

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 3, 1997

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

Re: San Juan 28-6 Unit #98M
450'FNL, 990'FWL Section 3, T-27-N, R-06-W, Rio Arriba County, NM
API #30-039-25740

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota pools in the subject well. This is a new drill Mesa Verde/Dakota well for the 1998 Program.

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. Anticipated production curve for the Mesa Verde and Dakota for at least year;
4. Notification list of offset operators - Burlington is the operator of the unit;
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-10696 dated November 12, 1996.

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 - Farmington
NMOCD - Aztec

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 :

X Administrative Hearing

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

SAN JUAN 28-6 UNIT

98M

D 03-27N-6W

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7462 API NO. 30-039-25740 Federal X State (and/or) Fee

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name, Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-In, Production Marginal, and Fixed Percentage Allocation.

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-10696

- 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. 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 10/02/97

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 Bravo 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, 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

API Number 30-039-		Pool Code 72319/71599		Pool Name Blanco Mesaverde/Basin Dakota	
Property Code 7462		Property Name San Juan 28-6 Unit			Well Number 98M
OGRID No. 14538		Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY			Elevation 6693'

10 Surface Location

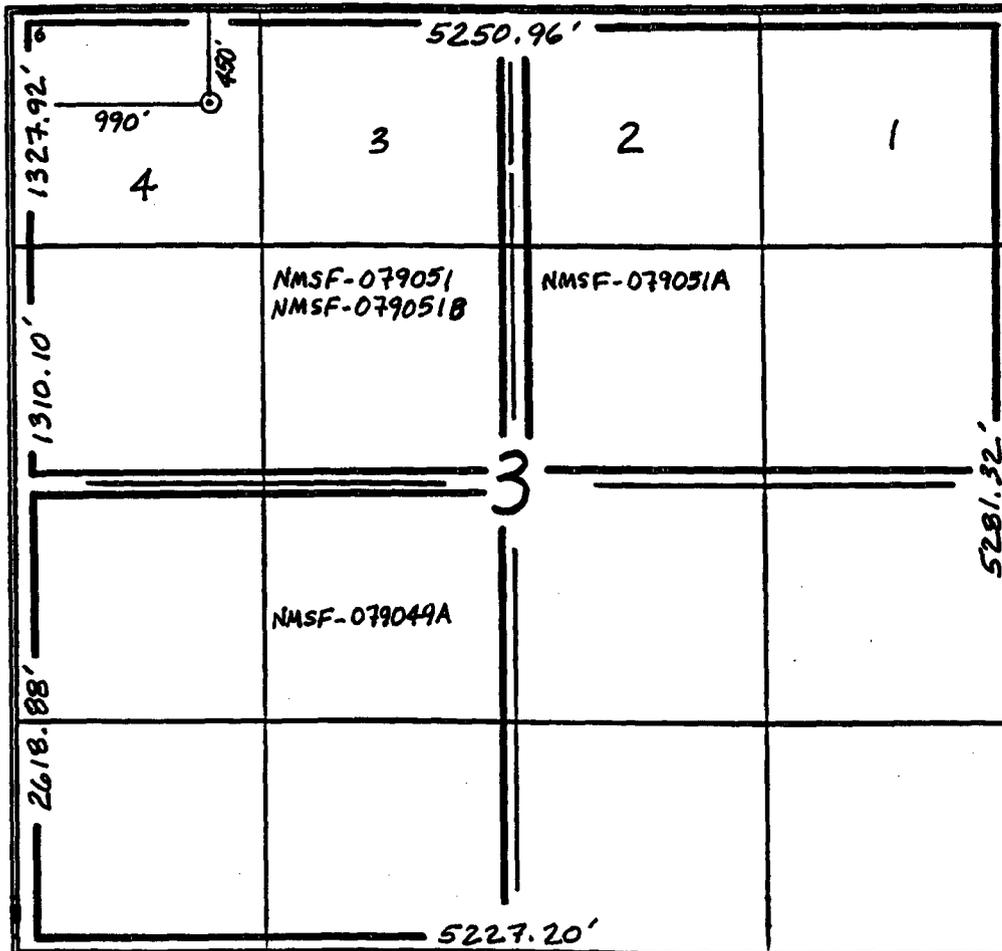
UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
D	3	27-N	6-W		450	North	990	West	R.A.

