sean C. Woolverton TELEPHONE NO. ( 505 ) 326-9700

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer 00, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

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

Form C-  
 Revised February 21, 1991  
 Instructions on c  
 Submit to Appropriate District Of  
 State Lease - 4 Co  
 Fee Lease - 3 Co  
 97 JUN 27 AM 9:50  
 070 FARMINGTON NM  
 AMENDED REPC

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-		Pool Code 72319/71599	Pool Name Blanco Mesaverde/Basin Dakota
Property Code 7465	Property Name San Juan 29-7 Unit		Well Number 66A
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6788'

10 Surface Location

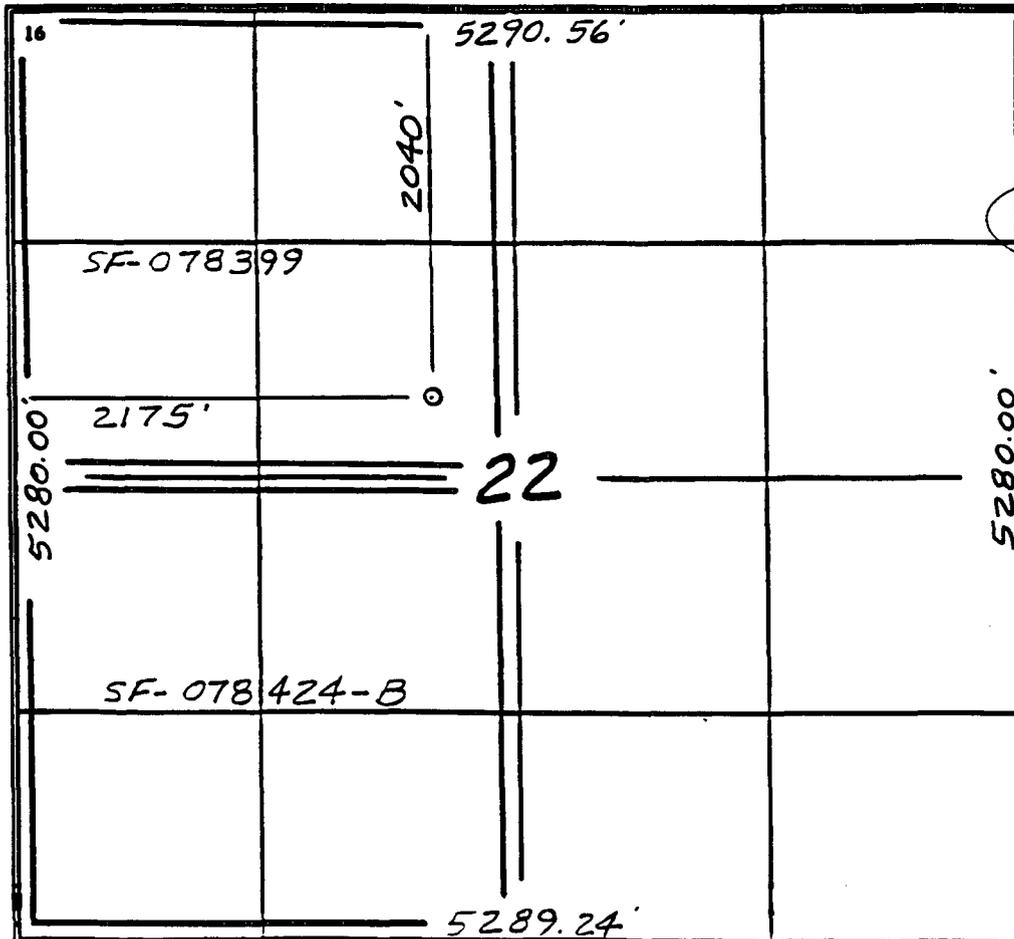
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	22	29-N	7-W		2040	North	2175	West	R.A.

