

DATE IN 3/26/99	SUSPENSE 4/15/99	ENGINEER DC	LOGGED BY NW	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 2040 South Pacheco, Santa Fe, NM 87505



2291

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

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]

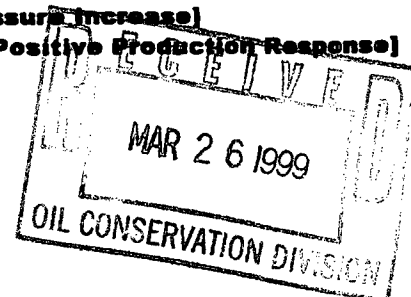
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Directional Drilling
☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [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 - Certification**

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, I ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

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

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

San Juan 27-5 Unit

127

L 25-27N-05W

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7454 API NO. 30-039-20378 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. 592 psi (see attachment) (Original) b. 1326 psi (see attachment)	a. b.	a. 843 psi (see attachment) b. 3233 psi (see attachment)
6. Oil Gravity (API) or Gas BTU Content	BTU 1217		BTU 1211
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 <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data</small>	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 ☐ No11. 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 ☐ No13. 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 ☐ No15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). ☐ R-10694 ☐ attached

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 & Corrigan

TITLE: Production Engineer

DATE: 03-08-99

TYPE OR PRINT NAME: Sean Corrigan

TELEPHONE NO.: (505) 326-9700

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
30-039-20378		72319/71599		Blanco Mesaverde/Basin Dakota	
4 Property Code	5 Property Name			6 Well Number	
7454	San Juan 27-5 Unit			127	
7 OGRID No.	8 Operator Name			9 Elevation	
14538	Burlington Resources Oil & Gas Company			6649' GR	

¹⁰ Surface Location

UL or lot no. L	Section 25	Township 27N	Range 5W	Lot Idn	Feet from the 1750	North/South line South	Feet from the 900	East/West line West	County RA
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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
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¹² Dedicated Acres MV-W/320 DK-W/320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

