

|                 |                   |             |           |          |
|-----------------|-------------------|-------------|-----------|----------|
| DATE IN 12/1/99 | SUSPENSE 12/21/99 | ENGINEER DC | LOGGED KV | TYPE DHC |
|-----------------|-------------------|-------------|-----------|----------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

255a

**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]

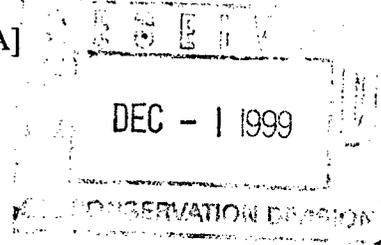
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [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.

Peggy Cole

*Peggy Cole*

Regulatory/Compliance Administrator

Print or Type Name

Signature

Title

Date

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First St., Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410  
DISTRICT IV  
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-A  
Revised August 1999

**OIL CONSERVATION DIVISION**

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:  
\_\_\_ Administrative \_\_\_ Hearing  
EXISTING WELLBORE  
\_\_\_X\_\_\_ YES \_\_\_ NO

**APPLICATION FOR DOWNHOLE COMMINGLING**

BURLINGTON RESOURCES OIL & GAS COMPANY

PO BOX 4289, FARMINGTON, NM 87499

Operator

Address

San Juan 28-6 Unit

113

N 26-28N-06W

RIO ARRIBA

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7462 API NO. 30-039-07283 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<br>Oil Zones - Artificial Lift:<br>Estimated Current<br>Gas & Oil - Flowing:<br>Measured Current<br>All Gas Zones:<br>Estimated Or Measured Original   | a. (Current)<br>714 psi (see attachment)          | a. (Current)                                      | a. (Current)<br>1127 psi (see attachment)         |
|   | b. (Original)<br>1285 psi (see attachment)        | b. (Original)                                     | b. (Original)<br>3235 psi (see attachment)        |
| 6. Oil Gravity (EAPI) or Gas BTU Content  | BTU 1132  |   | BTU 1132  |
| 7. Producing or Shut-In?  | SHUT-IN   |   | SHUT-IN   |
| Production Marginal? (yes or no)<br><br>* If Shut-In, give date and oil/gas/water rates of last production<br><br>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data<br><br>* If Producing, give date and oil/gas/water rates of recent test (within 60 days) | NO  |   | YES   |
|   | Date: N/A<br>Rates:                               | Date: N/A<br>Rates:                               | Date: N/A<br>Rates:                               |
|   | Date: N/A<br>Rates:                               | Date: N/A<br>Rates:                               | Date: N/A<br>Rates:                               |
| 8. Fixed Percentage Allocation<br>Formula -% for each zone<br>(total of %'s to equal 100%)  | Oil: % Gas: %<br>WILL BE SUPPLIED UPON COMPLETION | Oil: % Gas: %<br>WILL BE SUPPLIED UPON COMPLETION | Oil: % Gas: %<br>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
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-10696 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.  
\* 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

*Wayne Fletcher*

TITLE PRODUCTION ENGINEER

DATE:

11/29/99

TYPE OR PRINT NAME

B. WAYNE FLETCHER

TELEPHONE NO. 505-326-9700

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, 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-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                              |  |   |  |  |                         |
|------------------------------|--|---|--|--|-------------------------|
| 1 API Number<br>30-039-07283 |  | 2 Pool Code<br>72319/71599                                |  | 3 Pool Name<br>Blanco Mesaverde/Basin Dakota |                         |
| 4 Property Code<br>7462      |  | 5 Property Name<br>San Juan 28-6 Unit                     |  |  | 6 Well Number<br>113    |
| 7 OGRID No.<br>14538         |  | 8 Operator Name<br>Burlington Resources Oil & Gas Company |  |  | 9 Elevation<br>6617' GR |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N             | 26      | 28N      | 6W    |         | 790           | South            | 1850          | West           | RA     |

