

| | | | | |
|--------------------|----------------------|----------------|-------------|-------------|
| DATE IN 10/7/97 | SUSPENSE 10/27/97 | ENGINEER DC | LOGGED M | TYPE DHC |
|--------------------|----------------------|----------------|-------------|-------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

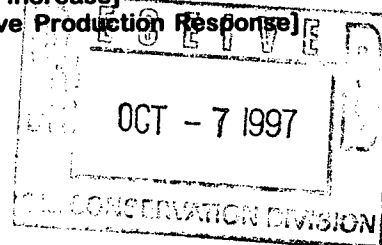
1707

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

Regulatory/Compliance Administrator

Signature

Title

Date

10-3-97

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 3, 1997

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

Re: San Juan 28-6 Unit #167M
890'FSL, 1820'FEL Section 4, T-27-N, R-06-W, Rio Arriba County, NM
API #30-039-25741

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 is a new drill Mesa Verde/Dakota well for the 1998 Program.

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. Anticipated production curve for the Mesa Verde and Dakota for at least year;
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-10696 dated November 12, 1996.

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 - Farmington
NMOCD - Aztec

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 :
X Administrative ___Hearing

APPLICATION FOR DOWNHOLE COMMINGLING EXISTING WELLBORE
___YES ___X NO

Burlington Resources Oil & Gas Company PO Box 4289, Farmington, NM 87499

Operator Address
SAN JUAN 28-6 UNIT 167M P 04-27N-6W Rio Arriba
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 14538 Property Code 7462 API NO. 30-039-25741 Federal _X_, 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. 734 psi (see attachment) | a. | a. 770 psi (see attachment) |
| | (Original) b. 1301 psi (see attachment) | b. | b. 3211 psi (see attachment) |
| 6. Oil Gravity (°API) or Gas BTU Content | BTU 1204 | | BTU 1093 |
| 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 * If Producing, give data and oil/gas/water of recent test (within 60 days) | Date: n/a Rates: | Date: Rates: | Date: n/a Rates: |
| | Date: n/a Rates: | Date: Rates: | Date: n/a Rates: |
| 8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%) | Oil: % Gas: % will be supplied upon completion | Oil: % Gas: % | Oil: % Gas: % will be supplied upon completion |

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ___Yes ___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. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). ___R-10696___
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 Woolverton TITLE Production Engineer DATE 10/02/97
TYPE OR PRINT NAME Sean C. Woolverton TELEPHONE NO. (505) 326-9700

