

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2037

ADMINISTRATIVE APPLICATION COVERSHEET

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

Application Acronyms:

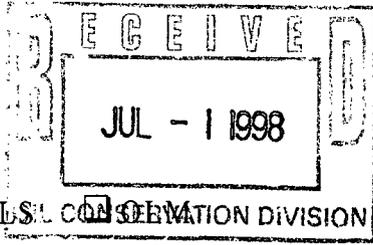
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [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



- [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 6/29/98
 Print or Type Name Signature Title Date

DISTRICT I
 P O Box 1980, Hobbs, NM 88241 1980
 DISTRICT II
 811 Southl First St. Artesia NM 88210 2835
 DISTRICT III
 1000 Rio Brazos Rd. Aztec, NM 87410 1693

State of New Mexico
 Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:
 Administrative Hearing
 EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease San Juan 28-7 Unit Well No # 111 M Unit Ltr Sec Twp Rge Section 20, T-27-N, R-7-W, D County Rio Arriba

OGRID NO. 005073 Property Code 016608 API NO. 30-039-25885 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)	5173-5536'		7237-7468'
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a (Current) 558	a.	a. 736
	b(Original) 1161	b.	b. 255
6. Oil Gravity (°API) or Gas BT Content	1347		1319
7. Producing or Shut-In?	To Be Completed		To be Completed
Production Marginal? (yes or no)	Yes (Expected)		Yes (Expected)
• If Shut-In give date and oil/gas/water rates of lsst production Note For new zones with no production history applicant shall be required to attach production estimates and supporting data • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Date Rates	Date Rates	Date Rates
	Est 1st Yr Average 144 MCFD-Final to be supplied upon completion	Date Rates	Est 1st Yr Average 252MCFD-Final to be supplied upon completion
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). R-10476 B

16. ATTACHMENTS

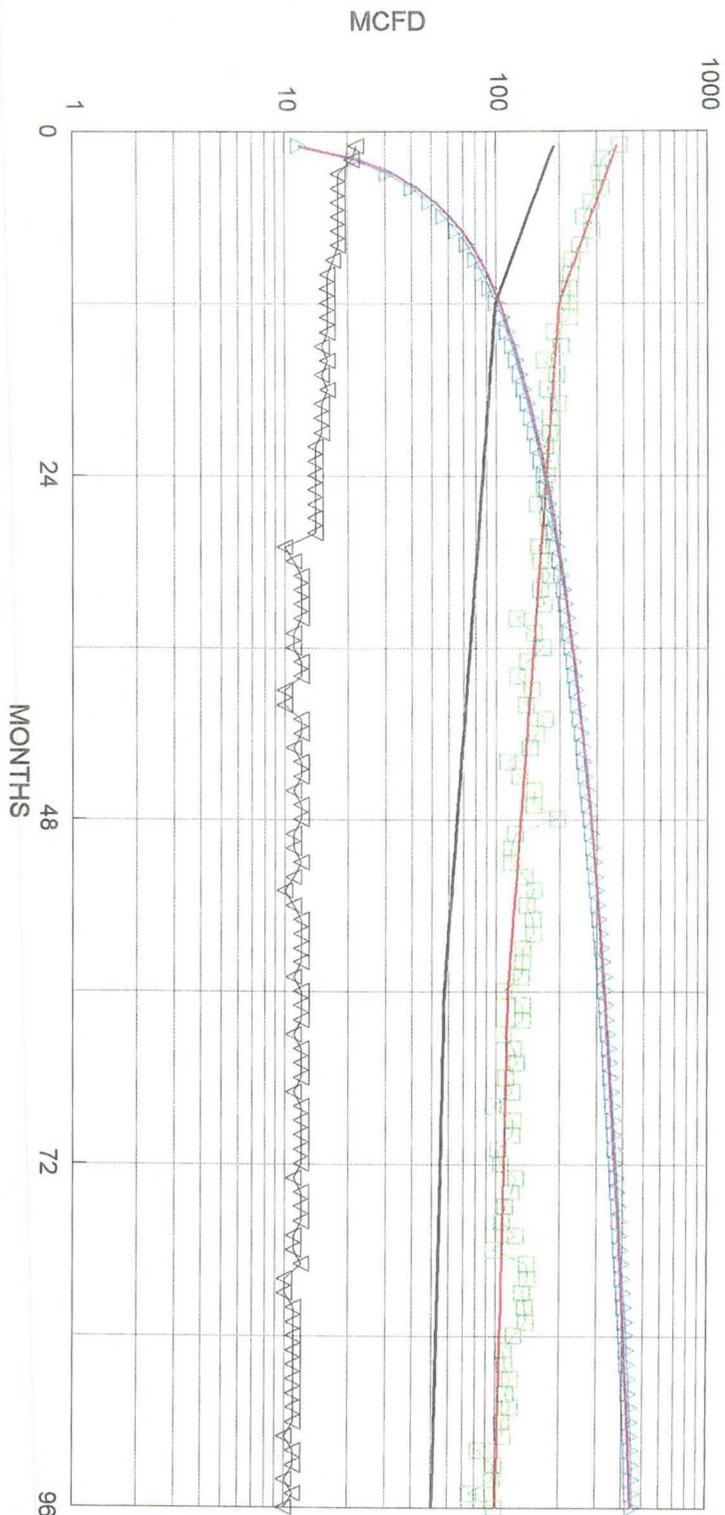
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 June 29, 1990

