

DATE IN 12/1/99	SUSPENSE 12/21/99	ENGINEER DC	LOGGED KN	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2553

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
X 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] X 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 Cole

Peggy Cole

Regulatory/Compliance Administrator

Print or Type Name

Signature

Title

Date

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

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
Revised August 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___X___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

BURLINGTON RESOURCES OIL & GAS COMPANY

PO BOX 4289, FARMINGTON, NM 87499

Operator

Address

San Juan 28-6 Unit

154

N 27-28N-06W

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. 30-039-20389 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	a. (Current) 525 psi (see attachment) b. (Original) 1301 psi (see attachment)	a. (Current) b. (Original) 	a. (Current) 752 psi (see attachment) b. (Original) 3194 psi (see attachment)
6. Oil Gravity (EAPI) or Gas BTU Content	BTU 1253		BTU 1075
7. Producing or Shut-In?	SHUT-IN		SHUT-IN
Production Marginal? (yes or no)	NO		YES
* If Shut-In, give date 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 date and oil/gas/water rates of recent test (within 60 days)	Date: N/A Rates:	Date: N/A Rates:	Date: N/A Rates:
	Date: N/A Rates:	Date: N/A 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: % WILL BE SUPPLIED UPON COMPLETION	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

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 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 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

Wayne Fletcher

TITLE PRODUCTION ENGINEER

DATE:

