

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 27-5 Unit #57
1450'FNL, 2510'FWL Section 13, T-27-N, R-5-W, Rio Arriba County, NM
API #30-039-07082

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 well was originally drilled as a Dakota; it is intended to add the Mesa Verde and commingle.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas 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 for at least one year, and anticipated production curve for Mesa Verde;
4. Notification list of offset operators - Burlington is operator of San Juan 27-5 Unit;
5. Shut in wellhead pressure and calculated down hole pressure;
6. Nine-section plats for the Mesa Verde and Dakota

Notification of Mesa Verde and Dakota interest owners is covered under Reference Order #R-10694 issued November 12, 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

encs.

xc: Bureau of Land Management
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
X YES ___ NO

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator **SAN JUAN 27-5 UNIT** Address **57 F-13-27N-05W Rio Arriba**
Lease **OGRID NO. 14538** Well No. **7455** Unit Ltr. - Sec - Twp - Rge **API NO. 30-039-07082** Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesaverde - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	5369-6122'		7873-8061'
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. 698 psi	a.	a. 1180 psi
	(Original) b. 1338 psi	b.	b. 2846 psi
6. Oil Gravity (°API) or Gas BTU Content	BTU 1145		BTU 1104
7. Producing or Shut-In?	not yet 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	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: 8/97 Rates: 150 MCFD/0.5 BOPD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: % will be supplied upon completion	Oil: % Gas: %	Oil: % Gas: % will be supplied upon completion

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ___ Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___ Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes ___ No
11. Will cross-flow occur? Yes ___ No If yes, are fluids compatible, will the formations not be damaged, will any cross-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-10694
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

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, 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

Form C
Revised February 21,
Instructions on

Submit to Appropriate District Of
State Lease - 4 Co.
Fee Lease - 3 Co.

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-07082		Pool Code 72319/71599	Pool Name Blanco Mesaverde/Basin Dakota
Property Code 7454	Property Name SAN JUAN 27-5 UNIT		Well Number 57
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6838

10 Surface Location

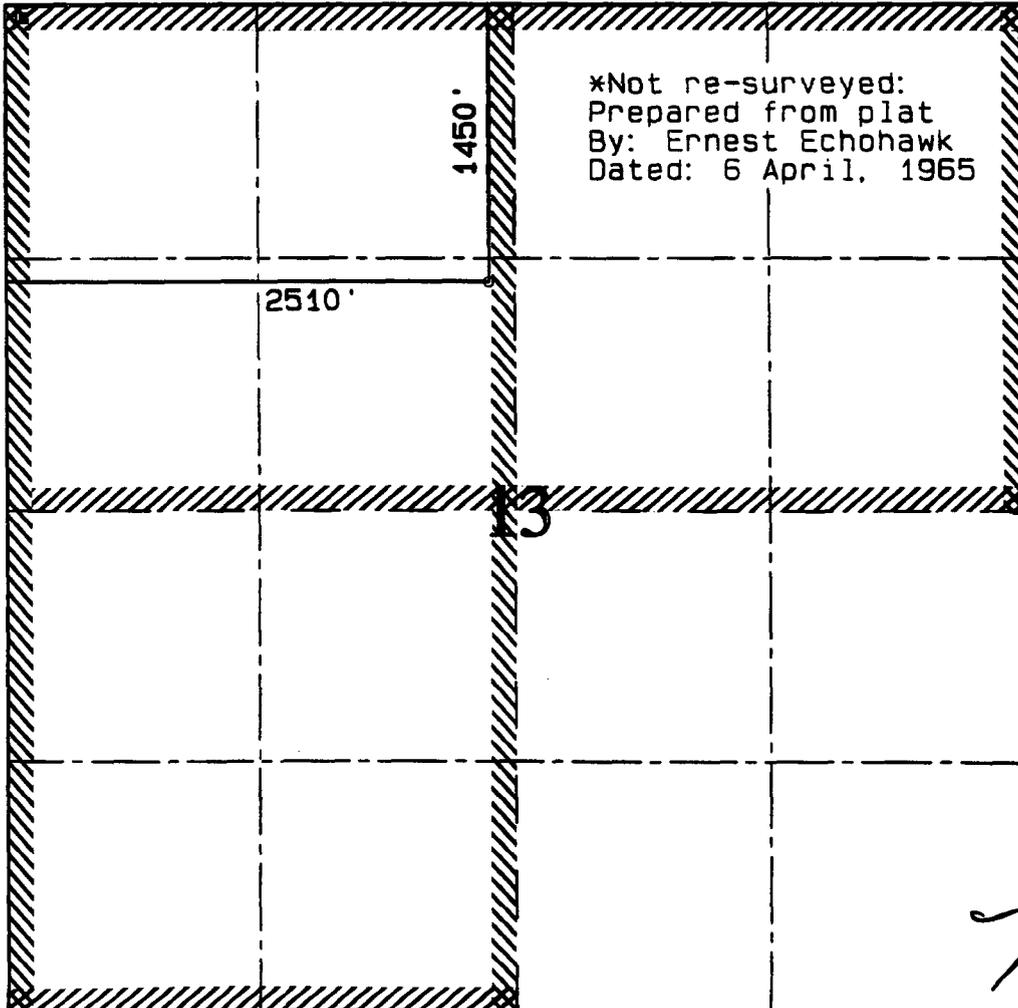
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	13	27N	5W		1450	North	2510	West	RIO ARRIE

