

DATE IN 11/6/97	SUSPENSE 11/26/97	ENGINEER DC	LOGGED MN	TYPE DHC
--------------------	----------------------	----------------	--------------	-------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1756

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]

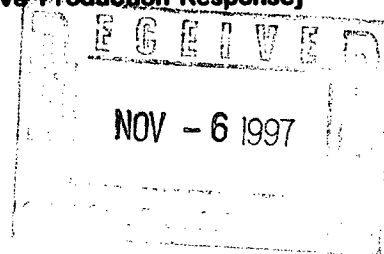
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[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

10-27-97
Date

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 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 #78
990'FSL, 964'FWL Section 25, T-28-N, R-5-W, Rio Arriba County, NM
API #30-039-20105

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 Dakota; it is intended to add the Mesa Verde and commingle.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas 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 for at least one year, and anticipated production curve for Mesa Verde;
4. Notification list of offset operators - Burlington is operator of San Juan 28-5 Unit;
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-10695 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.

xc: Bureau of Land Management
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 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS :

☒ Administrative ☐ Hearing

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ YES ☐ NO

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator Address
SAN JUAN 28-5 UNIT **78** **M-25-28N-05W** **Rio Arriba**

Lease Well No. Unit Ltr. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14568 Property Code 7460 API NO. 30-039-20105 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)	5582-6126'		8054-8248'
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) 912 psi b. (Original) 1292 psi	a. b.	a. 1078 psi b. 3281 psi
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	BTU 1121		BTU 1080
7. Producing or Shut-In?	not yet producing		producing
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 of recent test (within 60 days)	Date: n/a Rates:	Date: Rates:	Date: 8/97 Rates: 50 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 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-10695
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 Jennifer L. Dobson TITLE Production Engineer DATE 10/24/97TYPE OR PRINT NAME Jennifer L. Dobson TELEPHONE NO. (505) 599-4026

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 1
Revised February 21, 1997
Instructions on
Submit to Appropriate District 0
State Lease - 4 0
Fee Lease - 3 0

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-20105		Pool Code 72319/71599		Pool Name Blanco Mesaverde/Basin Dakota	
Property Code 7460		Property Name SAN JUAN 28-5 UNIT			Well Number 78
GRID No. 14538		Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY			Elevation 6907'

10 Surface Location

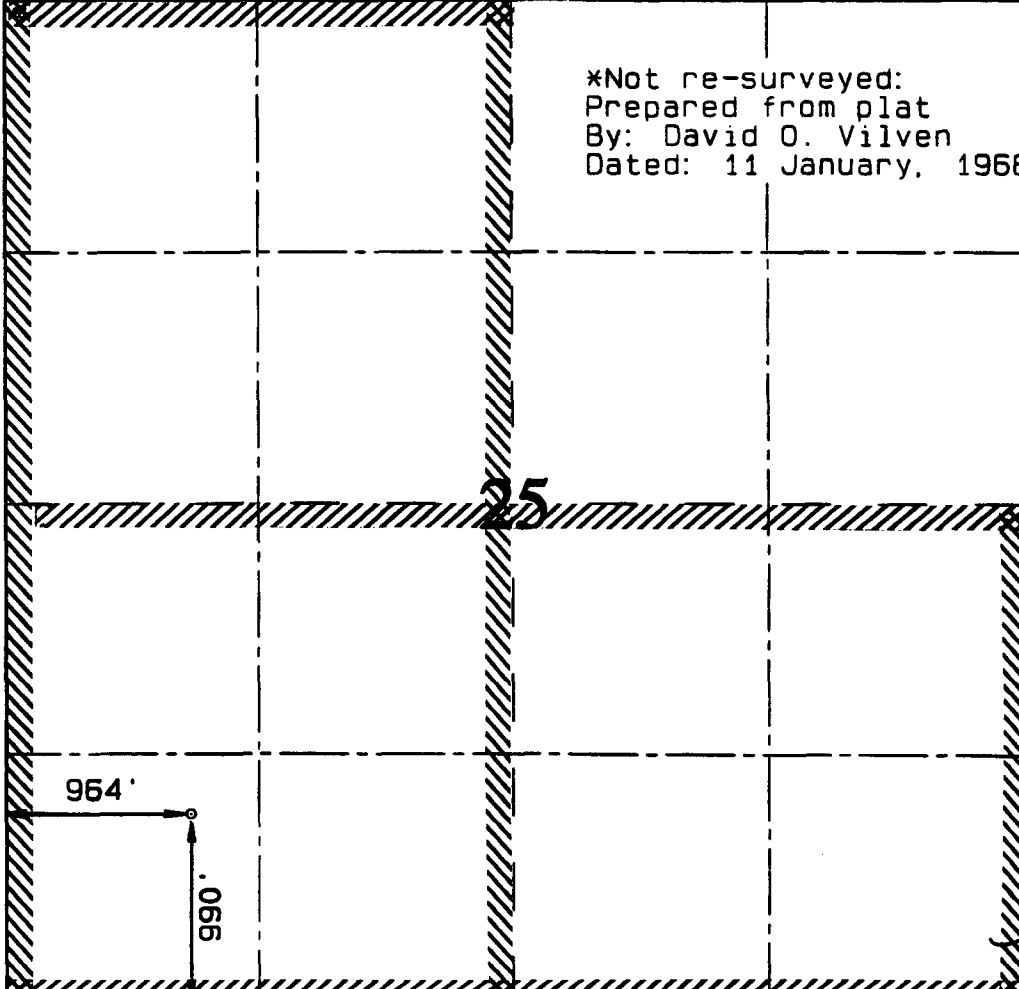
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	28N	5W		990	South	964	West	RIO ARRI

