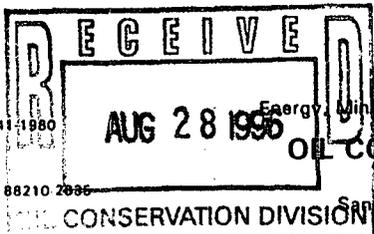


DHC 1372 9/17/96



DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
DISTRICT II
811 South First St., Artesia, NM 88210-2035
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address 10 Desta Dr, Ste 100W, Midland TX 79705
State N Well No. 1M Unit Ltr. - Sec - Twp - Rge D-32-29N-9W County San Juan
Lease 005073 Property Code 71599 API NO. 30-045-25419 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 Mesa Verde 72319		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	3974' - 4495'		6500' - 6631'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Plunger Lift		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 340 psia	a.	a. 546 psia
	b. (Original) 1140 psia	b.	b. 2426 psia
6. Oil Gravity (° API) or Gas BTU Content	1335 BTU		1265 BTU
7. Producing or Shut-In?	Producing		Producing
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, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 1/1/96 Rates: .0014 bbl/mcf 105 mcf/gpd, 0 bwd	Date: Rates:	Date: 1/1/96 Rates: .0073 bbl/mcf 90 mcf/gpd, 0 bwd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 18 % Gas: 54 %	Oil: % Gas: %	Oil: 82 % Gas: 46 %

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 8/26/96
TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. (915) 686-6548

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-128
 Effective 1-1-65

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

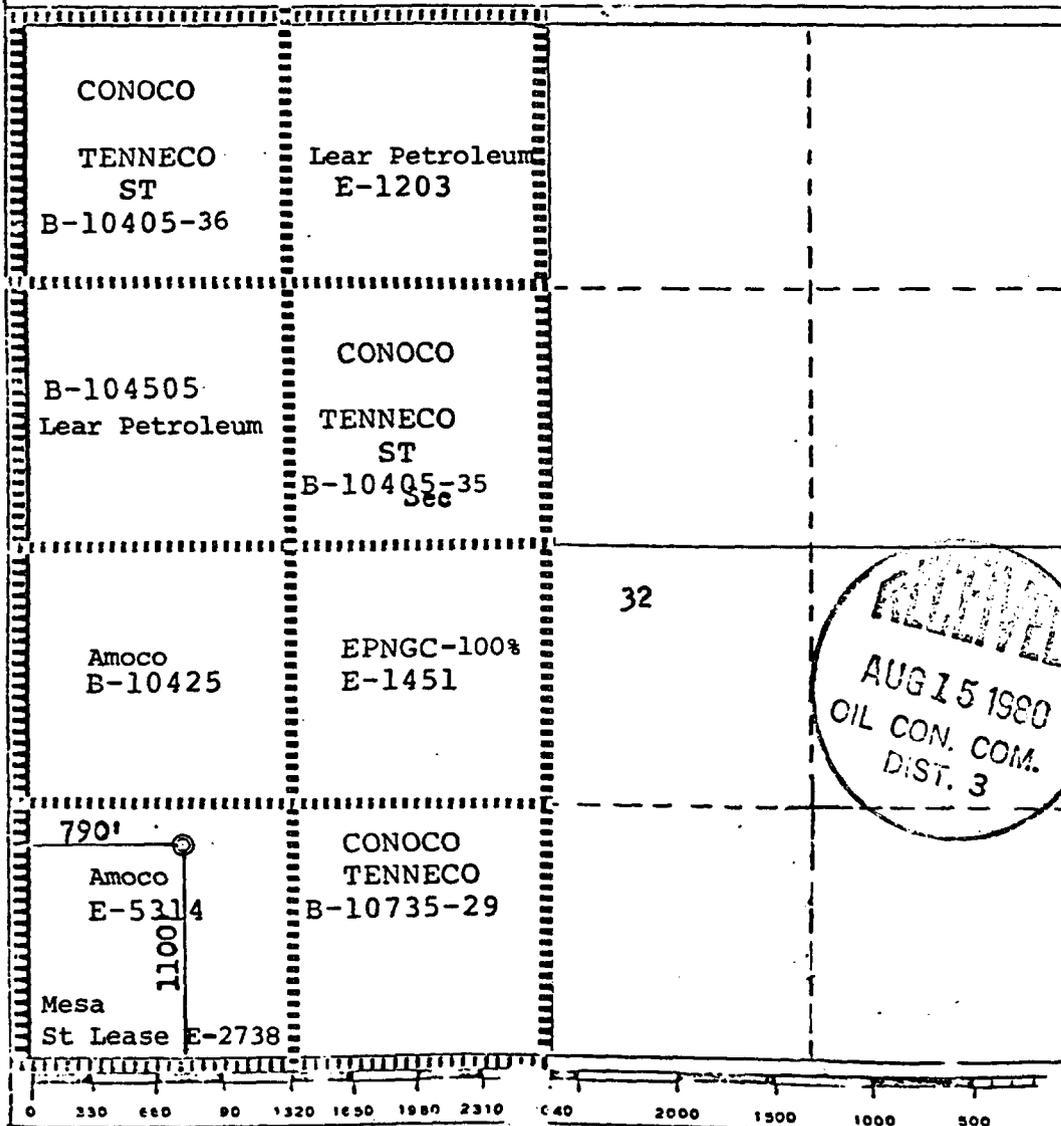
Operator TENNECO OIL COMPANY		Lease STATE "N"		Well No. 1
Unit Letter M	Section 32	Township 29N	Range 9W	County San Juan
Actual Footage Location of Wells: 1100 feet from the South line and 790 feet from the West line				
Ground Level Elev. 5873	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 Acres	

