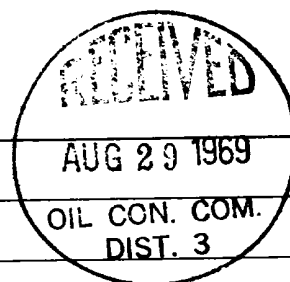


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TRANSPORTER	OIL 1 GAS 1
OPERATOR	2
PRORATION OFFICE	

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-110
Effective 1-1-65



I. Operator
El Paso Natural Gas Company
Address
Box 990, Farmington, New Mexico - 87401
Reason(s) for filing (Check proper box)
New Well ☒ Change in Transporter of:
Recompletion ☐ Oil ☐ Dry Gas ☐
Change in Ownership ☐ Casinghead Gas ☐ Condensate ☐
Other (Please explain)

If change of ownership give name
and address of previous owner

II. DESCRIPTION OF WELL AND LEASE
Lease Name **San Juan 27-5 Unit** Well No. **112** Pool Name, including Formation **Basin Dakota** Kind of Lease **State, Federal or Fee** Lease No. **ST 079391**
Location
Unit Letter **L** ; **1840** Feet From The **South** Line and **960** Feet From The **West**
Line of Section **8** Township **27N** Range **5W** , NMPM, **Rio Arriba** County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS
Name of Authorized Transporter of Oil ☐ or Condensate ☒
El Paso Natural Gas Company Address (Give address to which approved copy of this form is to be sent)
Box 990, Farmington, New Mexico - 87401
Name of Authorized Transporter of Casinghead Gas ☐ or Dry Gas ☒
El Paso Natural Gas Company Address (Give address to which approved copy of this form is to be sent)
Box 990, Farmington, New Mexico - 87401
If well produces oil or liquids, give location of tanks. Unit **L** Sec. **8** Twp. **27N** Rge. **5W** Is gas actually connected? When

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA
Designate Type of Completion - (X) Oil Well Gas Well New Well Workover Deepen Plug Back Same Res'v. Diff. Res'v.
Date Spudded **7-28-69** Date Compl. Ready to Prod. **8-20-69** Total Depth **7830'** P.B.T.D. **7809'**
Elevations (DF, RKB, RT, GR, etc.) **6603' GL** Name of Producing Formation **Dakota** Top Gas Pay **7572'** Tubing Depth **7765'**
Perforations **7572-84, 7595-7607, 7698-7710, 7747-59, 7778-90** Depth Casing Shoe **7830'**
TUBING, CASING, AND CEMENTING RECORD
HOLE SIZE CASING & TUBING SIZE DEPTH SET SACKS CEMENT
13 3/4" **9 5/8"** **235'** **165 Sks.**
8 3/4" **7"** **3610'** **155 Sks.**
6 1/4" **4 1/2"** **7830'** **360 Sks.**
1 1/2" **7765'** **Tubing**

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)
Date First New Oil Run To Tanks Date of Test Producing Method (Flow, pump, gas lift, etc.)
Length of Test Tubing Pressure Casing Pressure Choke Size
Actual Prod. During Test Oil-Bbls. Water-Bbls. Gas-MCF

GAS WELL
Actual Prod. Test-MCF/D Length of Test Bbls. Condensate/MMCF Gravity of Condensate
4299 **3 Hours** **2649** **3/4"**
Testing Method (pilot, back pr.) Tubing Pressure (shut-in) Casing Pressure (shut-in) Choke Size
Calculated A.O.F. **2481** **2649** **3/4"**

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Original Signed **F. H. WOOD**
(Signature)

Petroleum Engineer
(Title)

August 27, 1969
(Date)

OIL CONSERVATION COMMISSION
AUG 29 1969
APPROVED _____, 19_____
BY **Original Signed by Emery C. Arnold**
SUPERVISOR DIST. **79**
TITLE _____

This form is to be filed in compliance with RULE 1104.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.
Separate Forms C-104 must be filed for each pool in multiply completed wells.

