DATE IN 7/7/98	SUSPENSE 7/27/98	ENGINEER DC	LOGGED BY KV	TYPE DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
2040 South Pacheco, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

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
JUL - 7 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] or [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** - Certification

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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.***

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Peggy Bradfield

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

Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
San Juan 28-5 Unit	#35	M 19-28N-05W	Rio Arriba

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7460 API NO. 30-039- 07356 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	Blanco Mesaverde - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	5138'-5730'		7605'-7804'
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. 458 psi (see attachment)		a. 625 psi (see attachment)
	(Original) b. 1282 psi (see attachment)		b. 2521 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1204		BTU 1045
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: N/A Rates:
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: 6/17/98 Rates: 59 mcfd 0.3 bopd		Date: 6/17/98 Rates: 52 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? _X_Yes __No

11. Will cross-flow occur? _X_ Yes ___ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. _X__ Yes _____No (If No, attach explanation)

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

13. Will the value of production be decreased by commingling? ___ Yes _X_ No (If Yes, attach explanation)

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

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

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 Production Engineer DATE 6/23/98

TYPE OR PRINT NAME L. Tom Loveland TELEPHONE NO. (505) 326-9700

Form C-128 (6-57)

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date FEBRUARY 26, 1959

Operator PACIFIC NORTHWEST PIPELINE CORPORATION Lease SAN JUAN 28-5 UNIT SF 080505-B

Well No. 35(MD) Unit Letter M Section 19 Township 28-N Range 5-W NMPM

Located 990 Feet From SOUTH Line, 990 Feet From WEST Line

County RIO ARRIBA G. L. Elevation 6560 Dedicated Acreage 320 & 320 Acres

Name of Producing Formation MESA VERDE & DAKOTA Pool BLANCO MESA VERDE, WILDCAT DAKOT Basin

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
   Yes _____ No X
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No _____. If answer is "yes", Type of Consolidation.
   Unit Agreement.
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner	Land Description

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

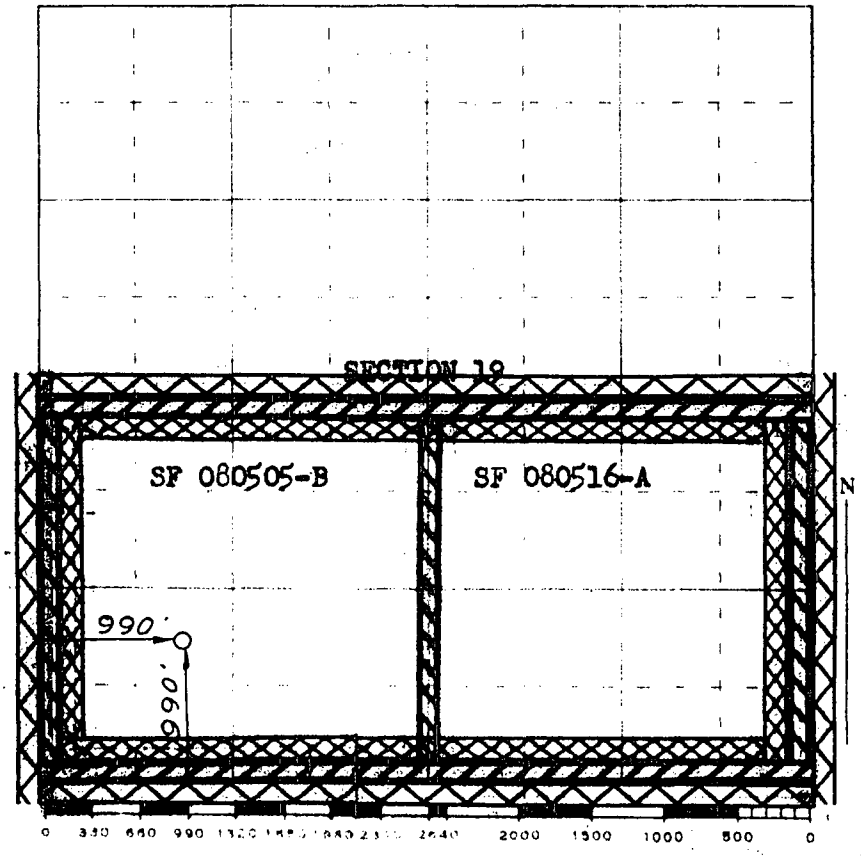
El Paso Natural Gas Company
(Operator)

ORIGINAL SIGNED H.E. McANALLY
(Representative)

Box 997
(Address)

Farmington, New Mexico

Note: All distances must be from outer boundaries of section.



