

DATE IN 7/24/97	SUSPENSE 8/13/97	ENGINEER DC	LOGGED BY KN	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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]

1650
Check
Cally

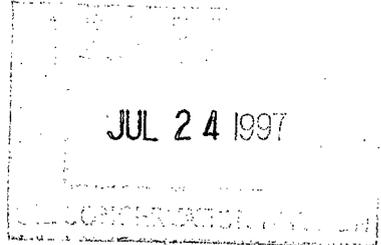
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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.

Ann E. Ritchie
Print or Type Name

Signature

Regulatory Agent
Title

7-14-97
Date

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 87410-1693

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 Apache Well No 2 Unit Ltr Sec Twp Rge L-18-T26N-R3W County Rio Arriba

Spacing Unit Lease Types: (check 1 or more)

GRID NO. 005073 Property Code 16056 API NO. 30 039 20185 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	Undesignated Gallup 87360		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	7328-7342'		7818-7994'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flow		Flowing
5. Bottom hole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a (Current) 428 psia BHP	a.	a. 614 psia BHP
	b (Original) 2141 psia BHP	b.	b. 2651 psia BHP
6. Oil Gravity (°API) or Gas BTU Content	1313 BTU/Mcf		1278 BTU/Mcf
7. Producing or Shut-In?	Shut-in		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. • If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date Rates	Date Rates:	Date Rates
	Date Rates Est. 10/97 8 mcf/d, 0 bwpd, 2 bopd	Date Rates	Date Rates Est. 10/97 43 mcf/d, 0 bwpd, .6 bopd
8. Fixed Percentage Allocation Formula - % for each zone	oil: 25 % Gas 16 %	oil: % Gas %	oil: 75 % Gas 84 %

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)

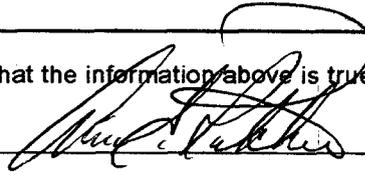
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

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  TITLE Regulatory Agent DATE 7-14-97

TYPE OR PRINT NAME Ann E. Ritchie TELEPHONE NO. (915) 686-6548/684-6381

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.

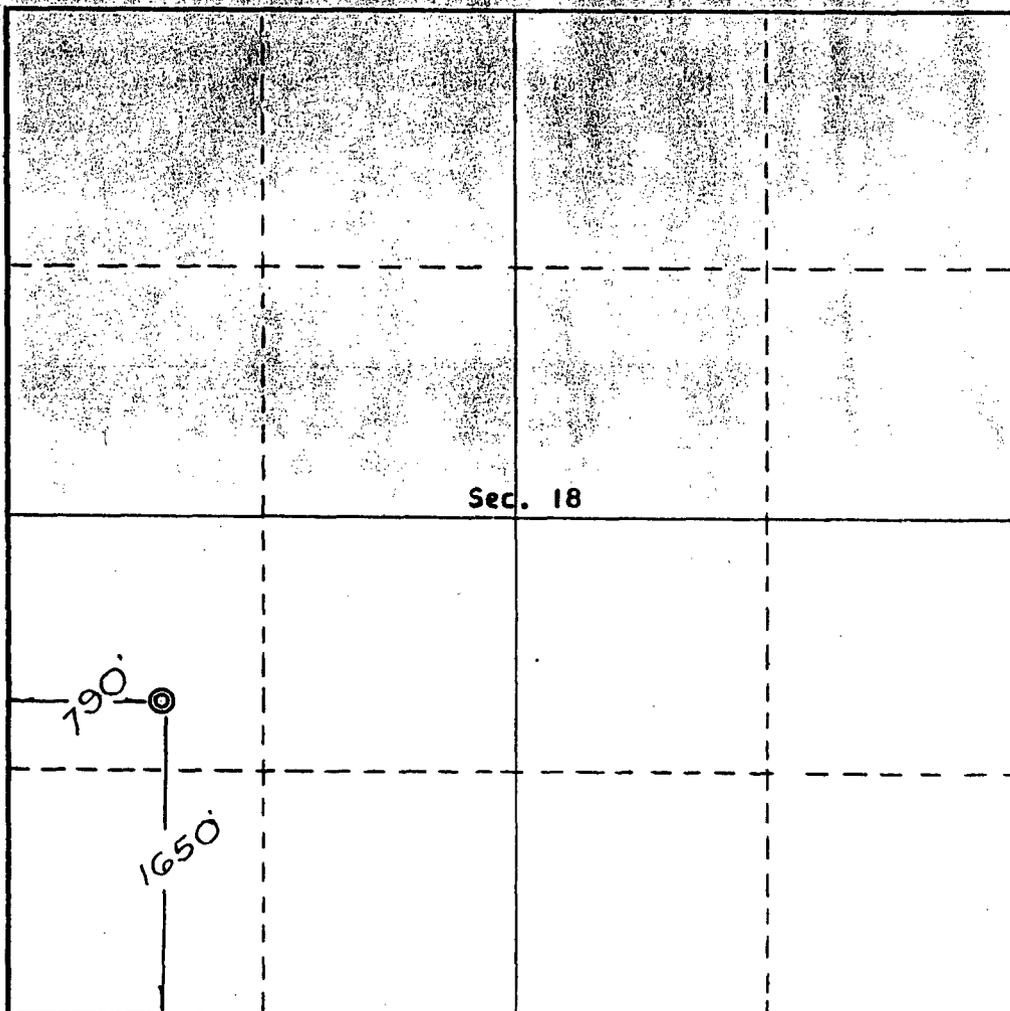
Operator JEROME P. McHUGH		Lease Jicarilla			Well No. A-2
Unit Letter L	Section 18	Township 26 North	Range 3 West	County Rio Arriba	
Actual Footage Location of Well: 1650 feet from the South line and 790 feet from the West line					
Ground Level Elev. 6939	Producing Formation Dakota		Pool Basin	Dedicated Acreage - - 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 _____

