Denny G. Foust
DEPUTY OIL & GAS INSPECTOR

DEC 2 9 1997

Approved

Meter Number:72484
Name:SAN JUAN 28-5 UNIT #34MV
Location:TN-28 RG-05
SC-18 UL-M
4 - Fee
NMOCD Zone:OUTSIDE
Hazard Ranking Score:00

RECEIVED
APR 1 4 1997

RATIONALE FOR RISK-BASED CLOSURE OF PRODUCTION PITS LOCATED OUTSIDE OF THE VULNERABLE ZONE IN THE SAN JUAN BASIN

This production pit location was ranked according to the criteria in the New Mexico Oil Conservation Division's Unlined Surface Impoundment Closure Guidelines and received a ranking score of zero. The estimated depth to groundwater is greater than 100-feet beneath ground surface (bgs), the pit is not in a well head protection area, and there are no surface water bodies within 1,000 horizontal feet of the pit location.

The primary source, discharge to the pit has been removed. There has been no discharge to the pits for at least 4 years and the pits have been closed for at least one year.

Each pit was backfilled with clean soil and graded in a manner to divert precipitation away from the excavated area. Minimal infiltration of rainfall is expected. Any rainfall that does infiltrate the ground surface must migrate through clean backfill before reaching the residual hydrocarbons.

There is no source material at the ground surface, so direct contact of hydrocarbons with livestock and the populous is not likely.

In general, outside of the vulnerable area and alluvial valleys, bedrock material is generally encountered within 20 feet of the ground surface. Bedrock material in the San Juan Basin consists of interbedded sandstones, shales and clays. According to Freeze and Cherry, 1979, the hydraulic conductivity of the bedrock material are as follows:

Sandstone	10^{-9} to 10^{-13} cm/sec
Shale	10^{-12} to 10^{-16} cm/sec
Clay	10^{-12} to 10^{-15} cm/sec

Based on this information, the residual hydrocarbons should not migrate to groundwater.

Natural process (bioremediation) are degrading the residual hydrocarbon to carbon dioxide and water and will continue until the source is gone, therefore minimizing any impact to the environment.

Based on the above information, it is highly unlikely that any source material will impact groundwater or ever find an exposure pathway to affect human health and therefore El Paso Field Services Company (EPFS) requests closure of this pit location.

EPFS
EL PASO FIELD SERVICES

FIELD PIT SITE ASSESSMENT FORM

GENERAL

Meter: 72484 Location: SAN JUAN 28-5 UNIT #34 MV
Operator #: 2999 Operator Name: MERIDIAN P/L District: BLOOMFIELD
Coordinates: Letter: M Section 18 Township: 28 Range: 5
Or Latitude _____ Longitude _____
Pit Type: Dehydrator X Location Drip: ___ Line Drip: ___ Other: _____
Site Assessment Date: 5-14-94 Area: 10 Run: 52

SITE ASSESSMENT

NMOCD Zone: (From NMOCD Maps)
Inside ☐ (1)
Outside ☒ (2)

Land Type:
BLM ☐ (1)
State ☐ (2)
Fee ☒ (3)
Indian _____

Depth to Groundwater
Less Than 50 Feet (20 points) ☐ (1)
50 Ft to 99 Ft (10 points) ☐ (2)
Greater Than 100 Ft (0 points) ☒ (3)

Wellhead Protection Area :
Is it less than 1000 ft from wells, springs, or other sources of fresh water extraction? , or ; Is it less than 200 ft from a private domestic water source? ☐ (1) YES (20 points) ☒ (2) NO (0 points)

Horizontal Distance to Surface Water Body
Less Than 200 Ft (20 points) ☐ (1)
200 Ft to 1000 Ft (10 points) ☐ (2)
Greater Than 1000 Ft (0 points) ☒ (3)
Name of Surface Water Body _____
(Surface Water Body : Perennial Rivers, Major Wash, Streams, Creeks, Irrigation Canals, Ditches, Lakes, Ponds)
Distance to Nearest Ephemeral Stream ☐ (1) < 100' (Navajo Pits Only)
☐ (2) > 100'

