

DATE IN 10/28/97	SUSPENSE 11/17/97	ENGINEER DC	LOGGED KW	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

1741

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

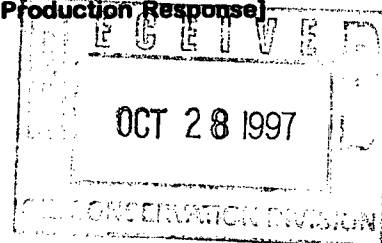
[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[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

Print or Type Name

Signature

Regulatory/Compliance Administrator

Title

Date

10-27-97

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 24, 1997

SENT FEDERAL EXPRESS

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

Re: San Juan 28-6 Unit #66
890'FNL, 1650'FEL Section 11, T-27-N, R-06-W, Rio Arriba County, NM
API #30-039-07145

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the South Blanco Pictured Cliffs and Blanco Mesa Verde pools in the subject well. This well is currently a dual Pictured Cliffs/Mesa Verde well.

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 the Mesa Verde and Pictured Cliffs 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 Pictured Cliffs.

Notification of Mesa Verde and Pictured Cliffs 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 87410-1893

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 & Gas Company

PO Box 4289, Farmington, NM 87499

Operator Address
SAN JUAN 28-6 UNIT 66 B-11-27N-06W Rio Arriba
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 14568 Property Code 7462 API NO. 30-039-07145 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	Pictured Cliffs - 72439 <i>South Basin</i>		Blanco Mesaverde - 72319
2. Top and Bottom of Pay Section (Perforations)	3424-3490'		5076-5732'
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. 358 psi	a.	a. 742 psi
	(Original) b. 1227 psi	b.	b. 1253 psi
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	BTU 1106		BTU 1196
7. Producing or Shut-In?	producing		producing
Production Marginal? (yes or no)	yes		yes
* If Shut-In and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give data and oil/gas/water of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: 8/97 Rates: 44 MCFD	Date: Rates:	Date: 8/97 Rates: 39 MCFD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: % To Be Supplied Upon Completion	Oil: % Gas: % To Be Supplied Upon Completion	Oil: % Gas: % To 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. 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. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of all offset operators.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

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

SIGNATURE J. L. Dobson TITLE Production Engineer DATE 10/24/97

TYPE OR PRINT NAME Jennifer L. Dobson TELEPHONE NO. (505) 599-4026

NEW MEXICO
OIL CONSERVATION COMMISSION

WELL LOCATION AND DEDICATED GAS PRODUCTION PLAT

APRIL 29, 1957

OPERATOR EL PASO NATURAL GAS COMPANY

SAN JUAN 28-6 UNIT

SF 079363

WELL NO. 66 (PM)

