

DISTRICT I  
1625 N. Fgnch Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First St., Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410  
DISTRICT IV  
2040 S. Pacheco, Santa Fe, NM 87505

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  
Revised August 1999

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 28-5 UNIT

71M

I 34-28N-05W

RIO ARRIBA

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 14538 Property Code 7460 API NO. 30-039-0000X Spacing Unit Lease Types: (check 1 or more) Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling: 1. Pool Name and Pool Code	Upper Zone BLANCO MESAVERDE - 72319	Intermediate Zone	Lower Zone 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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 596 psi (see attachment) b. (Original) 1366 psi (see attachment)		a. (Current) 1008 psi (see attachment) b. (Original) 3214 psi (see attachment)
6. Oil Gravity (EAPI) or Gas BTU Content	BTU 1211		BTU 1087
7. Producing or Shut-In?	SHUT-IN		SHUT-IN
Production Marginal? (yes or no) * If Shut-In, give date 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 * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	NO Date: N/A Rates:		YES 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: % WILL BE SUPPLIED UPON COMPLETION	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

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

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 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

*Sean E. Corrigan*

TITLE PRODUCTION ENGINEER

DATE:

12/10/99

TYPE OR PRINT NAME SEAN E. CORRIGAN

TELEPHONE NO. 505-326-9700

DISTRICT II  
P.O. Drawer DD, Artesia, N.M. 88211-0719

Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
30-039-	72319/71599	Blanco Mesaverde/Basin Dakota
<sup>4</sup> Property Code	<sup>5</sup> Property Name	<sup>6</sup> Well Number
7460	SAN JUAN 28-5 UNIT	71M
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name	<sup>9</sup> Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6686'

<sup>10</sup> Surface Location

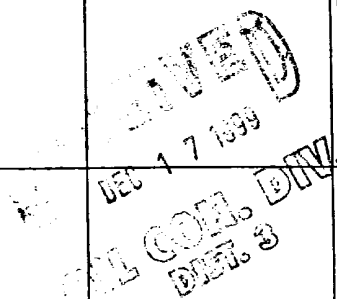
UL or lot no. 1	Section 34	Township 28-N	Range 5-W	Lot Idn	Feet from the 1750	North/South line SOUTH	Feet from the 790	East/West line EAST	County RIO ARRIBA
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<sup>11</sup>Bottom Hole Location If Different From Surface

