

BURLINGTON RESOURCES

SAN JUAN DIVISION

March 31, 1997

SENT FEDERAL EXPRESS

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

Re: San Juan 28-6 Unit #154M
1450'FNL, 955'FWL Section 27, T-28-N, R-6-W, Rio Arriba County, NM
API #30-039-25631

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 is a new Mesa Verde/Dakota well that is being drilled and completed in 1997.

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. Expected production curve for the Mesa Verde and Dakota for at least year;
4. Notification list of offset operators - Burlington is the offset operator;
5. Shut in wellhead pressure and calculated down hole pressure;
6. Nine-section plats for the Mesa Verde and Dakota.

Notification of Mesa Verde and Dakota interest owners is covered under Reference Order #R-10696 issued 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

encs.

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 28-6 Unit	154M	E 27-28-6	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
Spacing Unit Lease Types: (check 1 or more)			
OGRID NO. <u>14538</u>	Property Code <u>7462</u>	API NO. <u>30-039-25631</u>	Federal <input checked="" type="checkbox"/> , State <input type="checkbox"/> (and/or) Fee <input type="checkbox"/>

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediats 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. 841 psi (see attachment)	a.	a. 754 psi (see attachment)
	(Original) b. 1233 psi (see attachment)	b.	b. 3202 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1158		BTU 1070
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	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
<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 water of recent test (within 60 days)	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

- 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.
- 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
- 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)
- Are all produced fluids from all commingled zones compatible with each other? Yes No
- Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
- 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
- NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). Reference Order R-10696 attached
- 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 James A. Smith TITLE Production Engineer DATE 3/27/97

TYPE OR PRINT NAME James A. Smith TELEPHONE NO. (505) 326-9700

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Huerfano Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-		Pool Code 72319/71599	Pool Name Blanco Mesaverde/Basin Dakota
Property Code 7462	Property Name San Juan 28-6 Unit		Well Number 154M
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6450'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	27	28-N	6-W		1450	North	955	West	R.A.

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres W/320-W/320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

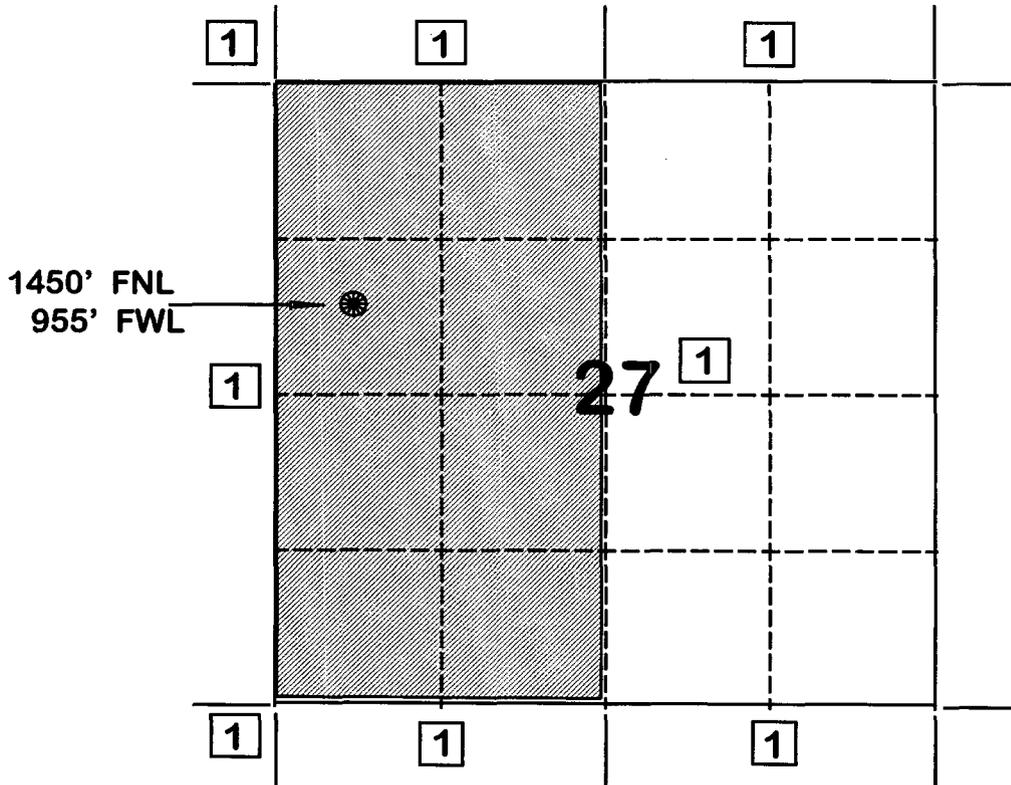
	<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Peggy Bradfield</i> Signature</p> <p>Peggy Bradfield Printed Name</p> <p>Regulatory Administrator Title</p> <p>12-31-96 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p><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></p> <p>10/19/96 Date of Survey</p> <p><i>Neal C. Edwards</i> Signature and Seal of Professional Approver</p> <p> Certificate Number</p>

BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 28-6 Unit #154M
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde/Dakota Formations Commingle Well

Township 28 North, Range 6 West



1) Burlington Resources Oil and Gas Company

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	0.686
COND. OR MISC. (C/M)	C
%N2	0.5
%CO2	0.78
%H2S	0
DIAMETER (IN)	2
DEPTH (FT)	5662
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	727
BOTTOMHOLE PRESSURE (PSIA)	841.4

SAN JUAN 28-6 UNIT #9 MESAVERDE - CURRENT

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.686</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.5</u>
%CO2	<u>0.78</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>2</u>
DEPTH (FT)	<u>5662</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>150</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>1057</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>1233.4</u>

SAN JUAN 28-6 UNIT #9 MESAVERDE - ORIGINAL

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.623</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.39</u>
%CO2	<u>1.31</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>7800</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>200</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>637</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>753.5</u>

SAN JUAN 28-6 UNIT #154 DAKOTA -CURRENT

**FLOWING AND STATIC BHP
CULLENDER AND SMITH METHOD**

VERSION 1.0 3/13/94

GAS GRAVITY	<u>0.623</u>
COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.39</u>
%CO2	<u>1.31</u>
%H2S	<u>0</u>
DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>7800</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>200</u>
FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>2662</u>
BOTTOMHOLE PRESSURE (PSIA)	<u>3202.1</u>

SAN JUAN 28-6 UNIT #154 DAKOTA -ORIGINAL

Page No.: 4

Print Time: Thu Mar 27 07:16:42 1997

Property ID: 10542

Property Name: SAN JUAN 28-6 UNIT | 9 | 49293A-1

Table Name: K:\ARIES\RR97PDP\TEST.DBF

SJ 28-6 #154m
Mesaverde Offset

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

10/20/54	0	1057.0	← Original
11/08/54	0	1058.0	
12/07/55	17000	723.0	
08/24/56	52000	766.0	
10/30/57	84000	811.0	
11/06/58	107000	970.0	
06/14/59	121000	795.0	
06/14/60	145000	797.0	
10/29/60	151000	752.0	
05/05/61	162000	742.0	
09/05/61	172000	688.0	
05/29/62	189000	651.0	
05/09/63	215000	676.0	
05/26/64	244000	654.0	
09/08/65	280000	616.0	
04/12/66	297000	650.0	
03/22/67	321000	677.0	
10/10/68	362000	657.0	
05/25/70	405762	602.0	
05/04/71	436781	557.0	
05/22/72	463631	536.0	
07/31/74	518092	696.0	
04/07/86	712713	753.0	
07/30/91	800327	715.0	
08/26/91	801370	727.0	← Current

