

ABOVE THIS LINE FOR DIVISION USE ONLY

1593

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

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]

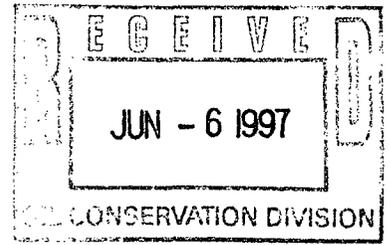
1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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

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, LI, 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.

Regulatory/Compliance Administrator
 Peggy Bradfield
 Print or Type Name Signature

Regulatory/Compliance Administrator
 Title

6/2/97
 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 #73M
765'FSL, 2075'FEL Section 35, T-28-N, R-5-W, Rio Arriba County, NM
API #30-039-25663

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

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

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator **SAN JUAN 28-5 UNIT** Address **73M O 35-28N-5W** County **Rio Arriba**
Lease **Well No. Unit Ltr. - Sec - Twp - Rge** Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 14538 Property Code 7460 API NO. 30-039-25663 Federal X 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 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. 588 psi (see attachment)	a.	a. 1193 psi (see attachment)
	(Original) b. 1344 psi (see attachment)	b.	b. 3330 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1182		BTU 1051
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>	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
* If Producing, give data and oil/gas/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 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). 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

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 7460	Property Name San Juan 28-5 Unit		Well Number 73M
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6736'

10 Surface Location

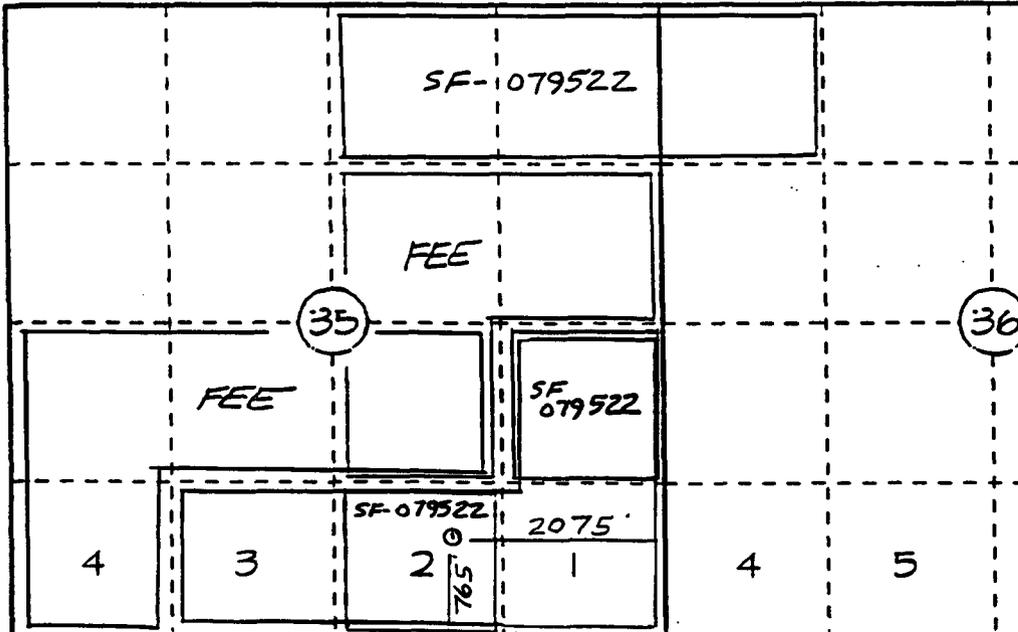
UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
0	35	28-N	5-W		765	South	2075	East	R. A.

11 Bottom Hole Location If Different From Surface

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

13 Dedicated Acres MV-S/361.86 DK-330.82	12 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

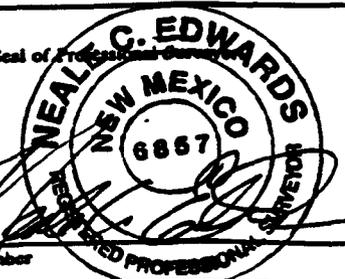
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
 Peggy Bradfield
 Printed Name
 Regulatory Administrator
 Title
 Date

