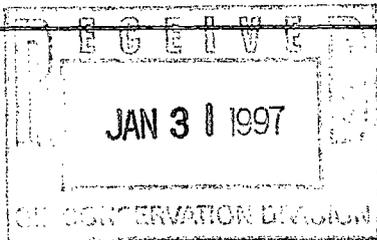


DHC 2/20/97

1448

BURLINGTON RESOURCES

SAN JUAN DIVISION



January 30, 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 #129M
1850'FSL, 1190'FEL Section 16, T-29-N, R-7-W, Rio Arriba County, NM
API #30-039-25592

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 is a new Mesa Verde/Dakota well that is being drilled and completed 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 - not available - new drill well;
4. Notification list of offset operators - Burlington is the offset operator;
5. Shut in wellhead pressure and calculated down hole pressure;
6. Nine-section plats for the Mesa Verde and Dakota.

Notification of Mesa Verde and Dakota interest owners is covered under Reference Order #R-10697 issued 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

encs.

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 Company** Address **PO Box 4289, Farmington, NM 87499**

Lease **San Juan 29-7 Unit** Well No. **129M** Unit Ltr. - Sec - Twp - Rge **I 16-29-7** County **Rio Arriba**

OGRID NO. 014538 Property Code 7465 API NO. 30-039-25592 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	72319 - Blanco Mesa Verde		71599 - Basin Dakota
2. Top and Bottom of Pay Section (Perforations)	3778-5248 est.		7208-7488 est
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. 512 psi (see attachment)	a.	a. 784 psi (see attachment)
	(Original) b. 1289 psi (see attachment)	b.	b. 3368 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1198		BTU 1000
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 <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small> * If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
	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 supplies 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). Reference R-10697 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.
- * 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 James A. Smith TITLE Production Engineer DATE 1/29/97

TYPE OR PRINT NAME James A. Smith TELEPHONE NO. (505) 327-9700

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1006 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

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 129M
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL AND GAS COMPANY		Elevation 6266'

10 Surface Location

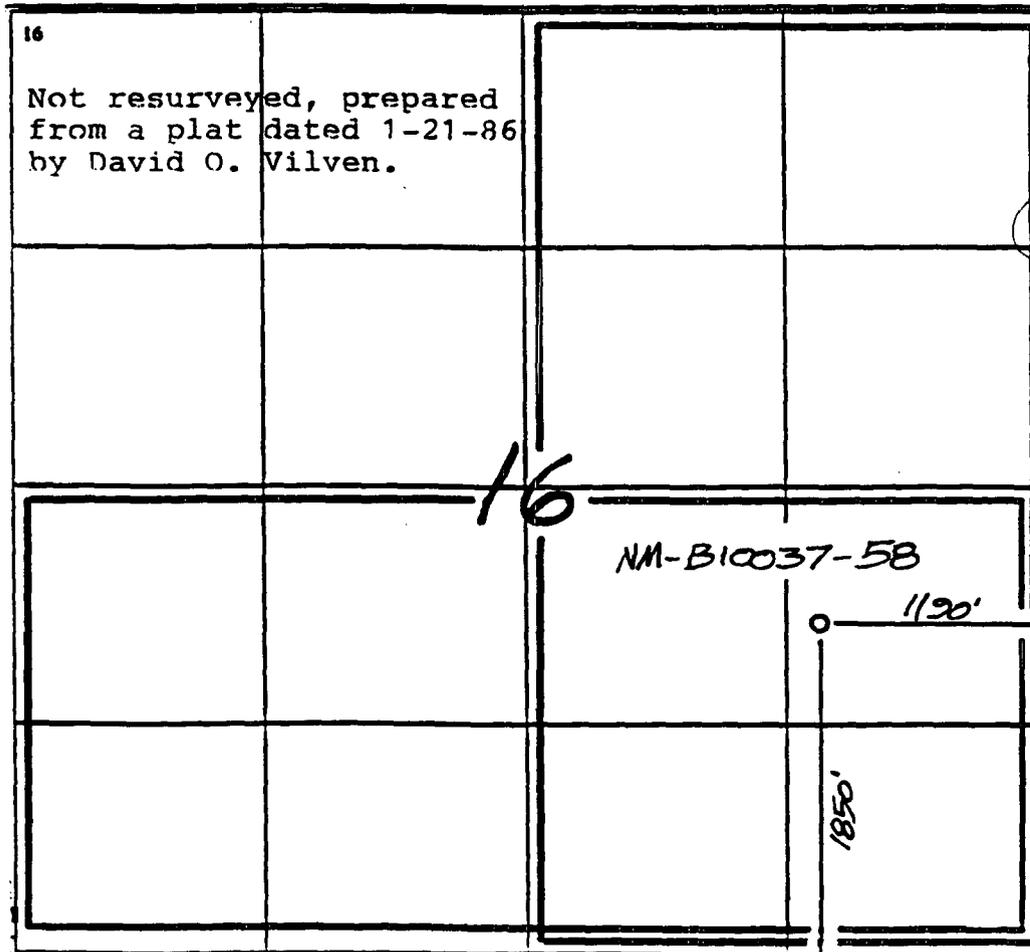
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	16	29 N	7 W		1850	South	1190	East	R.A.

