

DHC 5/12/97

DISTRICT I
PO 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 87505-8429

APPROVAL PROCESS:
 Administrative Hearing
EXISTING WELLBORE
 YES NO

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410 1663

APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc.

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

San Juan 28-7

229

O-32-T28N-R7W

Rio Arriba

Lease Well No Unit Ltr Sec Twp Rge County
OGRID NO. 005073 Property Code 16608 API NO. 30-039-20994 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

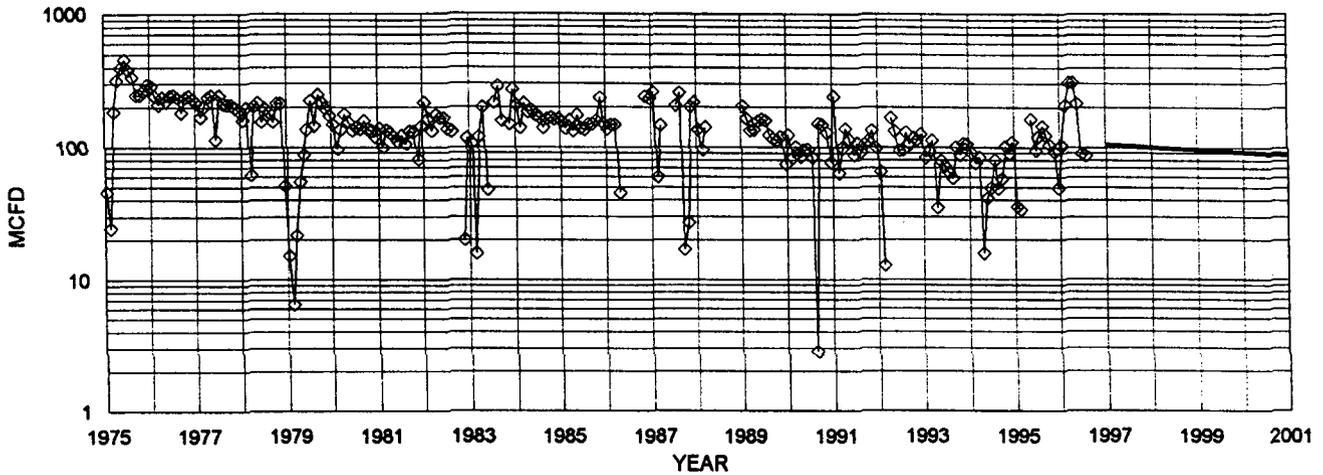
The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Mesa Verde 72319		Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	4875' - 5603' OA		7478' - 7672'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Expected to be 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) 800 psia	a.	a. 840 psia
	b(Original) 1192	b.	b. 2925
6. Oil Gravity (*API) or Gas BT Content	1205		1263
7. Producing or Shut-in?	To Be Completed		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 should 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
	Incremental Production by Subtraction		Mid-Year avg. rates - see table
8. Fixed Percentage Allocation Formula - % for 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
* Conoco is offset operator to all San Juan 28-7 Unit wells.
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 Jerry W. Hoover TITLE Sr. Conservation Coord DATE 1/27/97
TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. (915) 686-6548

**SAN JUAN 28-7 UNIT NO. 229 DAKOTA PRODUCTION
SECTION 320-28N-07W**



◇ DAKOTA MCFD — FIT MCFD

DAKOTA HISTORICAL DATA:		1ST PROD: 1/75	DAKOTA PROJECTED DATA	
OIL CUM:	22.12	MBO	1/1/97 Q1:	105 MCFD
GAS CUM:	1039.2	MMCF	DECLINE RATE:	4.1% (EXPONENTIAL)
CUM OIL YIELD	0.0213	BBL/MCF		
OIL YIELD:	0.0102	BBL/MCF, LAST 3 YRS		

YEAR	MID-YEAR	MID-YEAR
	AVG. MCFD	AVG. BOPD
1996	103	1.0
1997	99	1.0
1998	95	1.0
1999	91	0.9
2000	87	0.9
2001	83	0.8
2002	80	0.8
2003	77	0.8
2004	74	0.7
2005	71	0.7
2006	68	0.7
2007	65	0.7
2008	62	0.6
2009	60	0.6
2010	57	0.6
2011	55	0.6
2012	53	0.5
2013	50	0.5
2014	48	0.5
2015	46	0.5
2016	45	0.5
2017	43	0.4
2018	41	0.4
2019	39	0.4
2020	38	0.4
2021	36	0.4
2022	35	0.4
2023	33	0.3
2024	32	0.3
2025	31	0.3
2026	29	0.3
2027	28	0.3
2028	27	0.3
2029	26	0.3
2030	25	0.3

