

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ YES ☐ NO

Burlington Resources Oil and Gas

Operator  
San Juan 32-9 Unit #47 M-4-31N-09W San Juan

Lease Well No. Unit Ltr. - Sec - Twp - Rge County  
Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7473 API NO. 30-045-11011 Federal ☒ State ☐ Fee ☒

| The following facts are submitted in support of downhole commingling:   | Upper Zone  | Intermediate Zone | Lower Zone  |
|---|---|-------------------|---|
| 1. Pool Name and Pool Code  | Pictured Cliffs - 72359   |                   | Mesaverde - 72319   |
| 2. Top and Bottom of Pay Section (Perforations)   | Will be supplied upon completion.   |                   | 5367'-5851'   |
| 3. Type of production (Oil or Gas)  | Gas   |                   | Gas   |
| 4. Method of Production (Flowing or Artificial Lift)  | Flowing   |                   | Flowing   |
| 5. Bottomhole Pressure<br>Oil Zones - Artificial Lift:<br>Estimated Current<br>Gas & Oil - Flowing:<br>Measured Current<br>All Gas Zones:<br>Estimated or Measured Original                   | (Current)<br>a. 567 psi (est.)<br>(offset SJ 32-9 #94)<br>(see attachment)<br>(Original)<br>b. 817 psi (est.)<br>(offset SJ 32-9 #94)<br>(see attachment) |                   | a. 506 psi (see attachment)<br>b. 1176 psi (see attachment) |
| 6. Oil Gravity (°API) or Gas BTU Content  | BTU 1131 (est.)<br>(offset SJ 32-9 #94)   |                   | BTU 1080  |
| 7. Producing or Shut-In?  | Producing   |                   | Producing   |
| Production Marginal? (yes or no)  | Yes   |                   | No  |
| * If Shut-In and oil/gas/water rates of last production<br><br>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | Date: N/A<br>Rates:   |                   | Date: N/A<br>Rates:   |
| * If Producing, give data and oil/gas/water water of recent test (within 60 days)   | Date:<br>Rates:   |                   | Date: 11/96<br>Rates: 200 mcf/d<br>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.                           |

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-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 ☐ 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-10692 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 Mary Ellen Lutey TITLE Production Engineer DATE 4/24/97

TYPE OR PRINT NAME Mary Ellen Lutey TELEPHONE NO. ( 505 ) 326-9700

District I  
PO Box 1960, Hobbs, NM 88241-1960  
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, 1999  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |   |  |
|----------------------------|---|--|
| API Number<br>30-045-11011 | Pool Code<br>72359/72319                                | Pool Name<br>Blanco Pictured Cliffs/Blanco Mesaverde |
| Property Code<br>7473      | Property Name<br>San Juan 32-9 Unit                     | Well Number<br>47                                    |
| OGRID No.<br>14538         | Operator Name<br>BURLINGTON RESOURCES OIL & GAS COMPANY | Elevation<br>6588'                                   |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M             | 4       | 31-N     | 9-W   |         | 1090          | South            | 890           | West           | S.J.   |