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

NORMALIZED MESAVERDE PRODUCTION
PROD. SINCE 1972; 22 MV WELLS LOCATED IN 27N-7W AND 27N-8W AREA



Expected MV Prod - #98M, 100M, 101M, 110M, 111M, 113M, 153E
 Expected 1st Yr. Avg. Rate = 144MCFD Wells are expected to follow "50% risk case"

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

NORMALIZED AVG:

1130 MMCF EUR
 800 MMCF IN 20 YRS
 25 MCFD E.L.
 0.0091 bbl/mcf oil yield

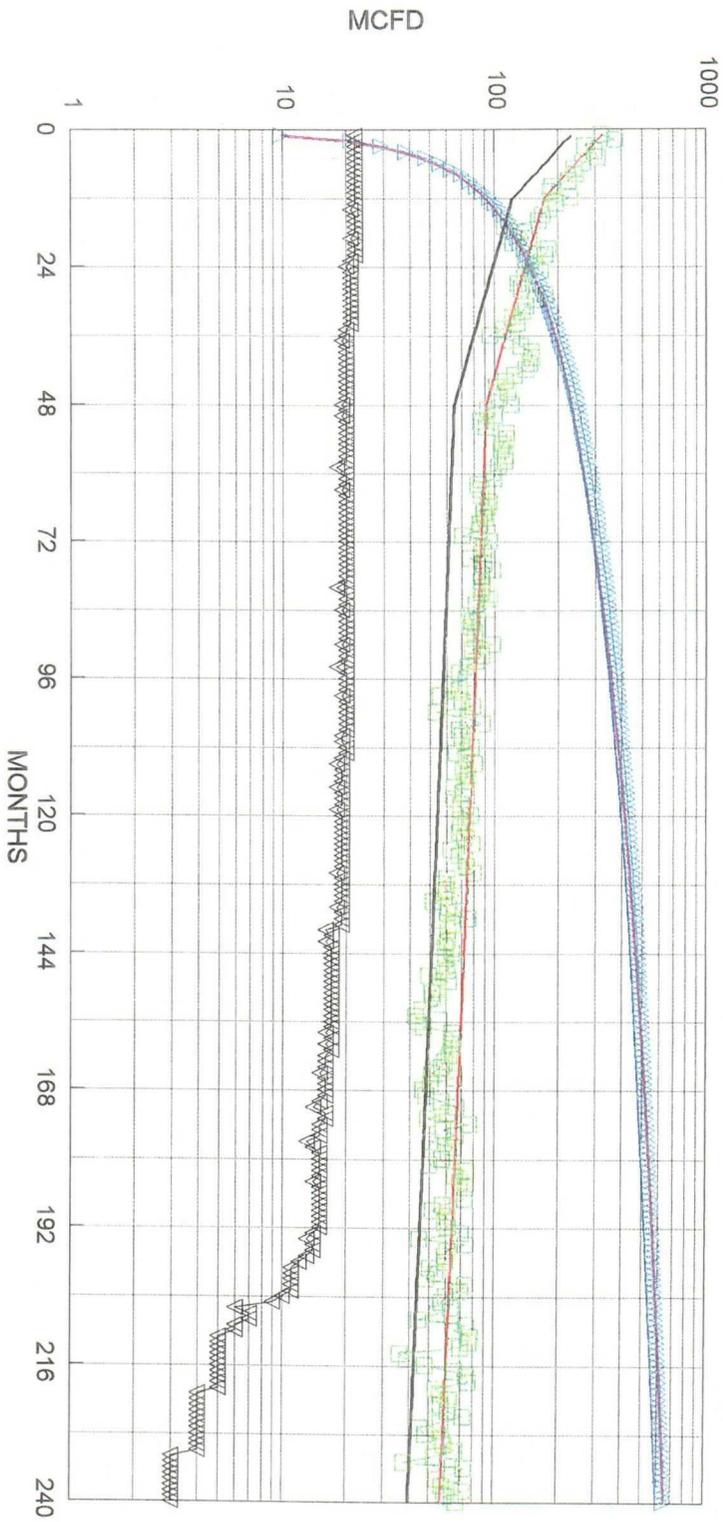
400 MCFD IP
 50% DECLINE, 1ST 12 MONTHS
 13% DECLINE, NEXT 48 MONTHS
 4% FINAL DECLINE

