

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2040 South Pacheco, Santa Fe, NM 87505



2120

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

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

SEP 28 1998

Check One Only for [B] or [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 - Certification

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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

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 87505-6429Form 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 27-5 Unit

107M

M 13-27N-05W

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 7454 API NO. 30-039- 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	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	(Current) a. 783	a.	a. 1282
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	(Original) b. 1328	b.	b. 2949
6. Oil Gravity (°API) or Gas BTU Content	BTU 1218		BTU 1140
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	Date: n/a Rates:	Date: Rates:	Date: n/a Rates:
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: 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 ☒ 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 ☐ No11. 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 ☐ No13. 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 Jennifer Dobson TITLE Production Engineer DATE 08-24-98TYPE OR PRINT NAME Jennifer Dobson 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
Revised February 2
Instructions 1
Submit to Appropriate District
State Lease - 4
Fee Lease - 3

☐ AMENDED RE

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-		*Pool Code 72319-71599	*Pool Name Blanco Mesaverde/Basin Dakota
*Property Code 7454	*Property Name SAN JUAN 27-5 UNIT		*Well Number 107M
*GRID No. 14538	*Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		*Elevation 6590'

10 Surface Location

UL or lot no. P	Section 13	Township 27N	Range 5W	Lot Idn	Feet from the 790	North/South line SOUTH	Feet from the 790	East/West line EAST	Dist. R ARR
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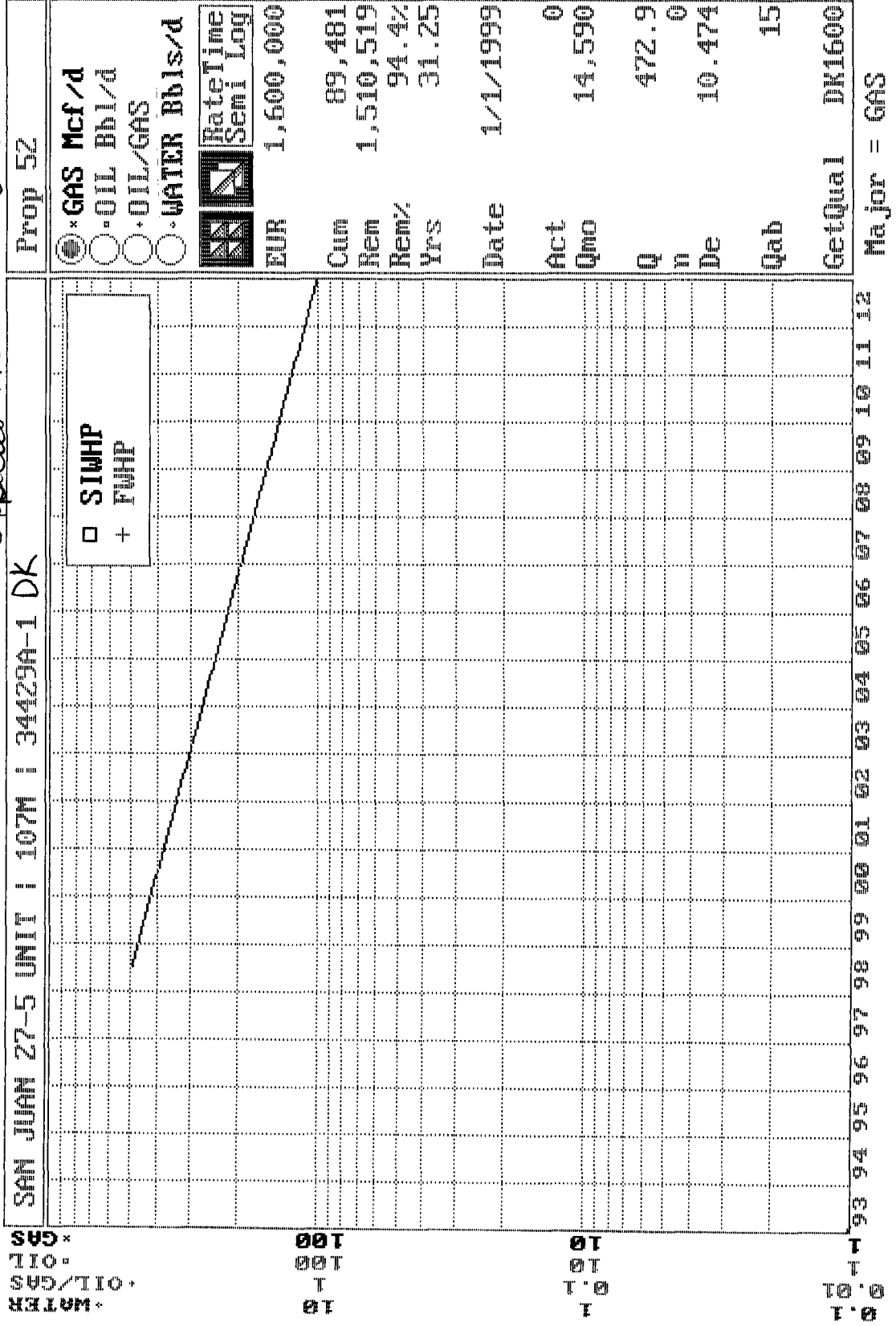
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Co.
12 Dedicated Acres MV-2/320 DK-S/320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

