

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

Form 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 28-5 UNIT 73M O 35-28N-5W Rio Arriba  
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7460 API NO. 30-039-25663 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)	will be supplied upon completion	RECEIVED JUN - 6 1997 OIL CON. DIV.	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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated or Measured Original	(Current) a. 588 psi (see attachment)  (Original) b. 1344 psi (see attachment)	a. DIST. 3  b.	a. 1193 psi (see attachment)  b. 3330 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1182		BTU 1051
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>  * If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: n/a Rates:  Date: n/a Rates:	Date: Rates:  Date: 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: %	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-flower 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. NMOC 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 Sean Woolverton TITLE Production Engineer DATE 05/27/97

TYPE OR PRINT NAME Sean C. Woolverton TELEPHONE NO. ( 505 ) 326-9700

District I  
PO Box 1988, Hobbs, NM 88241-1988  
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 Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> AFI Number 30-039-	<sup>1</sup> Pool Code 72319/71599	<sup>1</sup> Pool Name Blanco Mesaverde/Basin Dakota
<sup>1</sup> Property Code 7460	<sup>1</sup> Property Name San Juan 28-5 Unit	<sup>1</sup> Well Number 73M
<sup>1</sup> OGRID No. 14538	<sup>1</sup> Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY	<sup>1</sup> Elevation 6736'

<sup>10</sup> Surface Location

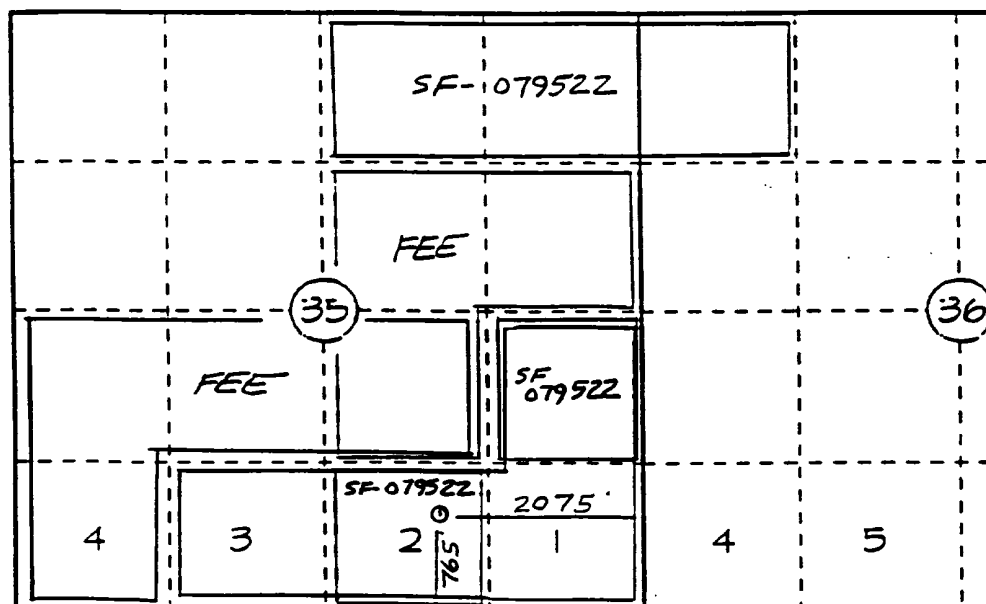
UL or lot no. 0	Section 35	Township 28-N	Range 5-W	Lot Idn	Feet from the 765	North/South line South	Feet from the 2075	East/West line East	County R.A.
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<sup>11</sup> Bottom Hole Location if Different From Surface

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

<sup>12</sup> Dedicated Acres MV-S/361.86 DK-330.92	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION

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

Signature

Peggy Bradfield

Printed Name

Regulatory Administrator

Title

Date

<sup>18</sup> 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.