TOTAL HAZARD RANKING SCORE: 0 **POINTS**

REMARKS

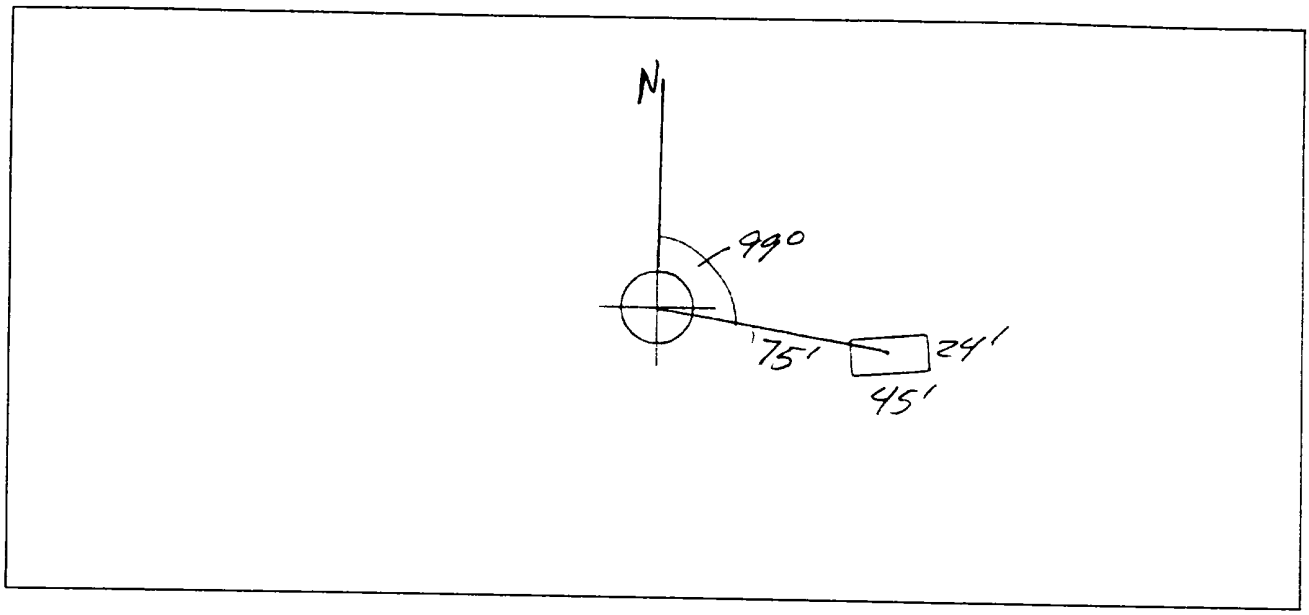
Remarks : ONE EARTHEN PIT ON LOCATION

ORIGINAL PIT LOCATION

ORIGINAL PIT LOCATION

Original Pit : a) Degrees from North 99° Footage from Wellhead 75'

b) Length : 45' Width : 24' Depth : 3'



REMARKS

Remarks :

PHOTOGRAPHS AH-5 (10-13)

Completed By:

Signature

5-14-94

Date

FIEL PIT REMEDIATION/CLOSUI FORM

GENERAL

Meter: 72484 Location: San Juan 28-5 unit d 34 MV

Coordinates: Letter: M Section 18 Township: 28 Range: 5

Or Latitude _____ Longitude _____

Date Started : 6-22-94 Area: 10 Run: 52

FIELD OBSERVATIONS

Sample Number(s): MK 24 MK 25 MK 26 _____

Sample Depth: 12 Feet

Final PID Reading 160 PID Reading Depth 12' Feet

	Yes	No	
Groundwater Encountered	☐ (1)	☐ (2)	Approximate Depth _____ Feet

CLOSURE

Remediation Method :

Excavation	☐ (1)	Approx. Cubic Yards _____
Onsite Bioremediation	☐ (2)	
Backfill Pit Without Excavation	☒ (3)	

Soil Disposition:

Envirotech	☐ (1)	☐ (3)	Tierra
Other Facility	☐ (2)	Name: _____	

Pit Closure Date: 6-22-94 Pit Closed By: BEI

REMARKS

Remarks : _____

Signature of Specialist: Morgan Killion

(SP3191) 04/07/94

Natural Gas Company

FIELD SERVICES LABORATORY
ANALYTICAL REPORT
PIT CLOSURE PROJECT - Soil

SAMPLE IDENTIFICATION

	Field ID	Lab ID
SAMPLE NUMBER:	mk 24	945501
MTR CODE | SITE NAME:	72484	N/A
SAMPLE DATE | TIME (Hrs):	6-22-94	1556
SAMPLED BY:	N/A	
DATE OF TPH EXT. | ANAL.:	6/23/94	6/23/94
DATE OF BTEX EXT. | ANAL.:	N/A	N/A
TYPE | DESCRIPTION:	VG	Brown Sand & Clay

REMARKS: _____

RESULTS

PARAMETER	RESULT	UNITS	QUALIFIERS			
			DF	Q	M(g)	V(ml)
BENZENE		MG/KG				
TOLUENE		MG/KG				
ETHYL BENZENE		MG/KG				
TOTAL XYLENES		MG/KG				
TOTAL BTEX		MG/KG				
TPH (418.1)	3220 ~~3280~~	jwd 6/26/94 MG/KG			2.34	28
HEADSPACE PID	140	PPM				
PERCENT SOLIDS	82.3	%				

– TPH is by EPA Method 418.1 and BTEX is by EPA Method 8020 –

The Surrogate Recovery was at N/A % for this sample All QA/QC was acceptable.