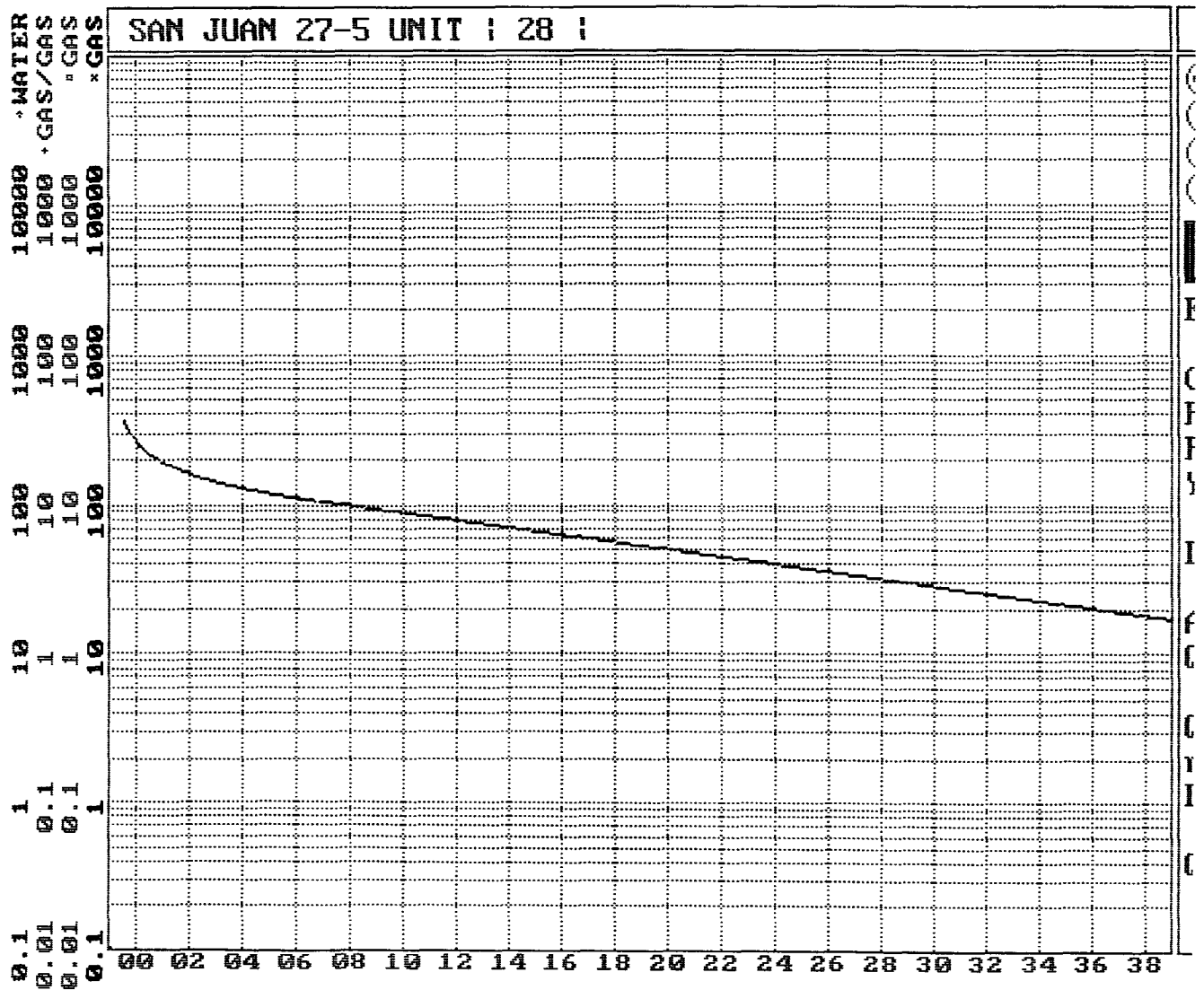
16		Original plat from David O. Vilven 2-17-71	
900'	1750'		

17 OPERATOR CERTIFICATION
<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
Signature _____ <u>Peggy Bradfield</u> Printed Name
<u>Regulatory Administrator</u> Title
_____ Date
18 SURVEYOR CERTIFICATION
<i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>
_____ Date of Survey
_____ Signature and Seal of Professional Surveyer:
_____ Certificate Number

