DATE IN 6/3/97	SUSPENSE 6/23/97	ENGINEER BS/DC	LOGGED NW	TYPE DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

1590

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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]

RECEIVED
JUN - 3 1997
OIL CONSERVATION DIVISION

[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
☒ 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] ☒ 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 Bradfield	Peggy Bradfield	Regulatory/Compliance Administrator	6/2/97
Print or Type Name	Signature	Title	Date

BURLINGTON RESOURCES

SAN JUAN DIVISION

June 2, 1997

SENT FEDERAL EXPRESS

Mr. William LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: San Juan 29-7 Unit #128M
790'FNL, 790'FWL Section 27, T-29-N, R-7-W, Rio Arriba County, NM
API #30-039-25652

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota in the subject well. This well is planned to be drilled and completed as a Mesa Verde/Dakota commingle in 1997.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas Company is submitting the following for your approval of this commingling:

1. Form C107A - Application for Downhole Commingling;
2. C-102 plat for each zone showing its spacing unit and acreage dedication;
3. Production curve for Dakota and expected production curve for the Mesa Verde;
4. Notification list of offset operators - Burlington is the surrounding operator;
5. Shut in wellhead pressure and calculated down hole pressure of surrounding wells;
6. Nine-section plats for the Mesa Verde and Dakota.

Notification of Mesa Verde and Dakota interest owners is covered under Order R-10697 dated November 8, 1996 attached.

We will consult with the Supervisor of the Aztec District Office of the New Mexico Oil Conservation Division to establish an allocation formula.

Please let me know if you require additional data.

Sincerely,

Peggy Bradfield
Regulatory/Compliance Administrator

xc: Bureau of Land Management - hand delivered

3535 East 30th St., 87402-8801, P.O. Box 4289, Farmington, New Mexico 87499-4289, Telephone 505-326-9700, Fax 505-326-9833

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
__ YES _x NO

Burlington Resources Oil & Gas Company — **PO Box 4289, Farmington, NM 87499**

Operator — Address

SAN JUAN 29-7 UNIT	128M	D 27--29N-7W	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. _14538_____ Property Code ___7465_____ API NO.30-039-25652__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	(Current) a. 637 psi (see attachment)	a.	a. 905 psi (see attachment)
	(Original) b. 1248 psi (see attachment)	b.	b. 3157 psi (see attachment)
6. Oil Gravity (°API) or Gas BTU Content	BTU 1155		BTU 1027
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 Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
* If Producing, give data and oil/gas/water water of recent test (within 60 days)	Date: n/a Rates:	Date: 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 __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-10697_____

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 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-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

[4] Property Code	[5] Property Name	[6] Well Number
7465	San Juan 29-7 Unit	128M

[7] OGRID No.	[8] Operator Name	[9] Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6856'