Narrative:

DF = Dilution Factor Used

Approved By: [signature] Date: 7/14/94

****

Test Method for
Oil and Grease and Petroleum Hydrocarbons
in Water and Soil

Perkin-Elmer Model 1600 FT-IR
Analysis Report

****

?4/06/23 14:05

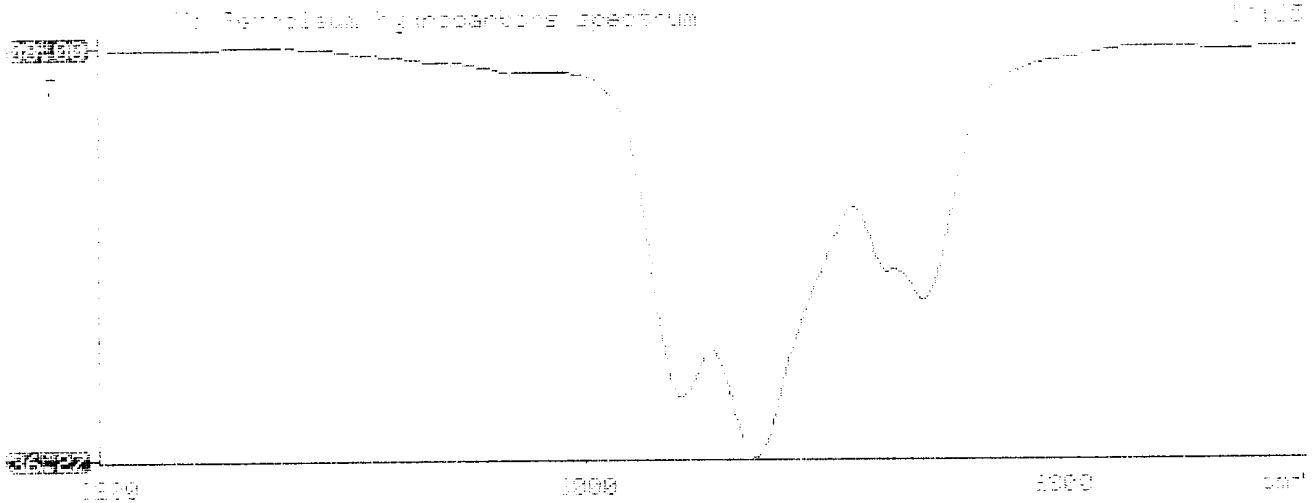
Sample identification
?45501

Initial mass of sample, g
.040

Volume of sample after extraction, ml
5.000

Petroleum hydrocarbons, ppm
?22.040

Net absorbance of hydrocarbons (2930 cm-1)
.472



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 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

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

APPROVAL PROCESS :
_X_ Administrative
___Hearing

EXISTING WELLBORE
X__ YES ___ NO

Burlington Resources Oil and Gas — Operator — **PO Box 4289, Farmington, NM 87499** — Address

Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
San Juan 28-5 Unit	#34	M 18-28N-05W	Rio Arriba

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. __14538__ Property Code ___7460__ API NO. _30-039-07403__ Federal ___X__ , State _____, 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)	5152'-5686'		7708'-7904'
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. 539 psi (see attachment)		a. 456 psi (see attachment)
	(Original) b. 1294 psi (see attachment)		b. 3199 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1193		BTU 1042
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	Yes		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: N/A Rates:
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: 6/18/98 Rates: 99 mcfd 0.7 bopd		Date: 6/18/98 Rates: 69 mcfd 0.0 bopd
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Will be supplied upon completion.		Will be supplied upon completion.

