

**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. 14927
Order No. R-13684**

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP FOR A DOWNHOLE
COMMINGLING REFERENCE CASE FOR ITS
SAN JUAN 29-4 UNIT, RIO ARRIBA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 29, 2012, and January 24, 2013, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

Now, on this 6th day of March, 2013, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Burlington Resources Oil & Gas Company LP ("Burlington" or "Applicant"), in accordance with Division Rule 19.15.12.11.D NMAC, seeks to establish a downhole commingling reference case, to delete the notice requirement for downhole commingling of production from the Basin-Mancos, with Blanco-Mesaverde, and Basin-Dakota Gas Pools within the San Juan 29-4 Unit, located in Township 29 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(3) Burlington is the current operator of the San Juan 29-4 Unit, consisting of 4,156.65 acres, more or less, in the Basin-Mancos, Blanco-Mesaverde, and Basin-Dakota Gas Pools.

(4) The Applicant appeared at the hearing through counsel and presented the

following testimony:

- a. In the absence of the establishment of a "reference case" as provided in Rule 19.15.12.11.D NMAC, the Division requires that administrative applications for downhole commingling of gas production be submitted, processed, and approved on a well by well basis including notification by certified mail return receipt requested to each interest owner, where ownership is not common in the zones to be commingled.
- b. As a result of the entry of Order No. R-11363, dated April 26, 2000, the Basin-Dakota and the Blanco-Mesaverde Pools were approved as "pre-approved pools" for downhole commingling of production, thus eliminating the need to justify pressure and economic criteria on a well-by-well basis. In addition, by Order No. R-12984-B, dated August 4, 2012, the Division has "pre-approved" the downhole commingling of production from the Basin-Mancos Gas Pool such that production from the Basin-Mancos Gas Pool, the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool can all be downhole commingled.
- c. The allocation formulas among these Pools are administered and approved by the Division's District III Office in Aztec.
- d. Currently, the Division still requires the Applicant to notify in writing each interest owner in the San Juan 29-4 Unit, whenever the Applicant applies for downhole commingling of production from these Pools, when ownership is not common in the zones to be commingled.
- e. For the San Juan 29-4 Unit, this rule requires notice to some twenty-five interest owners at current development levels.
- f. Because this is a "divided" unit with various participating areas (PAs), the interest ownership between any zones to be downhole commingled within a given wellbore in the Unit will not be common. The Applicant is currently required to notify all interest owners in the unit every time a Form C-107-A is submitted to the Division which can involve as many as twenty-five different owners. This is unnecessary and is an excessive burden to the Applicant.

The Division Concludes as Follows:

(5) There were no objections filed and no party appeared at the hearing in opposition to the granting of this application.

(6) The Division has entered orders in downhole commingling reference cases that have eliminated the notice requirements for production from the Basin-Mancos, Blanco-Mesaverde, and Basin-Dakota Gas Pools in numerous cases.

(7) The proposed "reference case" will remove the repetitive notice requirement and encourage expedient completion of wells within this unit and thereby prevent waste and protect correlative rights.

(8) This application should be approved.

IT IS THEREFORE ORDERED THAT:

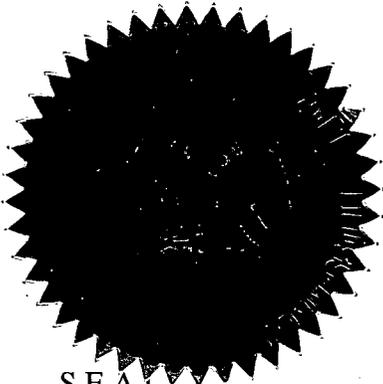
(1) The application of Burlington Resources Oil & Gas Company LP, to delete the notice requirement for downhole commingling of production from the Basin-Mancos, with Blanco-Mesaverde and Basin-Dakota Gas Pools within the San Juan 29-4 Unit, located in Township 29 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, is hereby approved.

(2) The operator of the San Juan 29-4 Unit shall reference this Division order on Form C-107-A, or Form C-103, when applying to the Division for approval to downhole commingle production from the Basin-Dakota, Blanco-Mesaverde and/or Basin-Mancos Gas Pools, and shall no longer be required to provide formal notice of that commingling to diverse owners, including royalty, overriding royalty or working interest owners.

(3) All other Division provisions relating to application for downhole commingling are still in force and effect including notification to the Bureau of Land Management (BLM), and the State Land Office (SLO).

(4) Jurisdiction of this case 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JAMI BAILEY
Director