11 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

12 Dedicated Acres MV-W 320.84 DK-N 321.2	13 Joint or Infill	14 Consolidation Code	15 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



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

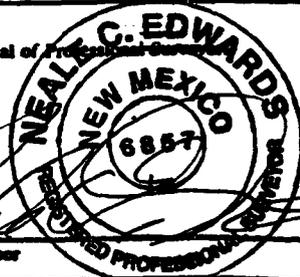
18 SURVEYOR CERTIFICATION

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.

6/13/97

Date of Survey

Signature and Seal of Professional Surveyor



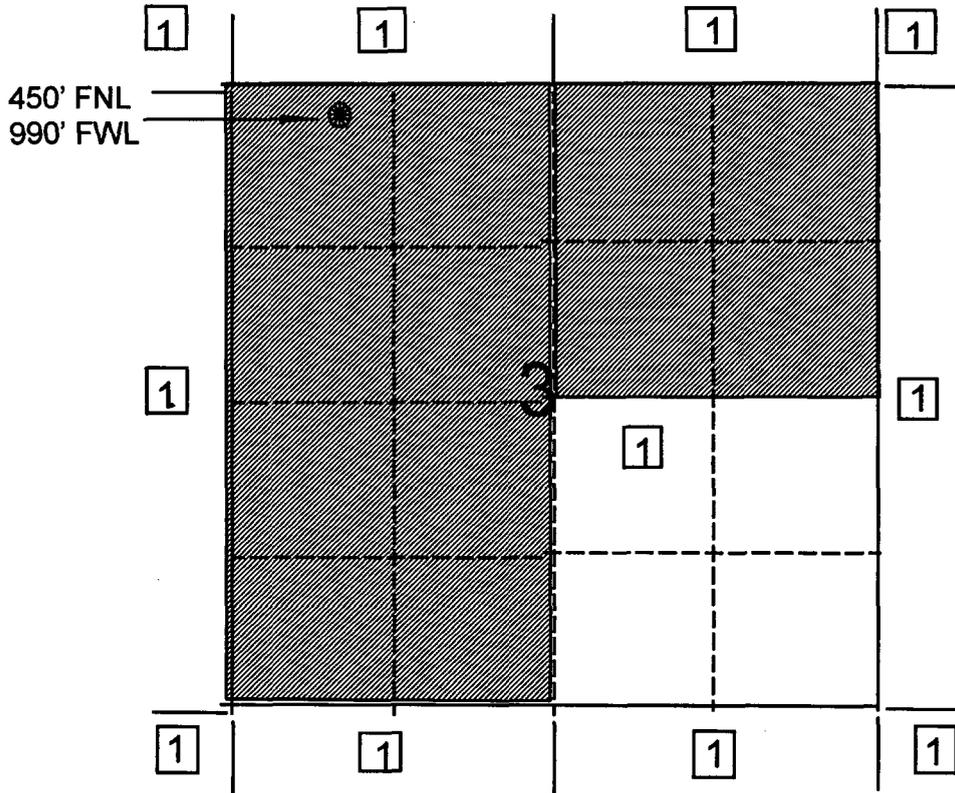
6857
 Certificate Number

BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 28-6 Unit #98M
OFFSET OPERATOR \ OWNER PLAT**

Mesaverde (W/2) / Dakota (N/2) Formations Commingle Well

Township 27 North, Range 6 West



1) Burlington Resources Oil and Gas Company

SJ 28-6 Unit #98M
 Bottom Hole Pressures
 Flowing and Static BHP
 Cullender and Smith Method
 Version 1.0 3/13/94

