DATE IN	SUSPENSE	ENGINEER	LOGGED	TYPE
6/3/97	6/23/97	BS/DC	M	DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

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

.pplication 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]

RECEIVED
JUN - 3 1997
CONSERVATION DIVISION

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

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 pproval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, U, ORRI) is common. I understand that any omission of data, information or notification is cause to have the pplication package returned with no action taken.

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

Peggy Bradfield	Peggy Bradfield	Regulatory/Compliance Administrator	6/2/97
rint or Type Name	Signature	Title	Date

BURLINGTON RESOURCES

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 28-5 Unit #65M
900'FSL, 1815'FEL Section 28, T-28-N, R-5-W, Rio Arriba County, NM
API #30-039-25645

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-10695 dated November 12, 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

3535 East 30th St., 87402-8801, P.O. Box 4289, Farmington, New Mexico 87499-4289, Telephone 505-326-9700, Fax 505-326-9833

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

APPROVAL PROCESS :
_X_ Administrative ___Hearing

EXISTING WELLBORE
__ YES _x NO

Burlington Resources Oil & Gas Company — Operator
PO Box 4289, Farmington, NM 87499 — Address

SAN JUAN 28-5 UNIT	65M	O 28-28N-5W	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. _14538_____ Property Code ___7460_____ API NO. 30-039-25645 Federal __X___ , 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 Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	(Current) a. 797 psi (see attachment)	a.	a. 666 psi (see attachment)
	(Original) b. 1268 psi (see attachment)	b.	b. 3233 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1191		BTU 1026
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 Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
* 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:
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 __x__No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___Yes __x__No
Have all offset operators been given written notice of the proposed downhole commingling? _X_Yes ____No

11. Will cross-flow occur? _x__ 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. __x___ Yes _____No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? __x_ Yes ___ No

13. Will the value of production be decreased by commingling? ___ Yes _X_ 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. _X__Yes ___ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10695_____

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 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 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

RECEIVED
BLM
97 JAN 27 PM 3:
070 FARMINGTON, NM

Form C
Revised February 21,
Instructions on
Submit to Appropriate District C
State Lease - 4 C
Fee Lease - 3 C
AMENDED REP

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-039-	72319/71599	Blanco Mesaverde/Basin Dakota

Property Code	Property Name	Well Number
7460	San Juan 28-5 Unit	65M

OGRID No.	Operator Name	Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6606'

Surface Location

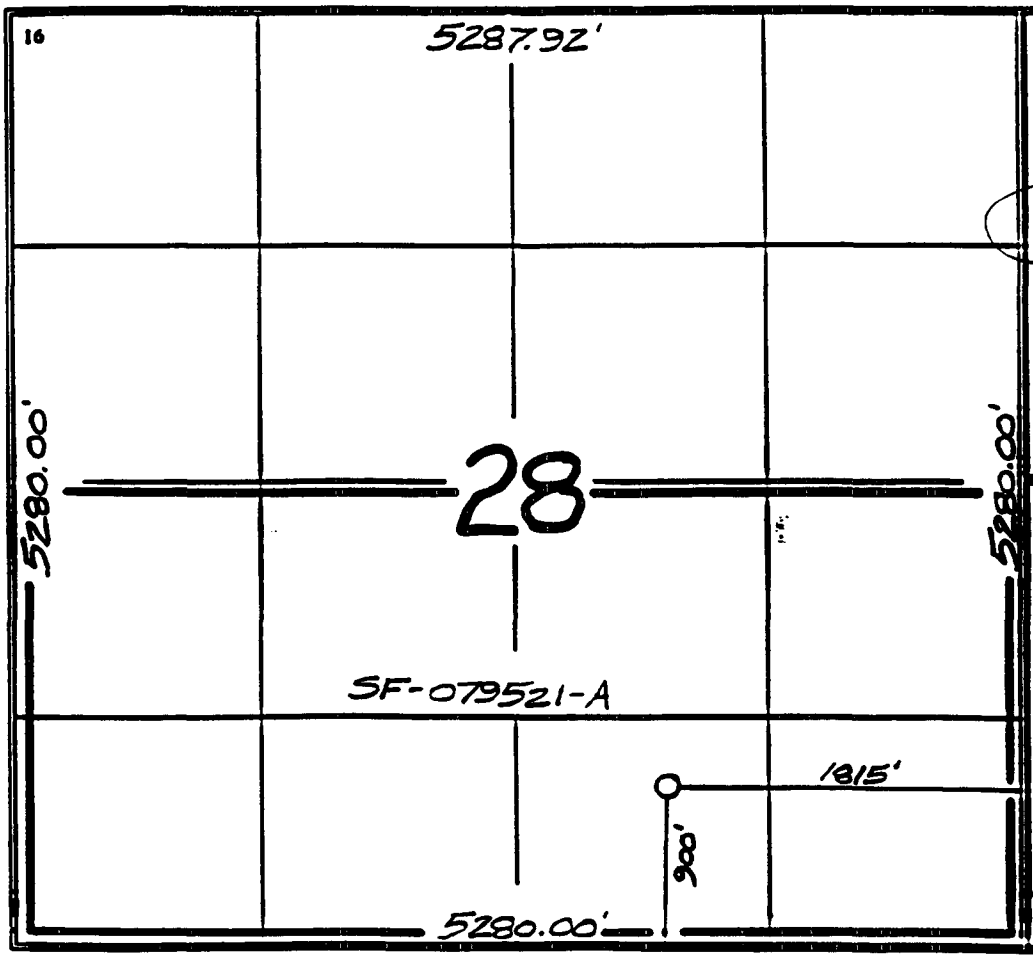
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	28	28-N	5-W		900	South	1815	East	R.A.

