



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 9, 1997

RECEIVED
SEP 12 1997

OIL CON. DIV.
DIST. 3

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-4500
Attention: Jerry W. Hoover

Administrative Order NSL-3865

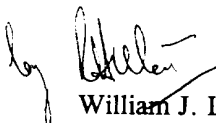
Dear Mr. Hoover:

Reference is made to your application dated September 8, 1997, which was received by the Division in Santa Fe on September 9, 1997, for an unorthodox gas well location for both the Blanco-Mesaverde and Basin-Dakota Pools for the existing San Juan "28-7" Unit Well No. 111 (API No. 30-039-20991) located 2320 feet from the South line and 1060 feet from the West line (Unit L) of Section 20, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. The W/2 of said Section 20, being a standard 320-acre gas spacing and proration unit in both the Basin-Dakota and Blanco-Mesaverde Pools, is to be dedicated to said well.

It is our understanding that Conoco Inc. intends to downhole commingle both the Blanco-Mesaverde and Basin-Dakota Pools in said well under authority of Division Administrative Order DHC-1545, dated May 2, 1997.

By the authority granted me under the provisions of Rule 2(d) of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool", as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox Dakota/Mesaverde gas well location for the San Juan "28-7" Unit Well No. 111 is hereby approved.

Sincerely,

by  Deputy Director
William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
U. S. Bureau of Reclamation - Durango, Colorado
W. Thomas Kellahin, Counsel - Santa Fe
Dave Wacker, Conoco, Inc. - Midland, Texas
File: DHC-1545



Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

September 8, 1997

Mr. Michael Stogner
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

RECEIVED
SEP 11 1997
OIL CON. DIV.
DIST. 3

Re: Administrative Application for Non-Standard Location
for Mesaverde and Dakota Gas Production from
the San Juan 28-7 Unit Well No. 111 located at
2320' FSL & 1060' FWL, Sec. 20, T -27N, R-7W,
Rio Arriba County, New Mexico

Dear Mr. Stogner:

The attached EXHIBIT 1 is a 9-section plat showing San Juan 28-7 Well No. 111, its spacing unit, all surrounding Mesaverde and Dakota completions, and Conoco as the only offset operator. Conoco assumed operation of this well about two years ago from AMOCO. The well was originally drilled by El Paso Natural Gas company. This well has previously produced only in the Dakota, but Conoco is not proposing to recomplete to the Mesaverde and downhole commingle the well in both zones.

While the well was drilled and completed at this non-standard location in 1979, a search through the well files, that were passed on to Conoco when we assumed operation, did not reveal any record of OCD approval of the non-standard location. I have attached several exhibits showing the only records we have regarding the drilling and completion of the well.

I called Ernie Busch of the Aztec OCD Office and requested that he do a search of their records on this well to determine if approval had been sought or received by El Paso. Mr. Busch found no such records in his files either and suggested that we apply for non-standard approval for the previously unapproved Dakota completion simultaneously with our application for approval of the location for the proposed new Mesaverde completion. Neither Mr. Busch nor Conoco can document why the original location either needed to be non-standard or why it was drilled and produced all these years without approval of the location.

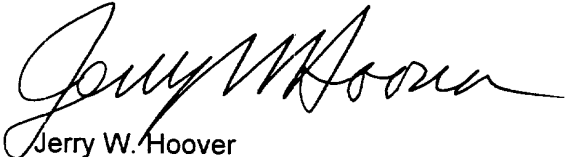
EXHIBIT 2 includes the only documents we have from El Paso's Application for Permit to Drill including a C-102 which obviously showed the location to be nonstandard since it is only 320 feet from the quarter section line instead of the required 790' setback for the Basin Dakota Pool. Also included in the APD was a topo map showing the location and proposed roads and pipelines. However, this topo map does not appear to shed any light on why the location was located North of the standard drilling window.