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 communitized

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.

M. L. Freeman
 Name

M. L. Freeman
 Position

Staff Production Analyst
 Company

Tenneco Oil Company
 Date

August 12, 1980
 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 knowledge and belief.

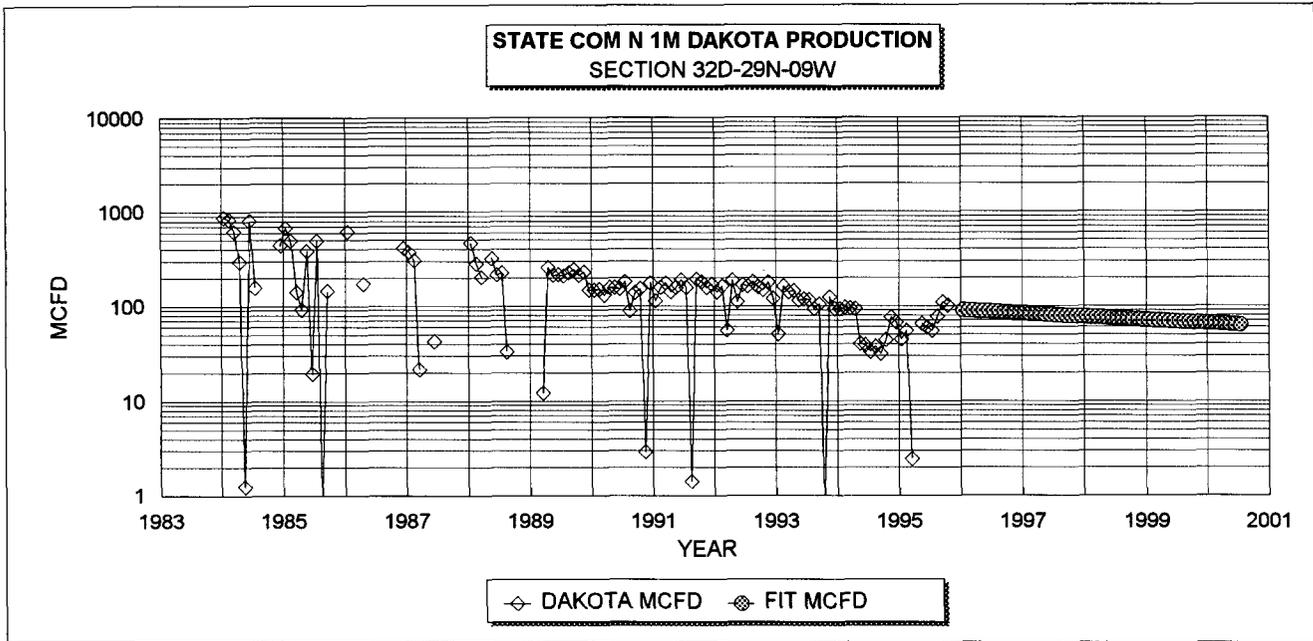
Date Surveyed

October 17, 1978
 Registered Professional Engineer and/or Land Surveyor

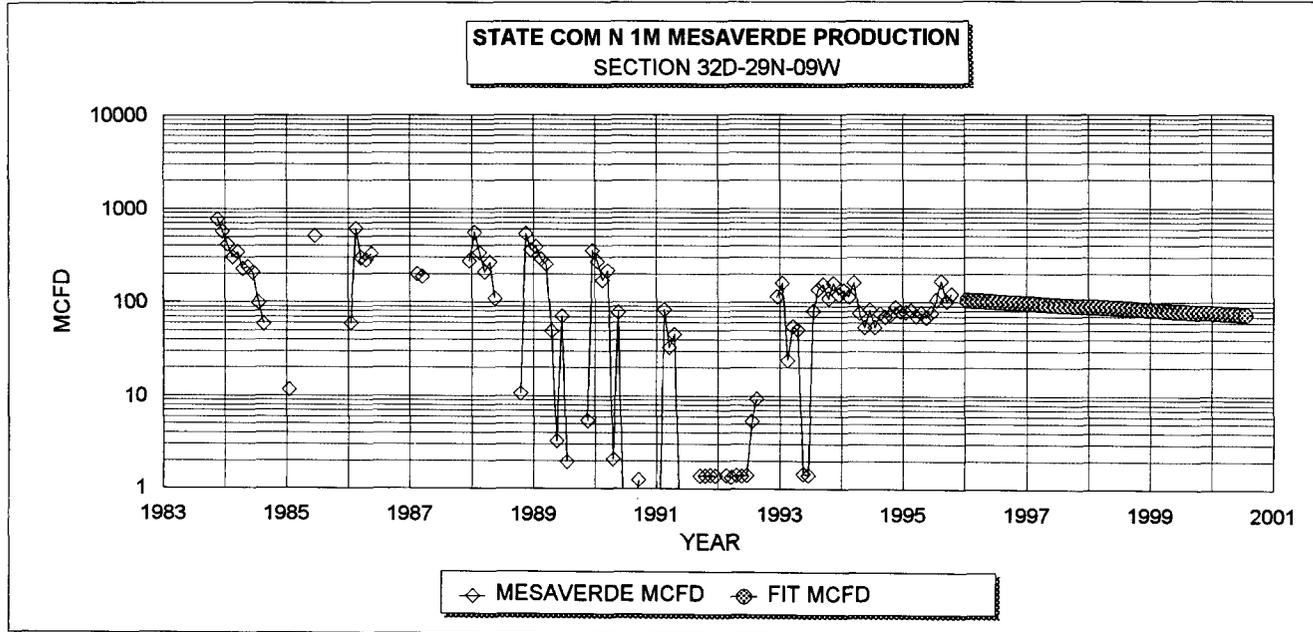
Fred B. Kerr Jr.
 Fred B. Kerr Jr.
 Certificate No. MEXICO

3950

Copy retained by Div.



