

DATE IN 7/24/97	SUSPENSE 8/13/97	ENGINEER DC	LOGGED BY KW	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

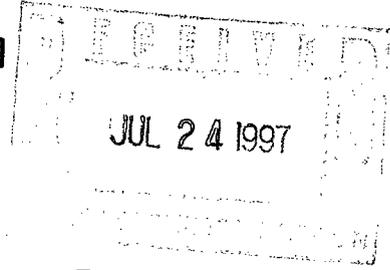
Application Acronyms:

- [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]

1652
C

[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]
Signature

Regulatory Agent
Title

7-14-97
Date

DISTRICT I
P.O. 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 87505-6429

APPROVAL PROCESS:

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

Conoco Inc.

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

Operator

Address

Newsom

17E

P-20-T26N-R8W

San Juan

Lease

Well No

Unit Ltr Sec Twp Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 005073 Property Code 18109 API NO. 30 045 24722 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		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	1900-2115'		6585-6770'
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) BHP 343 psia	a.	a. BHP 624 psia
	b (Original) BHP 693 psia	b.	b. BHP 2567 psia
6. Oil Gravity (*API) or Gas BTU Content	1150 BTU		1321 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? 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 Ann E. Ritchie TITLE Regulatory Agent DATE 7-17-97

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

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-79

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

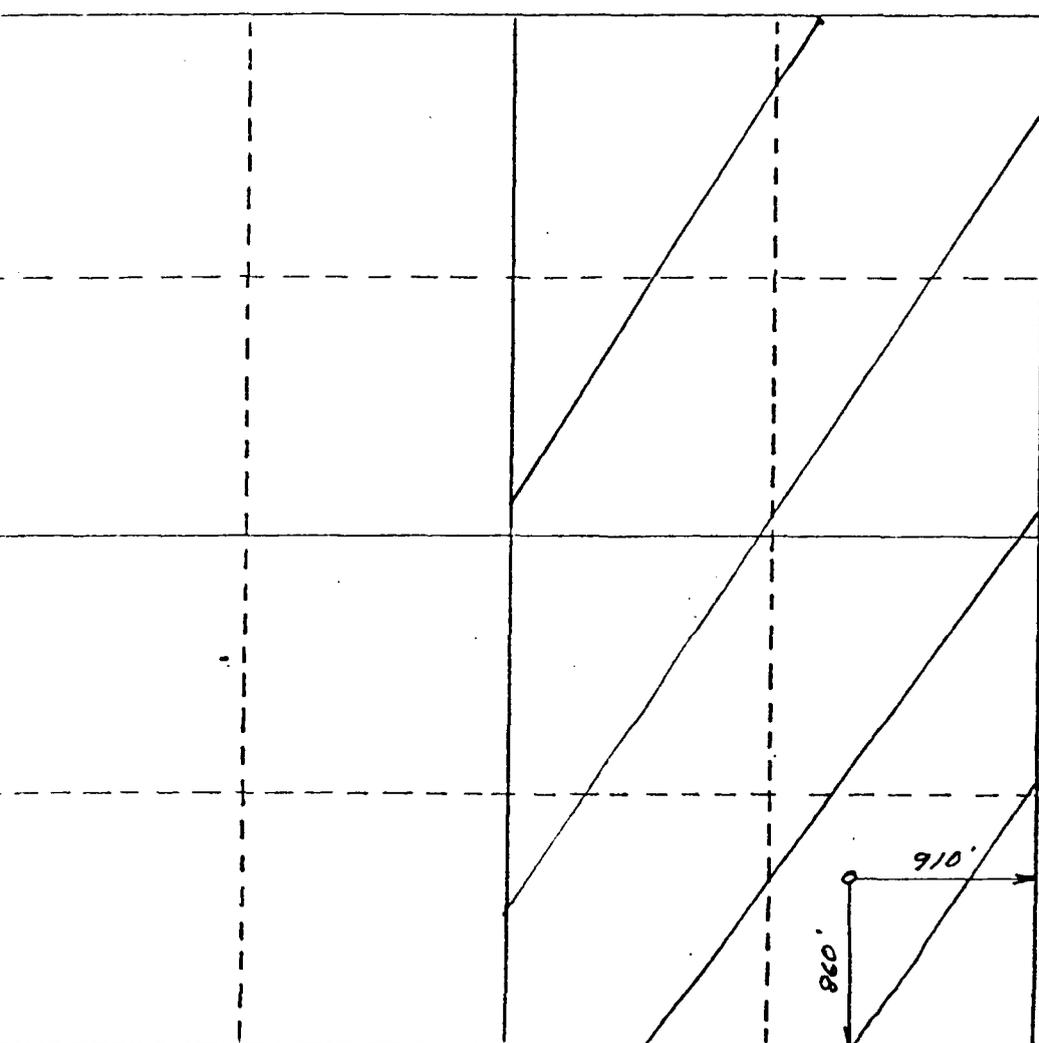
EXHIBIT "A" - Location and Elevation Plat