EXHIBIT 3 is a copy (unsigned) of the BLM's approval to drill the well and EXHIBIT 4 is a copy of their approval of the Dakota completion. EXHIBIT 4 is an approved copy of Conoco's proposal to recomple to the Mesaverde and EXHIBIT 5 is an approved copy of Conoco's proposal to downhole commingle the Mesaverde and Dakota in this well.

Conoco has proposed an economically viable plan for putting this shut-in Dakota completion back on production and extending the life of this well by recompleting to the Mesaverde and subsequently downhole commingling both zones. Additional Dakota and the untapped Mesaverde reserves in this spacing unit can only be economically recovered through downhole commingling them in an existing wellbore. Dakota production is down to 28 MCFGPD and a new drill cannot be justified for the existing Mesaverde reserves.

Therefore, approval is requested of this non-standard location for both Dakota and Mesaverde production. The well is within the Conoco-operated San Juan 28-7 Unit, so there are no other offset operators. Approval of this application will prevent waste and will not impair any correlative rights associated with this spacing unit nor offset units. All other required approvals have been received for the recompletion and downhole commingling of this well to extend its life and recovery.

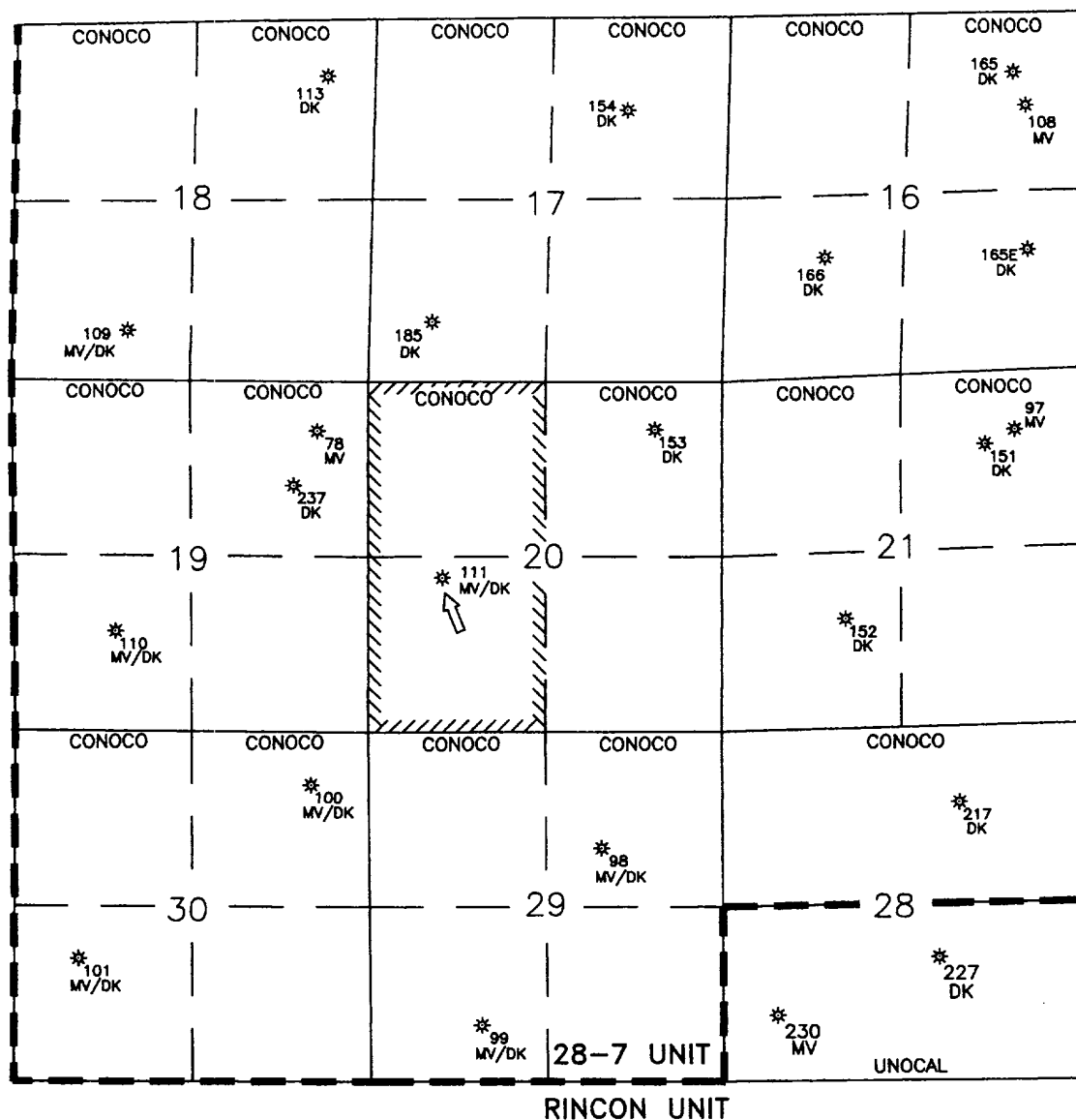
Very truly yours,

A handwritten signature in black ink, appearing to read "Jerry W. Hoover". The signature is fluid and cursive, with the first name "Jerry" being more prominent than the last name "Hoover".

Jerry W. Hoover
Sr. Conservation Coordinator

cc: Ernie Busch, Aztec OCD Office

R 7 W



T
27
N

**SAN JUAN 28-7 UNIT
RIO ARRIBA CO., N.M.**

NOTES		<div> <div>conoco</div> <div>EPNGNA MIDLAND DIVISION</div> </div>		