DAKOTA HISTORICAL DATA: 1ST PROD: 6/67		DAKOTA PROJECTED DATA	
OIL CUM:	4.42 MBO	1/1/96 Qi:	90 MCFD
GAS CUM:	604.48 MMCF	DECLINE RATE:	7.5% (EXPONENTIAL)
OIL YIELD:	0.0073 BBL/MCF		



MESAVERDE HISTORICAL DATA 1ST PROD: 11/9		MESAVERDE PROJECTED DATA	
OIL CUM:	0.06 MBO	1/1/96 Qi:	105 MCFD
GAS CUM:	43.96 MMCF	DECLINE RATE:	7.5% (EXPONENTIAL)
OIL YIELD:	0.0014 BBL/MCF		

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
MESAVERDE:	54%	18%
DAKOTA:	46%	82%

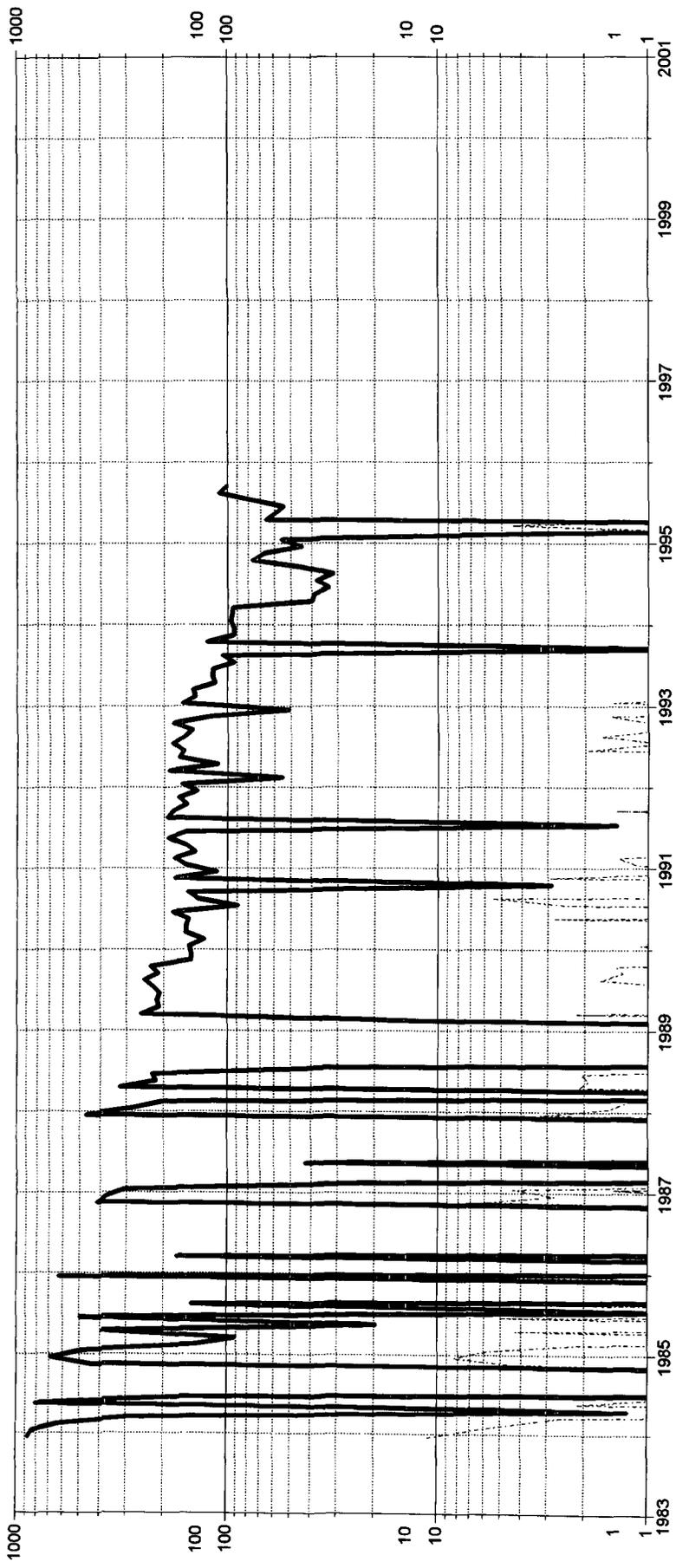
GAS ALLOCATION BASED ON PROJECTED 1996 RATES
OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS
NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGY DATA