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
MV-S/320 DK-S/320			

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



17 OPERATOR CERTIFICAT

I hereby certify that the information contained here true and complete to the best of my knowledge and

Peggy Bradfield

Signature

Peggy Bradfield

Printed Name

Regulatory Administrat

Title

1-21-97

Date

18 SURVEYOR CERTIFICAT

I hereby certify that the well location shown on thi was plotted from field notes of actual surveys made or under my supervision, and that the same is true correct to the best of my belief.

11/16/96

Date of Survey

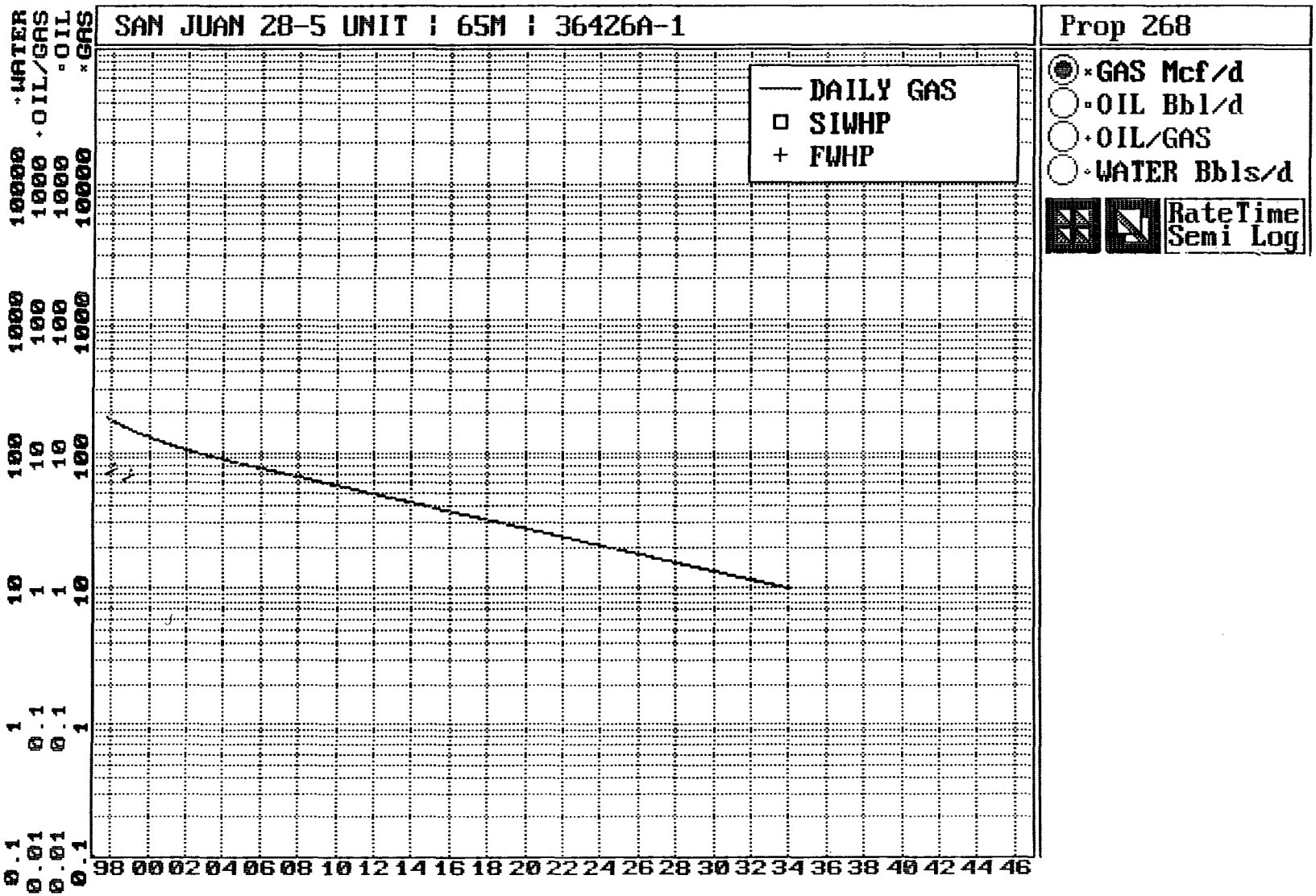
Signature and Seal of Professional Surveyor