[10] Surface Location

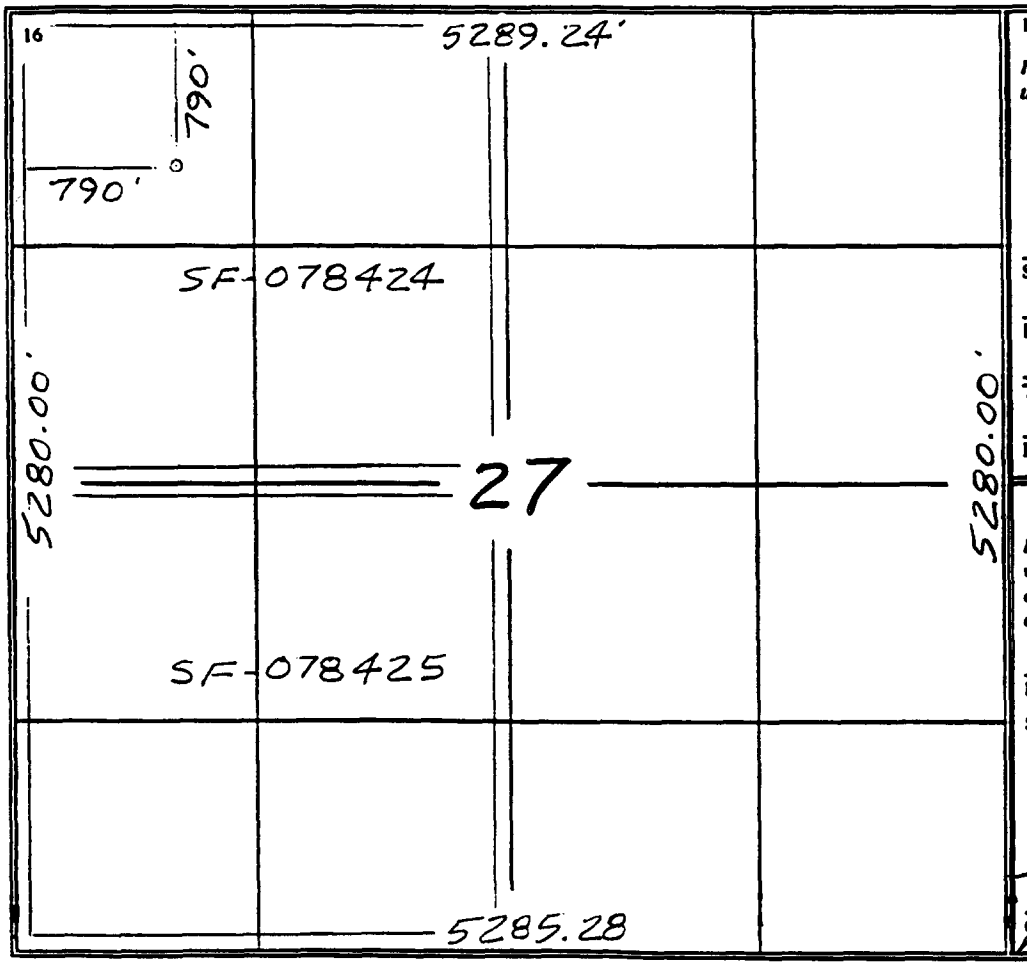
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	27	29-N	7-W		790	North	790	West	R.A.

[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-W/320 DK-W/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



[17] 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

[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.