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 MV-W/320 DK-N/320	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



*Not re-surveyed:
Prepared from plat
By: Ernest Echohawk
Dated: 6 April, 1965

17 OPERATOR CERTIFICATION

I hereby certify that the information contained here 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 or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 29, 1997

Date of Survey
Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
6857
Certificate Number

Prop 1729 *

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

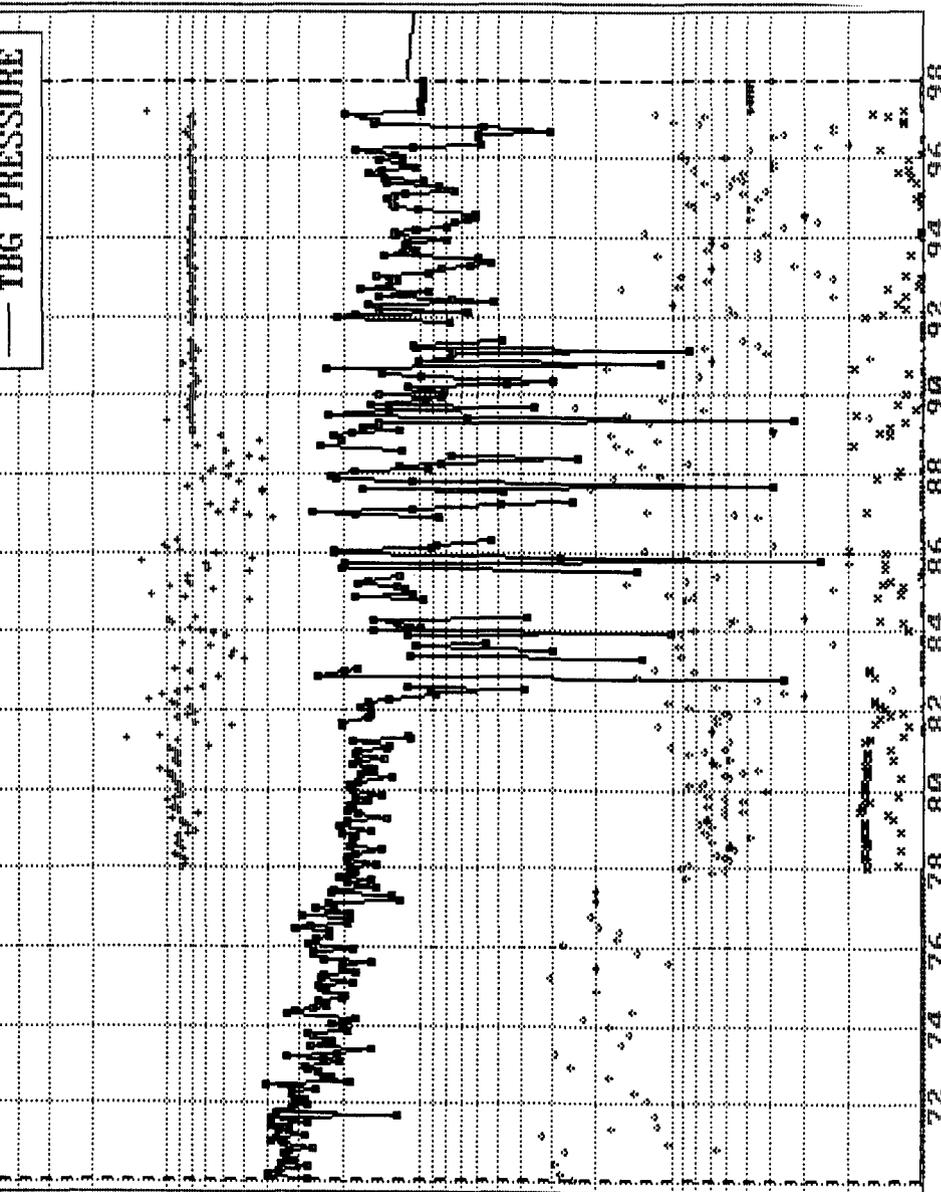
RateTime
Semi Log

SAN JUAN 27-5 UNIT : 57 : 51539A-1

• OIL
• WATER/GAS
• GAS
• WATER

— DAILY RATE
— TBG PRESSURE

Dakota



72 74 76 78 80 82 84 86 88 90 92 94 96 98

Prop 19

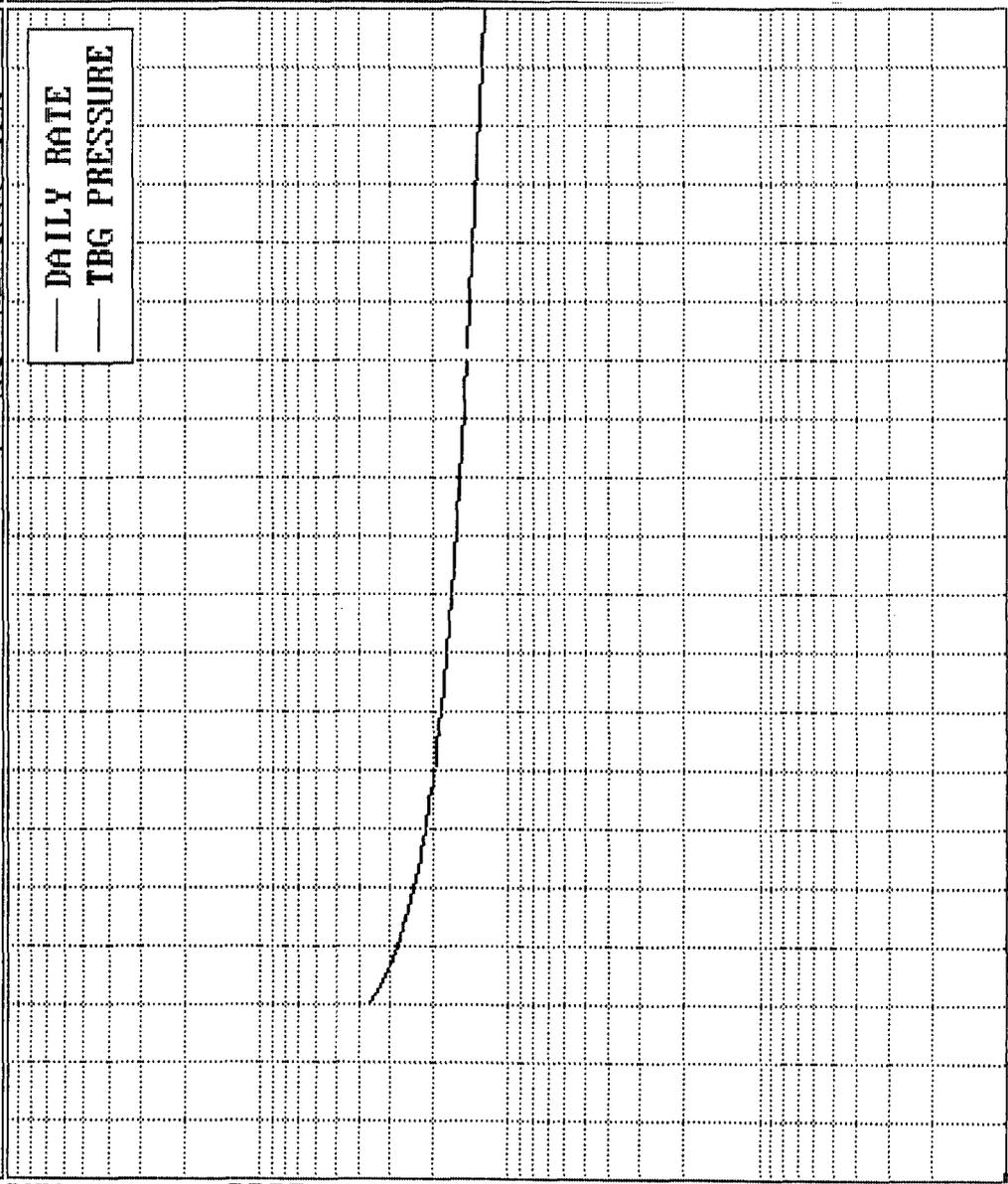
- * WATER Bbls/d
- * GAS Mcf/d
- * WATER/GAS
- * OIL Bbl/d

