

DATE IN 6/03/97	SUSPENSE 6/23/97	ENGINEER BS/DC	LOGGED M	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

1589

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]

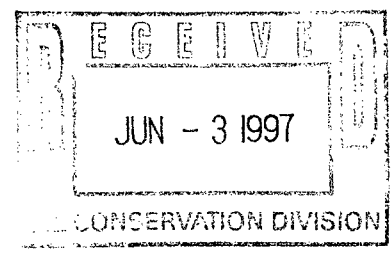
1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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, LI, 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.

eggy Bradfield
 Print or Type Name Signature

Regulatory/Compliance Administrator
 Title

6/2/97
 Date

BURLINGTON RESOURCES

SAN JUAN DIVISION

June 2, 1997

SENT FEDERAL EXPRESS

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

Re: San Juan 29-7 Unit #66A
2040'FNL, 2175'FWL Section 22, T-29-N, R-7-W, Rio Arriba County, NM
API #30-039-25664

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota in the subject well. This well is planned to be drilled and completed as a Mesa Verde/Dakota commingle 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. Production curve for Dakota and expected production curve for the Mesa Verde;
4. Notification list of offset operators - Burlington is the surrounding operator;
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-10697 dated November 8, 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 87505-6429

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 29-7 UNIT 66A F 22--29N-7W Rio Arriba
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7465 API NO. 30-039-25664 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. 621 psi (see attachment) (Original) b. 1250 psi (see attachment)	a. b.	a. 470 psi (see attachment) b. 2173 psi (see attachment)
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	BTU 1155		BTU 1027
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 Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
* 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

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). R-10697

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 Sean C. Woolverton TITLE Production Engineer DATE 05/27/97

TYPE OR PRINT NAME Sean C. Woolverton TELEPHONE NO. (505) 326-9700

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer 00, 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

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

Form C-
Revised February 21, 1991
Instructions on c
Submit to Appropriate District Of
State Lease - 4 Co
Fee Lease - 3 Co
070 FARMINGTON, NM
AMENDED REPC

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-039-	72319/71599	Blanco Mesaverde/Basin Dakota
Property Code	Property Name	Well Number
7465	San Juan 29-7 Unit	66A
OGRID No.	Operator Name	Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6788'

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
F	22	29-N	7-W		2040	North	2175	West	R.A.