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NEW MEXICO OIL CONSERVATION COMMISSION
 WELL LOCATION AND ACREAGE DEDICATION ON PLAT

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

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

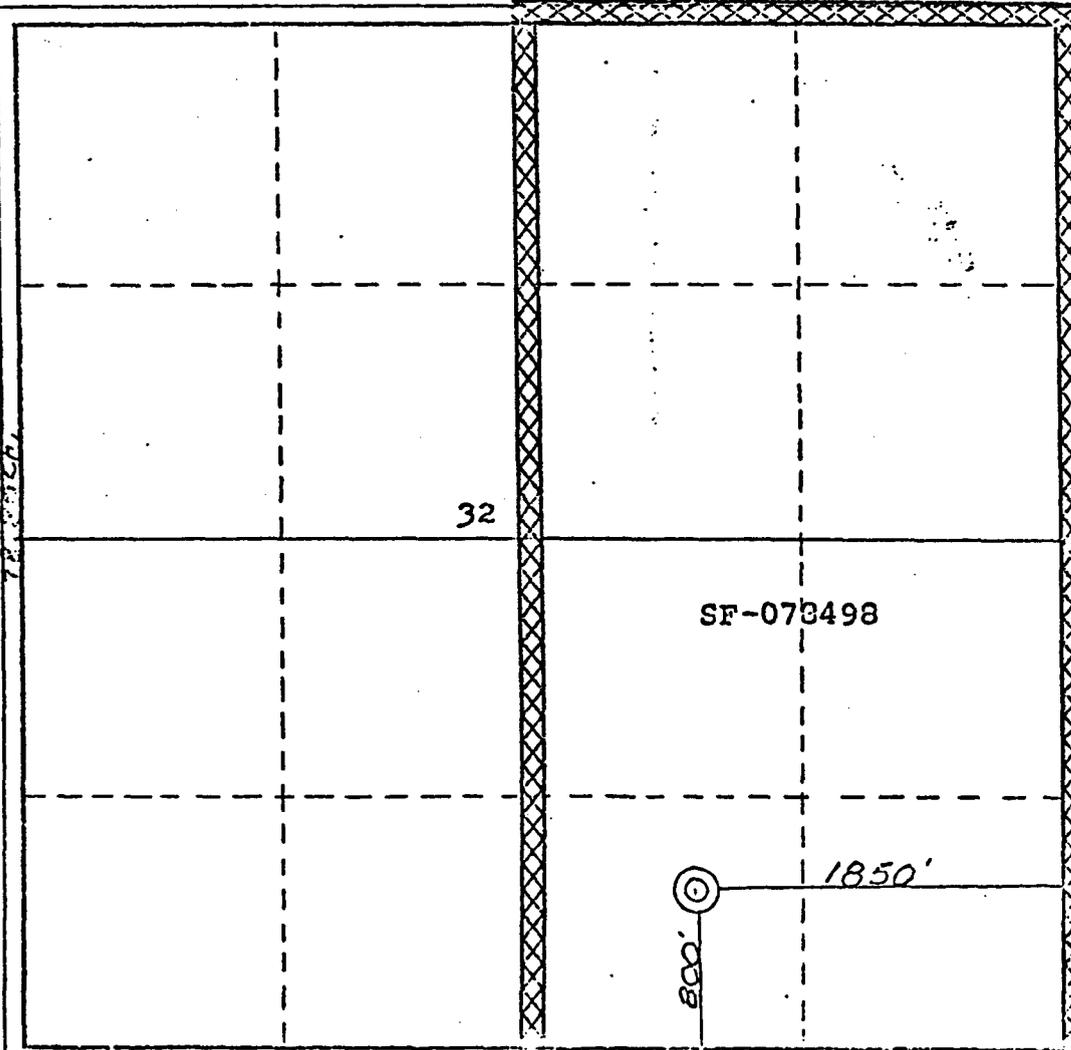
Operator EL PASO NATURAL GAS COMPANY		Lease SAN JUAN 28-7 UNIT(SF-078498)		Well No. 229
Unit Letter 0	Section 32	Township 28 NORTH	Range 7 WEST	County RIO ARriba
Actual Footage Location of Well: 800 feet from the SOUTH line and 1850 feet from the EAST line				
Ground Level Elev. 6661	Producing Formation DAKOTA		Pool BASIN DAKOTA	Dedicated Acreage: 315.68 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 Unitization

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.

James D. Lease
 Name
 Drilling Clerk

Position
 El Paso Natural Gas Co.