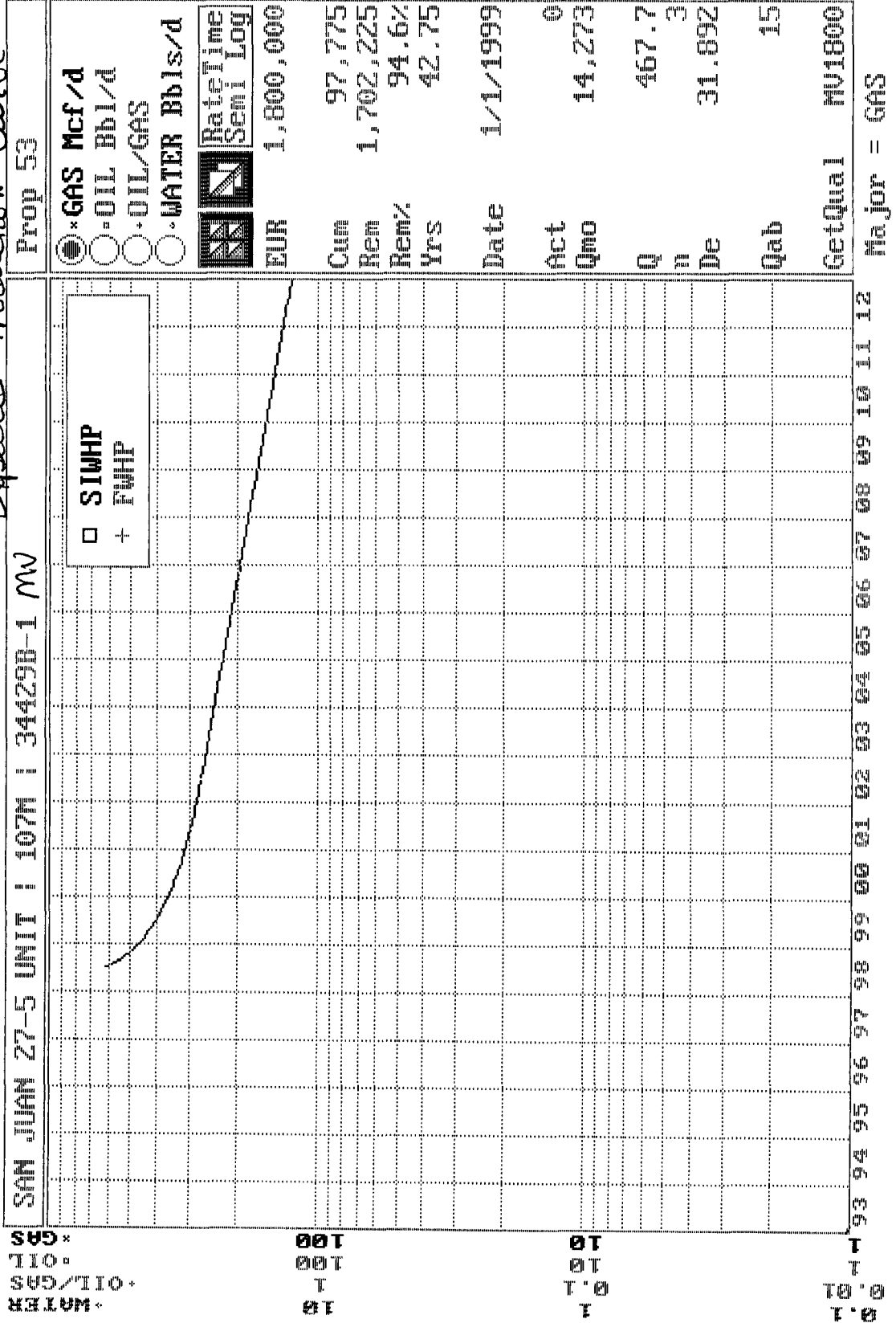
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