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-E/320 OK-S/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

Peggy Bradford
 Signature
 Peggy Bradford
 Printed Name
 Regulatory Administrator
 Title
 9-25-96
 Date

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.
 9-9-96

Date of Survey
 Signature and Seal of Professional Surveyor:

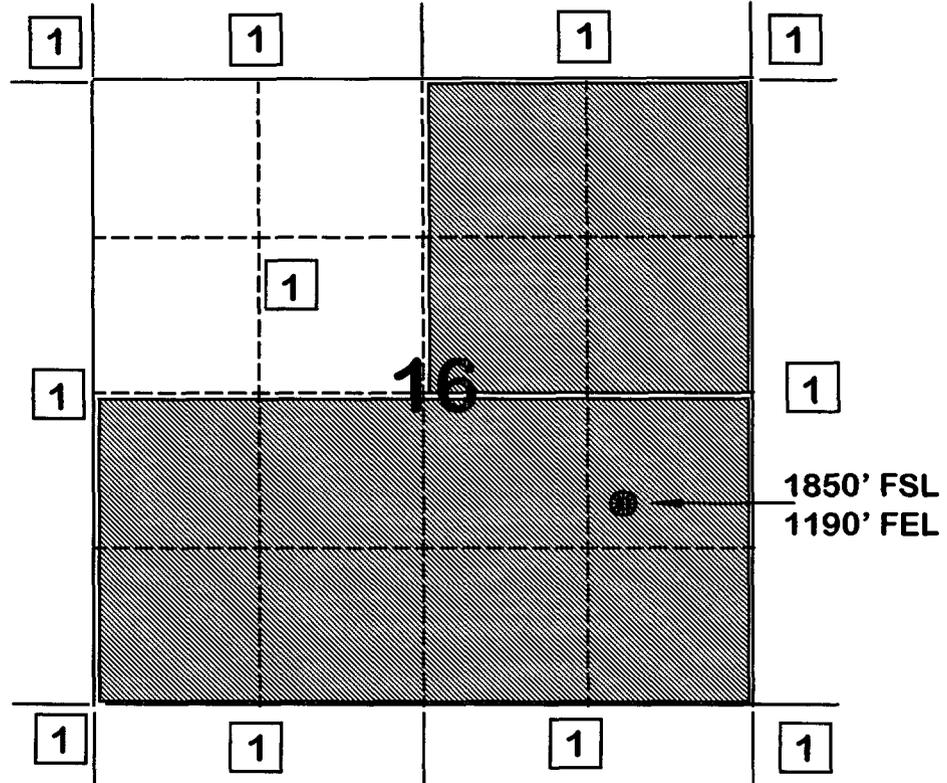
 Certificate Number

BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 29-7 Unit #129M
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde (E/2) /Dakota (S/2) Formations Commingle Well

Township 29 North, Range 7 West



1) Burlington Resources Oil and Gas Company Successor to Meridian Oil Inc.