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres MV-W/320 DK-W/320	13 Joint or Infill	14 Consolidation Code	15 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



17 OPERATOR CERTIFICATION  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  
 Signature: Peggy Bradford  
 Printed Name: Peggy Bradford  
 Title: Regulatory Administrator  
 Date: 1-20-97

18 SURVEYOR CERTIFICATION  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  
 Date of Survey: 12/20/96  
 Signature and Seal of Professional Geoscientist:  
 NEALE C. EDWARDS  
 NEW MEXICO  
 6857  
 6857  
 Certificate Number



*Blanco Menendez*

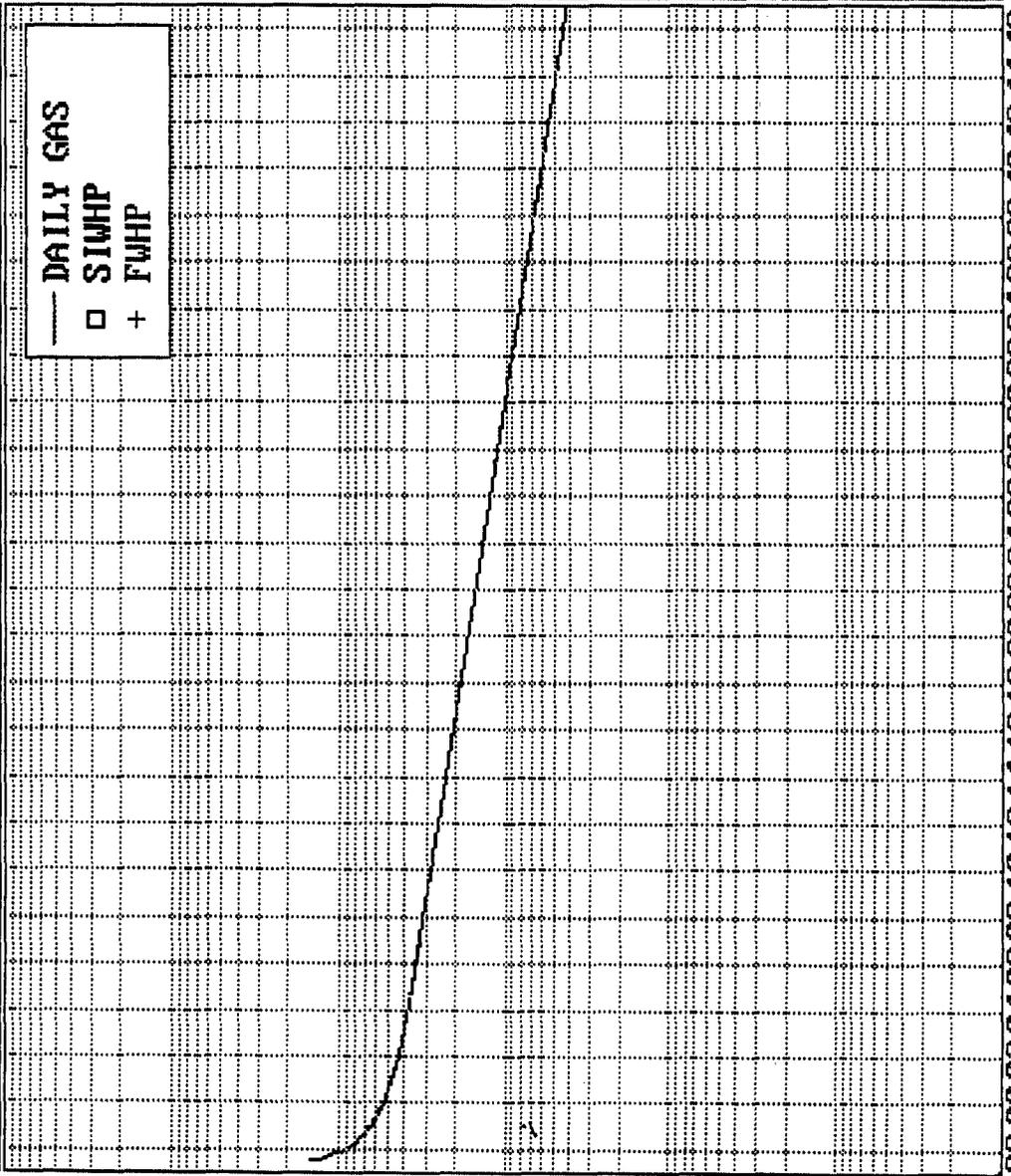
SAN JUAN 29-7 UNIT : 66A : 36231A-1

\* WATER 10000  
 \* OIL/GAS 1000  
 \* OIL 1000  
 \* GAS 10000  
 1000  
 100  
 10  
 1  
 1  
 0.1  
 0.1  
 1  
 1  
 0.01  
 0.01  
 0.01  
 0.01

Prop 195

- \* GAS Mcf/d
  - \* OIL Bbl/d
  - \* OIL/GAS
  - \* WATER Bbls/d
-  Rate Time  
 Semi Log

— DAILY GAS  
 □ SIMHP  
 + FWHP



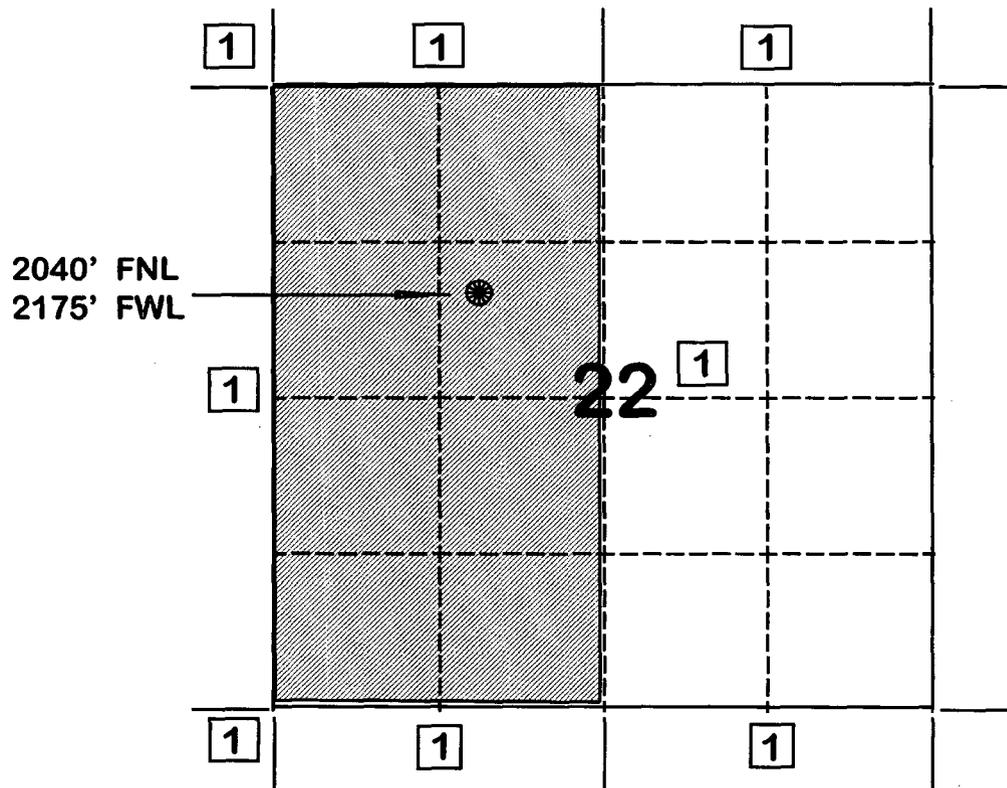
98 00 02 04 06 08 10 12 14 16 18 20 22 24 26 28 30 32 34 36 38 40 42 44 46

