

DHC

8/1/96

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210 2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1893

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 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

JUL 12 1996 OIL CONSERVATION DIVISION APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address 10 Desta Dr, Ste 100W, Midland TX 79705

Lessee Jicarilla E Well No. 10E B-22-26N-4W Unit Ltr. - Sec - Twp - Rge Rio Arriba County

OGRID NO. 005073 Property Code 1B022 API NO. 30-039-23002 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)	5597' - 5719'		7675' - 7846'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 965 psia	a.	a. 990 psia
	b. (Original) 1350 psia	b.	b. 2570 psia
6. Oil Gravity (°API) or Gas BTU Content	1270 BTU		1303 BTU
7. Producing or Shut-In?	Producing		Shut-in
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 shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date: Rates:	Date: Rates:	Date: 11/94 Rates: rates proj. to mid-yr. 1996
	Date: 1996 mid-yr Rates: 143 mcf/gpd .6 bopd, 0 bwpd	Date: Rates:	Date: 1996 mid-yr Rates: 115 mcf/gpd 3 bopd, 0 bwpd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 13 % Gas: 55 %	Oil: % Gas: %	Oil: 87 % Gas: 45 %

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 other? 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 Jerry W. Hoover TITLE Sr. Conservation Coordinator DATE 6/28/96

TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. (915) 686-6549

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Mineral & Natural Resources Department

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

Form C-11
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-23002		2 Pool Code 72319		3 Pool Name Blanco Mesa Verde	
4 Property Code 007691		5 Property Name Jicarilla E			6 Well Number 10E
7 OGRID No. 014591		8 Operator Name Merit Energy Company			9 Elevation 6805

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	22	26N	4W		10000	North	1850	East	Rio Arriba

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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			17 OPERATOR CERTIFICATION
			<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>
			Signature
			Printed Name Sheryl J. Carruth Title Regulatory Manager Date 9-27-94
			18 SURVEYOR CERTIFICATION
			<i>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.</i>
			Date of Survey
			Signature and Seal of Professional Surveyor:
			Certificate Number

All distances must be from the outer boundaries of the Section.