11/29/99

TYPE OR PRINT NAME B. WAYNE FLETCHER

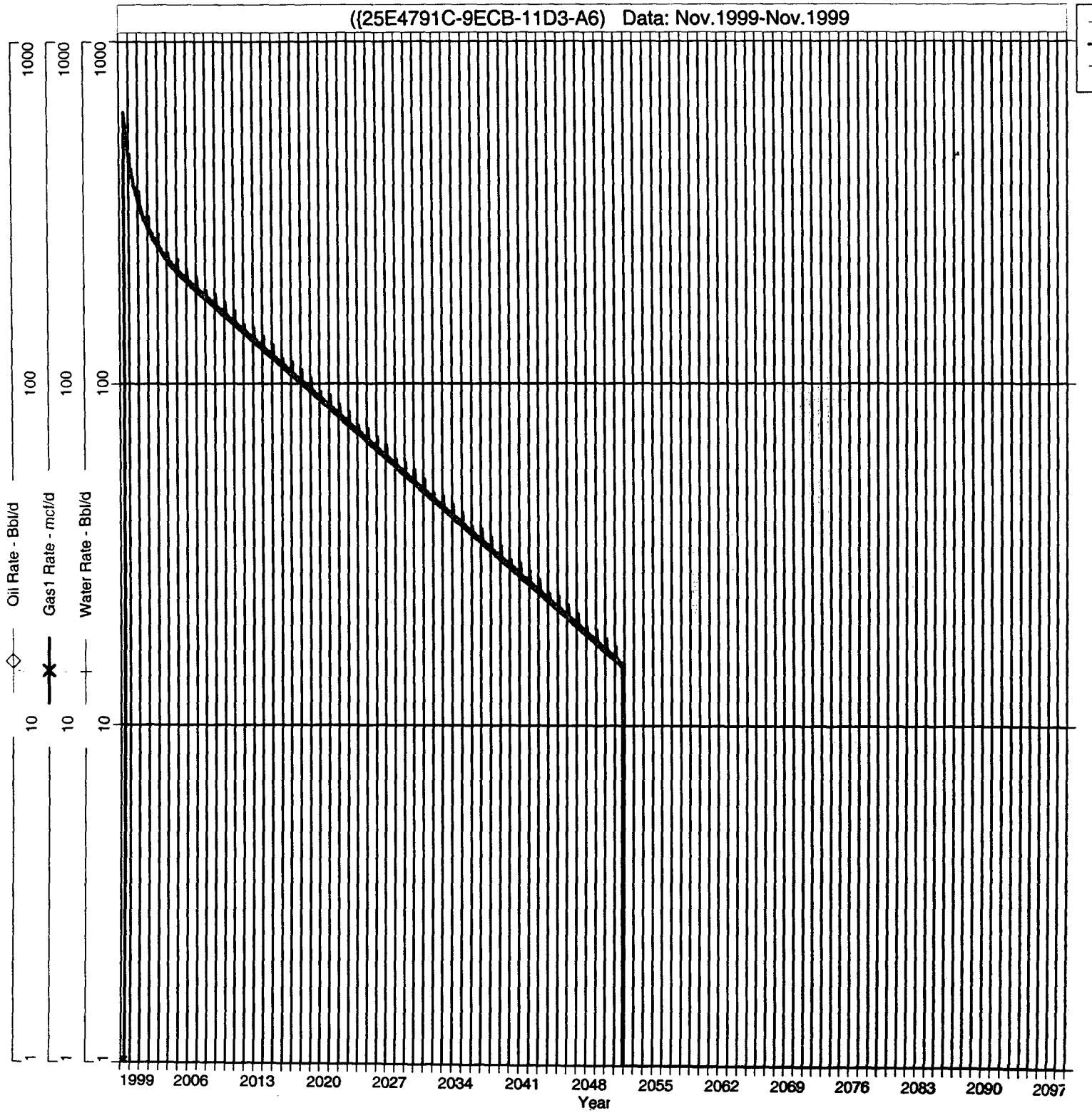
TELEPHONE NO. 505-326-9700

16		Original plat from David O. Vilven, 3-11-71		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 _____ Peggy Cole Printed Name Regulatory Administrator Title	
				Date _____	
16				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 28-6 Unit #154

