DATE IN 4/18/00	SUSPENSE 5/8/00	ENGINEER DC	LOGGED KV	TYPE DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

9734

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
X 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] X 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 Cole	Peggy Cole	Regulatory/Compliance Administrator	
Print or Type Name	Signature	Title	Date

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A
Revised March 17, 1999
APPROVAL PROCESS:
_X_ Administrative __Hearing
EXISTING WELLBORE
_X_ YES ___ NO

BURLINGTON RESOURCES OIL & GAS COMPANY (Operator) PO Box 4289, Farmington, NM 87499 (Address)

San Juan 28-6 Unit	#77	K, Sec. 2, T27N, R6W	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. _ 30-039-07182_____ Federal _X__ , State X___, (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	South Blanco Pictured Cliffs - 72439		Blanco Mesaverde - 72319
2. Top and Bottom of Pay Section (Perforations)	3250'-3314'		4892'-5520'
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	a. 238 psia (Current) b. 1137 psia (Original)	a. b.	a. 390 psia b. 1081 psia
6. Oil Gravity (°API) or Gas BTU Content	BTU 1125		BTU 1233
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no) * If Shut-In, give date 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 date andoil/gas/ water rates of recent test (within 60 days)	Yes Date: Rates: Date: 2/00 Rates: 28 mcfd 0.0 bopd	Date: Rates: Date: Rates:	Yes Date: Rates: Date: 2/00 Rates: 58 mcfd 0.0 bopd
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 50 % Gas: 35 %	Oil: % Gas: %	Oil: 50 % Gas: 65 %

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

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_____

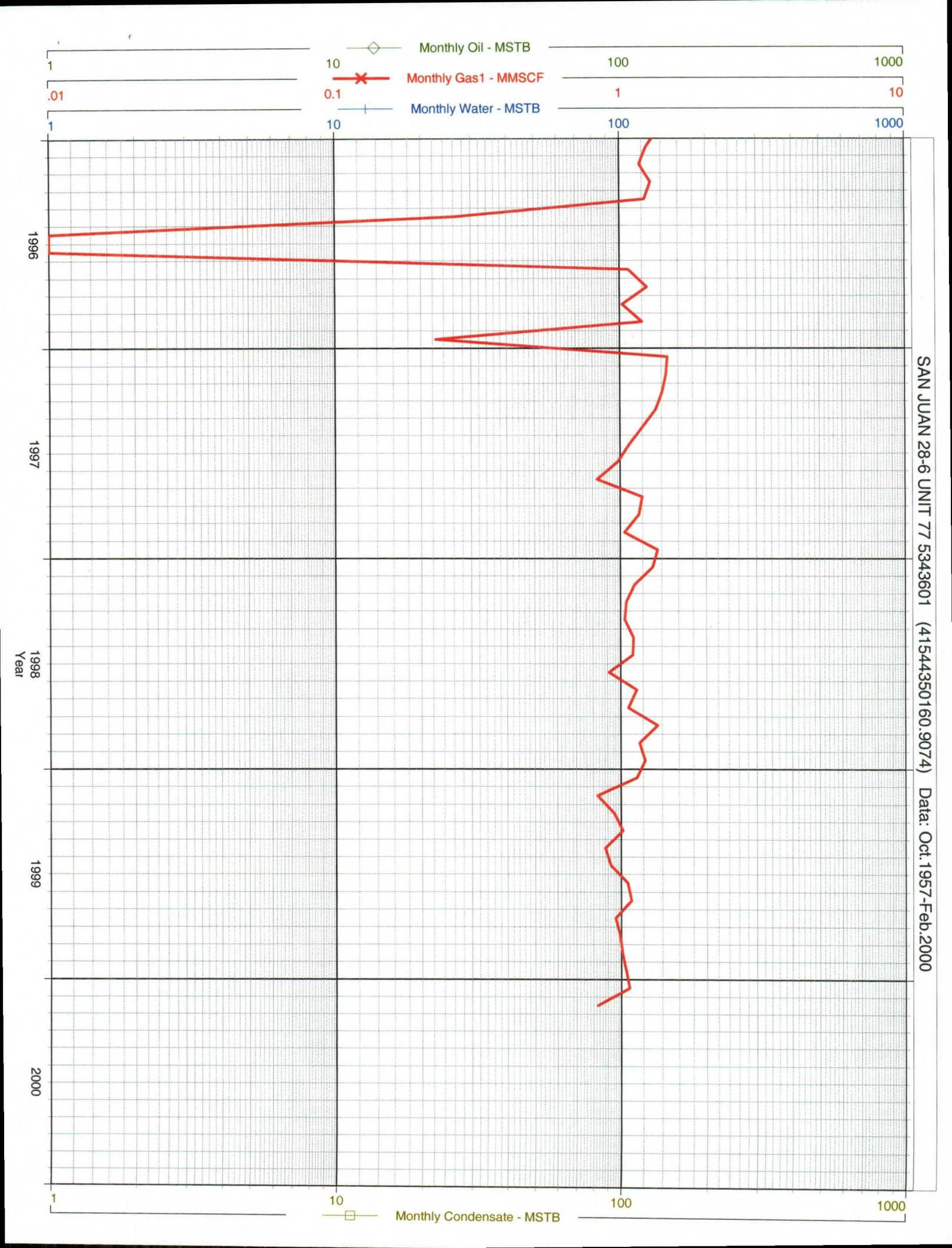
16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Any additional statements, data, or documents required to support commingling.

