DATE IN	SUSPENSE	ENGINEER	LOGGED	TYPE
10/21/97	11/10/97	DC	KV	DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1721

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]

RECEIVED
OCT 21 1997
OIL 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

I 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, RI, 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.

Peggy Bradfield	Peggy Bradfield	Regulatory/Compliance Administrator	10-20-97
Print or Type Name	Signature	Title	Date

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 20, 1997

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

Re: Allison Unit #8A
930'FSL, 1650'FEL Section 15, T-32-N, R-06-W, San Juan County, NM
API #30-045-not yet assigned

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 a new drill Mesa Verde/Dakota well for the 1998 Program.

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. Anticipated production curve for the Mesa Verde and Dakota for at least year;
4. Notification list of offset operators - Burlington is the operator of the unit;
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-9918 dated July 6, 1993.

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 – Farmington
NMOCD – Aztec
Offset operators

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 — PO Box 4289, Farmington, NM 87499
Operator — Address

ALLISON UNIT	8A	O 15-32N-7W	San Juan
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. _14538_____ Property Code __6785_____ API NO. _30-045-not assigned 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. 592 psi (see attachment)	a.	a. 801 psi (see attachment)
	(Original) b. 1365 psi (see attachment)	b.	b. 1916 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 974		BTU 948
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-9918_____

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 10/17/97

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

[1] API Number	[2] Pool Code	[3] Pool Name
30-045-	72319/71599	Blanco Mesaverde/Basin Dakota

[4] Property Code	[5] Property Name	[6] Well Number
6784	Allison Unit	8A

[7] OGRID No.	[8] Operator Name	[9] Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6854'

[10] Surface Location

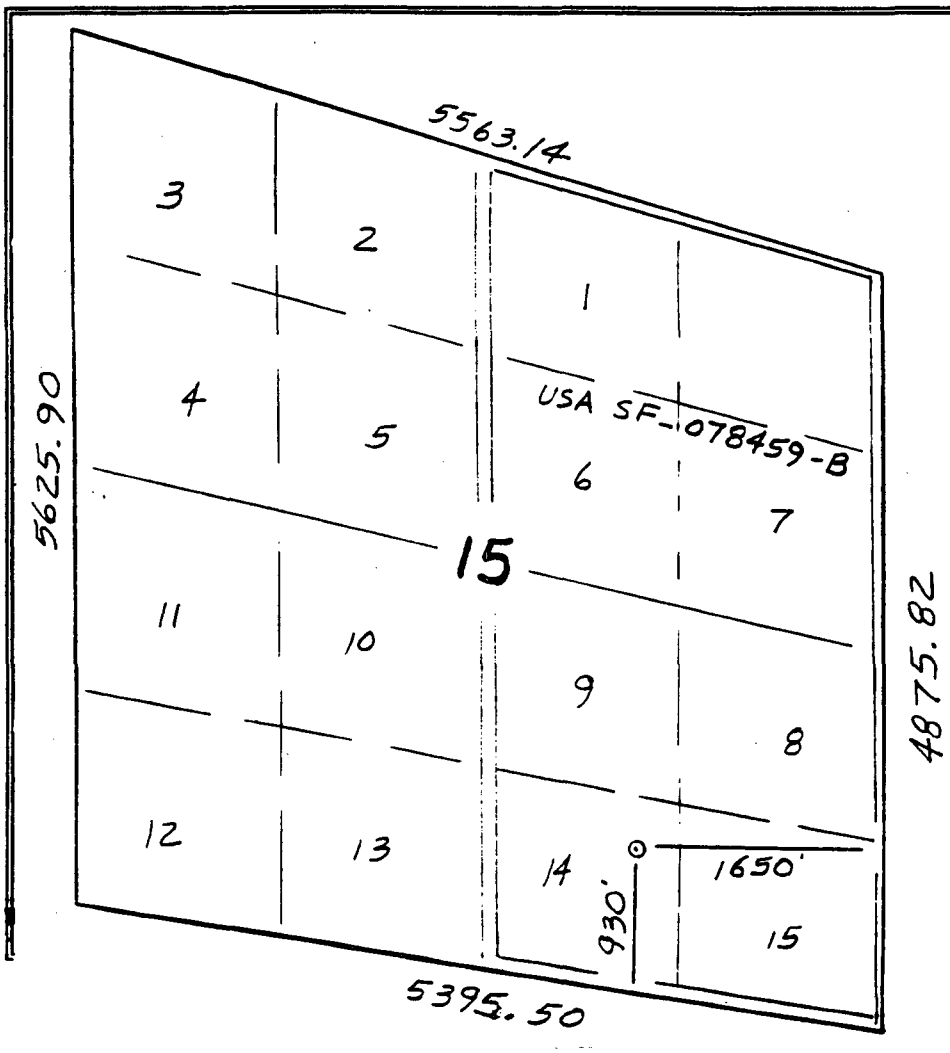
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	15	32-N	7-W		930	South	1650	East	S.J.

