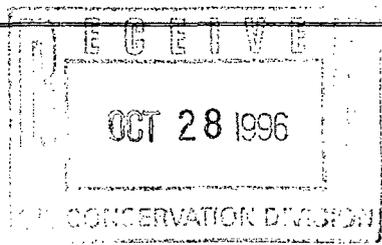


DHC [11/18/96

1423

BURLINGTON RESOURCES

SAN JUAN DIVISION



October 25, 1996

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

Re: Montoya A 34 #1
900'FNL, 700'FEL Section 34, T-32-N, R-13-W, San Juan County, NM
API #30-045-24399

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 is currently a dual Mesa Verde/Dakota well.

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 both the Dakota and Mesa Verde for at least one year;
4. Notification list of offset operators;
5. Shut in wellhead pressure and calculated down hole pressure;
6. Nine-section plats for the Mesa Verde and Dakota.

If you are a working, overriding or royalty interest owner in either of the above described pools, you are being notified of this application as a requirement of the New Mexico Oil Conservation Division Rule #303C. Burlington, as operator, believes this application will be in the best interest of all owners. If you have no objection to this commingling application, you do not have to respond to this notification. Upon establishment of production from this well, you will receive your proportionate share of revenues from the pool in which you own an interest according to the proposed allocation formula.

The allocation formula is included, showing 81% from the Mesa Verde and 19% from the Dakota formation.

Please let me know if you require additional data.

Sincerely,

Peggy Bradfield
Regulatory/Compliance Administrator

11-07-96

David, attached is the correct form for the Montoya A 34 #1. We inadvertently sent the work sheet. Thanks for your help,

A handwritten signature in black ink, appearing to read "J. [unclear]". The signature is written in a cursive style with a large initial letter.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II
811 South First St., Artesia, NM 88210-2835

OIL CONSERVATION DIVISION

APPROVAL PROCESS :

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

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

Operator BURLINGTON RESOURCES OIL & GAS CO. Address PO Box 4289, Farmington, NM 87499
Lease Montoya A 34 Well No. 1 Unit Ltr. - Sec - Twp - Rge A-34-32N-13W County San Juan
OGRID NO. 14538 Property Code 7322 API NO. 30-045-24399 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 Mesa Verde - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	4488-4731		6720-6874
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: Gas & Oil - Flowing: All Gas Zones: Estimated or Measured Original	(Current) a. 357 psi (see attachment)	a.	a. 735 psi (see attachment)
	(Original) b. 704 pis (see attachment)	b.	b. 1212 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1151		BTU 1185
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 water of recent test (within 60 days)	Date: 8-96 Rates: 26 MCF/D .27 BOPD	Date: Rates:	Date: 8/96 Rates: 9 MCF/D 0 BOPD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: % Based off past Dakota Production.	Oil: % Gas: % Any production over & above Dakota	Oil: % Gas: % predicted volumes will be allocated to Mesa Verde.

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 (In Federal Unit)
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____
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 Peggy Bradfield TITLE Reg/Compliance Admin DATE 11-7-96

TYPE OR PRINT NAME Peggy Bradfield TELEPHONE NO. (505) 326-9700

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

Operator **BURLINGTON RESOURCES OIL & GAS CO.** Address **PO Box 4289, Farmington, NM 87499**

Lease **Montoya A 34** Well No. **1** Unit Ltr. - Sec - Twp - Rge **A-34-32N-13W** County **San Juan**

OGRID NO. **14538** Property Code **7322** API NO. **30-045-24399** Federal _____, State _____, (and/or) Fee

Spacing Unit Lease Types: (check 1 or more)

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesa Verde - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	4488-4731		6720-6874
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. 357 psi (see attachment)	a.	a. 735 psi (see attachment)
	(Original) b. 704 pis (see attachment)	b.	b. 1212 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1151		BTU 1185
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: 8-96 Rates: 26 MCF/D .27 BOPD	Date: Rates:	Date: 8/96 Rates: 9 MCF/D 0 BOPD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: % Based off past Dakota Production.	Oil: % Gas: % Any production over & above Dakota	Oil: % Gas: % predicted volumes will be allocated to Mesa Verde.