11 Bottom Hole Location If Different From Surface

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

|                             |                    |                       |              |
|-----------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres<br>W/320 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|-----------------------------|--------------------|-----------------------|--------------|

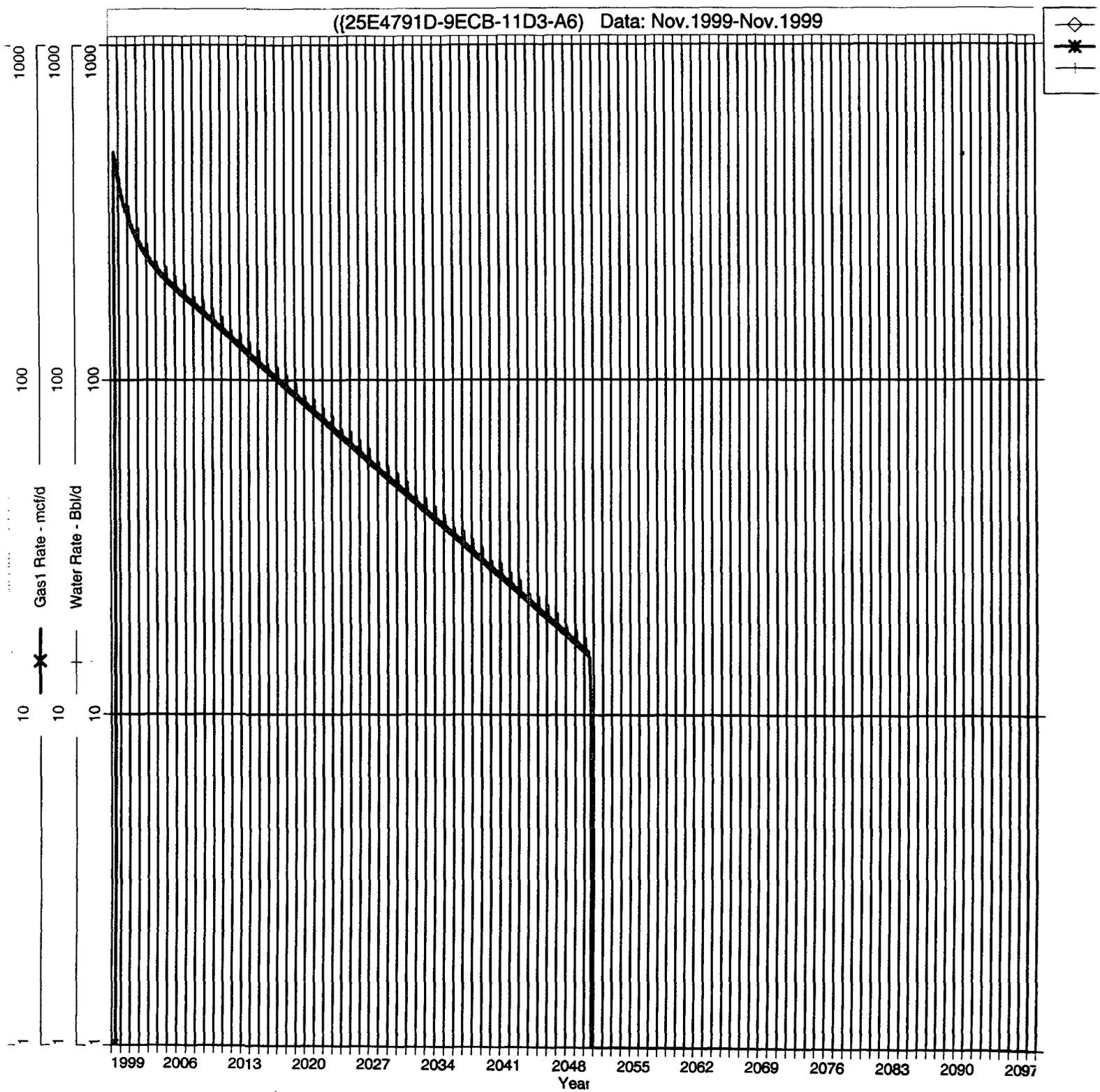
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|      |   |  |  |   |
|------|---|--|--|---|
| 16   | Original plat from<br>E.V. Echohawk 9-11-63 |  |  | 17 OPERATOR CERTIFICATION<br><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  |
|      |   |  |  | Signature<br><u>Peggy Cole</u><br>Printed Name<br><u>Regulatory Administrator</u><br>Title  |
|      |   |  |  | Date  |
| 7250 |   |  |  | 18 SURVEYOR CERTIFICATION<br><i>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.</i> |
|      |   |  |  | Date of Survey  |
|      |   |  |  | Signature and Seal of Professional Surveyor:  |
|      |   |  |  | Certificate Number  |

