

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

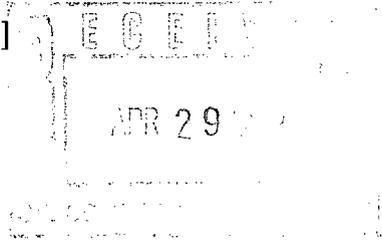
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ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Directional Drilling

- NSL NSP DD SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

- DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- WFX PMX SWD IPI EOR PPR

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Kay Maddox *Kay Maddox* Regulatory Agent 4/24/98
Print or Type Name Signature Title Date

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 I 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

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

Lease Jicarilla K Well No # 16 E Unit Ltr Sec Twp Rge Section 12, T-25-N, R-5-W, A County Rio Arriba

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)	5229-5590'		7257-7487'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	To Flow		To Flow
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a (Current) 562	a.	a. 950
	b(Original) 1321	b.	b. 2810
6. Oil Gravity (°API) or Gas BT Content	1260		1248
7. Producing or Shut-in?	To be Completed		To be Completed
Production Marginal? (yes or no) • If Shut-In give date and oil/gas/water rates of last production Note For new zones with no production history applicant should be required to attach production estimates and supporting data • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Yes (expected)		Yes (expected)
	Date Rates	Date Rates:	Date Rates
	Date Rates Anticipated 1st Yr Average 126 MCFD, 3, 5 BOPD	Date Rates	Date Rates Anticipated 1st Yr Average 221 MCFD, 3.3 BOPD
8. Fixed Percentage Allocation Formula - % or each zone	oil: % Gas %	oil: % Gas %	oil: % 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 4/24/98

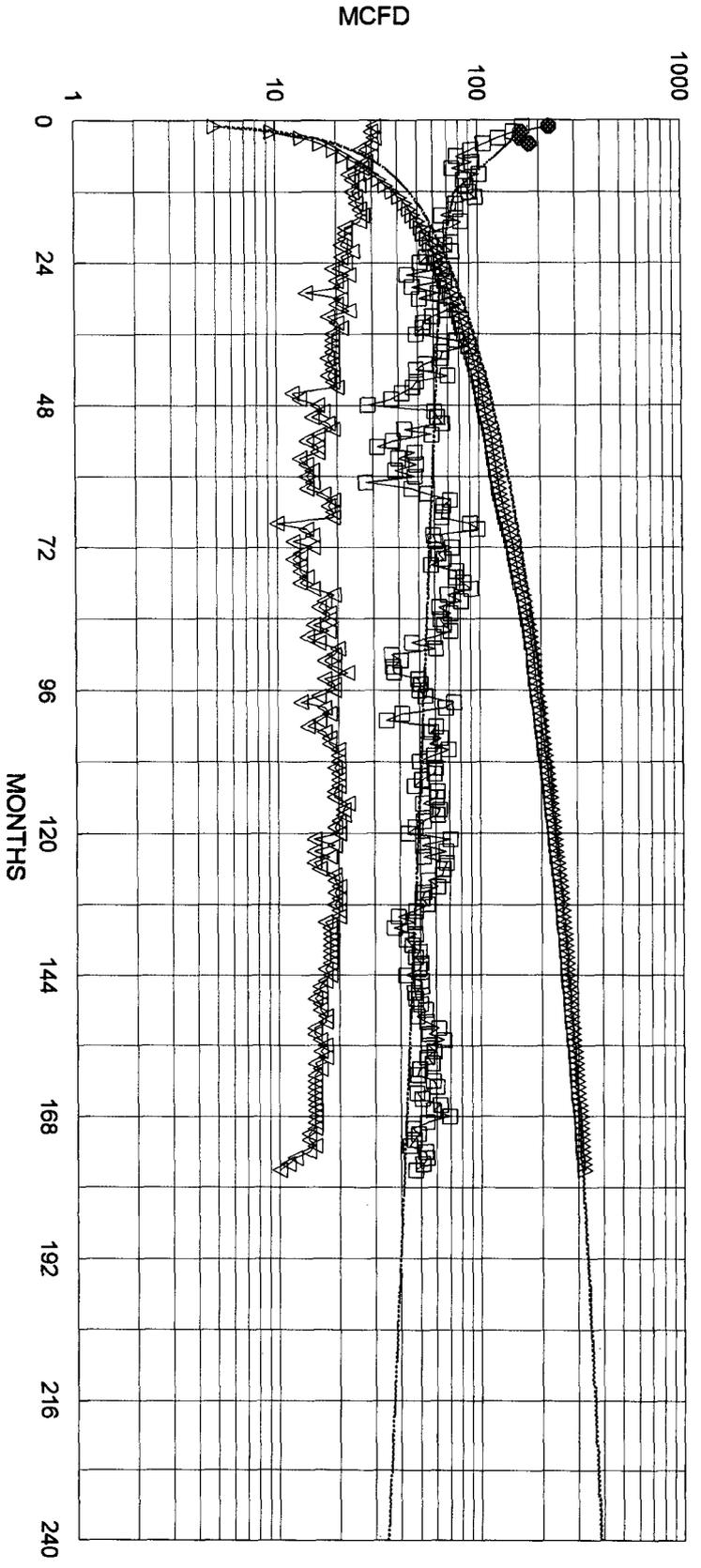
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