Page No.: 3

Print Time: Thu Mar 27 07:18:28 1997

Property ID: 1865

Property Name: SAN JUAN 28-6 UNIT | 154 | 52433A-1

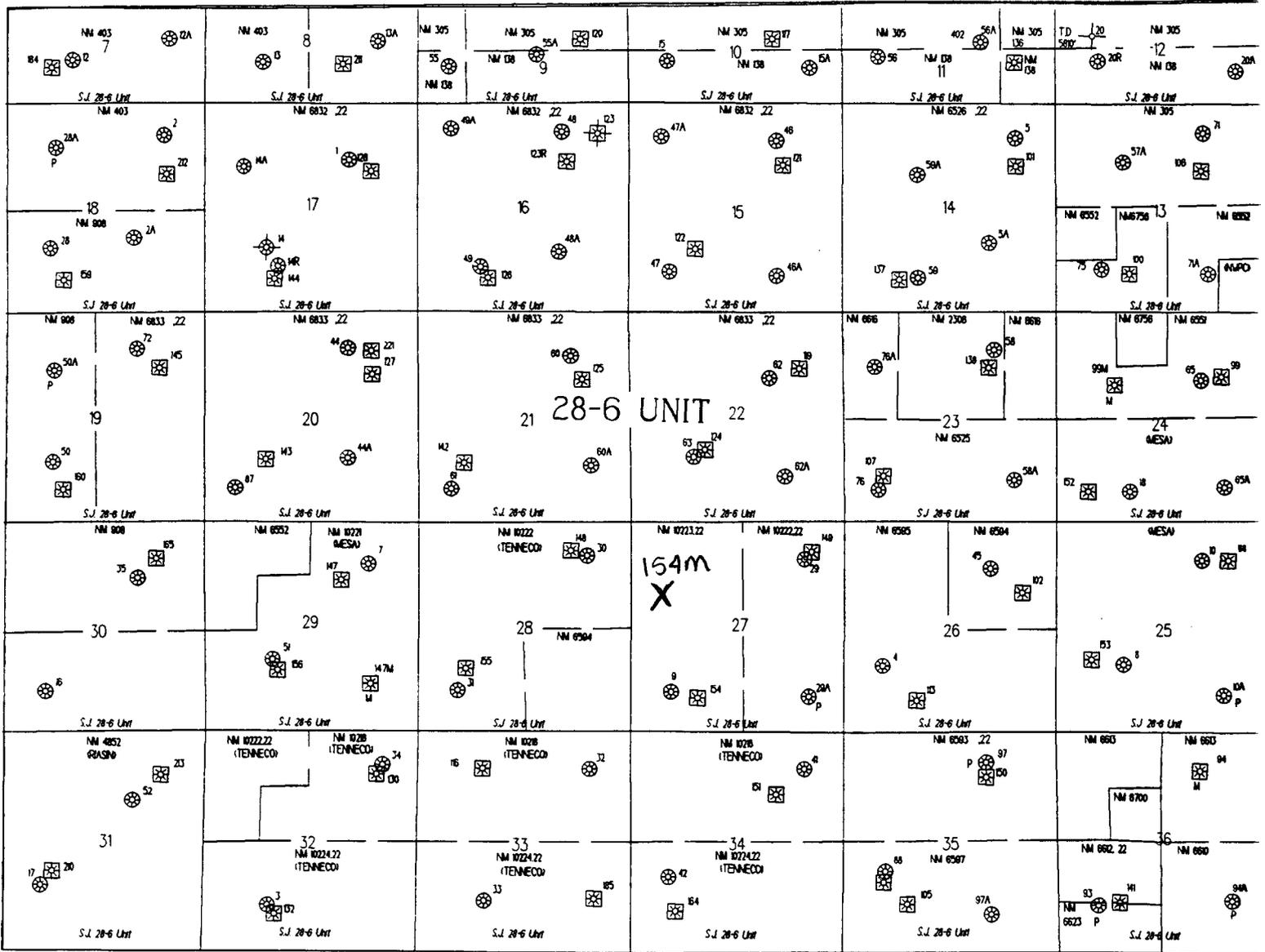
Table Name: K:\ARIES\RR97PDP\TEST.DBF

SI 28-6 # 154m

Dakota Offset

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

07/21/71	0	2662.0	← original
11/29/71	73696	1440.0	
05/22/72	164583	1063.0	
01/19/73	234824	808.0	
08/21/73	296556	836.0	
11/19/73	319549	808.0	
06/24/75	454135	618.0	
01/28/77	564194	660.0	
11/28/77	611787	660.0	
04/24/79	684594	562.0	
09/29/81	808341	656.0	
09/22/83	889632	755.0	
06/07/85	958296	646.0	
06/08/90	1140008	652.0	
05/28/92	1201614	637.0	← current



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. 11628
ORDER NO. R-10696

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR THE ESTABLISHMENT
OF A DOWNHOLE COMMINGLING "REFERENCE
CASE" FOR ITS SAN JUAN 28-6 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 28-6 Unit, San Juan County, New Mexico.

(3) Division Rule No. 303.E., amended by Order No. R-10470-A, currently states:

- 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 28-6 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 28-6 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 28-6 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 449 MMCFG and 186 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 254 MCFGD and 216 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 28-6 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 28-6 Unit, the applicant presented engineering evidence and testimony which indicates that:

- c) providing notice to each interest owner within the San Juan 28-6 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 28-6 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-6 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 28-6 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 28-6 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 28-6 Unit, San Juan County, New Mexico, is hereby approved.