

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 30, 1997

SENT FEDERAL EXPRESS

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

Re: Allison Unit #13
890'FSL, 950'FWL Section 12, T-32-N, R-7-W, San Juan County, NM
API #30-045-11470

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 was drilled and completed as a Mesa Verde/Dakota dual.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas is submitting the following for your approval of this commingling:

1. Form C107A - Application for Downhole Commingling;
2. C-102 plat for each zone showing its spacing unit and acreage dedication;
3. Production curve for both the Mesa Verde and Dakota for at least one year;
4. Notification list of offset operators - Burlington is the unit operator;
5. Shut in wellhead pressure and calculated down hole pressure;
6. Nine-section plats for the Dakota and Mesa Verde

Notification of Mesa Verde and Dakota interest owners is covered under Order #R-9918 issued July 6, 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.

xc: Bureau of Land Management
NMOCD - Aztec

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

Allison Unit

13

M 12-32N-7W

Rio Arriba

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. 30-045-11470 Federal State 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)	5748'-5830'		7984'-8070'
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. 648 psi (see attachment)	a.	a. 700 psi (see attachment)
	(Original) b. 1320 psi (see attachment)	b.	b. 2894 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1001		BTU 975
7. Producing or Shut-In?	producing		producing
Production Marginal? (yes or no)	yes		yes
* If Shut-In and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
	Date: n/a Rates: 60 Mcf/d	Date: Rates:	Date: n/a Rates: 25 Mcf/d
* If Producing, give data and oil/gas/water of recent test (within 60 days)			
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)

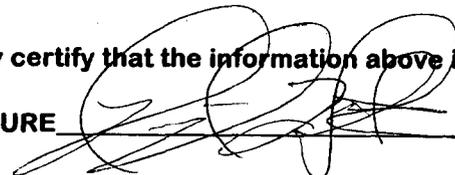
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

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

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  TITLE Production Engineer DATE 10/29/97