Company
 August 1, 1974

Date

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
 29 MAY 1974

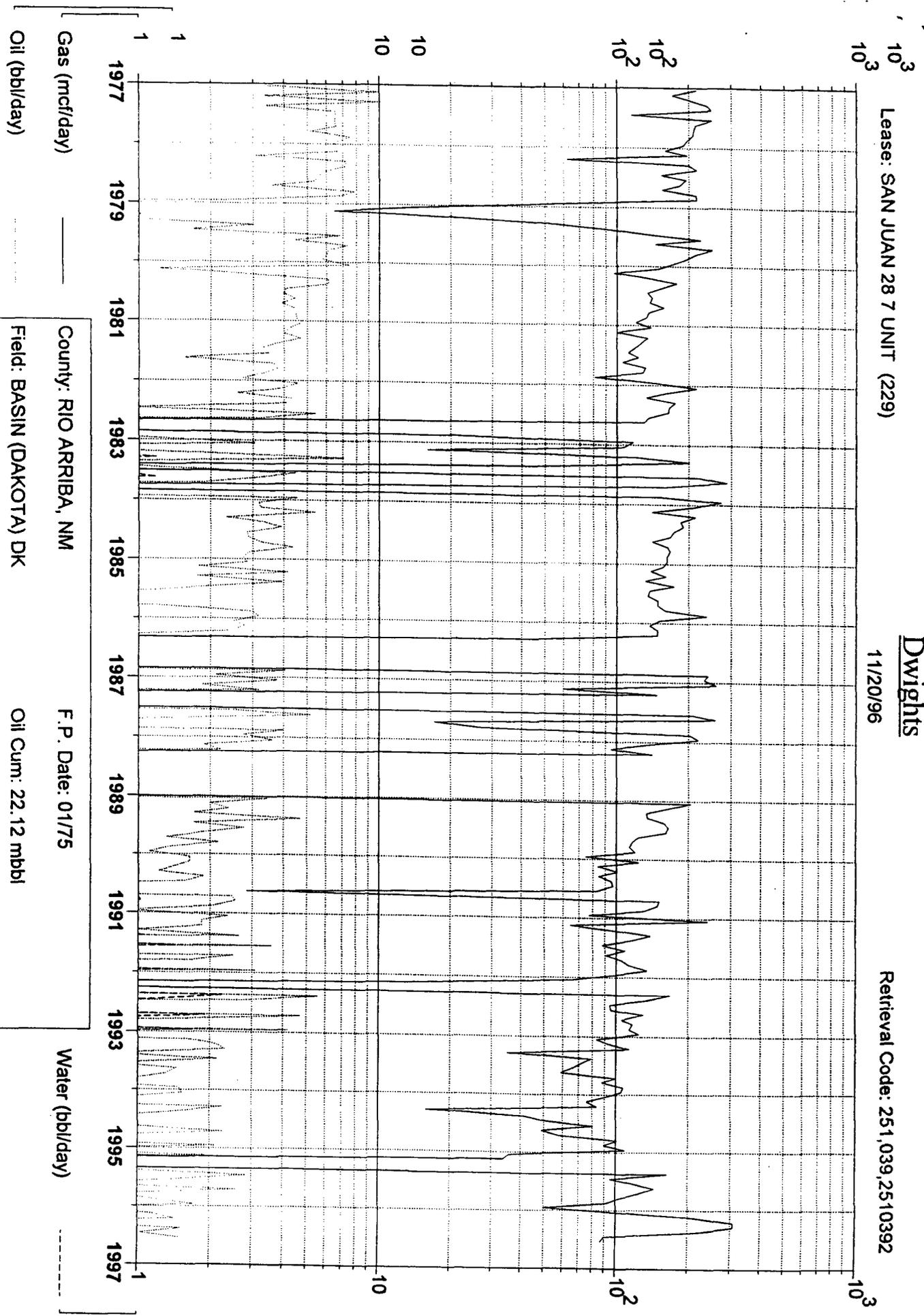
Registered Professional Engineer and/or Land Surveyor
James D. Lease
 James D. Lease

Certificate No.

Lease: SAN JUAN 28 7 UNIT (229)

Dwights
11/20/96

Retrieval Code: 251,039,2510392



County: RIO ARRIBA, NM	F.P. Date: 01/75
Field: BASIN (DAKOTA) DK	Oil Cum: 22.12 mbbl
Reservoir: DAKOTA	Gas Cum: 1039 mmcf
Operator: CONOCO INC	Location: 32O 28N 7W

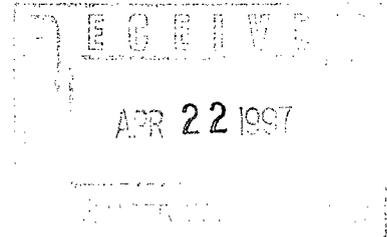


DHC 5-12-97

Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

April 21, 1997



Mr. Ben Stone
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Re: SAN JUAN 28-7 UNIT DOWNHOLE COMMINGLES

Dear Ben:

On Feb. 3, 1997, these 22 downhole commingling applications for wells in Conoco's San Juan 28-7 Unit were mailed to Santa Fe. Five of the applications are for downhole commingling between the Pictured Cliffs and the Mesaverde formations and 17 between the Mesaverde and Dakota formations for which hundreds of previous applications have been received and approved by the OCD. The allocation formulas and procedures are simple and straightforward; no different than has readily been approved before. Two weeks ago an E-Mail message was sent to David Catanach simply requesting an update as to the status of these applications. To date we have received no reply.