Dwights

1000 Lease: STATE N 00001M

Retrieval Code: 251,045,29N09W32D00D

1000



County: SAN JUAN

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

Operator: CONOCO INC

State: NM

Oil Cum: 4417 bbl

Gas Cum: 604478 mcf

Location: 32D 29N 9W

F.P. Date: 12/83

Water (bbbl/day)

Gas (mcf/day)

Date: 02/20/96

Well Count

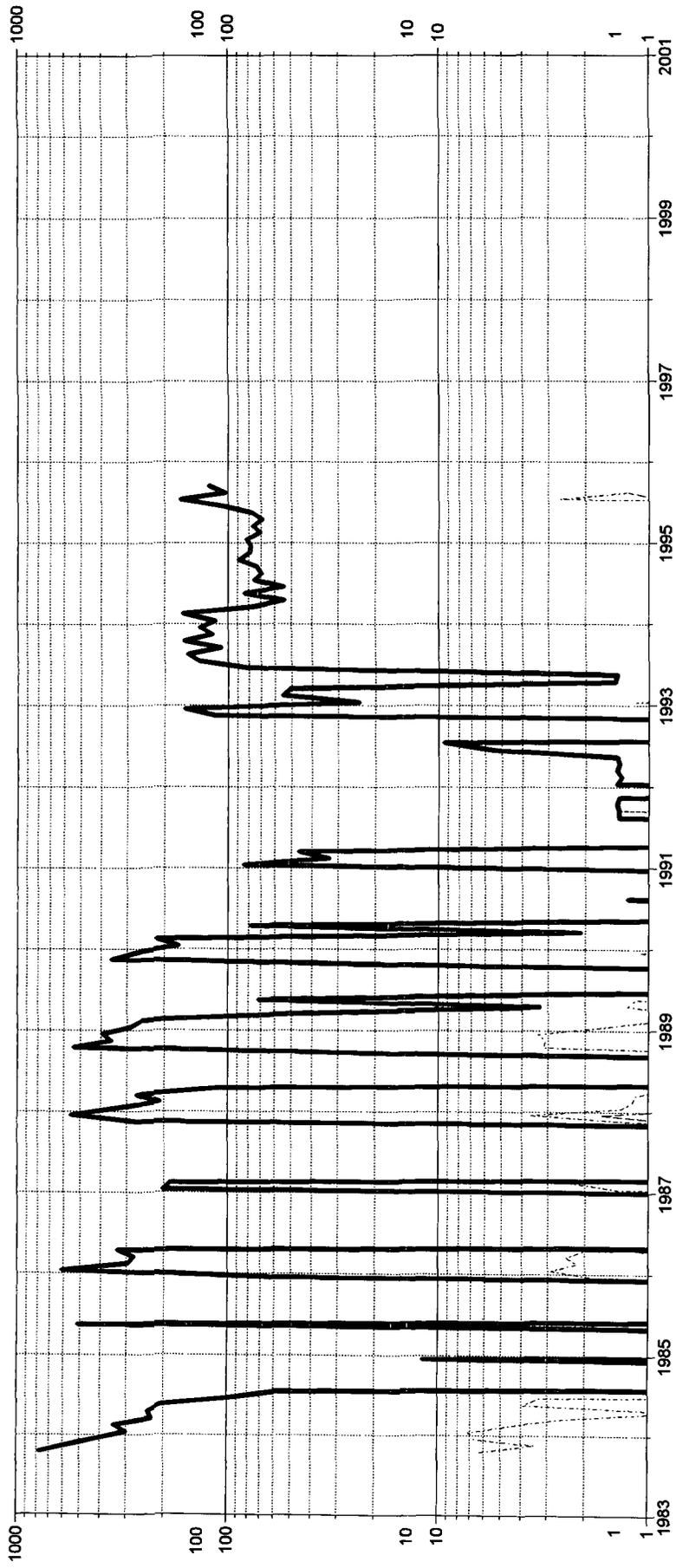
Oil (bbbl/day)