CONOCO OPERATES ALL MESAVERDE AND DAKOTA WELLS WITHIN THE 28-7 UNIT. MAP SHOWS ONLY MESAVERDE AND DAKOTA WELLS	DATE: 9-05-97	<div> <div>SAN JUAN 28-7 UNIT, WELL NO. 111</div> <div>MESAVERDE & DAKOTA WELLS</div> <div>RIO ARRIBA COUNTY NEW MEXICO</div> </div>		
	DRAWN BY: GLG			
	CHECKED BY:			
	APPROVED BY:			
<div>EXHIBIT 1</div>	SCALE: 1" = 2640'	<div>STATE API COUNTY</div> <div>30 \ 039</div>		<div>DRAWING</div> <div>28-7_111</div>
	STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003	CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705		

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 03521	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR El Paso Natural Gas Company		7. UNIT AGREEMENT NAME San Juan 28-7 Unit	
3. ADDRESS OF OPERATOR PO Box 990, Farmington, NM 87401		8. FAEM OR LEASE NAME San Juan 28-7 Unit	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 2320'S, 1060'W At proposed prod. zone		9. WELL NO. 111	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		10. FIELD AND POOL, OR WILDCAT Basin Dakota	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 20, T-27-N, R-7-W NMIPM	
16. NO. OF ACRES IN LEASE		12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320.00		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 7526'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6587'GL		22. APPROX. DATE WORK WILL START*	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24.0#	200'	175 cu. ft. to circulate
7 7/8"	4 1/2"	10.5#&11.6#	7526'	980 cu. ft. - 3 stages

Production Casing Cement:

- 1st stage - 310 cu. ft. to cover the Gallup formation.
- 2nd stage - 310 cu. ft. to cover the Mesa Verde formation.
- 3rd stage - 360 cu. ft. to cover the Pictured Cliffs formation.

Selectively perforate and sandwater fracture the Dakota formation.