TYPE OR PRINT NAME Robert L. Goodwin III TELEPHONE NO. (505) 326-9700

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

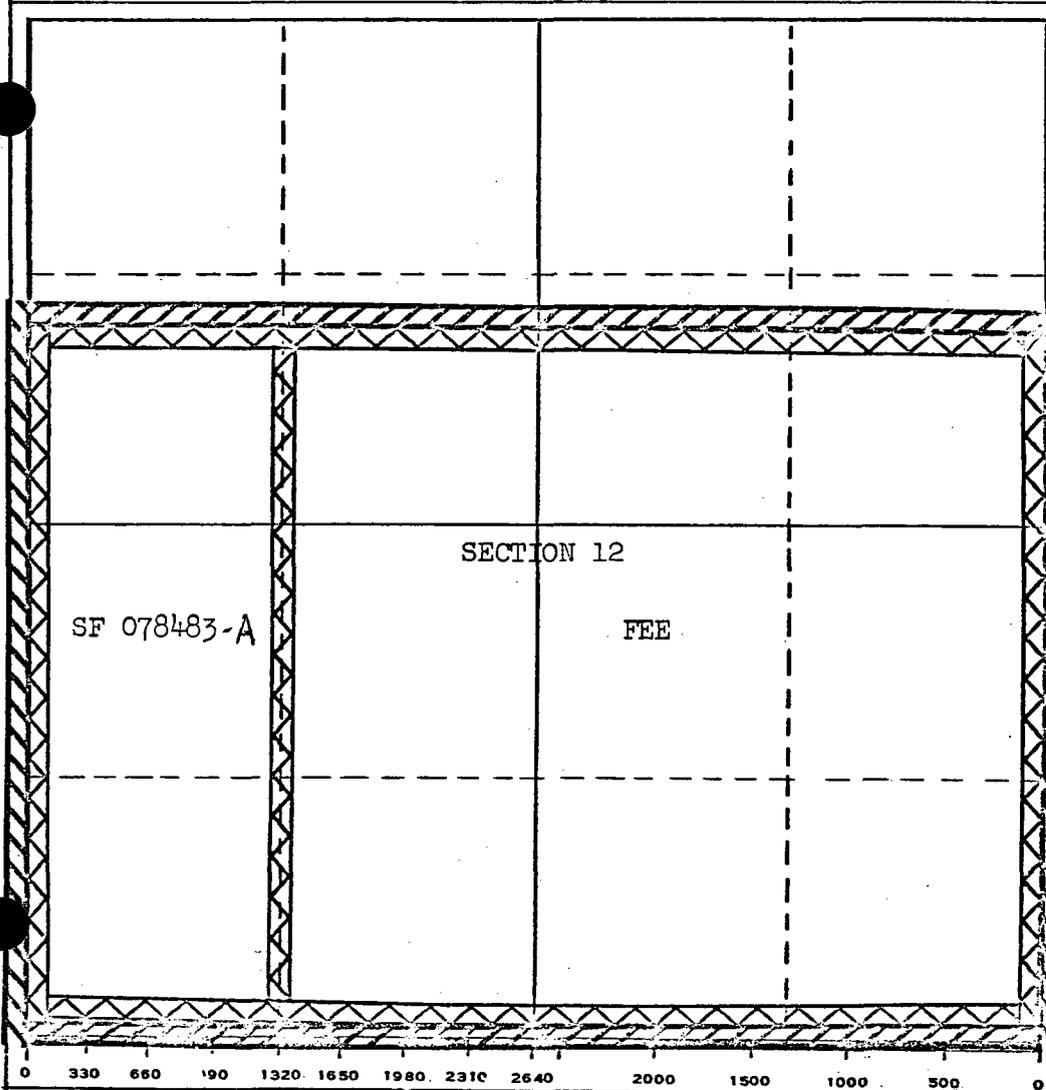
Operator EL PASO NATURAL GAS COMPANY			Lease ALLISON UNIT (SF 073483-A)		Well No. 13 (MD)
Unit Letter M	Section 12	Township 32-N	Range 7-W	County SAN JUAN	
Actual Footage Location of Well: 890 feet from the S line and 950 feet from the W line					
Ground Level Elev. 6600 DF	Producing Formation MV & DK		Pool BLANCO MV & BASIN DAKOTA	Dedicated Acreage: 414.90 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Unitization