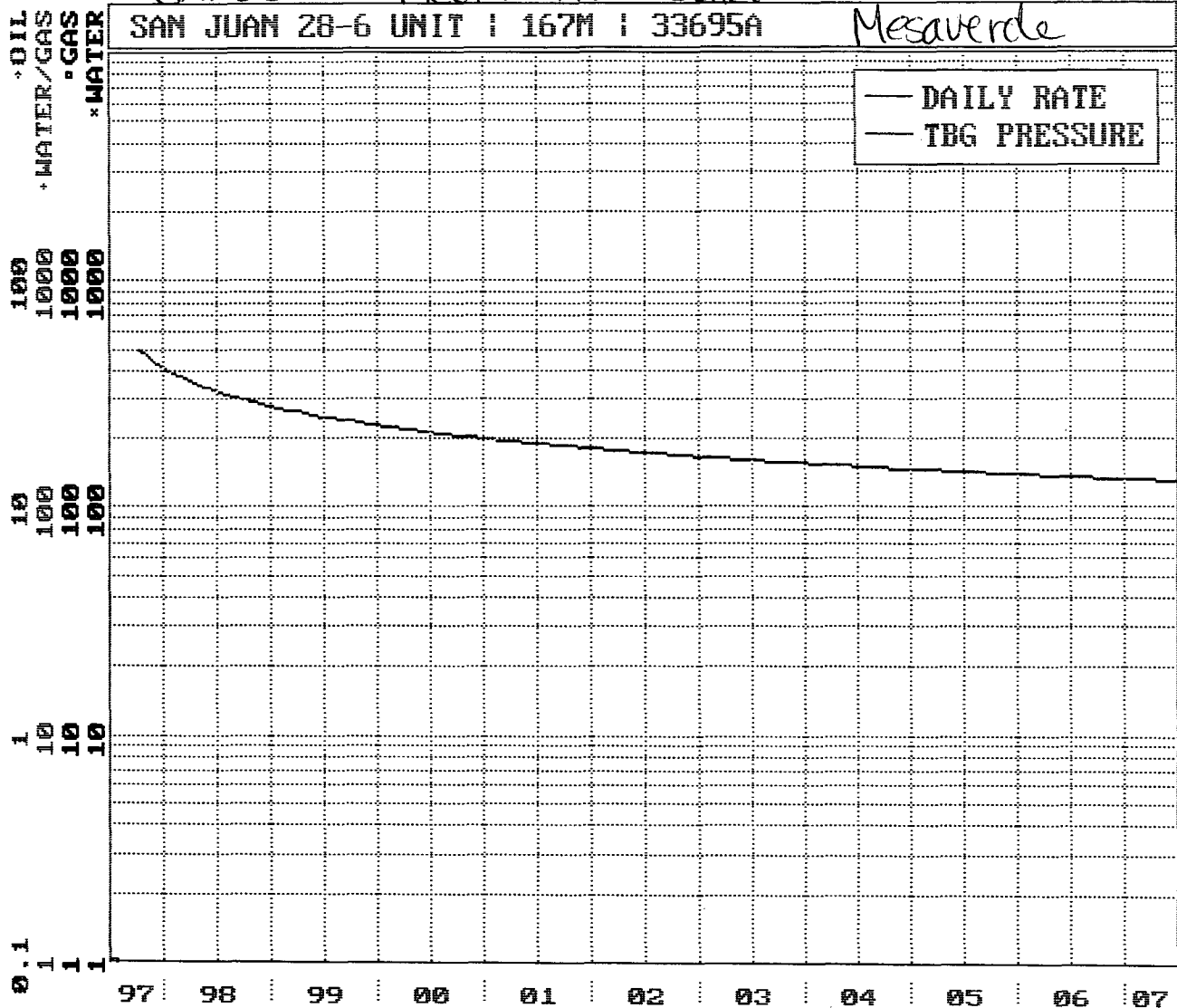
685 

 Certificate Number

EXPECTED PRODUCTION CURVE

SAN JUAN 28-6 UNIT | 167M | 33695A

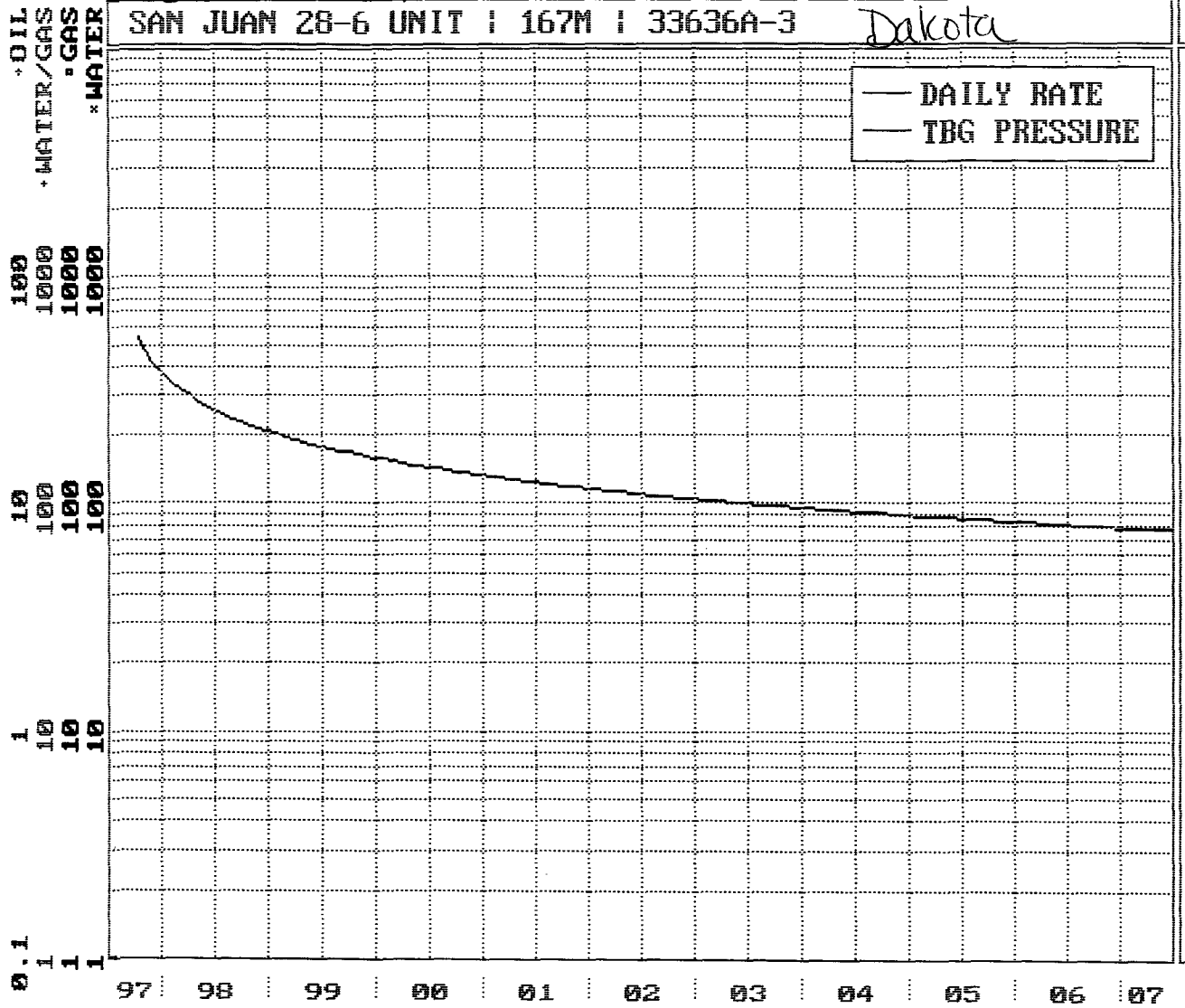
Mesaverde



EXPECTED PRODUCTION CURVE

SAN JUAN 28-6 UNIT | 167M | 33636A-3

Dakota



**San Juan 28-6 Unit #167M
OFFSET OPERATOR \ OWNER PLAT
Nonstandard Location
Mesaverde (E/2) / Dakota (S/2) Formations Well**

1) Burlington Resources Oil and Gas Company

SJ 28-6 Unit #167M

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 0.705 | GAS GRAVITY 0.638 |
| COND. OR MISC. (C/M) C | COND. OR MISC. (C/M) C |
| %N2 0.35 | %N2 0.2 |
| %CO2 0.71 | %CO2 1.13 |
| %H2S 0 | %H2S 0 |
| DIAMETER (IN) 2 | DIAMETER (IN) 1.5 |
| DEPTH (FT) 5175 | DEPTH (FT) 7645 |
| 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) 639 | SURFACE PRESSURE (PSIA) 650 |
| BOTTOMHOLE PRESSURE (PSIA) 733.6 | BOTTOMHOLE PRESSURE (PSIA) 770.4 |
| <u>MV-Original</u> | <u>DK-Original</u> |
| GAS GRAVITY 0.705 | GAS GRAVITY 0.638 |
| COND. OR MISC. (C/M) C | COND. OR MISC. (C/M) C |
| %N2 0.35 | %N2 0.2 |
| %CO2 0.71 | %CO2 1.13 |
| %H2S 0 | %H2S 0 |
| DIAMETER (IN) 2 | DIAMETER (IN) 1.5 |
| DEPTH (FT) 5175 | DEPTH (FT) 7645 |
| 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) 1119 | SURFACE PRESSURE (PSIA) 2663 |