Scale 4 inches equal 1 mile

NOTE: THIS PLAT IS RE-ISSUED TO SHOW MOVED LOCATION. 3 2 59

NOTE: THIS PLAT IS RE-ISSUED TO SHOW MOVED LOCATION AND DAKOTA DEDICATION. 8 27 59

NOTE: THIS PLAT IS RE-ISSUED TO SHOW MOVED LOCATION. 10 23 59

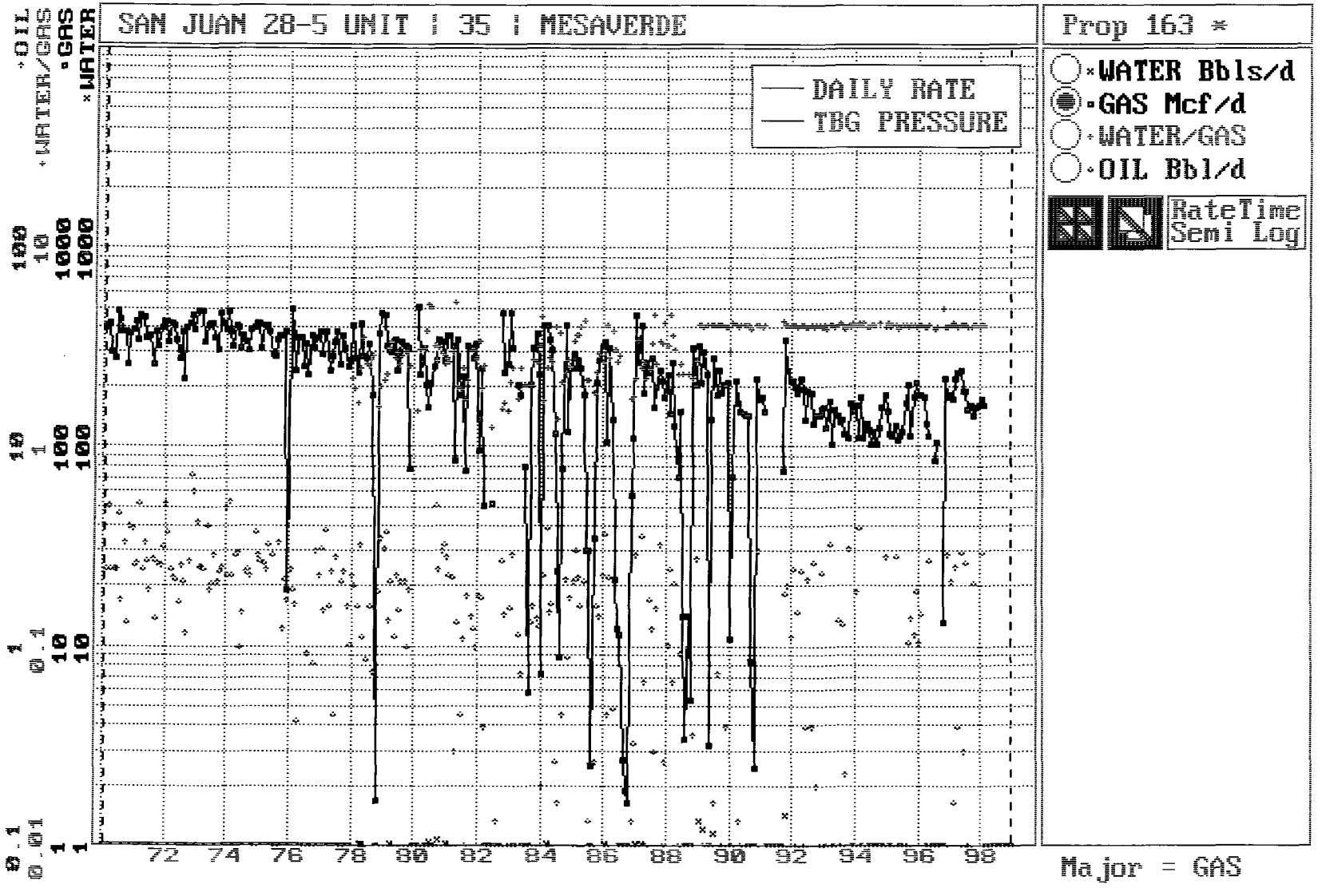
This is to certify that the above plat was [illegible] from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