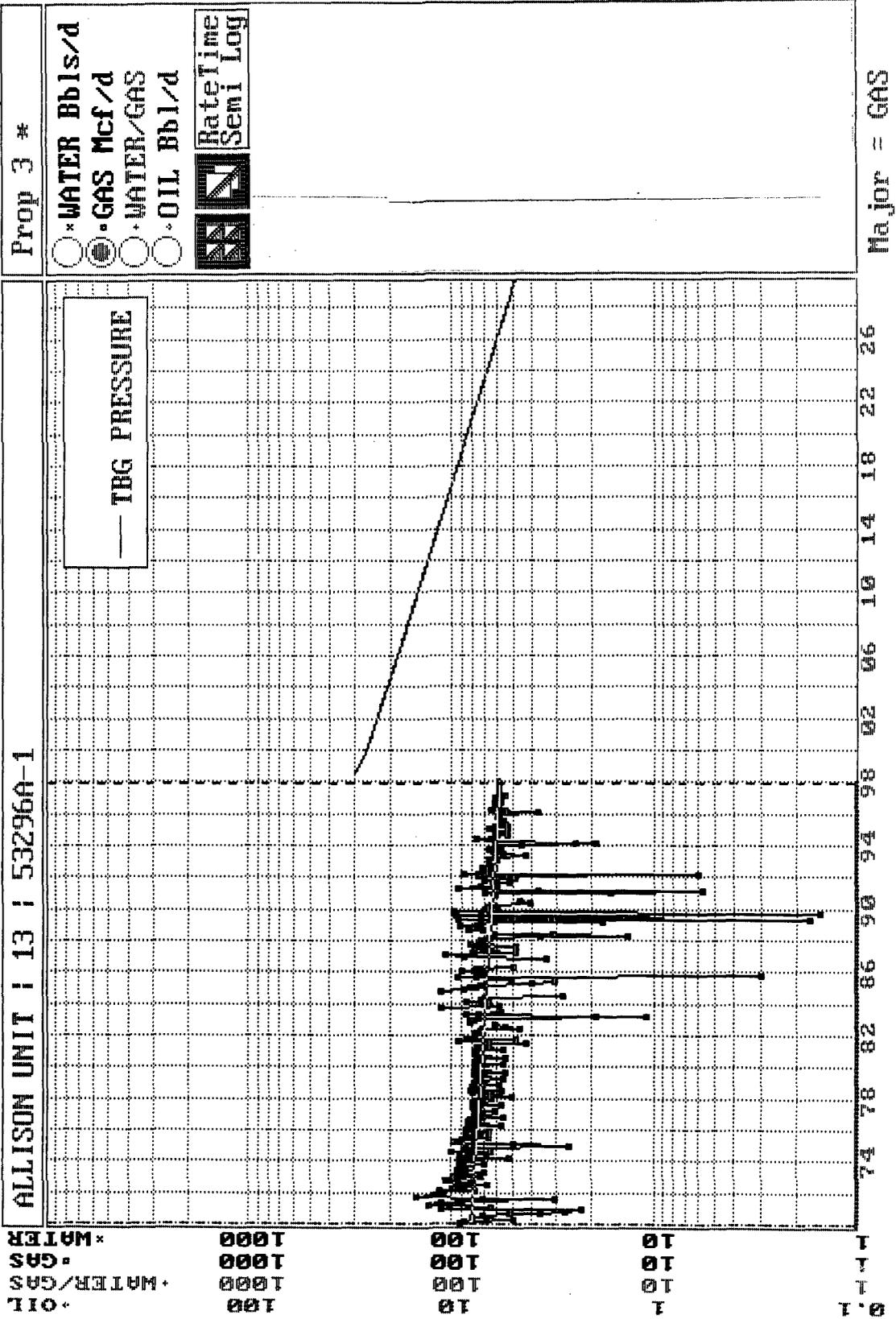
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. THIS PLAT REISSUED TO SHOW CORRECTED ACREAGE AS PER LETTER N.M.O.C. DATED 2-14-68.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Carl E. Matthews</i>	
Name	Petroleum Engineer
Position	El Paso Natural Gas Co.
Company	March 11, 1968
Date	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	
Registered Professional Engineer and/or Land Surveyor	
Certificate No.	