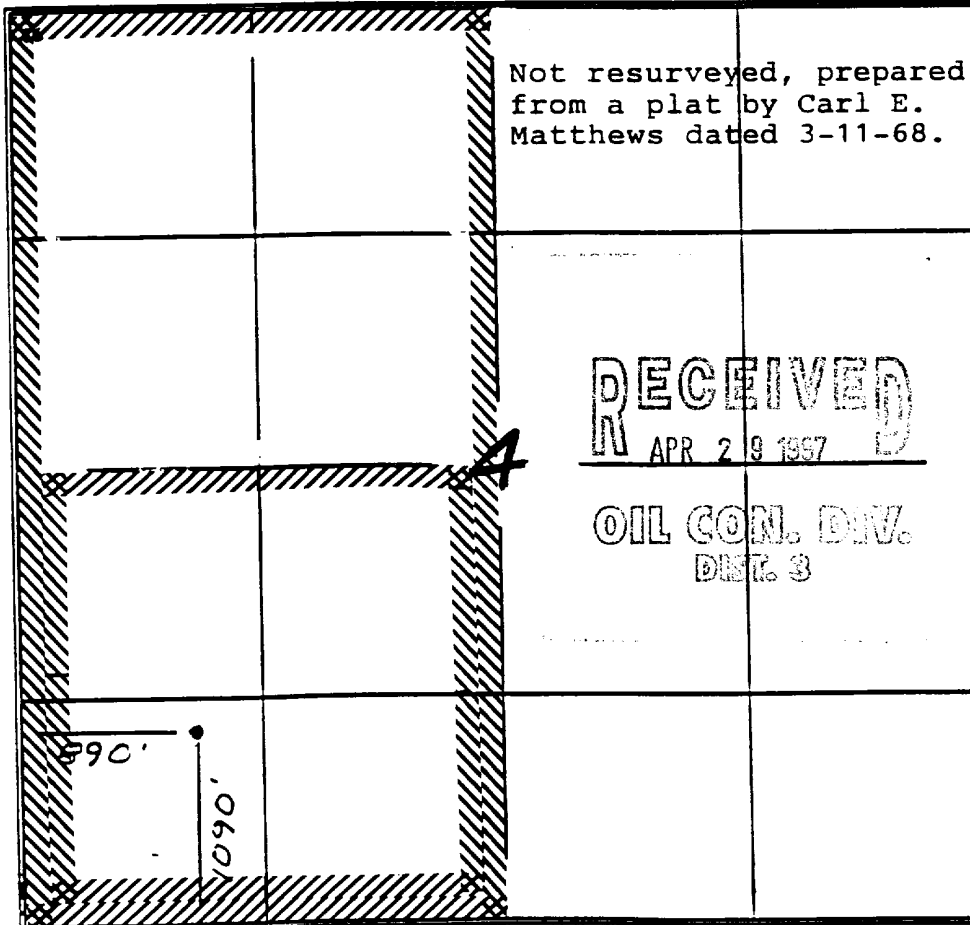
<sup>11</sup> Bottom Hole Location If Different From Surface

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

<sup>12</sup> Dedicated Acres <sup>13</sup> Joint or Infill <sup>14</sup> Consolidation Code <sup>15</sup> Order No.

PC- 156.73  
MV- 72311-19

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.

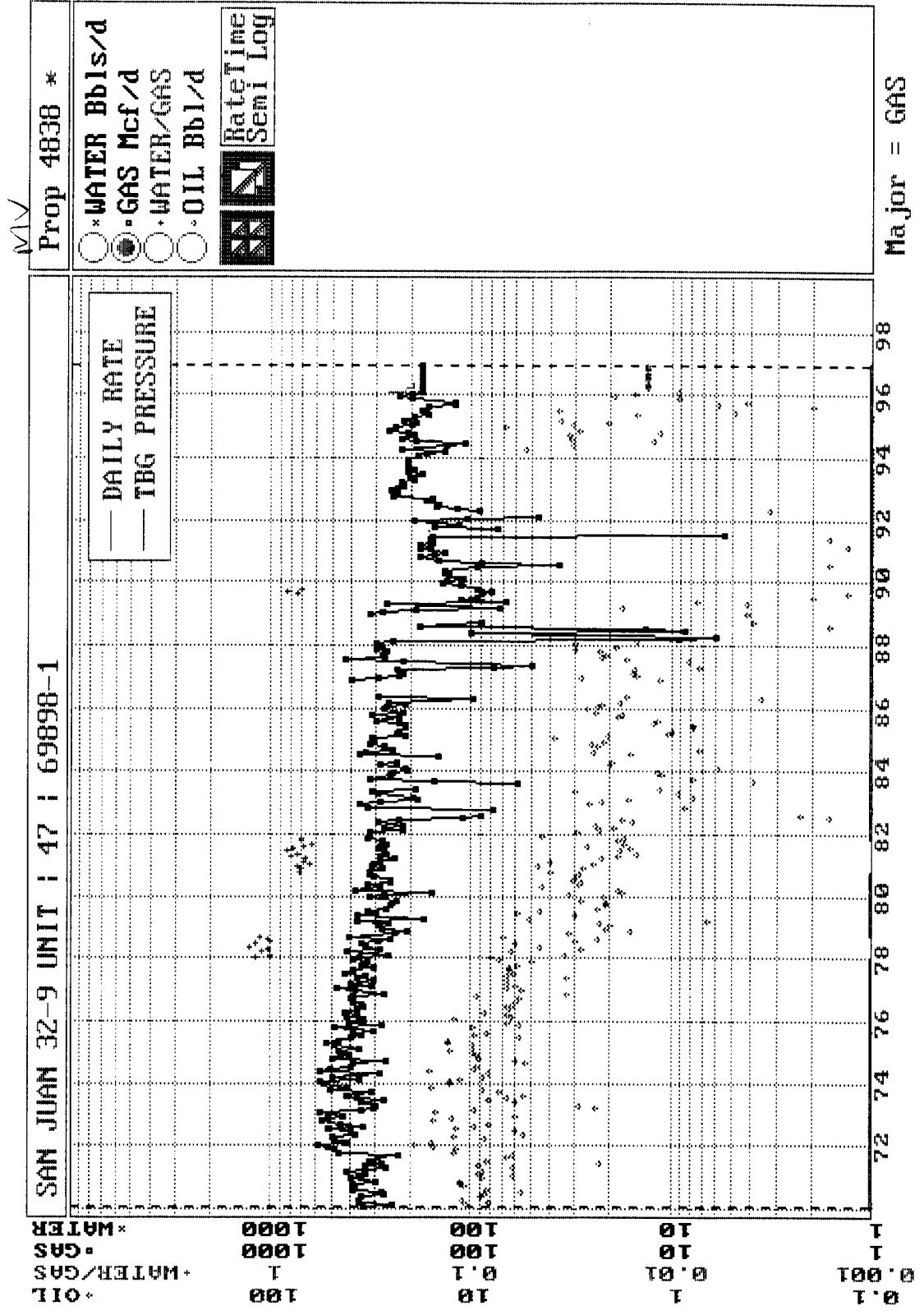
*Peggy Bradfield*  
Signature  
Peggy Bradfield  
Printed Name  
Regulatory Administrator  
Title  
4-28-97  
Date