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.
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 * 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 Peggy Bradfield TITLE Reg/Compliance Admin DATE 11-7-96

TYPE OR PRINT NAME Peggy Bradfield TELEPHONE NO. (505) 326-9700

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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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

Operator BURLINGTON RESOURCES OIL & GAS CO. Address PO Box 4289, Farmington, NM 87499

Lease Montoya A 34 Well No. 1 Unit Ltr. - Sec - Twp - Rge A-34-32N-13W County San Juan

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7322 API NO. 30-045-24399 Federal , State (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesa Verde - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	4488-4731		6720-6874
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. 357 psi (see attachment)	a.	a.735 psi (see attachment)
	(Original) b. 704 pis (see attachment)	b.	b.1212 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1151		BTU 1185
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 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 water of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: 8-96 Rates: 26 MCF/D .27 BOPD	Date: Rates:	Date: 8/96 Rates: 9 MCF/D 0 BOPD
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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 (In Federal Unit)

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

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 - * 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 Peggy Bradfield TITLE Reg/Compliance Admin DATE 11-7-96

TYPE OR PRINT NAME Peggy Bradfield TELEPHONE NO. (505) 326-9700

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

STATE OF NEW MEXICO
OIL AND MINERALS DEPARTMENT

All distances must be from the outer boundaries of the Section.

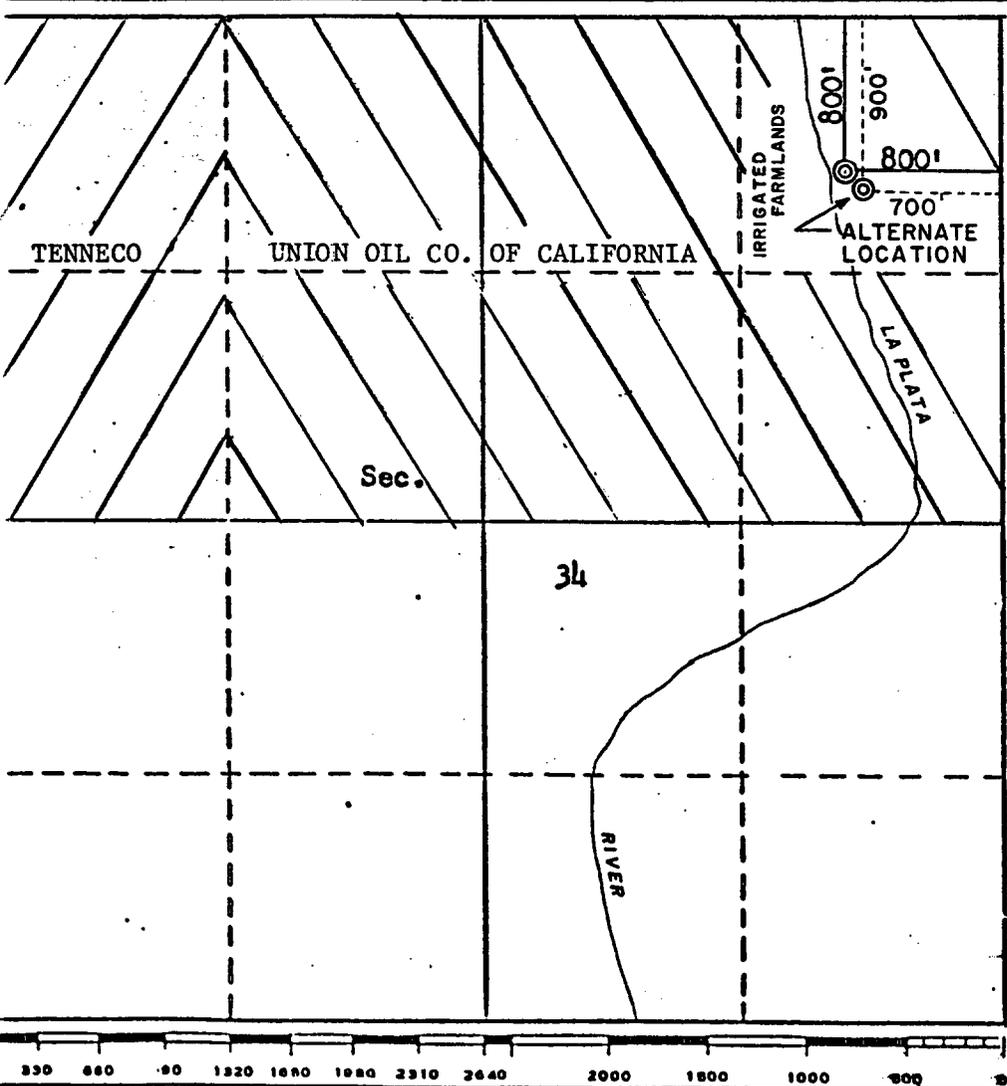
Operator UNION OIL COMPANY OF CALIFORNIA		Lease MONTOYA A34			Well No. 1
Letter	Section 34	Township 32N	Range 13W	County San Juan	
Well Footage Location of Well: 800 feet from the North line and 800 feet from the East line					
Well Level Elev. 5817	Producing Formation Dakota & Mesaverde		Pool Basin Dakota-Bianco Mesaverde		Dedicated Acreage: 320 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 Communitization Agreement