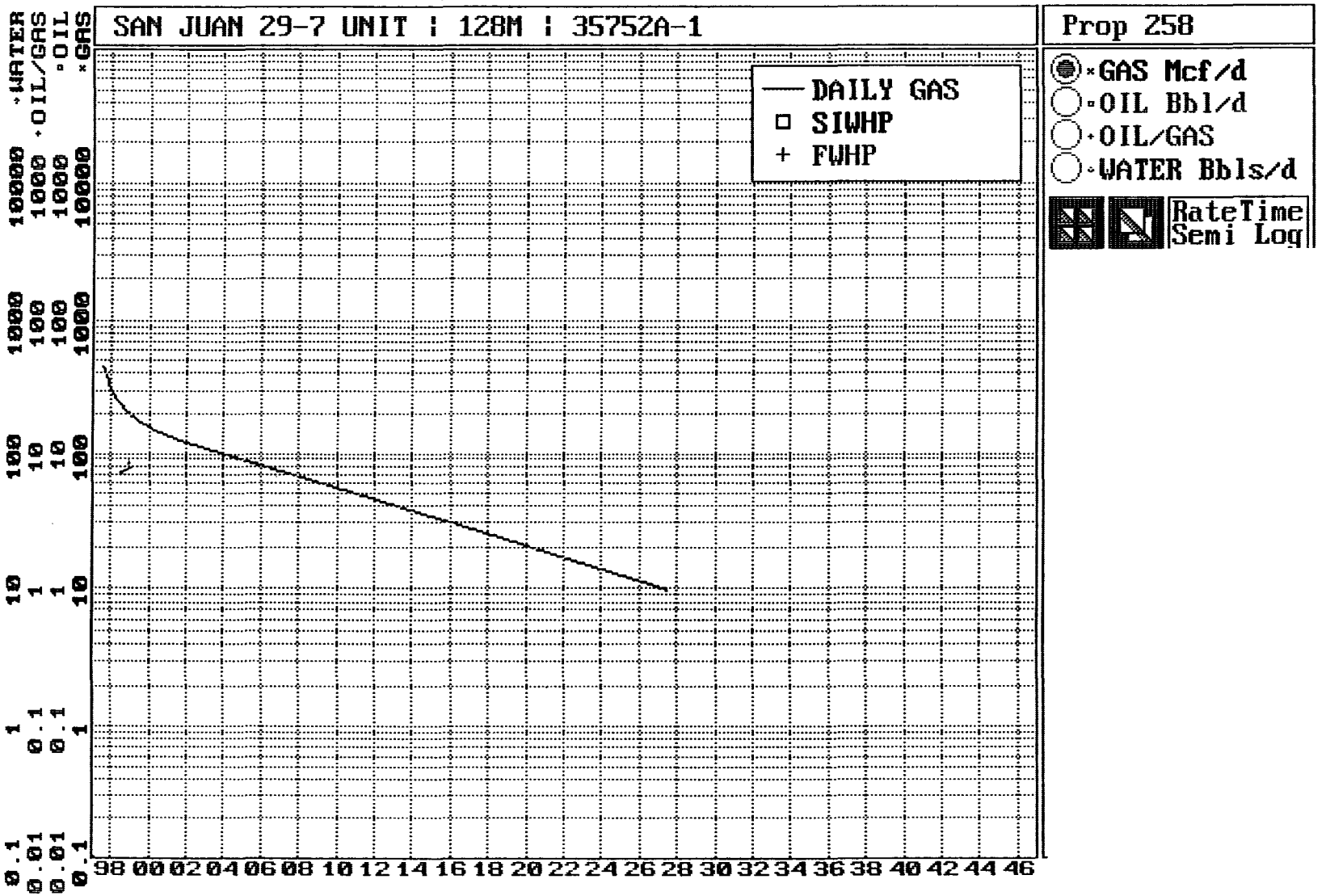
11/22/96
Date of Survey

Signature and Seal of Professional Surveyor

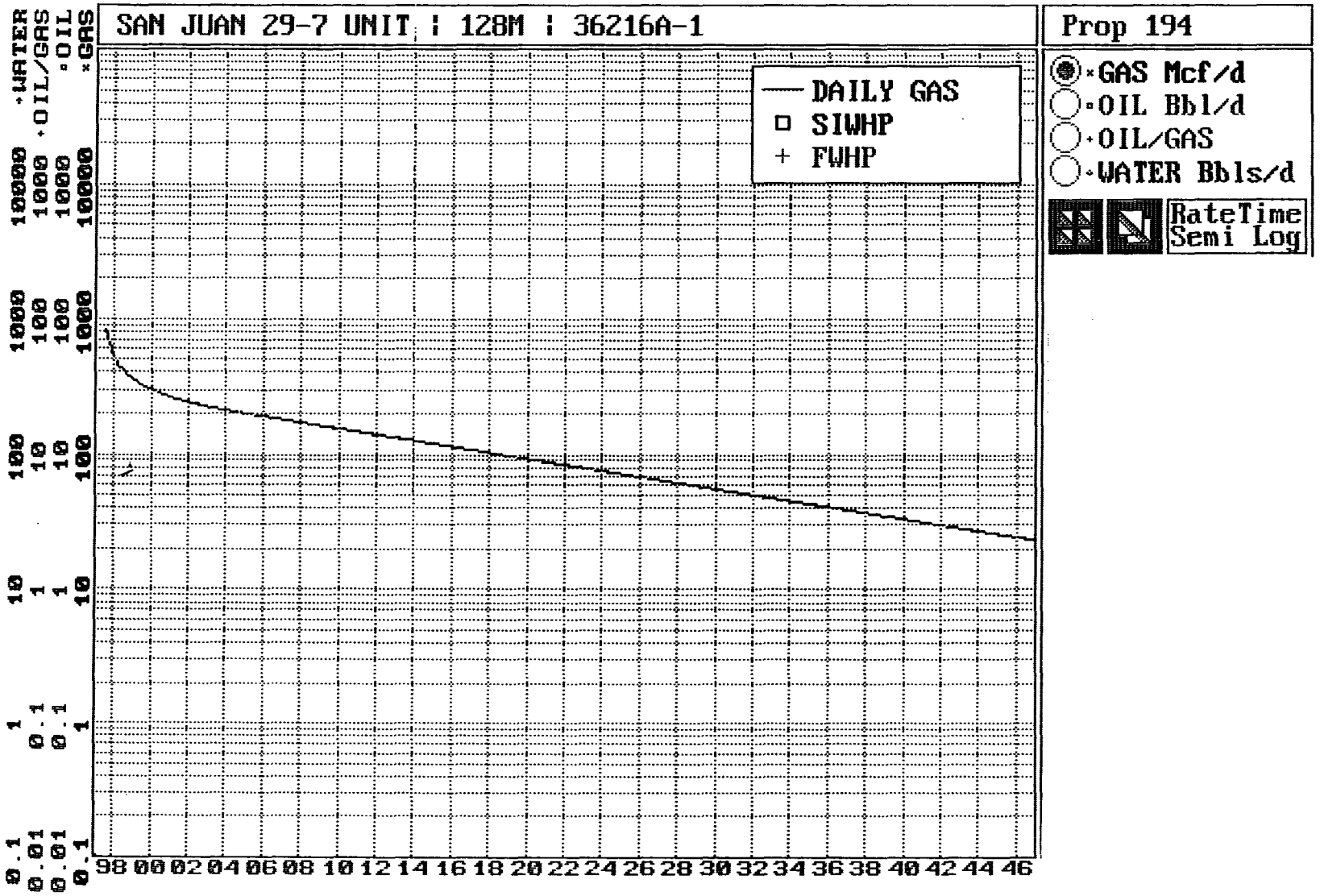
NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