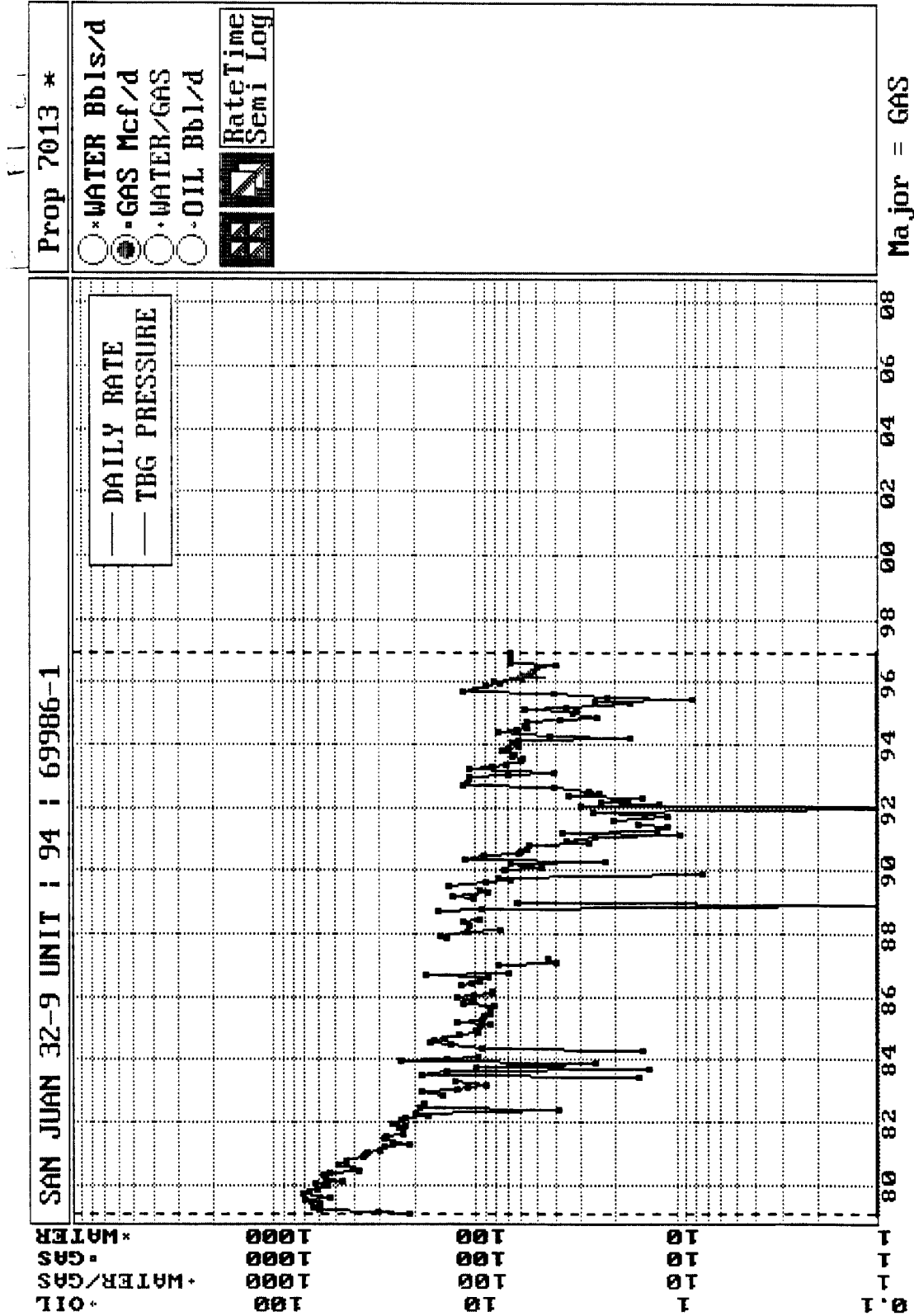
<sup>18</sup> SURVEYOR CERTIFICATION

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.

4/24/97

Date of Survey  
Signature and Seal of Professional Surveyor  
NEALE C. EDWARDS  
NEW MEXICO  
6887  
6857  
Certificate Number



