

DATE IN 1/19/99	SUSPENSE 2/8/99	ENGINEER DC	LOGGED BY KW	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



2183

**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-Quailified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

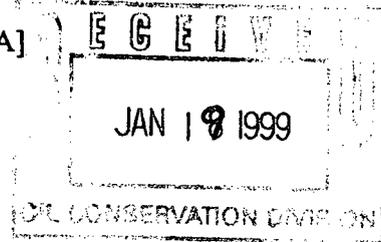
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling  
 NSL  NSP  DD  SD

Check One Only for [B] 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.

*[Handwritten Signature]*

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

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

SAN JUAN 27-5 UNIT

27

M-26-27N-05W

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7454 API NO. 30-039-06875 Federal  State (and/or) Fee

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name and Pool Code, Top and Bottom of Pay Section (Perforations), Type of production (Oil or Gas), Method of Production (Flowing or Artificial Lift), Bottomhole Pressure, Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured, Oil Gravity (°API) or Gas BTU Content, Producing or Shut-In?, Production Marginal? (yes or no), \* If Shut-In and oil/gas/water rates of last production, \* If Producing, give data and oil/gas/water water of recent test (within 60 days), 8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes  No  If not, have all working, overriding, and royalty interests been notified by certified mail? Yes  No  Have all offset operators been given written notice of the proposed downhole commingling? Yes  No

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

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

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

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

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10694

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 Jennifer L. Dobson TITLE Production Engineer DATE 01-18-99

TYPE OR PRINT NAME Jennifer L. Dobson TELEPHONE NO. (505) 599-4026

NEW 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.

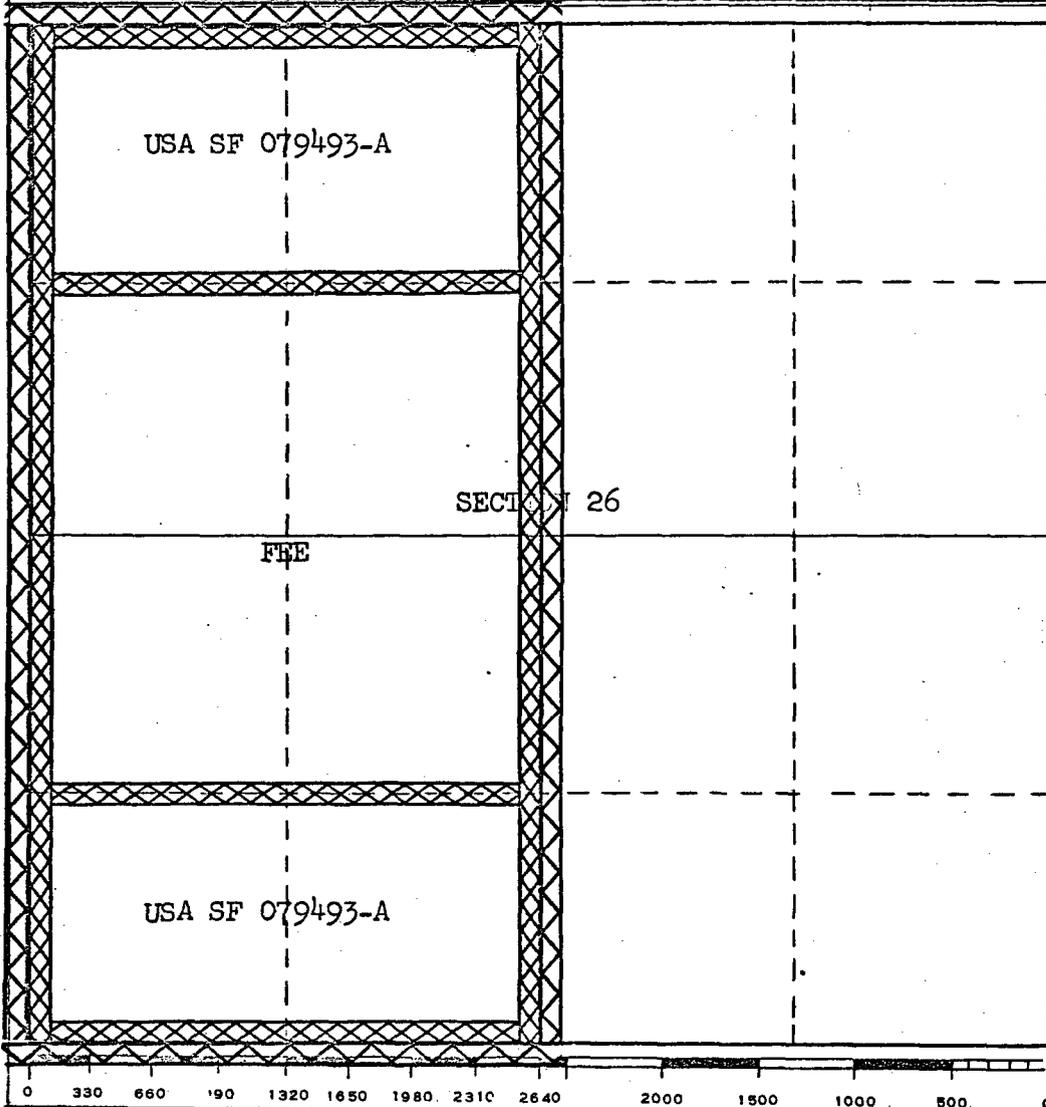
Operator <b>EL PASO NATURAL GAS COMPANY</b>		Lease <b>SAN JUAN 27-5 UNIT (USA SF 079493-A)</b>		FEE	Well No. <b>27 (PM)</b>
Unit Letter <b>M</b>	Section <b>26</b>	Township <b>27-N</b>	Range <b>5-W</b>	County <b>RIO ARRIBA</b>	
Actual Footage Location of Well: <b>990</b> feet from the <b>S</b> line and <b>890</b> feet from the <b>W</b> line					
Ground Level Elev. <b>6548 DF</b>	Producing Formation <b>PC &amp; MV</b>	Pool <b>BLANCO MV &amp; <del>UNDESIGNATED</del> PC</b>	Dedicated Acreage: <b>158.53 - PC</b> <b>313.41 - MV</b> Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. PC 1.00  
MV .98
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?