**BURLINGTON RESOURCES OIL AND GAS COMPANY**

**San Juan 29-7 Unit #66A  
OFFSET OPERATOR \ OWNER PLAT**

**Mesaverde/Dakota Formations Commingle Well**

Township 29 North, Range 7 West



1) Burlington Resources Oil and Gas Company

DK

OPR008M1 S001 0008 CHROMATOGRAPH TEST MAIN SCREEN 19:57:35.9 05/20/97

FUNCTION (A,C,D,I) I \*\* DATA AT TEST PRESSURE UNLESS NOTED \*\*  
 MP NUMBER 93355 SAN JUAN 29-7 UNIT 65A  
 EFFECTIVE DATE 19960801  
 REGION CD 42 SAN JUAN  
 MP TYPE CODE 10 GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS, LIQ, BTU) GAS ----- BTU/CF -----  
 SAMPLE DATE 19960529 --- (AT 14.73 PSIG) --  
 SAMPLE LINE PRESSURE (PSIG) WET 1026.831 DRY 1045.000  
 SAMPLE LINE TEMPERATURE (DEG F) \_\_\_\_\_  
 TEST DATE ----- BTU/CF -----  
 TEST PRESSURE (PSIG) 14.730 WET 1026.831 DRY 1045.000  
 TEST TEMPERATURE (DEG F) 60 VAPOR FACTOR \_\_\_\_\_  
 TEST LIFE (MONTHS) 6  
 TESTER SOURCE BA NUMBER 098795 EL PASO FIELD SERVICES  
 TEST PURPOSE CODE \_\_\_\_\_

03=DETAIL SCR 04=MP-NM BRWS 06=MP/DS LST 07=MP/WN LST  
 11=PREV SCR 12=MAIN MENU 20=NEXT REC  
 21=REFRESH SCR 22=PREV MENU 24=HELP PA1=TERMINATE  
 B MY JOB LU #3

OPR008M2 S001 0008 CHROMATOGRAPH GAS SAMPLE DETAIL 19:57:53.9 05/20/97

MOL % (AT 14.73) GPM \*\* DATA AT 14.730 PSIG UNLESS NOTED \*\*  
 HYDROGEN \_\_\_\_\_ MP NUMBER 93355  
 HELIUM \_\_\_\_\_ EFFECTIVE DATE 19960801  
 NITROGEN 0.10  
 OXYGEN \_\_\_\_\_  
 HYDROGEN SULFIDE \_\_\_\_\_ -- GASOLINE CONTENT (GPM) --  
 CARBON DIOXIDE 1.61 26/70 GASOLINE \_\_\_\_\_  
 METHANE 93.85 100% PROPANE \_\_\_\_\_  
 ETHANE 3.41 0.9122 EXCESS BUTANES \_\_\_\_\_  
 PROPANE 0.56 0.1543 TOTAL \_\_\_\_\_  
 ISO-BUTANE 0.16 0.0523  
 N-BUTANE 0.11 0.0347  
 ISO-PENTANE 0.06 0.0220 ----- SPECIFIC GRAVITY -----  
 N-PENTANE 0.03 0.0109 CALCULATED 0.6010  
 HEXANE \_\_\_\_\_ MEASURED \_\_\_\_\_  
 HEXANE PLUS 0.11 0.0480  
 HEPTANE PLUS \_\_\_\_\_  
 TOTALS 100.00 1.2344 SULPHUR GRAINS / 100 CU FT \_\_\_\_\_