6857
Certificate Number

Basin Dakota



Blanco Mesaverde

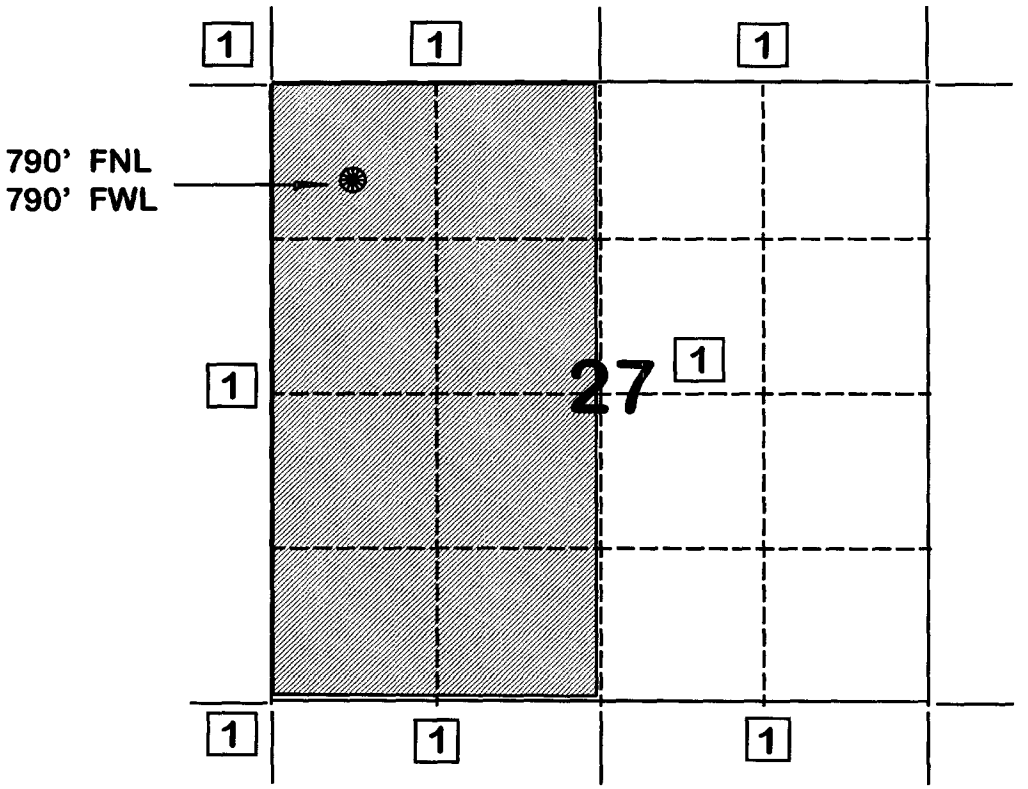


BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 29-7 Unit #128M
OFFSET OPERATOR \ OWNER PLAT

