

**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:

APPLICATIONS OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR DOWNHOLE
COMMINGLING REFERENCE CASE FOR THE
CANYON LARGO UNIT PURSUANT TO DIVISION RULE 303.E
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 11685

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by BURLINGTON RESOURCES
OIL AND GAS COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Burlington Resources Oil & Gas Company
PO Box 4289
Farmington, NM 87499
Attn: Alan Alexander
(505) 326 9757

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
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STATEMENT OF CASE

(1) Burlington is the operator of the Canyon Largo Unit which currently includes 45 Dakota wells, 6 Gallup wells, 5 Mesaverde wells, 28 Chacra wells, -0- Fruitland-Coal wells and 140 Pictured Cliffs wells all located within an area known as the "Canyon Largo Unit" and consisting of 49,876 acres.

(2) In the absence of the establishment of a "reference case" as provided in Rule 303.E, Division general state-wide Rule 303.C requires that administrative applications for downhole commingling of gas production be submitted, processed and approved on a well by well basis including submittal of the following:

- (a) economic criteria to support that at least one zone to be commingled is marginal.
- (b) pressure criteria to demonstrate that the bottomhole pressure of all zones to be commingled is less than the original bottom hole pressure of the lowest pressures zone,
- (c) allocation formulas, and
- (d) notification by certified mail return receipt to each interest owner where ownership is not common in the zones to be commingled.

(3) Sufficient data is now available from existing wells in these units to support the Division approving the downhole commingling of Dakota, Mesaverde, Fruitland-Coal gas, Gallup, Chacra and Pictured Cliffs gas production within these units on an "area-wide" basis rather than on a "well-by-well basis."

(4) Sufficient data, which will be submitted at the hearing of this case, is now available from existing wells in these units to support the Division adopting a "reference case" for the downhole commingling of Dakota, Mesaverde, Fruitland-Coal, Charca, Gallup and Pictured Cliffs gas production within these units as to the following criteria:

- (a) economic criteria to support that at least one zone to be commingled is marginal.
- (b) pressure criteria to demonstrate that the bottomhole pressure of all zones to be commingled is less than the original bottom hole pressure of the lowest pressures zone,
- (c) allocation formulas,
- (d) notification in this case by certified mail return receipt constitutes satisfactory notification in all subsequent cases to each interest owner where ownership is not common in the zones to be commingled; and
- (e) notification to offset operators will continue to be made provided those offset operators are operators other than applicant.

(5) Burlington seeks authorization pursuant to Division Rule 303.E that all administrative applications for the downhole commingling of Mesaverde, Dakota, Fruitland-Coal, Charca, Gallup and/or Pictured Cliffs gas production within these units submitted subsequent to the filing of the application in these cases shall be authorized to refer to the order entered in this case and shall not be required to submit evidence or data for the following criteria (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) notice to owners of any production within spacing units where the ownership is not common.

(6) The approval of downhole commingling of these formations in these units will extend the economic life of the existing wells and thereby increase ultimate recovery from these formations.

(7) In addition, any new wells to be drilled or recompleted in these units should be approved for downhole commingling because at least one of these zones is marginal based upon criteria which the applicant will submit at the hearing of this case.

(8) Approval of downhole commingling reference case for these units on an area-wide basis is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Linda Donahue (landman)	10 Min.	est. 4
Bill Babcock (geologist)	10 Min	est. 3
Scott Daves (petroleum engineer)	15 Min.	est. 6

PROCEDURAL MATTERS

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By: 

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