Dwights

1000 Lease: STATE N 00001M

Retrieval Code: 251,045,29N09W32D00M

1000



County: SAN JUAN

State: NM

F.P. Date: 10/83

Date: 02/20/96

Field: BLANCO (MESAVARDE) MV

Oil Cum: 3130 bbl

Reservoir: MESAVARDE

Gas Cum: 421717 mcf

Water (bbl/day)

Well Count

Operator: CONOCO INC

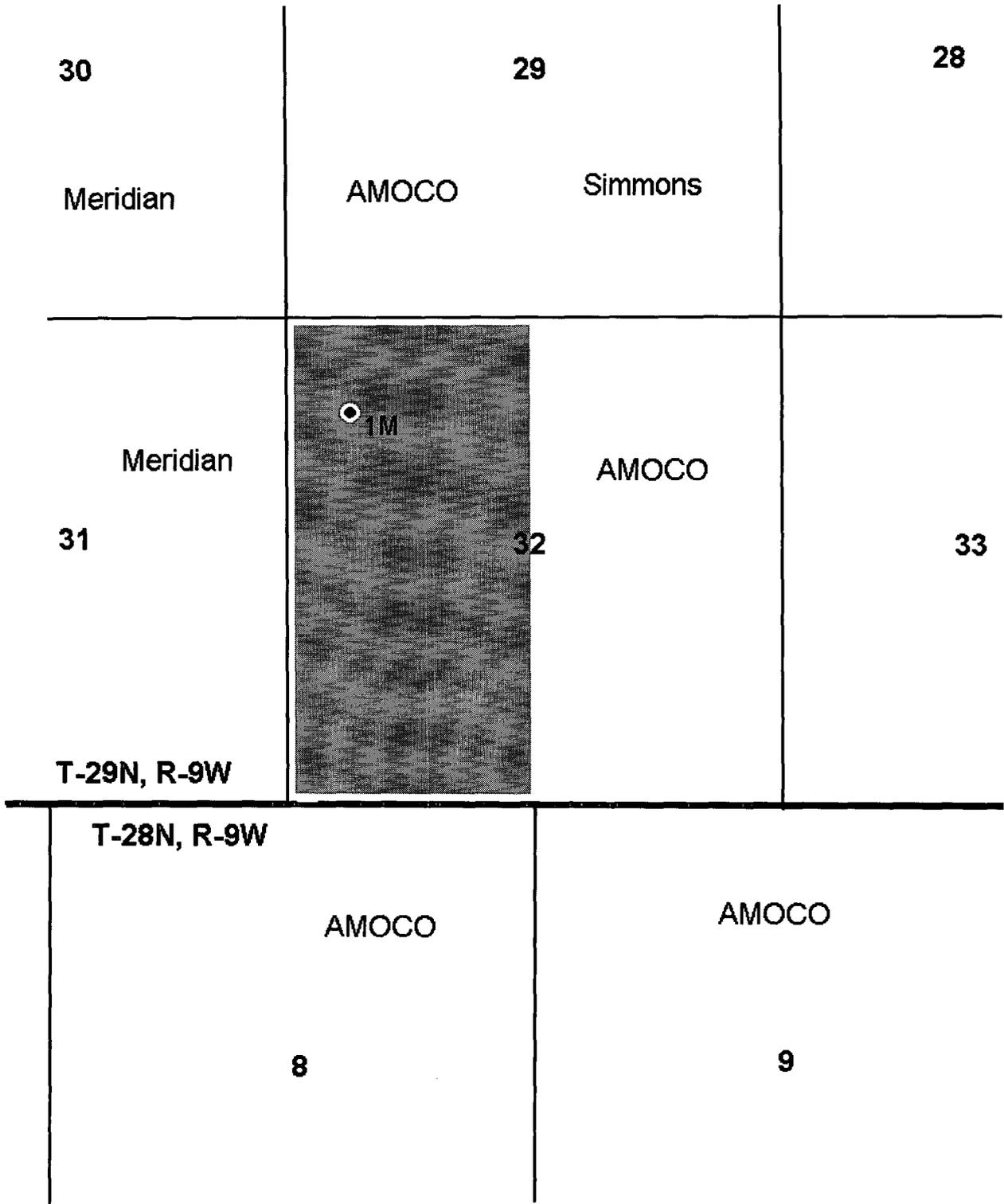
Location: 32D 29N 9W

Gas (mcf/day)