APPLICATION FOR DOWNHOLE COMMINGLING

Jicarilla K 16E, Unit Letter A, Section 12-T25N-R5W
Rio Arriba County, New Mexico

As shown in the attached production plot for offsets to the Jicarilla K 16E, estimated ultimate recoveries and initial production rates from infill wells to the Dakota and Mesaverde formations are clearly marginal in this area. Mesaverde estimated recoveries in particular do not justify drilling stand alone wells (389 MMCF recovery in 20 years, 536 MMCF ultimate recovery). Futhermore, production plots from each zone indicate a similar decline profile and a fixed allocation formula can be utilized. Upon completion, both zones will be tested and stabilized flow rates will be used to allocate production from each zone. This procedure is common practice in Conoco's 28-7 Unit and reference is made to Order R-10476-B as it applies to downhole commingling of marginal zones and the allocation of production between such zones.

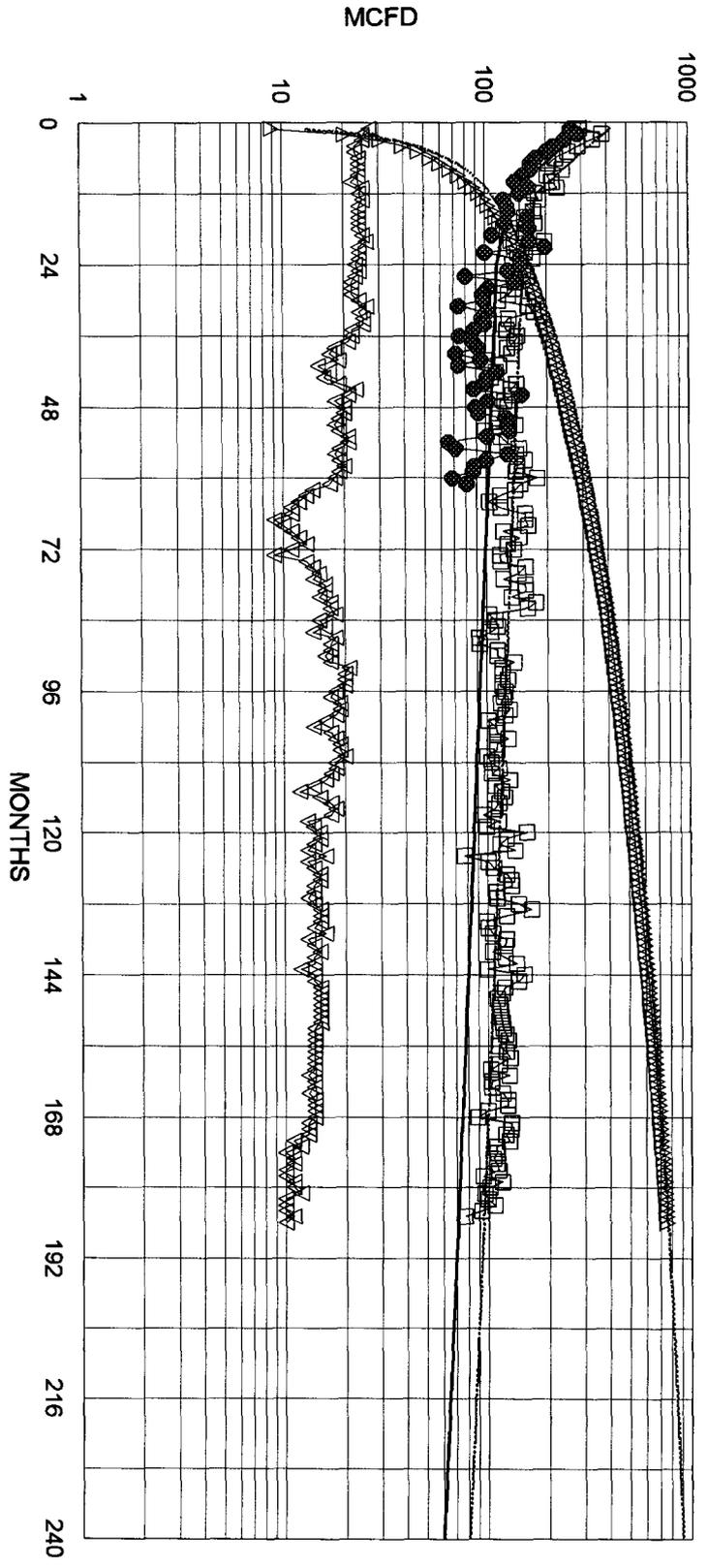
NORMALIZED MESAVERDE PRODUCTION
 31 WELLS SINCE 1980; OFFSET TO JICARILLA K LEASE; SE 26N 5W AND NE 25N 05W