[11] 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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
MV-E/313.34 DK-E/313.34			

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.

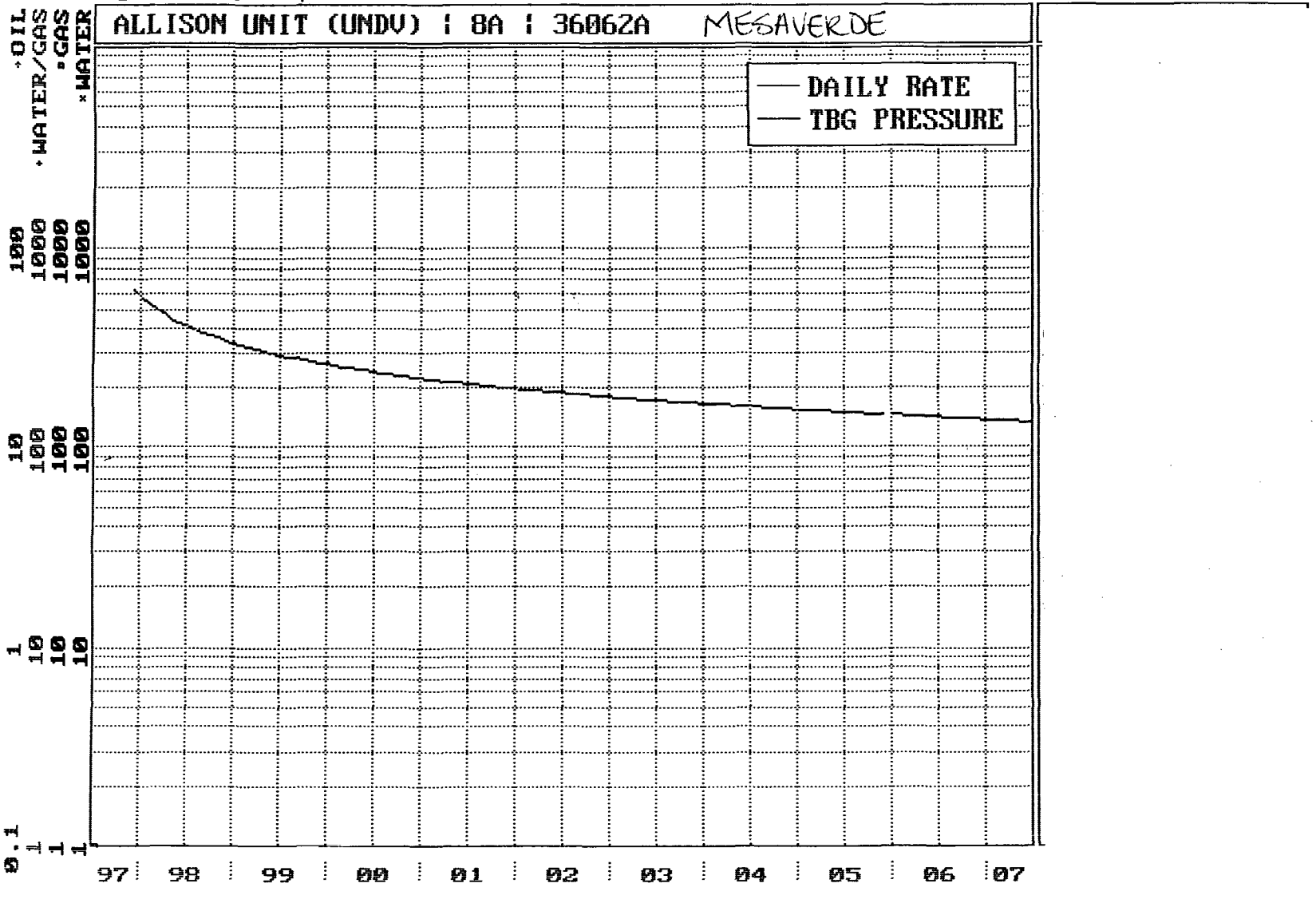
6/17/97
Date of Survey

Signature and Seal of Professional Surveyor:

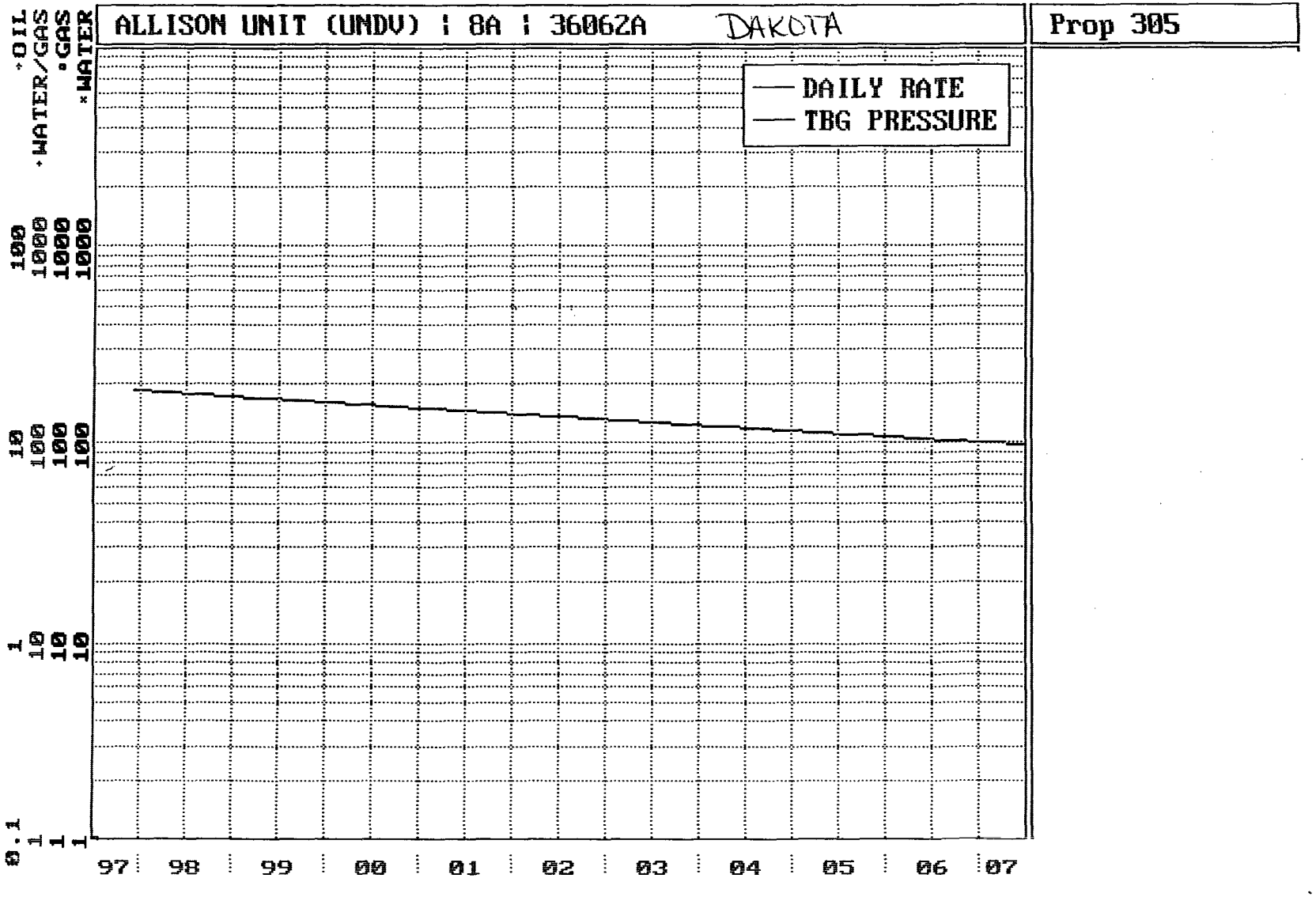
NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