The West/2 of Section 20 is dedicated to this well.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED J. Raymond TITLE Drilling Clerk DATE July 31, 1974
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

APPROVED

Carl approval 8/2/74 by A. F. Wilbrand

*See Instructions On Reverse Side

EXHIBIT 2

NEW MEXICO OIL CONSERVATION COMMISSION
LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-129
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

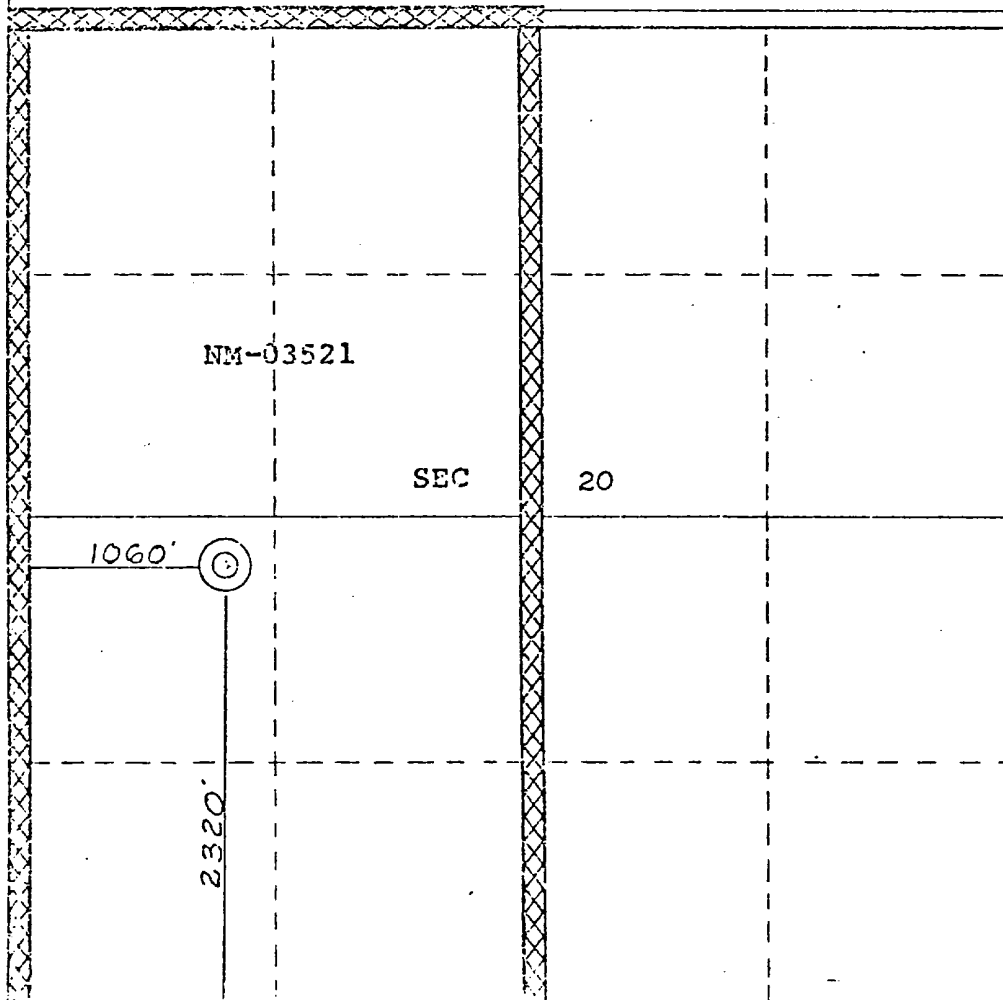
Operator EL PASO NATURAL GAS COMPANY		Lease SAN JUAN 28-7 UNIT (NM-03521)		Well No. 111
Unit Letter L	Section 20	Township 27 NORTH	Range 7 WEST	County RIO ARriba
Actual Well Location of Well:				
2320 feet from the SOUTH line and		1060 feet from the WEST line		
Ground Level Elev. 6587	Producing Formation DAKOTA	Pool BASIN DAKOTA	Dedicated Acreage: 320.00 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

