

**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. 14928
ORDER NO. R-13681**

**APPLICATION OF CONOCOPHILLIPS COMPANY AND BURLINGTON
RESOURCES OIL & GAS COMPANY, LP, TO AMEND DOWNHOLE
COMMINGLING REFERENCE CASES ORDERS FOR FOURTEEN
"TOWNSHIP" UNITS TO DELETE THE NOTICE REQUIREMENTS, SAN
JUAN AND RIO ARriba COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 29, 2012 at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 20th day of February, 2013, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(1) The Applicants, ConocoPhillips Company and Burlington Resources Oil & Gas Company LP, operate certain voluntary units (the "Township Units") in Rio Arriba and San Juan Counties, New Mexico, that were approved for downhole commingling reference cases generally for Mesaverde and Dakota production. Some of those reference cases also deleted the requirement that notice be sent to all interest owners when the operator filed to downhole commingle by either a Division form C-107-A or C-103, for production from the Basin-Dakota, Blanco-Mesaverde Gas Pools and other pools.

(2) The Division has approved the Basin-Mancos Gas Pool as a Pre-Approved pool for downhole commingling (DHC) with the Blanco-Mesaverde and Basin-Dakota Gas Pools in Order No. R-12984-B. The Applicants now seek to delete the requirement

that notice be sent to the Township Unit owners for the proposed downhole commingling of production from the Basin-Mancos Gas Pool with other approved pools.

(3) Applicant seeks to delete notice of DHC within the following Township Units and amend these orders accordingly:

- a. Allison Unit—Order No. R-13106, dated 3/25/2009, entered in Case 14281;
- b. San Juan 27-4 Unit—Order No. R-12867, dated 1/03/2008, entered in Case 13989;
- c. San Juan 28-4 Unit—Order No. R-12865, dated 1/03/2008, entered in Case 13987;
- d. San Juan 28-6 Unit—Order No. R-10696, dated 11/12/1996, entered in Case 11628;
- e. San Juan 28-7 Unit—Order No. R-10476-B, dated 10/17/1997, entered in Case 11815;
- f. San Juan 29-5 Unit—Order No. R-10770, dated 2/21/1997, entered in Case 11708;
- g. San Juan 29-6 Unit—Order No. R-11187, dated 5/25/1999, entered in Case 12136;
- h. San Juan 29-7 Unit—Order No. R-10697, dated 11/08/1996, entered in Case 11629;
- i. San Juan 30-5 Unit—Order No. R-10771, dated 2/21/1997, entered in Case 11709;
- j. San Juan 30-6 Unit—Order No. R-12866, dated 1/03/2008, entered in Case 13988;
- k. San Juan 31-6 Unit—Order No. R-11188, dated 5/25/1999, entered in Case 12138;
- l. San Juan 32-7 Unit—Order No. R-11210, dated 6/21/1999, entered in Case 12137;
- m. San Juan 32-8 Unit—Order No. R-11189, dated 5/25/1999, entered in Case 12139; and
- n. San Juan 32-9 Unit—Order No. R-10692, dated 11/01/1996, entered in Case 11601.

(4) As a result of the entry of the downhole commingling "reference cases", certain formations within these Township Units have been exempted from some or all of the requirements of Division Rule 19.15.12.11 NMAC. Those exempted requirements include (a) marginal economic criteria, (b) compatibility criteria, (c) pressure criteria, (d) cross-flow criteria, (e) fluid-sensitivity criteria, (f) value criteria, and (g) allocation formulas. In addition, some of the formations within these Township Units also have notice requirements to interest owners already exempted from downhole commingling applications.

(5) In all these fourteen Township Units, the Division has exempted production from the Blanco-Mesaverde and Basin-Dakota Gas Pools from some or all the criteria listed in paragraph (4) above.

(6) As a result of the entry of Order No. R-11363, dated April 26, 2000, the Basin-Dakota and the Blanco-Mesaverde Gas Pools were approved as "pre-approved pools", for downhole commingling of production, thus eliminating the need to justify marginal economic criteria, compatibility criteria, pressure criteria, cross flow criteria, and fluid sensitivity criteria on a well-by-well basis.