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	<i>David Gomendi</i>
Position	D. A. Gomendi
District Drilling Engineer	
Company	Union Oil Co. of California
Date	June 10, 1980
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	May 16, 1980
Registered Professional Engineer and/or Land Surveyor	<i>Fred B. Kerr, Jr.</i>
Certificate No.	3950

Prop 44 *

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

RateTime
Semi Log

EUR 315,124
Cum 284,629
Rem 30,495
Rem% 9.7%
Yrs 4.41

Date 1/1/1997

Act 0
Qmo 744

Q 24.1
n 0
De 10.335

Qab 15

GetQual 97PDP

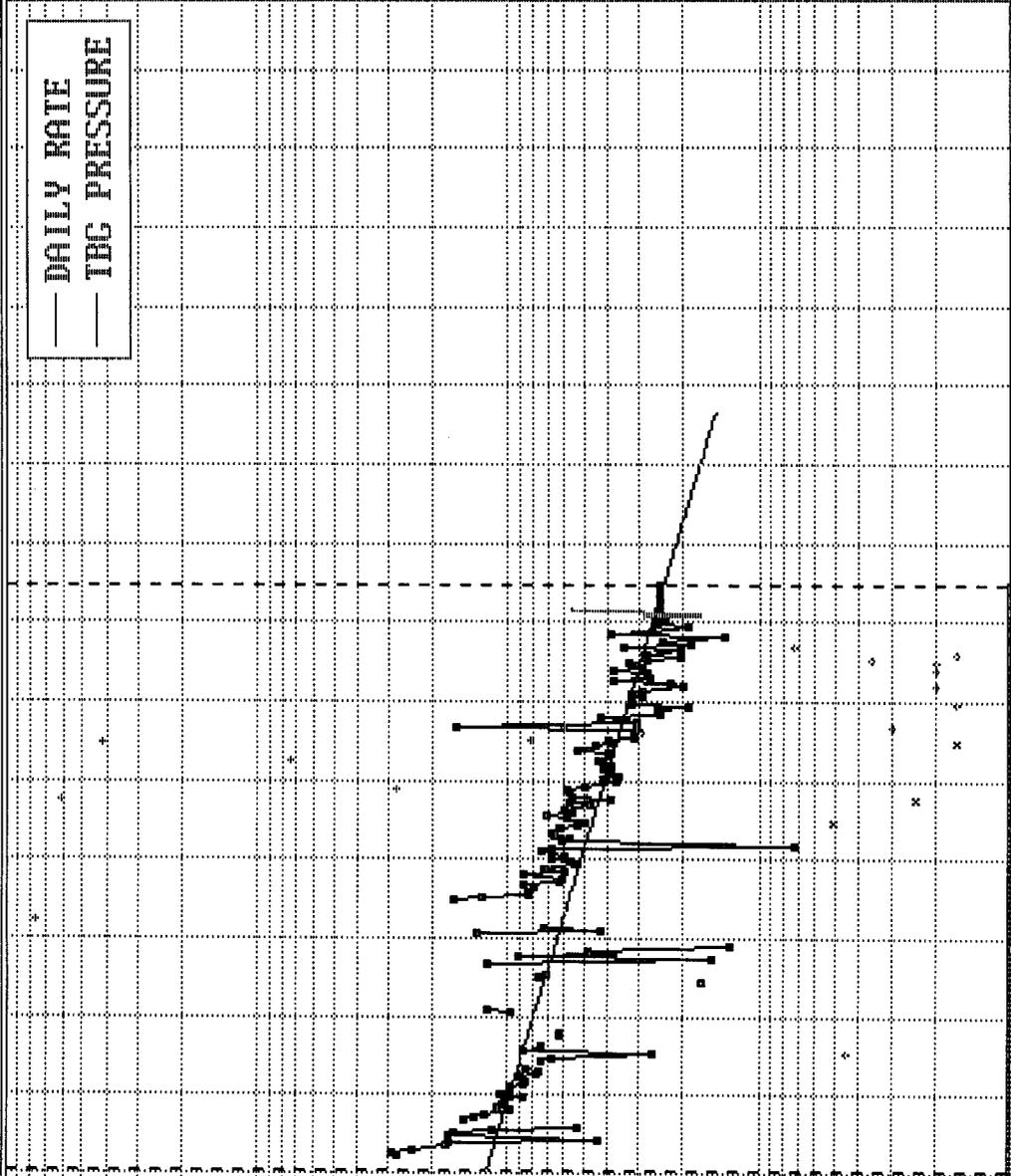
Major = GAS

34 | 1 | 12760S-1

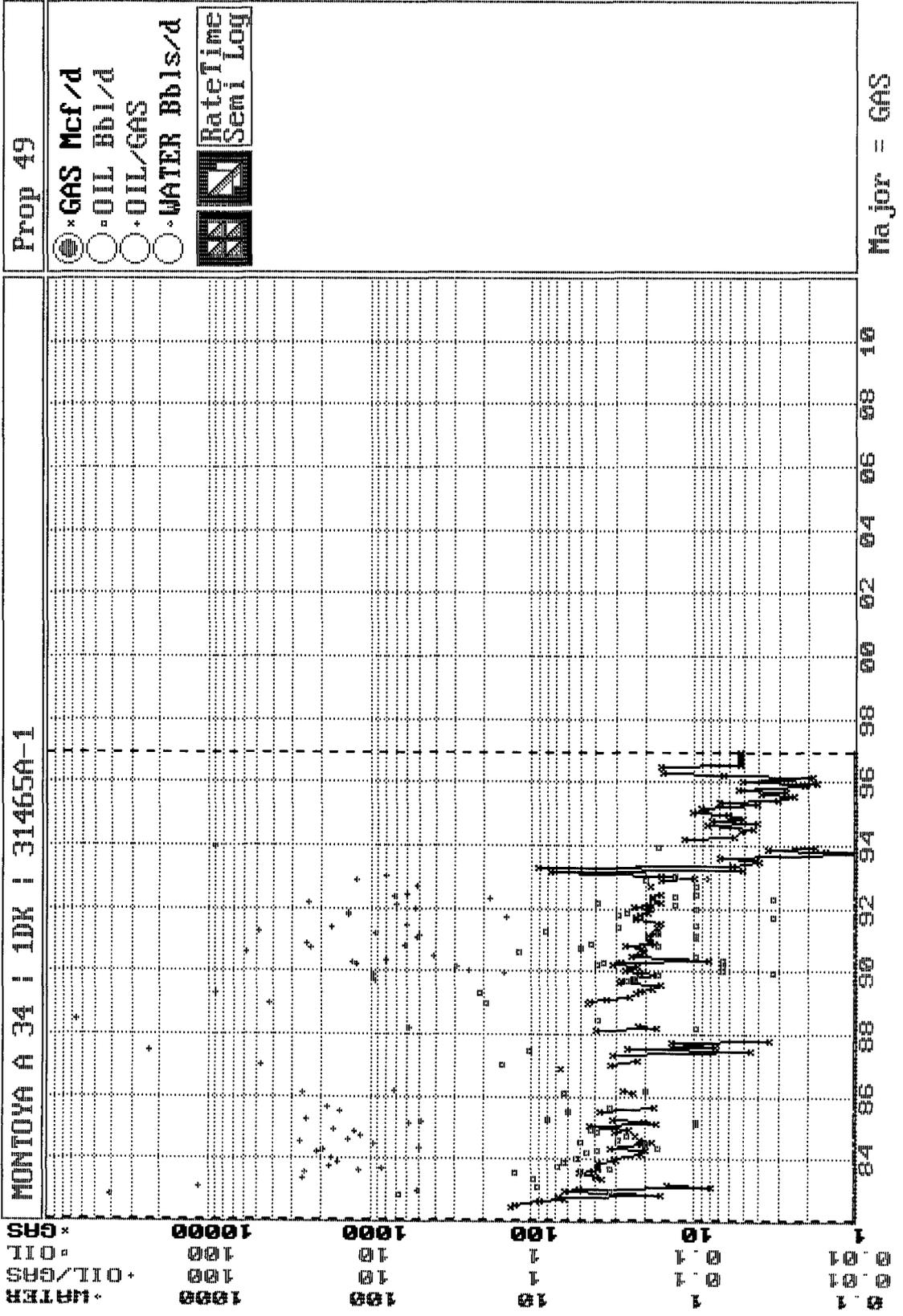
MONTOVA A MV

DAILY RATE
TBC PRESSURE

* OIL 100
* WATER/GAS 10
* GAS 1000
* WATER 1000