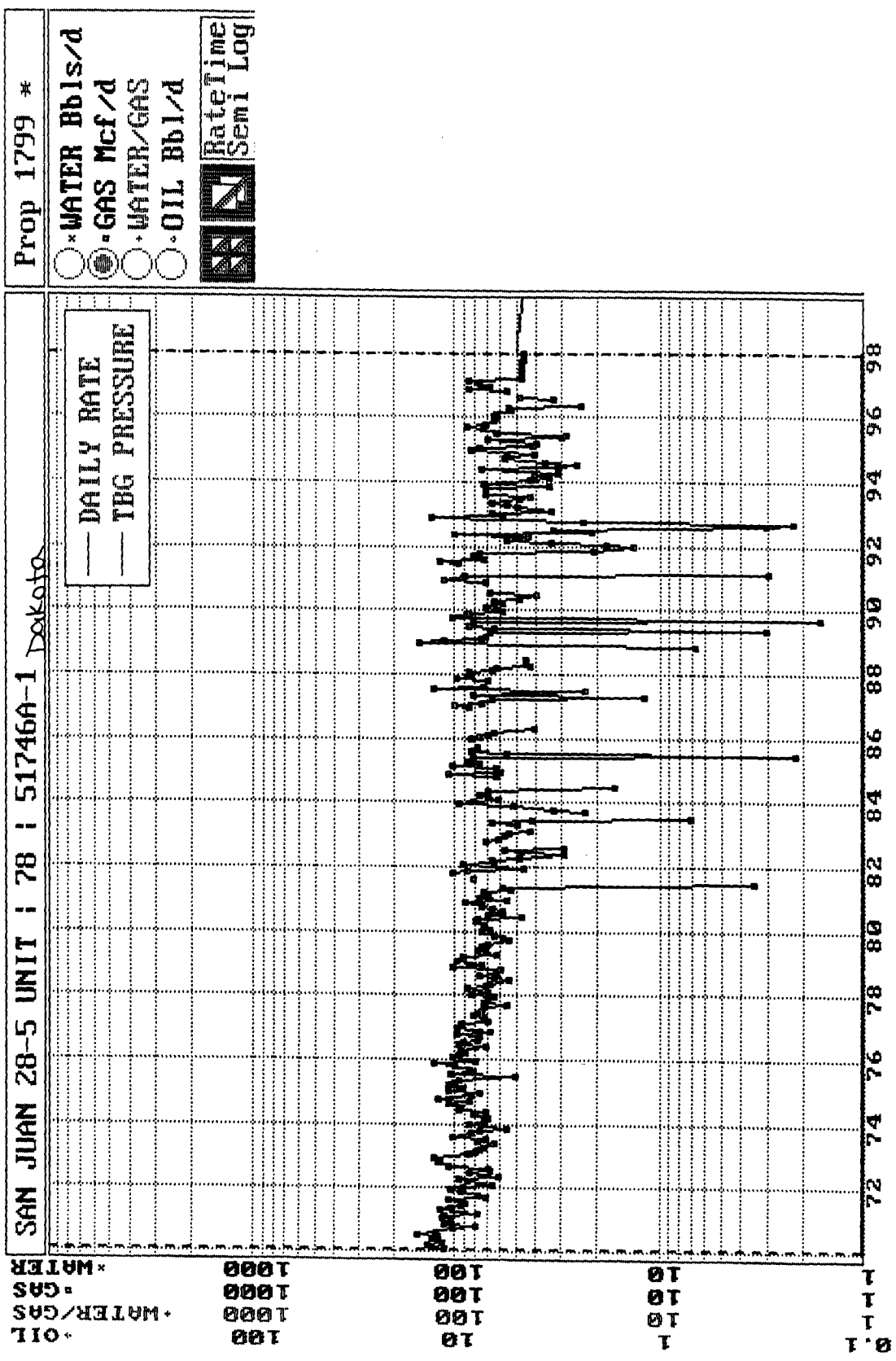
11 Bottom Hole Location If Different From Surface

