DATE IN	SUSPENSE	ENGINEER	LOGGED	TYPE
3/4/98	3/24/98	DC	MV	DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1873

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
MAR - 4 1998
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		*Regulatory/Compliance Administrator*	
Print or Type Name	Signature	Title	Date

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
X__ YES ___ NO

Burlington Resources Oil and Gas — **PO Box 4289, Farmington, NM 87499**
Operator — Address

San Juan 29-7 Unit	#86-A	E-17-29N-07W	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7465 API NO. 30-039-22629 Federal _X_ , State _____, Fee _____

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Mesa Verde - 72319		Dakota – 71599
2. Top and Bottom of Pay Section (Perforations)	5177'-6138'		7811'-8025'
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. 442 psi (see attachment)		a. 212 psi (see attachment)
	(Original) b. 795 psi (see attachment)		b. 2554 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1212		BTU 1157
7. Producing or Shut-In?	Producing		Producing
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: N/A Rates:
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: 2/98 Rates: 168 mcfd 0.0 bopd		Date: 2/98 Rates: 53 mcfd 0.0 bopd
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Will be supplied upon completion.		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? ___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). Reference Order # R-10697

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 L. Tom Loveland TITLE Engineer I DATE 03-02-98

TYPE OR PRINT NAME L. Tom Loveland TELEPHONE NO. (_505_) _326-9700____

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

Form C-102
Revised 10-1-78

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

Operator	Lease	Well No.
EL PASO NATURAL GAS COMPANY	SAN JUAN 29-7 UNIT (SF-078423)	86A

Unit Letter	Section	Township	Range	County
E	17	29N	7W	Rio Arriba

Actual Footage Location of Well:
1780 feet from the North line and 980 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6770	MESA VERDE - DAKOTA	BLANCO MESA VERDE BASIN DAKOTA	320.0 & 320.0 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

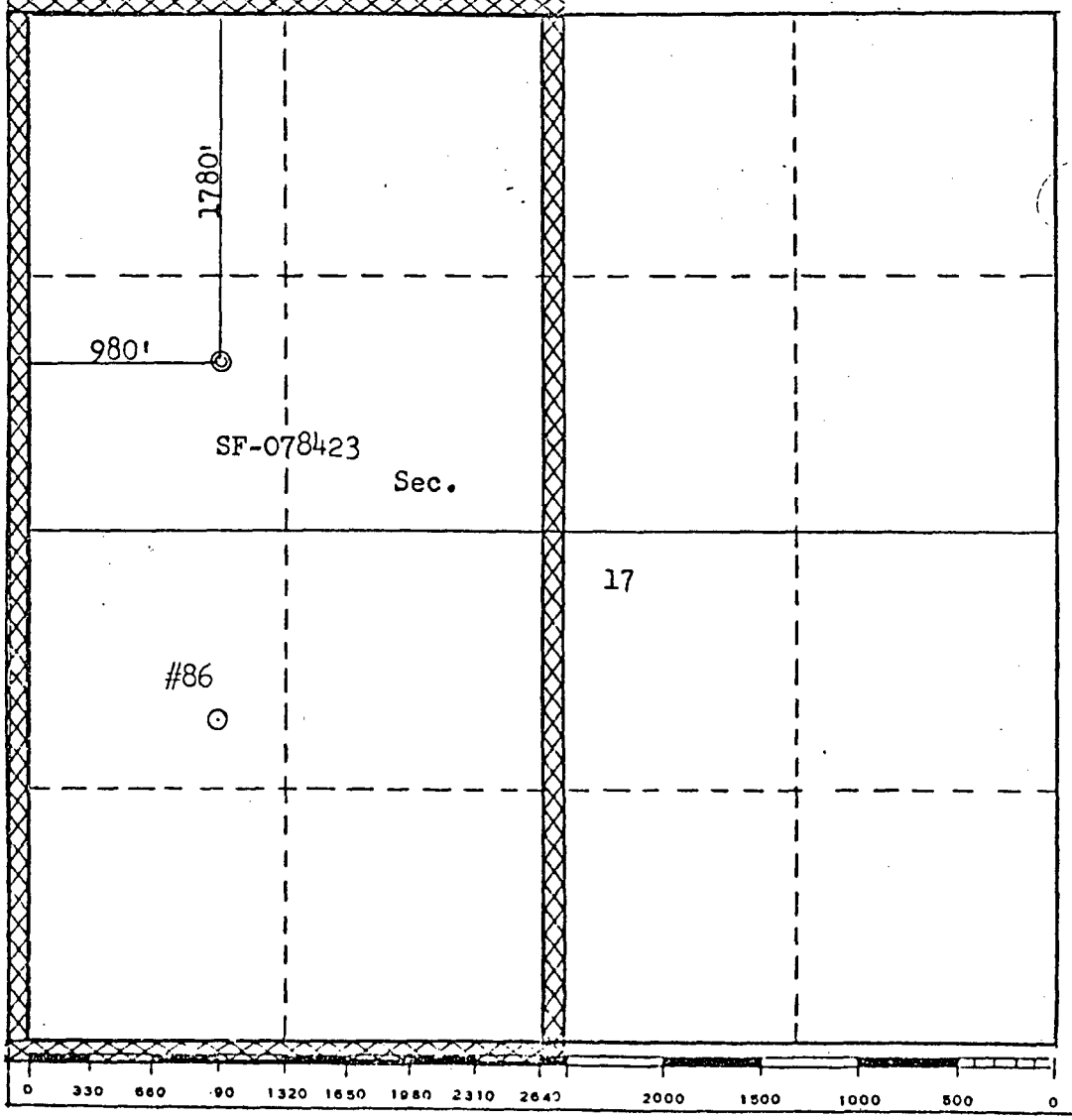
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. 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?

