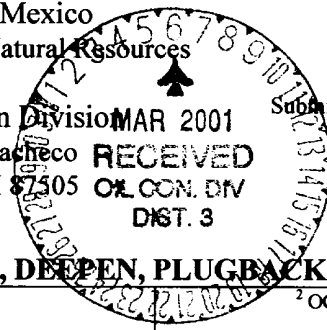


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505



Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Conoco Inc., 10 Desta Drive, Suite 649W, Midland, TX 79705		² OGRID Number 005073
		³ API Number 30 - 039-26688
³ Property Code 016608	⁵ Property Name San Juan 28-7	⁶ Well No. 130E

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	2	27N	7W		2200'	North	1900'	West	Rio Arriba

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

⁹ Proposed Pool 1 Mesaverde	¹⁰ Proposed Pool 2 Dakota
---	---

¹¹ Work Type Code N -	¹² Well Type Code #9 -	¹³ Cable/Rotary R -	¹⁴ Lease Type Code S -	¹⁵ Ground Level Elevation 6140'
¹⁶ Multiple Yes -	¹⁷ Proposed Depth 7260' -	¹⁸ Formation Mesaverde/Dakota	¹⁹ Contractor	²⁰ Spud Date 3/17/01

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	J-55#, 9 5/8"	36#	285'	141	Surface -
8 3/4"	J-55, 7"	20#	3300'	527	Surface -
6 1/4"	J-55, 4 1/2"	10.5#	7260' -	320	TOC @ 2300' -

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

- Well Location and Acreage Dedication Plat (C-102)
- Proposed Well Plan Outline
- Cementing Program
- BOP/Choke Diagram

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Kimberly Southall*

Printed name: Kimberly Southall

Title: Analyst

Date: 02/15/01

Phone: 915/686-5565

OIL CONSERVATION DIVISION

Approved by:

[Signature]

Title: DEPUTY OIL & GAS INSPECTOR, DIST. 3

Approval Date: MAR - 6 2001

Expiration Date: MAR - 6 2002

Conditions of Approval:

Attached

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer 00, Artesia, NM 88211-0719

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-26688		² Pool Code 72319 / 71599		³ Pool Name BLANCO MESAVERDE / BASIN DAKOTA	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 UNIT			⁶ Well Number 130E
⁷ GRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation 6140

¹⁰ Surface Location

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	2	27N	7W		2200	NORTH	1900	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 318.96 Acres - W/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-111-39-A- Effective Date 2/12/01
---	-------------------------------	----------------------------------	--

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

<p>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>JoAnn Johnson</i> Signature JoAnn Johnson Printed Name Sr. Property Analyst Title 12-15-00 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 6, 2000 Date of Survey Signature and Seal NEALE C. EDWARDS NEW MEXICO 6857 Certificate No. PROFESSIONAL SURVEYOR 6857</p>

**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. 12556
ORDER NO. R-11139-A**

APPLICATION OF CONOCO INC. TO AMEND DIVISION ORDER NO. R-11139, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 7, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of February, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) By Order No. R-11139 entered in Case No. 12122 on February 18, 1999, the Division authorized Conoco Inc. ("Conoco") to conduct an 80-acre pilot infill drilling program within its San Juan 28-7 Unit, located in portions of Townships 27 & 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, by drilling six wells, located at standard and non-standard gas well locations, within six existing Basin-Dakota Gas Pool gas proration units ("GPU's").
- (3) Division Order No. R-11139 further stipulated that the pilot infill drilling program be limited to the initial six wells.
- (4) The applicant, Conoco, seeks:
 - (a) to expand the pilot infill drilling program by drilling the following-described additional nine wells, eight of which are located at non-standard well locations for the Basin-Dakota Gas Pool:

Case No. 12556
Order No. R-11139-A
Page 2

Well Name

Well Location

Standard Well Location

San Juan 28-7 Unit No. 189M 700' FNL & 1255' FWL, Unit D, 35-T28N-R7W

Unorthodox Well Locations

San Juan 28-7 Unit No. 131E	2305' FSL & 2485' FWL, Unit K, 34-T28N-R7W
San Juan 28-7 Unit No. 225F	740' FNL & 2170' FEL, Unit B, 34-T28N-R7W
San Juan 28-7 Unit No. 190F	250' FSL & 2300' FEL, Unit O, 27-T28N-R7W (Bottomhole Location)
San Juan 28-7 Unit No. 189F	2460' FNL & 2280' FEL, Unit G, 35-T28N-R7W
San Juan 28-7 Unit No. 133G	2170' FSL & 320' FWL, Unit L, 35-T28N-R7W
San Juan 28-7 Unit No. 133F	295' FSL & 2390' FEL, Unit O, 35-T28N-R7W
San Juan 28-7 Unit No. 130E	2200' FNL & 1900' FWL, Unit F, 2-T27N-R7W
San Juan 28-7 Unit No. 181F	2200' FSL & 1400' FWL, Unit K, 3-T27N-R7W

- (b) authorization to expand the pilot infill drilling project by drilling additional infill wells within the San Juan 28-7 Unit at orthodox and unorthodox locations provided that: i) no more than two wells shall be drilled on each quarter section within a standard 320-acre GPU; and ii) such wells are located no closer than 660 feet to the outer boundary of the San Juan 28-7 Unit nor closer than 10 feet to any outer boundary of the quarter section on which the well is located;
- (c) to establish a ½-mile "buffer zone" within the outer boundary of the San Juan 28-7 Unit within which standard well density for the Basin-Dakota Gas Pool shall apply in order to protect the correlative rights of offset operators; and
- (d) to include within the "buffer zone" non-participating unit acreage within the Dakota formation comprising all of Sections 18 and 21, Township 27 North, Range 7 West.