RECEIVED
JUL 17 1998
OIL CON. DIV.
DIST. 3

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
Have all offset operators been given written notice of the proposed downhole commingling? _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-10695_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 J. Tom Loveland TITLE Production Engineer DATE 07-13-98

TYPE OR PRINT NAME J. Tom Loveland TELEPHONE NO. (505) 326-9700

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, 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 C-10
Revised February 21, 199
Instructions on bac
Submit to Appropriate District Offic
State Lease - 4 Copie
Fee Lease - 3 Copie

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-039-07403	72319/71599	Blanco Mesaverde/Basin Dakota

4 Property Code	5 Property Name	6 Well Number
7460	SAN JUAN 28-5 UNIT	34

7 OGRID No.	8 Operator Name	9 Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6525'

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	18	28N	5W		990	SOUTH	990	WEST	RIO ARRIBA

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 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
MV-S/320 DK-S/320			

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 NOT RESURVEYED, PREPARED FROM A PLAT DATED 11-26-58 BY DAVID O. VILVEN

18

990'

990'

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature

Printed Name

Title

Date

18 SURVEYOR CERTIFICATION

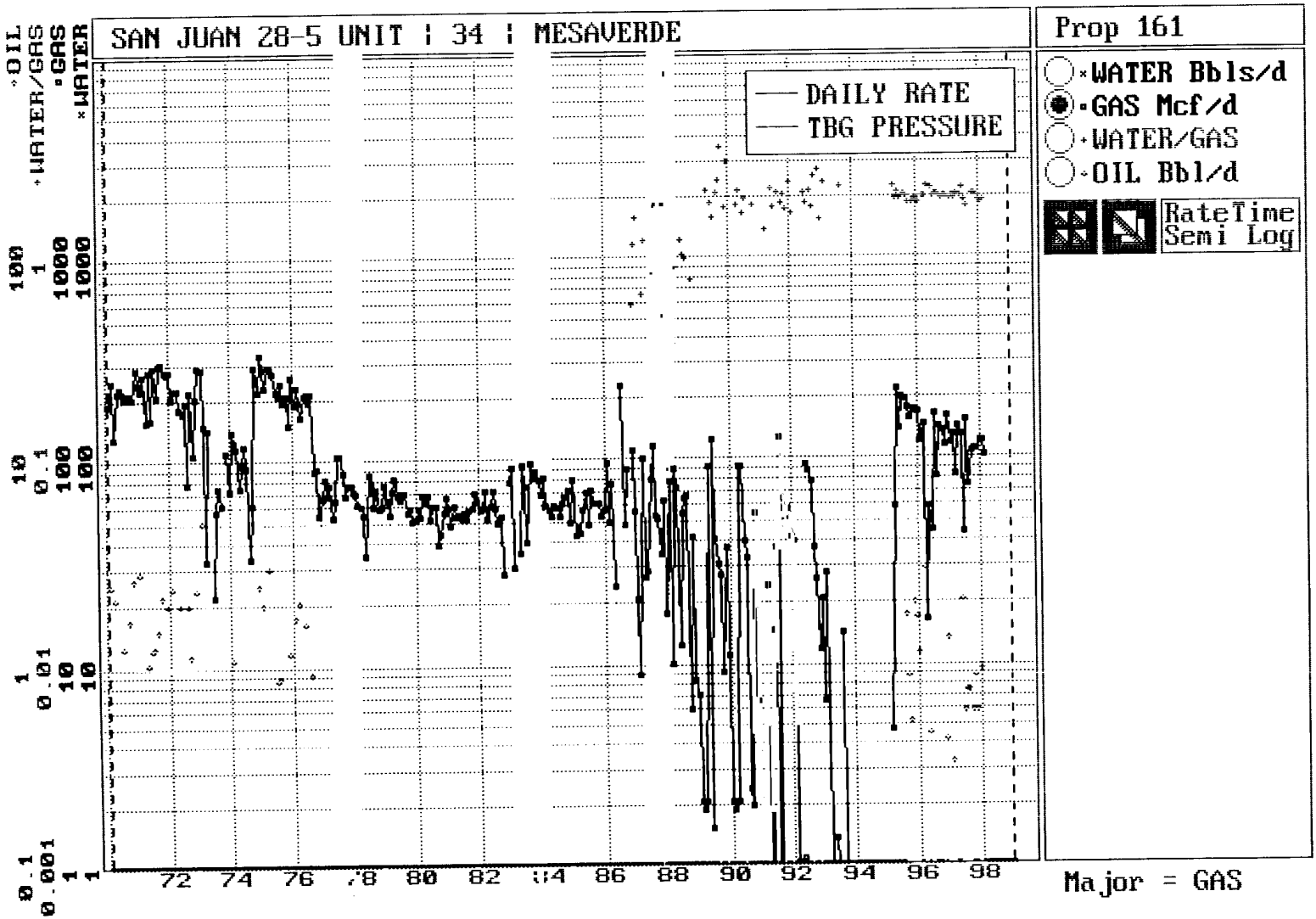
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