San Juan 27-5 Unit #127

Expected Production Curve

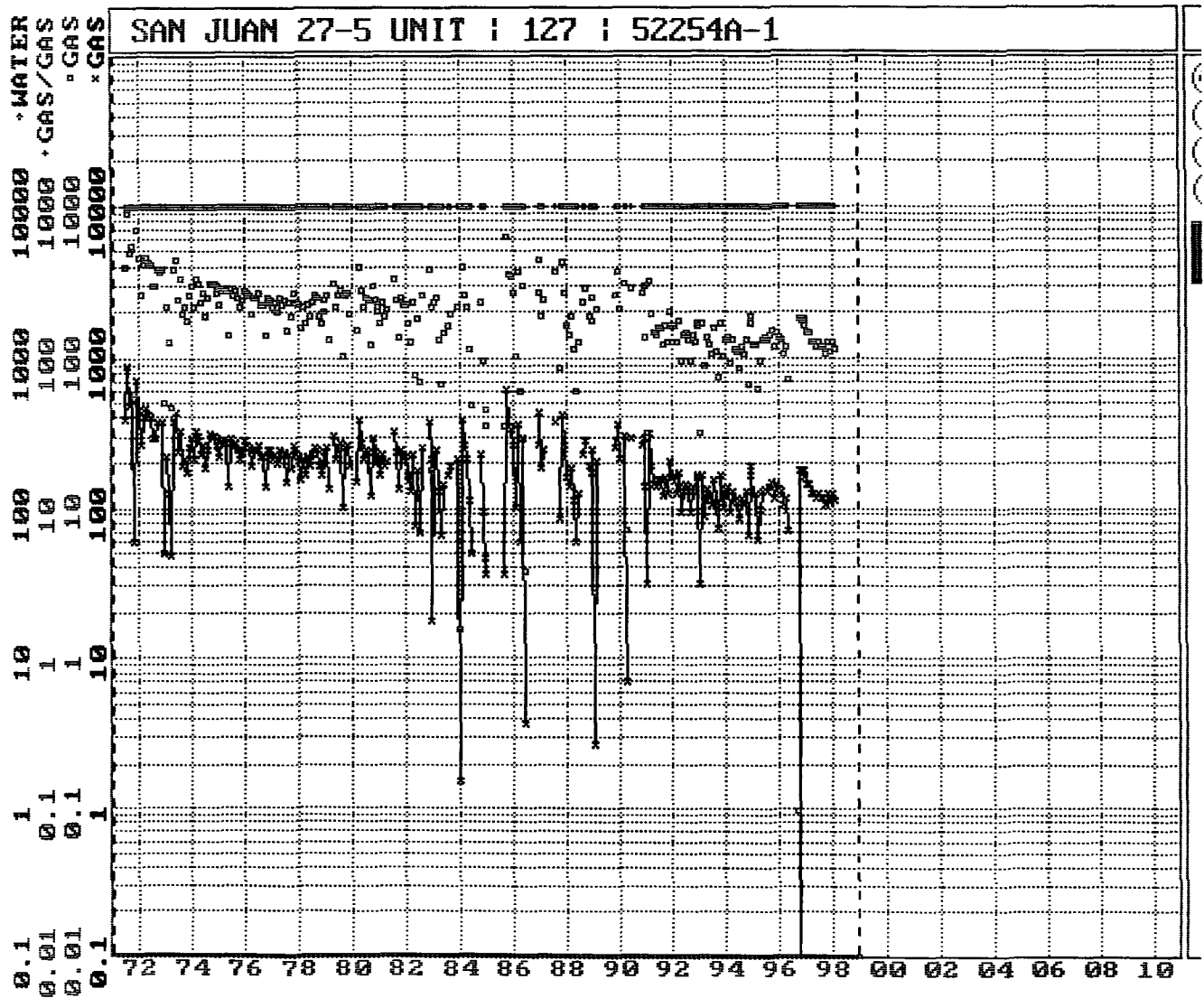
Mesaverde Formation



San Juan 27-5 Unit #127

Actual Production

Dakota Formation



San Juan 27-5 Unit #127

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	0.713	GAS GRAVITY	0.712
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.18	%N2	0.18
%CO2	0.77	%CO2	1.01
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	1.5
DEPTH (FT)	5689	DEPTH (FT)	7854
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)	509	SURFACE PRESSURE (PSIA)	690
BOTTOMHOLE PRESSURE (PSIA)	591.5	BOTTOMHOLE PRESSURE (PSIA)	842.7
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.713	GAS GRAVITY	0.712
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.18	%N2	0.18
%CO2	0.77	%CO2	1.01
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	1.5
DEPTH (FT)	5689	DEPTH (FT)	7854
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)	1120	SURFACE PRESSURE (PSIA)	2584
BOTTOMHOLE PRESSURE (PSIA)	1325.5	BOTTOMHOLE PRESSURE (PSIA)	3232.8

Page No.: 1

Print Time: Wed Mar 03 10:04:42 1999

Property ID: 1426

Property Name: SAN JUAN 27-5 UNIT | 28 | 53358B-1

Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

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

08/04/58	0	1120.0
08/27/58	0	1119.0
09/22/59	57000	806.0
05/29/60	93000	727.0
05/28/61	130000	714.0
03/07/62	145000	773.0
04/12/63	163000	781.0
05/07/64	178000	762.0
05/10/65	193000	755.0
04/19/66	225000	637.0
05/16/67	255000	571.0
05/02/68	274000	608.0
08/28/70	310451	612.0
11/09/70	312556	629.0
04/08/71	318185	606.0
08/09/72	336882	578.0
12/06/83	485355	561.0
10/20/86	513366	513.0
09/08/89	538192	510.0
05/06/91	554109	521.0
05/20/91	554067	509.0