X ☐ 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.



CERTIFICATION

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

Name: Drilling Clerk

Position: El Paso Natural Gas Co.

Company: September 29, 1980

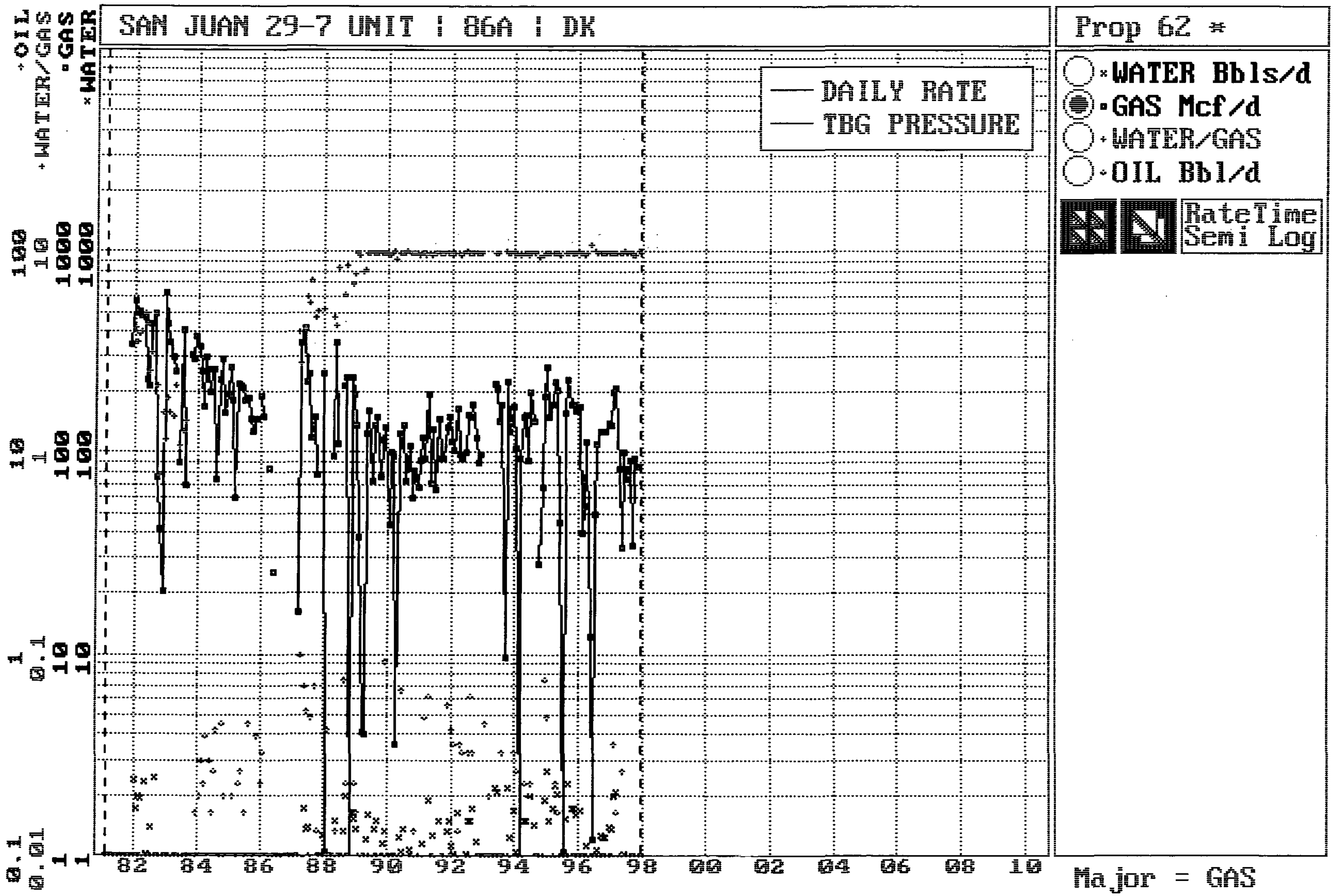
Date

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.

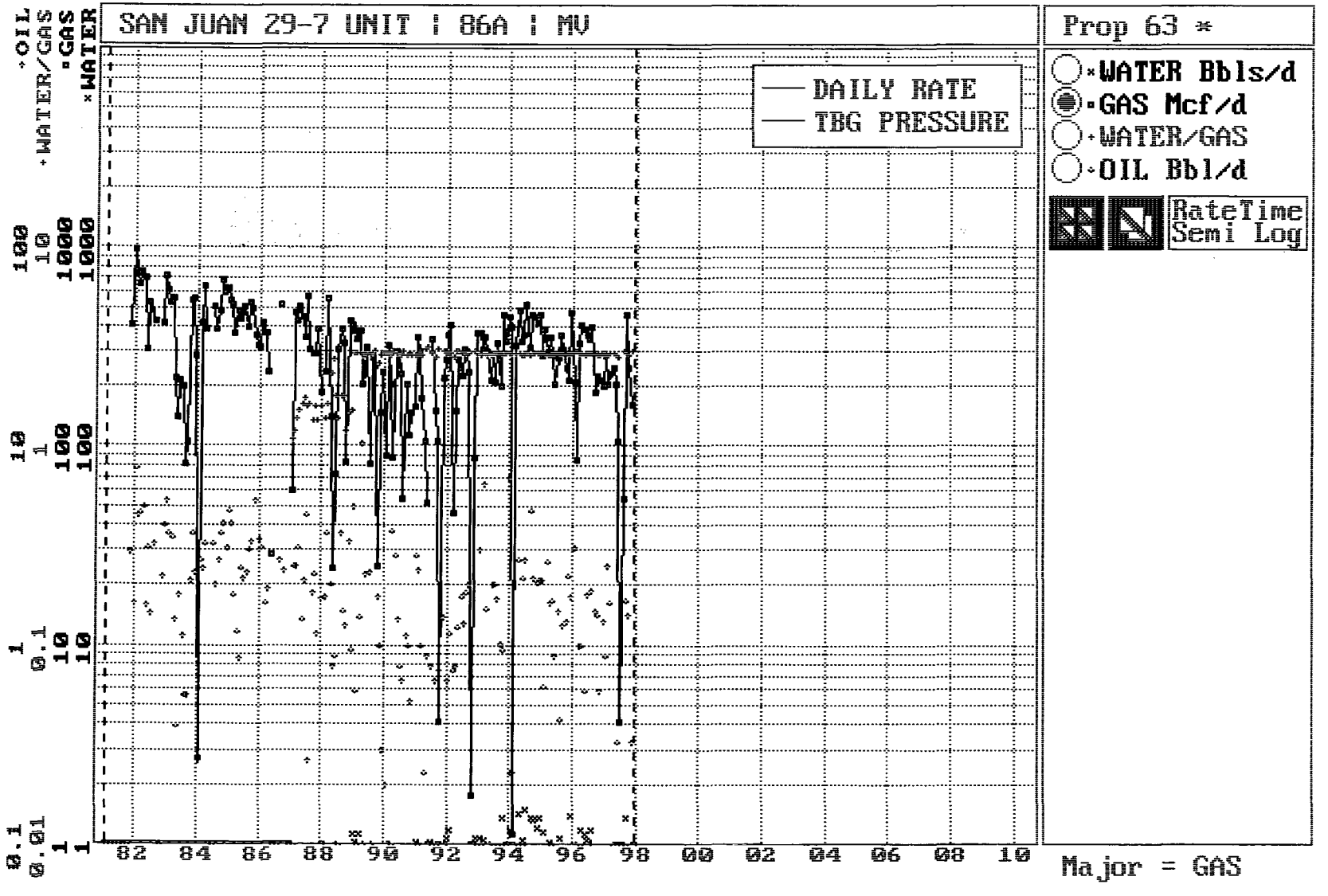
Date Surveyed: August 9, 1979

Registered Professional Engineer and/or Land Surveyor: Fred B. Kerr Jr.