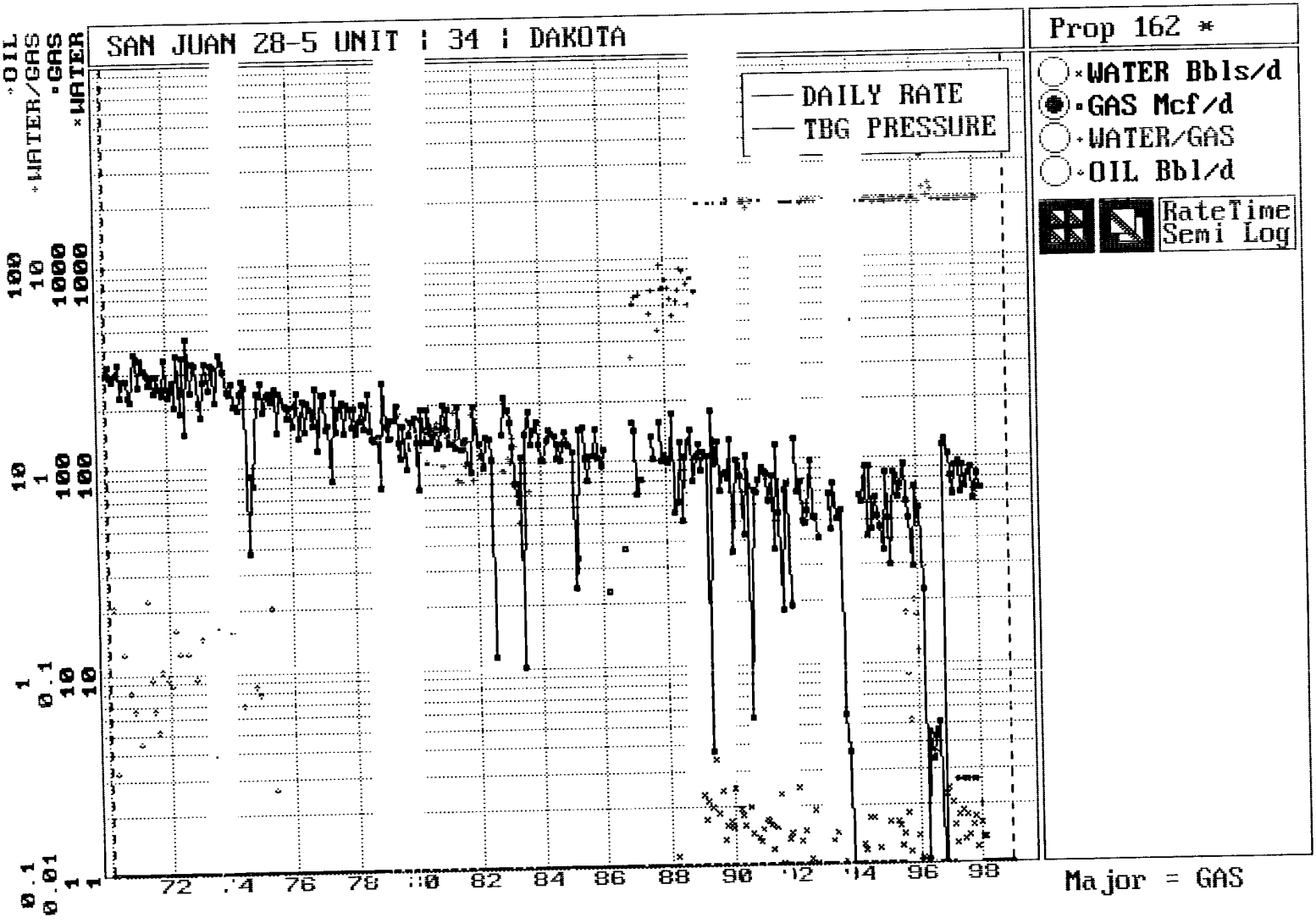
JUNE 25, 1998
Date of Survey

Signature and Seal of Professional Surveyor

NEALE O. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

6857
Certificate Number


SAN JUAN 28-5 UNIT | 34 | MESAVERDE
DAILY RATE
TBG PRESSURE
OIL
WATER/GAS
GAS
WATER
72
74
76
78
80
82
84
86
88
90
92
94
96
98
Prop 161
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
Major = GAS


SAN JUAN 28-5 UNIT | 34 | DAKOTA
DAILY RATE
TBG PRESSURE
OIL
WATER/GAS
GAS
WATER
72
74
76
78
80
82
84
86
88
90
92
94
96
98
Prop 162 *
WATER Bbls/d
GAS Mcf/d
WATER/GAS
OIL Bbl/d
RateTime
Semi Log
Major = GAS

San Juan 28-5 Unit #34
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 1/14/98