12-20-96

Date of Survey

Signature and Seal of Professional Surveyor

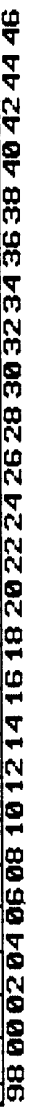
NEALE C. EDWARDS  
NEW MEXICO  
6857  
6857  
Certificate Number

0.1	1	10	100	1000	10000
0.01	0.1	1	10	100	1000
0.01	0.1	1	10	100	1000
0.1	1	10	100	1000	10000

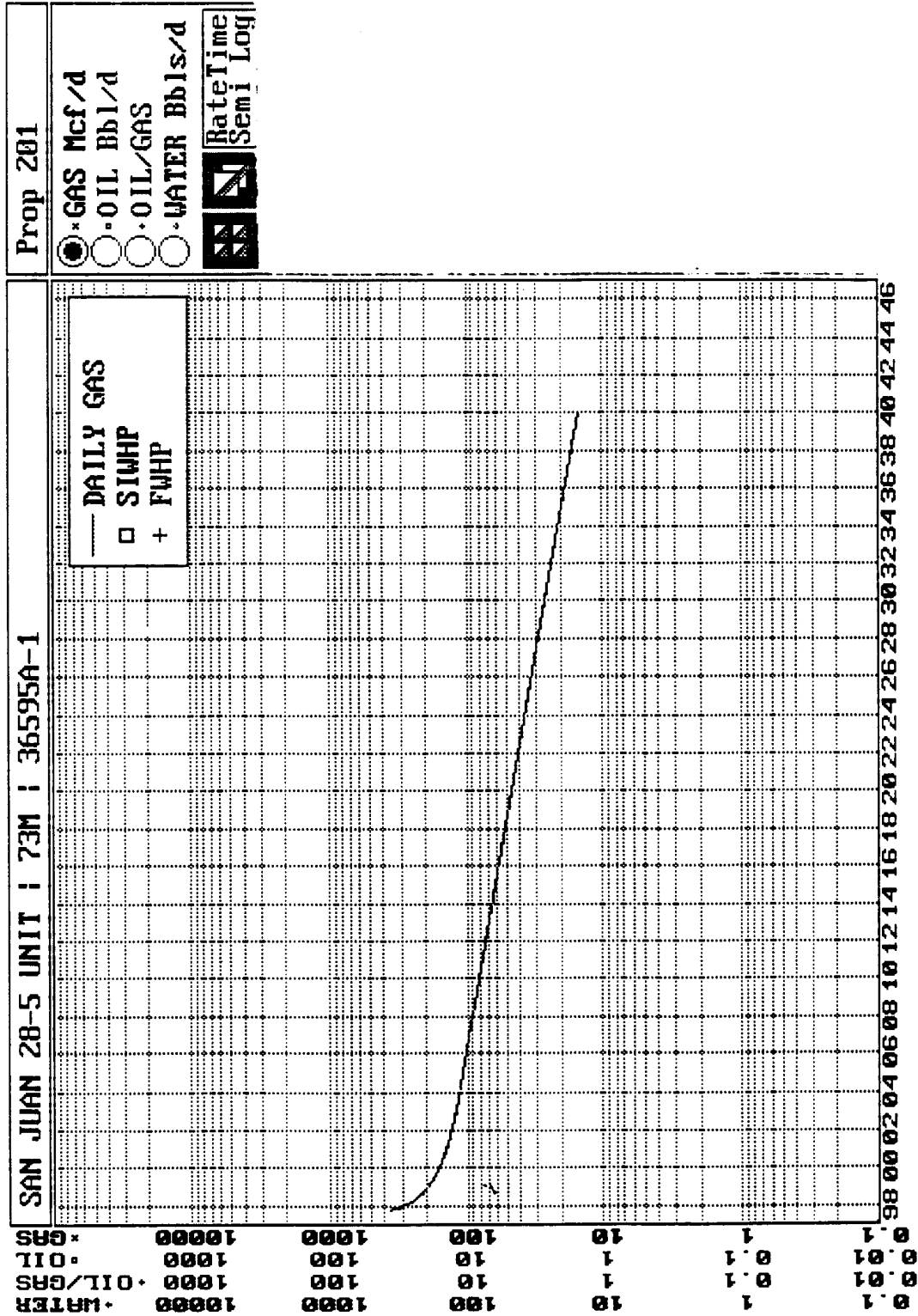
Prop 272

- ☒ GAS Mcf/d
- ☐ OIL Bbl/d
- ☐ OIL/GAS
- ☐ WATER Bbls/d

RateTime  
Semi Log



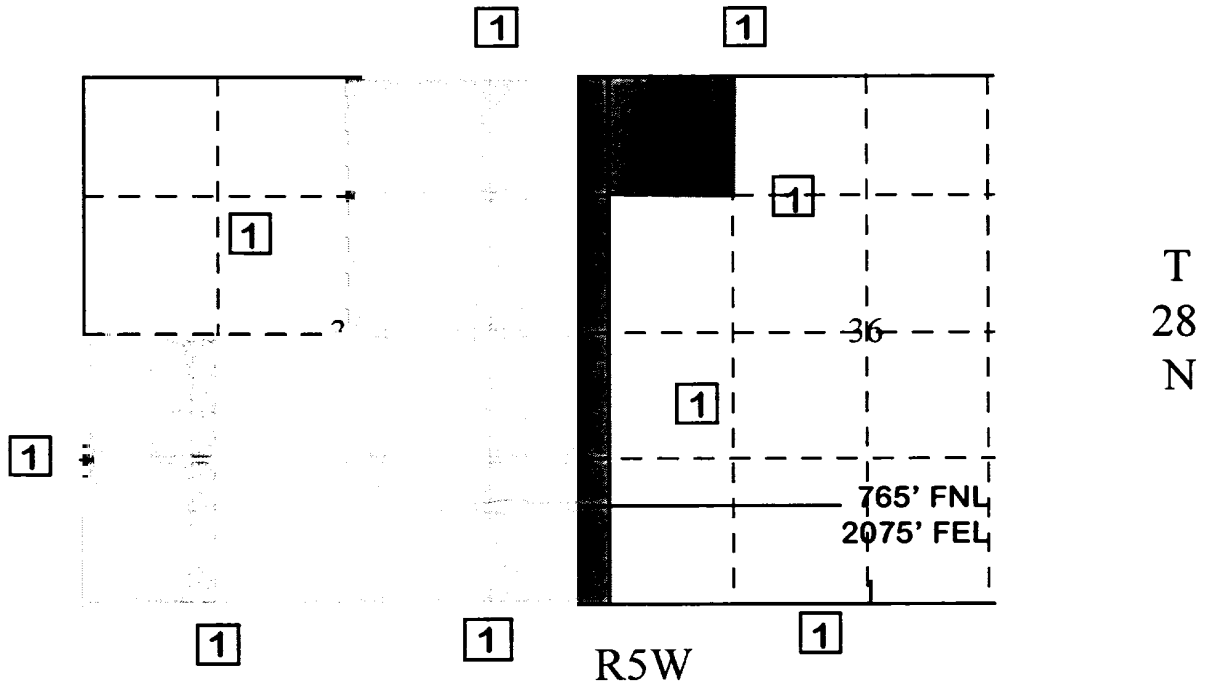
Blanco W. overbe



# Burlington Resources Oil and Gas Company

## San Juan 28-5 Unit #73M OFFSET OPERATOR \ OWNER PLAT

Mesaverde / Dakota Formations Commingle Well  
(Mesaverde (S/2) / Dakota (Non standard dedication covering  
NW/4 NW/4 Sec. 36,  
lot 2, NE/4, N/2 SE/4 Sec. 35)



1) Burlington Resources Oil and Gas Company

REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)

OPR008M1 S001

0008 CHROMATOGRAPH TEST MAIN SCREEN

20:07:06.9 05/20/9

FUNCTION (A,C,D,I) i      \*\* DATA AT TEST PRESSURE UNLESS NOTED \*\*  
 MP NUMBER                      86561      SAN JUAN 28-5 UNIT                      72  
 EFFECTIVE DATE                19970301  
 REGION CD                      42              SAN JUAN  
 MP TYPE CODE                  10              GAS METER - WELLHEAD SALES

-----  
 SAMPLE TYPE CODE (GAS, LIQ, BTU)      GAS                      ----- BTU/CF -----  
 SAMPLE DATE                      19970301                      --- (AT 14.73 PSIG) ---  
 SAMPLE LINE PRESSURE (PSIG)                      WET 1051.397      DRY 1070.000  
 SAMPLE LINE TEMPERATURE (DEG F)                      -----  
 TEST DATE                                      ----- BTU/CF -----  
 TEST PRESSURE (PSIG)                      14.730                      WET 1051.397      DRY 1070.000  
 TEST TEMPERATURE (DEG F)                      60                      VAPOR FACTOR                      -----  
 TEST LIFE (MONTHS)                      6  
 TESTER SOURCE BA NUMBER                      038689      PETROLEUM LAND CORP  
 TEST PURPOSE CODE                      -----

-----  
 03=DETAIL SCR      04=MP-NM BRWS      06=MP/DS LST      07=MP/WN LST  
 11=PREV SCR              12=MAIN MENU                      20=NEXT REC  
 21=REFRESH SCR      22=PREV MENU              24=HELP              PA1=TERMINATE  
 B MY JOB                      LU #3