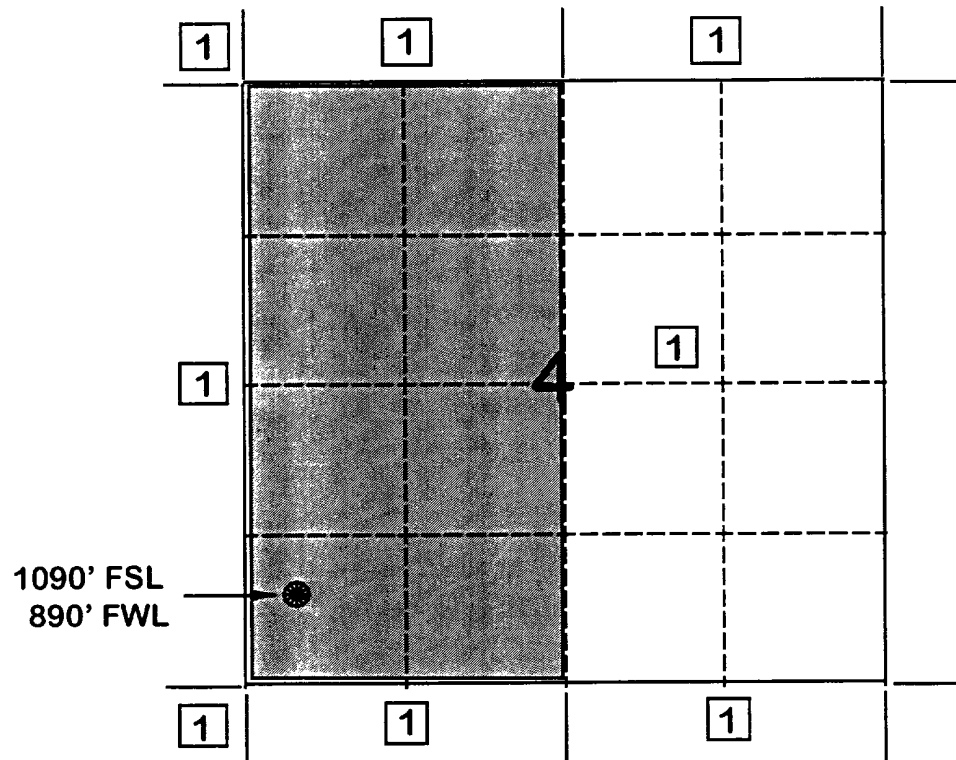


***BURLINGTON RESOURCES OIL AND GAS COMPANY***

**San Juan 32-9 Unit #47  
OFFSET OPERATOR \ OWNER PLAT**

**Mesaverde (W/2)/Pictured Cliffs (SW/4) Formations Commingle Well**

**Township 31 North, Range 9 West**



**1) Burlington Resources Oil and Gas Company Successor to Meridian Oil Inc.**

**FLOWING AND STATIC BHP  
CULLENDER AND SMITH METHOD**

WELL: 32-9-34

|                                |                   |
|--------------------------------|-------------------|
| GAS GRAVITY                    | <u>0.62</u>       |
| COND. OR MISC. (C/M)           | <u>C</u>          |
| %N2                            | <u>0.72</u>       |
| %CO2                           | <u>1.83</u>       |
| %H2S                           | <u>0</u>          |
| DIAMETER (IN)                  | <u>2.4</u>        |
| DEPTH (FT)                     | <u>5975</u>       |
| SURFACE TEMPERATURE (DEG F)    | <u>60</u>         |
| BOTTOMHOLE TEMPERATURE (DEG F) | <u>150</u>        |
| FLOWRATE (MCFPD)               | <u>0</u>          |
| SURFACE PRESSURE (PSIA)        | <u>1021</u>       |
| BOTTOMHOLE PRESSURE (PSIA)     | <div>1176.1</div> |

SAN JUAN 32-9 UNIT #47 MESAVERDE - (ORIGINAL )

**FLOWING AND STATIC BHP  
CULLENDER AND SMITH METHOD**

← PREVIOUS DATA →

|                                |                  |
|--------------------------------|------------------|
| GAS GRAVITY                    | <u>0.62</u>      |
| COND. OR MISC. (C/M)           | <u>C</u>         |
| %N2                            | <u>0.72</u>      |
| %CO2                           | <u>1.83</u>      |
| %H2S                           | <u>0</u>         |
| DIAMETER (IN)                  | <u>2.4</u>       |
| DEPTH (FT)                     | <u>5975</u>      |
| SURFACE TEMPERATURE (DEG F)    | <u>60</u>        |
| BOTTOMHOLE TEMPERATURE (DEG F) | <u>150</u>       |
| FLOWRATE (MCFPD)               | <u>0</u>         |
| SURFACE PRESSURE (PSIA)        | <u>444</u>       |
| BOTTOMHOLE PRESSURE (PSIA)     | <div>506.2</div> |