NO. OF COPIES RECEIVED		5
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	GAS	
OPERATOR		
PRORATION OFFICE		

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-110
Effective 1-1-65

I. Operator
El Paso Natural Gas Company

Address
Box 990, Farmington, New Mexico 87401

Reason(s) for filing (Check proper box)

New Well	<input type="checkbox"/>	Change in Transporter of:	
Recompletion	<input type="checkbox"/>	Oil	<input type="checkbox"/>
Change in Ownership	<input type="checkbox"/>	Casinghead Gas	<input type="checkbox"/>
		Dry Gas	<input checked="" type="checkbox"/>
		Condensate	<input type="checkbox"/>

Other (Please explain)

If change of ownership give name
and address of previous owner

II. DESCRIPTION OF WELL AND LEASE

Lease Name	Well No.	Pool Name, Including Formation	Kind of Lease	Lease No.
San Juan 27-5 Unit	112	Basin Dakota	State, Federal or Fee	SF 079391
Location				
Unit Letter	L	1840 Feet From The	South Line and	960 Feet From The
Line of Section	8	Township	27N	Range
			5W	NMPM, Rio Arriba County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)					
El Paso Natural Gas Company	Box 990, Farmington, New Mexico 87401					
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)					
Northwest Pipeline Corporation	501 Airport Drive, Farmington, New Mexico 87401					
If well produces oil or liquids, give location of tanks.	Unit	Sec.	Twp.	Pge.	Is gas actually connected?	When
	L	8	27N	5W		

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'tv.	Diff. Res'tv.
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations						Depth Casing Shoe		
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full flow, etc.)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow Pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

(Signature)

(Title)

(Date)

OIL CONSERVATION COMMISSION

APPROVED FEB 7 1974, 19

BY Original Signed by A. R. Kendrick

TITLE PETROLEUM ENGINEER DIST NO. 3

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

Form C-104 must be filed for each pool in multiply

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

Form C-104
Revised 10-01-78
Format 08-01-83
Page 1

REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

I. Operator
Meridian Oil Inc.

Address
P. O. Box 4289, Farmington, NM 87499

Reason(s) for filing (Check proper box)

<input type="checkbox"/> New Well	Change in Transporter of:	Other (Please explain)
<input type="checkbox"/> Recompletion	<input type="checkbox"/> Oil	Meridian Oil Inc. is Operator
<input checked="" type="checkbox"/> Change in Ownership/Operatorship	<input type="checkbox"/> Casinghead Gas	for El Paso Production Company
	<input type="checkbox"/> Dry Gas	
	<input type="checkbox"/> Condensate	

If change of ownership give name and address of previous owner El Paso Natural Gas Company, P. O. Box 4289, Farmington, NM 87499

II. DESCRIPTION OF WELL AND LEASE

Lease Name San Juan 27-5 Unit	Well No. 112	Pool Name, including Formation Basin Dakota	Kind of Lease State, (Federal) or Fee	Lease No. SF 079391
Location				
Unit Letter <u>L</u>	<u>1840</u>	Feet From The <u>South</u> Line and <u>960</u>	Feet From The <u>West</u>	
Line of Section <u>8</u>	Township <u>27N</u>	Range <u>5W</u>	NMPM, <u>Rio Arriba</u>	County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

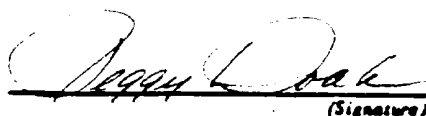
Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
Meridian Oil Inc.	P. O. Box 4289, Farmington, NM 87499
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
Northwest Pipeline Corp.	P. O. Box 8900, Salt Lake City, UT 84110
If well produces oil or liquids, give location of tanks.	Is gas actually connected? When
Unit <u>L</u> Sec. <u>8</u> Twp. <u>27N</u> Rge. <u>5W</u>	

If this production is commingled with that from any other lease or pool, give commingling order number: _____

NOTE: Complete Parts IV and V on reverse side if necessary.

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given is true and complete to the best of my knowledge and belief.



(Signature)
Drilling Clerk

(Title)
11-1-86

(Date)

RECEIVED

NOV 01 1986

OIL CON. DIV.
DIST. 3

OIL CONSERVATION DIVISION
NOV 01 1986

APPROVED _____, 19

BY 

TITLE SUPERVISION DISTRICT # 3

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

Separate Forms C-104 must be filed for each pool in multiply completed wells.