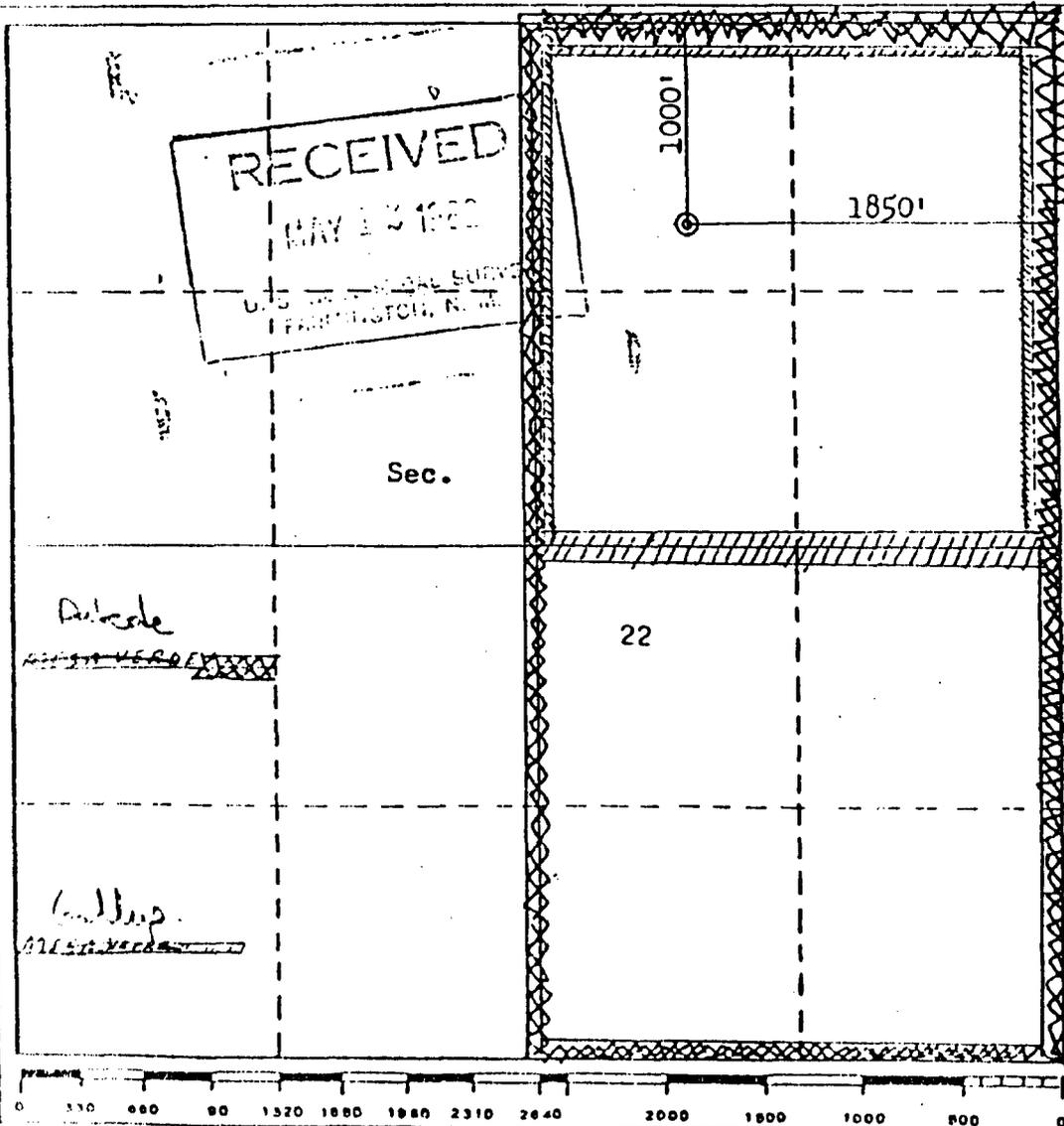
Operator SOUTHERN UNION EXPLORATION COMPANY			Lease JICARILLA "E"		Well No. 19 E₁
Unit Letter B	Section 22	Township 26N	Range 4W	County Rio Arriba	
Actual Footage Location of Well:					
1000 feet from the North line and		1850 feet from the East line			
Ground Level Elev. 6805	Producing Formation Gallup Dakota		Pool Wildhorse Gallup/Basin Dakota	Dedicated Acreage: 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name Michael L. Davis
 Position Division Mgr.
 Company Southern Union Exp.
 Date May 12, 1982

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed April 1982
 Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr Jr.
 Certificate No. 3950

