

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241 1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II

811 South First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:
 Administrative Hearing

DISTRICT III

1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Conoco Inc. 10 Desta Dr Ste 100W, Midland, Tx. 79705-4500
Address

Stewart A COM #2M Section 32, T-30-N, R-10-W, D San Juan
Lease Well No Unit Ltr Sec Twp Rge County

OGRID NO 005073 Property Code API NO Spacing Unit Lease Types (check 1 or more)
Federal State (and/or) Fee

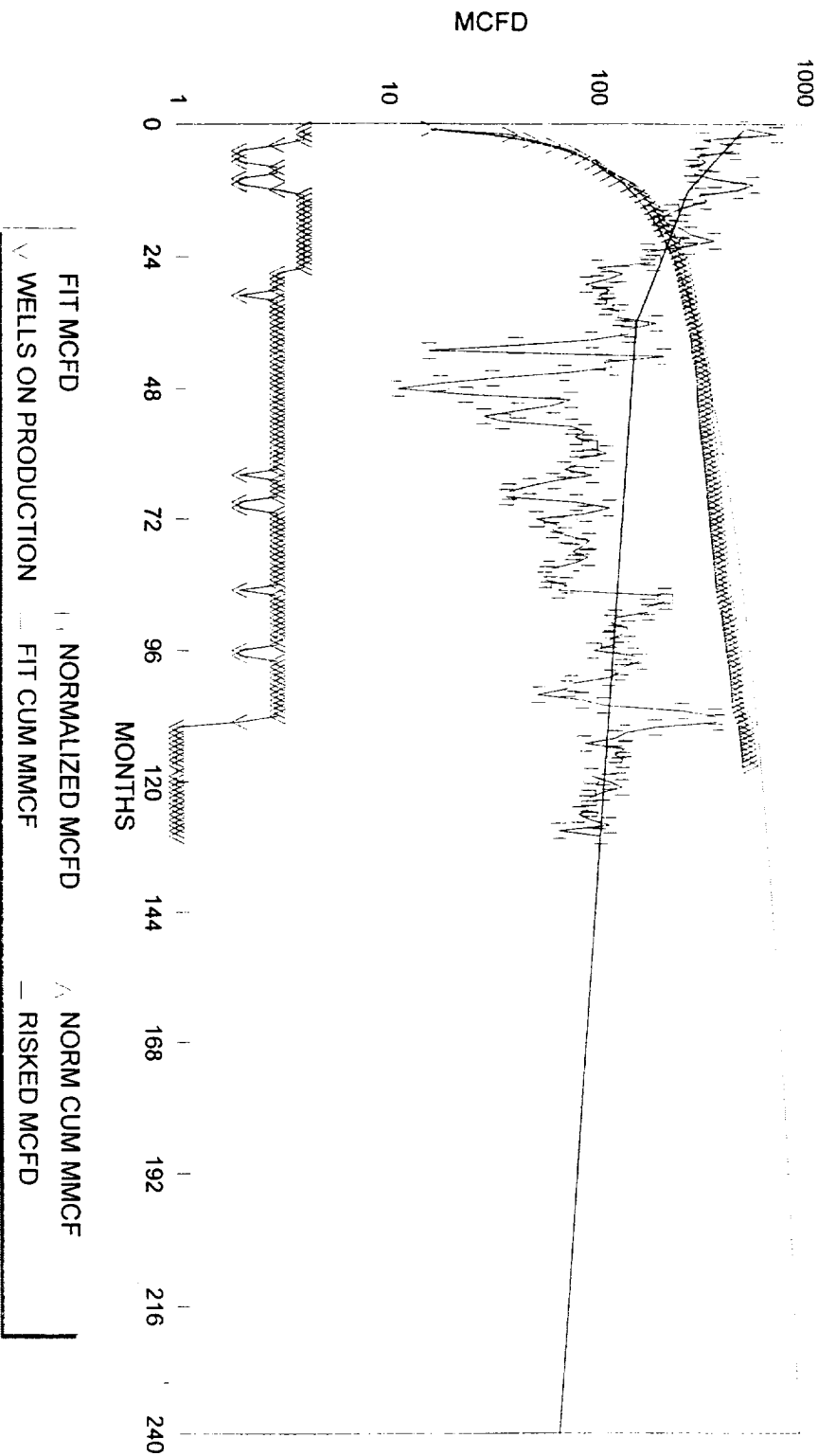
The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1 Pool Name and Pool Code	Blanco Mesaverde 72319		Basin Dakota 71599
2 TOP and Bottom of Pay Section (Perforations)	4270-4970'		6845-6945'
3 Type of production (Oil or Gas)	Gas		Gas
4 Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5 Bottomhole Pressure	a (Current) 608		767
Oil Zones - Artificial Lift Gas & Oil - Flowing All Gas Zones Estimated Current Measured Current Estimated Or Measured Original	b (Original) 1228	b	b 2491
6 Oil Gravity ("API) or Gas BT Content	1200 EST		1200 EST
7 Producing or Shut-in?	To Be Completed		To Be Completed
Production Marginal? (yes or no)	No		Yes
- If Shut-In give date and oil/gas/water rates of last production <small>Note: For new zones with no production history applicant should be required to attach production estimates and supporting data.</small>	Date Rates	Date Rates	Date Rates
- If Producing, date and oil/gas/water rates of recent test (within 60 days)	To be supplied upon completion	Date Rates	To be supplied upon completion
8 Fixed Percentage Allocation Formula - % of each zone	% Gas %	% Gas %	% Gas %