84 86 88 90 92 94 96 98 00 02 04 06 08 10

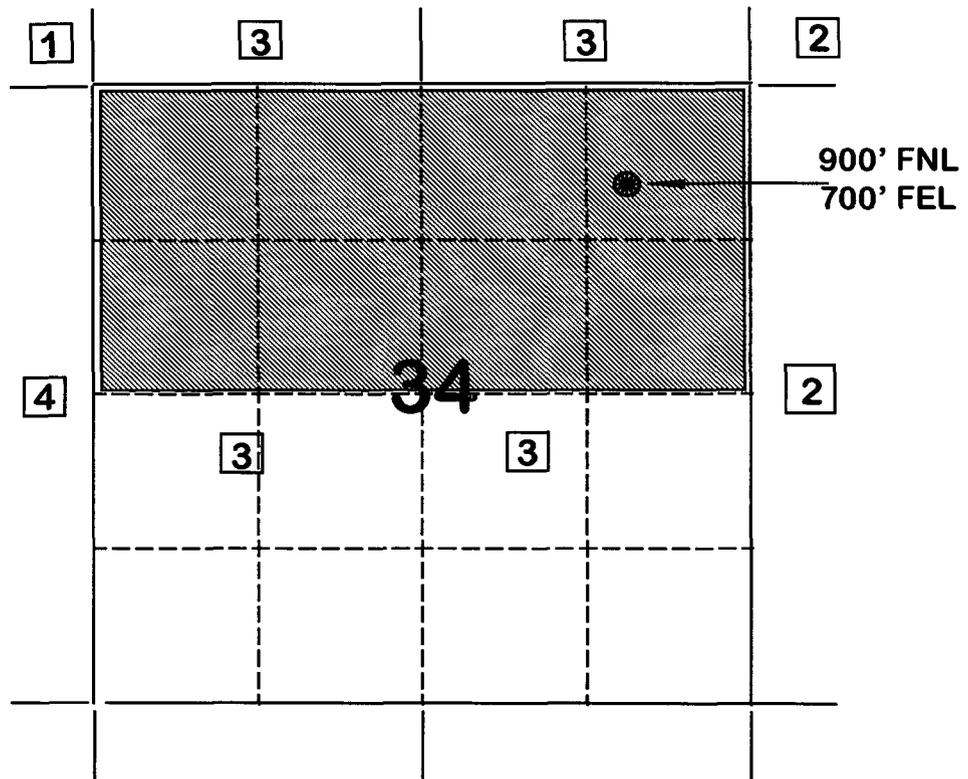


BURLINGTON RESOURCES OIL AND GAS COMPANY

**Montoya A 34 #1
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde / Dakota Formations Commingle Well

Township 32 North, Range 13 West



- 1) Burlington Resources Oil and Gas Company Successor to Meridian Oil Inc.
- 2) Snyder Oil Corp.
777 Main, Suite 2500
Ft. Worth, TX 76102
- 3) Hallwood Petroleum Inc.
4582 S. Ulster Street Pkwy, Suite 1700
Denver, CO 80237
- 4) Texakoma Oil & Gas Corp.
5400 LBJ Frwy, Suite 500
Dallas, TX 75240

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.668</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.16</u>
%CO2	<u>0.69</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2.5</u>