RISKED AVG:

453 MMCF EUR
 400 MMCF IN 20 YRS
 25 MCFD E.L.
 0.0091 bbl/mcf oil yield

50% RISK (Based on actual 99/100/101/110/111)
 200 MCFD IP
 50.0% DECLINE, 1ST 12 MONTHS
 13.0% DECLINE, NEXT 48 MONTHS
 4.0% FINAL DECLINE

NORMALIZED DAKOTA PRODUCTION
PROD. SINCE 1975; 22 DAKOTA COMPLETIONS



Expected DK Prod - #96M, 100M, 101M, 110M, 111M, 113M, 153E
 Expected 1st Yr. Avg. Rate = 252 MCFD Wells expected to follow "Normalized case"

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

NORMALIZED AVG:		RISKED AVG:	
1049 MMCF EUR	350 MCFD IP	30% RISK	644 MMCF EUR
666 MMCF IN 20 YRS	50% DECLINE, 1ST 12 MONTHS		466 MMCF IN 20 YRS
25 MCFD E.L.	19% DECLINE, NEXT 36 MONTHS		25 MCFD E.L.
0.0134 bbl/mcf oil yield	3% FINAL DECLINE		0.0134 bbl/mcf oil yield
			245 MCFD IP
			50.0% DECLINE, 1ST 12 MONTHS
			19.0% DECLINE, NEXT 36 MONTHS
			3.0% FINAL DECLINE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0138
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Conoco Inc. 005073

5. LEASE DESIGNATION AND SERIAL NO
 NM 03521

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 San Juan 28-7 016608

8. FARM OR LEASE NAME WELL NO
 111M

9. API WELL NO
 30-039-25885

10. FIELD AND POOL, OR WILDCAT
 72319 71599
 Blanco MV/Basin Dakota

11. SEC. T., R., M., OR BLK.
 AND SURVEY OR AREA
 D Sec.20, T27N, R7W

12. COUNTY OR PARISH
 Rio Arriba

13. STATE
 NM

3. ADDRESS AND TELEPHONE NO
 10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)
 At surface 1060' FNL & 935' FWL
 At proposed prod. zone 1060' FNL & 935' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

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
 4/320 4/320

8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
 7468'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc)
 6535' GR

22. APPROX. DATE WORK WILL START*
 6/30/98

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'	145 sxs, circ.
8-3/4"	K-55, 7"	23#	3209'	395 sxs, circ.
6-1/4"	K-55, 4-1/2"	9.5#	7468'	510 sxs, toc @ 3000'

It is proposed to drill a vertical wellbore to the Blanco Mesaverde and Basin Dakota Pools. An NOS was filed 10/13/97. 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. This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan with Production Facility layout.
6. Pipeline Tie Specifications with plat.

DRILLING OPERATIONS AUTHORIZED SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

RECEIVED
JUN 12 1998
OIL CON. DIV.
DIST. 3

98 JUN -8 AM 11:26
RECEIVED
BLM

This application includes ROW's for the well pad, cathodic protection 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.

24. SIGNED Jo Ann Johnson TITLE Sr. Property Analyst DATE 5-28-98

(This space for Federal or State office use)

PERMIT NO _____ APPROVAL DATE JUN 10 1998

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 Carl B. Baker TITLE Pet. Engineer DATE JUN 10 1998

*See Instructions On Reverse Side

District I
PO Box 198D, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District I
PO Drawer 100, Artesia, NM 88211-0719

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

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

District IV
PO 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
016608	SAN JUAN 28-7 UNIT		111M
*GRID No.	*Operator Name		*Elevation
005073	CONOCO, INC.		6535'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	27N	7W		1060	North	935	West	RIO ARRIBA

¹¹ 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

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

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	
	Signature Mike L. Mankin Printed Name Right of Way Agent Title 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.		
OCTOBER 1997		
Date of Survey		
Signature		
Certificate Number		

San Juan 28-7 Unit # 111 M
Section 20, T-27-N, R-7-W, D
Rio Arriba , New Mexico
API # 30-039-25885

RE: Application to Downhole Commingle (C 107 A)

OFFSET OPERATOR:

Conoco, Inc. is the only offset operator