SAN JUAN 32-9 UNIT #47 MESAVERDE - (CURRENT )

Organize Data ScreenGraph Economics Report Plot Utility Quit  
 Browsing: SAN JUAN 32-9 UNIT | 47 | 69898-1 Property No.: 4838  
 Table(T): TEST/M,P,H,E,T,Z,C,A,O,D,N,1,2,3,B,U,S Rec: 1/30/103224  
 Item: 2/3/33 Name: DATE Type: Date Len: 8/27/203

| --DATE-- | ---CUM GAS-- | M SIWHP |
|----------|--------------|---------|
|          | Mcf          | Psi     |
| 11/07/56 | 0            | 1021.0  |
| 11/14/56 | 0            | 1020.0  |
| 11/16/57 | 224000       | 704.0   |
| 04/14/58 | 300000       | 767.0   |
| 03/06/59 | 425000       | 762.0   |
| 10/29/60 | 623000       | 678.0   |
| 02/21/61 | 654000       | 758.0   |
| 08/29/62 | 825000       | 719.0   |
| 06/13/63 | 860000       | 748.0   |
| 06/24/64 | 979000       | 640.0   |
| 05/25/65 | 1139000      | 572.0   |
| 10/11/66 | 1332000      | 597.0   |
| 05/31/67 | 1411000      | 587.0   |
| 05/17/68 | 1550000      | 569.0   |
| 05/28/69 | 1675908      | 589.0   |

F1=Help F3=PrvPro F5=PrvTbl F7=Calcu F9=Utils Alt+TableLtr=Change Table  
 F2=Jump F4=NxtPro F6=NxtTbl F8=Print F10=Exit Shift+<- ->=Fast Tbl R & L

Organize Data ScreenGraph Economics Report Plot Utility Quit  
 Browsing: SAN JUAN 32-9 UNIT | 47 | 69898-1 Property No.: 4838  
 Table(T): TEST/M,P,H,E,T,Z,C,A,O,D,N,1,2,3,B,U,S Rec: 30/30/103224  
 Item: 2/3/33 Name: DATE Type: Date Len: 8/27/203

| --DATE-- | ---CUM GAS-- | M SIWHP |
|----------|--------------|---------|
|          | Mcf          | Psi     |
| 07/02/70 | 1819477      | 581.0   |
| 06/11/71 | 1936334      | 564.0   |
| 06/29/72 | 2090189      | 515.0   |
| 05/23/73 | 2233545      | 516.0   |
| 04/16/74 | 2372280      | 462.0   |
| 05/07/76 | 2686465      | 446.0   |
| 04/11/78 | 2937496      | 456.0   |
| 06/03/80 | 3165516      | 476.0   |
| 06/03/82 | 3372601      | 462.0   |
| 07/19/84 | 3522743      | 491.0   |
| 05/27/86 | 3693985      | 475.0   |
| 09/13/89 | 3896076      | 512.0   |
| 04/15/91 | 3956030      | 536.0   |
| 09/10/91 | 3985049      | 548.0   |
| 08/17/93 | 4102820      | 444.0   |