11

27-N

6-W

SECTION 890

NORTH

1650

EAST

RIO ARRIBA

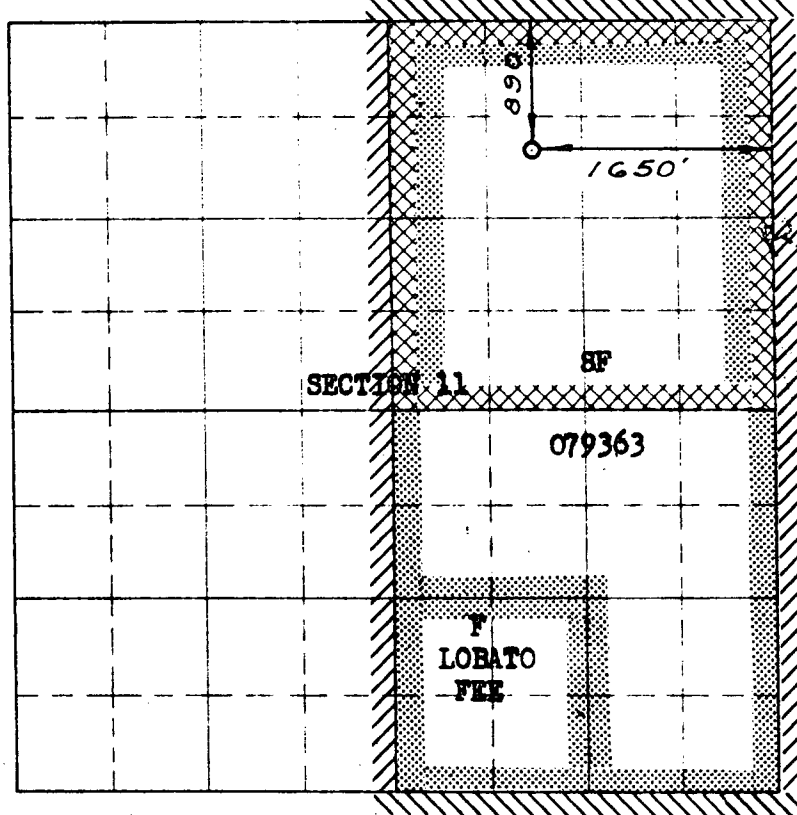
6663

WELL TYPE P.C. & M.V.

WILDCAT P.C.
BLANCO M.V.

160 ACRES P.C.
320 ACRES M.V.
(1882 PLAT)

Note: All distances must be from outer boundaries of formation.



NOTE

This section of
form is to be used
for gas wells only

This is to certify that the above plat was prepared from
field notes of actual surveys made by me or under my
supervision and that the same are true and correct to the
best of my knowledge and belief.

Date Surveyed MARCH 19, 1957

D. C. Johnson
Registered Professional Engineer and/or Land Surveyor

1. Is this well a Dual Comp.

Yes X No

2. If the answer to Question 1
is yes, are there any other dually
completed wells within the
dedicated acreage.

Yes No X

Original Signed D. C. Johnson
Name

Position Petroleum Engineer

Representing El Paso Natural Gas

Address Box 997, Farmington, N.M.