Mesaverde/Dakota Formations Commingle Well

Township 29 North, Range 7 West



1) Burlington Resources Oil and Gas Company

REQUESTED RECORD NOT FOUND (NEXT RECORD DISPLAYED)
OPR008M1 S001 O008 CHROMATOGRAPH TEST MAIN SCREEN 20:05:04.5 05/20/97

FUNCTION (A,C,D,I) i ** DATA AT TEST PRESSURE UNLESS NOTED **
MP NUMBER 95441 SAN JUAN 29-7 UNIT 128
EFFECTIVE DATE 19960701
REGION CD 42 SAN JUAN
MP TYPE CODE 10 GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS,LIQ,BTU) GAS ------- BTU/CF -------
SAMPLE DATE 19951102 --- (AT 14.73 PSIG) --
SAMPLE LINE PRESSURE (PSIG) WET 1046.484 DRY 1065.000
SAMPLE LINE TEMPERATURE (DEG F)
TEST DATE ------- BTU/CF -------
TEST PRESSURE (PSIG) 14.730 WET 1046.484 DRY 1065.000
TEST TEMPERATURE (DEG F) 60 VAPOR FACTOR
TEST LIFE (MONTHS) 6
TESTER SOURCE BA NUMBER 098795 EL PASO FIELD SERVICES
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 O008 CHROMATOGRAPH GAS SAMPLE DETAIL 20:05:08.6 05/20/97

	MOL %	GPM (AT 14.73)
HYDROGEN		
HELIUM		
NITROGEN	0.11	
OXYGEN		
HYDROGEN SULFIDE		
CARBON DIOXIDE	1.51	
METHANE	92.75	
ETHANE	4.02	1.0754
PROPANE	0.79	0.2177
ISO-BUTANE	0.24	0.0785
N-BUTANE	0.16	0.0504
ISO-PENTANE	0.12	0.0439
N-PENTANE	0.05	0.0181
HEXANE		
HEXANE PLUS	0.25	0.1091
HEPTANE PLUS		
TOTALS	100.00	1.5931

** DATA AT 14.730 PSIG UNLESS NOTED **

MP NUMBER 95441
EFFECTIVE DATE 19960701

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

----- SPECIFIC GRAVITY -----
CALCULATED 0.6120
MEASURED

SULPHER 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 O008 CHROMATOGRAPH TEST MAIN SCREEN 20:06:04.5 05/20/97

FUNCTION (A,C,D,I) i ** DATA AT TEST PRESSURE UNLESS NOTED **
MP NUMBER 72142 SAN JUAN 29-7 UNIT 59
EFFECTIVE DATE 19960701
REGION CD 42 SAN JUAN
MP TYPE CODE 10 GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS,LIQ,BTU) GAS ------- BTU/CF -------
SAMPLE DATE 19960510 --- (AT 14.73 PSIG) --
SAMPLE LINE PRESSURE (PSIG) WET 1169.310 DRY 1190.000
SAMPLE LINE TEMPERATURE (DEG F)
TEST DATE ------- BTU/CF -------
TEST PRESSURE (PSIG) 14.730 WET 1169.310 DRY 1190.000
TEST TEMPERATURE (DEG F) 60 VAPOR FACTOR
TEST LIFE (MONTHS) 6
TESTER SOURCE BA NUMBER 098795 EL PASO FIELD SERVICES
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 O008 CHROMATOGRAPH GAS SAMPLE DETAIL 20:06:09.4 05/20/97

	MOL %	GPM (AT 14.73)
HYDROGEN		
HELIUM		
NITROGEN	0.17	
OXYGEN		
HYDROGEN SULFIDE		
CARBON DIOXIDE	1.06	
METHANE	84.73	
ETHANE	7.72	2.0651
PROPANE	3.53	0.9729
ISO-BUTANE	0.69	0.2257
N-BUTANE	0.97	0.3058
ISO-PENTANE	0.38	0.1390
N-PENTANE	0.30	0.1087
HEXANE		
HEXANE PLUS	0.45	0.1963
HEPTANE PLUS		
TOTALS	100.00	4.0135