11 Bottom Hole Location If Different From Surface

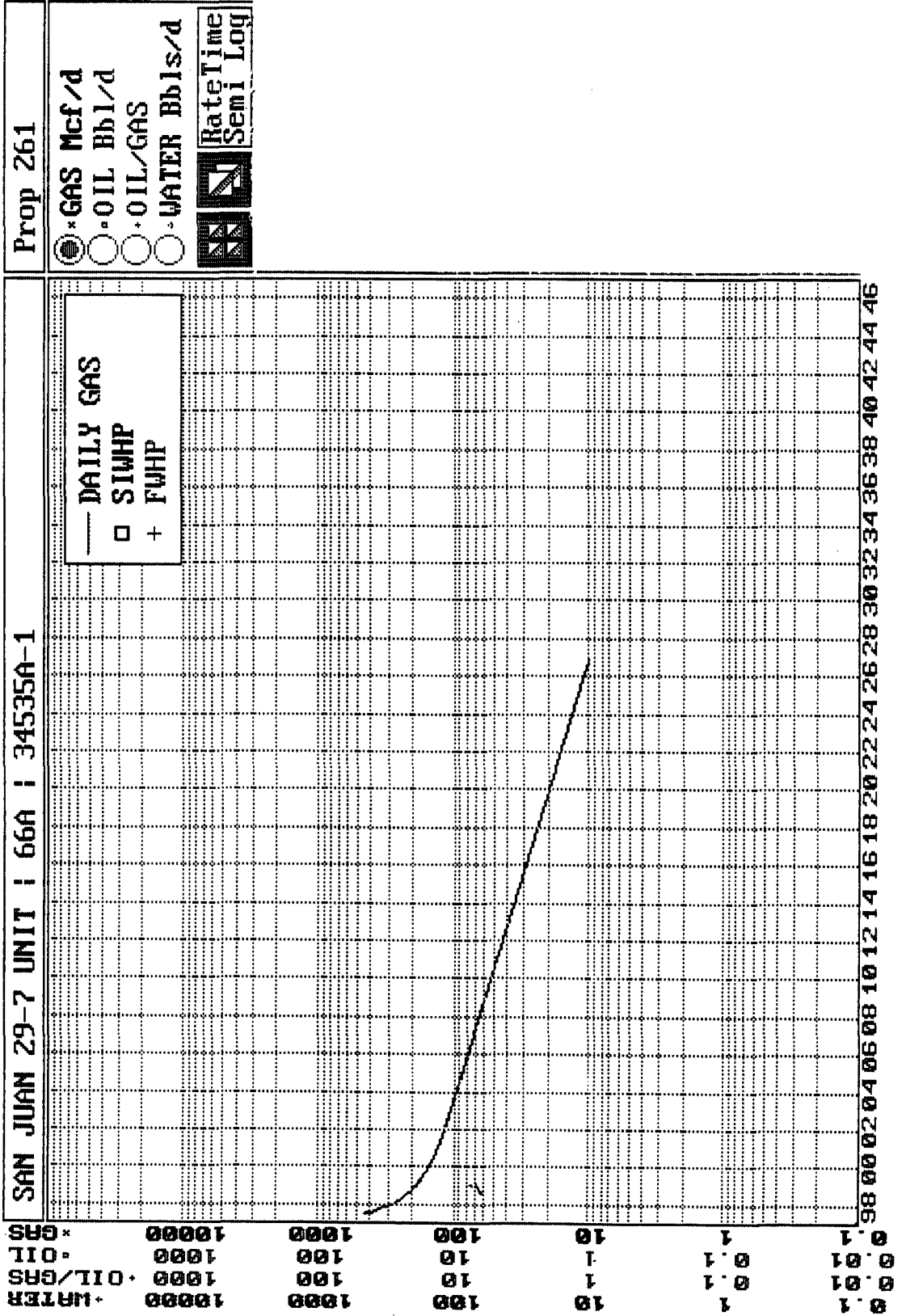
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Dedication Acres	Joint or Infill	Consolidation Code	Order No.
MV-W/320 DK-W/320			

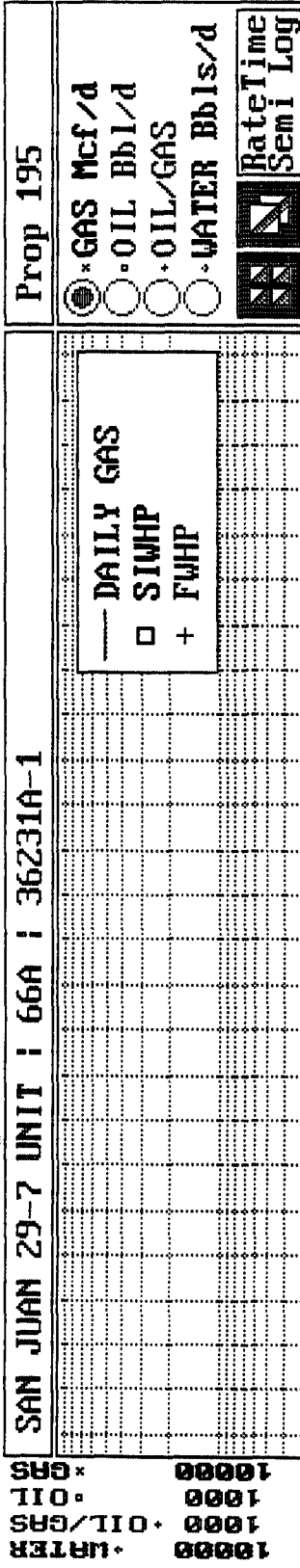
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATE
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	5290.56'	17 OPERATOR CERTIFICATION
SF-078399	2040'	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
2175'		Signature: <u>Peggy Bradford</u>
5280.00'	22	Printed Name: <u>Peggy Bradford</u>
SF-078424-B		Title: <u>Regulatory Administrator</u>
		Date: <u>1-20-97</u>
5289.24'		18 SURVEYOR CERTIFICATION
		I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by or under my supervision, and that the same is true and correct to the best of my belief.
		Date of Survey: <u>12/20/96</u>
		Signature and Seal of Professional Surveyor: <u>NEALE C. EDWARDS</u>
		Certificate Number: <u>6857</u>