ESTIMATED MESAVERDE AFTER PAYADD

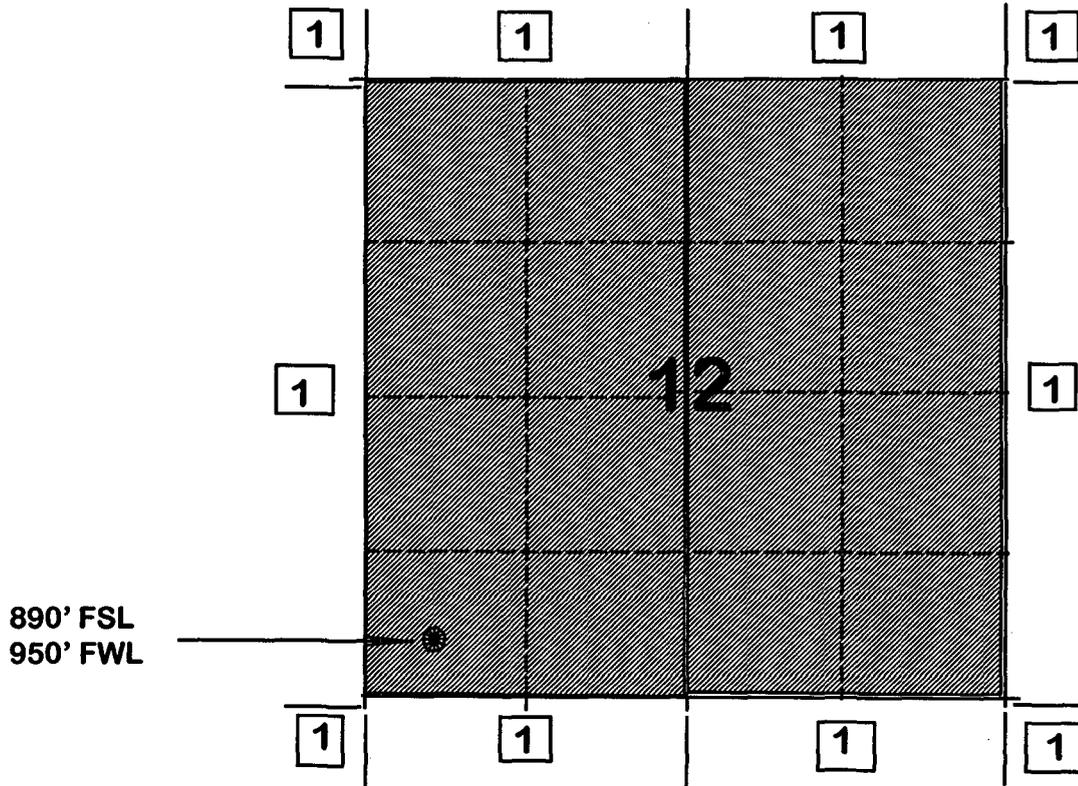


BURLINGTON RESOURCES OIL AND GAS COMPANY

**Allison Unit #13
OFFSET OPERATOR \ OWNER PLAT**

**Mesaverde / Dakota Formations Commingle Well
(Non-Standard Section - Dedication for Dakota & Mesaverde
cover all of Section 12 containing 414.90 acres more or less)**

Township 32 North, Range 7 West



1) Burlington Resources Oil and Gas Company

Allison Unit #13
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method
Version 1.0 3/13/94

Mesa Verde		Dakota	
<u>MV - Current</u>		<u>DK-Current</u>	
GAS GRAVITY	0.585	GAS GRAVITY	0.597
COND. OR MISC. (C/M)	M	COND. OR MISC. (C/M)	M
%N2	0.33	%N2	0.06
%CO2	2.16	%CO2	4.12
%H2S	0	%H2S	0
DIAMETER (IN)	5.5	DIAMETER (IN)	5.5
DEPTH (FT)	5773	DEPTH (FT)	8027
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	182	BOTTOMHOLE TEMPERATURE (DEG F)	210
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	577	SURFACE PRESSURE (PSIA)	596
BOTTOMHOLE PRESSURE (PSIA)	648.3	BOTTOMHOLE PRESSURE (PSIA)	700.4
<u>MV - Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.585	GAS GRAVITY	0.597
COND. OR MISC. (C/M)	M	COND. OR MISC. (C/M)	M
%N2	0.33	%N2	0.06
%CO2	2.16	%CO2	4.12
%H2S	0	%H2S	0
DIAMETER (IN)	5.5	DIAMETER (IN)	5.5
DEPTH (FT)	5773	DEPTH (FT)	8027
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	182	BOTTOMHOLE TEMPERATURE (DEG F)	210
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1167	SURFACE PRESSURE (PSIA)	2428
BOTTOMHOLE PRESSURE (PSIA)	1319.6	BOTTOMHOLE PRESSURE (PSIA)	2893.5

Page No.: 1

Print Time: Tue Sep 30 07:13:38 1997

Property ID: 2

Property Name: ALLISON UNIT | 13 | 53296B-1

Table Name: C:\ARIES\ALLISON\TEST.DBF

DAKOTA

--DATE--	---CUM GAS--	M SIWHP	M SIBHP	C SIWHP	C SIBHP
.....	.....Mcf.....	.....Psi.....	.....Psi.....	.....	.....
03/31/58	0	2428.0	2904.0		
07/29/59	80000	1732.0			
07/29/60	165000	1678.0			
07/28/61	225000	1617.0			
09/09/62	281000	1540.0			
05/06/63	323000	1413.0			
04/22/64	374000	1357.0			
05/03/65	417000	1493.0			
02/23/66	448000	1474.0			
03/06/67	488000	1439.0			
03/08/68	536000	1216.0			
06/02/70	641967	956.0	1130.0		
08/10/72	709249	1173.0	1391.0		
04/29/75	853176	862.0	1018.0		
08/08/77	955904	891.0	1052.0		
08/07/79	1030920	934.0	1104.0		
05/15/81	1076326	982.0			
05/02/85	1129312	939.0	1110.0		