** DATA AT 14.730 PSIG UNLESS NOTED **

MP NUMBER 72142
EFFECTIVE DATE 19960701

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

----- SPECIFIC GRAVITY -----
CALCULATED 0.6870
MEASURED

SULPHER GRAINS / 100 CU FT

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

San Juan 29-7 Unit #128M
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 3/13/94

Mesaverde

MV-Current

GAS GRAVITY	0.687
COND. OR MISC. (C/M)	C
%N2	0.17
%CO2	1.06
%H2S	0.00
DIAMETER (IN)	2.375
DEPTH (FT)	5434
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	142
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	555
BOTTOMHOLE PRESSURE (PSIA)	636.9

MV-Original

GAS GRAVITY	0.687
COND. OR MISC. (C/M)	C
%N2	0.17
%CO2	1.06
%H2S	0.00
DIAMETER (IN)	2.375
DEPTH (FT)	5434
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	142
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1074
BOTTOMHOLE PRESSURE (PSIA)	1247.9

Dakota

DK-Current

GAS GRAVITY	0.612
COND. OR MISC. (C/M)	C
%N2	0.11
%CO2	1.51
%H2S	0.00
DIAMETER (IN)	2.375
DEPTH (FT)	7997
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	197
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	762
BOTTOMHOLE PRESSURE (PSIA)	905.0

DK-Original

GAS GRAVITY	0.612
COND. OR MISC. (C/M)	C
%N2	0.11
%CO2	1.51
%H2S	0.00
DIAMETER (IN)	2.375
DEPTH (FT)	7997
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	197
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	2621
BOTTOMHOLE PRESSURE (PSIA)	3156.8

DIC

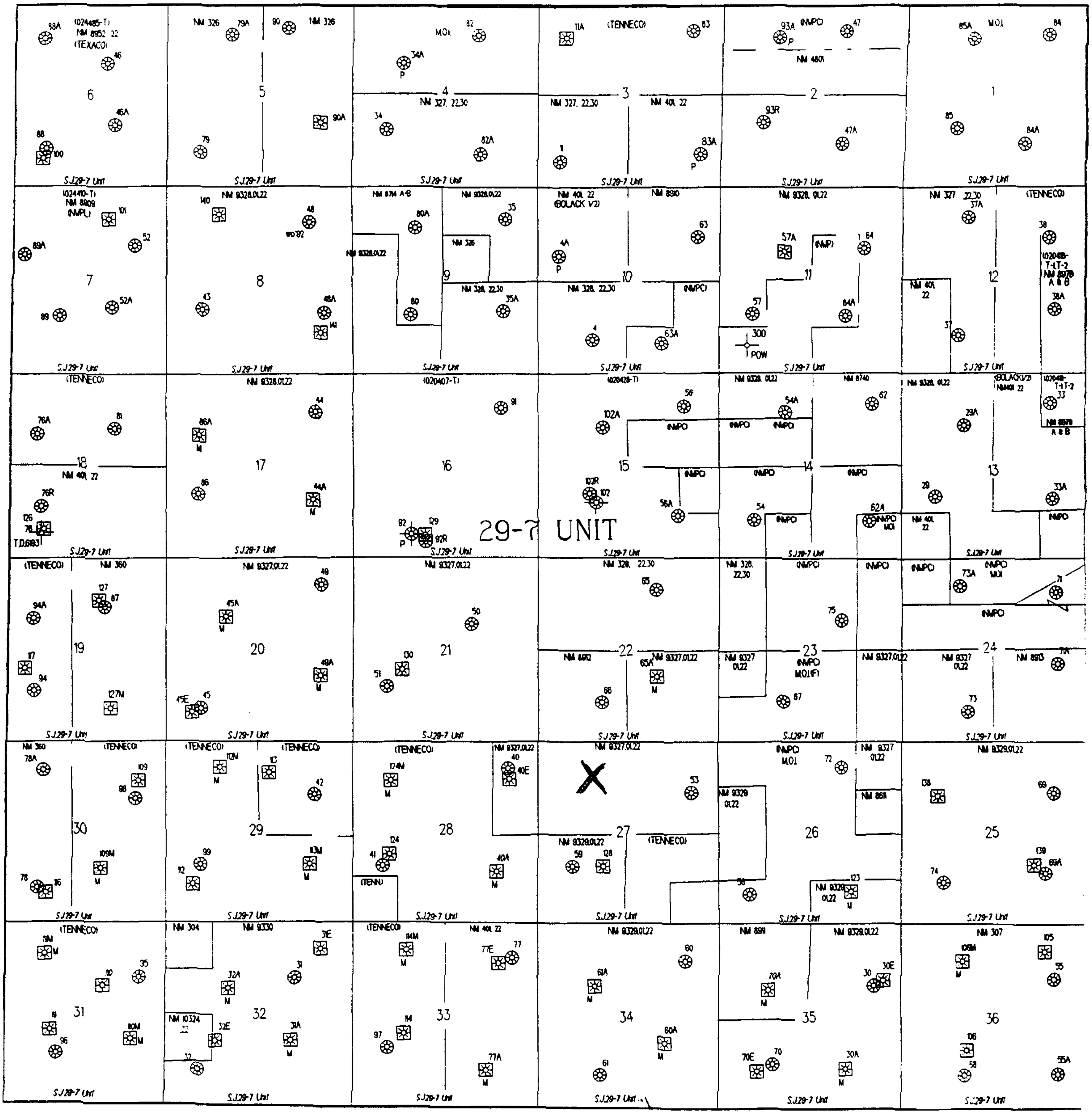
Page No.: 1
Print Time: Tue May 20 10:17:46 1997
Property ID: 2096
Property Name: SAN JUAN 29-7 UNIT | 128 | 1474-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	
09/20/85	0	2621.0	← initial
12/09/85	45737	1425.0	
10/04/86	76784	1339.0	
11/23/87	156265	1012.0	
10/10/88	199995	900.0	
07/31/90	265515	833.0	
05/28/92	329433	826.0	
11/02/92	350683	762.0	← current