Basin Dakota



Blanco Menendez

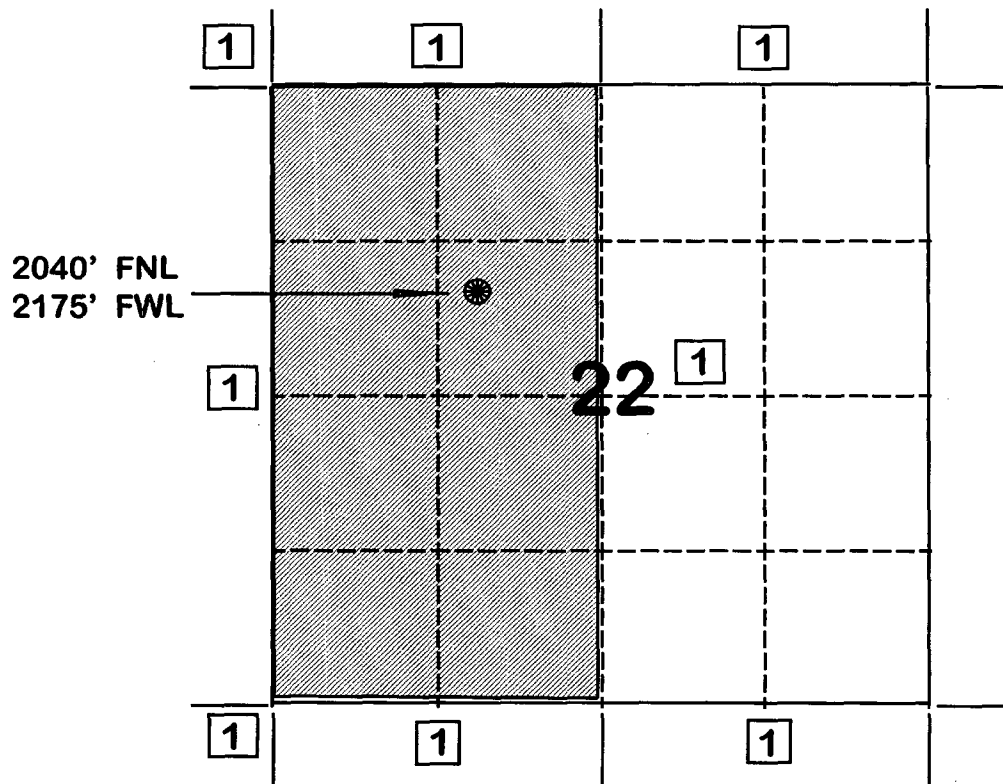


BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 29-7 Unit #66A
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde/Dakota Formations Commingle Well

Township 29 North, Range 7 West



1) Burlington Resources Oil and Gas Company

OPR008M1 S001 0008 CHROMATOGRAPH TEST MAIN SCREEN 19:57:35.9 05/20/97

FUNCTION (A,C,D,I)	I	** DATA AT TEST PRESSURE UNLESS NOTED **	
MP NUMBER	93355	SAN JUAN 29-7 UNIT	65A
EFFECTIVE DATE	19960801		
REGION CD	42	SAN JUAN	
MP TYPE CODE	10	GAS METER - WELLHEAD SALES	

SAMPLE TYPE CODE (GAS, LIQ, BTU)	GAS	-----	BTU/CF	-----
SAMPLE DATE	19960529	---	(AT 14.73 PSIG)	--
SAMPLE LINE PRESSURE (PSIG)	_____	WET	1026.831	DRY 1045.000
SAMPLE LINE TEMPERATURE (DEG F)	_____			
TEST DATE	_____	-----	BTU/CF	-----
TEST PRESSURE (PSIG)	<u>14.730</u>	WET	<u>1026.831</u>	DRY <u>1045.000</u>
TEST TEMPERATURE (DEG F)	<u>60</u>		VAPOR FACTOR	_____
TEST LIFE (MONTHS)	<u>6</u>			
TESTER SOURCE BA NUMBER	<u>098795</u>	EL PASO	FIELD SERVICES	
TEST PURPOSE CODE				

```

03=DETAIL SCR      04=MP-NM BRWS      06=MP/DS LST      07=MP/WN LST
11=PREV SCR        12=MAIN MENU      20=NEXT REC
21=REFRESH SCR     22=PREV MENU      24=HELP          PA1=TERMINATE
B MY JOB           LU #3