SAN JUAN 28-6 UNIT : 66 : 53432A-1 ^{PC} Production

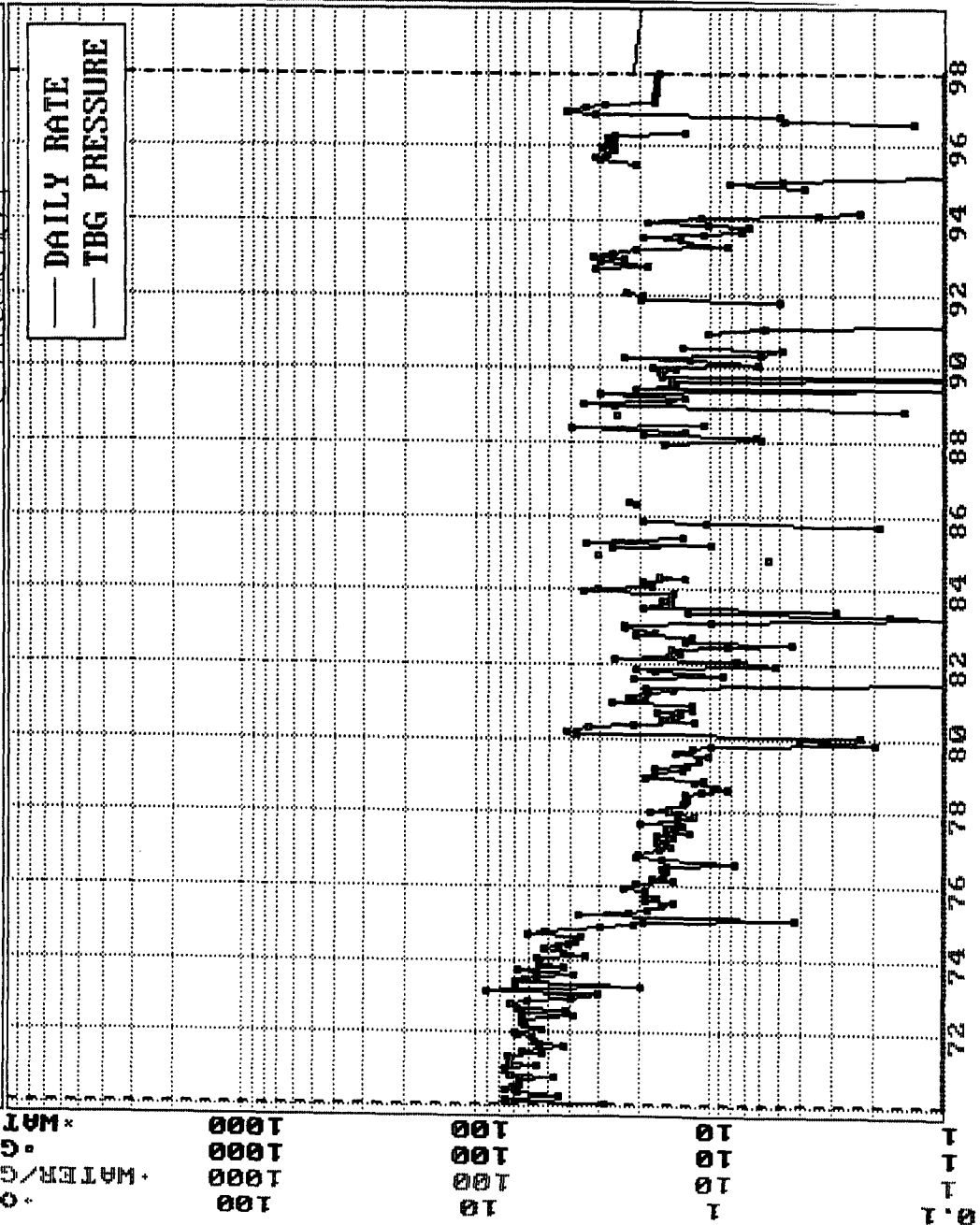
* OIL
* WATER/GAS
* GAS
* WATER

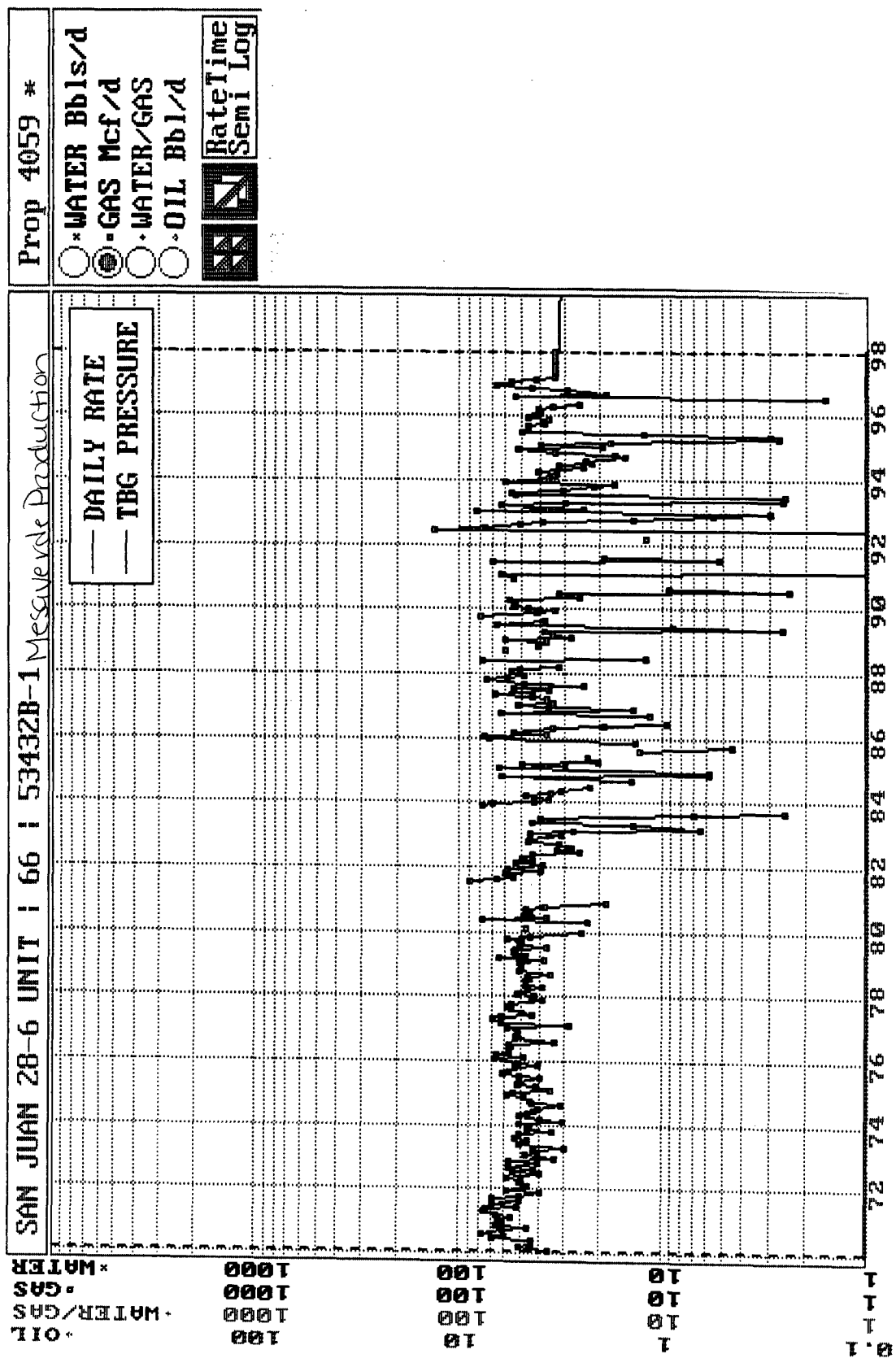
Prop 11187 #

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

RateTime
Semi Log

— DAILY RATE
— TBG PRESSURE



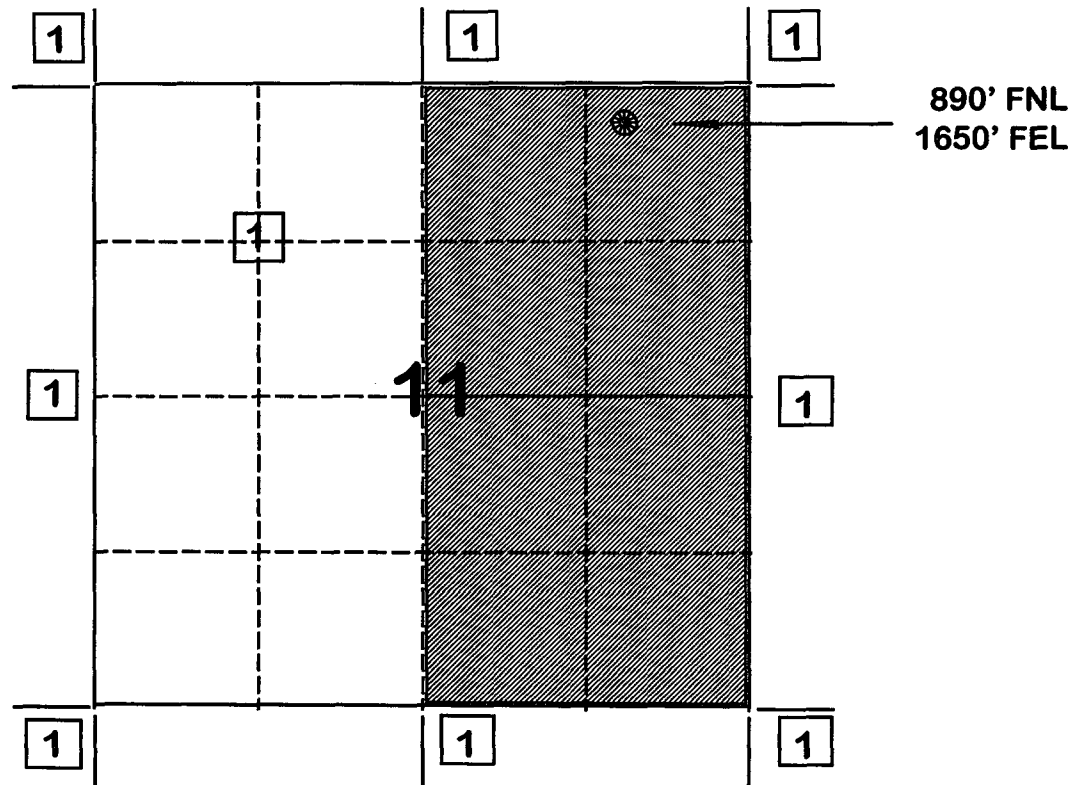


BURLINGTON RESOURCES OIL AND GAS COMPANY

**San Juan 28-6 Unit #66
OFFSET OPERATOR \ OWNER PLAT**

Pictured Cliffs / Mesaverde Formations Commingle Well

Township 27 North, Range 6 West



1) Burlington Resources Oil and Gas Co.

FARMINGTON

1997 MONTHLY PRODUCTION FOR 53432B

PHS030M1

SAN JUAN 28-6 UNIT

66

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE

DAYS =====			OIL =====			=====			GAS =====					
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F					01	1720	31	1209	15.025			
2	2	F					01	1274	28	1196	15.025			
3	2	F					01	951	31	1196	15.025			
4	2	F					01	1210	30	1196	15.025			
5	2	F					01	1058	31	1196	15.025			
6	2	F					01	1166	30	1196	15.025			
7	2	F					01	937	27	1196	15.025			
8	2	F					01	1203	31	1196	15.025			
9														
10														
11														
12														

PF6 - RETURNS TO ANNUAL DISPLAY