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 No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? 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. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each others Yes No
13. Will the value of production be decreased by commingling? Yes 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. Yes No
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 available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of all offset operators.
 - Notification list of working, overriding and royalty interests for uncommon interest cases.
 - 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 Kay Maddox TITLE Regulatory Agent DATE 6/4/98
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

NORMALIZED MESAVERDE PRODUCTION
4 WELLS SINCE 1980, OFFSET TO SECTION 36-30N-11W



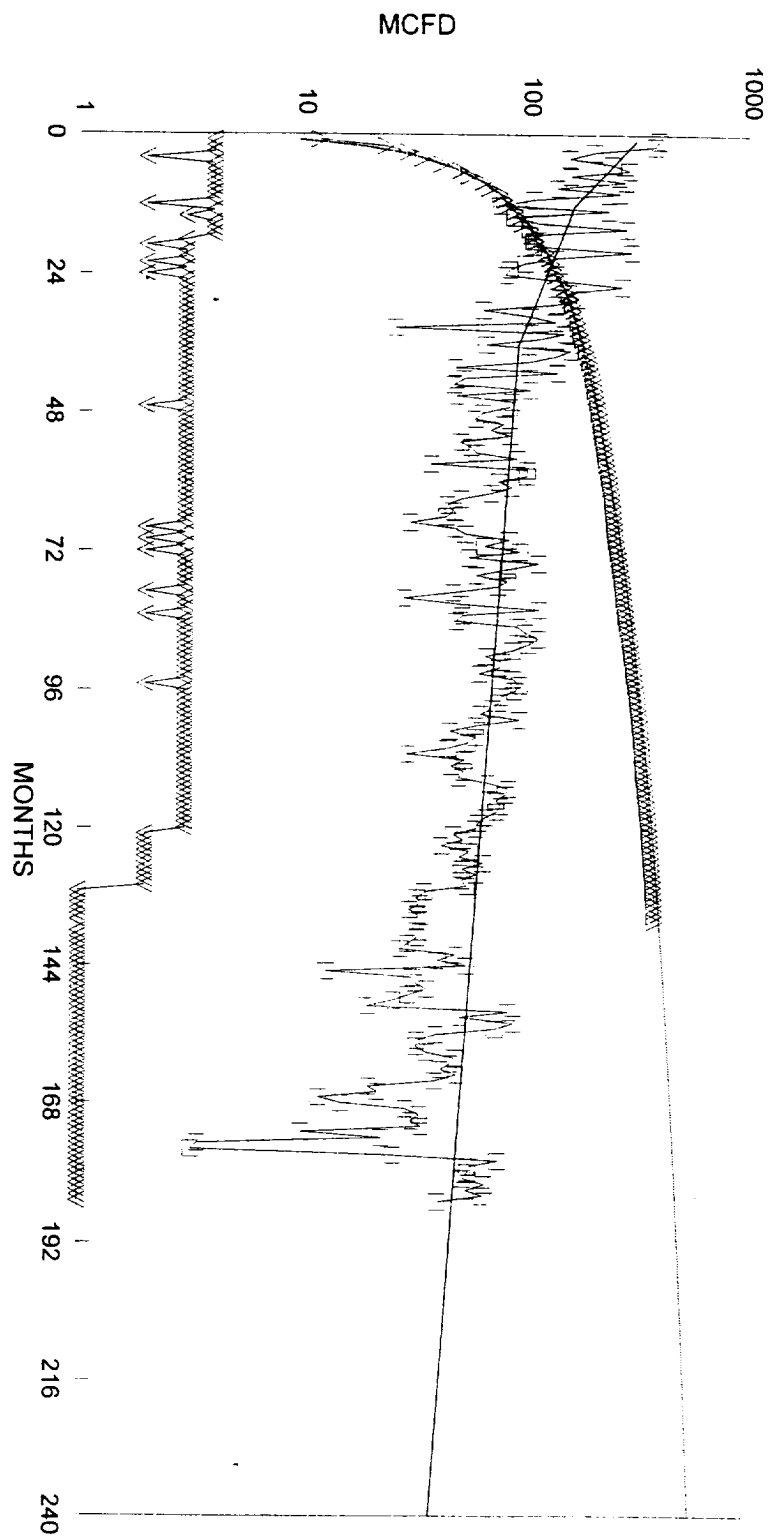
NORMALIZED AVG:
 1220 MMCF EUR
 940 MMCF IN 20 YRS
 25 MCFD E.L.
 0.0021 bbl/mcf oil yield