```

```
OPR008M2 S001      O008 CHROMATOGRAPH GAS SAMPLE DETAIL      19:57:53.9 05/20/97
```

		GPM	** DATA AT 14.730 PSIG UNLESS NOTED **
	MOL %	(AT 14.73)	
HYDROGEN	_____		MP NUMBER 93355
HELIUM	_____		EFFECTIVE DATE 19960801
NITROGEN	___0.10		
OXYGEN	_____		
HYDROGEN SULFIDE	_____		-- GASOLINE CONTENT (GPM) --
CARBON DIOXIDE	___1.61		26/70 GASOLINE _____
METHANE	__93.85		100% PROPANE _____
ETHANE	___3.41	0.9122	EXCESS BUTANES _____
PROPANE	___0.56	0.1543	TOTAL _____
ISO-BUTANE	___0.16	0.0523	
N-BUTANE	___0.11	0.0347	----- SPECIFIC GRAVITY -----
ISO-PENTANE	___0.06	0.0220	CALCULATED _____0.6010
N-PENTANE	___0.03	0.0109	MEASURED _____
HEXANE	_____		
HEXANE PLUS	___0.11	0.0480	
HEPTANE PLUS	_____		
TOTALS	100.00	1.2344	SULPHUR GRAINS / 100 CU FT _____

```

03=MAIN SCREEN
B MY JOB          NUM LU #3          24=HELP          PA1=TERMINATE

```


14:54:02.8 05/18/97

FUNCTION (A,C,D,I)	I	** DATA AT TEST PRESSURE UNLESS NOTED **
MP NUMBER	72224	SAN JUAN 29-7 UNIT 66
EFFECTIVE DATE	19960701	
REGION CD	42	SAN JUAN
MP TYPE CODE	10	GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS, LIQ, BTU)	GAS	-----	BTU/CF	-----
SAMPLE DATE	19960514	---	(AT 14.73 PSIG)	--
SAMPLE LINE PRESSURE (PSIG)	_____	WET	1154.571	DRY 1175.000
SAMPLE LINE TEMPERATURE (DEG F)	_____			
TEST DATE	_____	-----	BTU/CF	-----
TEST PRESSURE (PSIG)	<u>14.730</u>	WET	<u>1154.571</u>	DRY <u>1175.000</u>
TEST TEMPERATURE (DEG F)	60		VAPOR FACTOR	_____
TEST LIFE (MONTHS)	<u>6</u>			
TESTER SOURCE BA NUMBER	<u>098795</u>	EL PASO	FIELD SERVICES	
TEST PURPOSE CODE				

```

03=DETAIL SCR      04=MP-NM BRWS      06=MP/DS LST      07=MP/WN LST
11=PREV SCR        12=MAIN MENU        20=NEXT REC
21=REFRESH SCR     22=PREV MENU        24=HELP          PA1=TERMINATE
B MY JOB           LU #2

```

14:54:07.5 05/18/97

		GPM	** DATA AT 14.730 PSIG UNLESS NOTED **
	MOL %	(AT 14.73)	
HYDROGEN	_____		MP NUMBER 72224
HELIUM	_____		EFFECTIVE DATE 19960701
NITROGEN	___0.21		
OXYGEN	_____		
HYDROGEN SULFIDE			-- GASOLINE CONTENT (GPM) --
CARBON DIOXIDE	___0.74		26/70 GASOLINE _____
METHANE	__86.76		100% PROPANE _____
ETHANE	___7.15	1.9126	EXCESS BUTANES _____
PROPANE	___2.26	0.6229	TOTAL _____
ISO-BUTANE	___0.78	0.2551	
N-BUTANE	___0.91	0.2869	
ISO-PENTANE	___0.37	0.1354	----- SPECIFIC GRAVITY -----
N-PENTANE	___0.28	0.1014	CALCULATED _____0.6720
HEXANE	_____		MEASURED _____
HEXANE PLUS	___0.54	0.2356	
HEPTANE PLUS	_____		
TOTALS	100.00	3.5499	SULPHUR GRAINS / 100 CU FT _____