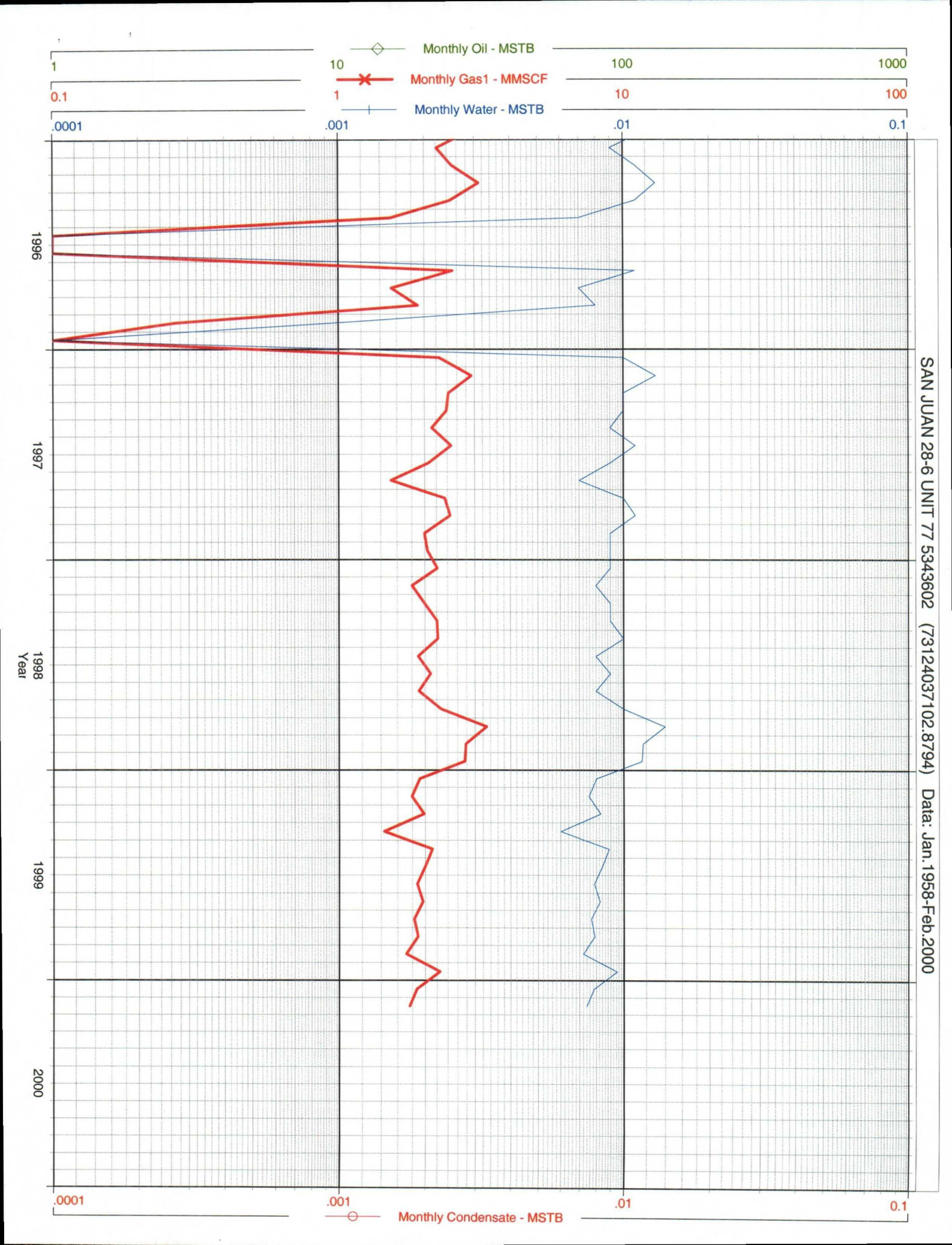
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jennifer Dobson TITLE Operations Engineer DATE 4/13/00