Oil (bbl/day)

STATE N #1M

OFFSET OPERATORS



STATE N NO. 1 & 1M

Working Interests and Carried Working Interests Royalty Interest and Overriding Royalty Interests

Name & Address	Interest Type	Mesaverde % Interest	Dakota % Interest
Conoco Inc. 10 Desta Dr., Ste 100W Midland, TX 797905	Working	68.10634	49.30642
Conoco A/C Mesa Royalty Trust P. O. Box 1267 Ponca City, OK 74602	Carried Working	.64330	1.28660
Conoco A/C Shirley Bernstein 654 Madison Ave New York, NY 10021	Carried Working	.00015	.00030
Conoco A/C Atwell & Co Box 456 Wall St. Sta. New York, NY 10005	Carried Working	.00017	.00034
Conoco A/C Kathleen Lipkins 812 Park Ave. #4A New York, NY 10021	Carried Working	.00004	.00009
Meridian Oil Inc. P. O. Box 4289 Farmington, NM 87499	Working	18.75000	3.12500
Evko Development Co. 4710 Cabrillo Street San Francisco, CA 94121	Working	18.75000	12.50000
Elizabeth Turner Calloway 4801 St. John's Dr. Dallas, TX 75201	Working	None	.59375
Schultz Mgmt Ltd. 500 N Akard, Ste 2160 Dallas, TX 75202	Working	None	1.56250
CWN & VLM Trust 1445 Ross Avenue Ste. 2600, LB 201 Dallas, TX 75202	Working	None	3.12500
Henrietta E. Schultz, Trustee 500 N. Akard, Ste 2160 Dallas, TX 75202	Working	None	1.56250
Mary F. Turner, Jr. Trust Dallas Oil & Gas P. O. Box 200890 Houston, TX 77216	Working	None	.59375

J. Glenn Turner, Jr. 3131 Turtle Creek Blvd. #1201 Dallas, TX 75219	Working	None	3.12500
John L. Turner P.O. Box 33610 Kerrville, TX 78029	Working	None	.59375
William G. Webb 1600 Pacific Ave. Ste. 250 Dallas, TX 75201	Working	None	.156250
Total Minatome Corp. P. O. Box 201769 Houston, TX 77216	Working	None	25.00000
Marcus Duane Adair P. O. Box 66 Oklahoma City, OK 73101	Overriding	None	Partnership with Total Minatome Corp
William T. Brown, Jr. 8423 E. Otero Circle Englewood, CO 80112	Overriding	None	Partnership with Total Minatome Corp
Arthur V. Bushman 3817 N.W. Expressway Ste. 1020 Oklahoma City, OK 73112	Overriding	None	Partnership with Total Minatome Corp
L. J. Doerfler 2120 Sea Lion Dr. Las Vegas, NV 89128	Overriding	None	Partnership with Total Minatome Corp
William E. Dunaway 2011 Lazy Grove Kingwood, TX 77339	Overriding	None	Partnership with Total Minatome Corp
Joe Gill 2614 Manila Houston, TX 77043	Overriding	None	Partnership with Total Minatome Corp
Ronald L. Lloyd 7276 W. Elm Ct. Littleton, CO 80122	Overriding	None	Partnership with Total Minatome Corp
Meadowbrook Oil Corp 3612 S. Epperly Dr. Del City, OK 73115	Overriding	None	Partnership with Total Minatome Corp
Robert A. Morton 7328 Edenborough Dr. Oklahoma City, OK 73132	Overriding	None	Partnership with Total Minatome Corp
William D. Neville #2 Wild Ginger Court Woodlands, TX 77380	Overriding	None	Partnership with Total Minatome Corp