Mesaverde		Dakota	
<u>MV-Current</u>		<u>DK-Current</u>	
GAS GRAVITY	<u>0.72</u>	GAS GRAVITY	<u>0.654</u>
COND. OR MISC. (C/M)	<u>C</u>	COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.33</u>	%N2	<u>0.17</u>
%CO2	<u>0.74</u>	%CO2	<u>1.18</u>
%H2S	<u>0</u>	%H2S	<u>0</u>
DIAMETER (IN)	<u>2</u>	DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>5716</u>	DEPTH (FT)	<u>7878</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>	SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>137</u>	BOTTOMHOLE TEMPERATURE (DEG F)	<u>198</u>
FLOWRATE (MCFPD)	<u>0</u>	FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>567</u>	SURFACE PRESSURE (PSIA)	<u>791</u>
BOTTOMHOLE PRESSURE (PSIA)	661.6	BOTTOMHOLE PRESSURE (PSIA)	950.5
 <u>MV-Original</u>		 <u>DK-Original</u>	
GAS GRAVITY	<u>0.72</u>	GAS GRAVITY	<u>0.654</u>
COND. OR MISC. (C/M)	<u>C</u>	COND. OR MISC. (C/M)	<u>C</u>
%N2	<u>0.33</u>	%N2	<u>0.17</u>
%CO2	<u>0.74</u>	%CO2	<u>1.18</u>
%H2S	<u>0</u>	%H2S	<u>0</u>
DIAMETER (IN)	<u>2</u>	DIAMETER (IN)	<u>1.5</u>
DEPTH (FT)	<u>5716</u>	DEPTH (FT)	<u>7878</u>
SURFACE TEMPERATURE (DEG F)	<u>60</u>	SURFACE TEMPERATURE (DEG F)	<u>60</u>
BOTTOMHOLE TEMPERATURE (DEG F)	<u>137</u>	BOTTOMHOLE TEMPERATURE (DEG F)	<u>198</u>
FLOWRATE (MCFPD)	<u>0</u>	FLOWRATE (MCFPD)	<u>0</u>
SURFACE PRESSURE (PSIA)	<u>1082</u>	SURFACE PRESSURE (PSIA)	<u>2652</u>
BOTTOMHOLE PRESSURE (PSIA)	1283.0	BOTTOMHOLE PRESSURE (PSIA)	3237.4

Page No.: 2

Print Time: Tue Aug 19 08:44:08 1997

Property ID: 4018

Property Name: SAN JUAN 28-6 UNIT | 42 | 49413A-1

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

San Juan 28-6 Unit

#98M

Mesaverde Offset

--DATE--	---CUM GAS--	M SIWHP	
.....Mcf.....Psi.....	
12/10/55	0	1082.0	-original
12/20/55	0	1081.0	
08/24/56	59000	827.0	
10/30/57	126000	769.0	
11/06/58	159000	775.0	
06/14/59	176000	770.0	
06/14/60	203000	744.0	
12/22/61	269000	688.0	
05/29/62	284000	655.0	
05/16/63	328000	647.0	
05/26/64	371000	615.0	
09/08/65	421000	610.0	
04/12/66	445000	612.0	
10/16/67	500000	565.0	
10/10/68	539000	564.0	
07/28/70	594634	453.0	
05/04/71	622632	517.0	
05/22/72	660213	513.0	
07/31/74	737497	517.0	
01/01/76	787321	520.0	
11/01/76	804664	520.0	
05/15/78	857191	505.0	
04/18/80	907973	485.0	
05/28/82	964612	520.0	
06/06/84	1011330	535.0	
04/07/86	1051292	541.0	
09/18/89	1121777	566.0	
01/24/91	1151177	554.0	
08/20/91	1165013	566.0	
05/03/93	1212494	567.0	- current

Page No.: 6

Print Time: Tue Aug 19 08:44:10 1997

Property ID: 1873

Property Name: SAN JUAN 28-6 UNIT | 164 | 44098A-1

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

San Juan 28-6 Unit

#98M

Dakota Offset

--DATE-- ---CUM GAS-- M SIWHP
Mcf Psi

08/02/72	0	2652.0	-original
09/27/72	29711	1850.0	
08/21/73	162814	1132.0	
07/31/74	250935	910.0	
09/04/75	329888	988.0	
08/08/77	457692	781.0	
04/17/79	536175	844.0	
09/29/81	642500	834.0	
09/22/83	705160	863.0	
06/07/85	749410	1010.0	
07/08/88	855807	871.0	
06/08/90	945419	802.0	
08/06/92	1033841	791.0	-current

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. 11628
ORDER NO. R-10696

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR THE ESTABLISHMENT
OF A DOWNHOLE COMMINGLING "REFERENCE
CASE" FOR ITS SAN JUAN 28-6 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 28-6 Unit, San Juan County, New Mexico.

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

- 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 28-6 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 28-6 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 28-6 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 449 MMCFG and 186 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 254 MCFGD and 216 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 28-6 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 28-6 Unit, the applicant presented engineering evidence and testimony which indicates that:

- c) providing notice to each interest owner within the San Juan 28-6 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 28-6 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 28-6 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 28-6 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 28-6 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 28-6 Unit, San Juan County, New Mexico, is hereby approved.