

**Ezeanyim, Richard, EMNRD**

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**From:** Lovato, Jimmy A [jlovato@blm.gov]  
**Sent:** Friday, June 22, 2012 2:25 PM  
**To:** Ezeanyim, Richard, EMNRD  
**Subject:** Case 14862  
**Attachments:** Case 14862.pdf

Hi Richard,

We apologize for submitting this so late in the process however we were presented with the merits of the case just this past Wednesday. We hope you consider our concerns. If you have any questions, please call me at (505) 564-7735



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

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In Reply Refer To:  
Basin Mancos DHC

June 22, 2012

Ms. Jami Baily, Director  
New Mexico Oil Conservation Division  
1220 So. St. Francis Drive  
Santa Fe, New Mexico 87505

Ms. Baily,

Reference is made to Case No. 14862, whereby Burlington Resources Oil and Gas Company LP and ConocoPhillips Company are applying for pre-approval for downhole commingling of production from the Basin Mancos gas pool with the Basin Dakota and Blanco Mesaverde gas pools. Representatives from the above companies presented the technical aspects of this case to our office on June 20<sup>th</sup>, 2012 and after considering the merits of the application, we have several concerns with their application.

Under Order R-12984, which established the Basin Mancos Pool, the OCD denied the Division's application for pre-approval of down-hole commingling with the Mesaverde and Dakota Formations which are pre-approved pools under OCD Order R-11363. The basis for denying the Division's application was for lack of supporting documentation for inclusion as a pre-approved pool with Mesaverde and Dakota Formations. It is the Bureau of Land Management's position is that the timing of this case is premature. This position is based on the following reasons:

- 1) The Basin Mancos Pool was established in May 2008. Since that time just over 200 Basin Mancos completions have been made. At the time the pre-approved pool designation was made for the Blanco Mesaverde and Basin Dakota pools, there were several thousand commingled completions in both pools establishing the necessary data for consideration required under the rule.
- 2) The distribution of the Mancos completions referenced in the application shows that the data set is limited to four distinct areas throughout the entire San Juan Basin. Whether this Mancos well completion distribution is geologically representative of the entire pool is suspect.
- 3) The reservoir pressure in the Mancos may be under-estimated. Recent horizontal well completions in the Mancos in the Rosa Unit found reservoir pressures at a .63 psi/ft pressure gradient. Most of the vertical completions referenced in the application had questionable pressure build-up times to determine the actual reservoir pressure in the Mancos.

- 4) Existing Gallup Pools within the boundaries of the Mancos Pool demonstrate the geologic variability of the Mancos Pool across the San Juan Basin. Since the Mancos Pool was established in 2008, several Gallup pools have been vacated or eliminated, primarily in areas where there was common ownership. However in other areas within the boundaries of the pool, there are still questions regarding vertical limits of the Gallup pools relative to the Mancos Formation. Because these vertical limits have never been established, correlative rights can, and will be an issue. So, is pre-approved down-hole commingling appropriate at this juncture where the vertical limits are still in question?
- 5) The industry has recently expressed significant interest in developing the Mancos Formation using horizontal well technologies. The BLM is currently commissioning a study of the Mancos Formation using New Mexico Tech to conduct the analysis. The study is primarily directed at determining the reasonable foreseeable development scenario for anticipated Mancos wells in the New Mexico portion of the San Juan Basin. A geologic and reservoir engineering parametric assessment will be conducted as part of the study. The pre-approval process pre-supposes that there is sufficient understanding of the reservoir that commingled development would not create waste or impact correlative rights. Our understanding of the Mancos at this point requires significant investigative study to determine appropriate development scenarios including commingling opportunities.
- 6) The application was silent with regard to the well types that would be commingling candidates. The horizontal wells drilled to date in the Mancos have indicated much higher reservoir pressure and rates than vertical well completions. In our opinion, horizontal wells should not be considered as commingling candidates until we have a better understanding of Mancos reservoir.

We apologize for this late response to the application and hope you will consider our concerns as you render your decision. If you have any questions, please contact me at (505) 564 7731.

Dave Mankiewicz



Assistant Field Manager, Minerals

Cc: NM State Director, BLM  
NMOCD, Aztec