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.

*Carl E. Matthews*  
Name

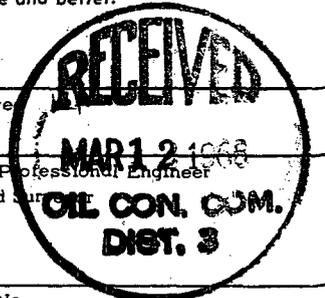
Petroleum Engineer  
Position

El Paso Natural Gas Co.  
Company

March 11, 1968  
Date Surveyed

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.



FARMINGTON

1998 MONTHLY PRODUCTION FOR 53357B

PHS030M1

SAN JUAN 27-5 UNIT

27

TAPACITO (PICTURED CLIFFS) FIELD

PICTURED CLIFFS ZONE

MO	T	S	DAYS	ON	PC	OIL	PROD	GRV	PC	GAS	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F							01		7278	31	1136	15.025			
2	2	F							01		5838	28	1136	15.025			
3	2	F							01		6128	31	1136	15.025			
4	2	F							01		5553	25	1136	15.025			
5	2	F							01		5843	29	1136	15.025			
6	2	F							01		5708	30	1149	15.025			
7	2	F							01		5567	31	1149	15.025			
8	2	F							01		5121	31	1149	15.025			
9	2	F							01		5384	30	1149	15.025			
10	2	F							01		6778	31	1149	15.025			
11																	
12																	

PF6 - RETURNS TO ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

PF9 - DISPLAY MONTHLY INJECTION

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PRS 12/05/98



FARMINGTON

1998 MONTHLY PRODUCTION FOR 53357A

PHS030M1

SAN JUAN 27-5 UNIT

27

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE

MO	T	S	DAYS	ON	PC	OIL	PROD	GRV	PC	GAS	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F							01		739	31	1206	15.025			
2	2	F							01		361	28	1206	15.025			
3	2	F							01		504	31	1206	15.025			
4	2	F							01		871	27	1206	15.025			
5	2	F							01		679	29	1206	15.025			
6	2	F							01		468	30	1214	15.025			
7	2	F							01		474	31	1214	15.025			
8	2	F							01		536	31	1214	15.025			
9	2	F							01		440	30	1214	15.025			
10	2	F							01		828	31	1214	15.025			
11																	
12																	