Mesaverde

MV-Current

GAS GRAVITY	0.706
COND. OR MISC. (C/M)	C
%N2	0.16
%CO2	0.98
%H2S	0
DIAMETER (IN)	7
DEPTH (FT)	5419
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	121
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	467
BOTTOMHOLE PRESSURE (PSIA)	538.6

MV-Original

GAS GRAVITY	0.706
COND. OR MISC. (C/M)	C
%N2	0.16
%CO2	0.98
%H2S	0
DIAMETER (IN)	7
DEPTH (FT)	5419
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	121
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1101
BOTTOMHOLE PRESSURE (PSIA)	1294.0

Dakota

DK-Current

GAS GRAVITY	0.61
COND. OR MISC. (C/M)	C
%N2	0.45
%CO2	1.56
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	7806
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	168
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	387
BOTTOMHOLE PRESSURE (PSIA)	456.1

DK-Original

GAS GRAVITY	0.61
COND. OR MISC. (C/M)	C
%N2	0.45
%CO2	1.56
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	7806
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	168
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	2652
BOTTOMHOLE PRESSURE (PSIA)	3199.0

Page No.: 1
Print Time: Tue May 12 10:20:08 1998
Property ID: 161
Property Name: SAN JUAN 28-5 UNIT | 34 | MV
Table Name: S:\ARIES\78LTL\TEST.DBF

--DATE--	--CUM_OIL- Bbl	---CUM_GAS-- Mcf	M_SIWHP Psi	
07/11/59		0	1101.0	Original
11/09/70		900326	640.0	
06/22/71		952832	611.0	
06/07/72		1040016	620.0	
07/23/73		1098382	626.0	
01/11/74		1110197	608.0	
11/11/74		1146274	608.0	
04/29/76		1271938	488.0	
05/23/78		1343476	659.0	
05/20/82		1431859	689.0	
07/20/84		1478872	678.0	
09/19/86		1527665	621.0	
11/28/89		1579030	612.0	
08/26/91		1595303	532.0	
06/19/95		1626718	531.0	
04/01/98		1753814	467.0	Current Estimated from P/z data

Print Time: Fri May 08 08:28:38 1998
Property ID: 162
Property Name: SAN JUAN 28-5 UNIT | 34 | DAKOTA
Table Name: S:\ARIES\78LTL\TEST.DBF

--DATE--	--CUM_OIL- Bbl	---CUM_GAS-- Mcf	M_SIWHP Psi	
07/11/59		0	2652.0	Original
08/05/59		0	2651.0	
10/29/59		47000	1838.0	
09/22/60		297000	1130.0	
06/13/61		423000	1133.0	
09/09/62		538000	1287.0	
07/16/63		610000	1268.0	
01/24/64		643000	1373.0	
09/01/65		863000	1038.0	
08/19/66		971000	1112.0	
03/07/67		1038000	1000.0	
03/01/68		1140000	1058.0	
07/28/70		1359073	838.0	
06/22/71		1458158	707.0	
06/07/72		1555805	662.0	
07/23/73		1671515	606.0	
12/20/74		1788002	695.0	
05/05/75		1822787	332.0	
07/05/77		1973385	636.0	
10/04/79		2107669	572.0	
08/12/81		2206797	577.0	
02/03/84		2311723	535.0	
11/20/85		2385271	514.0	
10/04/88		2457897	432.0	
04/22/90		2527297	430.0	
04/01/98		2672850	387.0	Current Estimated from P/z data

Package Preparation
Volume Data

DPNo: 53415A SAN JUAN 28-6 UNIT Form: MV

Supt: 60 KEN RAYBON **FF:** 335 LARY BYARS **MS:** 319 STEVE BAIRD
Pipeline: EPNG **Plunger:** No **Dual:** Yes **Compressor:** No

Ownership (No Trust)

	Gas	Oil
GWI:	73.1659%	73.1659%
GNI:	62.3562%	62.3562%

Volumes (Days On)

	MCFD	BOPD
7 Day Avg	108	6.5
30 Day Avg	111	0.8
60 Day Avg	112	0.4
3 Mo Avg	111	0.0
6 Mo Avg	114	0.3
12 MoAvg	112	0.6

Volumes (Days in Month)

	MCFD	BOPD
30 Day Avg	99	0.7
60 Day Avg	106	0.4
3 Mo Avg	111	0.0
6 Mo Avg	114	0.3
12 Mo Avg	109	0.6