RateTime
 Semi Log

SAN JUAN 27-5 UNIT : 57 : 421236 Expected Mesaverde Prod.

— DAILY RATE
 — TBG PRESSURE

* OIL 100
 * WATER/GAS 100
 * GAS 100
 * WATER 100



97 : 98 : 99 : 00 : 01 : 02 : 03 : 04 : 05 : 06

Page No.: 1

Print Time: Fri Oct 10 13:09:04 1997

Property ID: 1729

Property Name: SAN JUAN 27-5 UNIT | 57 | 51539A-1

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

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

07/12/65	0	2325.0	→ original
07/19/65	0	2409.0	
10/28/66	170000	1684.0	
08/04/67	304000	1771.0	
09/23/68	491000	1384.0	
06/30/69	609000	1167.0	
10/07/70	784227	1119.0	
07/22/71	876658	997.0	
06/06/72	980503	1030.0	
07/19/73	1076625	1031.0	
05/22/75	1234828	972.0	
07/06/77	1412044	884.0	
05/01/79	1534716	890.0	
05/21/81	1656241	879.0	
09/13/83	1741762	1042.0	
05/20/85	1796103	1005.0	
07/12/88	1893298	1357.0	
06/08/90	1977113	1051.0	
08/31/92	2042387	977.0	→ current

Page No.: 1
Print Time: Fri Oct 10 13:08:00 1997
Property ID: 11439
Property Name: SAN JUAN 27-5 UNIT | 91 | 50668A-1
Table Name: K:\ARIES\RR98PDP\TEST.DBF

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

10/30/62	0	1143.0	original
10/07/70	132197	487.0	
07/22/71	141696	496.0	
06/06/72	152383	418.0	
12/06/83	255853	609.0	
04/18/86	272283	602.0	
08/30/91	298546	604.0	current

San Juan 27-5 #57
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method
Version 1.0 3/13/94