18 SURVEYOR CERTIFICATION

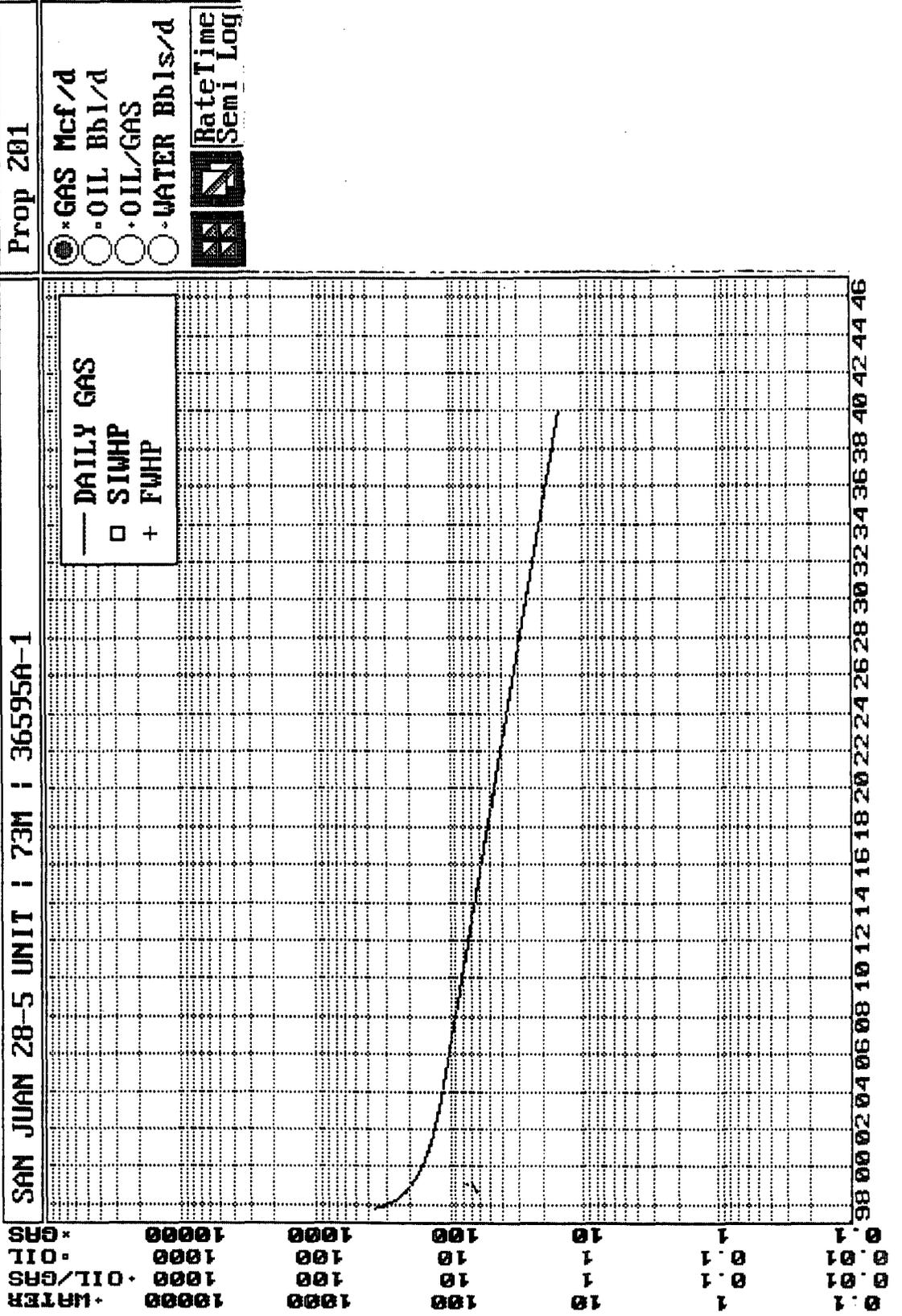
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