6857
Certificate Number

EXPECTED PRODUCTION CURVE



EXPECTED PRODUCTION CURVE

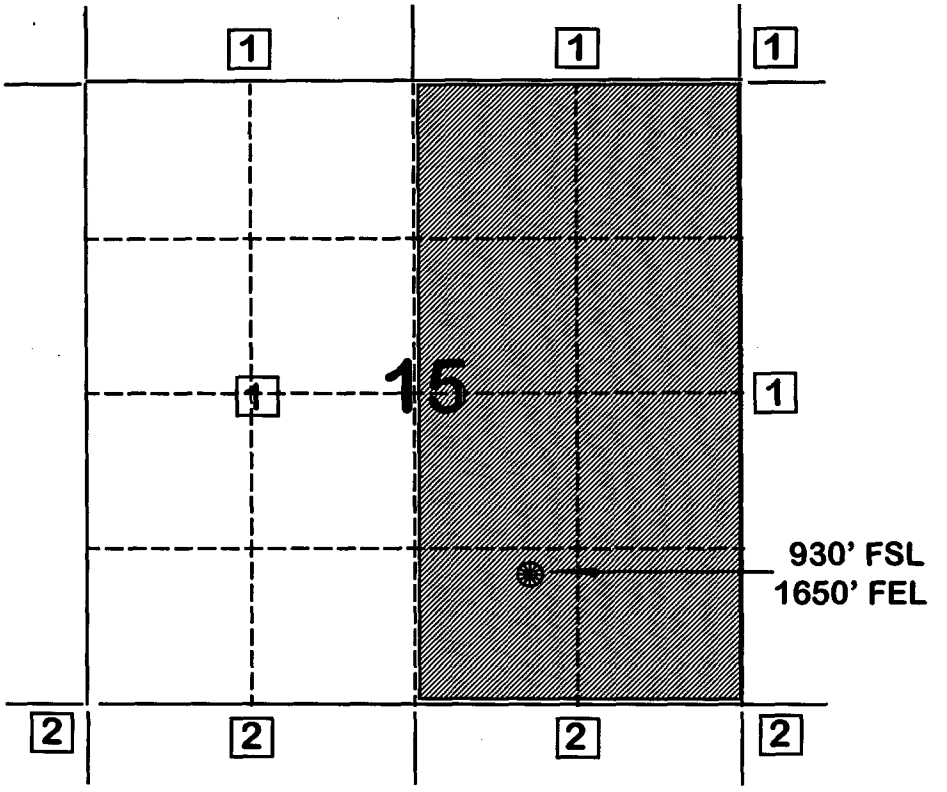


BURLINGTON RESOURCES OIL AND GAS COMPANY

Allison Unit #8A
OFFSET OPERATOR \ OWNER PLAT

Mesaverde/Dakota Formations Commingle Well

Township 32 North, Range 7 West



1) **Burlington Resources Oil and Gas Company**
2) **Phillips Petroleum Company**
   5525 Hwy 64 NBU 3004
   Farmington, NM 87401