Dwights

Lease: JICARILLA E 00010E

Retrieval Code: 251,039,26N04W22B00DK

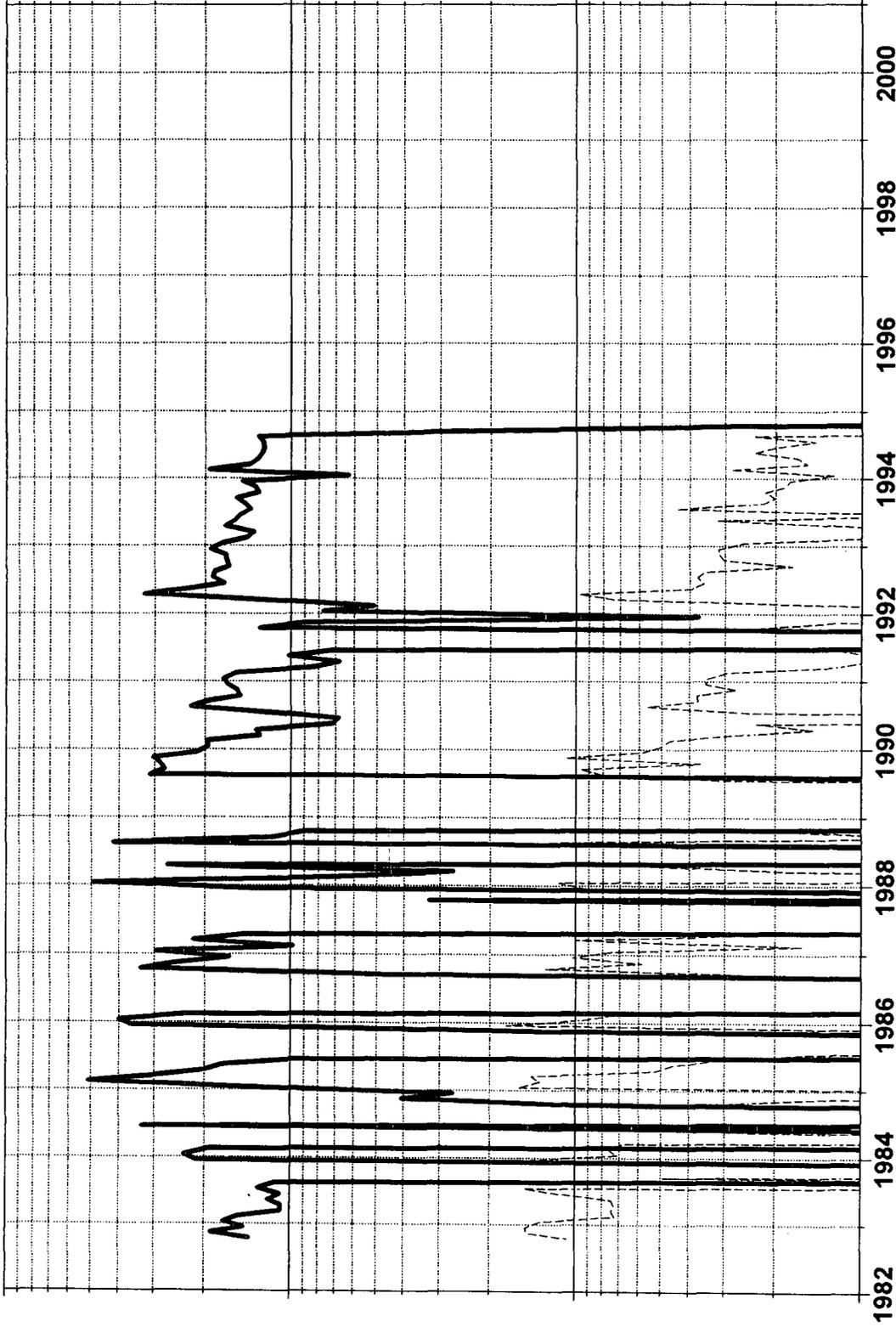
05/20/96

10^3
 10^3

10^2
 10^2

10
10

1
1



Gas (mcf/day)

Water (bbl/day)

Oil (bbl/day)