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.

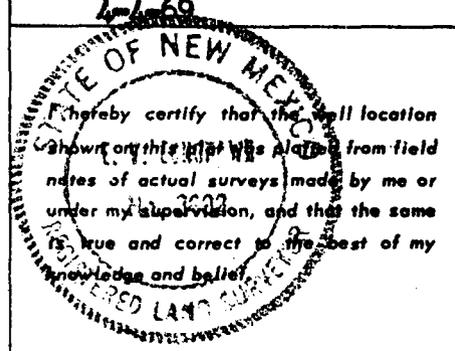


CERTIFICATION

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

Original signed by **T. A. Dugan**

Name Thomas A. Dugan
Position Engineer
Company Jerome P. McHugh
Date 4/1/69



Date Surveyed March 29, 1969
Registered Professional Engineer and/or Land Surveyor

E. V. Cochran
Certificate No. **3602**



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

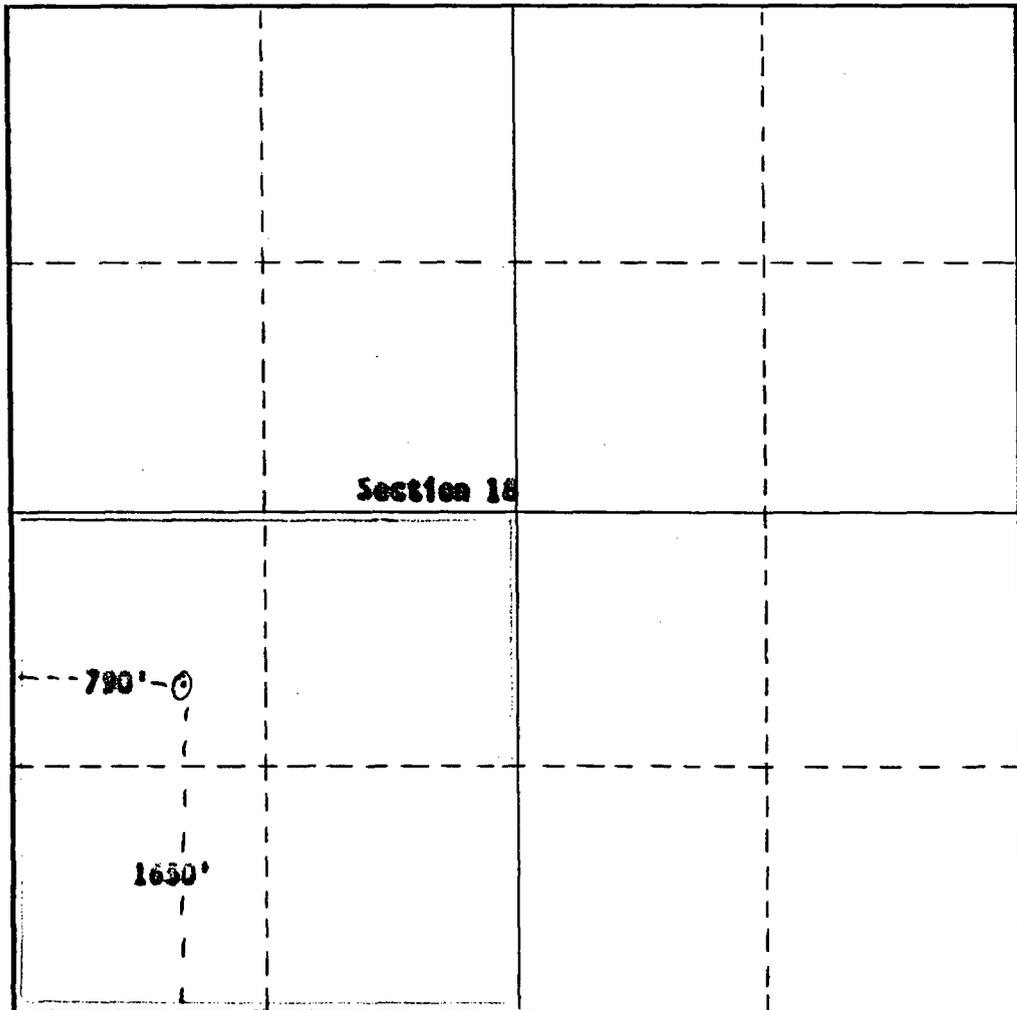
Operator Jerome P. McHugh		Lease Mescalita A		Well No. 2
Unit Letter L	Section 18	Township 26N	Range 3W	County Rio Arriba
Actual Footage Location of Well: 1650 feet from the south line and 790 feet from the west line				
Ground Level Elev. 6939'	Producing Formation Gallup	Pool Undesignated	Dedicated Acreage: 100 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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?