MV

Page No.: 1
Print Time: Tue May 20 10:15:41 1997
Property ID: 4444
Property Name: SAN JUAN 29-7 UNIT | 59 | 69656-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

--DATE--	---CUM_GAS-- Mcf	M_SIWHP Psi	
07/09/57	0	1074.0	← initial
09/26/57	0	1073.0	
12/06/58	75000	832.0	
03/29/59	106000	757.0	
09/06/60	266000	657.0	
10/05/61	362000	616.0	
03/13/62	386000	668.0	
02/12/63	448000	690.0	
02/07/64	519000	630.0	
02/25/65	578000	646.0	
02/28/66	631000	652.0	
01/10/67	0	0.0	
03/03/67	690000	614.0	
03/05/68	755000	604.0	
05/27/69	826023	583.0	
08/18/70	911787	533.0	
03/30/71	941027	571.0	
06/12/72	989933	627.0	
08/21/74	1055421	652.0	
04/20/76	1100007	651.0	
05/16/78	1179653	596.0	
07/29/80	1324662	466.0	
05/13/82	1416864	492.0	
07/05/84	1495661	474.0	
10/04/86	1558511	494.0	
05/21/89	1649163	514.0	
07/10/91	1694881	567.0	
07/30/91	1694881	555.0	← current



29-7 UNIT
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SJ29-7 Unit
(TEXACO)
(TENNECO)
POW
T.D.6183

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. 11629
ORDER NO. R-10697

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR THE ESTABLISHMENT OF A DOWNHOLE COMMINGLING "REFERENCE CASE" FOR ITS SAN JUAN 29-7 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 8th 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 29-7 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 29-7 Unit which encompasses some 22,500 acres in Township 29 North, Range 7 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 29-7 Unit, the applicant currently operates fifty-five (55) Basin-Dakota Gas Pool wells, one hundred thirty-one (131) Blanco-Mesaverde Gas Pool wells, thirteen (13) Blanco-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pool wells, and forty-nine (49) 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 245 MMCFG and 76 MMCFG, respectively;

c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 218 MCFGD and 238 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 29-7 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 29-7 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 was approximately 3,209 psi and 1,148 psi, respectively; and,

b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations is approximately 952 psi and 655 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 Unit of subsequent downhole commingling is unnecessary and is an excessive burden on the applicant;

d) the downhole commingling of wells within the San Juan 29-7 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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 29-7 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

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