Allison Unit #8A
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 3/13/94

Mesaverde

MV-Current

GAS GRAVITY	0.586
COND. OR MISC. (C/M)	C
%N2	0.58
%CO2	2.45
%H2S	0
DIAMETER (IN)	2
DEPTH (FT)	5999
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	137
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	522
BOTTOMHOLE PRESSURE (PSIA)	592.4

MV-Original

GAS GRAVITY	0.586
COND. OR MISC. (C/M)	C
%N2	0.58
%CO2	2.45
%H2S	0
DIAMETER (IN)	2
DEPTH (FT)	5999
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	137
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1191
BOTTOMHOLE PRESSURE (PSIA)	1365.1

Dakota

DK-Current

GAS GRAVITY	0.604
COND. OR MISC. (C/M)	C
%N2	0.48
%CO2	4.72
%H2S	0
DIAMETER (IN)	2
DEPTH (FT)	8422
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	198
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	672
BOTTOMHOLE PRESSURE (PSIA)	800.7

DK-Original

GAS GRAVITY	0.604
COND. OR MISC. (C/M)	C
%N2	0.48
%CO2	4.72
%H2S	0
DIAMETER (IN)	2
DEPTH (FT)	8422
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	198
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1587
BOTTOMHOLE PRESSURE (PSIA)	1916.4

Page No.: 1
Print Time: Wed Aug 13 11:55:55 1997
Property ID: 2425
Property Name: ALLISON UNIT | 8 | 49127A-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

Allison Unit #8A
Mesaverde Offset

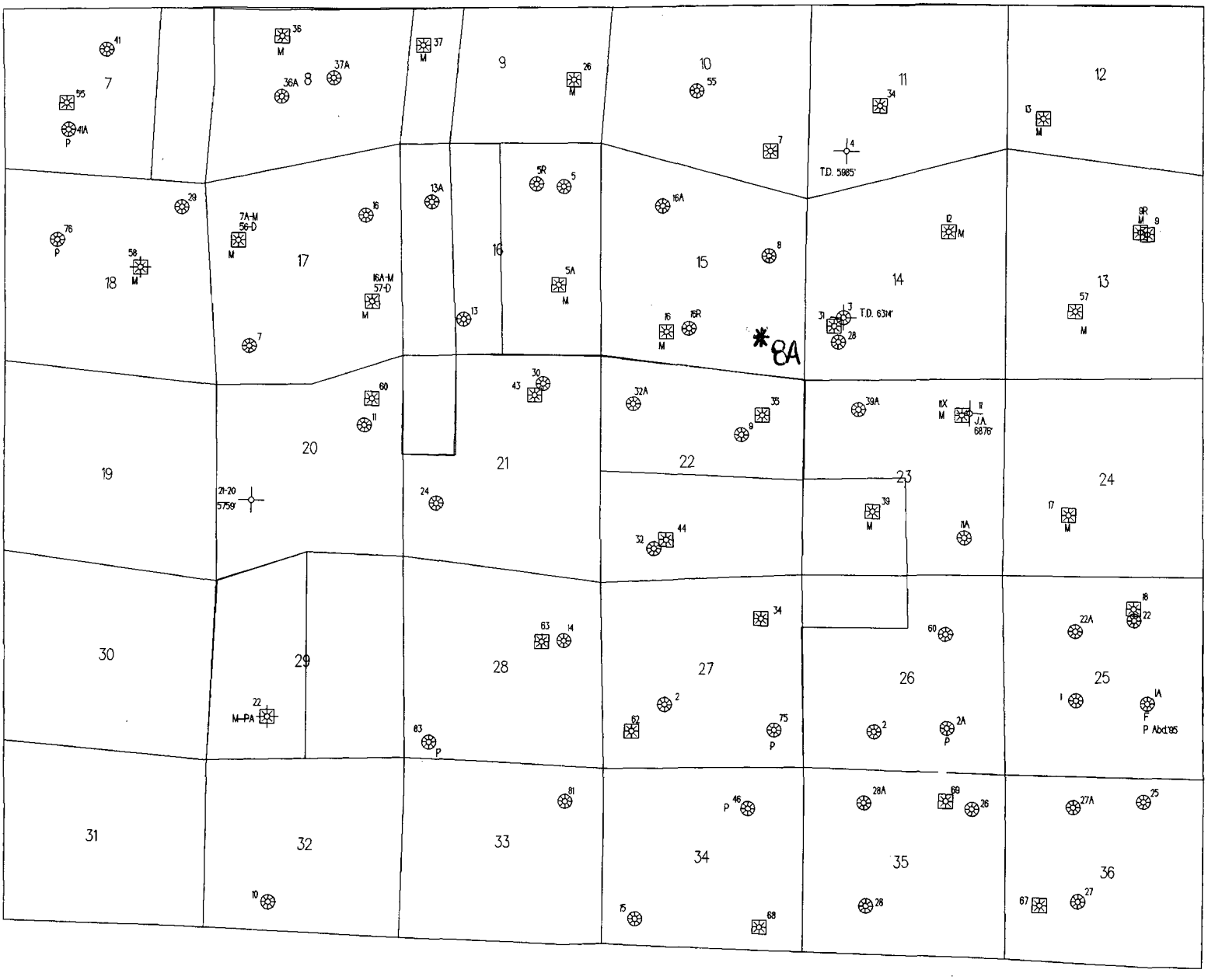
--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	
05/18/55	0	1191.0	← original
10/07/55	25000	870.0	
07/23/56	72000	862.0	
06/07/57	122000	792.0	
11/14/58	194000	797.0	
07/29/59	232000	754.0	
07/29/60	267000	903.0	
07/28/61	319000	799.0	
04/25/62	344000	864.0	
04/29/63	383000	834.0	
04/22/64	414000	858.0	
10/18/65	477000	724.0	
02/23/66	493000	771.0	
03/06/67	543000	718.0	
03/08/68	592000	711.0	
06/02/70	703567	669.0	
07/19/71	751420	655.0	
08/10/72	803914	600.0	
04/18/74	878921	619.0	
06/02/76	968543	569.0	
08/07/78	1045353	654.0	
07/01/80	1101225	612.0	
03/18/86	1221861	620.0	
09/03/89	1285060	582.0	
05/20/91	1306829	642.0	
06/03/91	1306829	654.0	
03/29/93	1346738	522.0	← current