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03=MAIN SCREEN
B MY JOB
NUM LU #2
24=HELP
PA1=TERMINATE

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San Juan 29-7 Unit #66A
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	0.672	GAS GRAVITY	0.601
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.10
%CO2	0.74	%CO2	1.61
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5440	DEPTH (FT)	7973
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	142	BOTTOMHOLE TEMPERATURE (DEG F)	196
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	543	SURFACE PRESSURE (PSIA)	400
BOTTOMHOLE PRESSURE (PSIA)	620.9	BOTTOMHOLE PRESSURE (PSIA)	469.9
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.672	GAS GRAVITY	0.601
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.10
%CO2	0.74	%CO2	1.61
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5440	DEPTH (FT)	7973
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	142	BOTTOMHOLE TEMPERATURE (DEG F)	196
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1080	SURFACE PRESSURE (PSIA)	1812
BOTTOMHOLE PRESSURE (PSIA)	1250.0	BOTTOMHOLE PRESSURE (PSIA)	2172.9

Page No.: 1

Print Time: Tue May 20 09:38:25 1997

DK

Property ID: 2116

Property Name: SAN JUAN 29-7 UNIT | 65A | 69351-1

Table Name: K:\ARIES\RR98PDP\TEST.DBF

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Mcf Psi

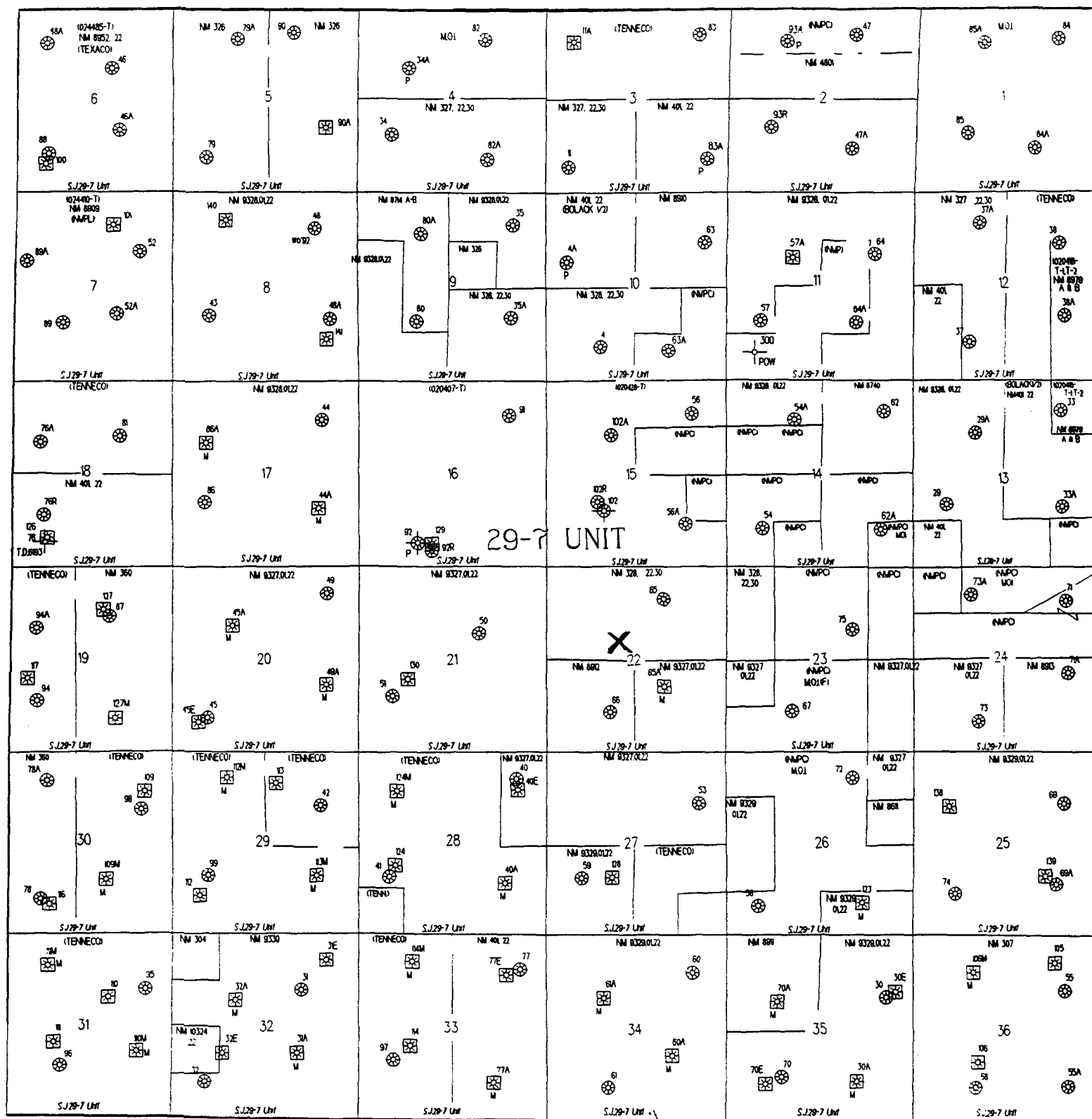
08/26/80	0	1812.0	← initial
09/02/80	0	1813.0	
12/04/80	9656	1722.0	
08/12/81	77637	557.0	
02/10/83	128426	646.0	
02/13/84	151286	580.0	
10/10/85	206269	673.0	
10/10/88	258136	462.0	
04/16/93	326247	400.0	← current