(7) The Division routinely approves administratively the downhole commingling of production from the Gallup (Mancos), Mesaverde and Dakota formations within the San Juan Basin.

(8) Recently, as a result of the entry of Division Order No. R-12984-B, dated August 15, 2012 entered in Case 14862, the Division has "pre-approved" the downhole commingling of production from the Basin-Mancos, Blanco-Mesaverde and Basin-Dakota Gas Pools within the entire San Juan Basin.

(9) In doing so, the Division has authorized the downhole commingling of Basin-Mancos, Blanco-Mesaverde and Basin-Dakota Gas Pools and exempted the operators from having to demonstrate: (a) marginal economic criteria, (b) compatibility criteria (c) pressure criteria, (d) cross-flow criteria, and (e) fluid sensitivity criteria.

(10) Currently, there is no exception to the notice requirements within these Township Units in the instances where the operator seeks approval to downhole commingle the Basin-Mancos Gas Pool with the Blanco-Mesaverde and/or Basin-Dakota Gas Pools.

(11) In support of its request to delete this notice requirement the Applicants appeared at the hearing through counsel and presented the following testimony:

(a) These Township Units are "divided" units with varying participating areas, the interest ownership between any zones to be downhole commingled within a given wellbore in these Township Units are not common;

(b) Pursuant to Division Rule 19.15.12.11.C(2) NMAC, which states the requirements for filing downhole commingling applications within "pre-approved" areas, applicants are currently required to notify all interest owners within the well when the ownership between the commingled zones is not common every time a Form C-103 is submitted to the Division. Due to the diverse ownership within these Township Units, this notice can involve as many as 221 different owners within a given wellbore; and

(c) Providing notice to each interest owner in these Township Units of subsequent downhole commingling is unnecessary and is an excessive burden to the Applicants.

(12) The deletion of the notice requirement will eliminate the burden on the Applicants of sending hundreds of notice packages to unit interest owners every time the Applicants seek approval to downhole commingle production from the Basin-Mancos Gas Pool with the Blanco-Mesaverde and/or Basin-Dakota Gas Pools.

(13) The Applicants seek the elimination of unnecessary notice whereby notice for downhole commingling of Basin-Mancos with Blanco-Mesaverde and/or Basin-Dakota Gas Pools within these Township Units will not be required to any owners (including royalty, overriding royalty or working interest owners) in instances where ownership is not common or percentages are not identical in the zones to be commingled.

(14) Approximately 1,800 notices of this application were sent to all interest owners, including working, royalty and overriding royalty interest owners within each of these Township Units.

(15) There were no objections filed and no party appeared at the hearing in opposition to the granting of this application.

(16) The proposed "Reference Case" should remove the repetitive notice requirement and encourage expedient completion of wells within these fourteen Township Units, and thereby prevent waste and protect correlative rights.

(17) This application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP, to establish a "Reference Case" to delete the notice requirement for downhole commingling of production from the Basin-Mancos with the Blanco-Mesaverde and/or Basin-Dakota Gas Pools within the following described fourteen (14) Township Units is hereby approved:

- a. Allison Unit - Order No. R-13106, dated 3/25/2009, entered in Case 14281;
- b. San Juan 27-4 Unit - Order No. R-12867, dated 1/03/2008, entered in Case 13989;
- c. San Juan 28-4 Unit - Order No. R-12865, dated 1/03/2008, entered in Case 13987;
- d. San Juan 28-6 Unit - Order No. R-10696, dated 11/12/1996, entered in Case 11628;
- e. San Juan 28-7 Unit - Order No. R-10476-B, dated 10/17/1997, entered in Case 11815;
- f. San Juan 29-5 Unit - Order No. R-10770, dated 2/21/1997, entered in Case 11708;
- g. San Juan 29-6 Unit - Order No. R-11187, dated 5/25/1999, entered in Case 12136;