PF6 - RETURNS TO ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

PF9 - DISPLAY MONTHLY INJECTION

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PRS 12/05/98

Page No.: 3

Print Time: Mon Jan 11 07:23:35 1999

Property ID: 1424

Property Name: SAN JUAN 27-5 UNIT | 27 | 53357B-1-Pictured Cliffs

Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

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

06/24/57	0	1092.0	
07/31/57	0	1091.0	- Initial Pressure
08/29/58	793000	768.0	
09/22/59	1081000	700.0	
10/06/60	1408000	636.0	
05/28/61	1572000	603.0	
08/06/62	1734000	589.0	
06/14/63	1808000	585.0	
08/27/64	1930000	565.0	
10/25/65	2045000	574.0	
04/19/66	2094000	534.0	
10/31/67	2225000	507.0	
05/02/68	2245000	516.0	
01/01/69	0	1206.0	
05/29/69	2337000	492.0	
08/28/70	2489073	461.0	
04/08/71	2543236	449.0	
08/09/72	2658631	419.0	
03/01/74	2796046	316.0	
07/15/74	2812068	305.0	
07/12/76	2902938	270.0	
03/01/79	2986615	273.0	
12/16/80	3017231	267.0	
02/21/84	3026564	0.0	
10/20/86	3031034	299.0	
09/08/89	3036306	360.0	- Current Pressure

Page No.: 2

Print Time: Mon Jan 11 07:23:35 1999

Property ID: 1423

Property Name: SAN JUAN 27-5 UNIT | 27 | 53357A-1- *Mesaverde*

Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

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

06/24/57	0	1093.0-	
07/23/57	0	1163.0-	<i>Initial Pressure</i>
01/15/58	19000	616.0	
08/29/58	28000	895.0	
09/22/59	52000	778.0	
03/06/60	59000	768.0	
10/28/61	76000	828.0	
08/06/62	80000	848.0	
04/19/63	84000	856.0	
08/27/64	98000	771.0	
05/10/65	105000	736.0	
04/19/66	119000	682.0	
08/04/67	132000	670.0	
05/02/68	140000	639.0	
08/28/70	165199	593.0	
04/08/71	172232	572.0	
08/09/72	186473	544.0	
12/06/83	266614	567.0	
04/18/86	276912	604.0	
09/08/89	293893	604.0	
07/16/91	304965	542.0	
07/31/91	304965	554.0-	<i>Current Pressure</i>

**San Juan 27-5 Unit #27**  
**Bottom Hole Pressures**  
**Flowing and Static BHP**  
**Cullender and Smith Method**

Version 1.0 3/13/94

<b>Pictured Cliffs</b>		<b>Mesaverde</b>	
<b><u>PC - Current</u></b>		<b><u>MV-Current</u></b>	
GAS GRAVITY	0.663	GAS GRAVITY	0.71
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.38	%N2	0.19
%CO2	0.31	%CO2	0.68
%H2S	0	%H2S	0
DIAMETER (IN)	1.995	DIAMETER (IN)	1.995
DEPTH (FT)	3313	DEPTH (FT)	4714
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	100	BOTTOMHOLE TEMPERATURE (DEG F)	140
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	432	SURFACE PRESSURE (PSIA)	554
BOTTOMHOLE PRESSURE (PSIA)	469.2	BOTTOMHOLE PRESSURE (PSIA)	627.3
<b><u>PC - Original</u></b>		<b><u>MV-Original</u></b>	
GAS GRAVITY	0.663	GAS GRAVITY	0.71
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.38	%N2	0.19
%CO2	0.31	%CO2	0.68
%H2S	0	%H2S	0
DIAMETER (IN)	1.995	DIAMETER (IN)	1.995
DEPTH (FT)	3313	DEPTH (FT)	4714
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	100	BOTTOMHOLE TEMPERATURE (DEG F)	140
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1091	SURFACE PRESSURE (PSIA)	1163
BOTTOMHOLE PRESSURE (PSIA)	1197.6	BOTTOMHOLE PRESSURE (PSIA)	1336.1

