

DATE IN 3/27/97	SUSPENSE 4/16/97	ENGINEER BS	LOGGED KV	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

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]

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

[A] Location - Spacing Unit - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ SD

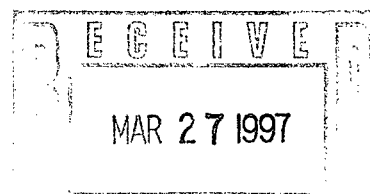
Check One Only for [B] and [C]

[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 - Statement of Understanding

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, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Peggy Bradfield

Print or Type Name

Signature

Regulatory/Compliance Administrator

Title

Date

3-26-97

BURLINGTON RESOURCES

SAN JUAN DIVISION

March 24, 1997

SENT FEDERAL EXPRESS

Mr. William LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: San Juan 28-5 Unit #88M
1840'FNL, 815'FWL Section 15, T-28-N, R-05-W, Rio Arriba County, NM
API #30-039-23856

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota pools in the subject well. This well was originally drilled as a Mesa Verde/Dakota dual; it is intended to commingle.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas Company is submitting the following for your approval of this commingling:

1. Form C107A - Application for Downhole Commingling;
2. C-102 plat for each zone showing its spacing unit and acreage dedication;
3. Production curve for Dakota and expected production curve for the Mesa Verde;
4. Notification list of offset operators - Burlington is the operator of the unit;
5. Shut in wellhead pressure and calculated down hole pressure of surrounding wells;
6. Nine-section plats for the Mesa Verde and Dakota.

Notification of Mesa Verde and Dakota interest owners is covered under Order R-10695 dated November 12, 1996 attached.

We will consult with the Supervisor of the Aztec District Office of the New Mexico Oil Conservation Division to establish an allocation formula.

Please let me know if you require additional data.

Sincerely,



Peggy Bradfield
Regulatory/Compliance Administrator

xc: Bureau of Land Management - hand delivered

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 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS :

☒ X Administrative ☐ Hearing

EXISTING WELLBORE

☒ X YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

BURLINGTON RESOURCES OIL & GAS COMPANY

PO Box 4289, Farmington, NM 87499

Operator

Address

San Juan 28-5 Unit

88M

E 15-28-05

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7460 API NO. 30-039-23856 Federal ☒ X State (and/or) Fee ☒ X

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)	5389' - 6176'		7860' - 8051'
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	a. (Current) 490 psia b. (Original) 1097 psia	a. b.	a. (Current) 615 psia b. 2210 psia
6. Oil Gravity (°API) or Gas BTU Content	1053		1053
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 <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give data and oil/gas/water of recent test (within 60 days)	Date: 1/31/97 Rates: 0.00 Bbls/d / 0 MCFD	Date: Rates:	Date: 1/31/97 Rates: 0.16 Bbls/d / 176 MCFD
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 the 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. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). Reference Order # 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 Kevin J. Midkiff TITLE Production Engineer DATE 03-24-97TYPE OR PRINT NAME Kevin Midkiff for ROS TELEPHONE NO. (505) 326-9700

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.