Expected Production

Mesaverde Formation

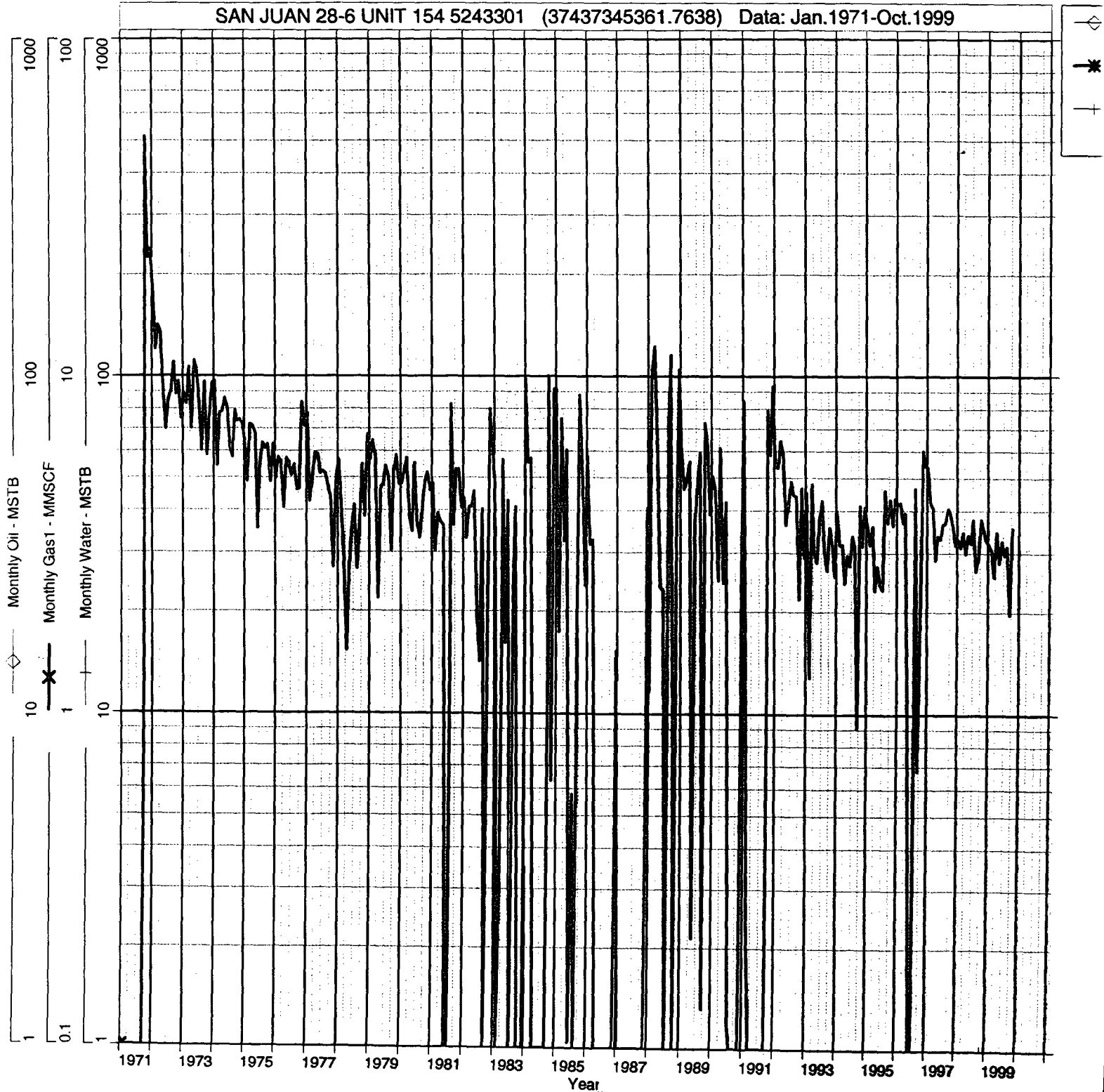


San Juan 28-6 Unit #154

Actual Production

Dakota Formation

SAN JUAN 28-6 UNIT 154 5243301 (37437345361.7638) Data: Jan.1971-Oct.1999



San Juan 28-6 Unit #154

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	0.725	GAS GRAVITY	0.616
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.36	%N2	0.14
%CO2	0.86	%CO2	1.25
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	1.5
DEPTH (FT)	5662	DEPTH (FT)	7800
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)	452	SURFACE PRESSURE (PSIA)	637
BOTTOMHOLE PRESSURE (PSIA)	525.4	BOTTOMHOLE PRESSURE (PSIA)	752.2
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.725	GAS GRAVITY	0.616
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.36	%N2	0.14
%CO2	0.86	%CO2	1.25
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	1.5
DEPTH (FT)	5662	DEPTH (FT)	7800
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)	1097	SURFACE PRESSURE (PSIA)	2662
BOTTOMHOLE PRESSURE (PSIA)	1301.3	BOTTOMHOLE PRESSURE (PSIA)	3194.4

Page No.: 1

Print Time: Wed Nov 24 09:18:04 1999

Property ID: 1828

Property Name: SAN JUAN 28-6 UNIT | 29 | 49351A

Table Name: R:\RESERVES\GDPNOS\TEST.DBF

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

10/16/55	0	1097.0
10/26/55	0	1096.0
08/24/56	166000	795.0
10/30/57	370000	781.0
11/06/58	514000	760.0
06/14/59	600000	689.0
06/14/60	753000	686.0
10/13/61	876000	689.0
10/28/62	960000	655.0
05/16/63	1006000	663.0
05/26/64	1072000	708.0
03/08/65	1138000	664.0
04/12/66	1244000	647.0
03/22/67	1318000	627.0
04/01/68	1397000	622.0
06/23/69	1497888	577.0
05/25/70	1574347	554.0
05/04/71	1659616	484.0
05/22/72	1742365	512.0
08/21/73	1838889	459.0
07/31/74	1922862	462.0
07/12/76	2025400	488.0
05/15/78	2114701	476.0
04/18/80	2184590	489.0
05/18/82	2266446	492.0
06/06/84	2321342	499.0
04/07/86	2362593	466.0
09/25/89	2444047	527.0
07/11/91	2455444	527.0
07/30/91	2455444	515.0
05/03/93	2548997	452.0

San Juan 28-6 Unit #154

Mesaverde Offset

Page No.: 6

Print Time: Fri Nov 19 15:11:14 1999

Property ID: 1750

Property Name: SAN JUAN 28-6 UNIT | 154 | 52433A

Table Name: R:\RESERVES\GDPNOS\TEST.DBF

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

07/21/71	0	2662.0
11/29/71	73696	1440.0
05/22/72	164583	1063.0
01/19/73	234824	808.0
08/21/73	296556	836.0
11/19/73	319549	808.0
06/24/75	454135	618.0
01/28/77	564194	660.0
11/28/77	611787	660.0
04/24/79	684594	562.0
09/29/81	808341	656.0
09/22/83	889632	755.0
06/07/85	958296	646.0
06/08/90	1140008	652.0
05/28/92	1201614	637.0