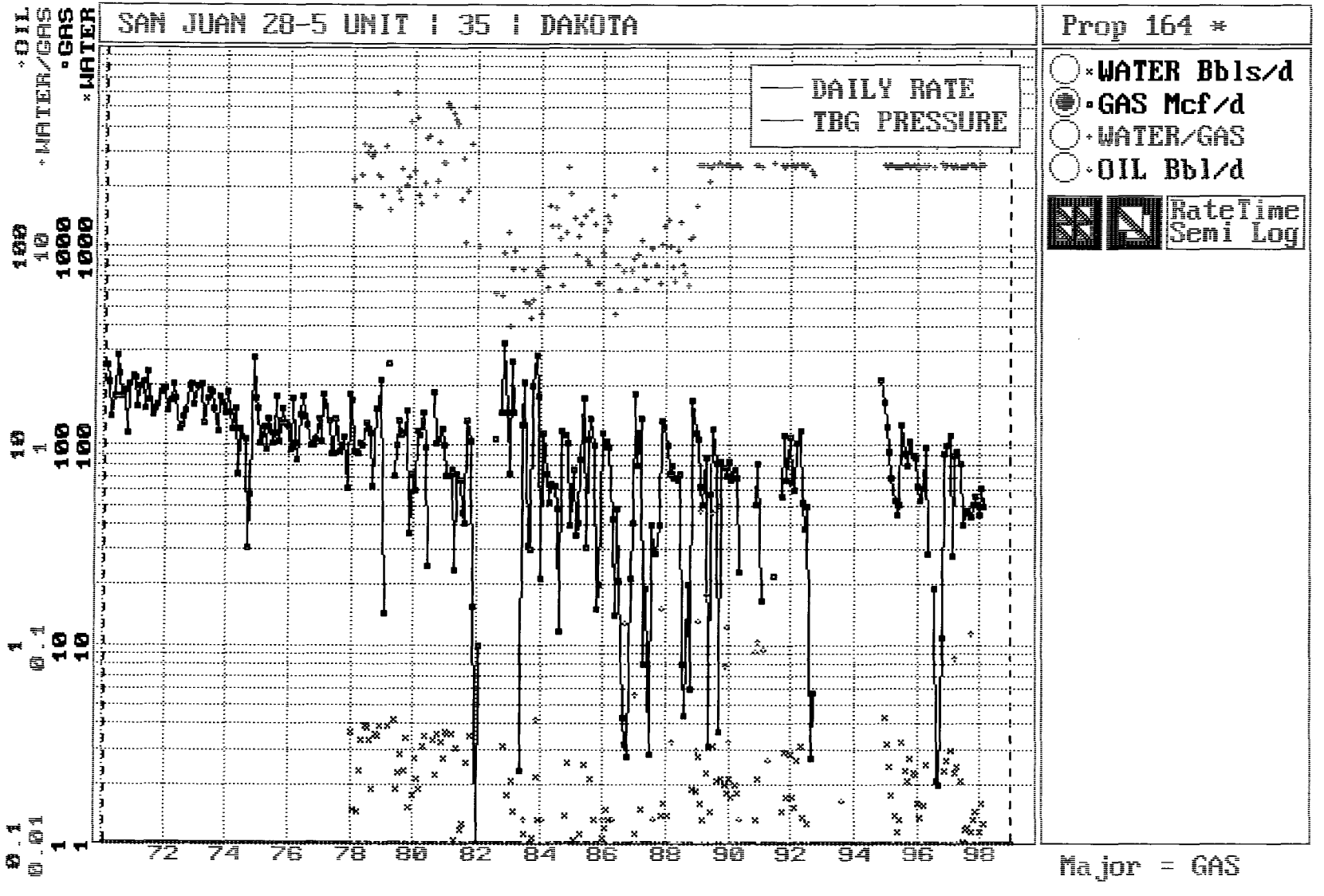
Date Surveyed NOVEMBER 26, 1958

David O. Vilven
Registered Professional Engineer and/or Land Surveyor

(Seal)