Formation comprising all of Sections 18 and 21

Case No. 12556
Order No. R-11139-A
Page 3

(5) Burlington Resources Oil & Gas Company and the United States Bureau of Land Management appeared at the hearing generally in support of the application.

(6) The applicant presented various data obtained from the drilling of the six initial infill wells. The results were summarized by Conoco as follows:

- (a) pressure data was acquired in each well by layer;
- (b) differential depletion was observed. Modest depletion was observed in the "Two Wells" and "Upper Cubero" layers and little depletion was observed in the "Lower Cubero" layer;
- (c) production results were generally encouraging;
- (d) logs/core data suggest reservoir heterogeneity; and
- (e) the data acquired was utilized to refine the initial reservoir model.

(7) Conoco testified that the objective of the proposed expansion is to acquire additional data to further calibrate the reservoir model.

(8) The proposed unorthodox gas well locations are necessitated by a combination of topographic, engineering and geologic factors.

(9) Conoco provided notice in this case to all working interest owners within the San Juan 28-7 Unit.

(10) No interest owner appeared at the hearing in opposition to the application.

(11) The geologic and engineering evidence presented demonstrate that the proposed expansion of the pilot infill drilling project within the San Juan 28-7 Unit will allow the applicant the opportunity to gather additional geologic and engineering data to determine proper well density in this portion of the Basin-Dakota Gas Pool, will allow the recovery of additional gas reserves from the San Juan 28-7 Unit area that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(12) During the process of drilling, completing and producing the wells, Conoco should acquire additional geologic and engineering data that may be necessary to

Case No. 12556
Order No. R-11139-A
Page 4

ultimately determine the proper well density in this portion of the Basin-Dakota Gas Pool.

(13) Further expansion of the pilot project by drilling additional infill wells at orthodox or unorthodox gas well locations may be approved by the Division Director only after notice and hearing.

(14) A ½-mile "buffer zone" should be established within the outer boundary of the San Juan 28-7 Unit area. In addition, this "buffer zone" should include all of Sections 18 and 21, Township 27 North, Range 7 West. Within the "buffer zone," standard well density for the Basin-Dakota Gas Pool should apply.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Conoco Inc., is hereby authorized to expand its pilot infill drilling program within the San Juan 28-7 Unit, located in portions of Townships 27 & 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, by drilling the following-described additional nine wells, eight of which are located at non-standard well locations for the Basin-Dakota Gas Pool, also hereby approved:

Well Name

Well Location

Standard Well Location

San Juan 28-7 Unit No. 189M 700' FNL & 1255' FWL, Unit D, 35-T28N-R7W

Unorthodox Well Locations

San Juan 28-7 Unit No. 131E	2305' FSL & 2485' FWL, Unit K, 34-T28N-R7W
San Juan 28-7 Unit No. 225F	740' FNL & 2170' FEL, Unit B, 34-T28N-R7W
San Juan 28-7 Unit No. 190F	250' FSL & 2300' FEL, Unit O, 27-T28N-R7W (Bottomhole Location)
San Juan 28-7 Unit No. 189F	2460' FNL & 2280' FEL, Unit G, 35-T28N-R7W
San Juan 28-7 Unit No. 133G	2170' FSL & 320' FWL, Unit L, 35-T28N-R7W
San Juan 28-7 Unit No. 133F	295' FSL & 2390' FEL, Unit O, 35-T28N-R7W
San Juan 28-7 Unit No. 130E	2200' FNL & 1900' FWL, Unit F, 2-T27N-R7W
San Juan 28-7 Unit No. 181F	2200' FSL & 1400' FWL, Unit K, 3-T27N-R7W

(2) A ½-mile "buffer zone" is hereby established within the outer boundary of the San Juan 28-7 Unit area. In addition, this "buffer zone" shall include all of Sections 18 and 21, Township 27 North, Range 7 West. Within the "buffer zone," standard well density for the Basin-Dakota Gas Pool shall apply.

Case No. 12556
Order No. R-11139-A
Page 5

(3) Further expansion of the pilot project by drilling additional infill wells at orthodox or unorthodox gas well locations may be approved by the Division Director only after notice and hearing.

(4) During the process of drilling, completing and producing the wells, Conoco shall acquire additional geologic and engineering data that may be necessary to ultimately determine the proper well density in this portion of the Basin-Dakota Gas Pool.

