DISTRICT III

9 O Box 1080 Hopes NM 58241-1983

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A New 3-12-98 APPROVAL PROCESS: __ Administrative __ Hearing EXISTING WELLBORE

<u>DISTRIÇT II</u> 811 South First St., Artesia, NM 88210-2835

1060 Rio Brazos Rd - Aztec NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

__YES X_NO

CONOCO, INC.	P O BOX 2197 HOUSTON, TX 77252			
STATE COM 0		16 29N 8W SA	AN JUAN	
Spacing Unit Lease Tyces Check 1 or more OGRID NO. 005073 Property Code 003275 API NO. 30-045-29748 Federal				
The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone	
Pool Name and Pool Code	BLANCO MESAVERDE 72319		BASIN DAKOTA 71599	
Top and Bottom of Pay Section (Perforations)	4665' - 5432' (MD) ASSUME KB=6425'	891077	7323' - 7563' (MD) ASSUME KB=6425'	
Type of production (Oil or Gas)	GAS EXPECTED	400	GAS EXPECTED	
Method of Production (Flowing or Artificial Lift)	FLOWING INITIALLY	Art 2000	FLOWING INITIALLY	
Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current	a. (Current) EST. 500 PSI	a. 66 6 6 7 8 9	a. EST. 900-1000 PSI*	
Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) EST. 1,230 PSI	00000	b. EST. 2,800 PSI	
6. Oil Gravity (° API) or Gas BTU Content	1,280		1,128	
7. Producing or Shut-In?	TO BE COMPLETED		TO BE COMPLETED	
Production Marginal? (yes or no)	YES		YES	
If Shut-In, give date and oil/gas/ water rates of last production. Note: For new zones with no production history.	Date Rales	Date: Rates:	Date Rates	
applicant shall be recurred to attach production estimates and supporting data. If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date Rates EST. IP 600-800MCFD	Date: Rales:	Date Rates EST. IP 450-650MCFD	
Fixed Percentage Allocation Formula -% for each zone	Allocate by test OH Gas %	Oil: Gas. %	Allocate by test	
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? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling? Yes X No				
11. Will cross-flow occur? X_YesNo _ 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_YesNo _ (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. 15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). 				
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 avaiable, attach explanation.) For zones with no production history, estimated production rates and supporting data. Data to support allocation method or formula. Notification list all offset operators. Notification list of all working, overriding, and royalty interests for uncommon interest cases. Any additional statements, data, or documents required to support commingling				
*Average BHP for the area I hereby certify that the information above is true and complete to the best of my knowledge and belief.				
SIGNATURE Libral Markey TITLE REGULATORY ANALYSTDATE 04/06/2000				
TYPE OR PRINT NAME DEBORA	AH MARBERRY	TELEPHONE NO (