John M. Day
Name
Drilling Clerk
Position

El Paso Natural Gas Co.
Company

July 31, 1974
Date

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
29 May 1974

James P. Loefer
Registered Professional Engineer
Name
James P. Loefer

Position

El Paso Natural Gas Company

El Paso, Texas 79918

July 31, 1974

ADDRESS REPLY TO
POST OFFICE BOX 990
FARMINGTON, NEW MEXICO 87401

Mr. Jerry Long
U. S. Geological Survey
Post Office Box 1809
Durango, Colorado 81301

Re: Application for Permit to Drill
San Juan 28-7 Unit #111
SW/4 Section 20, T-27-N, R-7-W
Basin Dakota

Dear Mr. Long:

Details regarding existing roads, pipelines, wells, etc. relative to the above well location are included on the previously submitted base maps, "Field Road Map" and "Composite Map No. 1".

The proposed new well location, new roads and new pipeline are shown on the attached plat along with connecting existing roads and pipelines in the vicinity of the proposed new well.

Water for drilling and completion operations will be obtained from the following location: a water well located in the NE/4 of Section 15, T-27-N, R-7-W.

Waste material will be disposed of by burial in the burn pit, latrine, or reserve pit as applicable. There will be no camp nor air strip associated with drilling this well. Upon completion or abandonment of this well, the location will be cleaned and leveled and a dry hole marker placed, if applicable.