# San Juan 28-6 Unit #113

Expected Production

Mesaverde Formation

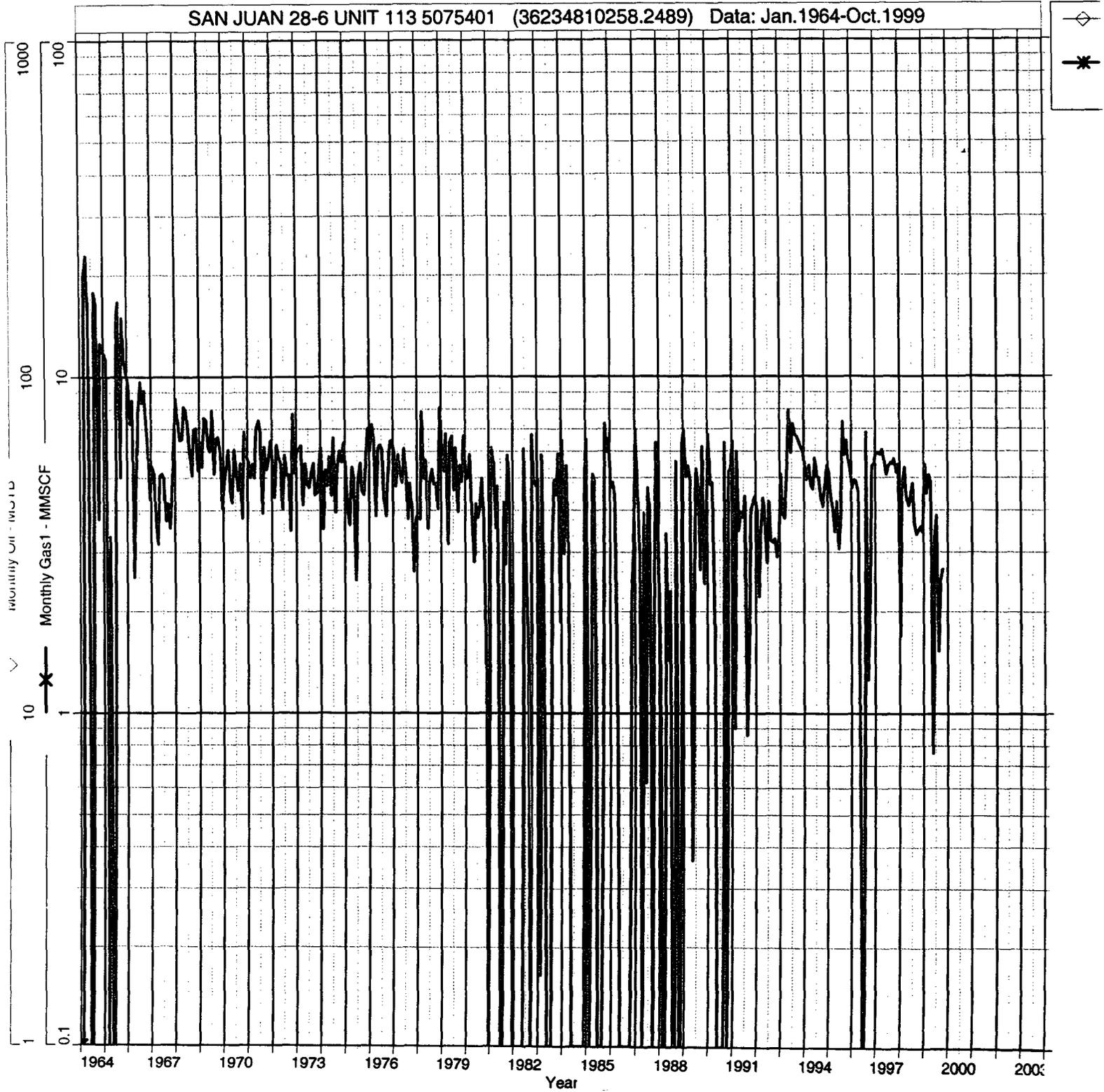


San Juan 28-6 Unit #113

Actual Production

Dakota Formation

SAN JUAN 28-6 UNIT 113 5075401 (36234810258.2489) Data: Jan.1964-Oct.1999



# San Juan 28-6 Unit #113

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                    | 0.656  | GAS GRAVITY                    | 0.656  |
| COND. OR MISC. (C/M)           | C      | COND. OR MISC. (C/M)           | C      |
| %N2                            | 0.43   | %N2                            | 0.41   |
| %CO2                           | 1.33   | %CO2                           | 1.31   |
| %H2S                           | 0      | %H2S                           | 0      |
| DIAMETER (IN)                  | 2.375  | DIAMETER (IN)                  | 2.375  |
| DEPTH (FT)                     | 5770   | DEPTH (FT)                     | 7616   |
| SURFACE TEMPERATURE (DEG F)    | 60     | SURFACE TEMPERATURE (DEG F)    | 60     |
| BOTTOMHOLE TEMPERATURE (DEG F) | 137    | BOTTOMHOLE TEMPERATURE (DEG F) | 198    |
| FLOWRATE (MCFPD)               | 0      | FLOWRATE (MCFPD)               | 0      |
| SURFACE PRESSURE (PSIA)        | 620    | SURFACE PRESSURE (PSIA)        | 940    |