12-20-96
 Date of Survey
 Signature and Seal of Professional Surveyor



6857
 Certificate Number

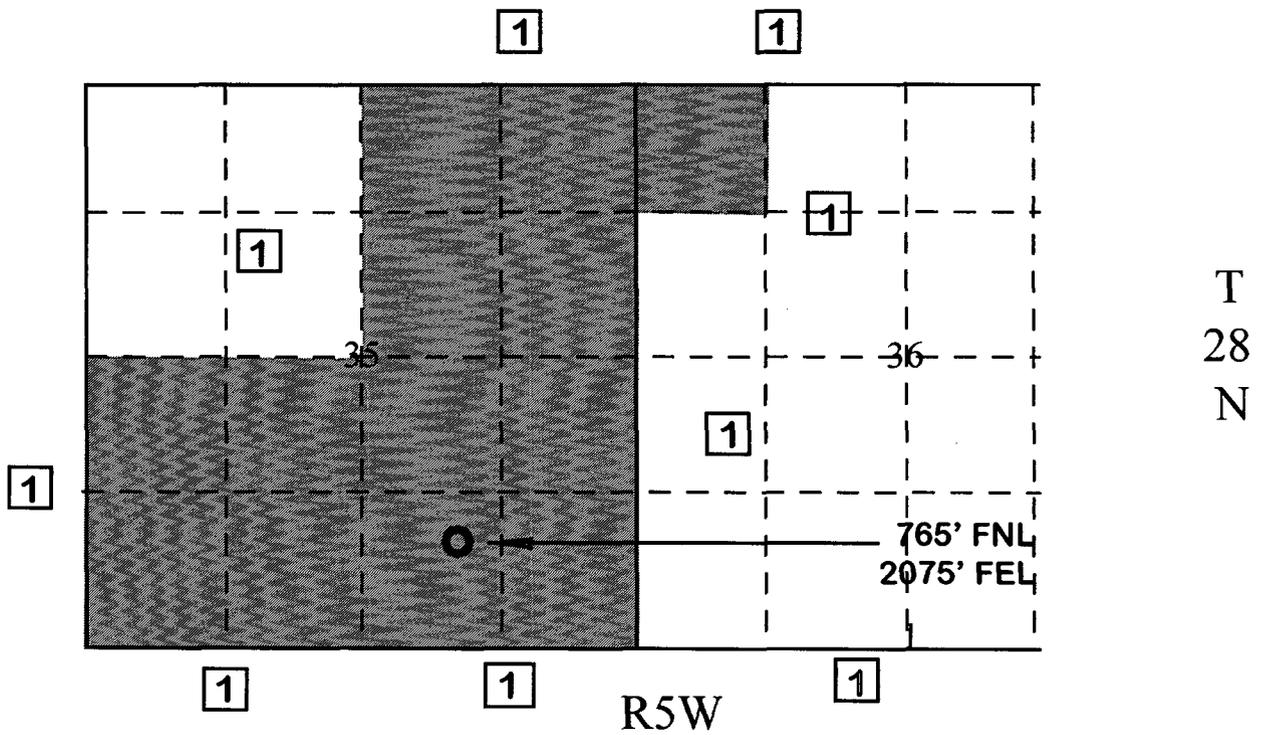
Blanco Menendez



Burlington Resources Oil and Gas Company

**San Juan 28-5 Unit #73M
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde / Dakota Formations Commingle Well
(Mesaverde (S/2) / Dakota (Non standard dedication covering
NW/4 NW/4 Sec. 36,
lot 2, NE/4, N/2 SE/4 Sec. 35)



1) Burlington Resources Oil and Gas Company

REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)

OPR008M1 S001 0008 CHROMATOGRAPH TEST MAIN SCREEN

20:00:03.4 05/20/97

FUNCTION (A,C,D,I) i ** DATA AT TEST PRESSURE UNLESS NOTED **
 MP NUMBER 86009 SAN JUAN 28-5 UNIT 24
 EFFECTIVE DATE 19951101
 REGION CD 42 SAN JUAN
 MP TYPE CODE 10 GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS, LIQ, BTU) GAS ----- BTU/CF -----
 SAMPLE DATE 19951101 --- (AT 14.73 PSIG) --
 SAMPLE LINE PRESSURE (PSIG) _____ WET 1182.084 DRY 1203.000
 SAMPLE LINE TEMPERATURE (DEG F) _____
 TEST DATE _____ ----- BTU/CF -----
 TEST PRESSURE (PSIG) 14.730 WET 1182.084 DRY 1203.000
 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

20:00:10.4 05/20/97

GPM ** DATA AT 14.730 PSIG UNLESS NOTED **
 MOL % (AT 14.73)
 HYDROGEN _____ MP NUMBER 86009
 HELIUM _____ EFFECTIVE DATE 19951101
 NITROGEN 0.32
 OXYGEN _____
 HYDROGEN SULFIDE _____ -- GASOLINE CONTENT (GPM) --
 CARBON DIOXIDE 0.93 26/70 GASOLINE _____
 METHANE 83.29 100% PROPANE _____
 ETHANE 9.03 2.4155 EXCESS BUTANES _____
 PROPANE 3.69 1.0170 TOTAL _____
 ISO-BUTANE 0.71 0.2322
 N-BUTANE 0.98 0.3090
 ISO-PENTANE 0.34 0.1244
 N-PENTANE 0.25 0.0906 ----- SPECIFIC GRAVITY -----
 HEXANE _____ CALCULATED 0.6940
 HEXANE PLUS 0.46 0.2007 MEASURED _____
 HEPTANE PLUS _____
 TOTALS 100.00 4.3894 SULPHUR GRAINS / 100 CU FT _____