15		5331.48		17 OPERATOR CERTIFICATION	
2628.12'		NMSF-079492A		I hereby certify that the information contained is true and complete to the best of my knowledge & belief.	
2783.88'		Signature <i>Peggy Bradfield</i>		Printed Name Peggy Bradfield	
2951.52'		FEE		Title Regulatory Administrator	
2647.92'		NMSF-079492A		Date 5-9-98	
2690.82'		790'		18 SURVEYOR CERTIFICATION	
2494.14'		790'		I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made on or under my supervision, and that the same is true and correct to the best of my belief.	
2494.14'		790'		FEBRUARY 10, 1998	
2494.14'		790'		Date of Survey	
2494.14'		790'		Signature and Seal of Professional Surveyor	
2494.14'		790'		NEALE C. EDWARDS NEW MEXICO 6857 Certificate Number	

Expected Production Curve



Expected Production Curve



SJ 27-5 #107M**Bottom Hole Pressures****Cullender and Smith Method**

Version 1.0 3/13/94

Mesaverde		Dakota	
<u>MV-Current</u>		<u>DK-Current</u>	
GAS GRAVITY	0.7	GAS GRAVITY	0.66
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.31	%N2	0.18
%CO2	0.74	%CO2	1.44
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	2
DEPTH (FT)	5812	DEPTH (FT)	8152
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	124	BOTTOMHOLE TEMPERATURE (DEG F)	150
FLOWRATE (MCFPD)	361	FLOWRATE (MCFPD)	2265
SURFACE PRESSURE (PSIA)	667	SURFACE PRESSURE (PSIA)	977
BOTTOMHOLE PRESSURE (PSIA)	782.9	BOTTOMHOLE PRESSURE (PSIA)	1282.0
<u>MV-Original</u>		<u>DK-Original</u>	
GAS GRAVITY	0.7	GAS GRAVITY	0.66
COND. OR MISC. (C/M)	C	COND. OR MISC. (C/M)	C
%N2	0.31	%N2	0.18
%CO2	0.74	%CO2	1.44
%H2S	0	%H2S	0
DIAMETER (IN)	2	DIAMETER (IN)	2
DEPTH (FT)	5812	DEPTH (FT)	8152
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	124	BOTTOMHOLE TEMPERATURE (DEG F)	150
FLOWRATE (MCFPD)	361	FLOWRATE (MCFPD)	2265
SURFACE PRESSURE (PSIA)	1118	SURFACE PRESSURE (PSIA)	2325
BOTTOMHOLE PRESSURE (PSIA)	1327.9	BOTTOMHOLE PRESSURE (PSIA)	2949.1