Certificate No. 3950



SAN JUAN 29-7 UNIT ¦ 86A ¦ DK
Prop 62 *
DAILY RATE
TBG PRESSURE
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
OIL
WATER/GAS
GAS
WATER
100 10 1000 1000
10 1 100 100
1 0.1 10 10
0.1 0.01 1 1
82 84 86 88 90 92 94 96 98 00 02 04 06 08 10
Major = GAS


SAN JUAN 29-7 UNIT : 86A : MV
DAILY RATE
TBG PRESSURE
Prop 63 *
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
OIL
WATER/GAS
GAS
WATER
0.1
0.01
1
0.1
1
10
10
100
100
1000
1000
82
84
86
88
90
92
94
96
98
00
02
04
06
08
10
Major = GAS

San Juan 29-7 Unit #86A
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 1/14/98

Mesaverde

MV-Current

GAS GRAVITY	0.696
COND. OR MISC. (C/M)	C
%N2	0.21
%CO2	0.92
%H2S	0
DIAMETER (IN)	7
DEPTH (FT)	5658
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	156
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	385
BOTTOMHOLE PRESSURE (PSIA)	442.4

MV-Original

GAS GRAVITY	0.696
COND. OR MISC. (C/M)	C
%N2	0.21
%CO2	0.92
%H2S	0
DIAMETER (IN)	7
DEPTH (FT)	5658
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	156
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	687
BOTTOMHOLE PRESSURE (PSIA)	795.2

Dakota

DK-Current

GAS GRAVITY	0.616
COND. OR MISC. (C/M)	C
%N2	0.13
%CO2	1.49
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	7918
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	194
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	181
BOTTOMHOLE PRESSURE (PSIA)	212.4

DK-Original

GAS GRAVITY	0.616
COND. OR MISC. (C/M)	C
%N2	0.13
%CO2	1.49
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	7918
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	194
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	2116
BOTTOMHOLE PRESSURE (PSIA)	2554.0

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Page No.: 1
Print Time: Wed Feb 11 10:58:36 1998
Property ID: 63
Property Name: SAN JUAN 29-7 UNIT | 86A | MV
Table Name: S:\ARIES\1MXJ\TEST.DBF

--DATE--	--CUM_OIL- Bbl	---CUM_GAS-- Mcf	M_SIWHP Psi	
09/22/81		0	687.0	Original
01/13/82		65069	572.0	
05/13/82		138794	510.0	
11/21/83		331812	515.0	
08/21/84		412149	517.0	
10/03/86		708736	512.0	
05/22/89		977385	473.0	
01/24/91		1094687	520.0	
06/01/93		1288234	460.0	
12/31/97		1774586	385.0	Current estimated from P/z data

Page No.: 1
Print Time: Wed Feb 11 10:58:31 1998
Property ID: 62
Property Name: SAN JUAN 29-7 UNIT | 86A | DK
Table Name: S:\ARIES\1MXJ\TEST.DBF

--DATE--	--CUM_OIL- Bbl	---CUM_GAS-- Mcf	M_SIWHP Psi	
09/15/81		0	2116.0	Original
01/13/82		42942	1584.0	
05/13/82		94036	539.0	
11/21/83		228851	591.0	
12/09/85		382958	808.0	
08/31/88		477023	965.0	
07/01/90		551562	567.0	
05/28/92		623309	692.0	
12/31/97		856789	181.0	Current estimated from P/z data

Package Preparation
Volume Data

DPNo: 70007 SAN JUAN 29-7 UNIT 86A Form: MV

Supt: 60 KEN RAYBON **FF:** 335 LARY BYARS **MS:** 318 J.R TRUJILLO
Pipeline: EPNG **Plunger:** No **Dual:** Yes **Compressor:** No

Ownership (No Trust)