The San Juan 28-7 Unit with nearly 400 wells is a significant portion of Conoco's business in the San Juan Basin. A major portion of our Spring work program has been planned around many recompletions to be immediately followed by these downhole comminglings. This work can be done at the same time because the downhole commingling applications use the very commonly approved "Subtraction" method of allocation where a stable production history (projected to abandonment in table form) is submitted for one zone (usually the Dakota) and any incremental production is allocated to the new completion (usually the Mesaverde). This avoids a lengthy testing period and a second rigup on the well to downhole commingle it.

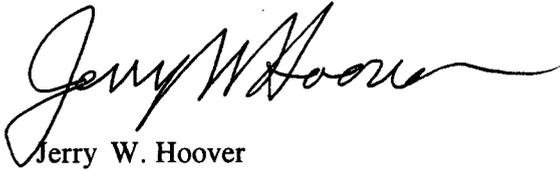
We felt that we had filed these applications in adequate time to be ready for our Spring work window which usually begins in early April when weather permits. We have rigs and crews on hold waiting to begin this very critical program of increasing our production base in this unit. If we can't start on this program very soon, it will result in significant economic loss through its delay.

<u>NAME</u>	<u>FORMATIONS</u>	<u>ALLOCATION METHOD</u>	<u>ALSO TO BE RECOMPLETED</u>
San Juan 28-7 No. 79	Pictured Cliffs / Mesaverde	Fixed Percentage	
San Juan 28-7 No. 81	Pictured Cliffs / Mesaverde	Fixed Percentage	
San Juan 28-7 No. 88	Pictured Cliffs / Mesaverde	Fixed Percentage	
San Juan 28-7 No. 95	Pictured Cliffs / Mesaverde	Fixed Percentage	
San Juan 28-7 No. 98	Mesaverde / Dakota	Fixed Percentage	
San Juan 18-7 No. 99	Mesaverde / Dakota	Subtraction	
San Juan 28-7 No. 104	Pictured Cliffs / Mesaverde	Fixed Percentage	
San Juan 18-7 No. 110	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 111	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 125	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 126	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 188	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 189	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 191E	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 219	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 221	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 222	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 223	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 226	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 227	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 229	Mesaverde / Dakota	Subtraction	YES
San Juan 18-7 No. 256	Mesaverde / Dakota	Subtraction	YES

I can't imagine what happened to the original applications. They were sent together in one large package. We would appreciate any help you can give us in expediting this work. In the future, is it possible for us to check with someone who logs these applications in to see if you have received them and who will work them? We just assumed that you were overloaded (which you are) and couldn't get to them for 2-1/2 months. It never occurred to us that you hadn't received them.

Thanks for your help in this matter. If I can be of further help call me at (915) 686-6548.

Very truly yours,

A handwritten signature in cursive script that reads "Jerry W. Hoover". The signature is fluid and extends to the right with a long, sweeping tail.

Jerry W. Hoover
Sr. Conservation Coordinator

DHC-1556



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

February 25, 1997

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

Attn: Mr. Jerry W. Hoover

Re: Application for Downhole Commingling
San Juan 28-7 Unit Wells
Rio Arriba County, New Mexico

Dear Mr. Hoover:

We are in receipt of your application to downhole the following San Juan 28-7 unit wells:

Pictured Cliffs/Mesaverde

- Well No. 78
- Well No. 81
- Well No. 88
- Well No. 95
- Well No. 104

Mesaverde/Dakota

- Well No. 98
- Well No. 99
- Well No. 110
- Well No. 111
- Well No. 188
- Well No. 189

- Well No. 125
- Well No. 126
- Well No. 191E
- Well No. 219
- Well No. 221
- Well No. 222

- Well No. 223
- Well No. 226
- Well No. 227
- Well No. 229
- Well No. 256

Conoco Inc.
February 25, 1997
Page 2

This office has no objection to your proposed request. Since all of the above-described wells are located on federal minerals, this action is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

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: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
cc: Reader File
OCD--David Catanach and Ben Stone