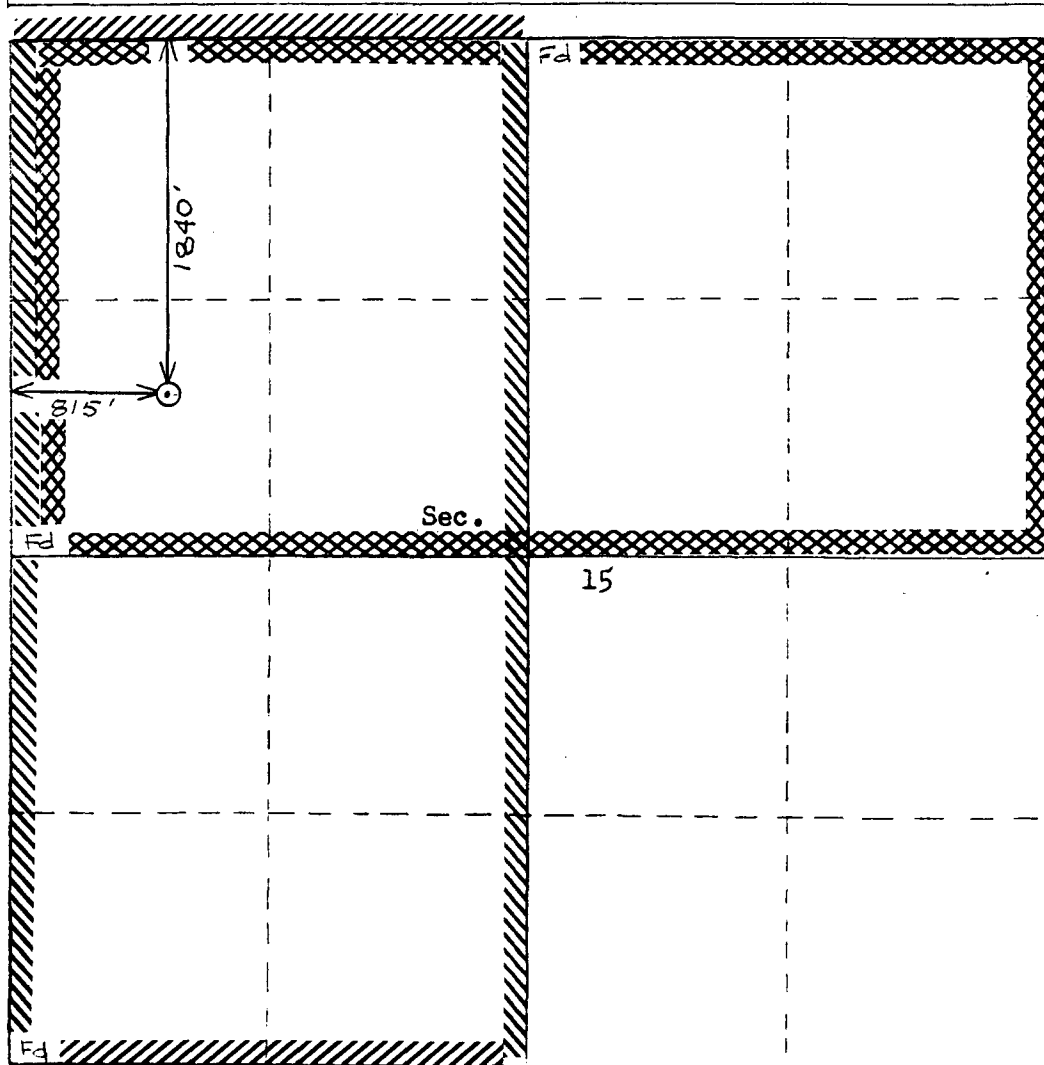
Operator EL PASO NATURAL GAS COMPANY			Lease SAN JUAN 28-5 UNIT (SF 079250)		Well No. 88M
Unit Letter E	Section 15	Township 28 N	Range 5 W	County Rio Arriba	
Actual Footage Location of Well: 1840 feet from the North line and 815 feet from the West line					
Ground Level Elev: 6667	Producing Formation Mesa Verde & Dakota (Dual)		Pool Blanco/Basin	Dedicated Acreage: 320 & 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Drilling Clerk
Position
El Paso Natural Gas
Company