| BOTTOMHOLE PRESSURE (PSIA) 1300.7 | BOTTOMHOLE PRESSURE (PSIA) 3211.2 |

Page No.: 3

Print Time: Tue Aug 26 14:47:25 1997

Property ID: 4073

Property Name: SAN JUAN 28-6 UNIT | 75 | 49889A-1

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

San Juan 28-6 Unit

#167M

Mesaverde Offset

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

| | | | |
|----------|---------|--------|------------|
| 02/08/57 | 0 | 1119.0 | - original |
| 03/05/57 | 0 | 1118.0 | |
| 01/23/58 | 34000 | 944.0 | |
| 11/06/58 | 90000 | 861.0 | |
| 06/14/59 | 138000 | 853.0 | |
| 06/14/60 | 202000 | 837.0 | |
| 06/13/61 | 257000 | 794.0 | |
| 09/24/62 | 314000 | 816.0 | |
| 05/06/63 | 346000 | 757.0 | |
| 04/22/64 | 386000 | 768.0 | |
| 05/03/65 | 433000 | 730.0 | |
| 06/07/66 | 488000 | 701.0 | |
| 05/25/67 | 534000 | 677.0 | |
| 05/27/68 | 588000 | 632.0 | |
| 07/28/70 | 672566 | 658.0 | |
| 06/21/71 | 712310 | 613.0 | |
| 06/07/72 | 757230 | 607.0 | |
| 05/02/74 | 825338 | 627.0 | |
| 04/29/76 | 889909 | 623.0 | |
| 05/23/78 | 961037 | 612.0 | |
| 06/04/80 | 1021894 | 619.0 | |
| 05/20/82 | 1074148 | 597.0 | |
| 05/09/89 | 1194848 | 622.0 | |
| 05/20/91 | 1224993 | 627.0 | |
| 06/09/91 | 1225997 | 639.0 | - current |