Page No.: 1

Print Time: Tue Sep 30 07:13:49 1997

Property ID: 3

Property Name: ALLISON UNIT | 13 | 53296A-1

Table Name: C:\ARIES\ALLISON\TEST.DBF

MESAVERDE

--DATE--	---CUM GAS--	M SIWHP	M SIBHP	C SIWHP	C SIBHP
.....	.....Mcf.....	.....Psi.....	.....Psi.....	.....	.....
03/31/58	0	1167.0	1317.0		
09/18/58	0	1166.0			
10/22/59	32000	970.0			
07/29/60	72000	933.0			
07/28/61	138000	881.0			
04/25/62	178000	623.0			
04/29/63	219000	846.0			
04/22/64	266000	853.0			
05/03/65	313000	820.0			
02/23/66	346000	817.0			
03/06/67	386000	741.0			
03/08/68	420000	781.0			
06/22/69	460291	751.0			
06/02/70	489849	802.0	901.0		
07/19/71	518856	768.0	863.0		
08/10/72	558402	709.0	796.0		
04/18/74	611574	692.0	777.0		
06/02/76	672668	685.0	769.0		
08/03/78	729455	338.0	378.0		
06/05/80	777708	672.0	754.0		
06/18/82	825717	667.0	748.0		
03/18/86	902796	678.0	761.0		
01/20/92	1010557	651.0			

10/13/97

WELL-INFO INQUIRE FOR 53296B 0-079714-00 WMS009M1

RECORD TYPE: W SCREEN 1

FARMINGTON SAN JUAN , NM

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

SAN JUAN TRUST

ALLISON UNIT 13

BURLINGTON RESOURCES O&G CO

06/21/94 FLOWING GAS WELL

LOCATION

890'S, 950'W

BLK	UNIT	SEC	TWN	RNG	TRACT
	SWSW	12	032N	007W	

WORK INT-GAS	NET INT-GAS	TD	PBTD	TPERF	BPERF	AFE	BATTERY
0.5405678	0.4605230	8150	8134	7984	8070		

WORK INT-OIL NET INT-OIL

0.5405678 0.4605230

ORIG SPUD	WO/RECOMP	DRIL COMP	WELL COMP	1ST OIL PROD	1ST OIL SOLD
06/11/57		03/31/58	08/31/58		

1ST GAS SOLD

09/10/58

INITIAL TEST

09/10/58 2093 AOF, 2005 CH.VOL. 2427 SITP

CURRENT TEST

CONSULTANT

GAS CONTRACT

DD7 08/06/97

PF6 - PAGE BACK PA1 - END INQUIRE ENTER - NEXT SCREEN SCREEN NUMBER

10/13/97

WELL-INFO INQUIRE FOR 53296A 0-079715-00 WMS009M1

RECORD TYPE: W SCREEN 1

FARMINGTON SAN JUAN , NM

ALLISON UNIT 13
FARMINGTON RESOURCES O&G CO

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE

SAN JUAN TRUST

11/10/90 FLOWING GAS WELL

LOCATION

890'S, 950'W

BLK	UNIT	SEC	TWN	RNG	TRACT
	SWSW	12	032N	007W	

WORK INT-GAS	NET INT-GAS	TD	PBTD	TPERF	BPERF	AFE	BATTERY
0.5405676	0.4593383	8150	8134	5748	5830		

WORK INT-OIL	NET INT-OIL
0.5405676	0.4593383

ORIG SPUD	WO/RECOMP	DRIL COMP	WELL COMP	1ST OIL PROD	1ST OIL SOLD
06/11/57		03/31/58	08/31/58		

1ST GAS SOLD
09/18/58

INITIAL TEST

09/18/58 4170 AOF, 3914 CH.VOL., 1166 SICP

CURRENT TEST

CONSULTANT
GAS CONTRACT
NXO 07/23/97

PF6 - PAGE BACK PA1 - END INQUIRE ENTER - NEXT SCREEN SCREEN NUMBER

ALLISON UNIT 13

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

===== OIL CUM =====	===== GAS CUM =====	===== WATER CUM =====
PC DATE BBLs	PC DATE MCF	DATE BBLs
02 6912	01 6912 622324	

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1990			2980	1175799		
1991			5164	1180963		
1992			13815	1194778		
1993			5499	1200277		
1994			6393	1206670		
1995			10754	1217424		
1996			8527	1225951		
1997			4887	1230838		