03=MAIN SCREEN 24=HELP PA1=TERMINATE  
 B MY JOB NUM LU #3



**San Juan 29-7 Unit #66A**  
**Bottom Hole Pressures**  
**Flowing and Static BHP**  
**Cullender and Smith Method**

Version 1.0 3/13/94

<b>Mesaverde</b>		<b>Dakota</b>	
<u><b>MV-Current</b></u>		<u><b>DK-Current</b></u>	
GAS GRAVITY	0.672	GAS GRAVITY	0.601
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.10
%CO2	0.74	%CO2	1.61
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5440	DEPTH (FT)	7973
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	142	BOTTOMHOLE TEMPERATURE (DEG F)	196
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	543	SURFACE PRESSURE (PSIA)	400
BOTTOMHOLE PRESSURE (PSIA)	620.9	BOTTOMHOLE PRESSURE (PSIA)	469.9
<u><b>MV-Original</b></u>		<u><b>DK-Original</b></u>	
GAS GRAVITY	0.672	GAS GRAVITY	0.601
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.10
%CO2	0.74	%CO2	1.61
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5440	DEPTH (FT)	7973
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	142	BOTTOMHOLE TEMPERATURE (DEG F)	196
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1080	SURFACE PRESSURE (PSIA)	1812
BOTTOMHOLE PRESSURE (PSIA)	1250.0	BOTTOMHOLE PRESSURE (PSIA)	2172.9

Page No.: 1

Print Time: Tue May 20 09:38:25 1997

DK

Property ID: 2116

Property Name: SAN JUAN 29-7 UNIT | 65A | 69351-1

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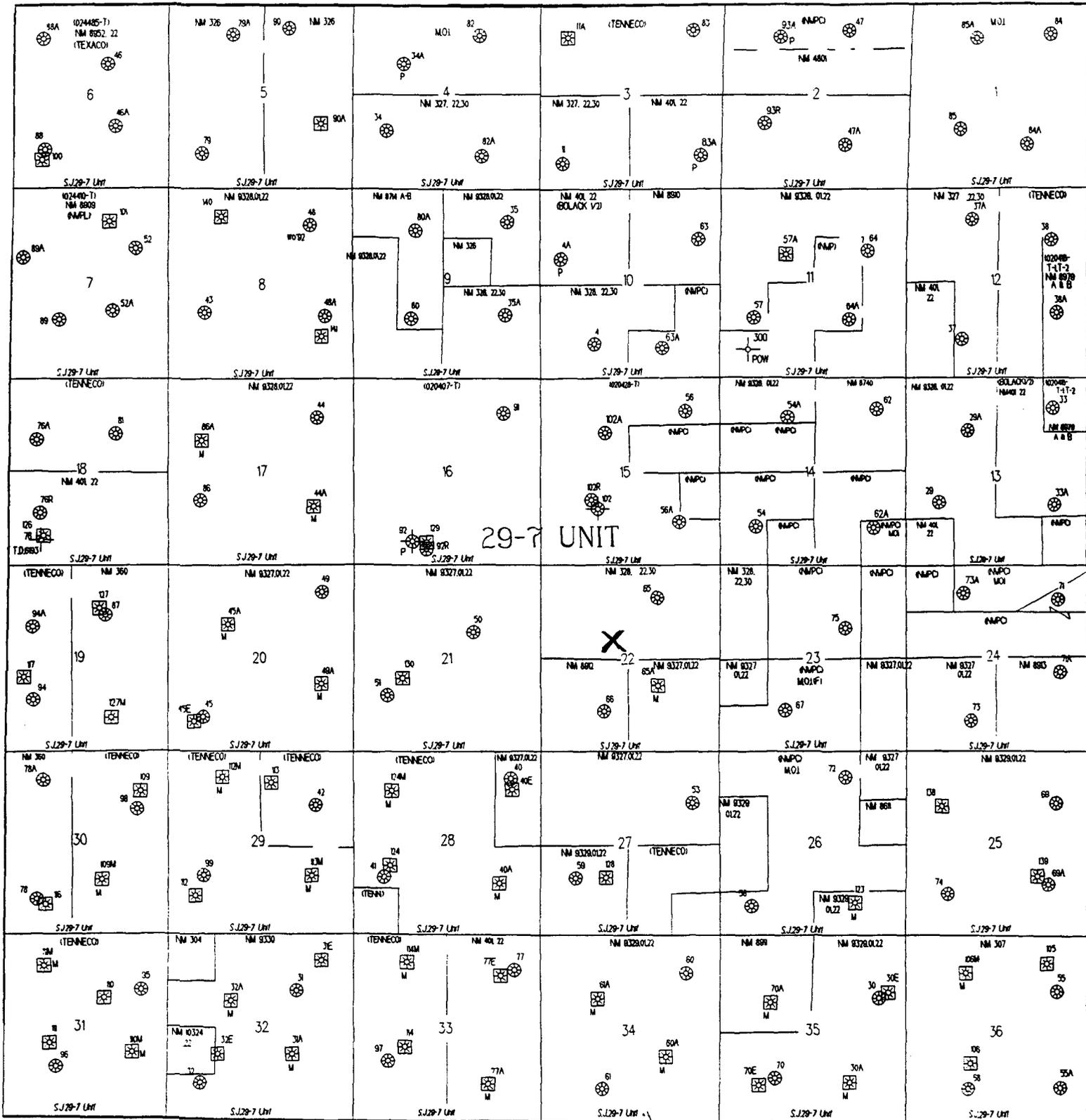
08/26/80	0	1812.0	← initial
09/02/80	0	1813.0	
12/04/80	9656	1722.0	
08/12/81	77637	557.0	
02/10/83	128426	646.0	
02/13/84	151286	580.0	
10/10/85	206269	673.0	
10/10/88	258136	462.0	
04/16/93	326247	400.0	← current