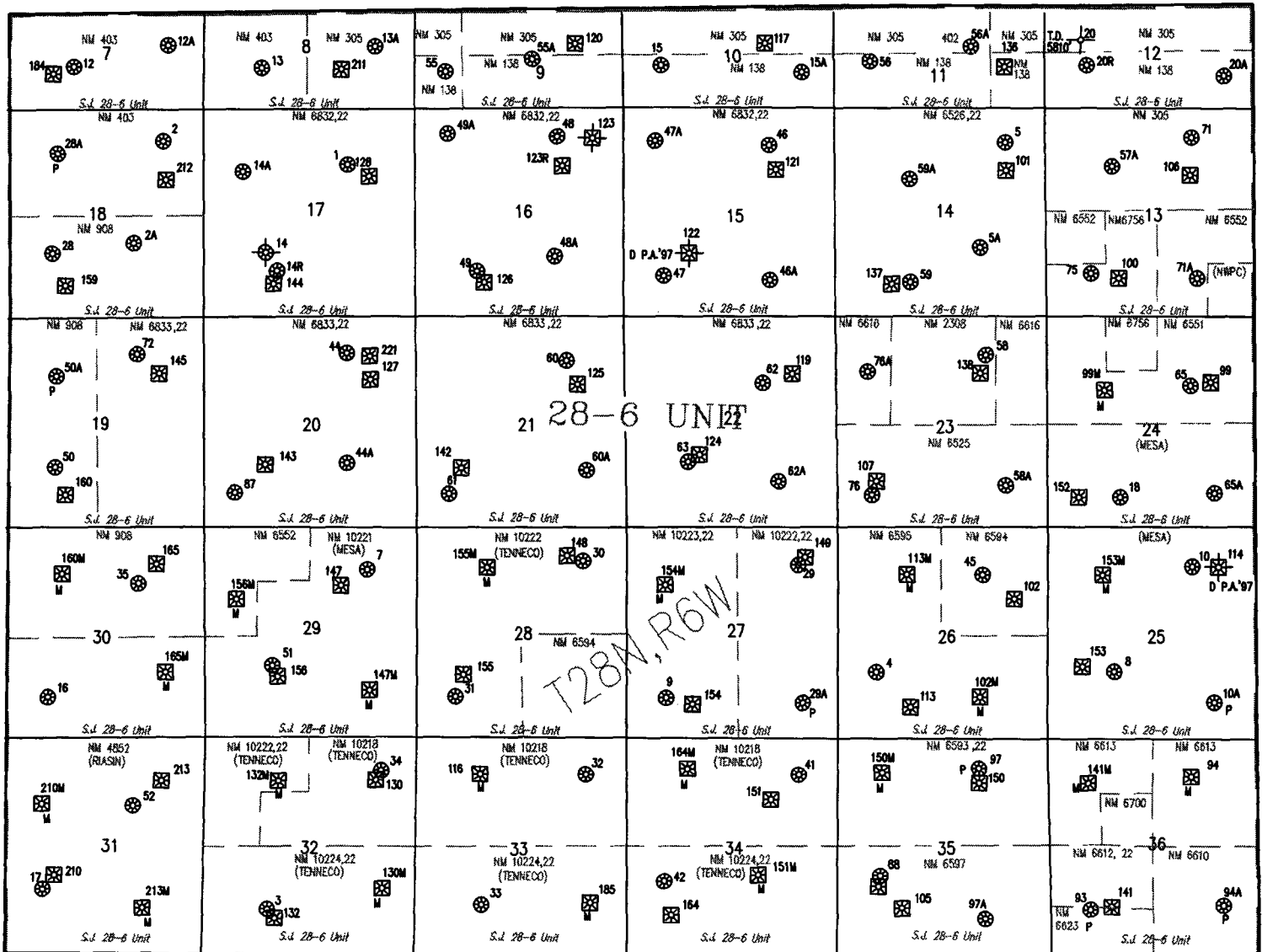
San Juan 28-6 Unit #154

Dakota Offset

San Juan 28-6 Unit #154

Mesaverde / Dakota

28N - 6W - 27N



**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.