NEAL C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL

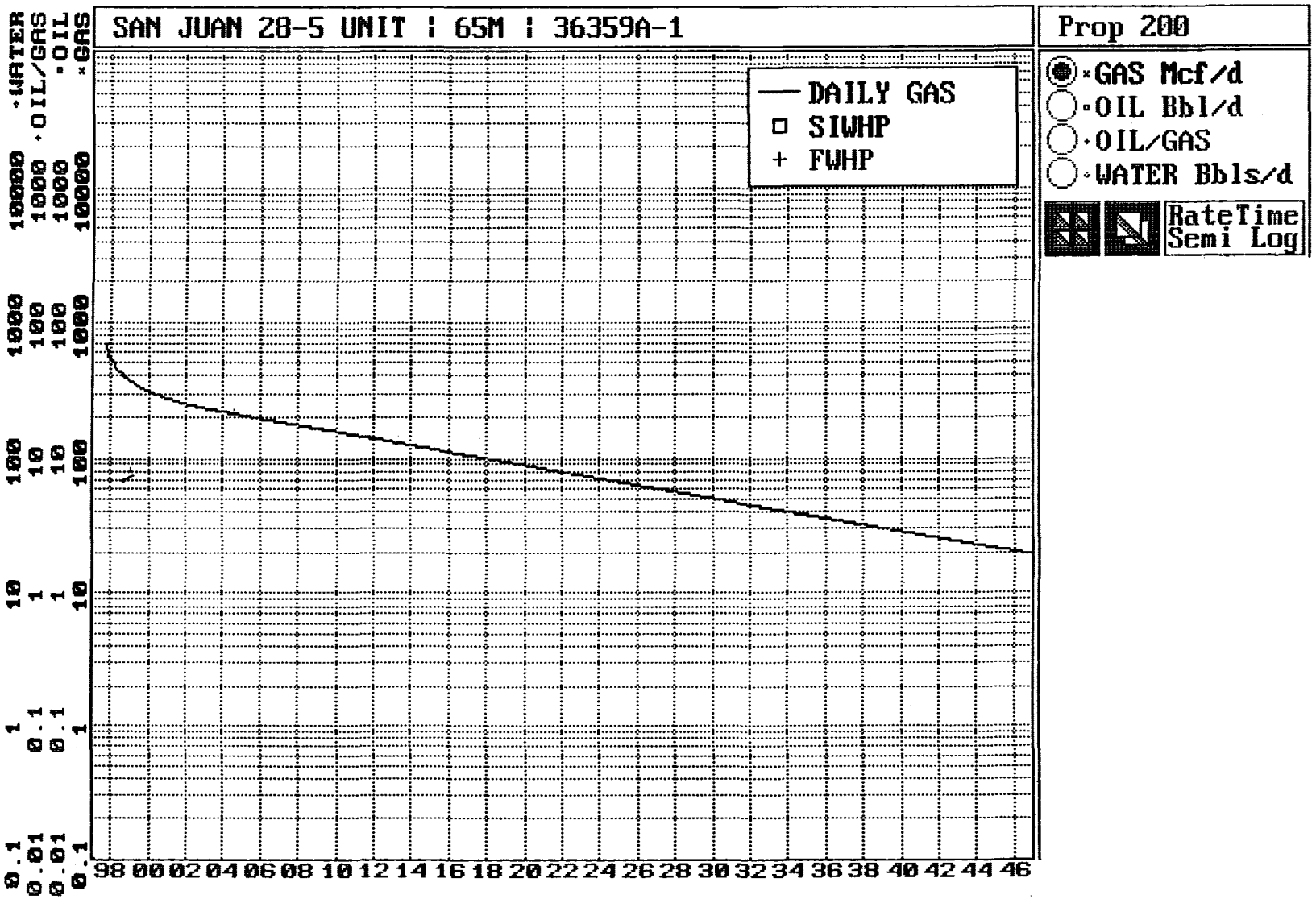
6857

Certificate Number

Basin Takota



Blanco Mesaverde

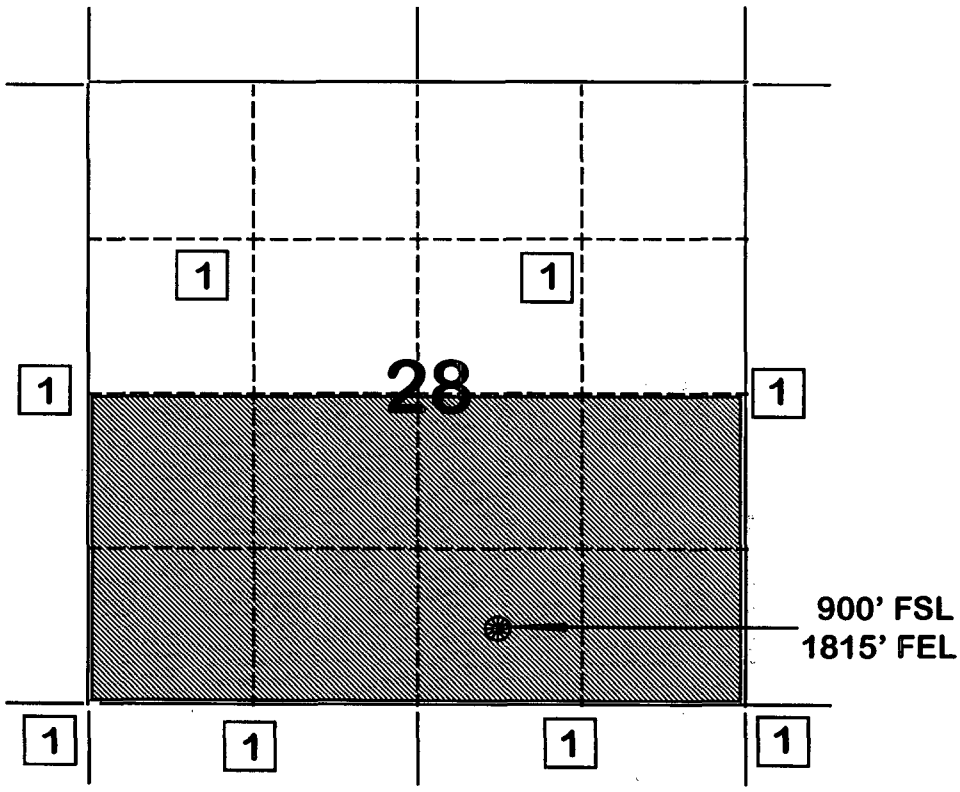


BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 28-5 Unit #65M
OFFSET OPERATOR \ OWNER PLAT

Mesaverde/Dakota Formations Commingle Well

Township 28 North, Range 5 West



1) Burlington Resources Oil and Gas Company

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REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)
 OPR008M1 S000     0008 CHROMATOGRAPH TEST MAIN SCREEN      14:59:25.6 05/18/97

 FUNCTION (A,C,D,I)  i          ** DATA AT TEST PRESSURE UNLESS NOTED **
 MP NUMBER              73526   SAN JUAN 28-5 UNIT          65
 EFFECTIVE DATE      19970201
 REGION CD           42         SAN JUAN
 MP TYPE CODE        10         GAS METER - WELLHEAD SALES
-------------------------------------------------------------------------------
 SAMPLE TYPE CODE (GAS,LIQ,BTU) GAS              ------- BTU/CF -------
 SAMPLE DATE                    19970201          --- (AT 14.73 PSIG) --
 SAMPLE LINE PRESSURE (PSIG)    _______        WET 1025.849  DRY 1044.000
 SAMPLE LINE TEMPERATURE (DEG F) ____
 TEST DATE                      ________          ------- BTU/CF -------
 TEST PRESSURE (PSIG)           _14.730        WET _1025.849 DRY _1044.000
 TEST TEMPERATURE (DEG F)       60                VAPOR FACTOR   _______
 TEST LIFE (MONTHS)             __6
 TESTER SOURCE BA NUMBER        038689  PETROLEUM LAND CORP
 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 #2