Page No.: 1  
 Print Time: Tue May 20 09:32:15 1997  
 Property ID: 4455  
 Property Name: SAN JUAN 29-7 UNIT | 66 | 69664-1  
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MV

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

DATE	CUM GAS	M SIWHP
05/13/58	0	1080.0 ← initial
07/08/58	0	1079.0
12/14/58	118000	812.0
02/22/59	177000	802.0
09/06/60	472000	717.0
03/05/61	570000	766.0
12/15/61	701000	766.0
09/21/62	864000	697.0
10/18/63	1079000	706.0
02/07/64	1119000	726.0
08/20/65	1445000	629.0
08/23/66	1627000	641.0
08/18/67	1803000	624.0
08/28/68	1984000	606.0
05/14/69	2121801	618.0
03/03/70	2274266	606.0
03/30/71	2460041	560.0
06/12/72	2726710	481.0
07/09/73	2971528	442.0
08/21/74	3197270	444.0
04/20/76	3503451	450.0
05/16/78	3884118	424.0
07/29/80	4210673	450.0
05/13/82	4458288	494.0
08/21/84	4660725	515.0
10/03/86	4855490	532.0
05/21/89	5095140	597.0
04/15/91	5220174	598.0
07/15/91	5231193	610.0
10/04/93	5444117	543.0 ← current



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.

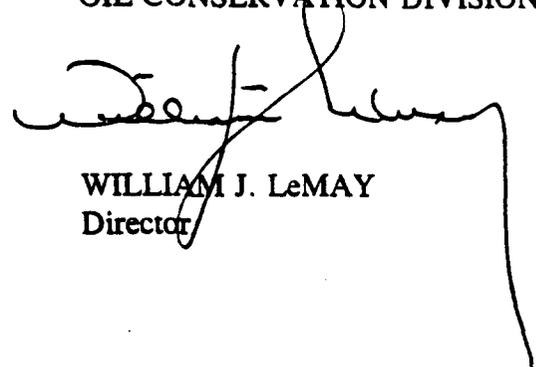
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(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. LeMay', is written over the typed name and title. The signature is fluid and cursive, with a long vertical line extending downwards from the end of the name.

WILLIAM J. LeMAY  
Director

S E A L