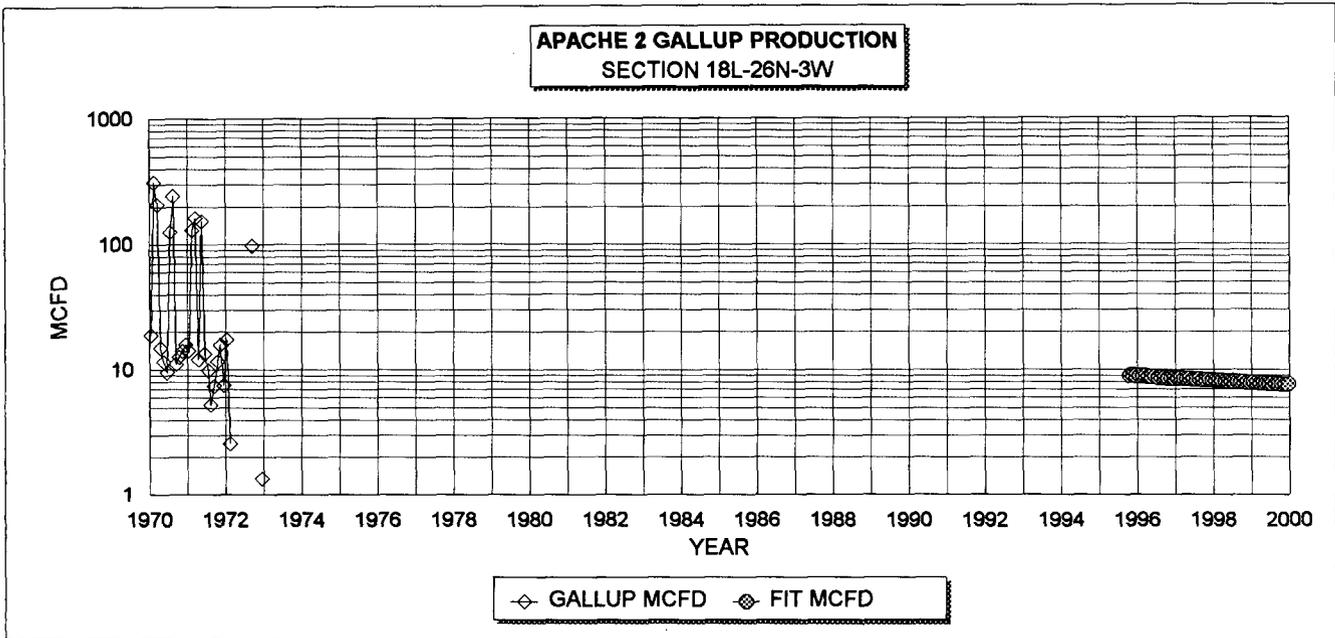
Yes No If answer is "yes," type of consolidation _____