- h. San Juan 29-7 Unit - Order No. R-10697, dated 11/08/1996, entered in Case 11629;
- i. San Juan 30-5 Unit - Order No. R-10771, dated 2/21/1997, entered in Case 11709;
- j. San Juan 30-6 Unit - Order No. R-12866, dated 1/03/2008, entered in Case 13988;
- k. San Juan 31-6 Unit - Order No. R-11188, dated 5/25/1999, entered in Case 12138;
- l. San Juan 32-7 Unit - Order No. R-11210, dated 6/21/1999, entered in Case 12137;
- m. San Juan 32-8 Unit - Order No. R-11189, dated 5/25/1999, entered in Case 12139; and
- n. San Juan 32-9 Unit—Order No. R-10692, dated 11/01/1996, entered in Case 11601.

(2) Henceforth, all applications to downhole commingle production from the Basin-Mancos Gas Pool with the Blanco-Mesaverde and/or Basin-Dakota Gas Pools within the above-described fourteen Township Units, shall be in accordance with the procedure set forth in Rule 19.15.12.11(C)(2) NMAC (Wells located in Pre-Approved pools or areas), provided however, that notice of such downhole commingling shall not be required to be provided to all interest owners within the wellbore to be commingled, even though the interest ownership between the zones to be commingled within that wellbore is not common.

(3) The above-described orders applicable to the fourteen Township Units are hereby amended by adding Ordering Paragraph (2) above to those orders.

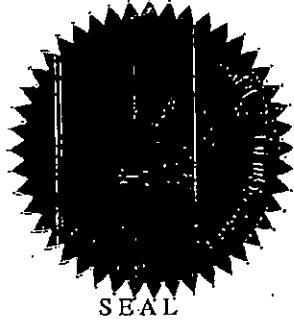
(4) All other Division provisions relating to application for downhole commingling are still in force and effect including notification to the Bureau of Land Management (BLM), and the State Land Office (SLO).

(5) The operator of these fourteen Township Units shall reference this Division Order on either Form C-107-A, or Form C-103, when applying to the Division for approval of downhole commingling of production from the Basin-Mancos, Blanco-Mesaverde, and the Basin-Dakota Gas Pools.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JAMI BAILEY
Director

Entered January 17, 1977
JGR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5813
Order No. R-5353

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO CONSIDER
THE ADOPTION OF GENERAL RULES AND REGULATIONS
GOVERNING ALL ASSOCIATED OIL AND GAS POOLS OF
SOUTHEAST AND NORTHWEST NEW MEXICO AND THE
ADOPTION OF SPECIAL RULES FOR CERTAIN ASSOCIATED
POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23, 1976,
at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 17th day of January, 1977, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the Commission has heretofore created and desig-
nated six pools in Northwest New Mexico and 15 pools in Southeast
New Mexico as "associated" oil and gas pools, being pools in which
a gas cap was found to overlie an oil zone.

(3) That in order to prevent waste and to protect correla-
tive rights, the Commission has heretofore promulgated special
rules and regulations for said associated oil and gas pools,
as follows:

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Northwest New Mexico

<u>POOL</u>	<u>COUNTY</u>	<u>ORDER NO.</u>
Angels Peak-Gallup	San Juan	R-1410-C
Devils Fork-Gallup	Rio Arriba	R-5181
Escrito-Gallup	Rio Arriba	R-1793-A
Gallegos-Gallup	San Juan	R-3707
Tapacito-Gallup	Rio Arriba	R-3211
Tocito Dome-Pennsylvanian "D"	San Juan	R-2758