San Juan 27-5 Unit #127

Mesaverde Offset

Page No.: 1

Print Time: Wed Mar 03 10:04:31 1999

Property ID: 1349

Property Name: SAN JUAN 27-5 UNIT | 127 | 52254A-1

Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

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

06/29/71	0	2584.0
11/03/71	72220	1271.0
08/09/72	185466	1009.0
02/10/73	227761	1104.0
08/20/73	275222	1040.0
12/10/73	300936	1104.0
06/24/75	446244	747.0
08/08/77	631469	768.0
09/27/79	788561	753.0
04/20/81	907623	747.0
09/21/83	1045015	882.0
11/05/85	1125918	989.0
06/05/86	1169778	771.0
10/11/88	1278827	828.0
06/29/90	1347521	827.0
06/17/94	1538436	690.0

San Juan 27-5 Unit #127

Existing Dakota

BURLINGTON RESOURCES OIL AND GAS COMPANY

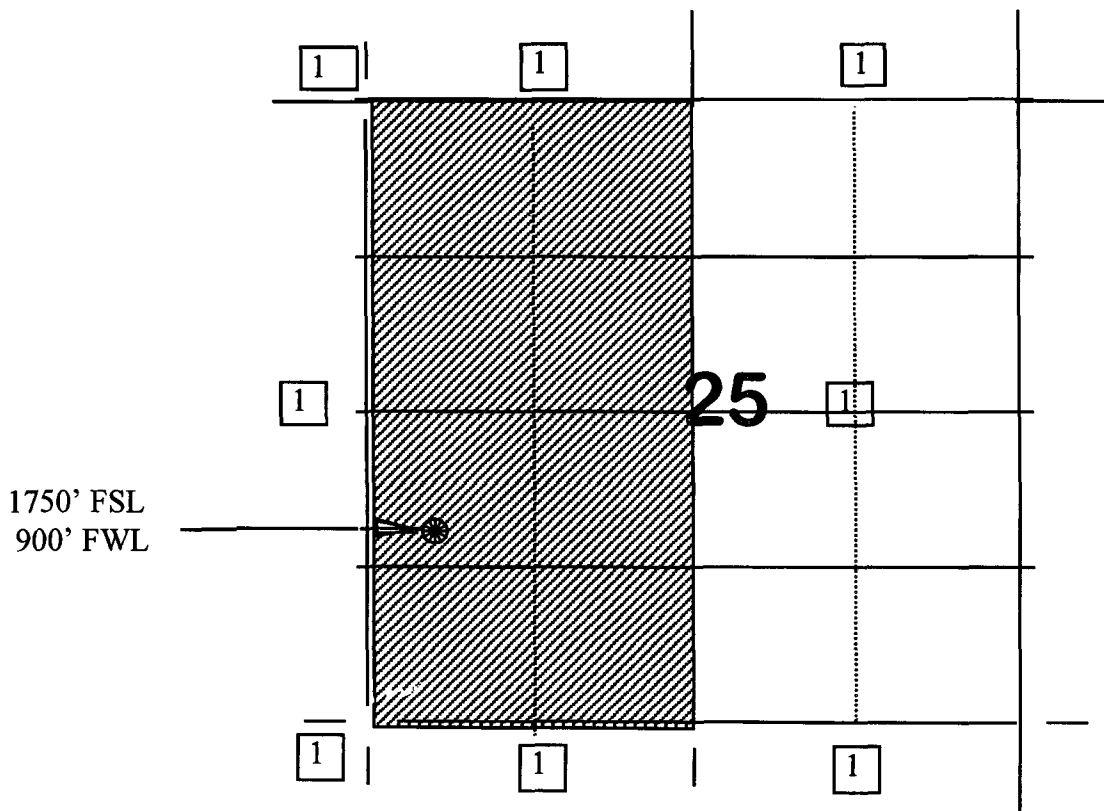
San Juan 27-5 Unit #127

OFFSET OPERATOR/OWNER PLAT

Mesaverde/Dakota Formations

Commingled well

Township 27 North, Range 5 West



1) Burlington Resources

<p>6</p> <p>NM 2103 45A 59</p> <p>82 45 50M</p> <p>S.d. 27-5 Un. NP (FC) S.d. 27-5 Un.</p>	<p>5</p> <p>55A 85E NM 2103 61 78</p> <p>85 78E 61A</p> <p>53</p> <p>S.d. 27-5 Un.</p>	<p>4</p> <p>NM 2103 (1/2) 52A 1E 60</p> <p>89 52 60A 60B 1</p> <p>S.d. 27-5 Un.</p>	<p>3</p> <p>NM 2103 84E 21 109 21 25A 109E 21A 23 111</p> <p>S.d. 27-5 Un. NP (D) RM/4 S.d. 27-5 Un.</p>	<p>2</p> <p>23A 110E 110 7 111M 100 100M 100 100M 100 100M</p> <p>S.d. 27-5 Un.</p>	<p>1</p> <p>NM 8734 108 100M 100 100M 100 100M 100 100M</p> <p>S.d. 27-5 Un. NP (M) S.d. 27-5 Un.</p>