	Gas	Oil
GWI:	62.5191%	62.5191%
GNI:	52.8043%	52.8043%

Volumes (Days On)	MCFD	BOPD
7 Day Avg	191	0.0
30 Day Avg	168	0.0
60 Day Avg	166	0.7
3 Mo Avg	193	1.0
6 Mo Avg	182	0.8
12 MoAvg	203	0.9

Volumes (Days in Month)	MCFD	BOPD
30 Day Avg	168	0.0
60 Day Avg	166	0.7
3 Mo Avg	193	1.0
6 Mo Avg	184	0.8
12 Mo Avg	199	0.8

	Prior Year			Current Year		
	MCF/M	BOPM	Days On	MCF/M	BOPM	Days On
Jan	6,391	95.0	31	8,686	27.0	31
Feb	2,564	0.0	29	6,292	77.0	28
Mar	10,237	30.0	31	7,146	50.0	31
Apr	12,493	30.0	30	7,579	0.0	30
May	11,863	18.0	26	6,284	0.0	31
Jun	11,037	55.0	26	3,161	10.0	22.6
Jul	10,528	0.0	31	0	0.0	31
Aug	12,366	57.0	31	1,581	0.0	31
Sept	5,718	45.0	30	14,256	51.0	30
Oct	6,908	43.0	31	7,677	43.0	31
Nov	6,632	18.0	30	4,929	10.0	30
Dec	6,081	40.0	31	5,119	42.0	31
Total	102,818	431.0		72,710	310.0	

Print Form

Exit Volumes Data

2/12/98

Package Preparation
Volume Data

DPNo: 70006 SAN JUAN 29-7 UNIT 86A Form: DK

Supt: 60 KEN RAYBON **FF:** 335 LARY BYARS **MS:** 318 J.R TRUJILLO
Pipeline: EPNG **Plunger:** No **Dual:** Yes **Compressor:** No

Ownership (No Trust)

	Gas	Oil
GWI:	60.2270%	60.2270%
GNI:	49.8477%	49.8477%

Volumes (Days On)	MCFD	BOPD
7 Day Avg	54	0.0
30 Day Avg	53	0.0
60 Day Avg	54	0.0
3 Mo Avg	76	0.0
6 Mo Avg	70	0.0
12 MoAvg	100	0.1

Volumes (Days in Month)	MCFD	BOPD
30 Day Avg	53	0.0
60 Day Avg	54	0.0
3 Mo Avg	76	0.0
6 Mo Avg	71	0.0
12 Mo Avg	98	0.1

	Prior Year			Current Year		
	MCF/M	BOPM	Days On	MCF/M	BOPM	Days On
Jan	5,155	0.0	31	4,107	0.0	31
Feb	1,115	0.0	29	6,123	11.0	28
Mar	1,578	0.0	31	6,387	5.0	31
Apr	3,409	0.0	30	2,444	0.0	30
May	265	0.0	28	919	8.0	31
Jun	0	0.0	9.1	3,071	0.0	24.6
Jul	1,470	0.0	14.9	2,160	0.0	31
Aug	3,318	0.0	31	2,761	0.0	31
Sept	3,899	0.0	30	948	0.0	30
Oct	3,857	0.0	31	2,822	0.0	31
Nov	3,839	0.0	30	2,536	0.0	30
Dec	4,223	0.0	31	1,673	0.0	31
Total	32,128	0.0		35,951	24.0	