 OPR008M2 S000     0008 CHROMATOGRAPH GAS SAMPLE DETAIL     14:59:31.4 05/18/97

                          GPM       ** DATA AT 14.730 PSIG UNLESS NOTED **
                  MOL %  (AT 14.73)
 HYDROGEN         _______                 MP NUMBER          73526
 HELIUM           _______                 EFFECTIVE DATE  19970201
 NITROGEN         __0.21
 OXYGEN           _______
 HYDROGEN SULFIDE _______                 -- GASOLINE CONTENT (GPM) --
 CARBON DIOXIDE   __1.79                  26/70   GASOLINE       _______
 METHANE          _93.57                  100%    PROPANE        _______
 ETHANE           __3.33     0.8908       EXCESS  BUTANES       _______
 PROPANE          __0.71     0.1957          TOTAL
 ISO-BUTANE       _______
 N-BUTANE         __0.12     0.0378
 ISO-PENTANE      __0.07     0.0256       ----- SPECIFIC GRAVITY -----
 N-PENTANE        _______                 CALCULATED            _0.6050
 HEXANE           _______                 MEASURED              _______
 HEXANE PLUS      __0.20     0.0873
 HEPTANE PLUS     _______                SULPHER GRAINS / 100 CU FT _____
    TOTALS        100.00     1.2372
-------------------------------------------------------------------------------
    03=MAIN SCREEN                          24=HELP      PA1=TERMINATE
B MY JOB                    NUM   LU #2
```

```
REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)
 OPR008M1 S001     0008 CHROMATOGRAPH TEST MAIN SCREEN      19:54:40.8 05/20/97

 FUNCTION (A,C,D,I)  i           ** DATA AT TEST PRESSURE UNLESS NOTED **
 MP NUMBER               70975   SAN JUAN 28-5 UNIT           9
 EFFECTIVE DATE      19970201
 REGION CD           42          SAN JUAN
 MP TYPE CODE        10          GAS METER - WELLHEAD SALES
-------------------------------------------------------------------------------
 SAMPLE TYPE CODE (GAS,LIQ,BTU)  GAS            ------- BTU/CF -------
 SAMPLE DATE                     19970201         --- (AT 14.73 PSIG) --
 SAMPLE LINE PRESSURE (PSIG)     _____          WET 1190.928  DRY 1212.000
 SAMPLE LINE TEMPERATURE (DEG F) ____
 TEST DATE                       ________         ------- BTU/CF -------
 TEST PRESSURE (PSIG)            _14.730        WET _1190.928 DRY _1212.000
 TEST TEMPERATURE (DEG F)        60               VAPOR FACTOR   _______
 TEST LIFE (MONTHS)              __6
 TESTER SOURCE BA NUMBER         038689  PETROLEUM LAND CORP
 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     19:54:55.4 05/20/97