Page No.: 1
Print Time: Tue May 20 09:32:15 1997
Property ID: 4455
Property Name: SAN JUAN 29-7 UNIT | 66 | 69664-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

MV

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

05/13/58	0	1080.0	← initial
07/08/58	0	1079.0	
12/14/58	118000	812.0	
02/22/59	177000	802.0	
09/06/60	472000	717.0	
03/05/61	570000	766.0	
12/15/61	701000	766.0	
09/21/62	864000	697.0	
10/18/63	1079000	706.0	
02/07/64	1119000	726.0	
08/20/65	1445000	629.0	
08/23/66	1627000	641.0	
08/18/67	1803000	624.0	
08/28/68	1984000	606.0	
05/14/69	2121801	618.0	
03/03/70	2274266	606.0	
03/30/71	2460041	560.0	
06/12/72	2726710	481.0	
07/09/73	2971528	442.0	
08/21/74	3197270	444.0	
04/20/76	3503451	450.0	
05/16/78	3884118	424.0	
07/29/80	4210673	450.0	
05/13/82	4458288	494.0	
08/21/84	4660725	515.0	
10/03/86	4855490	532.0	
05/21/89	5095140	597.0	
04/15/91	5220174	598.0	
07/15/91	5231193	610.0	
10/04/93	5444117	543.0	← 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. 11629
ORDER NO. R-10697**

**APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR THE ESTABLISHMENT
OF A DOWNHOLE COMMINGLING "REFERENCE
CASE" FOR ITS SAN JUAN 29-7 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 8th 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 29-7 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 29-7 Unit which encompasses some 22,500 acres in Township 29 North, Range 7 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 29-7 Unit, the applicant currently operates fifty-five (55) Basin-Dakota Gas Pool wells, one hundred thirty-one (131) Blanco-Mesaverde Gas Pool wells, thirteen (13) Blanco-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pool wells, and forty-nine (49) 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 245 MMCFG and 76 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 218 MCFGD and 238 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 29-7 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 29-7 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 was approximately 3,209 psi and 1,148 psi, respectively; and,
- b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations is approximately 952 psi and 655 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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.

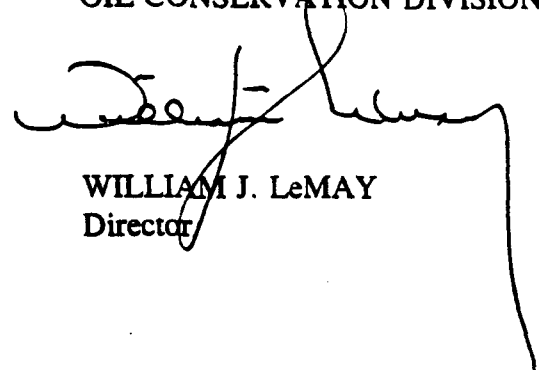
(3) In order to obtain Division authorization to downhole commingle wells within the San Juan 29-7 Unit, the applicant shall file a Form C-107-A with the Santa Fe and Aztec Offices of the Division. Such application shall contain all the information required under Rule No. 303.C. of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the San Juan 29-7 Unit of such proposed commingling.

CASE NO. 11629
Order No. R-10697
Page -6-

(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

A handwritten signature in dark ink, appearing to read 'W. J. LeMay', is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LeMAY
Director

S E A L