DEPTH (FT)	<u>4393</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>150</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>322</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>356.8</u>

MONTROYA A 34 #1 MESAVERDE - (CURRENT)

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.668</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.16</u>
%CO2	<u>0.69</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2.5</u>
DEPTH (FT)	<u>4393</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>150</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>632</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>704.0</u>

MONTROYA A 34 #1 MESAVERDE - (ORIGINAL)

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.704</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.44</u>
%CO2	<u>1.34</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2.5</u>
DEPTH (FT)	<u>6874</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>200</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>620</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>734.8</u>

MONTROYA A 34 #1 DAKOTA -(CURRENT)

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.704</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.44</u>
%CO2	<u>1.34</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2.5</u>
DEPTH (FT)	<u>6874</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>200</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>1012</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>1211.7</u>

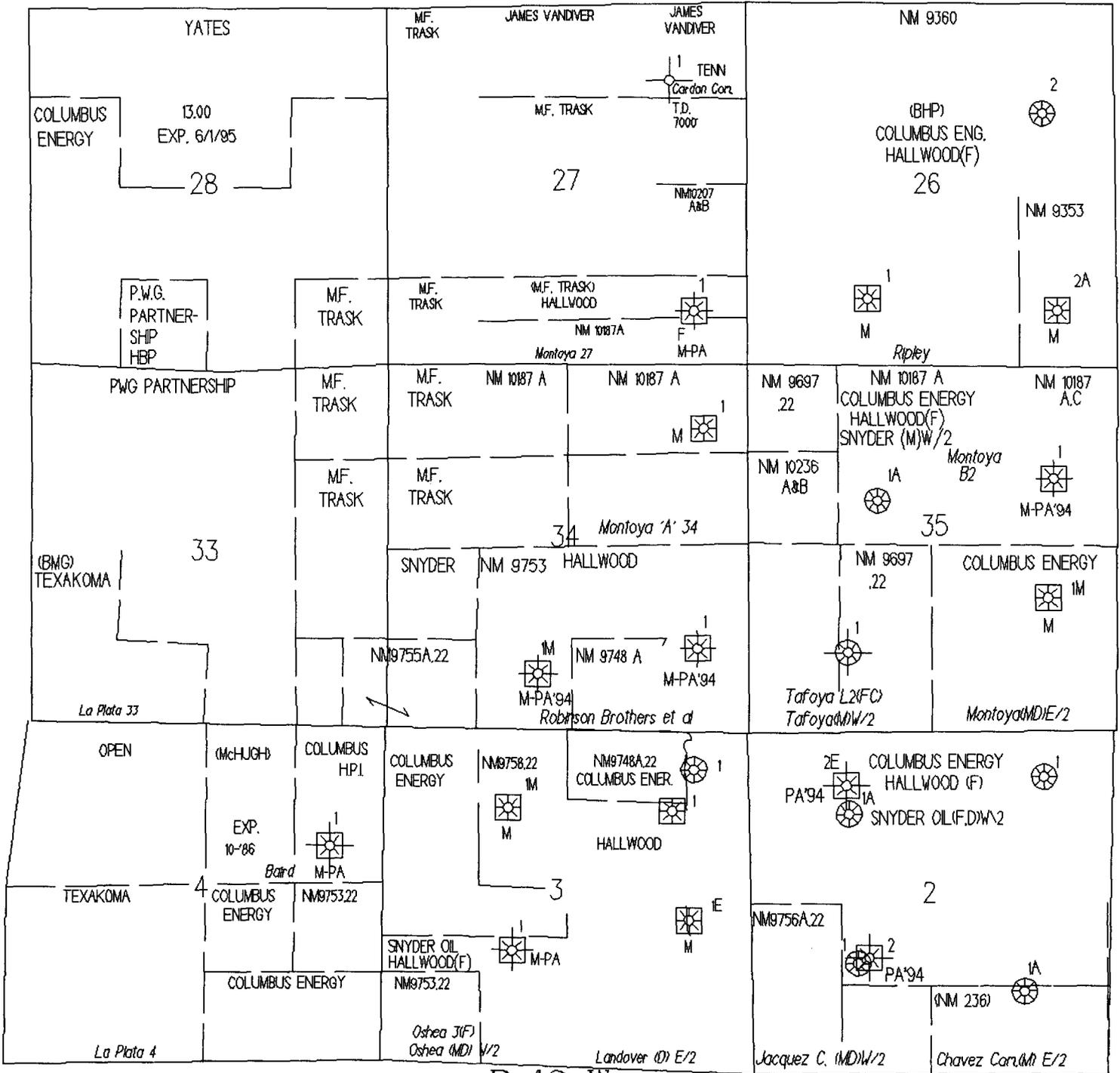
MONTROYA A 34 #1 DAKOTA - (ORIGINAL)