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
P.O. Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals, & Natural Resources Department

Form C-104

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

5 Copies

OIL CONSERVATION DIVISION

PO Box 2088

Santa Fe, NM 87504-2088

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator Name and Address Burlington Resources Oil & Gas PO Box 4289 Farmington, NM 87499		² OGRID Number 14538
		³ Reason for Filing Code CO - 7/11/96
⁴ API Number 30-039-20239	⁵ Pool Name BASIN DAKOTA (PRORATED GAS)	⁶ Pool Code 71599
⁷ Property Code 007454	⁸ Property Name SAN JUAN 27-5 UNIT	⁹ Well Number #112

II. ¹⁰ Surface Location

UI or lot no. L	Section 8	Township 027N	Range 005W	Lot.Idn	Feet from the 1840	North/South Line S	Feet from the 960	East/West Line W	County RIO ARriba
--------------------	--------------	------------------	---------------	---------	-----------------------	-----------------------	----------------------	---------------------	----------------------

¹¹ Bottom Hole Location

UI or lot no.	Section	Township	Range	Lot.Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
¹² Lse Code	¹³ Producing Method Code	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
25244	WILLIAMS FIELD SERVICES CO P.O. BOX 58900 SALT LAKE CITY, UT 84158-0990		G	L-08-T027N-R005W
9018	Giant Industries 5764 US Hwy 64 Farmington, NM 87401	1484010	O	L-08-T027N-R005W

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description
-------------------	--

V. Well Completion Data

²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBTd	²⁹ Perforations
³⁰ Hole Size	³¹ Casing & Tubing Size	³² Depth Set	³³ Sacks Cement	

VI. Well Test Data

³⁴ Date New Oil	³⁵ Gas Delivery Date	³⁶ Test Date	³⁷ Test Length	³⁸ Tbg. Pressure	³⁹ Csg. Pressure
⁴⁰ Choke Size	⁴¹ Oil	⁴² Water	⁴³ Gas	⁴⁴ AOF	⁴⁵ Test Method

⁴⁶ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Dolores Diaz*

Printed Name:
Dolores Diaz

Title:
Production Associate

Date:
7/11/96

Phone
(505) 326-9700

OIL CONSERVATION DIVISION

Approved by: Frank T. Chavez

Title: District Supervisor

Approved Date: July 11, 1996

⁴⁷ If this is a change of operator fill in the OGRID number and name of the previous operator
14538 Meridian Oil Production

Previous Operator Signature

Printed Name

Title

Date

Signature: *Dolores Diaz*

Dolores Diaz

Production Associate

7/11/96

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

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

San Juan 27-5 Unit

112

L 08-27N-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. 30-039-20239 Federal ☒ State (and/or) 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)	will be supplied upon completion		will be supplied upon completion
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. 733 psi (see attachment) (Original) b. 1271 psi (see attachment)	<div>RECEIVED MAR 25 1999 OIL CON. DIV. DIST. 3</div>	a. 1100 psi (see attachment) b. 3186 psi (see attachment)
6. Oil Gravity (API) or Gas BTU Content	BTU 1201		BTU 1058
7. Producing or Shut-In?	shut in		shut in
Production Marginal? (yes or no)	no		yes
* If Shut-In and oil/gas/water rates of last production <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data</small> * If Producing, give data and oil/gas/water of recent test (within 60 days)	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
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). ☐ Reference Order ☐ R-10694 ☐ 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:

Dan Voecks

TITLE: Production Engineer

DATE: 03-08-99

TYPE OR PRINT NAME: Dan Voecks

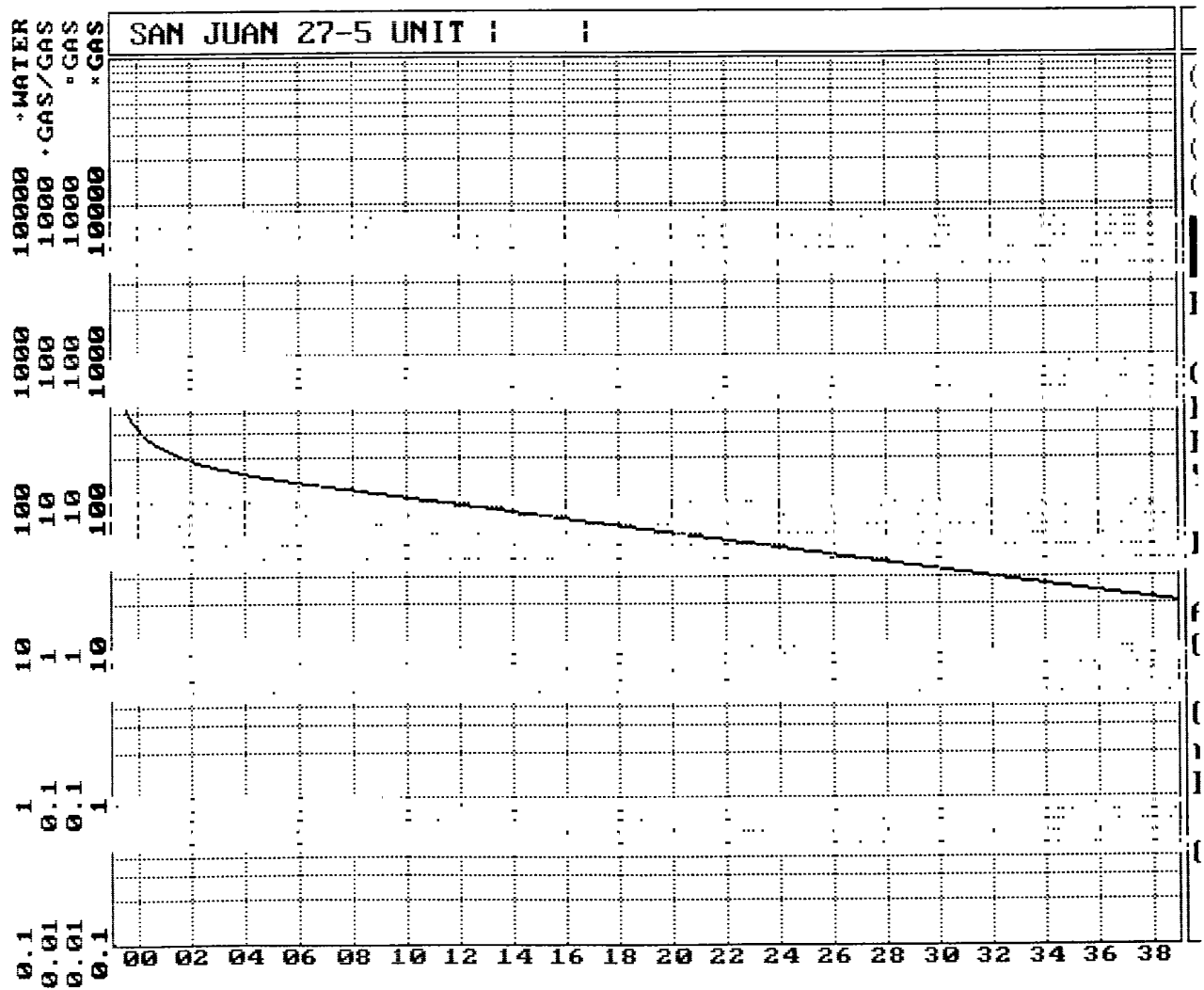
TELEPHONE NO.: (505) 326-9700

16		Original plat from David O. Vilven 3-31-69	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>
		<div style="text-align: center; font-size: 2em; font-weight: bold; margin: 20px 0;">RECEIVED</div> <div style="text-align: center; font-size: 1.2em; font-weight: bold; margin: 5px 0;">MAR 25 1999</div> <div style="text-align: center; font-size: 1.2em; font-weight: bold; margin: 5px 0;">OIL CON. DIV.</div> <div style="text-align: center; font-size: 1.2em; font-weight: bold; margin: 5px 0;">DIST. 3</div>	Signature _____ Printed Name <u>Peggy Bradfield</u> Printed Name _____ Title <u>Regulatory Administrator</u> Title _____ Date _____
960'			18 SURVEYOR CERTIFICATION <i>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 belief.</i>
1840'			Date of Survey _____ Signature and Seal of Professional Surveyer: _____ Certificate Number _____