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

Operator Supron Energy		Lease SF-078433 (Newsom)		Well No. Newsom #17E	
Section 20	Township 26 North	Range 8 West	County San Juan		

Well Location of Well: 860 feet from the South line and		910 feet from the East line	
Well Level Elev. 6368'	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 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 Division



CERTIFICATION

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

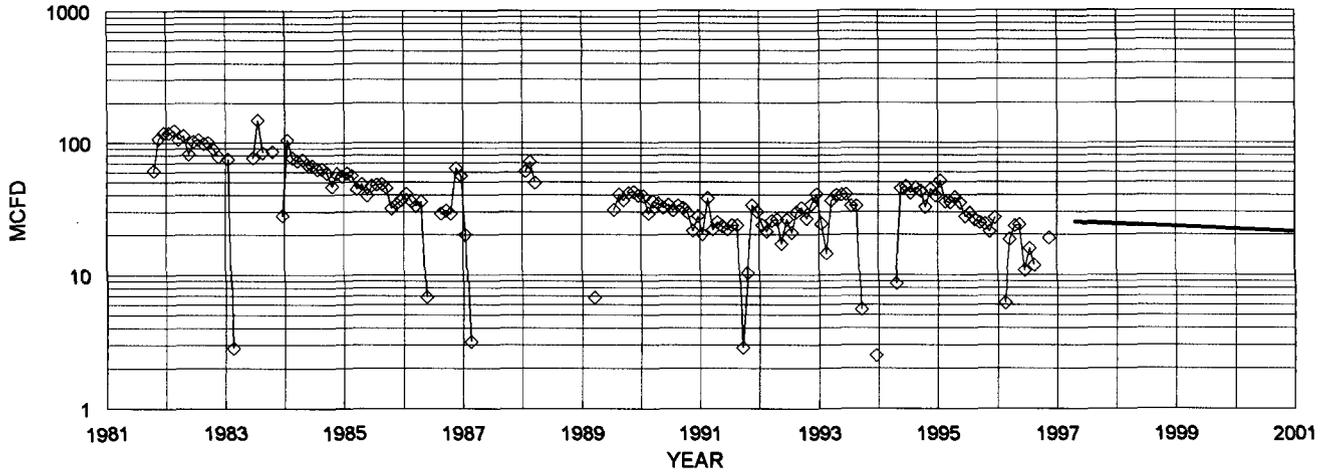
George Lapaseotes
 Name **George Lapaseotes**
 V. President Powers Elevation
 Position
 Agent Consultant for
 Company
Supron Energy Corporation
 Date
November 14, 1980

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
Nov 14 1980
G. HUDDLEST
 Registered Professional Engineer
 and/or Registered Surveyor
 REGISTERED PROFESSIONAL ENGINEER AND SURVEYOR

Certificate No.