OPR008M2 S001

0008 CHROMATOGRAPH GAS SAMPLE DETAIL

20:07:10.6 05/20/9

   GPM                      \*\* DATA AT 14.730 PSIG UNLESS NOTED \*\*  
    MOL %      (AT 14.73)  
 HYDROGEN                      -----                      MP NUMBER                      86561  
 HELIUM                                      -----                      EFFECTIVE DATE                      19970301  
 NITROGEN                      0.25  
 OXYGEN                                      -----  
 HYDROGEN SULFIDE                      -----                      -- GASOLINE CONTENT (GPM) --  
 CARBON DIOXIDE                      1.57                      26/70      GASOLINE                      -----  
 METHANE                                      91.83                      100%      PROPANE                      -----  
 ETHANE                                      4.62                      1.2359                      EXCESS BUTANES                      -----  
 PROPANE                                      1.02                      0.2811                      TOTAL  
 ISO-BUTANE                      0.10                      0.0327  
 N-BUTANE                                      0.18                      0.0568  
 ISO-PENTANE                      0.10                      0.0366  
 N-PENTANE                                      -----  
 HEXANE                                      -----                      ----- SPECIFIC GRAVITY -----  
 HEXANE PLUS                      0.33                      0.1440                      CALCULATED                      0.6180  
 HEPTANE PLUS                      -----                      MEASURED                      -----  
 TOTALS                                      100.00                      1.7871                      SULPHUR GRAINS / 100 CU FT -----

-----  
    03=MAIN SCREEN                      24=HELP                      PA1=TERMINATE  
 B MY JOB                                      NUM      LU #3

REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)  
OPR008M1 S001 0008 CHROMATOGRAPH TEST MAIN SCREEN

20:00:03.4 05/20/97

FUNCTION (A,C,D,I) i \*\* DATA AT TEST PRESSURE UNLESS NOTED \*\*  
MP NUMBER 86009 SAN JUAN 28-5 UNIT 24  
EFFECTIVE DATE 19951101  
REGION CD 42 SAN JUAN  
MP TYPE CODE 10 GAS METER - WELLHEAD SALES

-----  
SAMPLE TYPE CODE (GAS, LIQ, BTU) GAS ----- BTU/CF -----  
SAMPLE DATE 19951101 --- (AT 14.73 PSIG) --  
SAMPLE LINE PRESSURE (PSIG) WET 1182.084 DRY 1203.000  
SAMPLE LINE TEMPERATURE (DEG F) -----  
TEST DATE ----- BTU/CF -----  
TEST PRESSURE (PSIG) 14.730 WET 1182.084 DRY 1203.000  
TEST TEMPERATURE (DEG F) 60 VAPOR FACTOR -----  
TEST LIFE (MONTHS) 6  
TESTER SOURCE BA NUMBER 038689 PETROLEUM LAND CORP  
TEST PURPOSE CODE -----

-----  
03=DETAIL SCR 04=MP-NM BRWS 06=MP/DS LST 07=MP/WN LST  
11=PREV SCR 12=MAIN MENU 20=NEXT REC  
21=REFRESH SCR 22=PREV MENU 24=HELP PA1=TERMINATE  
B MY JOB LU #3

OPR008M2 S001 0008 CHROMATOGRAPH GAS SAMPLE DETAIL 20:00:10.4 05/20/97

MOL % GPM \*\* DATA AT 14.730 PSIG UNLESS NOTED \*\*  
(AT 14.73)  
HYDROGEN ----- MP NUMBER 86009  
HELIUM ----- EFFECTIVE DATE 19951101  
NITROGEN 0.32  
OXYGEN -----  
HYDROGEN SULFIDE -----  
CARBON DIOXIDE 0.93  
METHANE 83.29  
ETHANE 9.03 2.4155  
PROPANE 3.69 1.0170  
ISO-BUTANE 0.71 0.2322  
N-BUTANE 0.98 0.3090  
ISO-PENTANE 0.34 0.1244  
N-PENTANE 0.25 0.0906  
HEXANE -----  
HEXANE PLUS 0.46 0.2007  
HEPTANE PLUS -----  
TOTALS 100.00 4.3894

----- GASOLINE CONTENT (GPM) -----  
26/70 GASOLINE -----  
100% PROPANE -----  
EXCESS BUTANES -----  
TOTAL -----

----- SPECIFIC GRAVITY -----  
CALCULATED 0.6940  
MEASURED -----

SULPHUR GRAINS / 100 CU FT -----

-----  
03=MAIN SCREEN 24=HELP PA1=TERMINATE  
B MY JOB NUM LU #3

**San Juan 28-5 Unit #73M**  
**Bottom Hole Pressures**  
**Flowing and Static BHP**  
**Cullender and Smith Method**  
Version 1.0 3/13/94