Southeast New Mexico

<u>POOL</u>	<u>COUNTY</u>	<u>ORDER NO.</u>
Bluitt-San Andres	Roosevelt	R-1670-I
Southeast Chaves Queen Gas Area	Chaves	R-4435
South Dagger Draw-Upper Pennsylvanian	Eddy	R-4637
Double L-Queen	Chaves	R-3981-A
Jennings-Delaware	Lea	R-4359
Mesa-Queen	Lea	R-2935
North Paduca-Delaware	Lea	R-3437
Penasco Draw-San Andres-Yeso	Eddy	R-4365
Peterson-Pennsylvanian	Roosevelt	R-4538
Round Tank-Queen	Chaves	R-1670-J
Sawyer-San Andres	Lea	R-1517
Todd-Lower San Andres	Roosevelt	R-1670-G
		R-3153
Northwest Todd-San Andres	Roosevelt	R-4441
Twin Lakes-San Andres	Chaves	R-4102
Vest Ranch-Queen	Chaves	R-5180

(4) That the aforesaid special rules and regulations for the above-named associated oil and gas pools provide, among other things, for the definition of oil wells and gas wells, the size of oil spacing units and gas spacing units, standard well locations, gas-oil ratio limitations, well testing, and gas well allowables.

(5) That there is a wide variation in the various special pool rules applicable to the aforesaid associated pools, not only in substantive content and purpose, but also in format and general manner of presentation.

(6) That said variations have caused confusion and have resulted in unnecessary administrative burden to both the operators in said pools and the Commission.

(7) That the adoption of general rules applicable to all associated pools, with provision for certain special rules applicable to particular pools only, would tend to eliminate said confusion and would ease the administrative burden of both the operators in said pools and the Commission.

(8) That in order to more nearly equalize the time frame within which oil wells and gas wells in associated pools may produce their current allowable, thereby equalizing withdrawals from their respective portions of the associated reservoir, the general rules for associated pools should provide for a one-month proration period for gas wells, and oil wells should continue to be operated under the provisions of Rule 502 of the Commission General Rules and Regulations.

(9) That in order to provide a reasonable period of time for the production of the current allowable from a gas well in an associated pool, provision should be made in the general associated pool rules for underproduction from such well to be carried forward into subsequent proration periods, provided however, that such underproduction in excess of three times the current monthly allowable should not be carried forward, but should be cancelled.

(10) That in order to provide a reasonable period of time in which overproduction of current allowable by a gas well in an associated pool may be compensated for by underproduction, provision should be made in the general associated pool rules for such overproduction to be carried forward into subsequent proration periods, provided however, that any well which is overproduced by an amount exceeding three times its current monthly allowable should be shut in until such well is overproduced by an amount less than three times its current monthly allowable.

(11) That the volumetric gas allowable formulas applicable to the Bluit-San Andres Associated Pool and the Todd Lower-San Andres Associated Pool are no longer effective and should not be included in the special pool rules for said pools.

(12) That the inclusion of liquid gravity as a criterion in the classification of oil wells and gas wells in the Angels Peak-Gallup, Devils Fork-Gallup, Bluit-San Andres, Peterson-Pennsylvanian, and Todd-Lower San Andres Pools appears to serve no useful purpose, and should be discontinued.

(13) That the Jennings-Delaware Associated Pool and the North Paduca-Delaware Associated Pool, as heretofore created and defined, no longer fit the associated pool classification, and that said pools should be redefined as oil pools subject to the Commission General Rules and Regulations, and the Special Rules for said pools should be rescinded.

(14) That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5,000 to 1.

(15) That the existing special associated pool rules for the remaining 18 associated pools which provide for spacing of oil wells and gas wells, oil well and gas well locations, definition of oil wells and gas wells based on gas-liquid ratios, and special gas-oil ratio limitations, any of which are in conflict with the general rules and regulations for associated pools should be retained, but should be incorporated in one overall order applicable to associated oil and gas pools, and the orders presently applicable to said pools superseded.

(16) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well underproduction should be cancelled as of January 31, 1977.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to three times the current monthly allowable, upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and supersedure of the Special Pool Rules listed in Finding No. (3) above, and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico in accordance with the above findings will prevent waste and protect correlative rights, is in the public interest, and should be approved.

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IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of Northwest and Southeast New Mexico as follows:

GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED OIL AND GAS POOLS OF NORTHWEST NEW MEXICO AND SOUTHEAST NEW MEXICO.