PF10 - HELP INFORMATION

PF3 - TRANSFER TO UPDATE
PF9 - DISPLAY MONTHLY INJECTION
PRS 10/03/97

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

FARMINGTON

1997 MONTHLY PRODUCTION FOR 53432A

PHS030M1

SAN JUAN 28-6 UNIT

66

BLANCO P.C. SOUTH (GAS) FIELD

PICTURED CLIFFS ZONE

DAYS =====			OIL =====			=====			GAS =====					
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F					01	1063	31	1132	15.025			
2	2	F					01	887	28	1106	15.025			
3	2	F					01	885	31	1106	15.025			
4	2	F					01	825	30	1106	15.025			
5	2	F					01	724	31	1106	15.025			
6	2	F					01	559	30	1106	15.025			
7	2	S					01	548	24	1106	15.025			
8	2	F					01	744	17	1106	15.025			
9														
10														
11														
12														

PF6 - RETURNS TO ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

PF9 - DISPLAY MONTHLY INJECTION

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

PRS 10/03/97

Page No.: 1

Print Time: Thu Oct 16 15:31:46 1997

Property ID: 11187

Property Name: SAN JUAN 28-6 UNIT | 66 | 53432A-1 PC

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

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

11/02/57	0	1119.0	
12/20/57	0	1118.0	Original