Farmington, New Mexico


SAN JUAN 28-5 UNIT | 35 | MESAVERDE
DAILY RATE
TBG PRESSURE
Prop 163 *
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
Major = GAS
OIL
WATER/GAS
GAS
WATER
72 74 76 78 80 82 84 86 88 90 92 94 96 98


SAN JUAN 28-5 UNIT : 35 : DAKOTA
DAILY RATE
TBG PRESSURE
Prop 164 *
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
OIL
WATER/GAS
GAS
WATER
72 74 76 78 80 82 84 86 88 90 92 94 96 98
Major = GAS

San Juan 28-5 Unit
#35
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 1/14/98

Mesaverde		Dakota	
MV-Current		**DK-Current**	
GAS GRAVITY	0.695	GAS GRAVITY	0.605
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.39	%N2	0.19
%CO2	0.95	%CO2	1.4
%H2S	0	%H2S	0
DIAMETER (IN)	7	DIAMETER (IN)	2.375
DEPTH (FT)	5434	DEPTH (FT)	7705
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	143	BOTTOMHOLE TEMPERATURE (DEG F)	177
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	400	SURFACE PRESSURE (PSIA)	531
BOTTOMHOLE PRESSURE (PSIA)	458.0	BOTTOMHOLE PRESSURE (PSIA)	624.5
MV-Original		**DK-Original**	
GAS GRAVITY	0.695	GAS GRAVITY	0.605
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.39	%N2	0.19
%CO2	0.95	%CO2	1.4
%H2S	0	%H2S	0
DIAMETER (IN)	7	DIAMETER (IN)	2.375
DEPTH (FT)	5434	DEPTH (FT)	7705
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	143	BOTTOMHOLE TEMPERATURE (DEG F)	177
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1100	SURFACE PRESSURE (PSIA)	2099
BOTTOMHOLE PRESSURE (PSIA)	1281.6	BOTTOMHOLE PRESSURE (PSIA)	2520.6

Page No.: 4
Print Time: Fri May 08 08:28:38 1998
Property ID: 163
Property Name: SAN JUAN 28-5 UNIT | 35 | MESAVERDE
Table Name: S:\ARIES\78LTL\TEST.DBF

--DATE--	--CUM_OIL- Bbl	---CUM_GAS-- Mcf	M_SIWHP Psi	
11/12/59		0	1100.0	Original
02/23/60		0	1087.0	
12/14/60		125000	858.0	
06/13/61		204000	815.0	
09/24/62		343000	822.0	
05/16/63		435000	753.0	
05/26/64		534000	748.0	
09/08/65		701000	727.0	
04/12/66		770000	696.0	
03/22/67		881000	686.0	
04/01/68		1005000	662.0	
05/15/69		1168255	631.0	
05/25/70		1298898	582.0	
05/04/71		1443315	562.0	
05/22/72		1579040	528.0	
08/21/73		1760089	475.0	
06/12/74		1878779	442.0	
08/17/76		2147766	449.0	
06/05/78		2363910	454.0	
06/04/80		2559123	382.0	
11/04/82		2743480	562.0	
05/01/84		2869149	451.0	
04/16/86		2992042	471.0	
09/04/89		3198517	482.0	
02/18/91		3271292	530.0	
08/26/91		3271506	542.0	
03/02/93		3376293	451.0	
04/01/98		3639810	400.0	Current estimated from P/Z data

Page No.: 1
Print Time: Tue May 12 11:03:54 1998
Property ID: 164
Property Name: SAN JUAN 28-5 UNIT | 35 | DK
Table Name: S:\ARIES\78LTL\TEST.DBF