— FIT MCFD ▢ NORMALIZED MCFD ▲ NORM CUM MMCF
 - - - WELLS ON PRODUCTION ···· FIT CUM MMCF ● 6 NEW 1997 RECOMPLETIONS

NORMALIZED AVERAGE PER WELL & EXPECTED NEW WELL AVG. 536 MMCF EUR 389 MMCF IN 20 YRS 20 MCFD E.L. 0.0278 bbl/mcf oil yield		192 MCFD IP 60% DECLINE, 1ST 12 MONTHS 15% DECLINE, NEXT 12 MONTHS 3.5% FINAL DECLINE		NEW RECOMPLETIONS IN 1997: JICARILLA K 10 1D-25N-5W JICARILLA K 10E 1K-25N-5W JICARILLA K 11 2E-25N-5W JICARILLA K 11E 2B-25N-5W JICARILLA K 15 1I-25N-5W JICARILLA K 15E 1A-25N-5W	
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NORMALIZED DAKOTA PRODUCTION
 27 WELLS SINCE 1980; 16 SECTIONS SURROUNDING JIC. K LEASE (SEC 1,2,11,&12; 25N-05W)



— FIT MCFD □ NORMALIZED MCFD ▲ NORM CUM MMCF ♁ WELLS ON PRODUCTION
 FIT CUM MMCF — RISKED MCFD ◆ 4 WELLS SINCE 1992

NORMALIZED AVG PER WELL: 1531 MMCF EUR 913 MMCF IN 20 YRS 20 MCFD E.L. 0.0149 bbl/mcf oil yield		450 MCFD IP 60% DECLINE, 1ST 12 MONTHS 15% DECLINE, NEXT 12 MONTHS 3.5% FINAL DECLINE		RISKED AVG: 25% RISK (EXPECTED NEW COMPLETION AVERAGE) 1097 MMCF EUR 338 MCFD IP 684 MMCF IN 20 YR 60.0% DECLINE, 1ST 12 MONTHS 20 MCFD E.L. 15.0% DECLINE, NEXT 12 MONTHS 0.0149 bbl/mcf oil yield 3.5% FINAL DECLINE	
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**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO CONT 145	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> TENDER ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME JICARILLA	
2. NAME OF OPERATOR Conoco Inc.		7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO 10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500 915-686-5794		8. FARM OR LEASE NAME WELL NO JICARILLA K #16E	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *) At surface 1190' FNL & 1060' FEL At proposed prod. zone 1190' FNL & 1060' FEL		9. API WELL NO	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		12. COUNTY OR PARISH Rio Arriba	13. STATE NM
5. 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 320/320/160	
8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH 7787'	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc) 6693' 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
11"	K-55, 8-5/8"	24#	300'	130 sxs, circ.
7-7/8"	K-55, 5-1/2"	15.5#	7487'	1080 sxs, circ.

It is proposed to drill vertical wellbore to be downhole commingled in the Blanco Mesaverde, Basin Dakota and Otero Chacra Pools following the acquisition of sufficient production test data for allocation purposes. A downhole commingling application will be filed with the BLM and NMOCD prior to commingling. A NOS was filed 10/31/97. This well will drilled and equipped according to the following attachments:

1. Well Location & Acreage Dedication Plat (C-102) and other associated plats.
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 wellpad and access road.

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 Mike L. Mankin TITLE Right-of-Way Agent DATE March 4, 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.

Form 10-1
 10-1 (Rev. 10-1) Approved, NM 87410
 Form 10-1
 10-1 (Rev. 10-1) Approved, NM 87410
 Form 10-1
 10-1 (Rev. 10-1) Approved, NM 87504-2088

SOIL CONSERVATION DISTRICT
 PO Box 2088
 Santa Fe, NM 87504-2088

Approved for use by
 State Engineer or local
 Authority. Approved by State Engineer
 State Engineer and County
 State Engineer and County

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		72319/71599/82329	Otero Blanco Mesaverd/Basin Dakota/Chacra
*Property Code	*Property Name		*Well Number
	JICARILLA K		16E
*OGRID No.	*Operator Name		*Elevation
005073	CONOCO		6693'

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
A	12	25N	5W		1190	North	1060	East	RIO ARRIBA

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.
320/320/160			

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 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

¹⁷ 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.

NOVEMBER, 19, 1997
Date of Survey

Signature and Seal of Professional Surveyor

6857
Certification Number

Jicarilla K # 16E
Section 12, T-25-N, R-5-W, A
Rio Arriba, New Mexico

RE: Downhole Commingle C107A Application

Notification of Offset Operators:

Amoco, Inc.
PO Box 800
Denver, CO 80201

Burlington Resources
PO Box 4289
Farmington, NM 87499

A copy of the C-107A has been sent to the above listed party/parties.