

DATE IN 7/24/97	SUSPENSE 8/13/97	ENGINEER DC	LOGGED BY MW	TYPE DHC
-----------------	------------------	-------------	--------------	----------

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]

1651
(we)

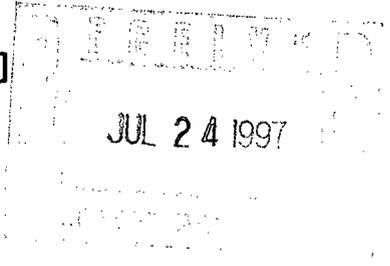
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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

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 79705-4500

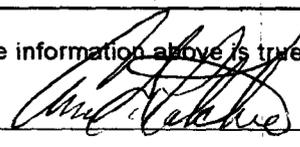
Lease Newsom Well No 2 Unit Ltr Sec Twp Rge M-17-T26N-R8W County San Juan

Property Code 18109 API NO. 30 045 05825 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	Fruitland Coal		Pictured Cliffs 71439
2. TOP and Bottom of Pay Section (Perforations)	1872-2007'		2015-2090'
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: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a (Current) 343 psia	a.	a. 242 psia
	b (Original) 692 psia	b.	b. 694 psia
6. Oil Gravity (°API) or Gas BTU Content	1150 BTU		1206 BTU
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 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 Incremental Production by subtraction - see attached data	Date Rates	Date Rates Mid-Year Average Producing Rates - See Attached Table
8. Fixed Percentage Allocation Formula - % for 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?
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 7-17-97

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

COMPANY Southern Union Gas Company

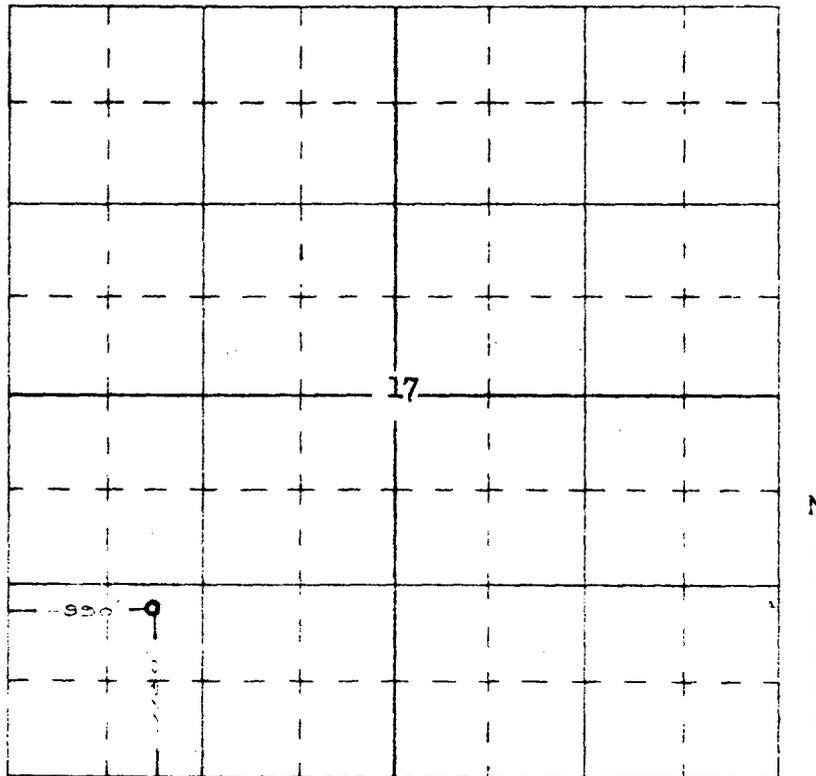
Well Name & No. NEWSOM #2 Lease No. SFD 78423

Location 1150' from the South line and 990' from the West line.

Being in the SW $\frac{1}{4}$

Sec. 17, T 26 N., R 8 W., N.M.P.M., San Juan County, New Mexico.