Mesa Verde	Dakota																																																
<u>MV - Current</u>	<u>DK-Current</u>																																																
<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">GAS GRAVITY</td><td style="text-align: right; border-bottom: 1px solid black;">0.684</td></tr> <tr><td>COND. OR MISC. (C/M)</td><td style="text-align: right; border-bottom: 1px solid black;">C</td></tr> <tr><td>%N2</td><td style="text-align: right; border-bottom: 1px solid black;">0.19</td></tr> <tr><td>%CO2</td><td style="text-align: right; border-bottom: 1px solid black;">1.04</td></tr> <tr><td>%H2S</td><td style="text-align: right; border-bottom: 1px solid black;">0</td></tr> <tr><td>DIAMETER (IN)</td><td style="text-align: right; border-bottom: 1px solid black;">1.995</td></tr> <tr><td>DEPTH (FT)</td><td style="text-align: right; border-bottom: 1px solid black;">5746</td></tr> <tr><td>SURFACE TEMPERATURE (DEG F)</td><td style="text-align: right; border-bottom: 1px solid black;">60</td></tr> <tr><td>BOTTOMHOLE TEMPERATURE (DEG F)</td><td style="text-align: right; border-bottom: 1px solid black;">150</td></tr> <tr><td>FLOWRATE (MCFPD)</td><td style="text-align: right; border-bottom: 1px solid black;">0</td></tr> <tr><td>SURFACE PRESSURE (PSIA)</td><td style="text-align: right; border-bottom: 1px solid black;">604</td></tr> <tr><td>BOTTOMHOLE PRESSURE (PSIA)</td><td style="text-align: right; border-bottom: 1px solid black; border: 1px solid black;">698.0</td></tr> </table> <p>The Mesa Verde Pressures are from the San Juan 27-5 #91 which is an offset MV producer.</p>	GAS GRAVITY	0.684	COND. OR MISC. (C/M)	C	%N2	0.19	%CO2	1.04	%H2S	0	DIAMETER (IN)	1.995	DEPTH (FT)	5746	SURFACE TEMPERATURE (DEG F)	60	BOTTOMHOLE TEMPERATURE (DEG F)	150	FLOWRATE (MCFPD)	0	SURFACE PRESSURE (PSIA)	604	BOTTOMHOLE PRESSURE (PSIA)	698.0	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">GAS GRAVITY</td><td style="text-align: right; border-bottom: 1px solid black;">0.652</td></tr> <tr><td>COND. OR MISC. (C/M)</td><td style="text-align: right; border-bottom: 1px solid black;">C</td></tr> <tr><td>%N2</td><td style="text-align: right; border-bottom: 1px solid black;">0.55</td></tr> <tr><td>%CO2</td><td style="text-align: right; border-bottom: 1px solid black;">1.27</td></tr> <tr><td>%H2S</td><td style="text-align: right; border-bottom: 1px solid black;">0</td></tr> <tr><td>DIAMETER (IN)</td><td style="text-align: right; border-bottom: 1px solid black;">1.995</td></tr> <tr><td>DEPTH (FT)</td><td style="text-align: right; border-bottom: 1px solid black;">7967</td></tr> <tr><td>SURFACE TEMPERATURE (DEG F)</td><td style="text-align: right; border-bottom: 1px solid black;">60</td></tr> <tr><td>BOTTOMHOLE TEMPERATURE (DEG F)</td><td style="text-align: right; border-bottom: 1px solid black;">200</td></tr> <tr><td>FLOWRATE (MCFPD)</td><td style="text-align: right; border-bottom: 1px solid black;">0</td></tr> <tr><td>SURFACE PRESSURE (PSIA)</td><td style="text-align: right; border-bottom: 1px solid black;">977</td></tr> <tr><td>BOTTOMHOLE PRESSURE (PSIA)</td><td style="text-align: right; border-bottom: 1px solid black; border: 1px solid black;">1180.0</td></tr> </table>	GAS GRAVITY	0.652	COND. OR MISC. (C/M)	C	%N2	0.55	%CO2	1.27	%H2S	0	DIAMETER (IN)	1.995	DEPTH (FT)	7967	SURFACE TEMPERATURE (DEG F)	60	BOTTOMHOLE TEMPERATURE (DEG F)	200	FLOWRATE (MCFPD)	0	SURFACE PRESSURE (PSIA)	977	BOTTOMHOLE PRESSURE (PSIA)	1180.0
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FARMINGTON

1997 MONTHLY PRODUCTION FOR 51539A

PHS030M1

SAN JUAN 27-5 UNIT

57

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

		DAYS =====			OIL =====			=====			GAS =====				
MO	T S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C		
1	2 F	31	02	23		01	5214	31	1115	15.025		42			
2	2 F	28	02	36	59.4	01	6181	28	1115	15.025		49			
3	2 F	31	02	15		01	4680	31	1094	15.025		37			
4	2 F	30	02	11		01	2992	30	1104	15.025		24			
5	2 F	31	02	28		01	5190	31	1104	15.025		41			
6	2 F	30	02	13		01	4753	30	1104	15.025		38			
7	2 F	31	02	20	58.4	01	5023	31	1104	15.025		40			
8	2 F	31	02	16		01	4638	31	1104	15.025		37			
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

DATE: September 22, 1997
 NAME: SAN JUAN 27-5 UNIT 57
 FORM: MESAVERDE
 LOCATION UNIT: F
 SEC: 13
 TWN: 27N
 RNG: 5W

LEGEND
 WELL STATUS *
 COMPLETION DATE *
 WELL NAME
 MCF/D-CUM(MMF)
 BOP/D-CUM(MBO)