Page No.: 1
Print Time: Wed Aug 13 11:54:01 1997
Property ID: 21
Property Name: ALLISON UNIT | 31 | 44006A-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

Allison Unit #8A
Dakota Offset

--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	
11/26/79	0	1587.0	← original
03/11/80	42110	967.0	
06/02/81	143133	837.0	
05/18/82	195848	797.0	
03/01/84	285935	764.0	
05/02/85	347289	702.0	
08/15/88	467769	886.0	
06/08/90	542377	862.0	
04/29/92	613256	672.0	← Current

Allison Unit #8A
Mesaverde / Dakota
T-32-N, R-07-W



dla 8/13/97

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. 10743
Order No. R-9918

APPLICATION OF MERIDIAN OIL INC.
FOR DOWNHOLE COMMINGLING AND FOR
AN ADMINISTRATIVE DOWNHOLE COMMINGLING
PROCEDURE WITHIN THE ALLISON UNIT
AREA, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of July, 1993, 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, Meridian Oil Inc., seeks approval to commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison Unit Well No. 9R located 1720 feet from the North line and 1655 feet from the East line (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico.

(3) The applicant further seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde and Basin-Dakota Pool production within certain existing and subsequently drilled wells in its Allison Unit Area, San Juan County, New Mexico, without additional notice to each affected interest owner within the Unit Area.

(4) The Allison Unit Well No. 9R is to be drilled as a replacement well for the Allison Unit Well No. 9 which is located 1765 feet from the North line and 1500 feet from the East line (Unit G) of Section 13 and which is currently completed in and producing from the Basin-Dakota Pool.

(5) The Allison Unit Well No. 9 was drilled in 1955 and has cumulatively recovered some 4.4 BCF of gas from the Basin-Dakota Pool.