Page No.: 1

Print Time: Wed Aug 12 16:41:52 1998

Property ID: 1474

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

Table Name: Q:\PUBLIC\GENTITY\GDPNOS\TEST.DBF

--DATE--	---CUM GAS---	M FWHP-	M FBHP-	M SIWHP	M SIBHP
	Mcf	Psi	Psi	Psi	Psi
07/12/65	0	0.0		<i>orig</i> 2325.0	2787.0
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	438.0		1119.0	1328.0
07/22/71	876658	398.0		997.0	1181.0
06/06/72	980503	383.0		1030.0	1221.0
07/19/73	1076625	296.0		1031.0	1222.0
05/22/75	1234828	355.0		972.0	1151.0
07/06/77	1412044	303.0		884.0	1045.0
05/01/79	1534716	321.0		890.0	1053.0
05/21/81	1656241	363.0		879.0	1039.0
09/13/83	1741762	307.0		1042.0	1236.0
05/20/85	1796103	317.0		1005.0	1191.0
07/12/88	1893298	305.0		1357.0	1616.0
06/08/90	1977113	333.0		1051.0	1246.0
08/31/92	2042387	333.0	<i>curr</i>	977.0	1157.0

OPR008M2 0076

0008 CHROMATOGRAPH GAS SAMPLE DETAIL

Parent DK Well

17:42:43.6 08/12/98

	MOL %	GPM (AT 14.73)
HYDROGEN	_____	
HELIUM	_____	
NITROGEN	___0.18	
OXYGEN	_____	
HYDROGEN SULFIDE	_____	
CARBON DIOXIDE	___1.44	
METHANE	___87.83	
ETHANE	___6.41	1.7147
PROPANE	___2.05	0.5650
ISO-BUTANE	___0.44	0.1439
N-BUTANE	___0.58	0.1829
ISO-PENTANE	___0.30	0.1098
N-PENTANE	___0.23	0.0833
HEXANE	_____	
HEXANE PLUS	___0.54	0.2356
HEPTANE PLUS	_____	
TOTALS	100.00	3.0352

** DATA AT 14.730 PSIG UNLESS NOTED **

MP NUMBER 75229

EFFECTIVE DATE 19980601

-- GASOLINE CONTENT (GPM) --

26/70 GASOLINE _____

100% PROPANE _____

EXCESS BUTANES _____

TOTAL

----- SPECIFIC GRAVITY -----

CALCULATED _0.6600

MEASURED _____

SULPHUR GRAINS / 100 CU FT _____

03=MAIN SCREEN

24=HELP

PA1=TERMINATE

Parent DK well

17:42:37.7 08/12/98

** DATA AT TEST PRESSURE UNLESS NOTED **

```

GAS                ----- BTU/CF -----
19980601          --- (AT 14.73 PSIG) ---
_____          WET 1120.180  DRY 1140.000
_____
_____          ----- BTU/CF -----
_14.730          WET _1120.180  DRY _1140.000
60              VAPOR FACTOR      _____
_6
038689  PETROLEUM LAND CORP

```

Page No.: 1

Print Time: Wed Aug 12 16:35:54 1998

Property ID: 37

Property Name: SAN JUAN 27-5 UNIT | 29 | 53359B-1

Parent well MW

Table Name: Q:\ARIES\FD98AR38\TEST.DBF

--DATE--	---CUM GAS--	M FWHP-	M FBHP-	M SIWHP	M SIBHP
*****	*****Mcf*****	*****Psi*****	*****Psi*****	*****Psi*****	*****Psi*****
05/01/58	0	0.0	<i>orig</i>	1118.0	0.0
05/29/58	0			1117.0	
11/29/58	23000			719.0	
06/14/59	34000			687.0	
06/14/60	50000			657.0	
06/13/61	64000			617.0	
07/13/62	80000			581.0	
04/19/63	90000			572.0	
10/14/64	106000			566.0	
05/10/65	111000			566.0	
04/19/66	120000			566.0	
05/16/67	129000			571.0	
08/14/68	140000			581.0	
10/07/70	159267	437.0		599.0	0.0
07/22/71	166114	380.0		601.0	0.0
06/06/72	175082	385.0		599.0	0.0
12/05/83	269882	298.0		581.0	0.0
04/18/86	285210	315.0		581.0	0.0
08/22/89	309712	247.0		552.0	0.0
08/30/91	318223	397.0		679.0	0.0
09/17/91	319776		<i>cur</i>	667.0	

OPR008M2 0095

0008 CHROMATOGRAPH GAS SAMPLE DETAIL

Parent MW well

17:33:40.3 08/12/98

GPM

** DATA AT 14.730 PSIG UNLESS NOTED **

MOL % (AT 14.73)