F1=Help F3=PrvPro F5=PrvTbl F7=Calcu F9=Utils Alt+TableLtr=Change Table  
 F2=Jump F4=NxtPro F6=NxtTbl F8=Print F10=Exit Shift+<- ->=Fast Tbl R & L



**FLOWING AND STATIC BHP  
CULLENDER AND SMITH METHOD**

FILED 07/01/03 13:34

|                                |       |
|--------------------------------|-------|
| GAS GRAVITY                    | 0.66  |
| COND. OR MISC. (C/M)           | C     |
| %N2                            | 0.17  |
| %CO2                           | 1.85  |
| %H2S                           | 0     |
| DIAMETER (IN)                  | 2.4   |
| DEPTH (FT)                     | 3692  |
| SURFACE TEMPERATURE (DEG F)    | 60    |
| BOTTOMHOLE TEMPERATURE (DEG F) | 110   |
| FLOWRATE (MCFPD)               | 0     |
| SURFACE PRESSURE (PSIA)        | 743   |
| BOTTOMHOLE PRESSURE (PSIA)     | 817.4 |

SAN JUAN 32-9 UNIT #47 PICTURED CLIFFS - (ANTICIPATED )  
SAN JUAN 32-9 UNIT #94 PICTURED CLIFFS - (ORIGINAL )

**FLOWING AND STATIC BHP  
CULLENDER AND SMITH METHOD**

CH200003 0.00

|                                |       |
|--------------------------------|-------|
| GAS GRAVITY                    | 0.66  |
| COND. OR MISC. (C/M)           | C     |
| %N2                            | 0.17  |
| %CO2                           | 1.85  |
| %H2S                           | 0     |
| DIAMETER (IN)                  | 2.4   |
| DEPTH (FT)                     | 3692  |
| SURFACE TEMPERATURE (DEG F)    | 60    |
| BOTTOMHOLE TEMPERATURE (DEG F) | 110   |
| FLOWRATE (MCFPD)               | 0     |
| SURFACE PRESSURE (PSIA)        | 517   |
| BOTTOMHOLE PRESSURE (PSIA)     | 566.6 |

SAN JUAN 32-9 UNIT #47 PICTURED CLIFFS - (ANTICIPATED )  
SAN JUAN 32-9 UNIT #94 PICTURED CLIFFS - (CURRENT )

PS OFF  
 Organize Data ScreenGraph Economics Report Plot Utility Quit  
 Browsing: SAN JUAN 32-9 UNIT | 94 | 69986-1 Property No.: 7013  
 Table(T): TEST/M,P,H,E,T,Z,C,A,O,D,N,1,2,3,B,U,S Rec: 1/6/103224  
 Item: 2/3/33 Name: DATE Type: Date Len: 8/27/203

| --DATE-- | ---CUM GAS-- | M SIWHP |
|----------|--------------|---------|
|          | Mcf          | Psi     |
| 11/08/78 | 0            | 743.0   |
| 02/21/79 | 15857        | 716.0   |
| 07/17/80 | 313840       | 573.0   |
| 08/03/81 | 444685       | 517.0   |
| 06/28/82 | 506461       | 516.0   |
| 07/12/84 | 583525       | 517.0   |

F1=Help    F3=PrvPro    F5=PrvTbl    F7=Calcu    F9=Utils    Alt+TableLtr=Change Table  
 F2=Jump    F4=NxtPro    F6=NxtTbl    F8=Print    F10=Exit    Shift+<- ->=Fast Tbl R & L