**BURLINGTON RESOURCES OIL AND GAS COMPANY**

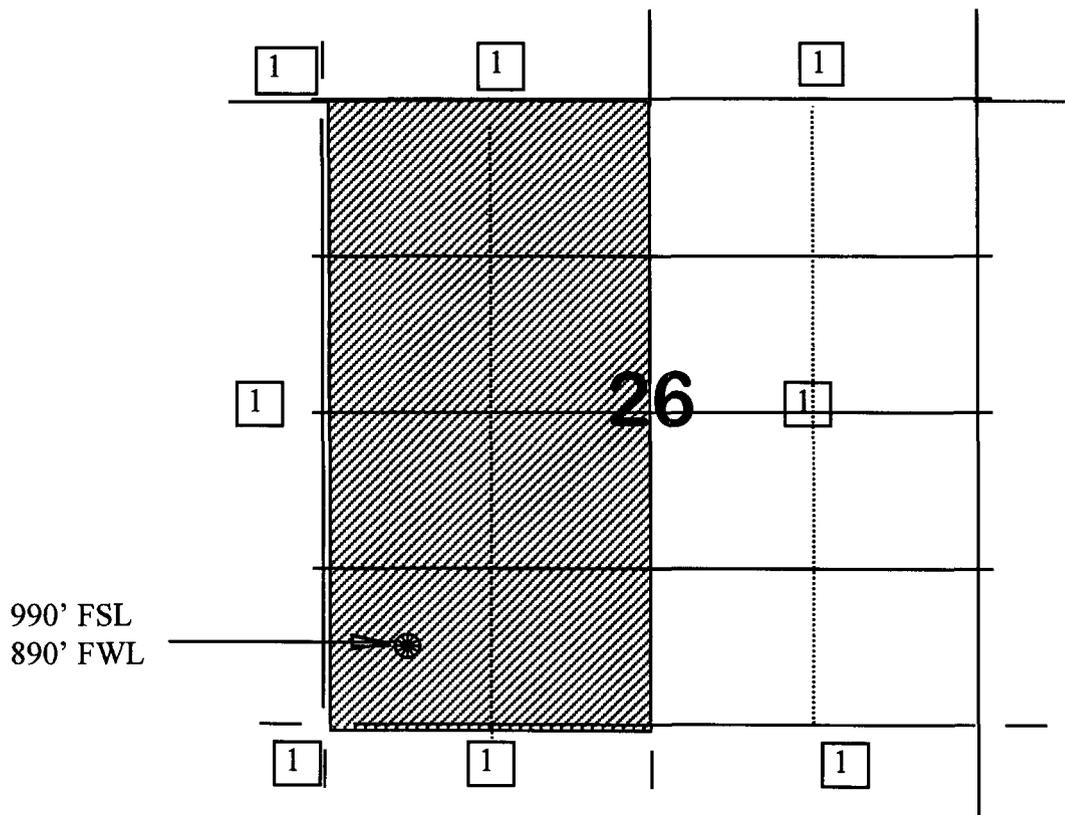
**San Juan 27-5 Unit #27**

**OFFSET OPERATOR/OWNER PLAT**

**Pictured Cliffs (SW/4) & Mesaverde (W/2) Formations**

**Commingle well**

**Township 27 North, Range 5 West**



**1) Burlington Resources**

DATE: January 14, 1989  
 NAME: SAN JUAN 27-5 Unit #27  
 FORM: PICTURED CLIFFS

LOCATION  
 UNIT: M  
 SEC: 26  
 TWN: 27N  
 RNG: 5W

T  
 27  
 N

<p>7/73        S.J. 27-5 Unit #155        102/1072 (88)        [22]</p> <p>6/59        S.J. 27-5 Unit #42        38/907 (88)        8/73</p> <p>11/82        S.J. 27-5 Unit #80        89/1030 (88)</p> <p>7/73        S.J. 27-5 Unit #156        37/366 (88)        [22]</p> <p>6/74        S.J. 27-5 Unit #181        16/181 (88)</p> <p>6/62        S.J. 27-5 Unit #75        26/888 (88)</p> <p>5/74        S.J. 27-5 Unit #183        22/192 (88)</p> <p>5/68        S.J. 27-5 Unit #31        13/188 (88)</p>	<p>6/62        S.J. 27-5 Unit #74        29/371 (88)</p> <p>5/72        S.J. 27-5 Unit #134        16/292 (88)</p> <p>6/67        S.J. 27-5 Unit #27        193/3204 (88)</p> <p>6/73        S.J. 27-5 Unit #161        122/1869 (88)</p> <p>6/74        S.J. 27-5 Unit #169        15/89 (88)</p> <p>8/74        S.J. 27-5 Unit #184        0/34 (88)</p> <p>8/68        S.J. 27-5 Unit #28        220/2877 (88)</p> <p>8/73        S.J. 27-5 Unit #136        0/237 (83)</p> <p>8/74        S.J. 27-5 Unit #136        93/449 (88)</p> <p>8/68        S.J. 27-5 Unit #38        0/806 (88)</p> <p>8/74        S.J. 27-5 Unit #18        31/1725 (88)</p> <p>8/68        S.J. 27-5 Unit #92        0/283 (81)</p>	<p>6/62        S.J. 27-5 Unit #74        29/371 (88)</p> <p>5/72        S.J. 27-5 Unit #134        16/292 (88)</p> <p>6/67        S.J. 27-5 Unit #27        193/3204 (88)</p> <p>6/73        S.J. 27-5 Unit #161        122/1869 (88)</p> <p>6/74        S.J. 27-5 Unit #169        15/89 (88)</p> <p>8/74        S.J. 27-5 Unit #184        0/34 (88)</p> <p>8/68        S.J. 27-5 Unit #28        220/2877 (88)</p> <p>8/73        S.J. 27-5 Unit #136        0/237 (83)</p> <p>8/74        S.J. 27-5 Unit #136        93/449 (88)</p> <p>8/68        S.J. 27-5 Unit #38        0/806 (88)</p> <p>8/74        S.J. 27-5 Unit #18        31/1725 (88)</p> <p>8/68        S.J. 27-5 Unit #92        0/283 (81)</p>
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LEGEND  
 COMPLETION DATE  
 WELL NAME  
 MCF/D-CUM(MMF)  
 BOP/D-CUM(MBO)