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

12 Dedication or Survey MV-S/344.48 DK-W/320	13 Joint or Infill	14 Consolidation Code	15 Order No.

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>*Not re-surveyed: Prepared from plat By: David O. Vilven Dated: 11 January, 1968</p>
	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature Peggy Bradfield Printed Name Regulatory Administrator Title Date</p>
	<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 29, 1997 Date of Survey Signature and Seal of Professional Surveyor NEALE C. EDWARDS NEW MEXICO 6857 Certificate Number</p>

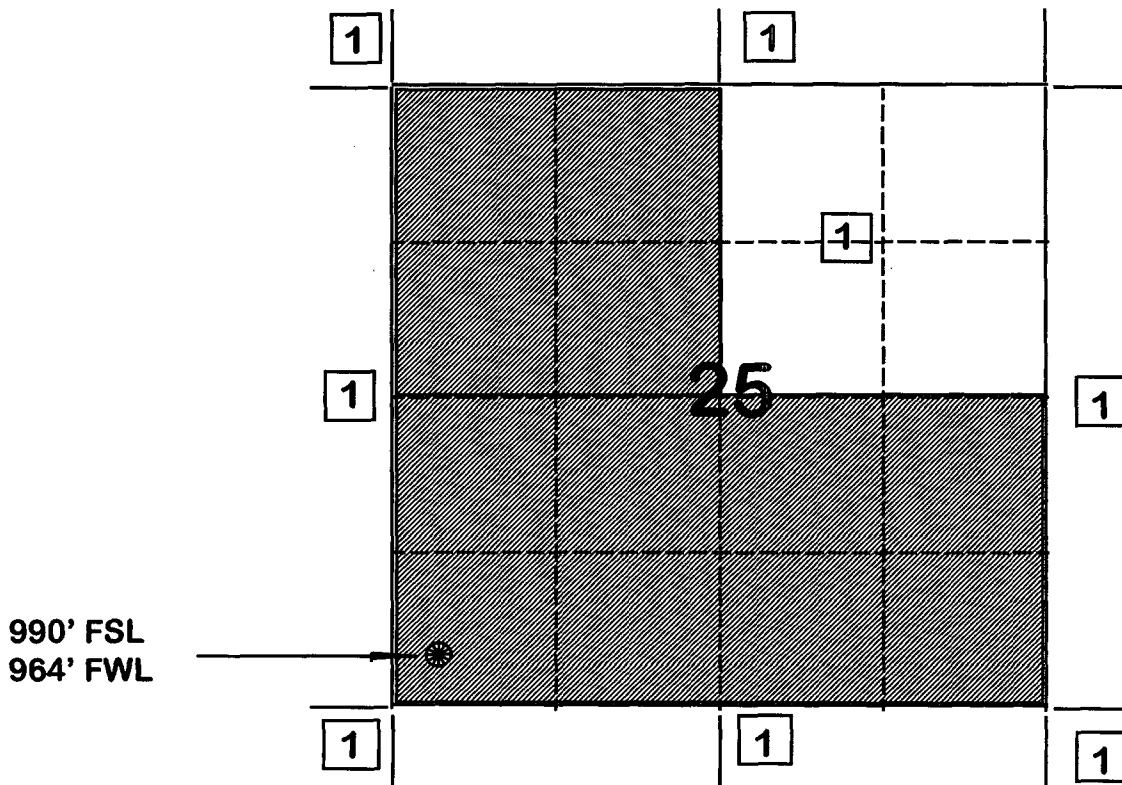


BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 28-5 Unit #78
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde (S/2) / Dakota (W/2) Formations Commingle Well

Township 28 North, Range 5 West



1) Burlington Resources Oil and Gas Co.