FARMINGTON

1997 MONTHLY PRODUCTION FOR 69898

PHS030M

SAN JUAN 32-9 UNIT

47

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE

|    |   |   | DAYS ===== |    | OIL ===== |     | ===== |      | GAS ===== |      |        |       |      |  |
|----|---|---|------------|----|-----------|-----|-------|------|-----------|------|--------|-------|------|--|
| MO | T | S | ON         | PC | PROD      | GRV | PC    | PROD | ON        | BTU  | PRESS  | WATER | PROD |  |
| 1  | 2 | F | 31         | 02 | 12        |     | 01    | 6400 | 31        | 1080 | 15.025 |       |      |  |
| 2  | 2 | F | 28         | 02 |           |     | 01    | 5600 | 28        | 1080 | 15.025 |       |      |  |
| 3  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 4  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 5  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 6  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 7  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 8  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 9  |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 10 |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 11 |   |   |            |    |           |     |       |      |           |      |        |       |      |  |
| 12 |   |   |            |    |           |     |       |      |           |      |        |       |      |  |

PF6 - RETURNS TO ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

PF9 - DISPLAY MONTHLY INJECTIC

00/00/00 00:00:00:0

PRS 04/03/97

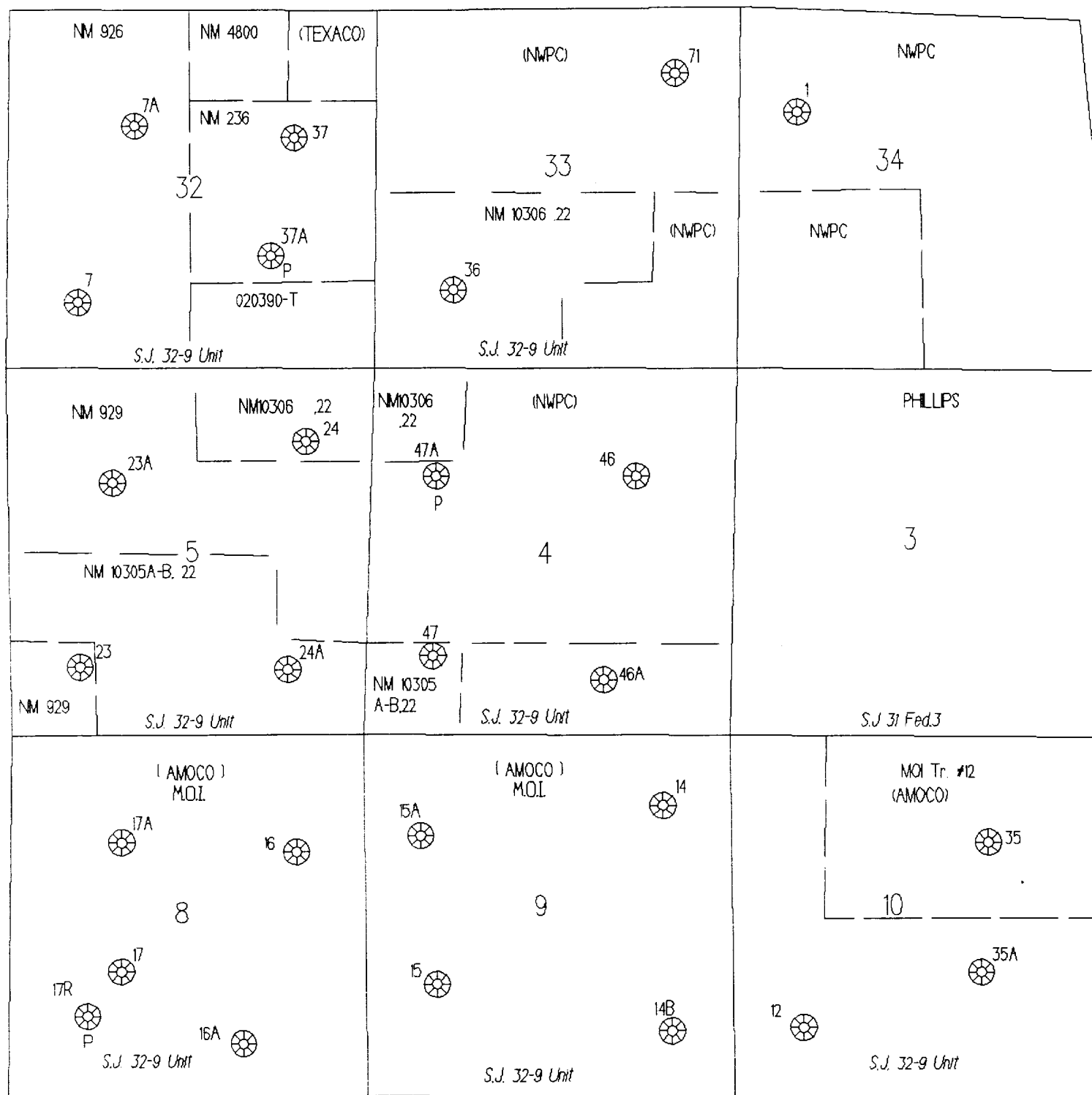
B MY JOB

NUM LU #29

# SAN JUAN 32-9 UNIT #47

## SECTION 4, T31N, R09W

### SAN JUAN CO, NEW MEXICO



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. 11601  
ORDER NO. R-10692

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY FOR THE ESTABLISHMENT  
OF A DOWNHOLE COMMINGLING "REFERENCE  
CASE" 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 August 22, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st 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 and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 32-9 Unit, San Juan County, New Mexico.

(3) Division Rule No. 303.E., amended by Order No. R-10470-A, currently states:

**CASE NO. 11601**  
**Order No. R-10692**  
**Page -2-**

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"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 32-9 Unit which encompasses some 21,864 acres in Townships 31 and 32 North, Ranges 9 and 10 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 32-9 Unit, the applicant currently operates two (2) Basin-Dakota Gas Pool wells, one hundred twenty-eight (128) Blanco-Mesaverde Gas Pool wells and thirty-two (32) Blanco-Pictured Cliffs 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 32-9 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 32-9 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 32-9 Unit; and,

**CASE NO. 11601**

**Order No. R-10692**

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- d) establish a "reference case" or an administrative procedure for authorizing the downhole commingling of existing or future drilled wells within the San Juan 32-9 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 32-9 Unit:

- a) the structure and thickness of the Dakota and Pictured Cliffs formations are very consistent;
- b) the average recoverable Pictured Cliffs gas reserves underlying an undeveloped drill block are approximately 700 MMCFG.