Well Count

County: RIO ARRIBA, NM

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

Operator: CONOCO INC

F.P. Date: 10/82

Oil Cum: 16.42 mbbl

Gas Cum: 520.7 mmcf

Location: 22B 26N 4W

Dwights

Lease: JICARILLA E 10E

Retrieval Code: 251,039,0392300272319

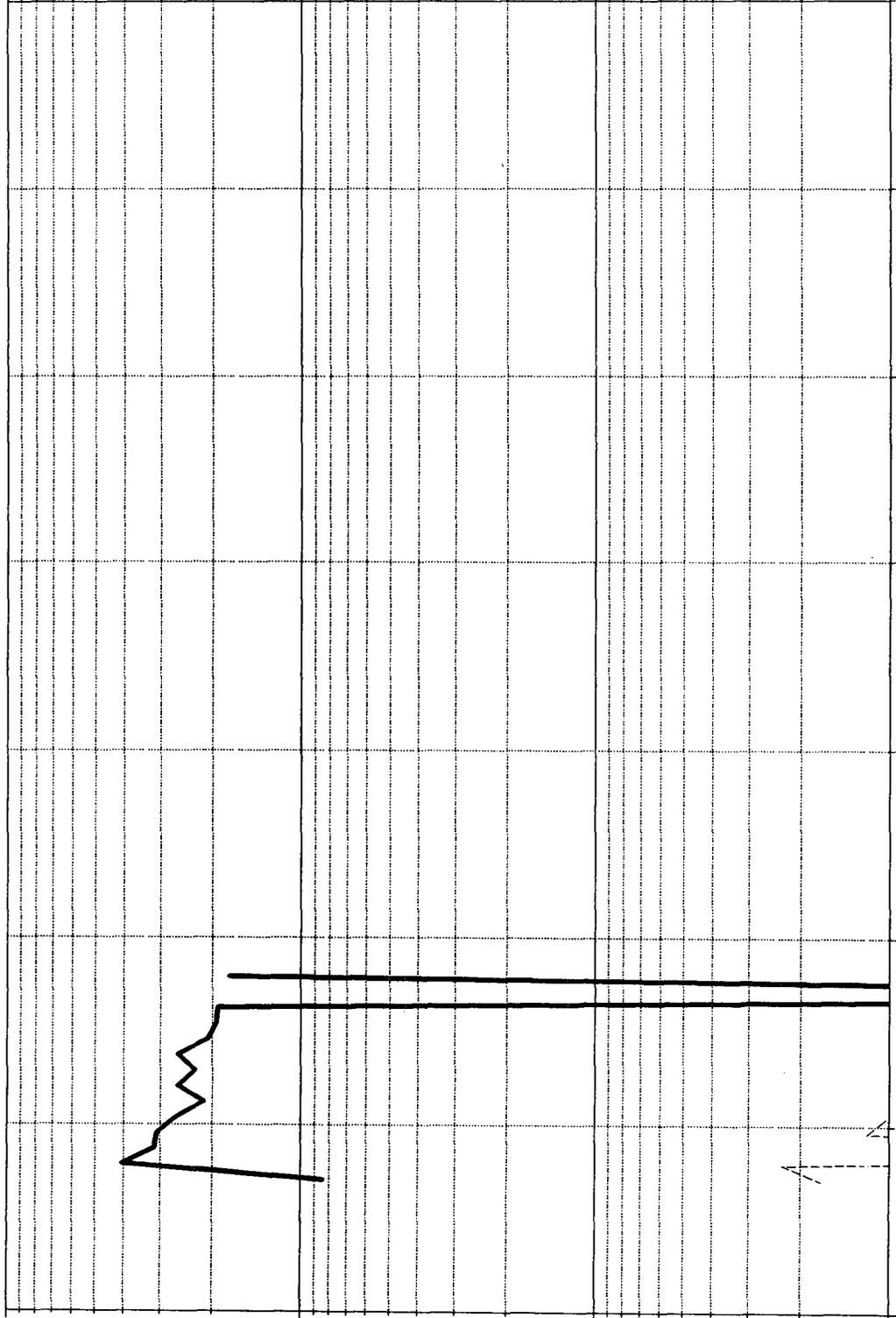
05/20/96

10³
10³
10

10²
10²
10

10
10

1
1



County: RIO ARRIBA, NM
Field: BLANCO (MESAVERDE) MV
Reservoir: MESAVERDE
Operator: CONOCO INC

F.P. Date: 09/94
Oil Cum: 383 bbl
Gas Cum: 94.53 mmcf
Location: 22B 26N 4W

Oil (bbl/day)
Well Count

Gas (mcf/day)
Water (bbbl/day)