--DATE--	--CUM_OIL- Bbl	---CUM_GAS-- Mcf	M_SIWHP Psi	
11/12/59		0	2099.0	Original
05/25/70		607627	1001.0	
05/04/71		677032	1012.0	
05/22/72		745349	997.0	
08/21/73		823346	959.0	
09/04/75		922610	1144.0	
01/24/77		986257	1090.0	
06/07/79		1085379	985.0	
05/01/81		1150306	1051.0	
05/17/85		1270685	779.0	
04/01/98		1504664	531.0	Current estimated from P/z graph

Package Preparation
Volume Data

DPNo: 53416A SAN JUAN 28-5 UNIT 35 Form: MV

Supt: 60 KEN RAYBON **FF:** 335 LARY BYARS **MS:** 319 STEVE BAIRD
Pipeline: WFS **Plunger:** No **Dual:** Yes **Compressor:** No

Ownership (No Trust)

	Gas	Oil
GWI:	73.1659%	73.1659%
GNI:	62.3562%	62.3562%

Volumes (Days On)	MCFD	BOPD
7 Day Avg	129	3.6
30 Day Avg	78	0.4
60 Day Avg	103	0.2
3 Mo Avg	148	0.5
6 Mo Avg	156	0.8
12 MoAvg	169	1.0

Volumes (Days in Month)	MCFD	BOPD
30 Day Avg	59	0.3
60 Day Avg	91	0.2
3 Mo Avg	148	0.5
6 Mo Avg	155	0.7
12 Mo Avg	168	1.0

	Prior Year			Current Year		
	MCF/M	BOPM	Days On	MCF/M	BOPM	Days On
Jan	5,562	65.0	31	5,307	89.0	31
Feb	5,282	5.0	28	4,876	0.0	28
Mar	6,631	76.0	31	4,623	43.0	31
Apr	7,218	12.0	30	3,698	0.0	30
May	7,376	89.0	31	0	0.0	23.8
Jun	5,842	9.0	30	0	0.0	0
Jul	5,852	80.0	31	0	0.0	0
Aug	4,669	0.0	27	0	0.0	0
Sept	4,924	1.0	30	0	0.0	0
Oct	4,302	63.0	31	0	0.0	0
Nov	4,799	2.0	30	0	0.0	0
Dec	4,904	2.0	31	0	0.0	0
Total	67,361	404.0		18,504	132.0	

Print Form

Exit Volumes Data

6/17/98

Package Preparation
Volume Data

DPNo: 53416B SAN JUAN 28-5 UNIT 35 Form: DK

Supt: 60 KEN RAYBON **FF:** 335 LARY BYARS **MS:** 319 STEVE BAIRD
Pipeline: WFS **Plunger:** No **Dual:** Yes **Compressor:** No

Ownership (No Trust)

	Gas	Oil
GWI:	69.6124%	69.6124%
GNI:	58.8960%	58.8960%

Volumes (Days On)	MCFD	BOPD
7 Day Avg	24	0.0
30 Day Avg	52	0.0
60 Day Avg	54	0.0
3 Mo Avg	43	0.0
6 Mo Avg	48	0.0
12 MoAvg	50	0.1

Volumes (Days in Month)	MCFD	BOPD
30 Day Avg	52	0.0
60 Day Avg	54	0.0
3 Mo Avg	43	0.0
6 Mo Avg	48	0.0
12 Mo Avg	49	0.1

	Prior Year			Current Year		
	MCF/M	BOPM	Days On	MCF/M	BOPM	Days On
Jan	3,507	0.0	31	1,862	0.0	31
Feb	850	0.0	15.3	1,474	0.0	28
Mar	2,742	26.0	18	710	0.0	31
Apr	2,893	0.0	30	1,671	0.0	30
May	2,485	0.0	31	0	0.0	31
Jun	1,180	0.0	30	0	0.0	0
Jul	1,369	0.0	31	0	0.0	0
Aug	1,408	0.0	27	0	0.0	0
Sept	1,320	35.0	30	0	0.0	0
Oct	1,518	0.0	31	0	0.0	0
Nov	1,694	0.0	30	0	0.0	0
Dec	1,330	0.0	31	0	0.0	0
Total	22,296	61.0		5,717	0.0	