	Prior Year			Current Year		
	MCF/M	BOPM	Days On	MCF/M	BOPM	Days On
Jan	3,622	10.0	31	3,770	0.0	31
Feb	4,063	0.0	28	3,126	0.0	28
Mar	2,544	0.0	31	3,306	0.0	31
Apr	4,405	0.0	30	3,422	0.0	30
May	3,995	63.0	31	0	0.0	27.9
Jun	1,339	18.0	21	0	0.0	0
Jul	4,701	23.0	31	0	0.0	0
Aug	2,255	23.0	31	0	0.0	0
Sept	3,306	18.0	30	0	0.0	0
Oct	3,421	27.0	31	0	0.0	0
Nov	3,396	18.0	30	0	0.0	0
Dec	3,699	29.0	31	0	0.0	0
Total	40,746	229.0		13,624	0.0	

Print Form

Exit Volumes Data

6/18/98

Package Preparation
Volume Data

DPNo: 53415B SAN JUAN 28-5 UNIT 34 Form: DK

Supt: 60 KEN RAYBON **FF:** 335 LARY BYARS **MS:** 319 STEVE BAIRD
Pipeline: EPNG **Plunger:** No **Dual:** Yes **Compressor:** No

Ownership (No Trust)

	Gas	Oil
GWI:	69.6124%	69.6124%
GNI:	58.8960%	58.8960%

Volumes (Days On)

	MCFD	BOPD
7 Day Avg	103	0.0
30 Day Avg	77	0.0
60 Day Avg	83	0.0
3 Mo Avg	77	0.0
6 Mo Avg	73	0.0
12 MoAvg	78	0.0

Volumes (Days in Month)

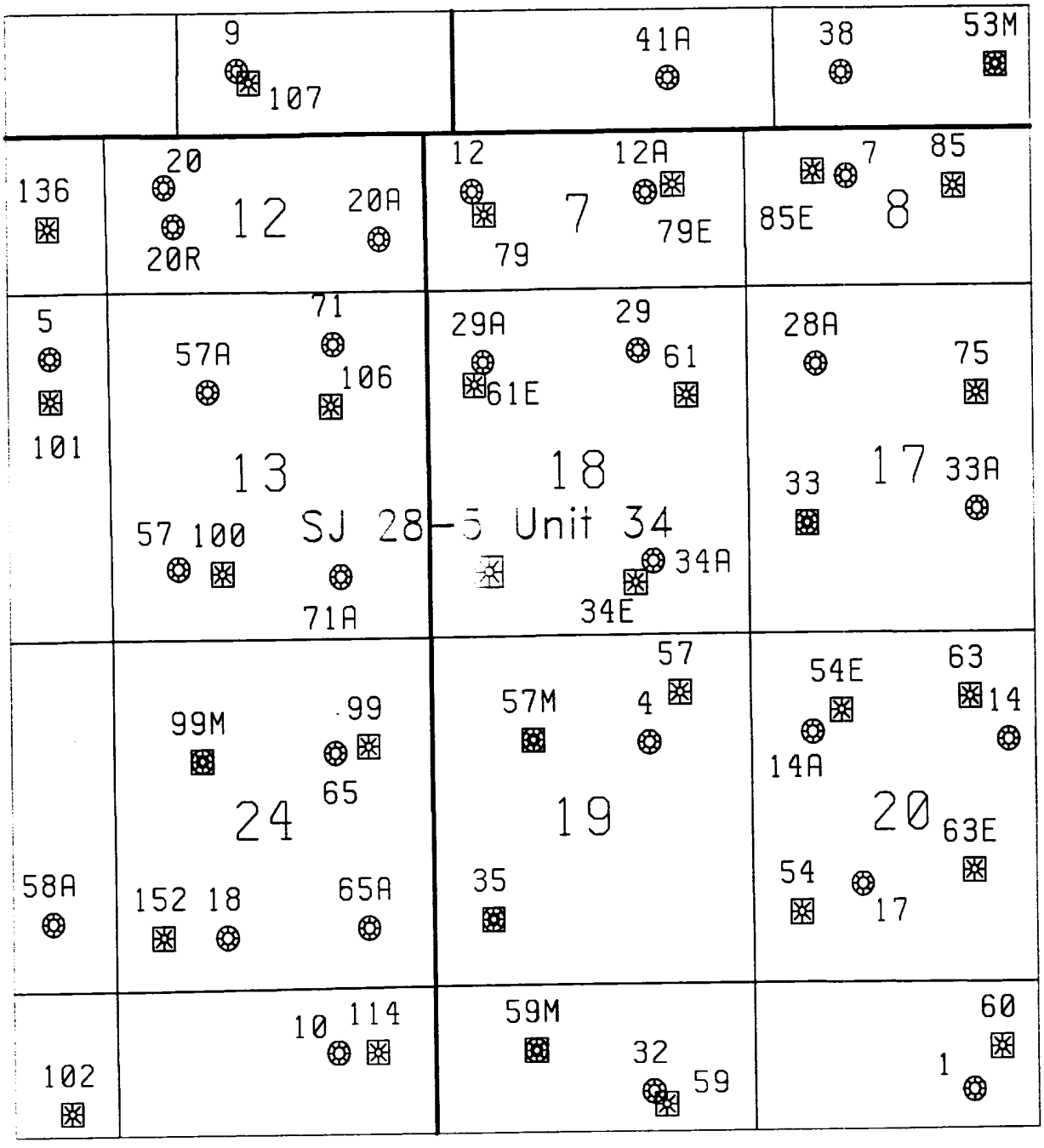
	MCFD	BOPD
30 Day Avg	69	0.0
60 Day Avg	78	0.0
3 Mo Avg	77	0.0
6 Mo Avg	72	0.0
12 Mo Avg	77	0.0