<p>10/84 * San Juan 27-5 Unit 99E 92/709(97) 0/3</p> <p>[11]</p>	<p>2/56 * San Juan 27-5 Unit 14 49/1225(97) 0/0</p> <p>5/97 * San Juan 27-5 Unit 105M 350/31(97) 0/0</p> <p>[12]</p>	<p>11/77 * San Juan 27-4 Unit 123 168/828(97) 1/3</p> <p>[7]</p>
<p>6/97 * San Juan 27-5 Unit 98 315/19(97) 0/0</p> <p>12/81 * San Juan 27-5 Unit 98E 148/673(97) 0/3</p> <p>[14]</p>	<p>10/62 * San Juan 27-5 Unit 88 89/1244(97) 0/4</p> <p>2/87 * San Juan 27-5 Unit 102M 134/376(97) 0/1</p> <p>3/63 * INA 38/829(96) 0/0</p> <p>7/61 * San Juan 274 Unit 31 113/1255(97) 0/4</p> <p>10/62 * San Juan 27-5 Unit 91 156/361(97) 0/0</p> <p>5/54 * San Juan 27-5 Unit 6 446/1063(97) 1/1</p> <p>6/97 * San Juan 27-5 Unit 103E 247/7(97) 0/0</p> <p>5/58 * San Juan 27-5 Unit 29 9/36(97) 0/0</p> <p>[13]</p>	<p>12/74 * San Juan 27-4 Unit 121 190/1662(97) 0/6</p> <p>11/57 * San Juan 27-4 Unit 14X 33/880(97) 0/1</p> <p>3/86 * San Juan 27-4 Unit 121A 223/603(97) 1/1</p> <p>[18]</p>
<p>11/56 * San Juan 27-5 Unit 16 71/564(97) 0/0</p> <p>[23]</p>	<p>5/58 * San Juan 27-5 Unit 31 70/1376(97) 0/1</p> <p>2/59 * San Juan 27-5 Unit 43 38/375(97) 0/0</p> <p>[24]</p>	<p>10/76 * San Juan 27-4 Unit 105 120/451(97) [19] 0/1</p> <p>11/59 * San Juan 27-4 Unit 23 82/413(97) 0/0</p>

R-4-W

R-5-W

T
27
N

DATE: October 27, 1997
 NAME: San Juan 27-5 Unit 57
 FMT: Dakota
 LOCATION UNIT: F
 SEC: 13
 TOWN: 27N
 RING: 05W

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

<p>7/83 * San Juan 27-5 Unit 99E 170/641 (97) 1/5</p> <p>[11]</p> <p>11/65 * San Juan 27-5 Unit 99 192/2745 (97) 0/9</p> <p>6/67 * San Juan 27-5 Unit 105 146/1875 (97) 1/11</p> <p>10/81 * San Juan 27-5 Unit 105M 273/954 (97) 1/6</p>	<p>8/67 * San Juan 27-5 Unit 104 178/2325 (97) 0/4</p> <p>[12]</p> <p>8/67 * San Juan 27-5 Unit 102 375/3363 (97) 0/6</p> <p>5/86 * San Juan 27-5 Unit 102M 133/519 (97) 0/2</p>	<p>9/55 * San Juan 27-4 Unit 5 6/1733 (97) 0/1</p> <p>9/68 * San Juan 27-4 Unit 41 268/3487 (97) 1/7</p> <p>[7]</p>
<p>6/65 * San Juan 27-5 Unit 98 180/1582 (97) 1/9</p> <p>1/82 * San Juan 27-5 Unit 98E 218/829 (97) 1/6</p> <p>7/67 * San Juan 27-5 Unit 103 116/1400 (97) 0/8</p> <p>[14]</p> <p>7/65 * San Juan 27-5 Unit 57 159/2240 (97) 1/7</p> <p>INA 6/67 * San Juan 27-5 Unit 107 37/32 (82) 0/3</p> <p>3/86 * San Juan 27-5 Unit 103E 273/1086 (97) 1/3</p>	<p>7/69 * San Juan 27-5 Unit 116 81/886 (97) 1/7</p> <p>[24]</p> <p>5/70 * San Juan 27-5 Unit 119 129/1190 (97) 1/5</p>	<p>8/68 * San Juan 27-4 Unit 44 351/5288 (97) 1/12</p> <p>[18]</p> <p>11/57 * San Juan 27-4 Unit 14X 98/1563 (97) 0/3</p>
<p>6/70 * San Juan 27-5 Unit 120 141/1812 (97) 0/11</p> <p>[23]</p> <p>7/69 * San Juan 27-5 Unit 115 174/2062 (97) 1/11</p>	<p>7/69 * San Juan 27-5 Unit 116 81/886 (97) 1/7</p> <p>[24]</p> <p>5/70 * San Juan 27-5 Unit 119 129/1190 (97) 1/5</p>	<p>8/68 * San Juan 27-4 Unit 45 93/947 (97) 0/6</p> <p>3/86 * San Juan 27-4 Unit 50E 118/566 (97) 0/3</p> <p>8/68 * San Juan 27-4 Unit 50 168/1291 (97) 1/13</p> <p>[19]</p>

