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	ADMINISTRATIVE APPLICATION COVERSHEET								
	THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS								
Application	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] T Y	(PE OF A [A]	PPLICATION - Ch Location - Spacing NSL NSL	Unit - Directional			E I V E D T 2 I 1997			
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	[C]	Injection - Disposa		e - Enhar 🖵 IPI		very PPR			
[2] NO	DTIFICA [A]	TION REQUIRED				Ooes Not Apply			
	[B]	Offset Operators	s, Leaseholders or S	Surface O	wner				
	[C]	Application is C	one Which Require	s Publishe	ed Legal Noti	ce			
	[D]	Notification and U.S. Bureau of Land	/or Concurrent Apj Management - Commissioner	proval by of Public Land	BLM or SLC s, State Land Office)			
	[E]	Generation For all of the ab	ove, Proof of Notif	ication or	Publication	s Attached, and/or,			
	[F]	U Waivers are Att	ached						

[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.

PeggyBradfield	hadhield	6)
Print or Type Name	Signature	

Regulatory/Compliance Administrator

10/20/97 Date

Title



SAN JUAN DIVISION

October 20, 1997

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

Re: San Juan 28-6 Unit #164M 790'FNL, 1525'FWL Section 35, T-28-N, R-06-W, Rio Arriba County, NM API #30-039-25732

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, rachured

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**

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

APPROVAL PROCESS : _X_ Administrative ____Hearing

2040 S. Pacheco Santa Fe, New Mexico 87505-6429 APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

__ YES ____NO

Burlington Resources Oil & Gas Company PO Box 4289, Farmington, NM 87499 Operator Address San Juan 28-6 Unit 164M C 34-28N-6W **Rio Arriba** Well No. Unit Ltr. - Sec - Twp - Rge

OGRID NO. __14538_____ Property Code __7462____

____ API NO. _30-039-25732

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	E EXEL E FRANCISCO FUNCTION DE LA COMPANIO DE LA C	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	(Current) a. 629 psi (see attachment)	а.	a. 951 psi (see attachment)
Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	(Original) b. 1242 psi (see attachment)	b.	b. 3237 psi (see attachment)
6. Oil Gravity ([°] API) or Gas BTU Content	BTU 1209	an a	BTU 1117
7. Producing or Shut-In?	shut-in		shut-in
Production Marginal? (yes or no)	no	n a statistic second se	yes
* If Shut-In and oil/gas/water rates of last production Note: For new zones with ho 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? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling? ___Yes __x_No __Yes __x_No _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.

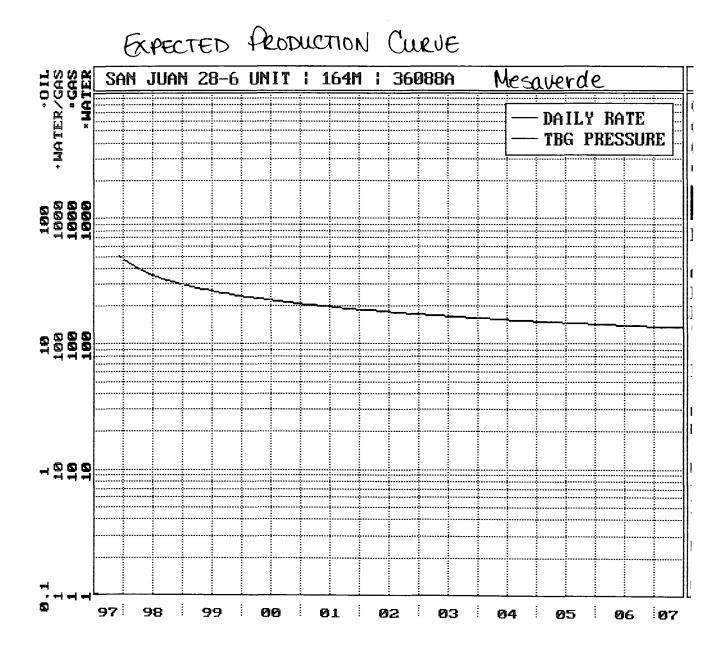
	1. /	1 1		·	•	•	
SIGNATURE	ean Waker	ten	_TITLE_	_Production Engineer_	DATE	E10/2	20/97