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

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.703</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.24</u>
%CO2	<u>0.9</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2.375</u>
DEPTH (FT)	<u>5749</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>150</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>443</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>512.3</u>

SAN JUAN 29-7 #91 MESAVERDE - (CURRENT)

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

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.703</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.24</u>
%CO2	<u>0.9</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2.375</u>
DEPTH (FT)	<u>5749</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>150</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>1095</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>1289.1</u>

SAN JUAN 29-7 #91 MESAVERDE - (ORIGINAL)

Page No.: 11

Print Time: Thu Oct 03 11:41:48 1996

Property ID: 4493

Property Name: SAN JUAN 29-7 UNIT | 91 | : : 3890 CF: 93 SIP:

Table Name: K:\ARIES\RR97PDP\TEST.DBF

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

10/09/52	0	1095.0	← Original
10/06/53	36000	946.0	
06/16/54	77000	744.0	
08/24/55	154000	915.0	
10/15/56	225000	938.0	
10/16/57	289000	677.0	
03/30/58	320000	877.0	
03/29/59	385000	894.0	
09/06/60	467000	804.0	
03/28/61	501000	938.0	
03/13/62	550000	717.0	
02/12/63	585000	768.0	
07/16/64	654000	900.0	
02/25/65	686000	878.0	
02/28/66	743000	830.0	
03/03/67	803000	885.0	
03/05/68	872000	844.0	
05/27/69	953771	822.0	
08/18/70	1121786	783.0	
03/30/71	1169585	771.0	
06/12/72	1276918	653.0	
07/09/73	1364557	772.0	
08/21/74	1460887	749.0	
04/20/76	1609048	683.0	
05/16/78	1798246	592.0	
07/18/80	1962922	744.0	
05/19/82	2073183	518.0	
09/19/84	2151008	494.0	
10/23/89	2270862	692.0	
02/20/91	2452441	540.0	
07/10/91	2468703	552.0	
06/01/93	2694365	443.0	← Current

Mesaverde
Parent Well

SAN JUAN 29-7 #129M

CURRENT DAKOTA PRESSURE
(BASED ON CURRENT AVERAGE OF OFFSET WELLS)**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	0.694
COND. OR MISC. (C/M)	C
%N2	0.54
%CO2	1.49
%H2S	0
DIAMETER (IN)	1.5
DEPTH (FT)	7555
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	200
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	652
BOTTOMHOLE PRESSURE (PSIA)	784.2

OFFSET DAKOTA WELLS - CURRENT PRESSURE

SAN JUAN 29-7 UNIT #129 DAKOTA-CURRENT	690
SAN JUAN 29-7 UNIT #130 DAKOTA-CURRENT	817
SAN JUAN 29-7 UNIT #49A DAKOTA-CURRENT	801
SAN JUAN 29-7 UNIT #45A DAKOTA-CURRENT	768
SAN JUAN 29-7 UNIT #44A DAKOTA-CURRENT	435
SAN JUAN 29-7 UNIT #65A DAKOTA-CURRENT	400
AVERAGE SURFACE PRESSURE	652

NOTE : SEE OFFSET WELL PLAT

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

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.694</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.54</u>
%CO2	<u>1.49</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>7555</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>200</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>2743</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>3368.2</u>

SAN JUAN 29-7 UNIT #129 DAKOTA-ORIGINAL

Page No.: 10

Print Time: Thu Oct 03 11:41:48 1996

Property ID: 2097

Property Name: SAN JUAN 29-7 UNIT | 129 | : : 398 CF: 92 SIP:

Table Name: K:\ARIES\RR97PDP\TEST.DBF

--DATE-- ---CUM_GAS-- M SIWHP
Mcf Psi

09/20/85	0	2743.0	← original
12/11/85	51031	1566.0	
09/03/86	97694	1250.0	
06/02/87	123427	1321.0	
08/03/88	230968	796.0	
04/04/90	335273	784.0	
04/22/90	335273	765.0	
04/29/92	429397	702.0	
05/28/92	435433	690.0	← Current