San Juan 27-5 Unit #112

Expected Production Curve

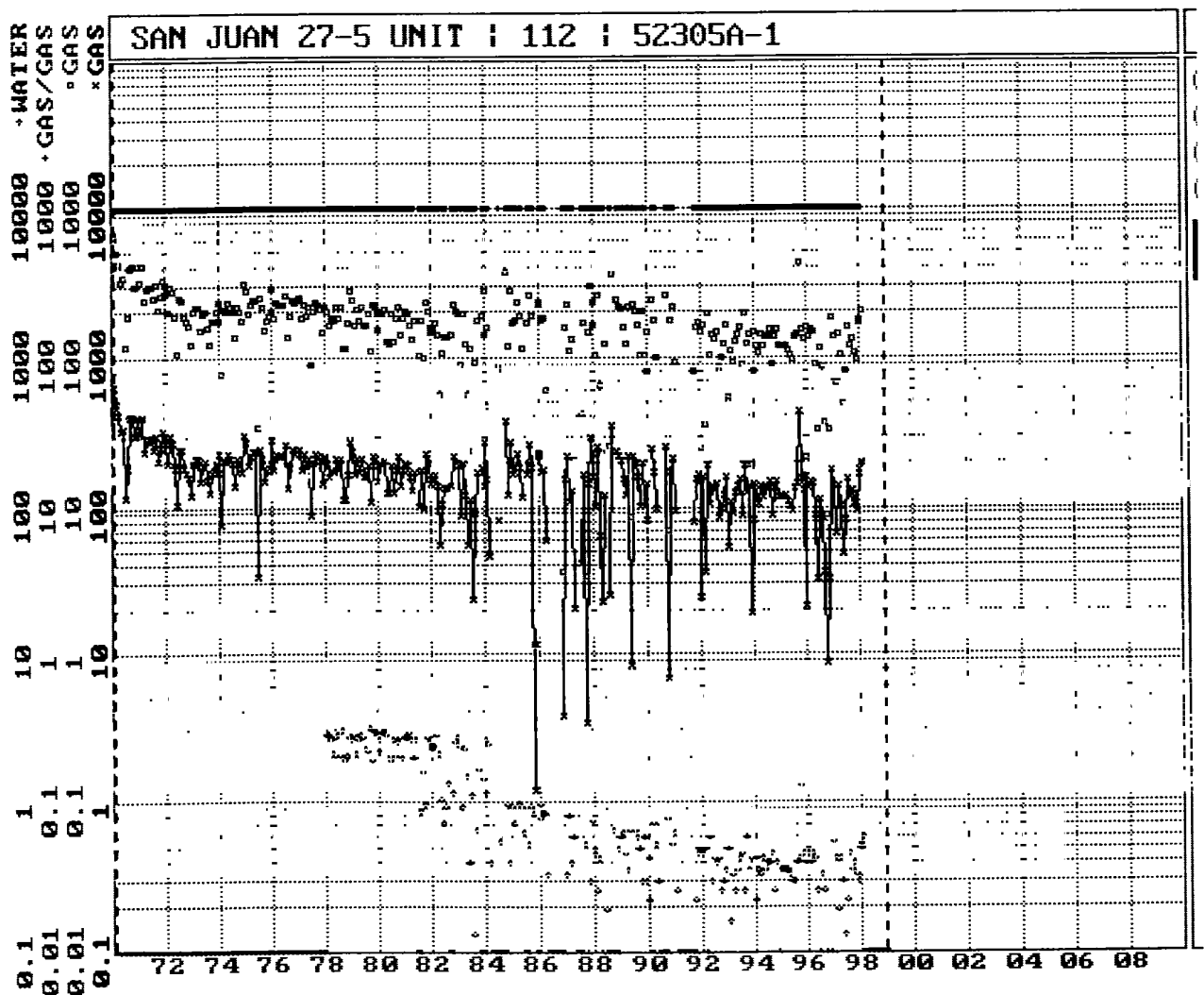
Mesaverde Formation



San Juan 27-5 Unit #112

Actual Production

Dakota Formation



San Juan 27-5 Unit #112

Bottom Hole Pressures

Flowing and Static BHP

Cullender and Smith Method

Version 1.0 3/13/94

Mesaverde		Dakota	
<u>MV-Current</u>		<u>DK-Current</u>	
GAS GRAVITY	0.704	GAS GRAVITY	0.623
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.25	%N2	0.15
%CO2	0.81	%CO2	1.65
%H2S	0	%H2S	0
DIAMETER (IN)	2.375	DIAMETER (IN)	1.5
DEPTH (FT)	5681	DEPTH (FT)	7765
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	137	BOTTOMHOLE TEMPERATURE (DEG F)	198
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	630	SURFACE PRESSURE (PSIA)	925
BOTTOMHOLE PRESSURE (PSIA)	732.8	BOTTOMHOLE PRESSURE (PSIA)	1100.0
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.704	GAS GRAVITY	0.623
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.25	%N2	0.15
%CO2	0.81	%CO2	1.65
%H2S	0	%H2S	0
DIAMETER (IN)	2.375	DIAMETER (IN)	1.5
DEPTH (FT)	5681	DEPTH (FT)	7765
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	137	BOTTOMHOLE TEMPERATURE (DEG F)	198
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1079	SURFACE PRESSURE (PSIA)	2650
BOTTOMHOLE PRESSURE (PSIA)	1271.2	BOTTOMHOLE PRESSURE (PSIA)	3185.6

Mesaverde Offset

```

Page No.: 1
Print Time: Mon Feb 22 16:08:42 1999
Property ID: 1328
Property Name: SAN JUAN 27-5 UNIT | 112 | 52305A-1
Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