09/14/58	50000	840.0	
06/14/59	97000	788.0	
06/14/60	173000	744.0	
06/13/61	197000	717.0	
09/24/62	252000	663.0	
05/06/63	273000	652.0	
04/22/64	302000	639.0	
05/03/65	329000	623.0	
06/07/66	359000	602.0	
05/25/67	384000	591.0	
05/27/68	408000	574.0	
06/22/69	435355	549.0	
04/15/70	455076	536.0	
06/22/71	483946	514.0	
06/07/72	505383	516.0	
08/29/73	529400	498.0	
07/15/74	545514	501.0	
03/19/84	604445	316.0	
07/24/84	605346	852.0	
11/18/85	610022	330.0	Current

Page No.: 1

Print Time: Thu Oct 16 15:31:13 1997

Property ID: 4059

Property Name: SAN JUAN 28-6 UNIT | 66 | 53432B-1 Mesa Verde

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

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

11/02/57	0	1076.0	
12/27/57	0	1075.0	Original
09/14/58	35000	869.0	
06/14/59	66000	824.0	
06/14/60	120000	638.0	
06/13/61	163000	625.0	
06/04/62	196000	629.0	
05/06/63	228000	613.0	
04/22/64	260000	604.0	
05/03/65	286000	644.0	
06/07/66	309000	659.0	
05/25/67	326000	674.0	
05/27/68	342000	679.0	
07/28/70	384490	656.0	
06/22/71	405895	621.0	
06/07/72	425174	631.0	
11/30/83	604557	593.0	
10/20/86	634174	612.0	
06/17/91	692125	631.0	
08/01/91	692873	643.0	Current