Dakota Parent well

Page No.: 1

Print Time: Mon Nov 04 13:31:10 1996

Property ID: 2098

Property Name: SAN JUAN 29-7 UNIT | 130 | 1517-1

Table Name: K:\ARIES\RR97PDP\TEST.DBF

--DATE-- ---CUM_GAS-- M SIWHP
Mcf Psi

09/13/85	0	2212.0
12/09/85	31267	1512.0
10/03/86	58835	1279.0
10/11/87	108144	879.0
09/04/88	140560	832.0
08/07/90	205466	743.0
05/28/92	243176	817.0

← current

Dakota Offset
of
SJ 29-7 # 129m

Page No.: 1
Print Time: Mon Nov 04 13:32:23 1996
Property ID: 2110
Property Name: SAN JUAN 29-7 UNIT | 44A | 69346-1
Table Name: K:\ARIES\RR97PDP\TEST.DBF

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

08/19/80	0	2542.0
09/25/80	0	2543.0
01/19/81	47561	1574.0
08/12/81	123925	921.0
05/13/82	193190	743.0
11/21/83	289566	812.0
06/05/85	399445	547.0
10/05/88	568312	902.0
04/22/90	636068	562.0
05/28/92	731174	522.0
04/16/93	786162	435.0

Dakota Offset
of
29-7 #129M

← Current

Page No.: 1
Print Time: Mon Nov 04 13:32:44 1996
Property ID: 2111
Property Name: SAN JUAN 29-7 UNIT | 45A | 1816-1
Table Name: K:\ARIES\RR97PDP\TEST.DBF

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

02/19/86	0	1867.0
11/28/86	31741	1556.0
10/11/87	237652	1079.0
09/04/88	272065	1150.0
04/08/90	386863	1033.0
04/16/93	581933	787.0
05/31/94	657937	768.0 ← Current

Dakota offset
of
29-7 #12am

Page No.: 1
Print Time: Mon Nov 04 13:33:38 1996
Property ID: 2113
Property Name: SAN JUAN 29-7 UNIT | 49A | 69348-1
Table Name: K:\ARIES\RR97PDP\TEST.DBF

*Dakota offset
of*

--DATE--	---CUM GAS--	M SIWHP
.....Mcf.....Psi.....
08/26/80	0	2014.0
09/02/80	0	2015.0
01/19/81	51021	2018.0
08/12/81	189766	1320.0
05/13/82	341305	1013.0
11/21/83	516529	1020.0
06/05/85	682115	874.0
11/21/85	740935	846.0
09/04/88	977979	797.0
05/09/90	1084091	815.0
05/28/92	1259966	853.0
04/16/93	1321171	525.0
05/31/94	1363337	801.0

29-7 # 129M

← Current

Page No.: 1

Print Time: Mon Nov 04 13:33:56 1996

Property ID: 2116

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

Table Name: K:\ARIES\RR97PDP\TEST.DBF

--DATE-- ---CUM_GAS-- M SIWHP
Mcf Psi

08/26/80	0	1812.0
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

Dakota offset
of
29-7 #12AM

**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.

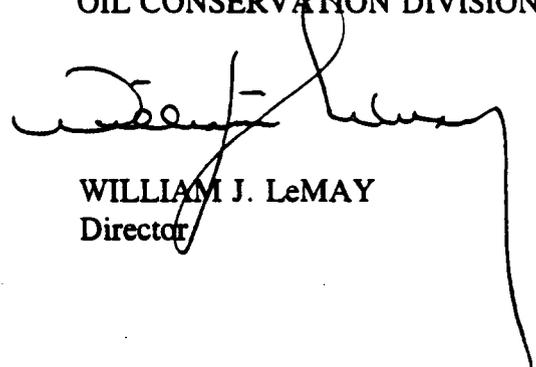
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 29-7 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify 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.

(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