TYPE OR PRINT NAME <u>Sean C. Woolverton</u>

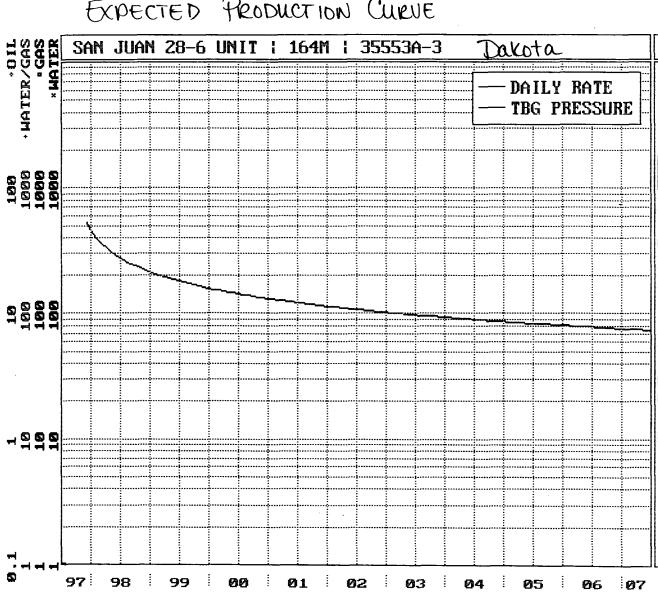
_ TELEPHONE NO. (505) 326-9700

County Spacing Unit Lease Types: (check 1 or more)

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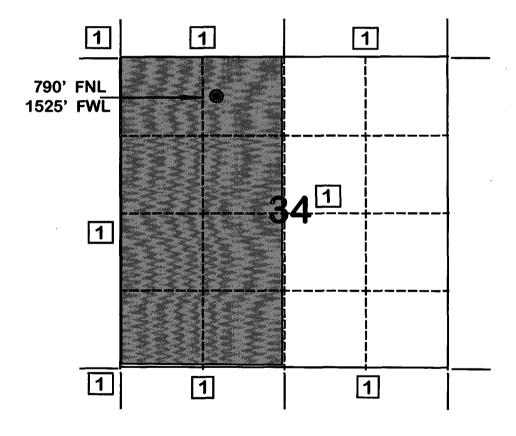
EXPECTED PRODUCTION CURVE

BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 28-6 Unit #164M OFFSET OPERATOR \ OWNER PLAT

Mesaverde/Dakota Formations Commingle Well

Township 28 North, Range 6 West



1) Burlington Resources Oil and Gas Company

San Juan 28-6 Unit #164M

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 GRAVITY0.709COND. OR MISC. (C/M)C%N20.31%CO20.8%H2S0DIAMETER (IN)2DEPTH (FT)5657SURFACE TEMPERATURE (DEG F)60BOTTOMHOLE TEMPERATURE (DEG F)137FLOWRATE (MCFPD)0SURFACE PRESSURE (PSIA)542BOTTOMHOLE PRESSURE (PSIA)629.2	GAS GRAVITY0.654COND. OR MISC. (C/M)C%N20.17%CO21.18%H2S0DIAMETER (IN)1.5DEPTH (FT)7878SURFACE TEMPERATURE (DEG F)60BOTTOMHOLE TEMPERATURE (DEG F)198FLOWRATE (MCFPD)0SURFACE PRESSURE (PSIA)791BOTTOMHOLE PRESSURE (PSIA)950.5
MV-Original	<u>DK-Original</u>
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San Juan 28-6 Unit #164M Dakota Offset

08/02/72	0	2652.0- original
09/27/72	29711	1850.0
08/21/73	162814	1132.0
07/31/74	250935	910.0
09/04/75	329888	988.0
08/08/77	457692	781.0
04/17/79	536175	844.0
09/29/81	642500	834.0
09/22/83	705160	863.0
06/07/85	749410	1010.0
07/08/88	855807	871.0
06/08/90	945419	802.0
08/06/92	1033841	802.0 791.0 - current

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San Juan 28-6 Unit #164 M

Mesaverde Offset

San Juan 28—6 Unit #164M Blanco Mesaverde / Basin Dakota 28N—06W—34C

NM 403 7 84 25 2012 NM 403 S.J. 28-6 Unn NM 403 P P 202 P 202 P	NM 403 SJ 28+6 LHT SJ 28+6 LHT NM 6832 22 SM 6832 22 SM 6832 22 SM 6832 22	MM 305 MM 305 S5A S5 (2) NM 128 S5A S.J. 28-6 Uhr NM 6832 22 48 123 (237 227 228) 1237 227 228 22 48 123 (237 227 228) 1237 228 228 22 48 123 1237 228 228 22 48 123 1238 228 228 22 48 123 1238 228 228 22 48 123 1238 228 228 228 228 228 228 228 228 228	5 NM 305 XM 305 222 XM 305 XM	NM 365 402 56A NM 305 10 10 10 10 10 SJ 28-6 Um NM 6326 22 56 10 10 10 10 10 10 10 10 10 NM 6326 22 56 56 10 50 50 10 50 10 50 10 50 10 50 10 50 10 50 10 50 10 50 10 50 10 50 10 </th <th>TD200 NM 305 58012 ③ 20R NN 10820A S.J. 28-6 LMM NM 305 ^{NM 305} [™] [©]¹ [©]</th>	TD200 NM 305 58012 ③ 20R NN 10820A S.J. 28-6 LMM NM 305 ^{NM 305} [™] [©] ¹ [©]
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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:

CASE NO. 11628 Order No. R-10696 Page -3-

- 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,
- 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:

CASE NO. 11628 Order No. R-10696 Page -5-

- 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.