Yours very truly,

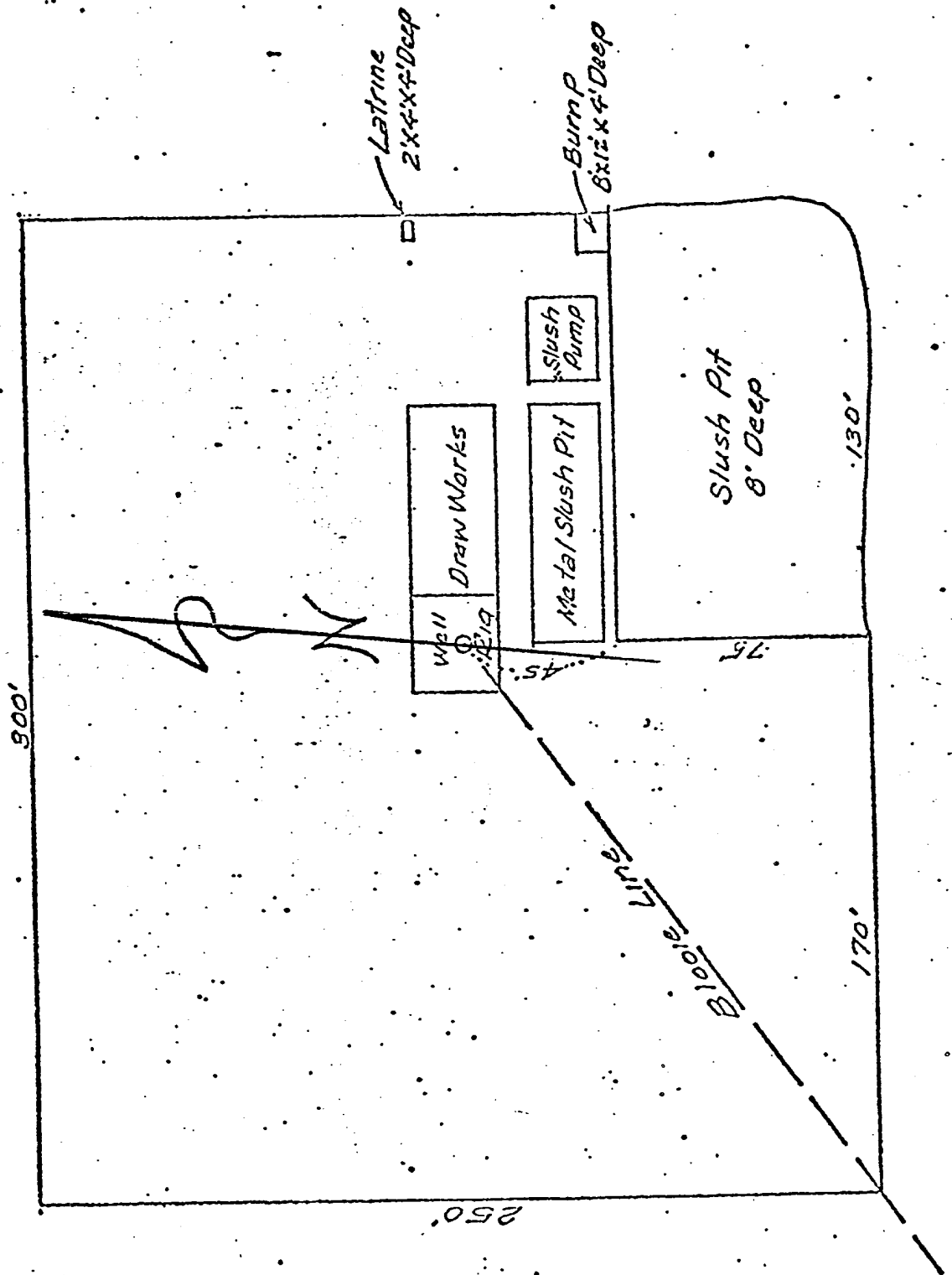


D. G. Brisco
Drilling Clerk

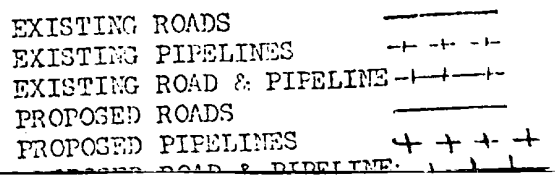
pb

100-103355
174
U.S. GEOLOGICAL SURVEY
FARMINGTON, NEW MEXICO

SAN JUAN 28-7 UNIT No. 111



27
n





United States Department of the Interior

IN REPLY REFER T

BUREAU OF LAND MANAGEMENT

3100

Farmington RAH
P. O. Box 568
Farmington, New Mexico
87401

August 6, 1974

Mr. Jerry Long
U. S. Geological Survey
P. O. Box 1809
Durango, Colorado 81301

Dear Mr. Long:

We recommend approval of the following Applications for Permit to Drill, provided the attached stipulations become part of the permits:

San Juan 27-4, No. 106, T. 27 N., R. 4 W., Section 19: NW $\frac{1}{4}$ SE $\frac{1}{4}$
San Juan 28-6, No. 199, T. 27 N., R. 6 W., Section 24: NW $\frac{1}{4}$ SE $\frac{1}{4}$
San Juan 28-6, No. 201, T. 27 N., R. 6 W., Section 25: NW $\frac{1}{4}$ SE $\frac{1}{4}$
San Juan 28-7, No. 231, T. 28 N., R. 7 W., Section 16: SW $\frac{1}{4}$ NW $\frac{1}{4}$
✓ San Juan 28-7, No. 111, T. 27 N., R. 7 W., Section 20: NW $\frac{1}{4}$ SW $\frac{1}{4}$
San Juan 28-7, No. 228, T. 27 N., R. 7 W., Section 8: NE $\frac{1}{4}$ SW $\frac{1}{4}$
San Juan 28-7, No. 229, T. 28 N., R. 7 W., Section 32: SW $\frac{1}{4}$ SE $\frac{1}{4}$

Thank you for your cooperation.