Print Form

Exit Volumes Data

2/12/98

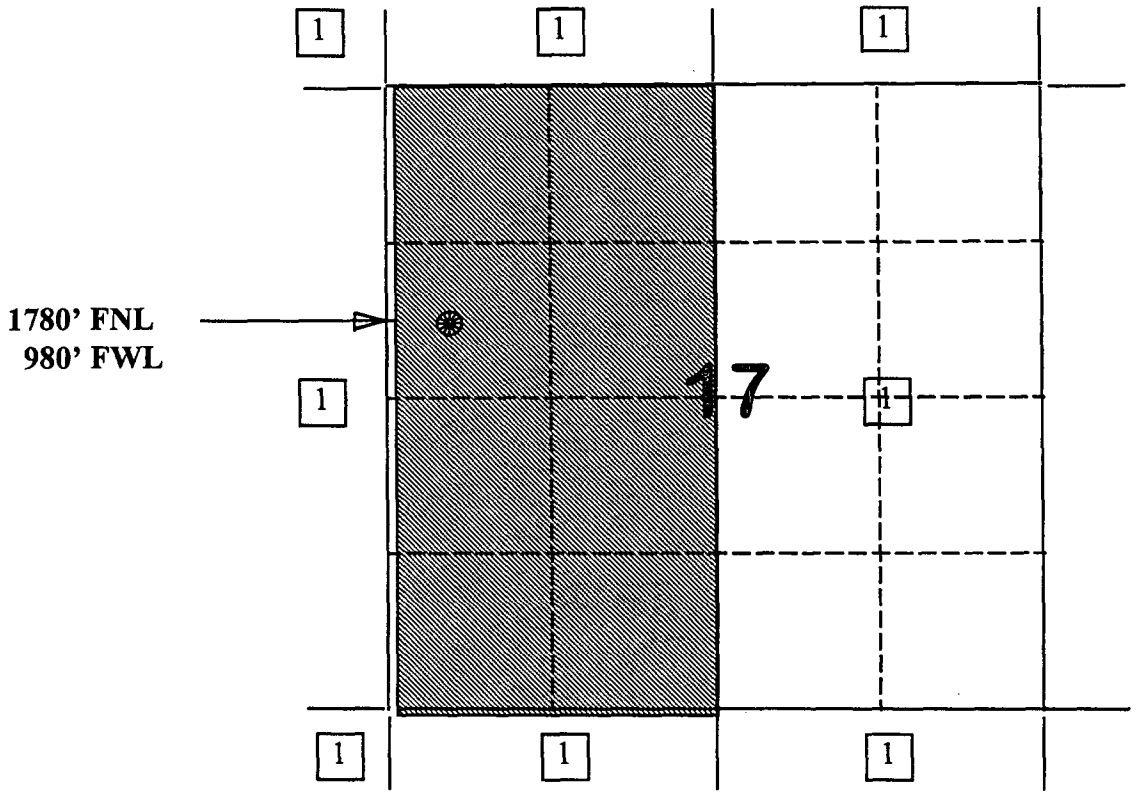
BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 29-7 Unit #86A