RISKED AVG:
 550 MCFD IP
 50% DECLINE, 1ST 12 MONTHS
 25% DECLINE, NEXT 24 MONTHS
 5.0% FINAL DECLINE

NORMALIZED AVG:
 1220 MMCF EUR
 940 MMCF IN 20 YRS
 25 MCFD E.L.
 0.0021 bbl/mcf oil yield

RISKED AVG:
 0% RISK
 550 MCFD IP
 50.0% DECLINE, 1ST 12 MONTHS
 25.0% DECLINE, NEXT 24 MONTHS
 5.0% FINAL DECLINE

NORMALIZED DAKOTA PRODUCTION
4 WELLS SINCE 1980; OFFSET TO SECTION 36-30N-11W



FIT MCFD NORMALIZED MCFD NORM CUM MMCF
 WELLS ON PRODUCTION FIT CUM MMCF RISKED MCFD

NORMALIZED AVG:
 648 MMCF EUR
 555 MMCF IN 20 YRS
 25 MCFD E.L.
 0.0050 bbl/mcf oil yield

325 MCFD IP
 50% DECLINE, 1ST 12 MONTHS
 25% DECLINE, NEXT 24 MONTHS
 5.0% FINAL DECLINE

RISKED AVG: **0% RISK**
 648 MMCF EUR
 555 MMCF IN 20 YRS
 25 MCFD E.L.
 0.0050 bbl/mcf oil yield

325 MCFD IP
 50.0% DECLINE, 1ST 12 MONTHS
 25.0% DECLINE, NEXT 24 MONTHS
 5.0% FINAL DECLINE

Worksheet 11
P.O. Drawer 200, Artesia, NM 88211-0200

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

Worksheet 11
P.O. Box 2088, Santa Fe, NM 87504-2088

Worksheet 11
P.O. Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code		*Pool Name	
		72319 / 71599		BLANCO MESAVERDE / BASIN DAKOTA	
*Property Code		*Property Name			*Well Number
		STEWART A COM			2M
*OSRID No.		*Operator Name			*Elevation
005073		CONOCO, INC.			6014'