                          GPM       ** DATA AT 14.730 PSIG UNLESS NOTED **
                  MOL %  (AT 14.73)
 HYDROGEN         _____                  MP NUMBER          70975
 HELIUM           _____                  EFFECTIVE DATE  19970201
 NITROGEN         __0.49
 OXYGEN           _____
 HYDROGEN SULFIDE _____                -- GASOLINE CONTENT (GPM) --
 CARBON DIOXIDE   __0.96               26/70   GASOLINE      _____
 METHANE          _81.73               100%    PROPANE       _____
 ETHANE           __9.77     2.6135    EXCESS  BUTANES       _____
 PROPANE          __4.82     1.3284       TOTAL
 ISO-BUTANE       __0.29     0.0949
 N-BUTANE         __0.91     0.2869
 ISO-PENTANE      __0.36     0.1317    ----- SPECIFIC GRAVITY -----
 N-PENTANE        __0.20     0.0724    CALCULATED           _0.7020
 HEXANE           _____                MEASURED             _____
 HEXANE PLUS      __0.47     0.2051
 HEPTANE PLUS     _____                SULPHER GRAINS / 100 CU FT _____
    TOTALS        100.00     4.7329
-------------------------------------------------------------------------------
     03=MAIN SCREEN                          24=HELP      PA1=TERMINATE
B MY JOB                    NUM   LU #3
```

San Juan 28-5 Unit #65M
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 3/13/94

Mesaverde

MV-Current

GAS GRAVITY	0.702
COND. OR MISC. (C/M)	C
%N2	0.49
%CO2	0.96
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	5278
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	139
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	692
BOTTOMHOLE PRESSURE (PSIA)	796.8

MV-Original

GAS GRAVITY	0.702
COND. OR MISC. (C/M)	C
%N2	0.49
%CO2	0.96
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	5278
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	139
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1090
BOTTOMHOLE PRESSURE (PSIA)	1267.7

Dakota

DK-Current

GAS GRAVITY	0.605
COND. OR MISC. (C/M)	C
%N2	0.21
%CO2	1.79
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	7790
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	161
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	563
BOTTOMHOLE PRESSURE (PSIA)	665.6

DK-Original

GAS GRAVITY	0.605
COND. OR MISC. (C/M)	C
%N2	0.21
%CO2	1.79
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	7790
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	161
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	2682
BOTTOMHOLE PRESSURE (PSIA)	3233.0

DK

Page No.: 1
Print Time: Tue May 20 09:21:53 1997
Property ID: 1785
Property Name: SAN JUAN 28-5 UNIT | 65 | 50704A-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

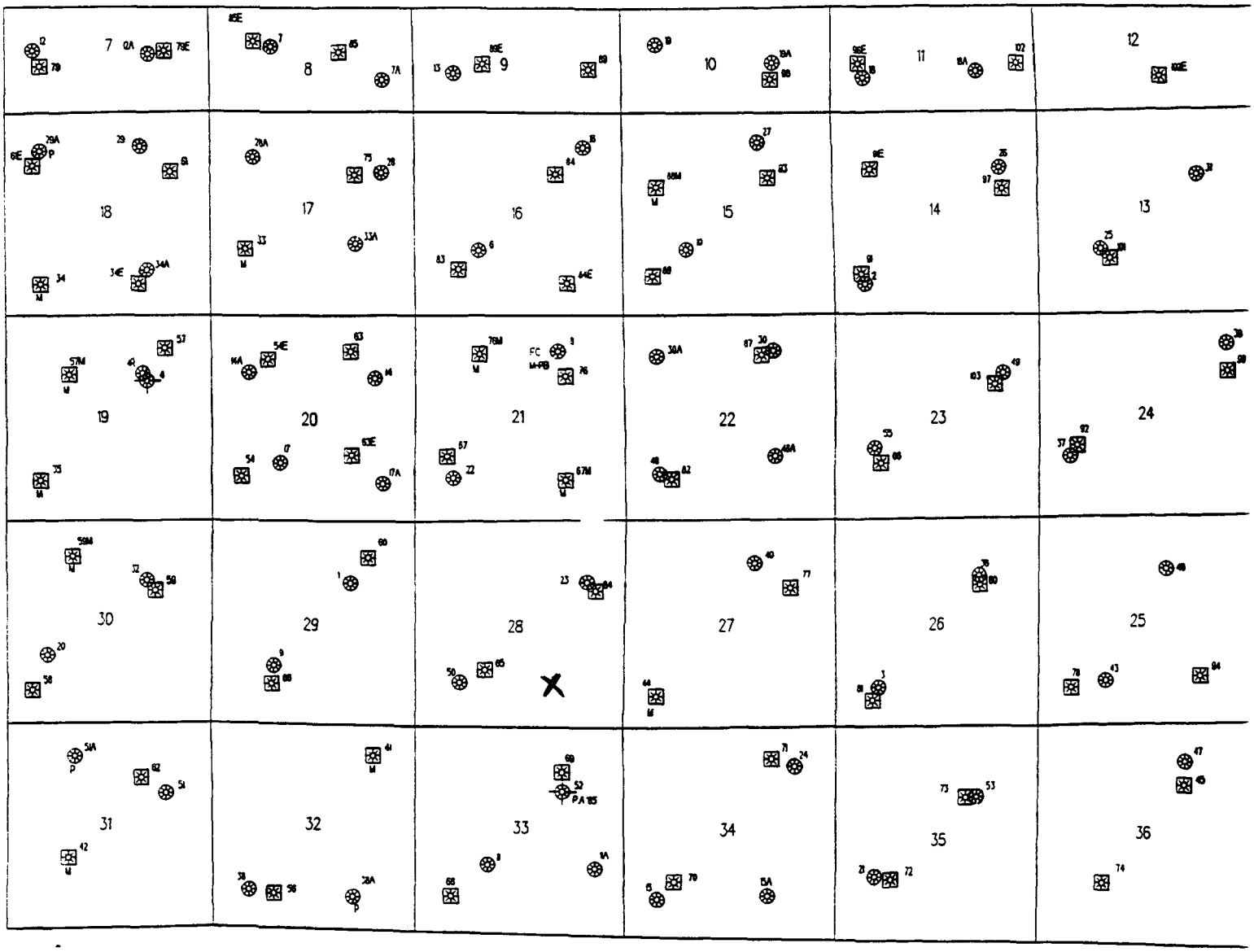
--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	
12/23/62	0	2682.0	← initial
01/15/63	0	2689.0	
05/06/63	143000	2363.0	
04/22/64	396000	2041.0	
06/21/65	843000	1922.0	
05/23/66	1172000	1782.0	
05/26/67	1662000	1545.0	
05/20/68	2030000	1529.0	
03/07/69	2423115	1353.0	
06/19/70	2792749	1312.0	
04/27/71	3093844	1187.0	