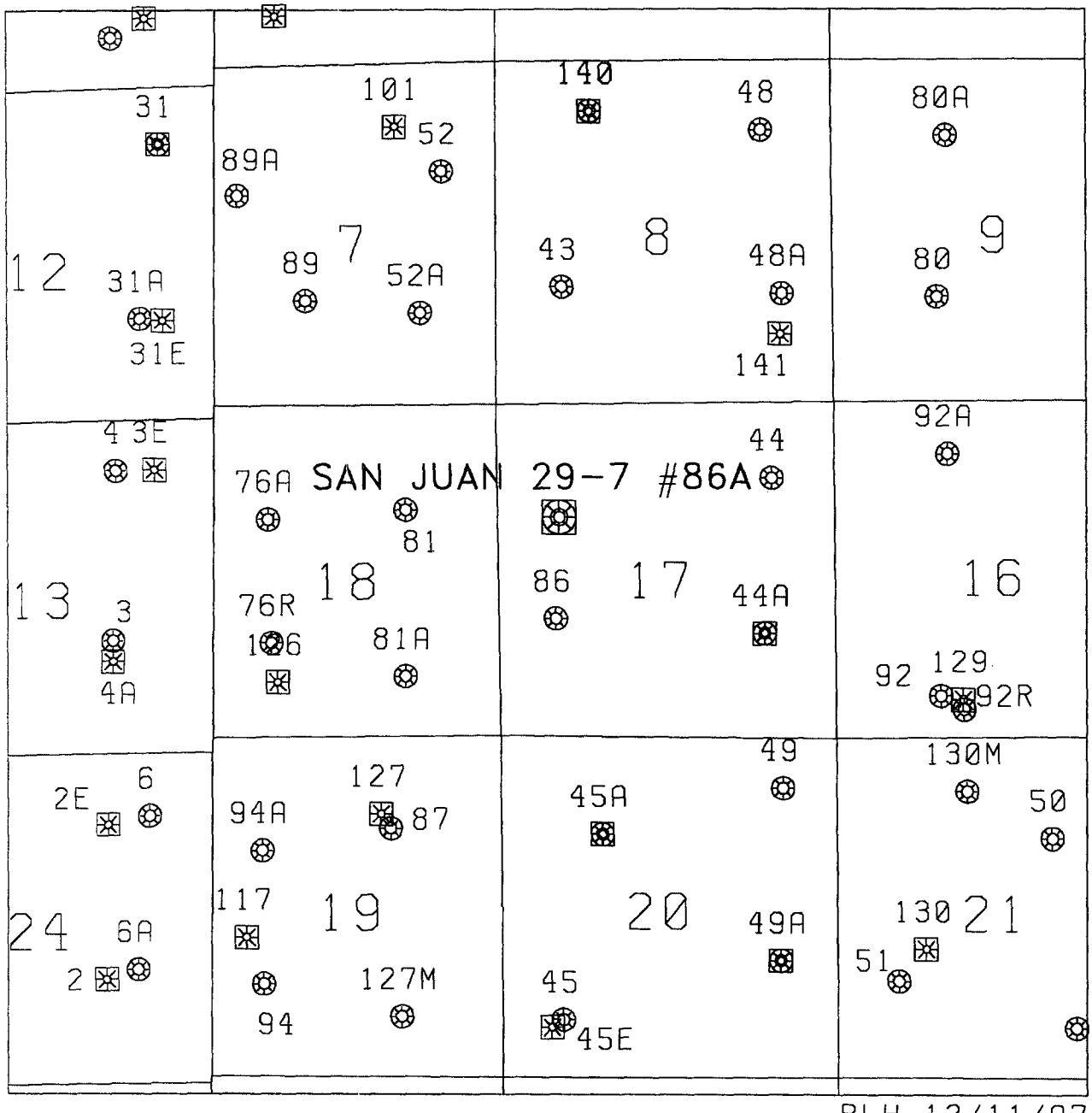
OFFSET OPERATOR/OWNER PLAT

Mesaverde / Dakota Formations Commingle Well

Township 29 North, Range 7 West



1) Burlington Resources



PLH 12/11/97

SAN JUAN 29-7 #86A

SEC. 17 T29N, R7W

MESAVERDE/DAKOTA

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 11629
ORDER NO. R-10697

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR THE ESTABLISHMENT OF A DOWNHOLE COMMINGLING "REFERENCE CASE" FOR ITS SAN JUAN 29-7 UNIT PURSUANT TO DIVISION RULE 303.E. AND THE ADOPTION OF SPECIAL ADMINISTRATIVE RULES THEREFOR, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17, and November 7, 1996, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 8th day of November, 1996, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Burlington Resources Oil & Gas Company (Burlington), pursuant to the provisions of Division Rule 303.E., seeks to establish a downhole commingling "reference case" to provide exceptions for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 29-7 Unit, San Juan County, New Mexico.

(3) Division Rule No. 303.E., amended by Order No. R-10470-A, currently states:

"If sufficient data exists on a lease, pool, formation, geographic area, etc., so as to render it unnecessary to repeatedly provide such data on Form C-107-A, an operator may except any of the various criteria required under Paragraph 303.D. of this rule by establishing a "reference case". The Division, upon its own motion, or by application from an operator, may establish "reference cases" either administratively or by hearing. Upon Division approval of such "reference cases" for specific criteria, subsequent applications to downhole commingle (Form C-107-A) will be required only to cite the Division order number which established such exceptions and shall not be required to submit data for those criteria."

(4) The applicant is the current operator of the San Juan 29-7 Unit which encompasses some 22,500 acres in Township 29 North, Range 7 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 29-7 Unit, the applicant currently operates fifty-five (55) Basin-Dakota Gas Pool wells, one hundred thirty-one (131) Blanco-Mesaverde Gas Pool wells, thirteen (13) Blanco-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pool wells, and forty-nine (49) Basin-Fruitland Coal Gas Pool wells.

(6) According to its evidence and testimony, Burlington seeks to:

a) establish a "reference case" for marginal economic criteria in the Dakota and Pictured Cliffs formations whereby these formations and/or pools may be identified as "marginal" on Form C-107-A's subsequently filed for wells within the San Juan 29-7 Unit. The applicant further proposes that the data provided in the immediate case serve as supplemental data or confirmation that these formations and/or pools should be classified as "marginal";

b) establish a "reference case" for pressure criteria in the Dakota and Pictured Cliffs formations whereby the Division may utilize data provided in the immediate case to verify the pressure data provided on Form C-107-A's subsequently filed for wells within the San Juan 29-7 Unit;

c) establish a "reference case" whereby the Division utilizes the data presented in the immediate case to endorse or approve certain methods of allocating production whereby the applicant need not submit additional data or justification when proposing a certain method of allocating production on Form C-107-A's subsequently filed for wells within the San Juan 29-7 Unit; and.

d) establish a "reference case" or an administrative procedure for authorizing the downhole commingling of existing or future drilled wells within the San Juan 29-7 Unit without additional notice to each affected interest owner as required by Division Rule No. 303.D.