Page No.: 1

Print Time: Tue Oct 14 09:53:47 1997

Property ID: 33

Property Name: SAN JUAN 28-5 UNIT | 78 | 51746A-1

Table Name: Q:\ARIES\FD98AR38\TEST.DBF

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

08/14/68	0	2710.0
11/27/68	28000	2721.0
05/29/69	57104	1084.0
06/09/70	109445	957.0
05/03/71	146396	1124.0
05/30/72	178320	1192.0
06/23/75	276532	984.0
07/06/77	343877	1014.0
05/01/79	393573	972.0
05/01/81	443222	968.0
06/05/85	517399	1054.0
07/31/90	614028	1023.0
12/02/92	655155	1235.0
10/14/97	748591	900.0

Page No.: 1
Print Time: Tue Oct 14 08:20:01 1997
Property ID: 3955
Property Name: SAN JUAN 28-5 UNIT | 43 | 50458A-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

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

04/29/61	0	1114.0
07/07/61	0	1113.0
12/19/61	30000	861.0
07/31/62	49000	852.0
01/07/63	62000	826.0
01/02/64	110000	814.0
01/26/65	170000	812.0
10/28/66	242000	764.0
10/31/67	278000	738.0
08/14/68	311000	680.0
06/09/70	367462	752.0
05/03/71	401521	672.0
05/30/72	432182	698.0
08/07/74	498912	692.0
06/25/76	560577	669.0
08/02/78	626384	695.0
07/01/80	676278	708.0
04/21/86	756492	791.0
05/20/91	839220	779.0
06/28/91	840811	791.0

San Juan 28-5 #78
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method
Version 1.0 3/13/94

Mesa Verde		Dakota	
<u>MV - Current</u>		<u>DK-Current</u>	
GAS GRAVITY	0.646	GAS GRAVITY	0.621
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.25
%CO2	1.27	%CO2	1.49
%H2S	0	%H2S	0
DIAMETER (IN)	1.995	DIAMETER (IN)	1.995
DEPTH (FT)	5854	DEPTH (FT)	8151
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150	BOTTOMHOLE TEMPERATURE (DEG F)	200
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	791	SURFACE PRESSURE (PSIA)	900
BOTTOMHOLE PRESSURE (PSIA)	911.5	BOTTOMHOLE PRESSURE (PSIA)	1077.9
The Mesa Verde Pressures are from the San Juan 27-5 #91 which is an offset MV producer.			
<u>MV - Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.646	GAS GRAVITY	0.621
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.21	%N2	0.25
%CO2	1.27	%CO2	1.49
%H2S	0	%H2S	0
DIAMETER (IN)	1.995	DIAMETER (IN)	1.995
DEPTH (FT)	5854	DEPTH (FT)	8151
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150	BOTTOMHOLE TEMPERATURE (DEG F)	200
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1114	SURFACE PRESSURE (PSIA)	2710
BOTTOMHOLE PRESSURE (PSIA)	1291.7	BOTTOMHOLE PRESSURE (PSIA)	3281.4
The Mesa Verde Pressures are from the San Juan 27-5 #91 which is an offset MV producer.			

DATE: October 17, 1997

NAME: SAN JUAN 28-5 UNIT 78

FORM: MESAVERDE

LOCATION

UNIT: M

SEC: 25

TWN: 28N

RNG: 5W

LEGEND

COMPLETION DATE *

WELL NAME

MCF/D-CUM(MMF)

BOP/D-CUM(MBO)