TYPE OR PRINT NAME Jennifer Dobson TELEPHONE NO. (505) 326-9700

nco


Monthly Oil - MSTB
1
10
100
1000
Monthly Gas1 - MMSCF
.01
0.1
1
10
Monthly Water - MSTB
1
10
100
1000
1996
1997
1998
1999
2000
Year
SAN JUAN 28-6 UNIT 77 5343601 (30-039-24350160.9074) Data: Oct.1957-Feb.2000
1
10
100
1000
Monthly Condensate - MSTB


Monthly Oil - MSTB
1
10
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Monthly Gas1 - MMSCF
0.1
1
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100
Monthly Water - MSTB
.0001
.001
.01
0.1
1996
1997
1998
1999
2000
Year
SAN JUAN 28-6 UNIT 77 5343602 (731240371O2.8794) Data: Jan.1958-Feb.2000
.0001
.001
.01
0.1
Monthly Condensate - MSTB

San Juan 28-6 Unit #77
Production Allocation

Gas

*Pictured Cliffs 3 month average		35	Mcfd	35%
*Mesaverde 3 month average		65	Mcfd	65%
	Total:	100		100.0%

Oil

*Pictured Cliffs 3 month average		0.0	Bopd	50%
*Mesaverde 3 month average		0.0	Bopd	50%
	Total:	0		

*Allocation Formula Basis: The fixed percentages are based on 3 month averages (12/99 - 02/00)

WELL LOCATION AND/OR GAS PRORATION PLAT

APRIL 29, 1957

Operator: EL PASO NATURAL GAS COMPANY | Lease: SAN JUAN 28-6 UNIT | E-290-29

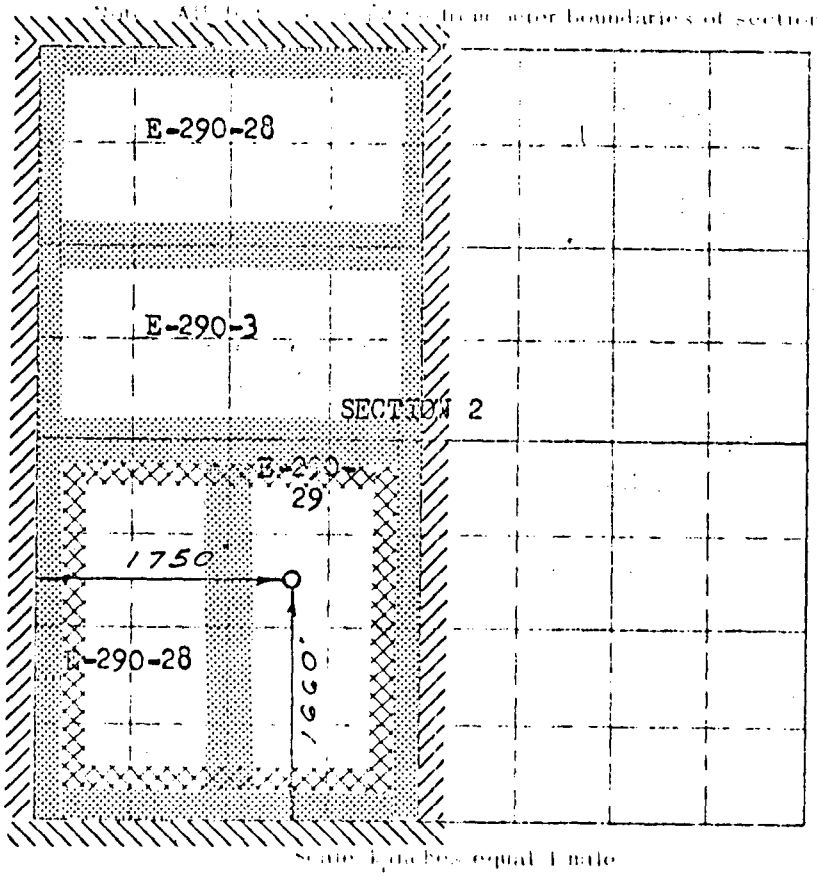
Well No.: 77 (PM) | Unit: 2 | Section: 27-N | Range: 6-W | Meridian:

Location: 1660 feet from SOUTH line and 1750 feet from WEST line

County: RIO ARRIBA | State: | Elevation: 6485

Dedicated Acreage: P.C. & M.V. | WILDCAT P.C. / BLANCO M.V. | 160 ACRES P.C. / ~~320~~ ACRES M.V. (1882 PLAT) W 320.10

Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.



Scale: 4 inches equal 1 mile

N

NOTE

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

MAY 10 1957

OIL CON. COM.

DIST. 3

If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization agreement or otherwise?

Yes ____ No ____ If answer is "yes," type of consolidation ____

If answer is "no," list the owners and their respective interests below:

Owner | Land Description

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

C. O. Parker

Registered Professional Engineer and/or Land Surveyor

Certificate No.

1. Is this well a Dual Completion?

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

Name: D C Johnston

Position: Petroleum Engineer

Representing: El Paso Natural Gas

Address: Box 997, Farmington, N.M.

San Juan 28-6 Unit #77
Bottom Hole Pressures
Flowing and Static BHP
Cullender and Smith Method

Version 1.0 3/13/94

Pictured Cliffs

PC-Current

GAS GRAVITY	0.638
COND. OR MISC. (C/M)	M
%N2	0.24
%CO2	0.39
%H2S	0
DIAMETER (IN)	7.625
DEPTH (FT)	3282
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	135
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	221
BOTTOMHOLE PRESSURE (PSIA)	237.7

PC-Original

GAS GRAVITY	0.639
COND. OR MISC. (C/M)	M
%N2	0.45
%CO2	0.38
%H2S	0
DIAMETER (IN)	7.625
DEPTH (FT)	3282
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	135
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1047
BOTTOMHOLE PRESSURE (PSIA)	1137.4

Mesaverde

MV-Current

GAS GRAVITY	0.642
COND. OR MISC. (C/M)	M
%N2	0.13
%CO2	1.35
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	5206
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	347
BOTTOMHOLE PRESSURE (PSIA)	390.1

MV-Original

GAS GRAVITY	0.633
COND. OR MISC. (C/M)	M
%N2	0.36
%CO2	1.35
%H2S	0
DIAMETER (IN)	2.375
DEPTH (FT)	5206
SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	150
FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	954
BOTTOMHOLE PRESSURE (PSIA)	1081.3

Gas Meter Vol. History (Act.)

Friday, January 01, 1999 Through Sunday, April 30, 2000

Select By : Gas Meters

Sort By :

Pressure Base : 15.025

Units :