San Juan 28-6 #66
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method
Version 1.0 3/13/94

Mesa Verde		Pictured Cliffs	
<u>MV - Current</u>		<u>PC-Current</u>	
GAS GRAVITY	0.707	GAS GRAVITY	0.642
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.33	%N2	0.64
%CO2	0.73	%CO2	0.55
%H2S	0	%H2S	0
DIAMETER (IN)	1.751	DIAMETER (IN)	1.049
DEPTH (FT)	5404	DEPTH (FT)	3458
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150	BOTTOMHOLE TEMPERATURE (DEG F)	100
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	643	SURFACE PRESSURE (PSIA)	330
BOTTOMHOLE PRESSURE (PSIA)	741.5	BOTTOMHOLE PRESSURE (PSIA)	358.0
<u>MV - Original</u>		<u>PC-Original</u>	
GAS GRAVITY	0.707	GAS GRAVITY	0.642
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.33	%N2	0.64
%CO2	0.73	%CO2	0.55
%H2S	0	%H2S	0
DIAMETER (IN)	1.751	DIAMETER (IN)	1.049
DEPTH (FT)	5404	DEPTH (FT)	3458
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150	BOTTOMHOLE TEMPERATURE (DEG F)	100
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1075	SURFACE PRESSURE (PSIA)	1118
BOTTOMHOLE PRESSURE (PSIA)	1253.5	BOTTOMHOLE PRESSURE (PSIA)	1227.3

DATE: October 24, 1997
 NAME: San Juan 28-6 Unit #66
 FMT Mesaverde
 LOCATION
 UNIT: B
 SEC: 11
 TWN: 27N
 RNG: 06W

LEGEND
 FIRST DELIVERY DATA
 *
 WELL NAME
 MCF/D-CUM(MMCF)
 BOPD-CUM(MBO)

San Juan 28-6 Unit	San Juan 28-6 Unit	San Juan 28-6 Unit
<p>2/57 * #74 87 - 1168 0.1 - 4.5</p> <p>[3]</p> <p>2/57 * #75 74 - 1315 0 - 4.3</p> <p>6/97 * #115M 420 - 38 1 - 0.2</p> <p>San Juan 28-6 Unit</p>	<p>6/59 * #92 58 - 801 0 - 0.2</p> <p>[2]</p> <p>10/57 * #77 75 - 885 0 - 0</p> <p>San Juan 28-6 Unit</p>	<p>3/58 * #78 106 - 1159 1 - 1</p> <p>[1]</p> <p>2/95 * #109M 280 - 285 1 - 1.2</p> <p>7/55 * #26 58 - 972 0 - 0.5</p> <p>San Juan 28-6 Unit</p>
<p>10/55 * #25 92 - 2006 1 - 10.5</p> <p>2/97 * #207M 346 - 74 0.3 - 0.09 [10]</p> <p>10/55 * #24 57 - 1039 0 - 0.1</p> <p>San Juan 28-6 Unit</p>	<p>11/58 * #86 39 - 766 0 - 0.3</p> <p>[11]</p> <p>San Juan 28-6 Unit</p>	<p>4/58 * #80 50 - 704 0 - 0.1</p> <p>[12]</p> <p>San Juan 28-6 Unit</p>
<p>10/80 * #6A 73 - 410 2 - 3.6</p> <p>11/53 * #6 107 - 1496 2 - 2.4</p> <p>[15]</p> <p>10/80 * #27A 123 - 770 2 - 8.4</p> <p>San Juan 28-6 Unit</p>	<p>7/58 * #79 3 - 1088 0 - 2.2</p> <p>1/57 * #67 26 - 777 0 - 0</p> <p>[14]</p> <p>12/80 * #67A 90 - 446 1 - 3.3</p> <p>6/56 * #64 103 - 2107 2 - 14.7</p> <p>San Juan 28-6 Unit</p>	<p>8/58 * #82 18 - 589 0 - 0.3</p> <p>[13]</p> <p>8/57 * #68 80 - 1228 1 - 5.5</p> <p>San Juan 28-6 Unit</p>