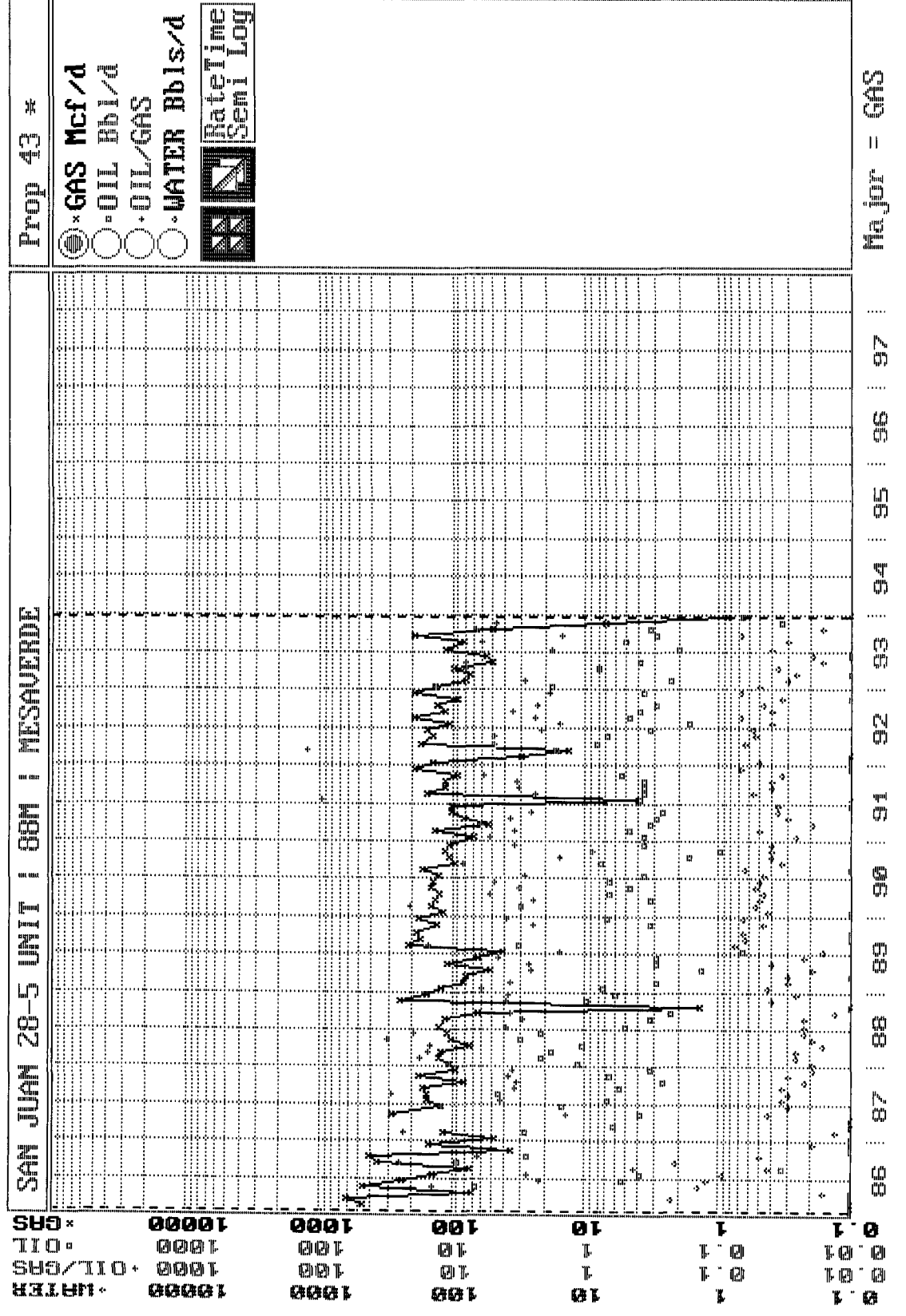
Date

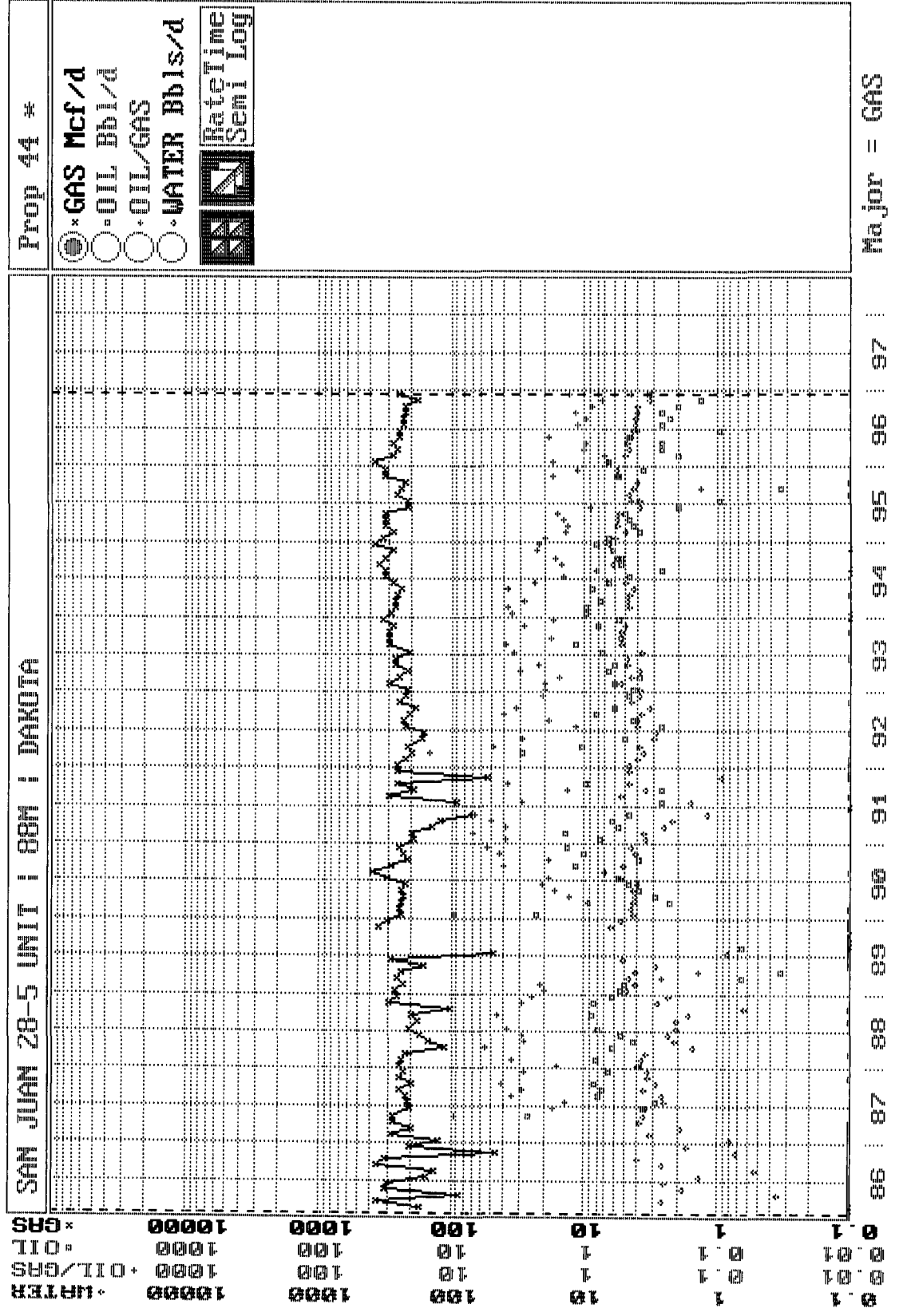
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
William E. Mahnke
Registered Professional Engineer
and Land Surveyor