HYDROGEN

MP NUMBER

82188

HELIUM

EFFECTIVE DATE 19980601

NITROGEN

0.31

OXYGEN

HYDROGEN SULFIDE

-- GASOLINE CONTENT (GPM) --

CARBON DIOXIDE

0.74

26/70 GASOLINE

METHANE

83.38

100% PROPANE

ETHANE

8.54

2.2845

EXCESS BUTANES

PROPANE

3.97

1.0941

TOTAL

ISO-BUTANE

0.69

0.2257

N-BUTANE

1.01

0.3185

ISO-PENTANE

0.35

0.1281

----- SPECIFIC GRAVITY -----

N-PENTANE

0.32

0.1159

CALCULATED

0.7000

HEXANE

MEASURED

HEXANE PLUS

0.69

0.3010

HEPTANE PLUS

SULPHUR GRAINS / 100 CU FT

TOTALS

100.00

4.4678

03=MAIN SCREEN

24=HELP

PA1=TERMINATE

FUNCTION (A,C,D,I) I

** DATA AT TEST PRESSURE UNLESS NOTED **

MP NUMBER 82188

SAN JUAN 27-5 UNIT

29

EFFECTIVE DATE 19980601

Parent m' Well

REGION CD 42

SAN JUAN

MP TYPE CODE 10

GAS METER - WELLHEAD SALES

SAMPLE TYPE CODE (GAS, LIQ, BTU)

GAS

----- BTU/CF -----

SAMPLE DATE

19980601

--- (AT 14.73 PSIG) ---

SAMPLE LINE PRESSURE (PSIG)

WET 1196.823 DRY 1218.000

SAMPLE LINE TEMPERATURE (DEG F)

TEST DATE

----- BTU/CF -----

TEST PRESSURE (PSIG)

14.730

WET 1196.823 DRY 1218.000

TEST TEMPERATURE (DEG F)

60

VAPOR FACTOR

TEST LIFE (MONTHS)