Sincerely yours,

Phil Kirk
Area Manager

Enclosures

EXHIBIT 3

Phil

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 05521	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> Other <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR El Paso Natural Gas		7. UNIT AGREEMENT NAME S.J. 28-7 Unit	
3. ADDRESS OF OPERATOR Box 289, Farmington, New Mexico		8. FARM OR LEASE NAME S.J. 28-7 Unit	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 2320' S, 1060' W At top prod. interval reported below At total depth		9. WELL NO. 111	
14. PERMIT NO. C-1019		10. FIELD AND POOL, OR WILDCAT Basin Dakota	
DATE ISSUED		11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA Sec. 20, T-27-N, R-7-W, N M PM	
15. DATE SPUDDED 9-9-78		12. COUNTY OR PARISH Rio Arriba	
16. DATE T.D. REACHED 10-1-78		13. STATE New Mexico	
17. DATE COMPL. (Ready to prod.) 6-1-79		19. ELEV. CASING HEAD	
18. ELEVATIONS (DF, REB, RT, GR, ETC.)* 6587' G.I.		20. TOTAL DEPTH, MD & TVD 7534'	
21. PLUG BACK T.D., MD & TVD 7519'		22. IF MULTIPLE COMPLET., HOW MANY*	
23. INTERVALS DRILLED BY ROTARY TOOLS CABLE TOOLS		24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 7293 - 7492' (Dakota)	
25. WAS DIRECTIONAL SURVEY MADE NO		26. TYPE ELECTRIC AND OTHER LOGS RUN ILL. FDC-GR. Temp survey	
27. WAS WELL CORED NO		28. CASING RECORD (Report all strings set in well)	
29. LINER RECORD		30. TUBING RECORD	
31. PERFORATION RECORD (Interval, size and number) 7293, 7359, 7373, 7403, 7408, 7426, 7431, 7438, 7454, 7470, 7492' w/ 1 SPZ.		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. DEPTH INTERVAL (MD) 7293 - 7492 AMOUNT AND KIND OF MATERIAL USED 68,000# sand & 73,000 gal. water	
33. PRODUCTION DATE FIRST PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) After frac gauge 602 MCF / D WELL STATUS (Producing or shut-in) Shut In		34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY H. McDaniels	
35. LIST OF ATTACHMENTS		36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records	
SIGNED <u>D. G. Quico</u>		TITLE <u>Drilling Clerk</u>	
DATE <u>7/10/79</u>		DATE <u>7/10/79</u>	

*(See Instructions and Spaces for Additional Data on Reverse Side)

EXHIBIT 4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.

NM 03521

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

San Juan Unit 28-7

8. Well Name and No.

111

9. API Well No.

30-039-20991

10. Field and Pool, or Exploratory Area

Mesaverde

11. County or Parish, State

Rio Arriba, NM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

CONOCO INC.

3. Address and Telephone No.

10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5424

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

2320' FSL, 1060' FWL, Sec. 20, T27N, R7W

CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Repon
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☒ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracuring
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Repon results of multiple completions Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

It is proposed to recomplete this well to the Mesaverde by the following procedure:

1. Set CIBP at 5600' to isolate Dakota perforations.
2. Perforate Point Lookout from 5215' - 5551', 25 total holes, and frac.
3. Drill out CIBP, clean out well to PBTD and put on production.

Application for Down Hole Commingling of Mesaverde and Dakota has previously been submitted.

NMOC approval is required for the unorthodox location.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

RECEIVED
BLM
97 MAY 22 PM 2:29
070 FARMINGTON, NM

14. I hereby certify that the foregoing is true and correct

Signed

Jerry W. Hoover

Title

Jerry W. Hoover
Sr. Conservation Coordinator

Date

5/13/97

(This space for Federal or State Office use)

Approved by

Robert G. Baker

Title

Pet. Engineer

Date

MAY 27 1997

Conditions of approval if any:

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 C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-20991		2 Pool Code 72319		3 Pool Name Mesaverde	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number 111
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6587

10 Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	27N	7W		2320	S	1060	W	Rio Arriba

11 Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0		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**