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San Juan 27-5 Unit #112

Existing Dakota

BURLINGTON RESOURCES OIL AND GAS COMPANY

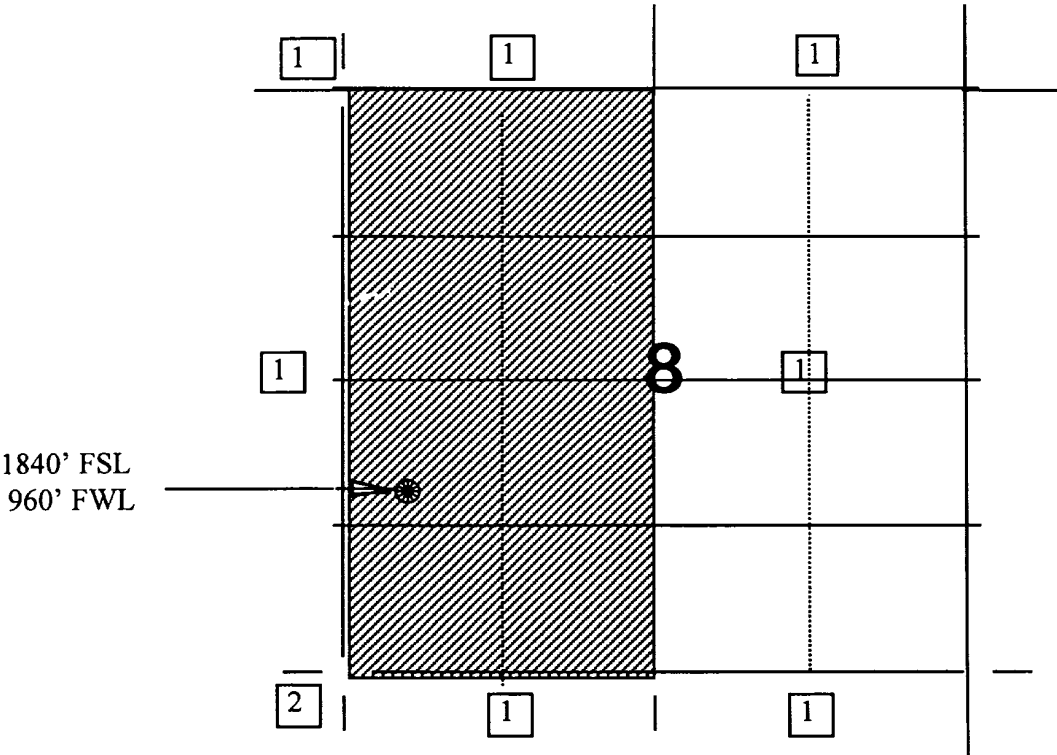
San Juan 27-5 Unit #112

OFFSET OPERATOR/OWNER PLAT

Mesaverde/Dakota Formations

Commingled well

Township 27 North, Range 5 West



1) Burlington Resources

San Juan 27-5 Unit #112
Blanco Mesaverde / Basin Dakota
27N - 5W - 8

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.

RIO ARRIBA

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. Catamach 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 Tapatio-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 Picured Cliffs formations are very consistent;
- b) the average recoverable Dakota and Picured 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 Picured 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 Picured 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 Picured 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 Picured 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 Pierre 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 Pierre 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. 103.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.

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(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 Picures Cliffs and Dakota formations as "marginal", supporting data to verify the Picures 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 H. LEMAY
Director