(5) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

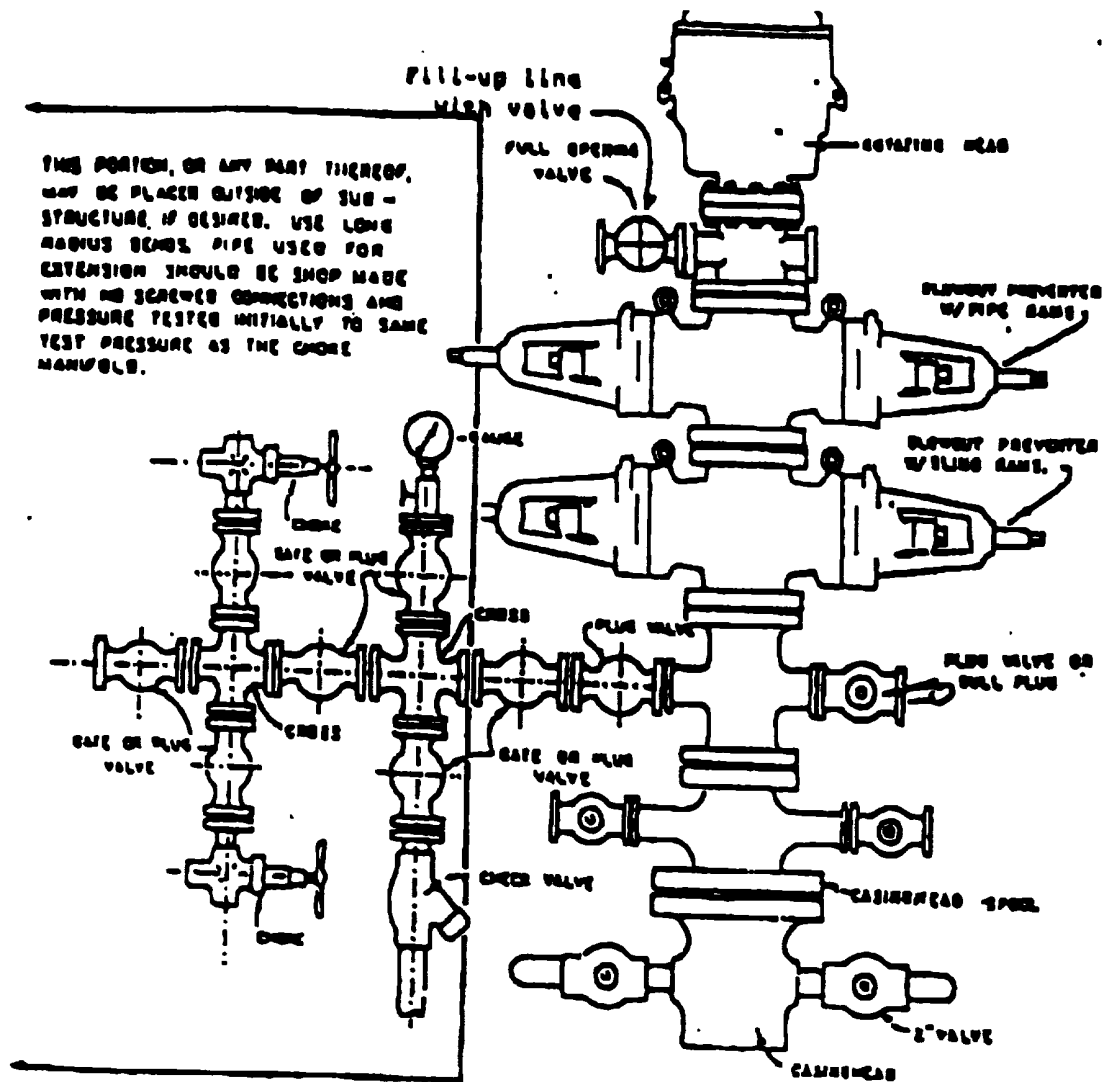
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery
LORI WROTENBERY
Director



THIS PORTION, OR ANY PART THEREOF, MAY BE PLACED OUTSIDE OF SUB-STRUCTURE, IF DESIRED. USE LONG RADIUS BENDS. PIPE USED FOR EXTENSION SHOULD BE SHOP MADE WITH NO SCREWED CONNECTIONS AND PRESSURE TESTED INITIALLY TO SAME TEST PRESSURE AS THE CHOKER MANIFOLD.

BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basing supply 3000 psi equipment, but cannot provide annular preventors because of sub-structure limitations. Maximum anticipated surface pressures for this well will not exceed the working pressure of the proposed BOP system. Please see the attached BOP diagram details 2000 psi equipment according to Onshore Order No. 2 even though the delation of the annular preventor and fulfills your requirements (note diagram No. 1). In addition, the following equipment will comprise the 2000 psi system:

1. Two rams with one blind and one pipe ram.
2. Kill line (2 inch maximum).
3. One kill line valve.
4. One choke line valve.
5. Two chokes (reference diagram No. 1).
6. Upper kelly cock valve with handle.
7. Safety valve and subs to fit all drill strings in use.
8. Two-inch minium choke line.
9. Pressure gauge on choke manifold.
10. Fill-up line above the upper most preventor.
11. Rotating head.