(7) In support of its request to except marginal economic criteria, the applicant presented geologic and engineering evidence and testimony which indicates that within the San Juan 29-7 Unit:

a) the structure and thickness of the Dakota and Pictured Cliffs formations are very consistent;

b) the average recoverable Dakota and Pictured Cliffs gas reserves underlying an undeveloped drill block are approximately 245 MMCFG and 76 MMCFG, respectively;

c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 218 MCFGD and 238 MCFGD, respectively; and,

d) the estimated ultimate gas recoveries and initial producing rates from the Dakota and Pictured Cliffs formations are insufficient to justify drilling stand alone wells and/or dually completed wells to recover such gas reserves.

(8) The evidence and testimony presented by the applicant indicates that the Dakota and Pictured Cliffs formations within the San Juan 29-7 Unit should be properly classified as "marginal".

(9) In support of its request to except pressure criteria within the Dakota and Pictured Cliffs formations within the San Juan 29-7 Unit, the applicant presented engineering evidence and testimony which indicates that:

a) the average shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations at the time of initial development was approximately 3,209 psi and 1,148 psi, respectively; and,

b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations is approximately 952 psi and 655 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 29-7 Unit so as to except pressure criteria as proposed by the applicant.

(11) The applicant testified that various allocation methods will be utilized for downhole commingled wells within the San Juan 29-7 Unit depending on the circumstances. Some of the methods and circumstances are described as follows:

a) the subtraction method will likely be utilized in those instances involving the Basin-Fruitland Coal Gas Pool and in those instances where a zone with a well established decline rate is commingled with a newly completed zone;

b) a fixed allocation formula will be utilized in those instances where production history for both zones is available, or in those instances where newly completed zones are tested and stabilized flow rates obtained.

(12) The allocation methods proposed by the applicant are routinely utilized by industry and approved by the Division and therefore, the proposal to except allocation formulas should be approved.

(13) In support of its request to establish a "reference case" or administrative procedure for providing notice within the San Juan 29-7 Unit the applicant presented evidence and testimony which indicates that:

a) the interest ownership between two zones within a given wellbore in the San Juan 29-7 Unit is generally not common;

b) pursuant to Division Rule No. 303.D., applicant is currently required to notify all interest owners within the San Juan 29-7 Unit every time a Form C-107-A is submitted to the Division. There are a considerable number of such interest owners within the unit;

c) providing notice to each interest owner within the San Juan 29-7 Unit of subsequent downhole commingling is unnecessary and is an excessive burden on the applicant;

d) the downhole commingling of wells within the San Juan 29-7 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 29-7 Unit should not violate the correlative rights of any interest owner;

e) no interest owner appeared at the hearing in opposition to the establishment of a "reference case" or administrative procedure for notice.

(14) An administrative procedure should be established within the San Juan 29-7 Unit for obtaining approval for subsequent downhole commingled wells without notice to Unit interest owners, provided however that, all other provisions contained within Division Rule No. 303.C. are complied with.

(15) Approval of the proposed "reference cases" for marginal economic criteria, pressure criteria, allocation formulas and notice will lessen the burden on the applicant insofar as providing the data required pursuant to Division Rule No. 303.D. and Form C-107-A, will provide the applicant a streamlined method for obtaining downhole commingling approvals within the San Juan 29-7 Unit, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Burlington Resources Oil & Gas Company to establish a "reference case" for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 29-7 Unit, San Juan County, New Mexico, is hereby approved.

(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 29-7 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify the Pictured Cliffs and Dakota pressure information provided, and support or justification for utilizing a given method or formula for allocation of production, provided however, in the event any of the data described above appearing on Form C-107-A appears to be beyond the data range provided in this case, the Division may require the submittal of additional supporting data.

(3) In order to obtain Division authorization to downhole commingle wells within the San Juan 29-7 Unit, the applicant shall file a Form C-107-A with the Santa Fe and Aztec Offices of the Division. Such application shall contain all the information required under Rule No. 303.C. of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the San Juan 29-7 Unit of such proposed commingling.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L