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION
 ENTER - CONTINUES ANNUAL DISPLAY PF3 - TRANSFER TO UPDATE
 PF6 - RETURN TO WELL-INFO DISPLAY PF9 - ANNUAL INJECTION DISPLAY
 PF10 - HELP INFORMATION

00/00/00 00:00:00:0 D03 09/02/89

ALLISON UNIT 13

Basin DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

DAYS			OIL			GAS								
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F					01	718	31	958	15.025			
2	2	F					01	522	28	958	15.025			
3	2	F					01	773	31	958	15.025			
4	2	F					01	641	30	958	15.025			
5	2	F					01	579	29	958	15.025			
6	2	F					01	584	26	958	15.025			
7	2	F					01	448	31	958	15.025			
8	2	F					01	622	31	958	15.025			
9														
10														
11														
12														

PF6 - RETURNS TO ANNUAL DISPLAY
PF10 - HELP INFORMATION

PF3 - TRANSFER TO UPDATE
PF9 - DISPLAY MONTHLY INJECTION

00/00/00 00:00:00:0

PRS 10/03/97

ALLISON UNIT 13

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE)

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC	DATE	BBLs	PC	DATE	MCF	DATE	BBLs
02	6912		01	6912	475915		

=====

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1990			14401	989080		
1991			19190	1008270		
1992			23057	1031327		
1993			21893	1053220		
1994			19346	1072566		
1995			21474	1094040		
1996			21000	1115040		
1997			13423	1128463		

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION

ENTER - CONTINUES ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF6 - RETURN TO WELL-INFO DISPLAY

PF9 - ANNUAL INJECTION DISPLAY

PF10 - HELP INFORMATION

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ALLISON UNIT 13

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE)