Print Form

Exit Volumes Data

6/17/98

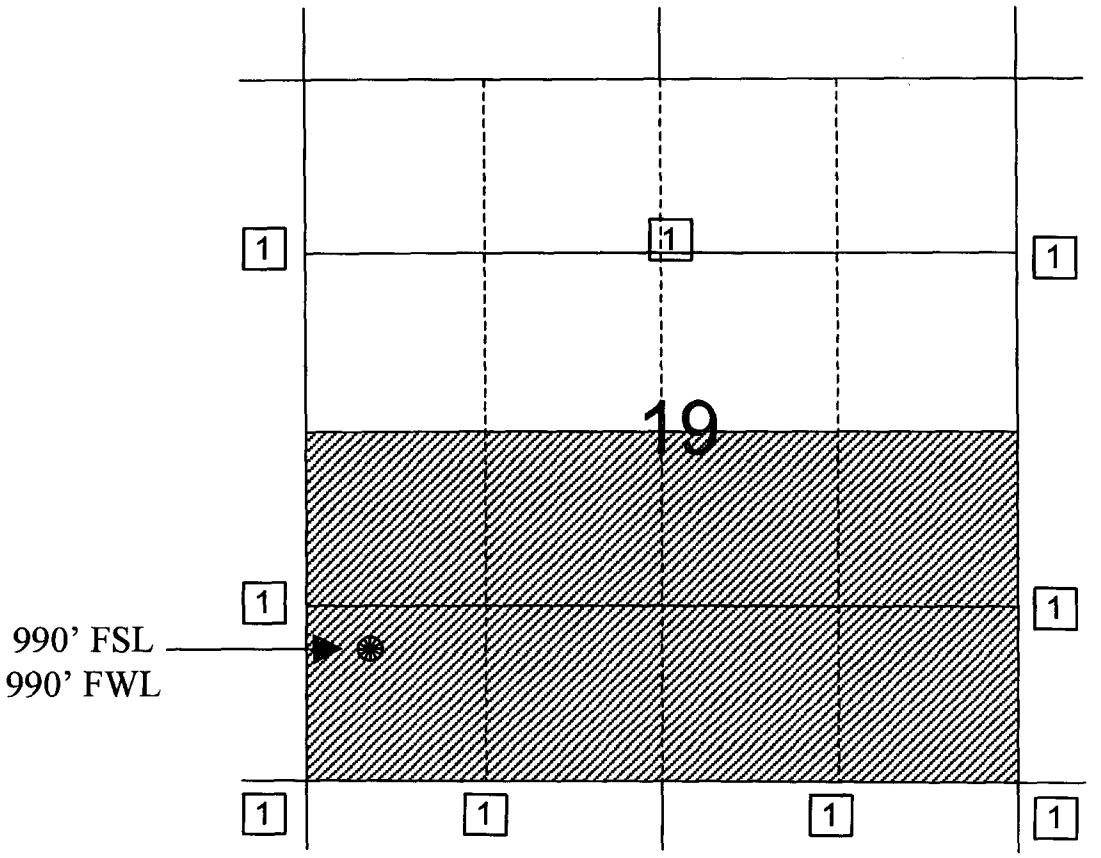
BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 28-5 Unit #35