R-04-W

R-05-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. 11626
ORDER NO. R-10694

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY FOR THE ESTABLISHMENT
OF A DOWNHOLE COMMINGLING "REFERENCE
CASE" FOR ITS SAN JUAN 27-5 UNIT PURSUANT
TO DIVISION RULE 303.E AND THE ADOPTION
OF SPECIAL ADMINISTRATIVE RULES THEREFOR.
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17 and November 7, 1996, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 12th day of November, 1996, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises.

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Burlington Resources Oil & Gas Company (Burlington) pursuant to the provisions of Division Rule 303.E., seeks to establish a downhole commingling "reference case" to provide exceptions for (a) marginal economic criteria (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production within existing or future drilled wells within the San Juan 27-5 Unit, San Juan County, New Mexico.
- (3) Division Rule No. 303.E., amended by Order No. R-10470-A, currently states:

"If sufficient data exists on a lease, pool, formation, geographic area, etc., so as to render it unnecessary to repeatedly provide such data on Form C-107-A, an operator may except any of the various criteria required under Paragraph 303.D. of this rule by establishing a "reference case". The Division, upon its own motion, or by application from an operator, may establish "reference cases" either administratively or by hearing. Upon Division approval of such "reference cases" for specific criteria, subsequent applications to downhole commingle (Form C-107-A) will be required only to cite the Division order number which established such exceptions and shall not be required to submit data for those criteria."

(4) The applicant is the current operator of the San Juan 27-5 Unit which encompasses some 23,043 acres in Township 27 North, Range 5 West, NMPM, San Juan County, New Mexico.

(5) Within the San Juan 27-5 Unit, the applicant currently operates one hundred and one (101) Basin-Dakota Gas Pool wells, one hundred and five (105) Blanco-Mesaverde Gas Pool wells, eighty-seven (87) South Blanco-Pictured Cliffs and Tapacito-Pictured Cliffs Gas Pool wells, and four (4) 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 27-5 Unit. The applicant further proposes that the data provided in the immediate case serve as supplemental data or confirmation that these formations and/or pools should be classified as "marginal";
- b) establish a "reference case" for pressure criteria in the Dakota and Pictured Cliffs formations whereby the Division may utilize data provided in the immediate case to verify the pressure data provided on Form C-107-A's subsequently filed for wells within the San Juan 27-5 Unit;

- c) establish a "reference case" whereby the Division utilizes the data presented in the immediate case to endorse or approve certain methods of allocating production whereby the applicant need not submit additional data or justification when proposing a certain method of allocating production on Form C-107-A's subsequently filed for wells within the San Juan 27-5 Unit; and.
- d) establish a "reference case" or an administrative procedure for authorizing the downhole commingling of existing or future drilled wells within the San Juan 27-5 Unit without additional notice to each affected interest owner as required by Division Rule No. 303.D.

(7) In support of its request to except marginal economic criteria, the applicant presented geologic and engineering evidence and testimony which indicates that within the San Juan 27-5 Unit:

- a) the structure and thickness of the Dakota and Pictured Cliffs formations are very consistent;
- b) the average recoverable Dakota and Pictured Cliffs gas reserves underlying an undeveloped drill block are approximately 583 MMCFG and 426 MMCFG, respectively;
- c) the average initial producing rate for a newly drilled or recompleted Dakota and Pictured Cliffs gas well is approximately 393 MCFGD and 63 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 27-5 Unit should be properly classified as "marginal".