6

TESTER SOURCE BA NUMBER

038689 PETROLEUM LAND CORP

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

BURLINGTON RESOURCES OIL AND GAS COMPANY

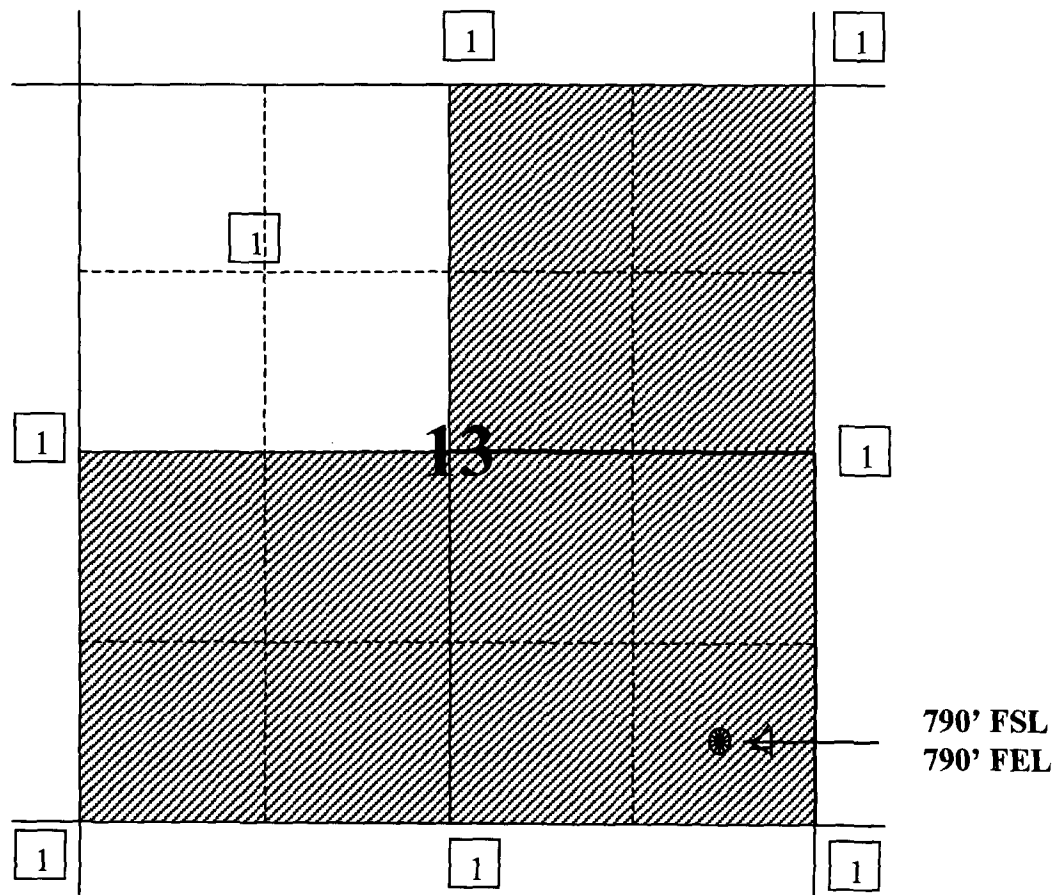
San Juan 27-5 Unit #107M

OFFSET OPERATOR/OWNER PLAT

Down-hole Commingle

Mesaverde (E/2) / Dakota (S/2) Formations Well

Township 27 North, Range 5 West



1) Burlington Resources

DATE: January 22, 1998

NAME: SAN JUAN 27-5 UNIT 107M

FORM: DAKOTA

LOCATION

UNIT:

SEC: 13

TWN: 27N

RNG: 5W

LEGEND

COMPLETION DATE *

WELL NAME

CUM(MMF)-EUR

<p>7/83 *</p> <p>San Juan 27-5 Unit 99E 656/1250</p> <p>[11]</p> <p>8/67 *</p> <p>San Juan 27-5 Unit 105 1698/3189</p> <p>9/81 *</p> <p>San Juan 27-5 Unit 105M 992/1601</p> <p>4/66 *</p> <p>San Juan 27-5 Unit 99 2760/3695</p>	<p>10/67 *</p> <p>San Juan 27-5 Unit 104 2348/3294</p> <p>[12]</p> <p>10/67 *</p> <p>San Juan 27-5 Unit 102 3403/4932</p> <p>5/86 *</p> <p>San Juan 27-5 Unit 102M 538/657</p>	<p>6/56 *</p> <p>San Juan 27-4 Unit 5 1738/2314</p> <p>[7]</p> <p>3/69 *</p> <p>San Juan 27-4 Unit 41 3512/5299</p>
<p>10/65 *</p> <p>San Juan 27-5 Unit 98 1585/2140</p> <p>12/81 *</p> <p>San Juan 27-5 Unit 98E 865/1872</p> <p>[14]</p> <p>8/67 *</p> <p>San Juan 27-5 Unit 103 1412/2019</p> <p>3/86 *</p> <p>San Juan 27-5 Unit 103E 1118/1618</p> <p>11/65 *</p> <p>San Juan 27-5 Unit 57 2265/3225</p> <p>[13]</p> <p>8/67 *</p> <p>San Juan 27-5 Unit 107 791/1312</p>	<p>10/68 *</p> <p>San Juan 27-4 Unit 44 5313/6762</p> <p>[18]</p> <p>1/58 *</p> <p>San Juan 27-4 Unit 14X 1573/2017</p>	
<p>7/70 *</p> <p>San Juan 27-5 Unit 120 1855/2698</p> <p>[23]</p> <p>7/69 *</p> <p>San Juan 27-5 Unit 115 2083/3724</p> <p>6/70 *</p> <p>San Juan 27-5 Unit 119 1201/1520</p> <p>[24]</p>	<p>8/69 *</p> <p>San Juan 27-5 Unit 116 898/1426</p>	<p>8/65 *</p> <p>San Juan 27-4 Unit 50E 570/1486</p> <p>10/68 *</p> <p>San Juan 27-4 Unit 45 955/1294</p> <p>[19]</p> <p>1/69 *</p> <p>San Juan 27-4 Unit 50 1308/1692</p>

T 27
N

R-4-W

R-5-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.

10 ARriba

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 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 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 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 27-5 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 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 Pictured 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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