<p>7</p> <p>NM 2106 126M 69 126 46 69M</p> <p>S.d. 27-5 Un.</p>	<p>8</p> <p>NM 2106 112 70 63 70M</p> <p>S.d. 27-5 Un.</p>	<p>9</p> <p>NM 2106 64A 83 2 2C 86 64 86M</p> <p>S.d. 27-5 Un.</p>	<p>10</p> <p>(AMOCO) NM 8735 113E 113B 113 101 113A 101B 101E 113C</p> <p>S.d. 27-5 Un.</p>	<p>11</p> <p>(AMOCO) NM 8735 99E 14 99 105 105M</p> <p>S.d. 27-5 Un.</p>	<p>12</p> <p>NM 8734 104M 104 102 39 102M</p> <p>S.d. 27-5 Un.</p>
<p>18</p> <p>NM 2106 163M 49 137 163 47 137E 49A</p> <p>S.d. 27-5 Un. C.</p>	<p>17</p> <p>NM 2101 26 114 3 123</p> <p>S.d. 27-5 Un.</p>	<p>16</p> <p>(WEISER) M.O.I. NM 8610 38 90 40 15 90M</p> <p>S.d. 27-5 Un.</p>	<p>15</p> <p>NM 8736 96 96E 196 NM 4348 D PA 96 108 108E</p> <p>S.d. 27-5 Un.</p>	<p>14</p> <p>NM 8737 (AMOCO) 98 98E 103 6 107 NM 897 NM 897A</p> <p>S.d. 27-5 Un.</p>	<p>13</p> <p>NM 8736 57 107M 107</p> <p>S.d. 27-5 Un.</p>
<p>19</p> <p>NM 2101 (1/2) 133M 50 138 133 48 138E</p> <p>S.d. 27-5 Un.</p>	<p>20</p> <p>NM 2101 131 37 139 19 131M</p> <p>S.d. 27-5 Un.</p>	<p>21</p> <p>NM 2100 122 30 125 41 125E</p> <p>S.d. 27-5 Un.</p>	<p>22</p> <p>NM 4348 117M 9 117 118 42 118E</p> <p>S.d. 27-5 Un.</p>	<p>23</p> <p>NM 4940 115 10 115M 120 16 120M</p> <p>S.d. 27-5 Un.</p>	<p>24</p> <p>NM 2004 116 31 119 43 107M</p> <p>S.d. 27-5 Un.</p>
<p>30</p> <p>(NWPC) NM 2102 13 164 34A 141 34 164M NM 4347</p> <p>S.d. 27-5 Un. NP (FC) S.d. 27-5 Un.</p>	<p>29</p> <p>165M NM 2101 140 140M 165 17</p> <p>S.d. 27-5 Un. NP (FC) S.d. 27-5 Un.</p>	<p>28</p> <p>NM 2101 71 124 51 121</p> <p>S.d. 27-5 Un.</p>	<p>27</p> <p>NM 2100 128 79 11 66 128</p> <p>S.d. 27-5 Un.</p>	<p>26</p> <p>130E NM 2005 130 33 129 27 NM 2005</p> <p>S.d. 27-5 Un.</p>	<p>25</p> <p>NM 4905 127E 190 32 127 28</p> <p>S.d. 27-5 Un.</p>
<p>31</p> <p>NM 2102 97M 67 168 54 97 67A</p> <p>S.d. 27-5 Un.</p>	<p>32</p> <p>(WEISER) (NWPC) NM 2100 189 24 167 8 24A</</p>				