| BOTTOMHOLE PRESSURE (PSIA)     | 713.6  | BOTTOMHOLE PRESSURE (PSIA)     | 1127.0 |
| <b><u>MV-Original</u></b>      |        | <b><u>DK-Original</u></b>      |        |
| GAS GRAVITY                    | 0.656  | GAS GRAVITY                    | 0.656  |
| COND. OR MISC. (C/M)           | C      | COND. OR MISC. (C/M)           | C      |
| %N2                            | 0.43   | %N2                            | 0.41   |
| %CO2                           | 1.33   | %CO2                           | 1.31   |
| %H2S                           | 0      | %H2S                           | 0      |
| DIAMETER (IN)                  | 2.375  | DIAMETER (IN)                  | 2.375  |
| DEPTH (FT)                     | 5770   | DEPTH (FT)                     | 7616   |
| SURFACE TEMPERATURE (DEG F)    | 60     | SURFACE TEMPERATURE (DEG F)    | 60     |
| BOTTOMHOLE TEMPERATURE (DEG F) | 137    | BOTTOMHOLE TEMPERATURE (DEG F) | 198    |
| FLOWRATE (MCFPD)               | 0      | FLOWRATE (MCFPD)               | 0      |
| SURFACE PRESSURE (PSIA)        | 1105   | SURFACE PRESSURE (PSIA)        | 2667   |
| BOTTOMHOLE PRESSURE (PSIA)     | 1285.4 | BOTTOMHOLE PRESSURE (PSIA)     | 3235.3 |