Dwights

Lease: JICARILLA E 00010E

05/20/96

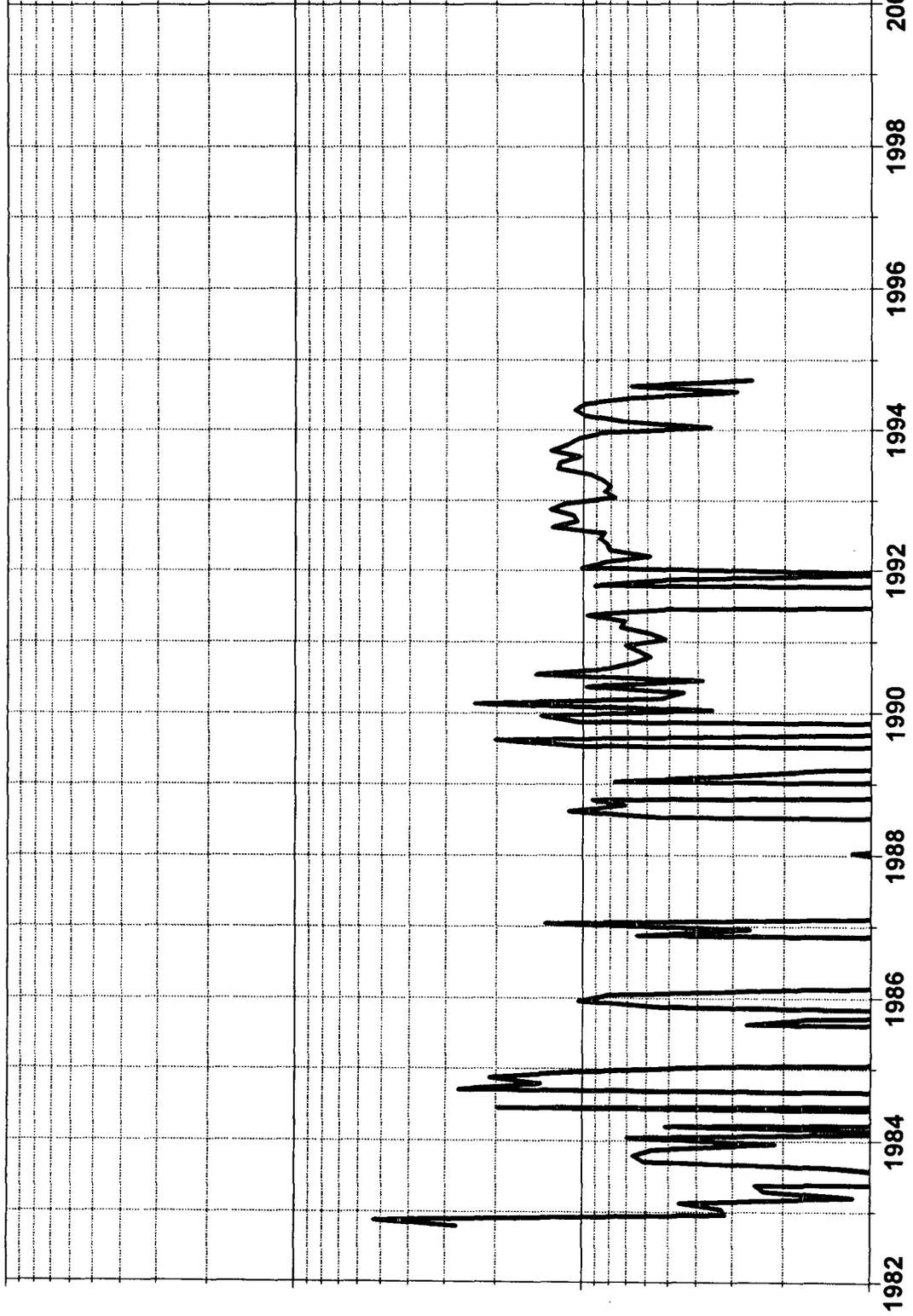
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10^3
 10^3