DATE: January 14, 1999  
 NAME: SAN JUAN 27-5 Unit #27  
 FORM: MESAVERDE  
 LOCATION  
 UNIT: M  
 SEC: 26  
 TWN: 27N  
 RING: 5W

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

<p>11/54        S.J. 27-5 Unit #9        29/284 (88)        [22]</p>	<p>7/81        S.J. 27-5 Unit #10        55/891 (88)</p>	<p>5/58        S.J. 27-5 Unit #31        78/1416 (88)</p>
<p>6/59        S.J. 27-5 Unit #42        75/652 (88)</p>	<p>2/59        S.J. 27-5 Unit #43        270/521 (88)</p>	<p>8/58        S.J. 27-5 Unit #32        52/647 (88)        [28]</p>
<p>8/61        S.J. 27-5 Unit #66        57/676 (88)</p>	<p>8/58        S.J. 27-5 Unit #28        32/620 (88)</p>	<p>7/58        S.J. 27-5 Unit #36        28/524 (88)        [38]        INA        10/56        S.J. 27-5 Unit #18        0/272 (88)</p>
<p>11/56        S.J. 27-5 Unit #16        35/580 (88)</p>	<p>11/86        S.J. 27-5 Unit #33        32/493 (88)        [26]</p>	<p>6/57        S.J. 27-5 Unit #27        19/352 (88)</p>
<p>11/55        S.J. 27-5 Unit #11        41/772 (88)</p>	<p>5/57        S.J. 27-5 Unit #20        34/385 (88)</p>	<p>6/96        S.J. 27-5 Unit #146        87/102 (88)</p>
<p>12/80        S.J. 27-5 Unit #56A        92/618 (88)</p>	<p>12/55        S.J. 27-5 Unit #12        31/836 (88)        [35]</p>	<p>11/53        S.J. 27-5 Unit #5        103/548 (88)        34]        3/81        27-5 Unit #5A        81/561 (88)</p>

R-5-W

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. 11626  
ORDER NO. R-10694

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY FOR THE ESTABLISHMENT  
OF A DOWNHOLE COMMINGLING "REFERENCE  
CASE" FOR ITS SAN JUAN 27-5 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 27-5 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 27-5 Unit which encompasses some 23,043 acres in Township 27 North, Range 5 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 27-5 Unit, the applicant currently operates one hundred and one (101) Basin-Dakota Gas Pool wells, one hundred and five (105) Blanco-Mesaverde Gas Pool wells, eighty-seven (87) South Blanco-Pictured Cliffs and Tapacito-Pictured Cliffs Gas Pool wells, and four (4) 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 27-5 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 27-5 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 27-5 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 27-5 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 27-5 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 583 MMCFG and 426 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 393 MCFGD and 63 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 27-5 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 27-5 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 3.141 psi and 1.118 psi, respectively; and.
  - b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations are approximately 1.032 psi and 441 psi, respectively.
- (10) There is sufficient pressure data available within the San Juan 27-5 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 27-5 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 27-5 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 27-5 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 27-5 Unit every time a Form C-107-A is submitted to the Division. There is a considerable number of such interest owners within the unit;

- c) providing notice to each interest owner within the San Juan 27-5 Unit of subsequent downhole comminglings is unnecessary and is an excessive burden on the applicant;
- d) the downhole commingling of wells within the San Juan 27-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 27-5 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 27-5 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 27-5 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 27-5 Unit, San Juan County, New Mexico, is hereby approved.

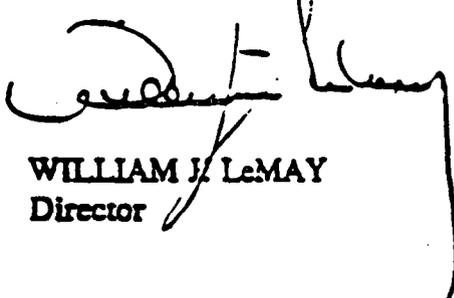
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 27-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Picured Cliffs and Dakota formations as "marginal", supporting data to verify the Picured 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 27-5 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 27-5 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