(9) In support of its request to except pressure criteria within the Dakota and Pictured Cliffs formations within the San Juan 27-5 Unit, the applicant presents engineering evidence and testimony which indicates that:

- a) the average shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations at the time of initial development were approximately 3.141 psi and 1.118 psi, respectively; and.
- b) the average current shut-in bottomhole pressure within the Dakota and Pictured Cliffs formations are approximately 1.032 psi and 441 psi, respectively.

(10) There is sufficient pressure data available within the San Juan 27-5 Unit so as to except pressure criteria as proposed by the applicant.

(11) The applicant testified that various allocation methods will be utilized for downhole commingled wells within the San Juan 27-5 Unit depending on the circumstances. Some of the methods and circumstances are described as follows:

- a) the subtraction method will likely be utilized in those instances involving the Basin-Fruitland Coal Gas Pool and in those instances where a zone with a well established decline rate is commingled with a newly completed zone;
- b) a fixed allocation formula will be utilized in those instances where production history for both zones is available, or in those instances where newly completed zones are tested and stabilized flow rates obtained.

(12) The allocation methods proposed by the applicant are routinely utilized by industry and approved by the Division and therefore the proposal to except allocatic 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 27-5 Unit the applicant presents evidence and testimony which indicates that:

- a) the interest ownership between two zones within a given wellbore in the San Juan 27-5 Unit is generally not common;
- b) pursuant to Division Rule No. 303.D., applicant is currently required to notify all interest owners within the San Juan 27-5 Unit every time a Form C-107-A is submitted to the Division. There is a considerable number of such interest owners within the unit;

- c) providing notice to each interest owner within the San Juan 27-5 Unit of subsequent downhole comminglings is unnecessary and is an excessive burden on the applicant;
- d) the downhole commingling of wells within the San Juan 27-5 Unit Area will benefit working, royalty, and overriding royalty interest owners. In addition, the downhole commingling of wells within the San Juan 27-5 Unit should not violate the correlative rights of any interest owner;
- e) no interest owner appeared at the hearing in opposition to the establishment of a "reference case" or administrative procedure for notice.

(14) An administrative procedure should be established within the San Juan 27-5 Unit for obtaining approval for subsequent downhole commingled wells without notice to Unit interest owners, provided however that, all other provisions contained within Division Rule No. 303.C. are complied with.

(15) Approval of the proposed "reference cases" for marginal economic criteria, pressure criteria, allocation formulas and notice will lessen the burden on the applicant insofar as providing the data required pursuant to Division Rule No. 303.D. and Form C 107-A. will provide the applicant a streamlined method for obtaining downhole commingling approvals within the San Juan 27-5 Unit, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Burlington Resources Oil & Gas Company to establish a "reference case" for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas and (d) modification of notification rules on a unit-wide basis for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Picured Cliffs gas production within existing or future drilled wells within the San Juan 27-5 Unit, San Juan County, New Mexico, is hereby approved.

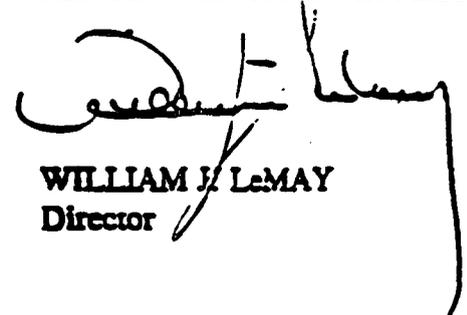
(2) Upon filing of Division Form No. C-107-A's for wells subsequently downhole commingled within the San Juan 27-5 Unit Area, the applicant shall not be required to submit supporting data to justify the classification of the Pictured Cliffs and Dakota formations as "marginal", supporting data to verify the Pictured Cliffs and Dakota pressure information provided, and support or justification for utilizing a given method or formula for allocation of production, provided however, in the event any of the data described above appearing on Form C-107-A appears to be beyond the data range provided in this case, the Division may require the submittal of additional supporting data.

(3) In order to obtain Division authorization to downhole commingle wells within the San Juan 27-5 Unit, the applicant shall file a Form C-107-A with the Santa Fe and Aztec Offices of the Division. Such application shall contain all the information required under Rule No. 303.C. of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the San Juan 27-5 Unit of such proposed commingling.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LeMAY
Director

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