(See Special Pool Rules for each pool for rules applicable to that particular pool. Special Pool Rules will be found in the same classification order as in the General Section. If the Special Rule is in conflict with the General Rule, the Special Rule shall be applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2. (a) See Special Pool Rules for applicable size of oil and gas spacing and proration units. Unless otherwise specified by the Special Pool Rules, 40-acre units shall comprise a governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys; 80-acre units shall comprise two contiguous quarter-quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 160-acre units shall comprise a governmental quarter section; and 320-acre units shall comprise two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 2. (b) Each well drilled or completed on a spacing and proration unit within an associated pool governed by these rules shall be located as provided below:

OIL WELLS AND GAS WELLS - NORTHWEST NEW MEXICO

Standard Proration Unit

40 Acres

Location Requirements

Not closer than 330 feet to the boundary of the tract

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80, 160 and 320 acres

Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

OIL WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit

Location Requirements

40 Acres

Not closer than 330 feet to the boundary of the tract

80 and 160 acres

Within 150 feet of the center of the quarter-quarter section wherein located

GAS WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit

Location Requirements

160 Acres

Within 150 feet of the center of the quarter-quarter section wherein located.

320 Acres

Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 2. (c) The Secretary-Director of the Commission shall have authority to grant an exception to the well location requirements of Rule 2(b) above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions or the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or where the size and shape of an approved non-standard spacing and proration unit render a standard location impossible.

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Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions.

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Secretary-Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 3. (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special rules for the pool in which it is situate.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special rules for the pool in which it is situate.

RULE 4. (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated

by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons.

(b) The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. (a) Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor

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of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

(b) The Secretary-Director of the Commission shall have authority to grant pool-wide exceptions to Rule 9(a) above, without notice and hearing upon a showing that production from wells within such pool has stabilized to the point where such tests would be of essentially no value for application of these general rules for associated pools.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-oil ratio for the pool.

E. GAS PRORATIONING

RULE 12. The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13. (a) Any associated gas well which has an under-produced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

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(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward but shall be cancelled. For purposes of this rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with Paragraphs (a) and (b) above.

RULE 14. Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount exceeding three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15. The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

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G. GENERAL PROVISIONS

RULE 19. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following associated pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup	Gallegos-Gallup
Devils Fork Gallup	Tapacito-Gallup
Escrito-Gallup	Tocito Dome-Pennsylvanian "D"

SOUTHEAST NEW MEXICO

Bluitt-San Andres	Penasco Draw-San Andres Yeso
Southeast Chaves Queen	Peterson-Pennsylvanian
Gas Area	Round Tank-Queen
South Dagger Draw-Upper	Sawyer-San Andres
Pennsylvanian	Todd-Lower San Andres
Double L-Queen	Twin Lakes-San Andres
Mesa Queen	Vest Ranch-Queen

(3) That effective February 1, 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools:

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SPECIAL RULES AND REGULATIONS
FOR THE
ANGELS PEAK-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
ESCRITO-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
GALLEGOS-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TAPACITO-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TOCITO DOME-PENNSYLVANIAN "D" ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of
the center of the quarter-quarter section.

Gas wells shall be located within 150 feet of
the center of the quarter-quarter section.

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RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 20,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 20,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
BLUITT-SAN ANDRES ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.

Gas wells shall be located not closer than 990 feet to the quarter section line nor closer than 330 feet to any quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHEAST-CHAVES QUEEN GAS AREA ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 320 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) All oil wells and gas wells shall be located not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any subdivision inner boundary.

RULE 6. The limiting gas-oil ratio shall be 8,000 cubic feet of gas for each barrel of oil produced.

RULE 22. The special depth bracket allowable for an oil well on a 320-acre tract shall be 267 barrels of oil per day.

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SPECIAL RULES AND REGULATIONS
FOR THE
DOUBLE L-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
MESA-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330
feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 330
feet to the outer boundary of the quarter-quarter section.