WILLIAM E. MAHNKE
NEW MEXICO
#34261
REGISTERED PROFESSIONAL ENGINEER
AND LAND SURVEYOR

8466



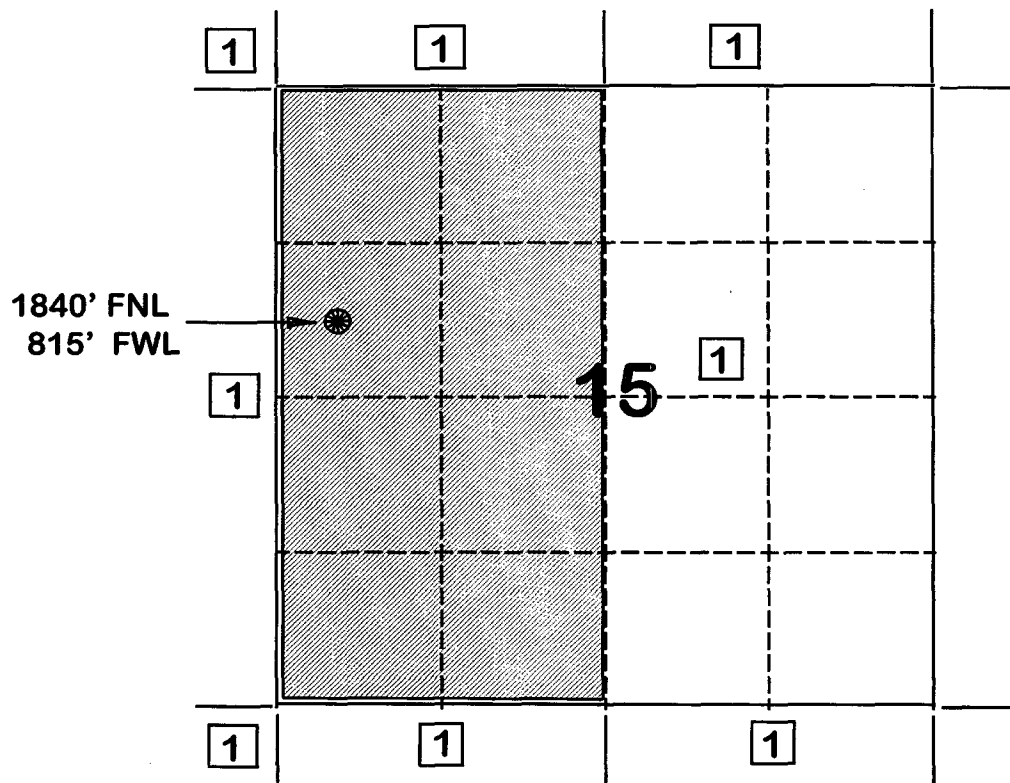


BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 28-5 Unit #88M
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde/Dakota Formations Commingle Well

Township 28 North, Range 5 West



1) Burlington Resources Oil and Gas Company

Page No.: 2

Print Time: Sat Mar 08 19:48:06 1997

Property ID: 43

Property Name: SAN JUAN 28-5 UNIT | 88M | MESAVERDE

Table Name: S:\ARIES\1ROS\TEST.DBF

<u>--DATE--</u>	<u>---CUM_GAS--</u>	<u>M SIWHP</u>
	Mcf	Psi

01/16/86	0	954.0	Original
04/02/86	35539	631.0	
11/25/87	132974	592.0	
08/02/88	162408	592.0	
11/07/89	214976	550.0	
02/21/91	273054	550.0	
06/18/91	283382	562.0	
03/29/93	357481	482.0	
3/25/97	377309	430.0	Estimated From P/z data

Page No.: 1

Print Time: Sat Mar 08 19:48:06 1997

Property ID: 44

Property Name: SAN JUAN 28-5 UNIT | 88M | DAKOTA

Table Name: S:\ARIES\1ROS\TEST.DBF

<u>--DATE--</u>	<u>---CUM_GAS--</u>	<u>M SIWHP</u>
	Mcf	Psi

01/09/86	0	1832.0	Original
04/02/86	19085	1448.0	
07/01/87	123783	1316.0	
08/02/88	205298	1302.0	
04/10/90	325616	1266.0	
11/02/92	525229	1070.0	
3/25/97	929330	520.0	Estimated From P/z curve

San Juan 28-5 Unit #88M
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	0.62	GAS GRAVITY	0.619
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.27	%N2	0.17
%CO2	1.54	%CO2	1.55
%H2S	0	%H2S	0
DIAMETER (IN)	1.5	DIAMETER (IN)	2.375
DEPTH (FT)	5783	DEPTH (FT)	7956
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	126	BOTTOMHOLE TEMPERATURE (DEG F)	201
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	430	SURFACE PRESSURE (PSIA)	520
BOTTOMHOLE PRESSURE (PSIA)	489.6	BOTTOMHOLE PRESSURE (PSIA)	614.8
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.62	GAS GRAVITY	0.619
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.27	%N2	0.17
%CO2	1.54	%CO2	1.55
%H2S	0	%H2S	0
DIAMETER (IN)	1.5	DIAMETER (IN)	2.375
DEPTH (FT)	5783	DEPTH (FT)	7956
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	126	BOTTOMHOLE TEMPERATURE (DEG F)	201
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	954	SURFACE PRESSURE (PSIA)	1832
BOTTOMHOLE PRESSURE (PSIA)	1097.4	BOTTOMHOLE PRESSURE (PSIA)	2209.6