	Prior Year			Current Year		
	MCF/M	BOPM	Days On	MCF/M	BOPM	Days On
Jan	3,181	0.0	31	2,048	0.0	31
Feb	2,434	0.0	28	2,082	0.0	28
Mar	1,945	0.0	31	2,085	0.0	31
Apr	2,739	0.0	30	2,654	0.0	30
May	2,863	0.0	31	0	0.0	27.9
Jun	2,025	0.0	23.1	0	0.0	0
Jul	2,750	0.0	31	0	0.0	0
Aug	2,126	0.0	31	0	0.0	0
Sept	2,460	0.0	30	0	0.0	0
Oct	2,655	0.0	31	0	0.0	0
Nov	1,852	0.0	30	0	0.0	0
Dec	2,474	0.0	31	0	0.0	0
Total	29,504	0.0		8,869	0.0	

Print Form

Edit Volumes Data

6/18/98



PLH 5/7/98

SJ 28-5 Unit 34

Sec. 18, T28N, R5W

Mesaverde/Dakota

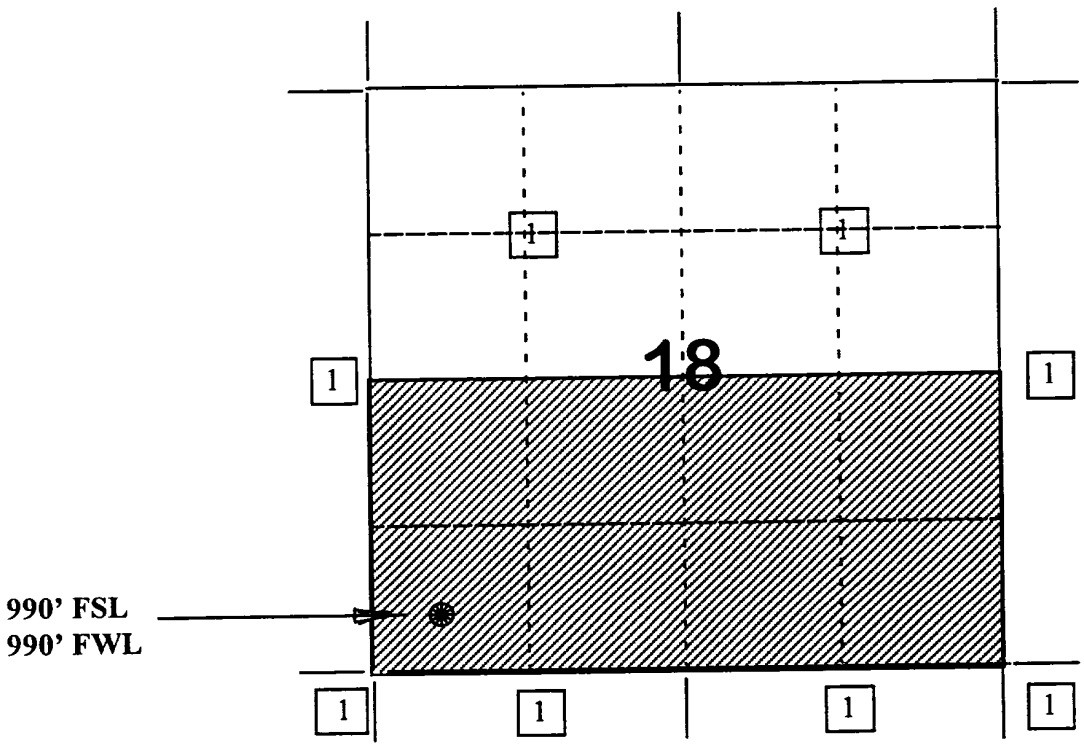
BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 28-5 Unit #34

OFFSET OPERATOR/OWNER PLAT

Mesaverde / Dakota Formations Commingle Well

Township 28 North, Range 5 West



1) Burlington Resources

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