Page No.: 1

Print Time: Fri Nov 19 15:11:11 1999

Property ID: 1843

Property Name: SAN JUAN 28-6 UNIT | 4 | 51855A

Table Name: R:\RESERVES\GDPNOS\TEST.DBF

--DATE-- ---CUM\_GAS-- M SIWHP  
Mcf Psi

|          |         |        |
|----------|---------|--------|
| 10/14/53 | 0       | 1105.0 |
| 10/26/53 | 0       | 1104.0 |
| 12/30/57 | 177000  | 873.0  |
| 11/06/58 | 232000  | 897.0  |
| 06/14/59 | 284000  | 889.0  |
| 06/14/60 | 349000  | 834.0  |
| 06/13/61 | 405000  | 787.0  |
| 05/29/62 | 448000  | 770.0  |
| 05/16/63 | 498000  | 808.0  |
| 05/26/64 | 547000  | 759.0  |
| 03/08/65 | 595000  | 749.0  |
| 10/21/66 | 692000  | 669.0  |
| 11/17/67 | 759000  | 641.0  |
| 10/10/68 | 809000  | 609.0  |
| 08/18/69 | 855225  | 559.0  |
| 05/25/70 | 899365  | 576.0  |
| 05/04/71 | 950479  | 510.0  |
| 05/22/72 | 1000628 | 533.0  |
| 08/21/73 | 1061228 | 435.0  |
| 07/31/74 | 1096721 | 505.0  |
| 07/12/76 | 1170506 | 424.0  |
| 01/07/78 | 1198538 | 453.0  |
| 11/07/78 | 1207460 | 453.0  |
| 10/20/86 | 1277003 | 423.0  |
| 01/24/91 | 1310044 | 330.0  |
| 09/04/91 | 1310044 | 342.0  |
| 05/09/95 | 1418701 | 620.0  |

San Juan 28-6 Unit #113

Mesaverde Offset

Page No.: 5

Print Time: Fri Nov 19 15:11:13 1999

Property ID: 1708

Property Name: SAN JUAN 28-6 UNIT | 113 | 50754A

Table Name: R:\RESERVES\GDPNOS\TEST.DBF

--DATE-- ---CUM GAS-- M SIWHP  
Mcf Psi

|          |         |        |
|----------|---------|--------|
| 10/07/63 | 0       | 2667.0 |
| 10/30/63 | 0       | 2666.0 |
| 10/01/64 | 93000   | 1351.0 |
| 09/08/65 | 178000  | 1182.0 |
| 04/12/66 | 247000  | 1035.0 |
| 03/22/67 | 319000  | 1250.0 |
| 04/01/68 | 382000  | 1092.0 |
| 08/19/69 | 494101  | 867.0  |
| 05/25/70 | 542382  | 991.0  |
| 05/04/71 | 608545  | 1015.0 |
| 05/22/72 | 677963  | 933.0  |
| 08/21/73 | 757073  | 911.0  |
| 06/24/75 | 866668  | 992.0  |
| 08/08/77 | 1008401 | 825.0  |
| 04/24/79 | 1106719 | 890.0  |
| 09/29/81 | 1226002 | 954.0  |
| 09/22/83 | 1283949 | 976.0  |
| 11/07/85 | 1344595 | 1004.0 |
| 01/07/86 | 1361852 | 920.0  |
| 10/15/88 | 1431430 | 1052.0 |
| 06/08/90 | 1505898 | 1002.0 |
| 03/29/92 | 1576332 | 940.0  |

San Juan 28-6 Unit #113

Dakota Offset



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. 11628  
ORDER NO. R-10696

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY FOR THE ESTABLISHMENT  
OF A DOWNHOLE COMMINGLING "REFERENCE  
CASE" FOR ITS SAN JUAN 28-6 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 28-6 Unit, San Juan County, New Mexico.

(3) Division Rule No. 303.E., amended by Order No. R-10470-A, currently states:

- 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 28-6 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 28-6 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 28-6 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 449 MMCFG and 186 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 254 MCFGD and 216 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 28-6 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 28-6 Unit, the applicant presented engineering evidence and testimony which indicates that:

- c) providing notice to each interest owner within the San Juan 28-6 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 28-6 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-6 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 28-6 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 28-6 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 28-6 Unit, San Juan County, New Mexico, is hereby approved.