Page No.: 6

Print Time: Tue Aug 26 14:47:26 1997

Property ID: 1876

Property Name: SAN JUAN 28-6 UNIT | 167 | 44072A-1

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

San Juan 28-6 Unit

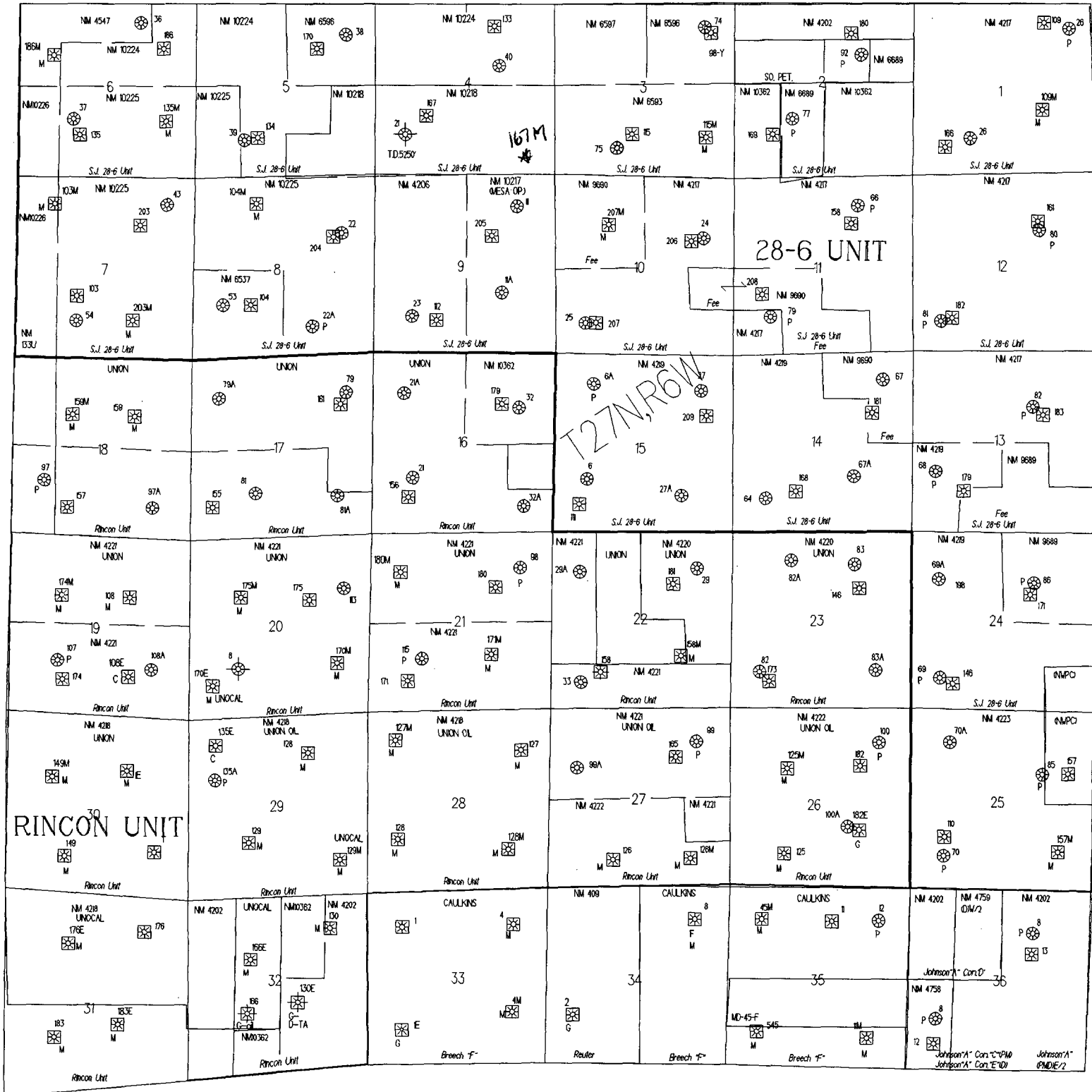
#167M

Dakota Offset

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

| | | | |
|----------|--------|--------|------------|
| 07/26/72 | 0 | 2663.0 | - original |
| 09/19/72 | 23978 | 1766.0 | |
| 08/21/73 | 108273 | 1063.0 | |
| 04/16/74 | 144597 | 993.0 | |
| 05/05/75 | 206837 | 758.0 | |
| 07/05/77 | 299741 | 751.0 | |
| 06/28/79 | 370281 | 707.0 | |
| 07/13/81 | 440098 | 664.0 | |
| 10/12/83 | 500076 | 661.0 | |
| 06/27/85 | 542260 | 769.0 | |
| 10/05/88 | 609476 | 802.0 | |
| 06/29/90 | 650485 | 672.0 | |
| 07/15/93 | 718750 | 650.0 | - current |

San Juan 28-6 Unit #167M Mesaverde / Dakota 27N-06W-04O



**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.