- c) initial producing rates for newly drilled or recompleted Pictured Cliffs gas wells range from 150-600 MCFGD;
- d) the San Juan 32-9 Unit Well Nos. 113 and 114 were recently drilled to test the Dakota formation within the unit. Both wells proved non-productive in the Dakota formation; and,
- e) 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 32-9 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 32-9 Unit, the applicant presented engineering evidence and testimony which indicates that:

- a) the average shut-in pressure within the Pictured Cliffs formation at the time of initial development was approximately 562 psi; and,



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**Order No. R-10692**

**Page 4**

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- b) the average current shut-in pressure within the Pictured Cliffs formation is approximately 349 psi.

(10) The applicant did not present sufficient bottomhole pressure data within the Dakota and Pictured Cliffs formations within the San Juan 32-9 Unit so as to justify the establishment of a "reference case" for pressure criteria.

(11) The applicant testified that various allocation methods will be utilized for downhole commingled wells within the San Juan 32-9 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 where a zone with a well established decline rate is commingled with a newly completed zone; and,
- 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 32-9 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 32-9 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 32-9 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 32-9 Unit of subsequent downhole comminglings is unnecessary and is an excessive burden on the applicant;

**CASE NO. 11601**  
**Order No. R-10692**  
**Page -5-**

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- d) the downhole commingling of wells within the San Juan 32-9 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 32-9 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 32-9 Unit for obtaining approval for subsequently 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, 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 32-9 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) allocation formulas and (c) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 32-9 Unit, San Juan County, New Mexico, is hereby approved.

(2) The application of Burlington Resources Oil & Gas Company to establish a "reference case" for pressure criteria in the Dakota and Pictured Cliffs formation within the San Juan 32-9 Unit is hereby denied.

(3) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 32-9 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" 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.

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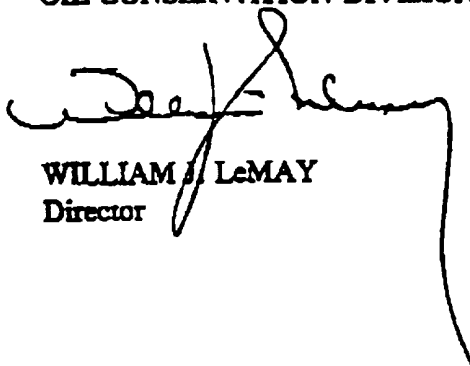
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(4) In order to obtain Division authorization to downhole commingle wells within the San Juan 32-9 Unit, the applicant shall file a Form C-107-A with the Santa Fe and Aztec Offices of the Division. Such application shall contain all the information 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 32-9 Unit of such proposed commingling.

(5) 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

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