10^2
 10^2

10
10

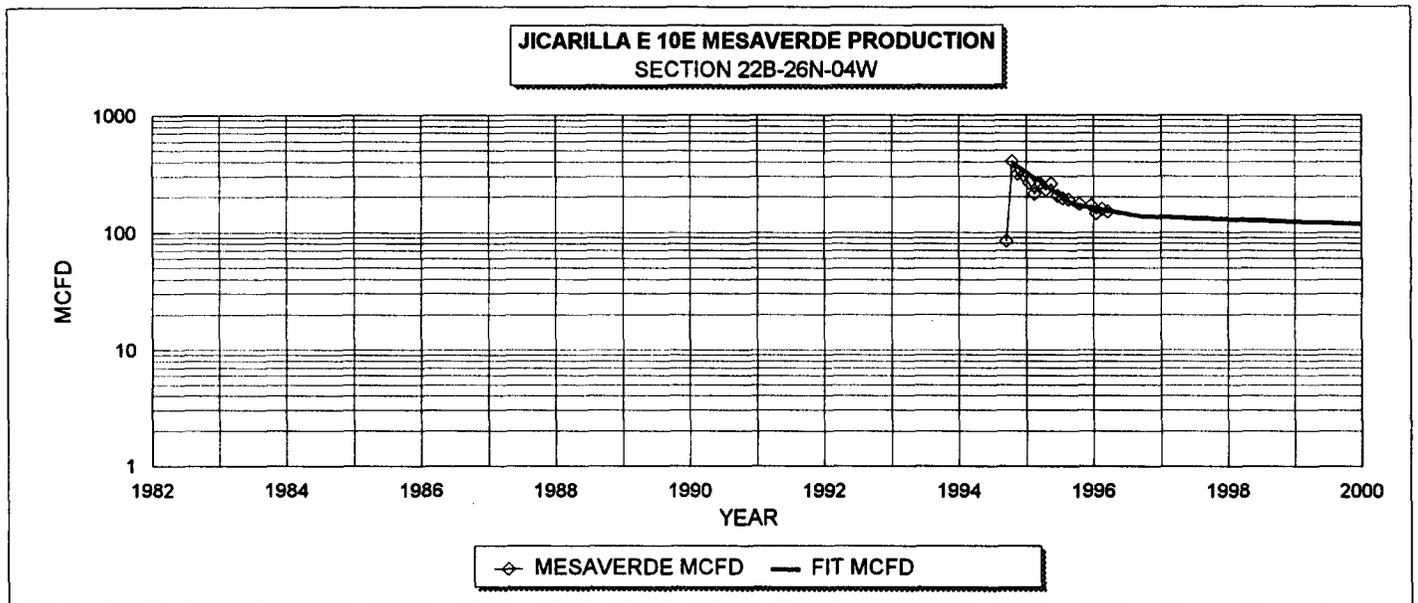
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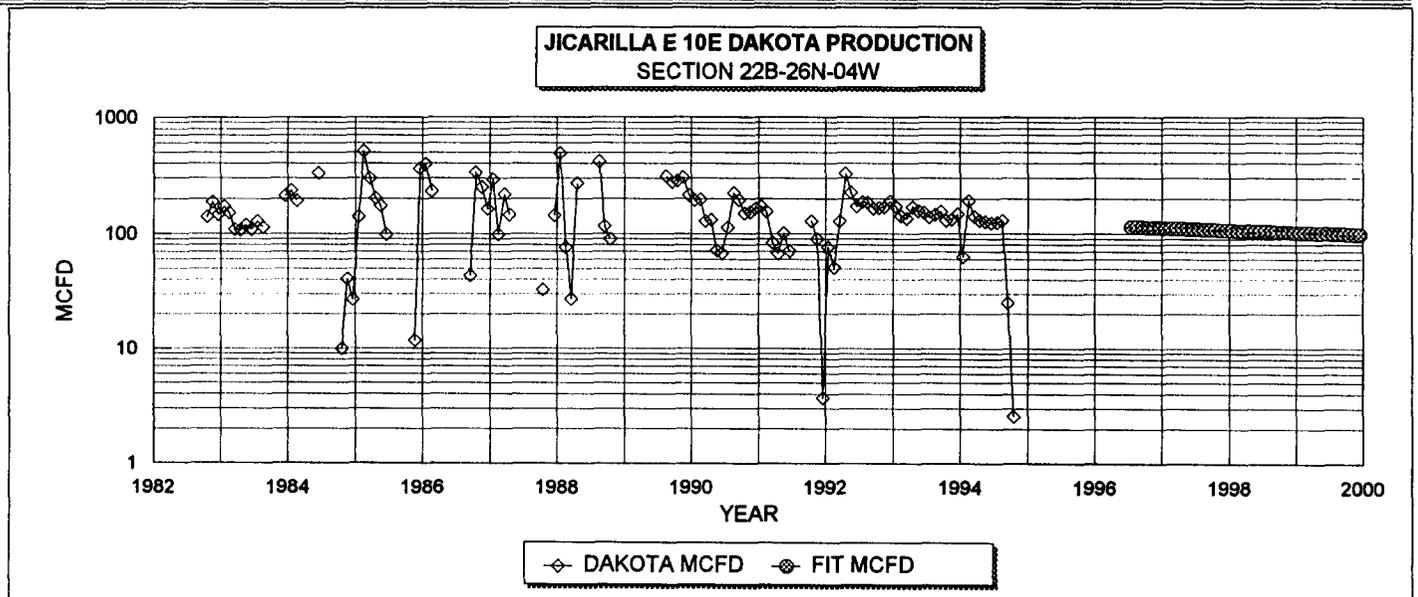
County: RIO ARRIBA, NM	F.P. Date: 10/82
Field: WILD HORSE (GALLUP) GP	Oil Cum: 0 bbl
Reservoir: GALLUP	Gas Cum: 25.34 mmcf
Operator: CONOCO INC	Location: 22B 26N 4W