(6) Due to the age and mechanical condition of the Allison Unit Well No. 9, the applicant has estimated that it will not recover some 1.7 BCF of gas in the Basin-Dakota Pool underlying the E/2 of Section 13.

(7) Applicant's testimony indicates that due to economics, the Allison Unit Well No. 9R cannot be drilled solely to recover gas reserves in the Basin-Dakota Pool.

(8) The applicant expects to encounter marginal production only from the Blanco-Mesaverde Pool.

(9) The proposed downhole commingling is necessary in order for the applicant to economically recover Basin-Dakota and Blanco-Mesaverde Pool reserves underlying the E/2 of Section 13.

(10) The Allison Unit is a Federal exploratory unit initially comprising some 11,705 acres in New Mexico and some 2,069 acres in Colorado. Within New Mexico, the unit comprises portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County. The unit was formed in 1950 and is currently operated by Meridian Oil Inc.

(11) The evidence and testimony presented indicates that the Basin-Dakota and Blanco-Mesaverde Pools have both been substantially developed within the Allison Unit.

(12) The applicant has identified numerous Mesaverde and Dakota well locations within the Allison Unit which by virtue of marginal gas reserves and resulting poor economics cannot be economically drilled and produced as stand alone units.

(13) The current well economics and projected Dakota and Mesaverde gas reserves underlying these respective tracts virtually assure that these wells must be downhole commingled in order to meet the economic criteria for drilling.

(14) The applicant expects initial producing rates from both the Mesaverde and Dakota formations to be fairly marginal in nature.

(15) The applicant further demonstrated through its evidence and testimony that within the wells it proposes or will propose to commingle within the Unit Area:

a) there will be no crossflow between the two commingled pools;

b) neither commingled zone exposes the other to damage by produced liquids;

c) the fluids from each zone are compatible with the other;

d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,

e) the value of the commingled production is not less than the sum of the values of the individual production.

(16) The Dakota and Mesaverde Participating Areas within the Allison Unit are not common.

(17) By virtue of different Participating Areas, the interest ownership between the Dakota and Mesaverde formations within any given wellbore is not common.

(18) Applicant's Exhibit No. 2 in this case is a list of three hundred and fifty four (354) interest owners in the Dakota and Mesaverde Participating Areas within the Allison Unit. All such interest owners were notified of the application in this case.

(19) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.

(20) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Allison Unit Area without hearing, and without the requirement that each interest owner in the Dakota and Mesaverde Participating Areas be notified of such commingling.

(21) The downhole commingling of wells within the Allison Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Allison Unit Area should not violate the correlative rights of any interest owner.

(22) The evidence in this case indicates that notice to each interest owner within the Dakota and Mesaverde Participating Areas of subsequent downhole commingling within the Allison Unit is unnecessary and is an excessive burden on the applicant.

(23) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(24) An administrative procedure should be established within the Allison Unit for obtaining approval for subsequently downhole commingled wells without notice to Unit interest owners and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part I (b)(v), are fully complied with.

(25) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Allison Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(26) In the interest of prevention of waste and protection of correlative rights, the proposed downhole commingling within the Allison Unit Well No. 9R should be approved.

(27) The applicant should consult with the supervisor of the Aztec District Office of the Division subsequent to the completion of the subject well in order to determine a proper allocation of production.

(28) The operator should immediately notify the supervisor of the Aztec district office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil Inc., is hereby authorized to commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison Unit Well No. 9R located 1720 feet from the North line and 1655 feet from the East line (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico.

(2) The applicant shall consult with the supervisor of the Aztec district office of the Division subsequent to the completion of the subject well in order to determine a proper allocation of production.

(3) The operator shall immediately notify the supervisor of the Aztec district office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) An administrative procedure for obtaining approval to downhole commingle wells within the Allison Unit, located in portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico, is hereby established.

(5) In order to obtain Division authorization to downhole commingle wells within the Allison Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of 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 Dakota and Mesaverde Participating Areas in the Allison Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.

(6) Jurisdiction is hereby 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