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. 11626
ORDER NO. R-10694

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR THE ESTABLISHMENT
OF A DOWNHOLE COMMINGLING "REFERENCE
CASE" FOR ITS SAN JUAN 27-5 UNIT PURSUANT
TO DIVISION RULE 303.E AND THE ADOPTION
OF SPECIAL ADMINISTRATIVE RULES THEREFOR.
~~SAN JUAN COUNTY, NEW MEXICO.~~

— RIO ARRIBA

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. Caranach 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 27-5 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 27-5 Unit which encompasses some 23,043 acres in Township 27 North, Range 5 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 27-5 Unit, the applicant currently operates one hundred and one (101) Basin-Dakota Gas Pool wells, one hundred and five (105) Blanco-Mesaverde Gas Pool wells, eighty-seven (87) South Blanco-Pictured Cliffs and Tapacito-Pictured Cliffs Gas Pool wells, and four (4) 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 27-5 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 27-5 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 27-5 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 27-5 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 27-5 Unit:

- a) the structure and thickness of the Dakota and Picured Cliffs formations are very consistent;
- b) the average recoverable Dakota and Picured Cliffs gas reserves underlying an undeveloped drill block are approximately 583 MMCFG and 426 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Picured Cliffs gas well is approximately 393 MCFGD and 63 MCFGD, respectively; and.
- d) the estimated ultimate gas recoveries and initial producing rates from the Dakota and Picured 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 Picured Cliffs formations within the San Juan 27-5 Unit should be properly classified as "marginal".

(9) In support of its request to except pressure criteria within the Dakota and Picured Cliffs formations within the San Juan 27-5 Unit, the applicant presented engineering evidence and testimony which indicates that:

- a) the average shut-in bottomhole pressure within the Dakota and Picured Cliffs formations at the time of initial development were approximately 3.141 psi and 1.118 psi, respectively; and.
- b) the average current shut-in bottomhole pressure within the Dakota and Picured Cliffs formations are approximately 1.032 psi and 441 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 27-5 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 27-5 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 27-5 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 27-5 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 27-5 Unit every time a Form C-107-A is submitted to the Division. There is a considerable number of such interest owners within the unit;

- c) providing notice to each interest owner within the San Juan 27-5 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 27-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 27-5 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 27-5 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 27-5 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 27-5 Unit, San Juan County New Mexico, is hereby approved.

CASE NO. 11626
Order No. R-10694
Page -6-

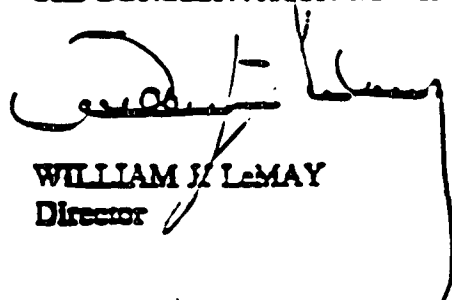
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 27-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify 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 submission of additional supporting data.

(3) In order to obtain Division authorization to downhole commingle wells within the San Juan 27-5 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 27-5 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