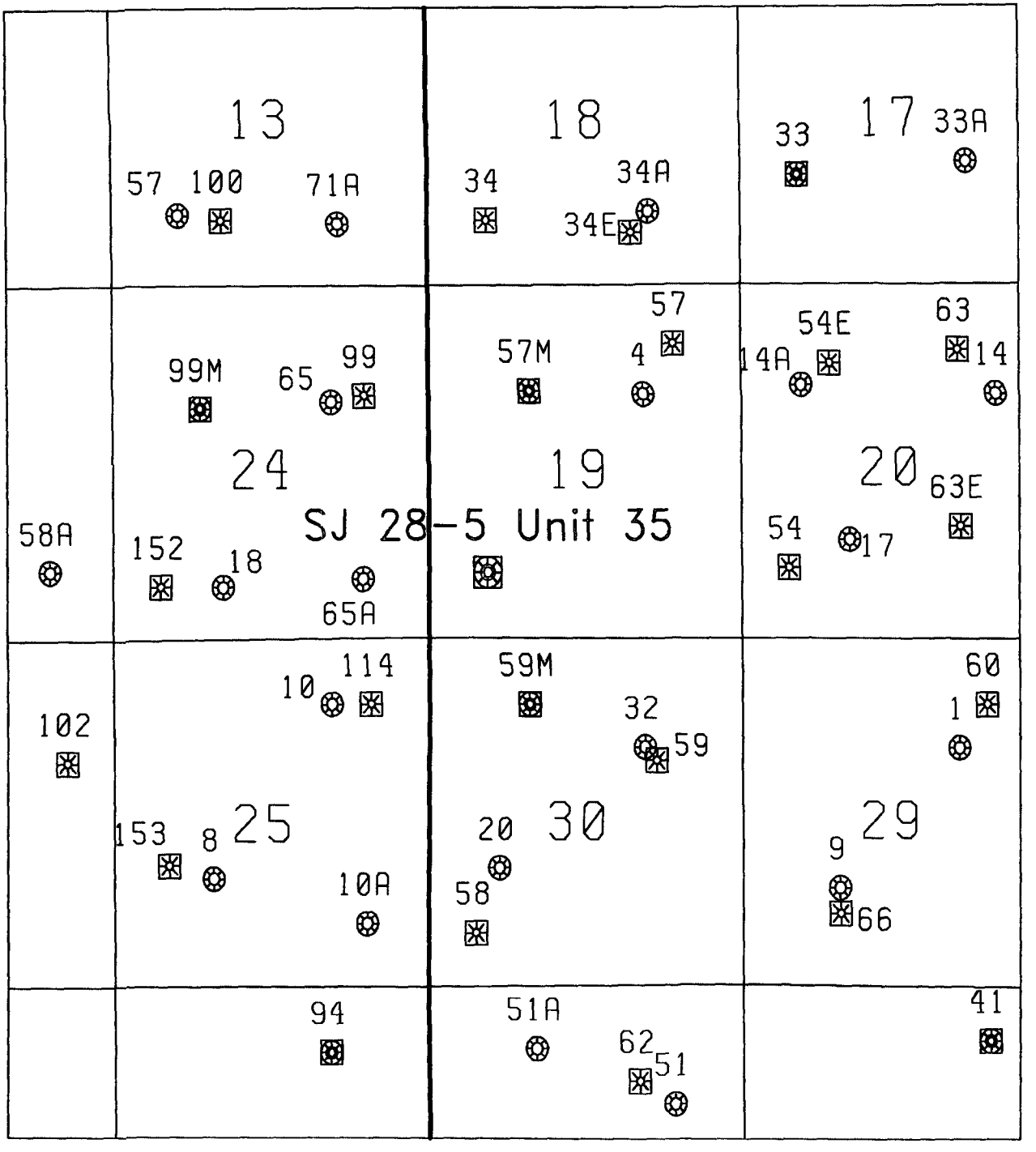
Offset Operator/Owner Plat

Mesaverde (S/2) / Dakota (S/2) Formations Commingle Well

Township 28 North, Range 5 West



1) Burlington Resources



PLH 5/7/98

SJ 28-5 Unit 35

Sec. 19, T28N, R5W

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. 11627
ORDER NO. R-10695

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR THE ESTABLISHMENT OF A DOWNHOLE COMMINGLING "REFERENCE CASE" FOR ITS SAN JUAN 28-5 UNIT PURSUANT TO DIVISION RULE 303.E. AND THE ADOPTION OF SPECIAL ADMINISTRATIVE RULES THEREFOR, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 12th day of November, 1996, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Burlington Resources Oil & Gas Company (Burlington), pursuant to the provisions of Division Rule 303.E., seeks to establish a downhole commingling "reference case" to provide exceptions for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 28-5 Unit, San Juan County, New Mexico.

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

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

(4) The applicant is the current operator of the San Juan 28-5 Unit which encompasses some 17,399 acres in Township 28 North, Range 5 West, NMPM, San Juan County, New Mexico.