03=MAIN SCREEN 24=HELP PA1=TERMINATE
 B MY JOB NUM LU #3

San Juan 28-5 Unit #73M
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 3/13/94

Mesaverde		Dakota	
<u>MV-Current</u>		<u>DK-Current</u>	
GAS GRAVITY	0.694	GAS GRAVITY	0.618
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.32	%N2	0.25
%CO2	0.93	%CO2	1.57
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5408	DEPTH (FT)	7923
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	141	BOTTOMHOLE TEMPERATURE (DEG F)	163
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	512	SURFACE PRESSURE (PSIA)	992
BOTTOMHOLE PRESSURE (PSIA)	587.5	BOTTOMHOLE PRESSURE (PSIA)	1192.5
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.694	GAS GRAVITY	0.618
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.32	%N2	0.25
%CO2	0.93	%CO2	1.57
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5408	DEPTH (FT)	7923
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	141	BOTTOMHOLE TEMPERATURE (DEG F)	163
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1153	SURFACE PRESSURE (PSIA)	2742
BOTTOMHOLE PRESSURE (PSIA)	1344.4	BOTTOMHOLE PRESSURE (PSIA)	3330.4

Page No.: 1

DIC

Print Time: Tue May 20 14:34:52 1997

Property ID: 1792

Property Name: SAN JUAN 28-5 UNIT | 72 | 52195A-1

Table Name: K:\ARIES\RR98PDP\TEST.DBF

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

06/21/67	0	2742.0	← initial
10/31/67	60000	1915.0	
05/10/68	166000	1641.0	
05/29/69	336665	1480.0	
06/09/70	517449	1352.0	
05/03/71	646214	1327.0	
05/30/72	775865	1362.0	
05/16/73	903262	1302.0	
04/30/75	1121971	1253.0	
07/06/77	1324068	996.0	
05/01/79	1490806	1342.0	
05/01/81	1693434	954.0	
09/20/83	1825804	1297.0	
06/05/85	1935000	1230.0	
10/23/88	2120012	1394.0	
07/28/92	2386986	992.0	← current

MV

Page No.: 1

Print Time: Tue May 20 14:36:10 1997

Property ID: 3932

Property Name: SAN JUAN 28-5 UNIT | 24 | 51853A-1

Table Name: K:\ARIES\RR98PDP\TEST.DBF

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

04/02/57	0	1153.0	← initial
12/30/57	52000	797.0	
11/06/58	106000	757.0	
06/14/59	140000	684.0	
06/14/60	195000	673.0	
06/13/61	249000	626.0	
07/31/62	298000	588.0	
01/07/63	312000	628.0	
01/02/64	352000	659.0	
01/26/65	391000	652.0	
08/01/66	450000	628.0	
08/04/67	489000	603.0	
05/10/68	517000	630.0	
06/09/70	591122	597.0	
05/03/71	624581	555.0	
05/30/72	664035	547.0	
04/19/74	724116	612.0	
08/02/78	820618	740.0	
05/31/82	947577	576.0	
11/02/84	999125	534.0	
11/04/86	1057169	639.0	
05/10/89	1131551	551.0	
02/18/91	1191155	525.0	
08/16/91	1208360	537.0	
08/30/93	1276889	512.0	← current

SAN JUAN 28-5 UNIT

<p>7</p>	<p>8</p>	<p>9</p>	<p>10</p>	<p>11</p>	<p>12</p>
<p>13</p>	<p>14</p>	<p>15</p>	<p>16</p>	<p>17</p>	<p>18</p>
<p>19</p>	<p>20</p>	<p>21</p>	<p>22</p>	<p>23</p>	<p>24</p>
<p>25</p>	<p>26</p>	<p>27</p>	<p>28</p>	<p>29</p>	<p>30</p>
<p>31</p>	<p>32</p>	<p>33</p>	<p>34</p>	<p>35</p>	<p>36</p>

**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 comminglings 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.

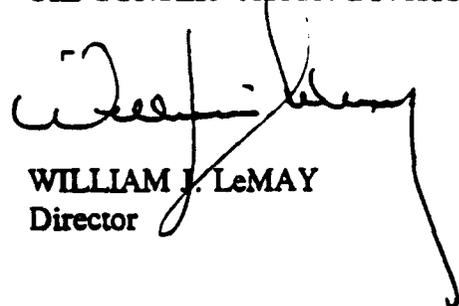
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify 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

S E A L