16	
NM 03521	
Sec. 20	
1060'	2320'
RECEIVED MAY 22 PM 2:29 SLM	

17 OPERATOR CERTIFICATION

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

Jerry W. Hoover
Signature

Jerry W. Hoover
Printed Name
Sr. Cons. Coordinator, Conoco Inc.
Title

5/13/97
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1545

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Mr. Jerry W. Hoover

*San Juan 28-7 Unit No. 111
API No. ~~30-039-20991~~ 4
Unit L, Section 20 Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) Gas Pools*

Dear Mr. Hoover:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas production from the Basin-Dakota Gas Pool shall be determined utilizing the monthly production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

Administrative Order DHC-1545

Conoco Inc.

May 2, 1997


Page 2

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 2nd day of May, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

By  Deputy Director

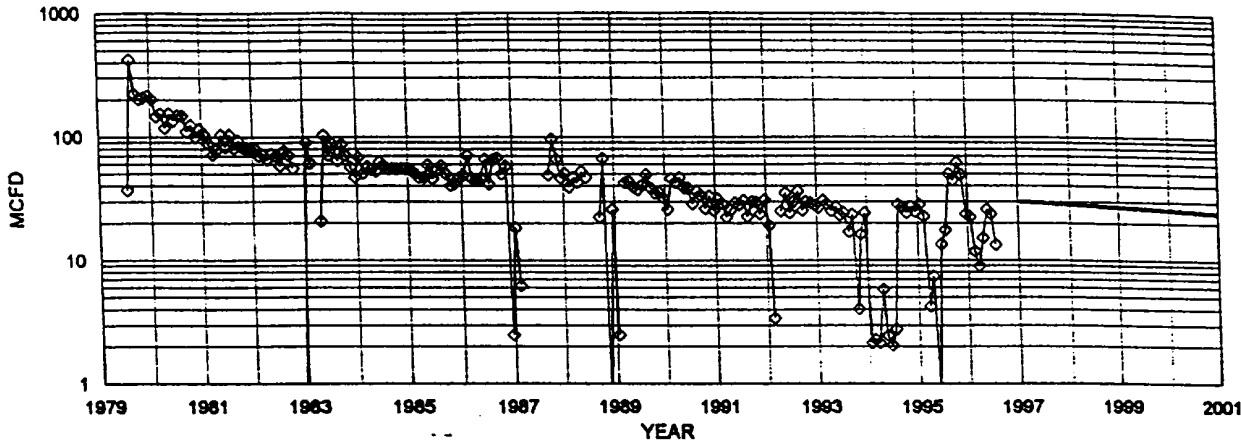
WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington

SAN JUAN 28-7 UNIT NO. 111 DAKOTA PRODUCTION
SECTION 20L-27N-07W



⊕ DAKOTA MCFD — FIT MCFD

DAKOTA HISTORICAL DATA: 1ST PROD: 7/79

OIL CUM: 3.30 MBO

GAS CUM: 313.2 MMAC

CUM OIL YIELD **0.0105 BBL/MCF**

OIL YIELD: 0.0156 BBL/MCF, LAST 3 YRS

AVG. USED: 0.0130 BBL/MCF

DAKOTA PROJECTED DATA

1/1/97 Q1: 30 MCFD

DECLINE RATE: 5.0% (EXPONENTIAL

	MID-YEAR	MID-YEAR
YEAR	AVG. MCFD	AVG. BOPD
1996	29	0.4
1997	28	0.4
1998	26	0.3
1999	25	0.3
2000	24	0.3
2001	23	0.3
2002	22	0.3
2003	20	0.3
2004	19	0.3
2005	18	0.2
2006	18	0.2
2007	17	0.2
2008	16	0.2
2009	15	0.2
2010	14	0.2
2011	14	0.2
2012	13	0.2
2013	12	0.2
2014	12	0.2
2015	11	0.1
2016	10	0.1
2017	10	0.1

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMBINGLE ALLOCATION