State: 30 Lease Name: MONTOYA A 34
 Prod: 2 County Name: SAN JUAN
 Ident: 32N13W34A00DK Reservoir Name: DAKOTA
 District: 4 Operator Name: MERIDIAN OIL INC
 Location: 34A 32N 13W Field Name: BASIN (DAKOTA)
 Retrieval code: 251,045,32N13W34A00DK Well: 000001 Total Depth: 0
 Gas Gath: ELNAT Status: ACT Upper Perf: 0
 API No: 2439900 Comp Date: 000000 Lower Perf: 0

Date	Cum to Test	WHSIP	BHP	P/Z	BDWtr	BDCnd	WHFlw	Poten	MC	Pt	Z	FAC
19820910	11,426	1012	0	0	0	0	222	48		2		0.000
19830601	20,695	790	0	0	0	0	220	49		2		0.000
19840817	34,637	762	0	0	0	0	184	13		2		0.000
19871208	50,496	1066	0	0	0	0	0	0				0.000
19901107	70,825	742	0	0	0	0	167	24		2		0.000
19921203	83,284	620	0	0	0	0	133	14		2		0.000
***** BOTTOM OF DATA *****												

F1=HELP F2=SPLIT F3=END F4=RETURN F5=RFIND F6=RCHANGE
 F7=UP F8=DOWN F9=SWAP F10=LEFT F11=RIGHT F12=RETRIEVE
 B MY JOB LU #38

MONTOYA A 34 #1 SECTION 34, T32N, R13W BLANCO MESAVERDE/BASIN DAKOTA



R-13-W

PRODUCTION ALLOCATION FORMULA METHOD

**Montoya A 34 #1
(Mesaverde/Dakota) Commingle
Unit A, 34-T32N-R13W
San Juan County, New Mexico**

Allocation Formula Method:

Current Production from Mesaverde formation = 25 MCFD

Current Production from Dakota formation = 6 MCFD

$$\frac{[(MV \& DK) 31 \text{ MCFD} - (MV) 25 \text{ MCFD}]}{(MV \& DK) 31 \text{ MCFD}} = (DK) \% \text{ Dakota 19\%}$$

$$\frac{[(MV \& DK) 31 \text{ MCFD} - (DK) 6 \text{ MCFD}]}{(MV \& DK) 31 \text{ MCFD}} = (MV) \% \text{ Mesaverde 81\%}$$