¹⁰ Surface Location

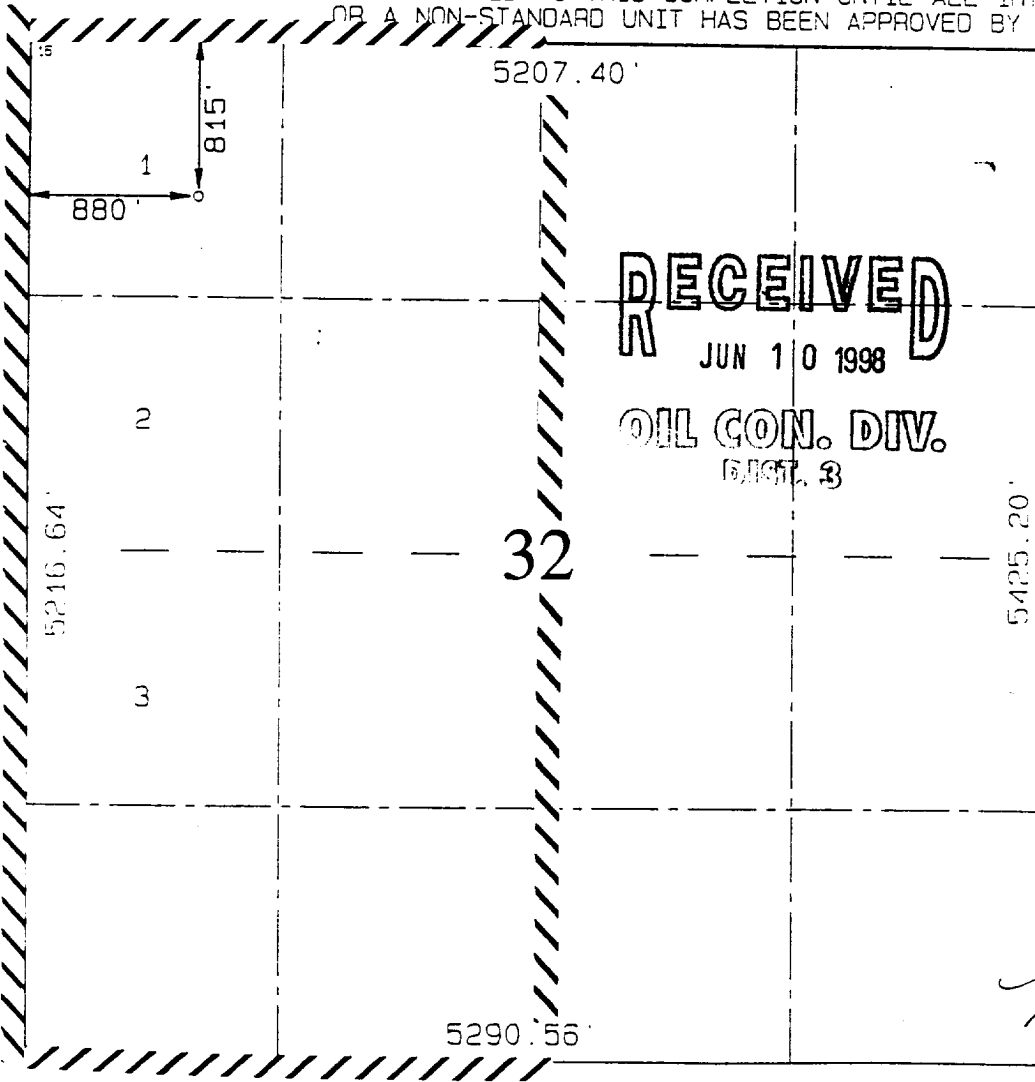
UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
D	32	30N	10W		815	NORTH	880	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres				¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.	
320									

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



¹⁷ OPERATOR CERTIFICATION

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

Mike L. Mankin
Signature
Mike L. Mankin
Printed Name
Right-Of-Way Agent
Title
3-3-98
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.

FEBRUARY 13, 1998
Date of Survey

Signature and Seal of Professional Surveyor
Neale C. Edwards
NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR
Certificate Number

Stewart A COM # 2M
Section 32, T-30-N, R-10-W, D
San Juan County, New Mexico

RE: Downhole Commingle C-107A
Mesaverde & Dakota

Offset Operators:

Burlington Resources
PO Box 4289
Farmington, New Mexico 87499

Amoco
PO Box 800
Denver, CO 80226

Merrion Oil & Gas
610 Reilly Ave
Farmington, New Mexico 87401-2634

Dugan Production Co.
PO Box 420
Farmington, New Mexico 87499-0420

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
CMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN			1. LEASE DESIGNATION AND SERIAL NO SF 078205	
1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			2. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			3. UNIT AGREEMENT NAME	
3. NAME OF OPERATOR Conoco Inc.			4. FARM OR LEASE NAME WELL NO STEWART A COM #2M	
4. ADDRESS AND TELEPHONE NO 10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500 915-686-5794			5. API WELL NO	
5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *) At surface 815' FNL & 880' FWL			6. FIELD AND POOL, OR WILDCAT Blanco MV / Basin Dakota	
At proposed prod. zone 815' FNL & 880' FWL			7. SEC. T. R. M. OR BLK. AND SURVEY OR AREA Sec. 32, T30N, R10W	
6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*			8. COUNTY OR PARISH San Juan	9. STATE NM
7. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if Any)	16. NO OF ACRES IN LEASE	17. NO OF ACRES ASSIGNED TO THIS WELL 320		
8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH 7340'	20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc) 6014' GR			22. APPROX. DATE WORK WILL START* 4/15/98	