Gary J. Newman Rte. B, Box 482 Edmond, OK 73034	Overriding	None	Partnership with Total Minatome Corp
Jeffrey R. Orgill 9400 North Broadway One Brenham Place, Ste. 120 Oklahoma City, OK 73114	Overriding	None	Partnership with Total Minatome Corp
Paffett Family Trust 08 Placitas-Vista De La Montana Pl. Placitas, NM 87043	Overriding	None	Partnership with Total Minatome Corp
Bryan W. Pershern 7305 Roundrock Dallas, TX 75248	Overriding	None	Partnership with Total Minatome Corp
Jack N. Pierson 1711 Westmere Ct. Houston, TX 77077	Overriding	None	Partnership with Total Minatome Corp
Fred P. Quinn 1390 S. Douglas Blvd. #101 Midwest City, OK 73130	Overriding	None	Partnership with Total Minatome Corp
Lawrence W. Robinette 8023 South 88 East Ave. Tulsa, OK 74133	Overriding	None	Partnership with Total Minatome Corp
Alan R. Smith 5802 Juniper Knoll Lane Kingwood, TX 77345	Overriding	None	Partnership with Total Minatome Corp
Charles L. Stephenson 3829 Nantucket Plano, TX 75023	Overriding	None	Partnership with Total Minatome Corp
Norman A. Tucker P. O. Box 2078 Spring, TX 77383	Overriding	None	Partnership with Total Minatome Corp
William R. Wolfe 12824 St. Andrews Dr. Oklahoma City, OK 73120	Overriding	None	Partnership with Total Minatome Corp
Vela Gerald Merit P. O. Box 25189 Oklahoma City, OK 73125	Overriding	None	Partnership with Total Minatome Corp
SABIO Mineral Joint Venture 5646 Milton Street 305 Meadows building Dallas, TX 75206	Overriding	None	Partnership with Total Minatome Corp
Total Minatome Corp P. O. Box 2201769 Houston, Tx 77216	Overriding	7.8125	None

Conoco Inc. 10 Desta Drive, Ste. 100W Midland, Tx 79705	Overriding	.68359	None
Amoco Production Co. P. O. Box 800 Denver, CO 80201	Overriding	1.367187	.20337
J. C. Larson P. O. Box 54 Willmar, MN 56201	Overriding	None	.37500
Andra Adams Rte. 2 Box 330 Bedford, KY 40006	Overriding	None	.093750
Doris King 130 Banklick Sta. Rd. Independence, KY 41051	Overriding	None	.09375
Ann Miller 859 Bristow Road Independence, KY 41051	Overriding	None	.09375
Carl Wicklund 11 Wayman Drive Independence, KY 41051	Overriding	None	.09375
Meridian Oil Inc. P. O. Box 840656 Dallas, TX 75284	Overriding	None	.20337
Commissioner of Public Lands State of New Mexico P. O. Box 1148 Santa Fe, NM 87504	Royalty	10.15625	8.27734



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

September 11, 1996

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attn: Mr. Jerry W. Hoover

Re: Downhole Commingling Application
State N Well No. 1M, Unit Letter D
Section 32-29N-09W, API No. 30-045-25419
Blanco Mesaverde and Basin Dakota Pools
San Juan County, New Mexico

Dear Mr. Hoover:

We are in receipt of your application requesting our approval to downhole commingle the production from the above subject well from the Blanco Mesaverde and Basin Dakota Pools in San Juan County, New Mexico.

It is our understanding that production from the subject wells will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Blanco Mesaverde	18%	54%
Basin Dakota	82%	46%
	-----	-----
	100	100

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request

Conoco Inc.
Page 2
September 11, 1996

will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit your filing fee in the amount of \$30.00.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm
Enclosure

cc: Reader File
OCD--Attention: David Catanach, Ben Stone