Rounded (y/n) : No

Page No : 1

Report Number : R_040

Print Date : 04/06/2000, 8:32:33 PM

Meter	Volume Date	Ticket #	Volume	Heat Value	Period Start	Period End	Disp.	Prod.	Purchaser	Gatherer
SAN JUAN 28-6 UNIT 77 72072										
Pictured Cliffs	01/01/1999	6100000303	1,138.20	1,339.30	01/01/1999	01/31/1999	20	100		WILLIAMS FIELD SERV
	02/01/1999	2200000776	827.43	974.13	02/01/1999	02/28/1999	20	100		WILLIAMS FIELD SERV
	03/01/1999	0300003508	946.05	1,112.85	03/01/1999	03/31/1999	20	100		WILLIAMS FIELD SERV
	04/01/1999	8800001640	1,016.64	1,190.37	04/01/1999	04/30/1999	20	100		WILLIAMS FIELD SERV
	05/01/1999	7800001644	880.37	1,030.23	05/01/1999	05/31/1999	20	100		WILLIAMS FIELD SERV
	06/01/1999	7700000561	920.56	1,077.15	06/01/1999	06/30/1999	20	100		WILLIAMS FIELD SERV
	07/01/1999	7000006074	1,054.87	1,235.25	07/01/1999	07/31/1999	20	100		WILLIAMS FIELD SERV
	08/01/1999	9700000211	1,088.21	1,274.01	08/01/1999	08/31/1999	20	100		WILLIAMS FIELD SERV
	09/01/1999	0200000016	956.84	1,119.99	09/01/1999	09/30/1999	20	100		WILLIAMS FIELD SERV
	10/01/1999	7500003339	991.15	1,159.77	10/01/1999	10/31/1999	20	100		WILLIAMS FIELD SERV
	11/01/1999	4400003104	1,010.76	1,183.23	11/01/1999	11/30/1999	20	100		WILLIAMS FIELD SERV
	12/01/1999	5800000722	1,040.17	1,217.91	12/01/1999	12/31/1999	20	100		WILLIAMS FIELD SERV
Totals --	1999		**11,871.25**	**13,914.19**						
	01/01/2000	7400000352	1,069.58	1,251.57	01/01/2000	01/31/2000	20	100		WILLIAMS FIELD SERV
	02/01/2000	7600000559	826.45	966.99	02/01/2000	02/29/2000	20	100		WILLIAMS FIELD SERV
Totals --	2000		**1,896.03**	**2,218.56**						
Totals -- SAN JUAN 28-6 UNIT 77 72072			**13,767.28**	**16,132.75**						
SAN JUAN 28-6 UNIT 77 72073										
Mesaverde	01/01/1999	6100000304	1,832.30	2,371.56	01/01/1999	01/31/1999	20	100		WILLIAMS FIELD SERV
	02/01/1999	2200000762	1,724.46	2,231.82	02/01/1999	02/28/1999	20	100		WILLIAMS FIELD SERV
	03/01/1999	0300003509	1,897.01	2,476.63	03/01/1999	03/31/1999	20	100		WILLIAMS FIELD SERV
	04/01/1999	8800001641	1,355.85	1,739.15	04/01/1999	04/30/1999	20	100		WILLIAMS FIELD SERV
	05/01/1999	7800001643	2,035.24	2,611.27	05/01/1999	05/31/1999	20	100		WILLIAMS FIELD SERV
	06/01/1999	7700000560	1,921.52	2,465.41	06/01/1999	06/30/1999	20	100		WILLIAMS FIELD SERV
	07/01/1999	7000006075	1,796.03	2,304.24	07/01/1999	07/31/1999	20	100		WILLIAMS FIELD SERV
	08/01/1999	9700000212	1,881.32	2,413.38	08/01/1999	08/31/1999	20	100		WILLIAMS FIELD SERV
	09/01/1999	0200000015	1,752.89	2,249.16	09/01/1999	09/30/1999	20	100		WILLIAMS FIELD SERV
	10/01/1999	7500003351	1,802.89	2,312.40	10/01/1999	10/31/1999	20	100		WILLIAMS FIELD SERV
	11/01/1999	4400003105	1,638.19	2,101.26	11/01/1999	11/30/1999	20	100		WILLIAMS FIELD SERV
	12/01/1999	5800000721	2,182.29	2,799.97	12/01/1999	12/31/1999	20	100		WILLIAMS FIELD SERV
Totals --	1999		**21,820.01**	**28,076.25**						
	01/01/2000	7400000351	1,787.21	2,293.02	01/01/2000	01/31/2000	20	100		WILLIAMS FIELD SERV
	02/01/2000	7600000558	1,686.23	2,163.48	02/01/2000	02/29/2000	20	100		WILLIAMS FIELD SERV
Totals --	2000		**3,473.44**	**4,456.50**						
Totals -- SAN JUAN 28-6 UNIT 77 72073			**25,293.44**	**32,532.75**						
Report Totals			**39,060.72**	**48,665.50**						

San Juan 28-6 Unit #77
5343601/5343602
Pictured Cliffs/Mesaverde

PICTURED CLIFFS

PRESSURE DATA		
Date	Gas Cum	Press
12/05/1957	0	1047
12/17/1999	910715	221

MESAVERDE

PRESSURE DATA		
Date	Gas Cum	SIWHP
12/05/1957	0	954
12/17/1999	941096	347

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.