RULE 6. The limiting gas-oil ratio shall be 5,000 cubic
feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
PENASCO DRAW SAN ANDRES-YESO POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located no closer than 330
feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located within 150 feet
of the center of the quarter-quarter section.

RULE 5. A well shall be classified as a gas well if it
has a gas-liquid ratio of 10,000 or more cubic feet of gas per
barrel of liquid hydrocarbons. A well shall be classified as an
oil well if it has a gas-liquid ratio of less than 10,000 cubic
feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
PETERSON-PENNSYLVANIAN POOL

RULE 2. (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

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RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 25,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 25,000 cubic feet of gas per barrel of liquid hydrocarbons.

RULE 6. The limiting gas-oil ratio shall be 4,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
ROUND TANK QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 6. The limiting gas-oil ratio shall be 6,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
SAWYER-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of more than 25,000 cubic feet of gas per barrel of liquid hydrocarbons. All other wells producing from the Sawyer-San Andres Pool shall be classified as oil wells.

SPECIAL RULES AND REGULATIONS
FOR THE
TODD-LOWER SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 200 feet of the center of the quarter-quarter section.

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Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
TWIN LAKES-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH-QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

(3) That effective February 1, 1977, the following orders, as amended, which apply to the aforementioned associated pools, are hereby superseded:

R-1410-C	R-1670-I	R-1670-J
R-5181	R-4435	R-1517
R-1793-A	R-4637	R-1670-G
R-3707	R-3981-A	R-3153
R-3211	R-2935	R-4102
R-2758	R-4365	R-5180
	R-4538	

(4) That the Jennings-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-4359 is hereby rescinded, effective February 1, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective February 1, 1977.

(6) That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-5353.

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(7) That effective January 31, 1977, all underproduction accrued to gas wells in the associated pools affected by this order is hereby cancelled.

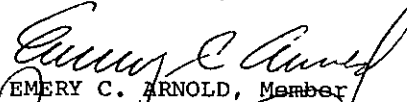
(8) That the Secretary-Director of the Commission is hereby authorized to reinstate any well's accrued underproduction cancelled effective January 31, 1977, provided that such reinstated underproduction shall not exceed three times the well's current monthly allowable and provided further that the application for reinstatement of such underproduction shall contain evidence that the affected well is capable of producing such underproduction and that said application is received by the Secretary-Director not later than April 1, 1977.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/

Davis, Lynn A

From: Nelson, Garry D
Sent: Monday, June 17, 2013 8:33 AM
To: Rypma, Jay M.; Schmidt, Lynda I; Ahrendt, Jason A.; Gormley, Karen Z; Wells, Valerie; Davis, Lynn A; Miller, Rebekah E.; Sleuth, Arlene C.; Stuard, Robert M.; Thompson, Don R; White, Sheila K; Redington, Ruby E; Henkle, Jan E; Bruzco, Lourys M; Blankenship, Michelle D.; McWilliams, Krista (Diamond Derrick Engineering); Chapman, David; Maxwell, Mary Alice; Richardson, Catlain (Diamond Derrick Engineering); Tally, Ethel; Scott, Yvonne S; Sustakoski, Ryan J; Dutko, Jessie E; Hamilton, Paul G; Crocker, Chris S; Hursig, Allan; Lim, Judy
Subject: Authorization Approved - SAN JUAN 28-6 UNIT 232 (Facilities) WAN.RFE.CEH3.43 (Original)

The referenced Authorization has Final Internal Approval:

Project Title: SAN JUAN 28-6 UNIT 232 (Facilities)
Authorization Number: WAN.RFE.CEH3.43 (Original)
Operator: BURLINGTON RESOURCES OIL & GAS COMPANY LP
State: NM
County: RIO ARRIBA
Approved By: Nelson, Garry D
Approved On: 6/17/2013 8:33:07 AM
Approval Comments: []

Follow this link to view the Authorization:

<http://upapps.conocophillips.net/L48AuthorizationRequest/Authorization.aspx?AuthorizationKey=WAN.RFE.CEH3.43&RevisionNumber=0&long=true>