23. PROPOSED CASING AND CEMENTING PROGRAM

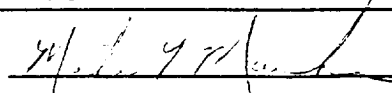
SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55, 9-5/8"	36#	250'	135 sxs, circ.
8-3/4"	K-55, 7"	23#	2744'	335 sxs, circ.
6-1/4"	K-55, 4-1/2"	9.5#	7040'	470 sxs, toc @ 2600'

It is proposed to drill a vertical wellbore to the Blanco Mesaverde and Basin Dakota Pools. NOS was filed 2/21/98. The well will be drilled and equipped according to the following additional attachments:

1. Well Location & Acreage Dedication Plat (C-102).
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan with Production Facility Layout.
6. Pipeline survey plat.

This application includes ROW's for the well pad, access road and pipeline.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen 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.

SIGNED  TITLE Mike L. Mankin
Right-of-Way Agent DATE March 3, 1998

(This space for Federal or State office use)

PERMIT NO _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

***See Instructions On Reverse Side**

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Stewart A Com #2M
Section 32, T-30-N, R-10-W,D
San Juan County, New Mexico

RE: Downhole Commingle Application C-107A

Interest Owners:

Thommas Brown
1536 S State ST #235
Hemet, CA 92543-7621

Minerals Mgt Service
Onshore Federal # 17555
PO Box 5810
Denver, CO 80217-5810

Neward Corporation
500 Throckmorton Street
Suite 2805
Fort Worth, TX 76102-3815

Phillips Production Company
5525 Highway 64
Farmington, New Mexico 87401

Dugan Production Company
PO Box 420
Farmington, New Mexico 87499

Williams Production Company
PO Box 3102 MS 37-3
One Williams Center
Tulsa, OK 74101-3102

State Of New Mexico
Commisioner of Public Lands
Oil & Gas
PO Box 2308
Santa Fe, NM 87504

Chase Oil Corporation
PO Box 276
Artesia, NM 88211-0276

Fred S. Reynolds
C/O Neward Corporation
500 Throckmorton St,
STE 2805
Fort Worth, TX 76102-3815

Fred N. Reynolds
C/O Neward Corporation
500 Throckmorton St
STE 2805
Fort Worth, TX 76102-3815

Please find attached evidence that the above listed parties have been notified of this Downhole Commingle (C-107A) Application by certified mail on this the 8th day of June 1998.

P 497 374 131

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	State of Nm of Public Lands
Street & Number	PO BOX 2308
Post Office, State & ZIP Code	SANTA FE, NM 87504

P 497 374 130

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Williams Prod. Co.
Street & Number	PO BOX 3102 MS 37-3
Post Office, State & ZIP Code	USA, OK 74101-3102

P 497 374 128

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Phillips Prod. Co.
Street & Number	5525 Hwy 64
Post Office, State & ZIP Code	Farmington, Nm 87401
Postage	\$

P 497 374 129

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Dugan Prod. Co.
Street & Number	PO BOX 420
Post Office, State & ZIP Code	Farmington, Nm 87499
Postage	\$

P 497 374 127

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Leeward Corporation
Street & Number	500 Throckmorton St. STE 2805
Post Office, State & ZIP Code	Fert Worth, Tx 76102-3815
Postage	\$

P 497 374 126

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Minerals Mgt. Service
Street & Number	PO BOX 5810
Post Office, State & ZIP Code	Denver, CO 80217-5810
Postage	\$

P 497 374 124

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Thomas Brown
Street & Number	1536 S. State St. #235
Post Office, State & ZIP Code	Hemet, CA 92543-7621

P 497 374 132

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Chase Oil Corp.
Street & Number	PO BOX 276
Post Office, State & ZIP Code	Ytesia, Nm 88211-0276
Postage	\$
Certified Fee	
Special Delivery Fee	

P 497 374 133

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Fred S. Reynolds
Street & Number	500 Throckmorton St. STE 2805
Post Office, State & ZIP Code	Fert Worth, TX 76102-3815
Postage	\$
Certified Fee	
Special Delivery Fee	

P 497 374 134

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Fred N. Reynolds
Street & Number	500 Throckmorton St. STE 2805
Post Office, State & ZIP Code	Fert Worth, TX 76102-3815
Postage	\$
Certified Fee	
Special Delivery Fee	