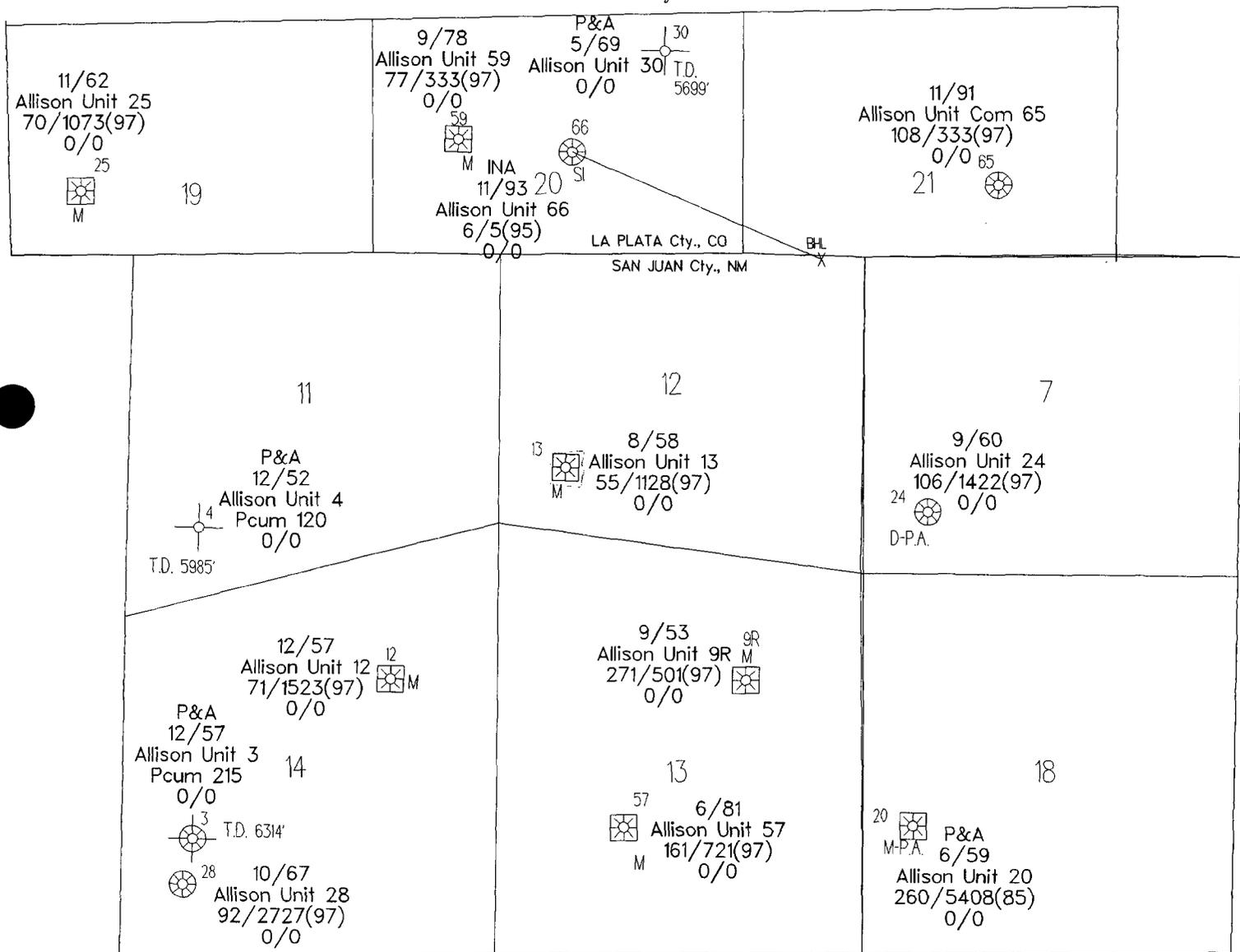
DAYS			OIL			GAS								
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F					01	1772	31	983	15.025			
2	2	F					01	1652	28	983	15.025			
3	2	F					01	1748	31	983	15.025			
4	2	F					01	1633	30	983	15.025			
5	2	F					01	1724	29	983	15.025			
6	2	F					01	1633	28	983	15.025			
7	2	F					01	1580	31	983	15.025			
8	2	F					01	1681	31	983	15.025			
9														
10														
11														
12														