05/15/72	3388021	1195.0	
07/05/73	3658485	1131.0	
04/30/75	4261786	863.0	
07/06/77	4907954	834.0	
05/01/79	5390308	718.0	
05/04/81	5964056	617.0	
09/19/83	6344159	710.0	
05/17/85	6567365	754.0	
10/23/88	6943320	822.0	
04/24/90	7296753	636.0	
09/01/92	7675363	672.0	
01/31/94	7969381	563.0	← current

Page No.: 1
Print Time: Tue May 20 14:53:22 1997
Property ID: 10502
Property Name: SAN JUAN 28-5 UNIT | 9 | 49157A-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

MV

--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	
00/28/76	1541893	680.0	
07/13/55	0	1090.0	← initial
07/20/55	0	1089.0	
08/30/56	84000	898.0	
07/30/57	187000	840.0	
11/06/58	319000	801.0	
06/14/59	370000	841.0	
06/14/60	458000	800.0	
06/13/61	525000	819.0	
10/25/62	608000	821.0	
08/26/63	645000	817.0	
04/22/64	684000	819.0	
06/21/65	760000	800.0	
05/23/66	805000	827.0	
05/26/67	873000	612.0	
05/20/68	940000	779.0	
05/23/69	1016107	777.0	
06/19/70	1100588	780.0	
04/27/71	1178167	705.0	
05/15/72	1270724	686.0	
07/05/73	1383461	634.0	
04/19/74	1441806	272.0	
01/28/76	1541893	680.0	
10/28/76	1592303	680.0	
06/05/78	1722378	662.0	
06/04/80	1837746	650.0	
05/31/82	1945079	669.0	
05/01/84	2017538	660.0	
04/16/86	2081564	683.0	
05/09/89	2179767	664.0	
04/15/91	2237176	700.0	
08/16/91	2248612	712.0	
07/30/93	2296288	692.0	← current

SAN JUAN 28-5 UNIT



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. 11627
ORDER NO. R-10695

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR THE ESTABLISHMENT OF A DOWNHOLE COMMINGLING "REFERENCE CASE" FOR ITS SAN JUAN 28-5 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 28-5 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 28-5 Unit which encompasses some 17,399 acres in Township 28 North, Range 5 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 28-5 Unit, the applicant currently operates sixty-seven (67) Basin-Dakota Gas Pool wells, seventy-one (71) Blanco-Mesaverde Gas Pool wells, sixteen (16) Gobernador-Pictured Cliffs, Oso-Pictured Cliffs and Tapacito-Pictured Cliffs Gas Pool wells, and nineteen (19) 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 1,258 MMCFG and 77 MMCFG, respectively;

c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 276 MCFGD and 136 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 28-5 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 28-5 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 were approximately 3,149 psi and 1,143 psi, respectively; and.

b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations are approximately 1,059 psi and 714 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 Unit of subsequent downhole commingling is unnecessary and is an excessive burden on the applicant;

d) the downhole commingling of wells within the San Juan 28-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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 28-5 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

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