<b>Mesaverde</b>		<b>Dakota</b>	
<u><b>MV-Current</b></u>		<u><b>DK-Current</b></u>	
GAS GRAVITY	0.694	GAS GRAVITY	0.618
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.32	%N2	0.25
%CO2	0.93	%CO2	1.57
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5408	DEPTH (FT)	7923
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	141	BOTTOMHOLE TEMPERATURE (DEG F)	163
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	512	SURFACE PRESSURE (PSIA)	992
BOTTOMHOLE PRESSURE (PSIA)	587.5	BOTTOMHOLE PRESSURE (PSIA)	1192.5
<u><b>MV-Original</b></u>		<u><b>DK-Original</b></u>	
GAS GRAVITY	0.694	GAS GRAVITY	0.618
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.32	%N2	0.25
%CO2	0.93	%CO2	1.57
%H2S	0.00	%H2S	0.00
DIAMETER (IN)	2.375	DIAMETER (IN)	2.375
DEPTH (FT)	5408	DEPTH (FT)	7923
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	141	BOTTOMHOLE TEMPERATURE (DEG F)	163
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1153	SURFACE PRESSURE (PSIA)	2742
BOTTOMHOLE PRESSURE (PSIA)	1344.4	BOTTOMHOLE PRESSURE (PSIA)	3330.4



Page No.: 1

Print Time: Tue May 20 14:34:52 1997

Property ID: 1792

Property Name: SAN JUAN 28-5 UNIT | 72 | 52195A-1

Table Name: K:\ARIES\RR98PDP\TEST.DBF

10/10

--DATE-- ---CUM\_GAS-- M SIWHP  
■■■■■■■■■■ ■■■■Mcf■■■■ ■■■■Psi■■■■

06/21/67	0	2742.0
10/31/67	60000	1915.0
05/10/68	166000	1641.0
05/29/69	336665	1480.0
06/09/70	517449	1352.0
05/03/71	646214	1327.0
05/30/72	775865	1362.0
05/16/73	903262	1302.0
04/30/75	1121971	1253.0
07/06/77	1324068	996.0
05/01/79	1490806	1342.0
05/01/81	1693434	954.0
09/20/83	1825804	1297.0
06/05/85	1935000	1230.0
10/23/88	2120012	1394.0
07/28/92	2386986	992.0

← initial

← current

MV

Property ID: 3932

Table Name: K:\ARIES\RR98PDP\TEST.DBF

04/02/57 0 1153.0 ← initial

← current

SAN JUAN 28-5 UNIT

<p>7 7A 7B 7C</p>	<p>8 8A 8B 8C</p>	<p>9 9A 9B 9C</p>	<p>10 10A 10B 10C</p>	<p>11 11A 11B 11C</p>	<p>12 12A 12B 12C</p>
<p>13 13A 13B 13C</p>	<p>14 14A 14B 14C</p>	<p>15 15A 15B 15C</p>	<p>16 16A 16B 16C</p>	<p>17 17A 17B 17C</p>	<p>18 18A 18B 18C</p>
<p>19 19A 19B 19C</p>	<p>20 20A 20B 20C</p>	<p>21 21A 21B 21C</p>	<p>22 22A 22B 22C</p>	<p>23 23A 23B 23C</p>	<p>24 24A 24B 24C</p>
<p>25 25A 25B 25C</p>	<p>26 26A 26B 26C</p>	<p>27 27A 27B 27C</p>	<p>28 28A 28B 28C</p>	<p>29 29A 29B 29C</p>	<p>30 30A 30B 30C</p>
<p>31 31A 31B 31C</p>	<p>32 32A 32B 32C</p>	<p>33 33A 33B 33C</p>	<p>34 34A 34B 34C</p>	<p>35 35A 35B 35C</p>	<p>36 36A 36B 36C</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. 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.



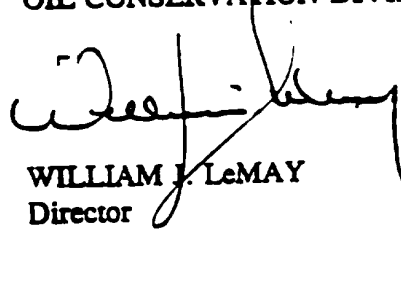
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify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