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

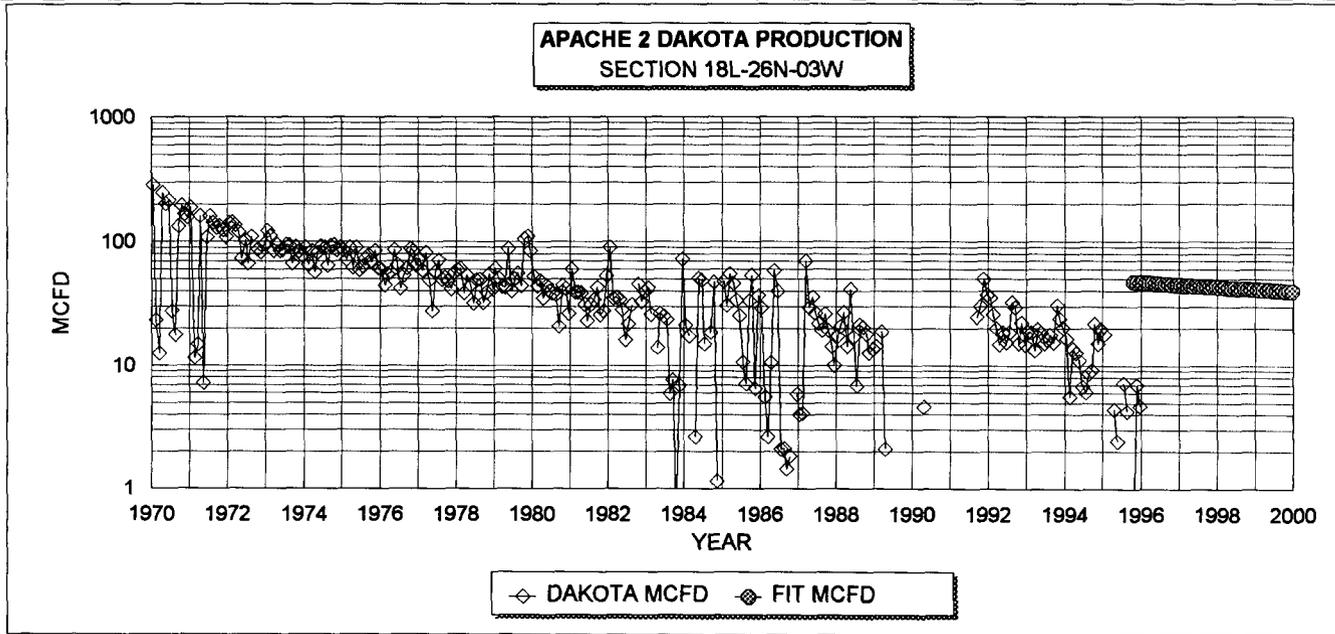
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Original signed by T. A. Dugan	
Name	Thomas A. Dugan
Position	Engineer
Company	Jerome P. McHugh
Date	10/9/69
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.	
3/29/69	
Date Surveyed	
Registered Professional Engineer and/or Land Surveyor	
E. V. Lechawk	
Certificate No.	3602



GALLUP HISTORICAL DATA:		1ST PROD: 10/69	GALLUP PROJECTED DATA	
OIL CUM:	0.98 MBO		10/1/97 QI:	8 MCFD
GAS CUM:	52.0 MMCF		DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	0.0189 BBL/MCF			



DAKOTA HISTORICAL DATA		1ST PROD: 10/69	DAKOTA PROJECTED DATA	
OIL CUM:	6.2 MBO		10/1/97 QI:	43 MCFD
GAS CUM:	437.0 MMCF		DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	0.0142 BBL/MCF			

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
GALLUP	16%	20%
DAKOTA	84%	80%

GAS ALLOCATION BASED ON PROJECTED 1996 RATES
OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS

NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

Conoco, Inc.
C-107-A
Offset Operator List

RE: Apache, Well #2, Rio Arriba County, New Mexico

1. Burlington Resources Oil & Gas Co.
P. O. Box 4289
Farmington, NM 87499
2. Chateau Oil & Gas Inc.
2515 McKinney Ave. Ste 840
Dallas, TX 75201
3. Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705-4500

P 497 368 607

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided

Burlington Resources Oil & Gas Co.
P. O. Box 4289
Farmington, NM 87499 ✓

PS Form 3800, April 1995

Postage	\$ 1.70
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 4.15
Postmark or Date	7-22-97

P 497 368 608

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided

Chateau Oil & Gas Inc.
2515 McKinney Ave. Ste. 840
Dallas, TX 75201 ✓

PS Form 3800, April 1995

Postage	\$ 1.47
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.92
Postmark or Date	7-22-97

P 497 368 609

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided

Amoco Production Company
P. O. Box 800
Denver, CO 80202

PS Form 3800, April 1995

Postage	\$ 1.24
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.69
Postmark or Date	7-22-97

P 497 368 622

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided

Caulkins Oil Co.
1600 Broadway Ste. 2100
Denver, CO 80202

PS Form 3800, April 1995

Postage	\$.55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.00
Postmark or Date	7-22-97