PF6 - RETURNS TO ANNUAL DISPLAY
 PF10 - HELP INFORMATION

PF3 - TRANSFER TO UPDATE
 PF9 - DISPLAY MONTHLY INJECTION
 PRS 10/03/97

00/00/00 00:00:00:0

ALLISON UNIT 13 MESAVERDE T32N, R7W, Sec. 12 San Juan Cty., NM



LA PLATA Cty., CO
SAN JUAN Cty., NM

R-07-W

R-06-W

LEGEND

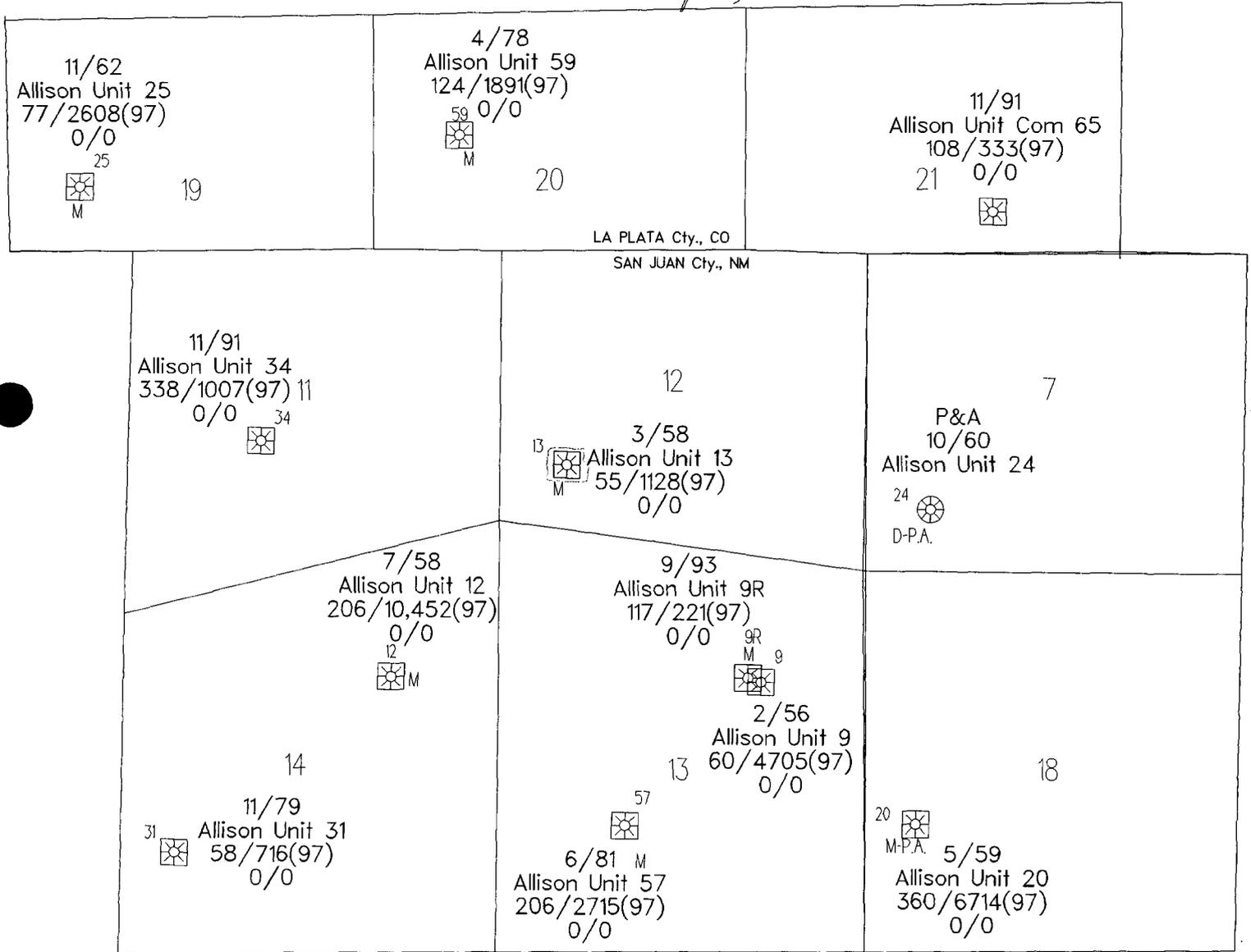
☐	WELL STATUS
☐	COMPLETION DATE
☐	WELL NAME
☐	MCF/D-CUM(MMF)
☐	BOP/D-CUM(MBO)

ALLISON UNIT 13

DAKOTA

T32N, R7W, Sec. 12

San Juan Cty., NM



LA PLATA Cty., CO
SAN JUAN Cty., NM

R-07-W

R-06-W

LEGEND

WELL STATUS
COMPLETION DATE
WELL NAME
MCF/D-CUM(MMF)
BOP/D-CUM(MBO)

T 32 N

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) Evidence in this case indicates that . . . to each interest owner within the Dakota and Mesaverde Participating Areas of subsequent downhole comminglings 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 1 (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.

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(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.

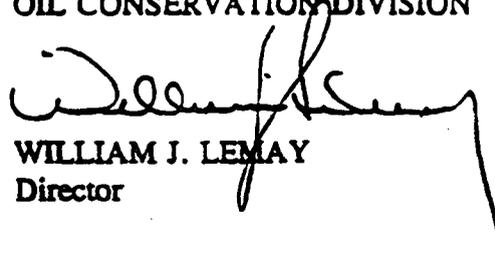
(4) An administrative procedure for obtaining approval to downhole commingle wells within the Allison Unit, located in portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico, is hereby established.

(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

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