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

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

a) establish a "reference case" for marginal economic criteria in the Dakota and Pictured Cliffs formations whereby these formations and/or pools may be identified as "marginal" on Form C-107-A's subsequently filed for wells within the San Juan 28-5 Unit. The applicant further proposes that the data provided in the immediate case serve as supplemental data or confirmation that these formations and/or pools should be classified as "marginal";

b) establish a "reference case" for pressure criteria in the Dakota and Pictured Cliffs formations whereby the Division may utilize data provided in the immediate case to verify the pressure data provided on Form C-107-A's subsequently filed for wells within the San Juan 28-5 Unit;

c) establish a "reference case" whereby the Division utilizes the data presented in the immediate case to endorse or approve certain methods of allocating production whereby the applicant need not submit additional data or justification when proposing a certain method of allocating production on Form C-107-A's subsequently filed for wells within the San Juan 28-5 Unit; and,

d) establish a "reference case" or an administrative procedure for authorizing the downhole commingling of existing or future drilled wells within the San Juan 28-5 Unit without additional notice to each affected interest owner as required by Division Rule No. 303.D.

(7) In support of its request to except marginal economic criteria, the applicant presented geologic and engineering evidence and testimony which indicates that within the San Juan 28-5 Unit:

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

b) the average recoverable Dakota and Pictured Cliffs gas reserves underlying an undeveloped drill block are approximately 1,258 MMCFG and 77 MMCFG, respectively;

c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 276 MCFGD and 136 MCFGD, respectively; and,

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

(8) The evidence and testimony presented by the applicant indicates that the Dakota and Pictured Cliffs formations within the San Juan 28-5 Unit should be properly classified as "marginal".

(9) In support of its request to except pressure criteria within the Dakota and Pictured Cliffs formations within the San Juan 28-5 Unit, the applicant presented engineering evidence and testimony which indicates that:

a) the average shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations at the time of initial development were approximately 3,149 psi and 1,143 psi, respectively; and,

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

(10) There is sufficient pressure data available within the San Juan 28-5 Unit so as to except pressure criteria as proposed by the applicant.

(11) The applicant testified that various allocation methods will be utilized for downhole commingled wells within the San Juan 28-5 Unit depending on the circumstances. Some of the methods and circumstances are described as follows:

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

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

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

(13) In support of its request to establish a "reference case" or administrative procedure for providing notice within the San Juan 28-5 Unit the applicant presented evidence and testimony which indicates that:

a) the interest ownership between two zones within a given wellbore in the San Juan 28-5 Unit is generally not common;

b) pursuant to Division Rule No. 303.D., applicant is currently required to notify all interest owners within the San Juan 28-5 Unit every time a Form C-107-A is submitted to the Division. There are a considerable number of such interest owners within the unit;

c) providing notice to each interest owner within the San Juan 28-5 Unit of subsequent downhole commingling is unnecessary and is an excessive burden on the applicant;

d) the downhole commingling of wells within the San Juan 28-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-5 Unit should not violate the correlative rights of any interest owner;

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

(14) An administrative procedure should be established within the San Juan 28-5 Unit for obtaining approval for subsequent downhole commingled wells without notice to Unit interest owners, provided however that, all other provisions contained within Division Rule No. 303.C. are complied with.

(15) Approval of the proposed "reference cases" for marginal economic criteria, pressure criteria, allocation formulas and notice will lessen the burden on the applicant insofar as providing the data required pursuant to Division Rule No. 303.D. and Form C-107-A, will provide the applicant a streamlined method for obtaining downhole commingling approvals within the San Juan 28-5 Unit, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Burlington Resources Oil & Gas Company to establish a "reference case" for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 28-5 Unit, San Juan County, New Mexico, is hereby approved.

(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify the Pictured Cliffs and Dakota pressure information provided, and support or justification for utilizing a given method or formula for allocation of production, provided however, in the event any of the data described above appearing on Form C-107-A appears to be beyond the data range provided in this case, the Division may require the submittal of additional supporting data.

(3) In order to obtain Division authorization to downhole commingle wells within the San Juan 28-5 Unit, the applicant shall file a Form C-107-A with the Santa Fe and Aztec Offices of the Division. Such application shall contain all the information required under Rule No. 303.C. of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the San Juan 28-5 Unit of such proposed commingling.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L