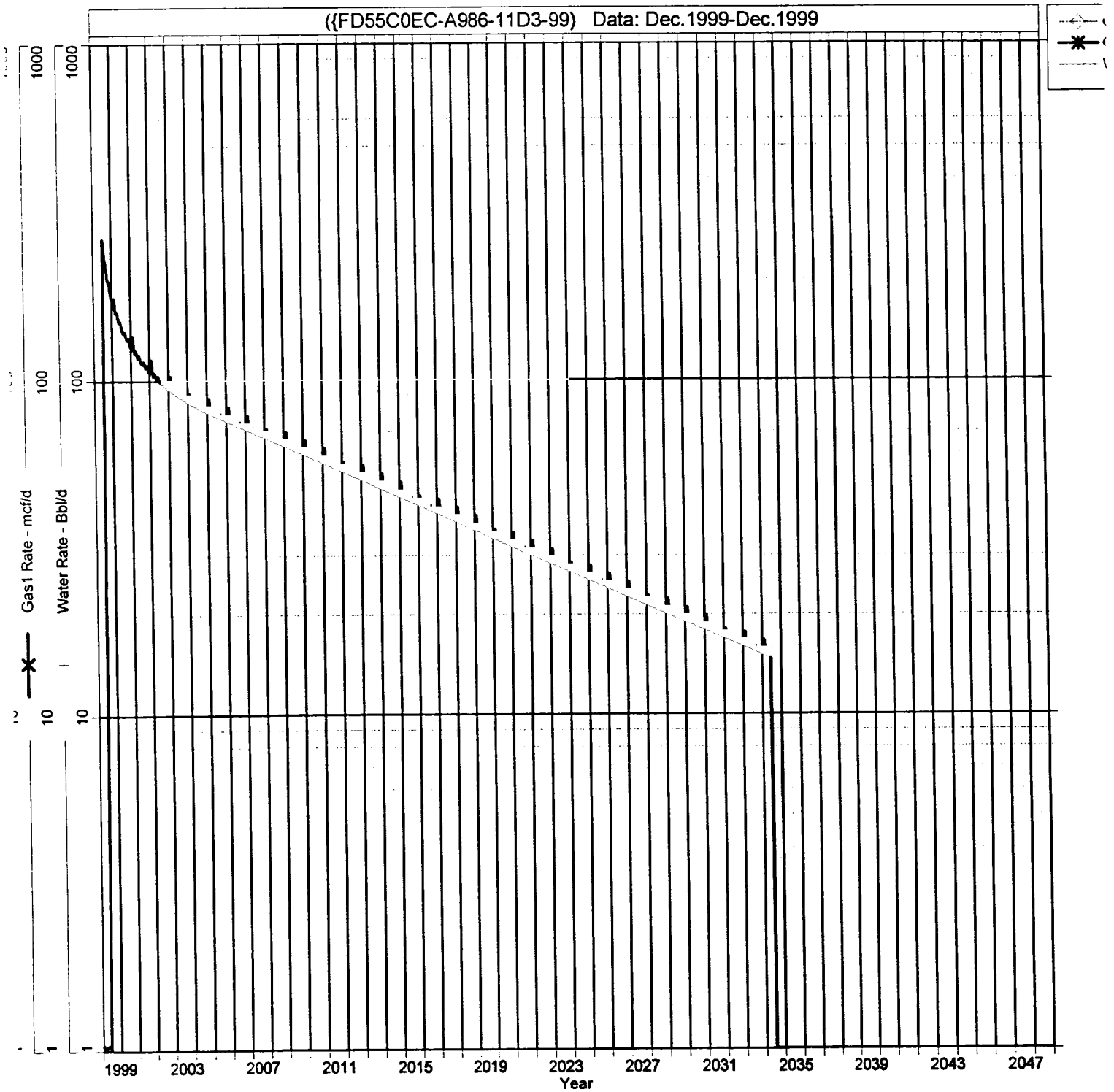
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
MY: S/343	6: DK:	E/326.42	