FARMINGTON 1997 MONTHLY PRODUCTION FOR 54345A
 SAN JUAN 28-5 UNIT 88M
 BLANCO MESAVERDE (PRORATED GAS FIELD MESAVERDE ZONE

PHS030M1

MO	T	S	DAYS	ON	PC	OIL	PROD	GRV	PC	GAS	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	S			02				01					15.025			
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	

PF6 - RETURNS TO ANNUAL DISPLAY
 PF10 - HELP INFORMATION

PF3 - TRANSFER TO UPDATE
 PF9 - DISPLAY MONTHLY INJECTION
 PRS 03/05/97

00/00/00 00:00:00:0

B MY JOB

NUM LU #2

FARMINGTON 1997 MONTHLY PRODUCTION FOR 54345B
 SAN JUAN 28-5 UNIT 88M
 BASIN DAKOTA (PRORATED GAS) FIELD DAKOTA ZONE

PHS030M1

MO	T	S	DAYS	ON	PC	OIL	PROD	GRV	PC	GAS	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F		31	02		5		01		5451	31	1077	15.025		98	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	

$5 \div 31 = 0.16$

$5451 \div 31 = 175.8 \text{ Mcfd}$

PF6 - RETURNS TO ANNUAL DISPLAY
 PF10 - HELP INFORMATION

PF3 - TRANSFER TO UPDATE
 PF9 - DISPLAY MONTHLY INJECTION
 PRS 03/05/97

00/00/00 00:00:00:0

B MY JOB

NUM LU #2

FARMINGTON

ANNUAL PRODUCTION FOR 54345B

PHS020M1

SAN JUAN 28-5 UNIT 88M

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC DATE

BBLs

PC DATE

MCF

DATE

BBLs

```

=====
YEAR      OIL      OIL CUM      GAS      GAS CUM      WATER      WATER CUM
1986                75546      75546      558      558
1987      191      191      83101      158647      1074      1632
1988      181      372      72492      231139      877      2509
1989      36      408      65223      296362      1170      3679
1990      248      656      94316      390678      1692      5371
1991      161      817      57173      447851      1026      6397
1992      215      1032      77015      524866      1382      7779
1993      195      1227      97677      622543      1576      9355
1994      228      1455      107622      730165      1278      10633
1995      112      1567      102075      832240      1832      12465
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POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION

ENTER - CONTINUES ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF6 - RETURN TO WELL-INFO DISPLAY

PF9 - ANNUAL INJECTION DISPLAY

PF10 - HELP INFORMATION

B MY JOB

LU #21

FARMINGTON

ANNUAL PRODUCTION FOR 54345A

PHS020M1

SAN JUAN 28-5 UNIT 88M

BLANCO MESAVERDE (PRORATED GAS) FIELD

MESAVERDE ZONE

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC DATE

BBLs

PC DATE

MCF

DATE

BBLs

```

=====
YEAR      OIL      OIL CUM      GAS      GAS CUM      WATER      WATER CUM
1986      591      591      93032      93032      285      285
1987      373      964      42790      135822      79      364
1988      424      1388      40856      176678      78      442
1989      183      1571      43762      220440      157      599
1990      208      1779      46369      266809      168      767
1991      113      1892      36849      303658      132      899
1992      157      2049      45034      348692      161      1060
1993      141      2190      28617      377309      102      1162
1994                2190      377309      1162
1995                2190      377309      1162
=====

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POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION

ENTER - CONTINUES ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF6 - RETURN TO WELL-INFO DISPLAY

PF9 - ANNUAL INJECTION DISPLAY

PF10 - HELP INFORMATION

B MY JOB

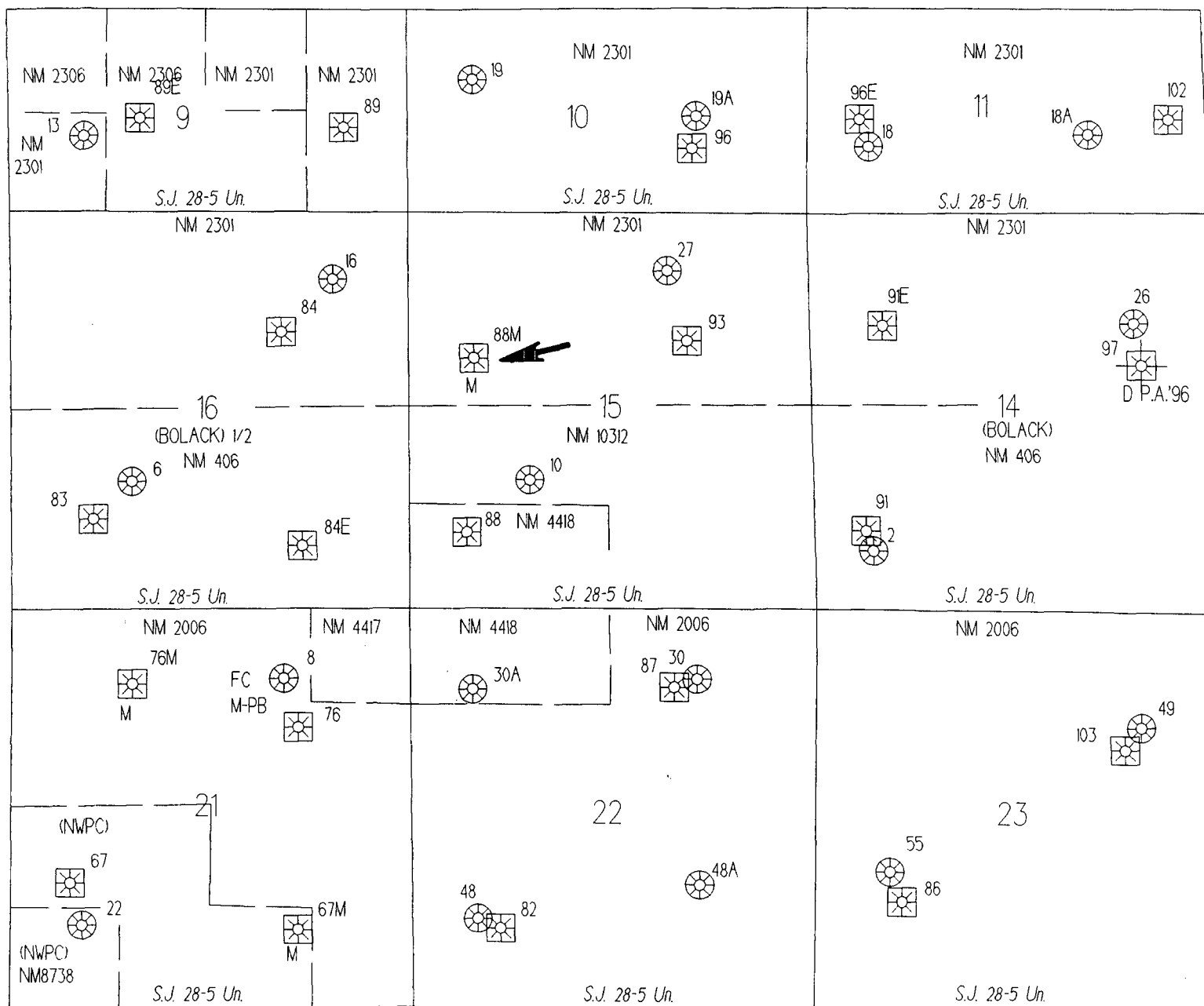
LU #21



San Juan 28-5 Unit #88M

Mesaverde/Dakota

Sec. 15, T-28-5, R-5-W

Rio Arriba Co., NM



 MESAVERDE WELL
 DAKOTA WELL

**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 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.

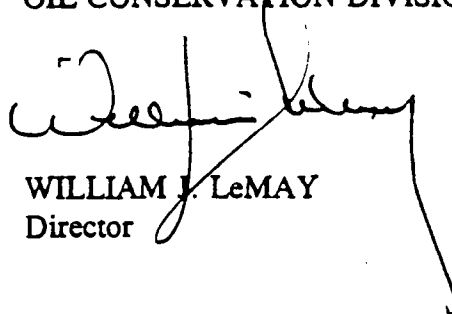
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify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