<div>8/62 *</div> <div>San Juan 28-5 Unit 55</div> <div>124/1018 (97)</div> <div>0/3</div> <div>[23]</div> <div>9/61 *</div> <div>San Juan 28-5 Unit 49</div> <div>44/617 (97)</div> <div>0/1</div> <div>5/59 *</div> <div>San Juan 28-5 Unit 37</div> <div>36/578 (97)</div> <div>0/0</div> <div>[24]</div> <div>7/60 *</div> <div>San Juan 28-5 Unit 39</div> <div>195/612 (97)</div> <div>1/0</div> <div>10/62 *</div> <div>San Juan 28-4 Unit 28</div> <div>51/409 (97)</div> <div>0/0</div> <div>[19]</div> <div>9/61 *</div> <div>San Juan 28-4 Unit 27</div> <div>41/650 (97)</div> <div>0/0</div>	<div>4/59 *</div> <div>San Juan 28-5 Unit 36</div> <div>135/858 (97)</div> <div>0/0</div> <div>[26]</div> <div>8/97 *</div> <div>San Juan 28-5 Unit 16</div> <div>3/542 (89)</div> <div>0/0</div> <div>[30]</div> <div>11/60 *</div> <div>San Juan 28-5 Unit 94</div> <div>10/59</div> <div>8/97 *</div> <div>San Juan 28-5 Unit 43</div> <div>403/2 (97)</div> <div>0/0</div> <div>4/61 *</div> <div>San Juan 28-5 Unit 20</div> <div>112/1072 (97)</div> <div>0/3</div>	<div>6/60 *</div> <div>San Juan 28-5 Unit 21</div> <div>51/1211 (97)</div> <div>0/0</div> <div>[35]</div> <div>7/67 *</div> <div>San Juan 28-5 Unit 53</div> <div>266/966 (97)</div> <div>1/0</div> <div>7/97 *</div> <div>San Juan 28-5 Unit 73M</div> <div>782/24 (97)</div> <div>3/0</div> <div>11/60 *</div> <div>San Juan 28-5 Unit 47</div> <div>320/1413 (97)</div> <div>2/5</div> <div>[36]</div> <div>7/97 *</div> <div>San Juan 28-5 Unit 45M</div> <div>465/21 (97)</div> <div>0/0</div> <div>58/738 (97)</div> <div>0/0</div> <div>8/68 *</div> <div>San Juan 28-5 Unit 78</div> <div>58/738 (97)</div> <div>0/0</div> <div>4/61 *</div> <div>San Juan 28-5 Unit 43</div> <div>403/2 (97)</div> <div>0/0</div> <div>27/969 (97)</div> <div>0/0</div> <div>11/60 *</div> <div>San Juan 28-5 Unit 46</div> <div>156/610 (97)</div> <div>1/0</div> <div>[25]</div> <div>8/58 *</div> <div>San Juan 28-4 Unit 16</div> <div>3/542 (89)</div> <div>0/0</div> <div>4/57 *</div> <div>San Juan 28-4 Unit 11</div> <div>100/1547 (97)</div> <div>0/0</div> <div>[31]</div> <div>9/58 *</div> <div>San Juan 28-4 Unit 18</div> <div>288/1536 (97)</div> <div>0/5</div>
---	---	---

R-5-W

R-4-W

T
28
N

DATE: October 24, 1997
 NAME: SAN JUAN 28-5 UNIT 78
 FORM: DAKOTA

LOCATION
 UNIT: M
 SEC: 25
 TWN: 28N
 RNG: 5W

LEGEND
 COMPLETION DATE *
 WELL NAME
 MCF/D-CUM(MMF)
 BOP/D-CUM(MBO)

<p>5/71 * San Juan 28-5 Unit 86 100/1238 (97) 1/3</p> <p>[23] 10/79 * San Juan 28-5 Unit 103 29/229 (97) 0/0</p>	<p>INA 7/79 * San Juan 28-5 Unit 98 1/229 (92) 0/0</p> <p>[24] INA 7/73 * San Juan 28-5 Unit 92 4/187 (92) 0/0</p>	<p>[19]</p>
<p>\$8/69 * San Juan 28-5 Unit 81 56/565 (97) 0/0</p> <p>7/69 * San Juan 28-5 Unit 80 42/1122 (97) [26] 0/4</p>	<p>8/68 * San Juan 28-5 Unit 78 58/738 (97) 0/0</p> <p>[25] 7/78 * San Juan 28-5 Unit 94 33/336 (97) 0/0</p>	<p>5/72 * San Juan 28-4 Unit 34 95/1058 (97) 0/0</p> <p>[30]</p>
<p>6/67 * San Juan 28-5 Unit 72 232/2731 (97) 1/11</p> <p>4/69 * San Juan 28-5 Unit 73 149/1363 (97) [35] 0/5</p>	<p>7/97 * San Juan 28-5 Unit 45M 227/7 (97) 0/0</p> <p>9/67 * San Juan 28-5 Unit 45 49/725 (97) 0/0</p> <p>[36] 8/67 * San Juan 28-5 Unit 74 181/2096 (97) 1/7</p>	<p>10/67 * San Juan 28-4 Unit 29 31/704 (97) 0/0</p> <p>INA 11/67 * San Juan 28-4 Unit 30 [31] 60/2833 (96) 0/3</p>

T
28
N

R-4-W

R-5-W

**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.

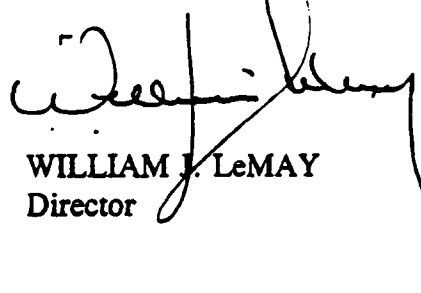
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify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