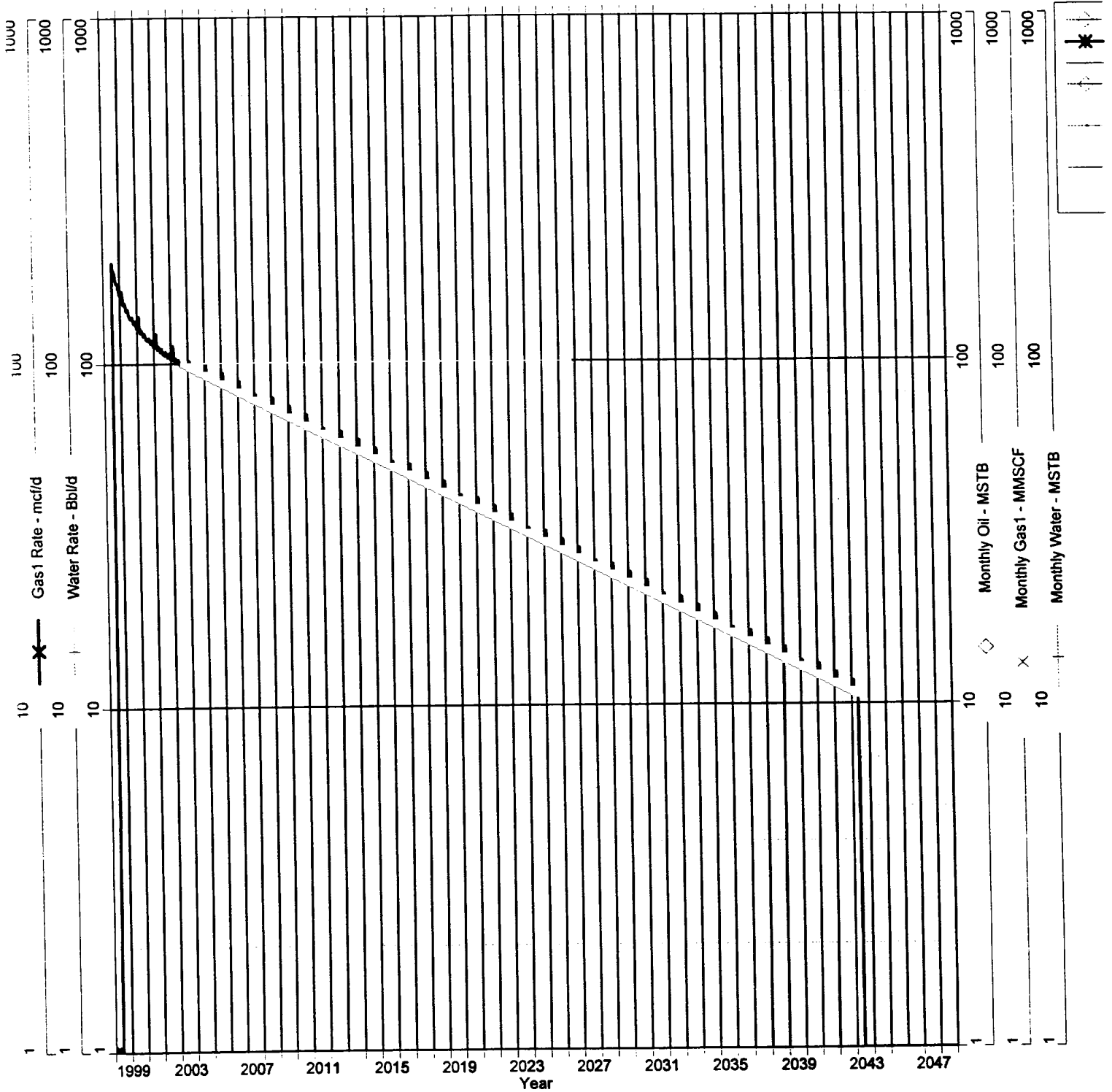
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div style="text-align: right;">18</div> <div style="text-align: center; margin-top: 100px;">  </div>	<div style="text-align: right;">17</div> <div style="text-align: center;"> <h3>OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> </div>	<div style="text-align: right;">18</div> <div style="text-align: center;"> <h3>SURVEYOR CERTIFICATION</h3> <p>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.</p> </div>
<div style="text-align: center; margin-top: 100px;"> <h2>34</h2> </div>	<div style="margin-top: 100px;"> <p>NMSF-079522</p> <p>FD. 1914 U.S.G.L.O. BC.</p> </div>	<div style="margin-top: 100px;"> <p>Signature _____</p> <p><u>Peggy Cole</u></p> <p>Printed Name</p> <p><u>Regulatory Administrator</u></p> <p>Title</p> <p>Date _____</p> </div>
<div style="margin-top: 100px;"> <p>LAT. = 36° 36.9' N.</p> <p>LONG. = 107° 20.4' W.</p> </div>	<div style="margin-top: 100px;"> <p>790'</p> <p>1750'</p> <p>NN 00-00-05 W</p> <p>FD. 1914 U.S.G.L.O. BC.</p> </div>	<div style="margin-top: 100px;"> <p>2594.9'</p> <p>7-28</p> <p>ROYA. RUSH</p> <p>NEW MEXICO</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR</p> <p>8894</p> <p>8894</p> <p>Certificate Number</p> </div>