Ground Elevation



Scale - 4 inches equals 1 mile

Surveyed November 13, 1954

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

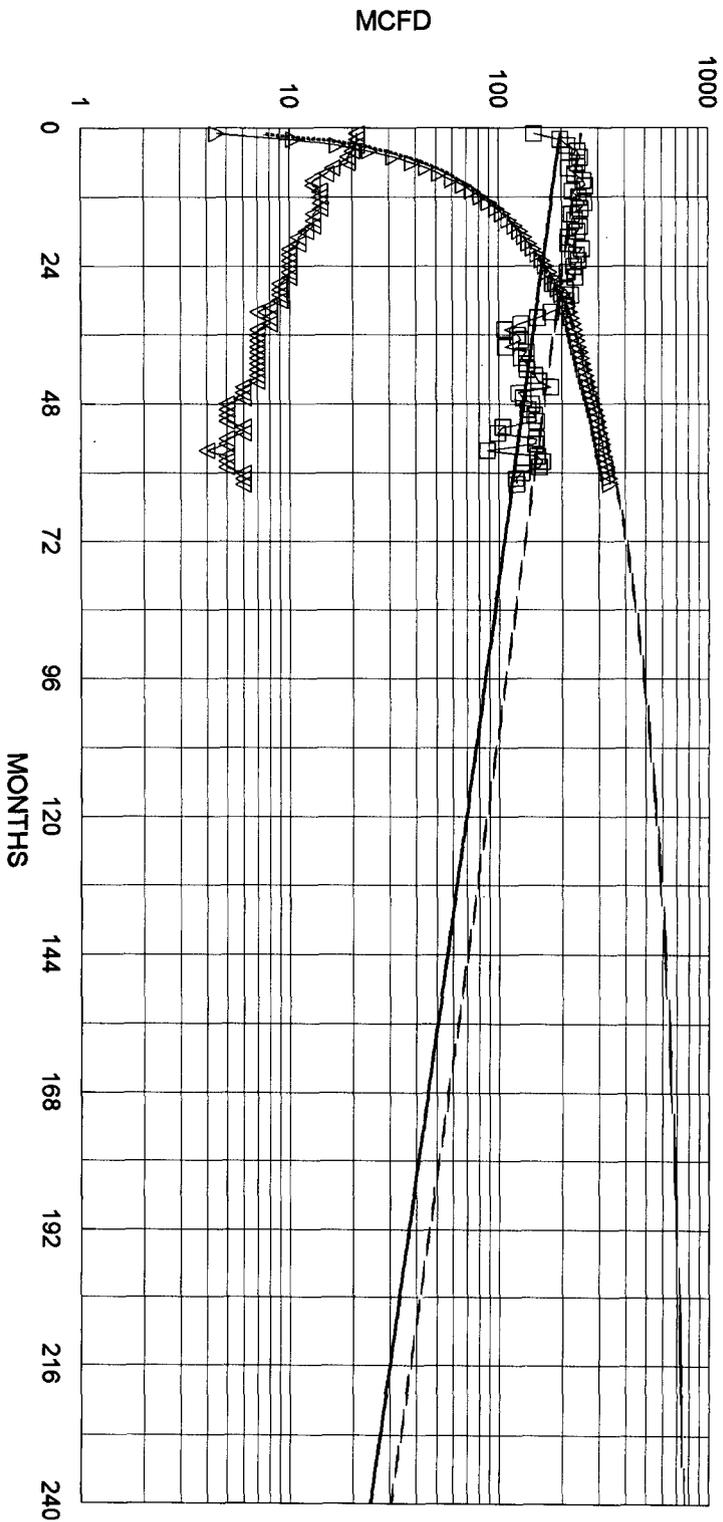
Seal:



Ernest V. Echohawk

Registered Professional
Engineer and Land Surveyor.
Ernest V. Echohawk
N. Mex. Reg. No. 1545

NORMALIZED FRUITLAND COAL PRODUCTION
 21 WELLS SINCE 1989; 26N 8W AND EASTERN 26N 9W; SAN JUAN CO. NM



— FIT MCFD □ NORMALIZED MCFD △ NORM CUM MMCF
 ▽ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

NORMALIZED AVG:
 693 MMCF EUR
 762 MMCF IN 20 YRS
 50 MCFD E.L.
 0.0000 bbl/mcf oil yield

250 MCFD IP
 10% DECLINE, 1ST 12 MONTHS
 10% DECLINE, NEXT 72 MONTHS
 10% FINAL DECLINE

RISKED AVG: 20% RISK
 520 MMCF EUR 200 MCFD IP
 609 MMCF IN 20 YR 10.0% DECLINE, 1ST 12 MONTHS
 50 MCFD E.L. 10.0% DECLINE, NEXT 72 MONTHS
 0.0000 bbl/mcf oil yield 10.0% FINAL DECLINE

Conoco Inc.
C-107-A
Offset Operator List

RE: Newsom, Well #2, San Juan 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. Amoco Production Company
P. O. Box 800
Denver, CO 80202
4. Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, TX 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

Newsom #2

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