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R-06-W

DATE: October 27, 1997
 NAME: San Juan 28-6 Unit #66
 FMT: Pictured Cliffs

LOCATION
 UNIT: B
 SEC: 11
 TWN: 27N
 RNG: 06W

LEGEND
 FIRST DELIVERY DATA
 WELL NAME
 MCFD-CUM(MMCF)
 BOPD-CUM(MBO)

<p>[3]</p>	<p>INA 10/74 San Juan 28-6 Unit 188 2/347 (94) 10/57 San Juan 28-6 Unit 77 36/877 (97) INA 12/74 San Juan 28-6 Unit 189 11/143 (97)</p>	<p>10/62 San Juan 28-6 Unit 108 32/640 (97) 12/74 [1] San Juan 28-6 Unit 187 21/250 (97) 32/484 (97) San Juan 28-6 Unit 178 6/73 San Juan 28-6 Unit 78 83/1140 (97) 3/58 San Juan 28-6 Unit 108 32/640 (97)</p>
<p>[10]</p>	<p>10/74 San Juan 28-6 Unit 190 16/249 (97) INA 7/58 San Juan 28-6 Unit 79 3/203 (86) San Juan 28-6 Unit 191 0/258 (95) 11/57 San Juan 28-6 Unit 66 23/652 (97)</p>	<p>4/58 San Juan 28-6 Unit 80 16/590 (97) [12] San Juan 28-6 Unit 192 8/265 (95) 4/58 San Juan 28-6 Unit 81 101/2408 (97) 11/74 San Juan 28-6 Unit 193 26/457 (97)</p>
<p>[15]</p>	<p>12/74 San Juan 28-6 Unit 197 11/158 (97) P&A 6/58 San Juan 28-6 Unit 83 0/306 (82) 12/74 San Juan 28-6 Unit 91 8/271 (97) San Juan 28-6 Unit 196 19/229 (97) [14] 6/59 San Juan 28-6 Unit 194 23/360 (97)</p>	<p>8/58 San Juan 28-6 Unit 82 12/460 (97) [13] 8/57 San Juan 28-6 Unit 68 6/625 (97) 1/75 San Juan 28-6 Unit 195 7/115 (97)</p>

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R-06-W

**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:

"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 28-6 Unit which encompasses some 27,735 acres in Townships 27 and 28 North, Range 6 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 28-6 Unit, the applicant currently operates ninety (90) Basin-Dakota Gas Pool wells, one hundred twenty-six (126) Blanco-Mesaverde Gas Pool wells, fifty-one (51) South Blanco-Pictured Cliffs Gas Pool wells, and fifty-eight (58) 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 28-6 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 28-6 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 28-6 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:

- a) the average shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations at the time of initial development was approximately 3,172 psi and 1,173 psi, respectively; and,
- b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations is approximately 980 psi and 393 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 28-6 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 28-6 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 28-6 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 28-6 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 28-6 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 28-6 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.

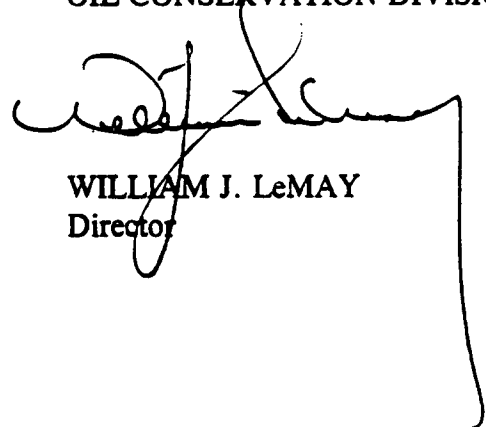
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 28-6 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify 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 28-6 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 28-6 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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