San Juan 28-5 Unit #71M  
Expected Production Curve  
Mesaverde Formation



San Juan 28-5 Unit #71M  
 Expected Production Curve  
 Dakota Formation



# San Juan 28-5 Unit #71M

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	0.697	GAS GRAVITY	0.629
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.19	%N2	0.21
%CO2	0.91	%CO2	1.59
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	2.375
DEPTH (FT)	5894	DEPTH (FT)	7778
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)	512	SURFACE PRESSURE (PSIA)	847
BOTTOMHOLE PRESSURE (PSIA)	595.8	BOTTOMHOLE PRESSURE (PSIA)	1008.0
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.697	GAS GRAVITY	0.629
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.19	%N2	0.21
%CO2	0.91	%CO2	1.59
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	2.375
DEPTH (FT)	5894	DEPTH (FT)	7778
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)	1153	SURFACE PRESSURE (PSIA)	2667
BOTTOMHOLE PRESSURE (PSIA)	1366.4	BOTTOMHOLE PRESSURE (PSIA)	3214.0

Page No.: 1

Print Time: Fri Dec 03 09:28:14 1999

Property ID: 1590

Property Name: SAN JUAN 28-5 UNIT | 24 | 51853A

Table Name: R:\RESERVES\GDPNOS\TEST.DBF

```
--DATE--  ---CUM GAS--  M SIWHP
|||||  |||||Mcft|||Psi|||
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San Juan 28-5 Unit #71M

## Mesaverde Offset

04/02/57	0	1153.0
12/30/57	52000	797.0
11/06/58	106000	757.0
06/14/59	140000	684.0
06/14/60	195000	673.0
06/13/61	249000	626.0
07/31/62	298000	588.0
01/07/63	312000	628.0
01/02/64	352000	659.0
01/26/65	391000	652.0
08/01/66	450000	628.0
08/04/67	489000	603.0
05/10/68	517000	630.0
06/09/70	591122	597.0
05/03/71	624581	555.0
05/30/72	664035	547.0
04/19/74	724116	612.0
08/02/78	820618	740.0
05/31/82	947577	576.0
11/02/84	999125	534.0
11/04/86	1057169	639.0
05/10/89	1131551	551.0
02/18/91	1191155	525.0
08/16/91	1208360	537.0
08/30/93	1276889	512.0

Page No.: 2

Print Time: Fri Dec 03 09:28:15 1999

Property ID: 1655

Property Name: SAN JUAN 28-5 UNIT | 71 | 51658A

Table Name: R:\RESERVES\GDPNOS\TEST.DBF

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

07/20/67	0	2667.0
11/16/67	56000	2050.0
08/14/68	219000	1847.0
05/29/69	354058	1618.0
06/09/70	547187	1403.0
05/03/71	686919	1345.0
05/30/72	820859	1399.0
07/05/73	944563	1412.0
09/05/75	1146524	1022.0
07/06/77	1320320	662.0
05/01/79	1466465	892.0
05/04/81	1633470	804.0
09/19/83	1726226	1095.0
02/20/84	1756686	894.0
11/18/85	1844343	859.0
10/17/88	1972062	1439.0
06/29/90	2099281	916.0
07/28/92	2207038	847.0

San Juan 28-5 Unit #71M

Dakota Offset

## 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.

*FILED* ~~SAN JUAN~~ 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. 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 comminglings 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.

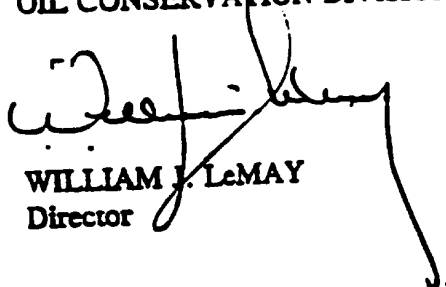
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify 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