Gas (mcf/day)
Water (bbl/day)

Oil (bbl/day)
Well Count



MESAVERDE HISTORICAL DATA: 1ST PROD: 9/94		MESAVERDE PROJECTED DATA	
OIL CUM:	0.38 MBO	7/1/96 Q1:	143 MCFD
GAS CUM:	94.5 MMCF	DECLINE RATE:	20.0% (THROUGH 9/96)
OIL YIELD:	0.0041 BBL/MCF	DECLINE RATE:	4.5% (10/96 FORWARD)



DAKOTA HISTORICAL DATA		1ST PROD: 10/82		DAKOTA PROJECTED DATA		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>YEAR</th> <th>YRLY AVG MV MCFD</th> <th>YRLY AVG DK MCFD</th> <th>ALLOC. %MV</th> <th>ALLOC. %DK</th> </tr> </thead> <tbody> <tr> <td>1996</td> <td>139</td> <td>114</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>1997</td> <td>133</td> <td>110</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>1998</td> <td>127</td> <td>105</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>1999</td> <td>121</td> <td>100</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>2000</td> <td>116</td> <td>96</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>2001</td> <td>111</td> <td>91</td> <td>55%</td> <td>45%</td> </tr> </tbody> </table>	YEAR	YRLY AVG MV MCFD	YRLY AVG DK MCFD	ALLOC. %MV	ALLOC. %DK	1996	139	114	55%	45%	1997	133	110	55%	45%	1998	127	105	55%	45%	1999	121	100	55%	45%	2000	116	96	55%	45%	2001	111	91	55%	45%
YEAR	YRLY AVG MV MCFD	YRLY AVG DK MCFD	ALLOC. %MV	ALLOC. %DK																																					
1996	139	114	55%	45%																																					
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1998	127	105	55%	45%																																					
1999	121	100	55%	45%																																					
2000	116	96	55%	45%																																					
2001	111	91	55%	45%																																					
OIL CUM:	16.4 MBO	7/1/96 Q1:	115 MCFD																																						
GAS CUM:	520.7 MMCF	DECLINE RATE:	4.5% (EXPONENTIAL)																																						
OIL YIELD:	0.0315 BBL/MCF																																								
FIXED COMMINGLE ALLOCATION FACTORS:																																									
	GAS	OIL	GAS ALLOCATION BASED ON TABLE AT RIGHT																																						
DAKOTA:	45%	87%	OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIEL																																						
MESAVERDE:	55%	13%																																							

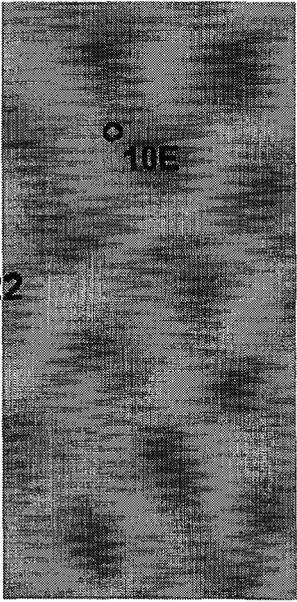
NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA; 1996 MV DATA FROM CONOCO

NOTE: YRLY AVG FOR 1996 IS 2ND HALF ONLY

Jicarilla "E" No. 10E

OFFSET OPERATORS

16 Conoco	15 Conoco	14 Conoco
Conoco 21	22 Conoco	Conoco 23
Meridian 28	Meridian 27	Conoco 26



Township 26N --- Range 4W