**NEWSOM 17E DAKOTA PRODUCTION
SECTION 20P-26N-08W**



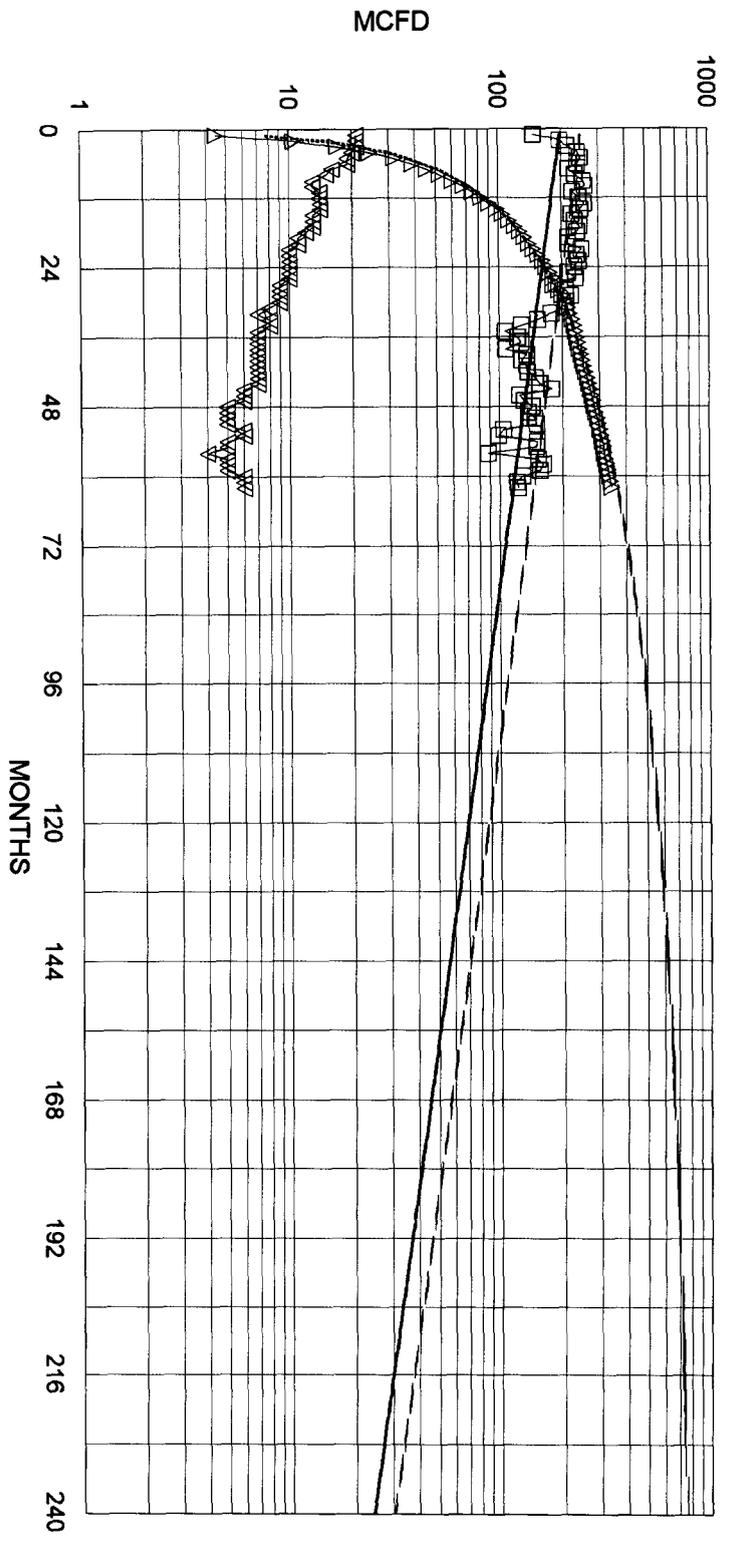
◇ DAKOTA MCFD — FIT MCFD

DAKOTA HISTORICAL DATA:	1ST PROD: 09/81	DAKOTA PROJECTED DATA
OIL CUM:	2.89 MBO	7/1/97 Qi: 25 MCFD
GAS CUM:	186.3 MMCF	DECLINE RATE: 4.5% (EXPONENTIAL)
CUM OIL YIELD	0.0155 BBL/MCF	
OIL YIELD:	0.0133 BBL/MCF, LAST 3 YRS	
AVG. USED:	0.0144 BBL/MCF	

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
1997	24.5	0.4
1998	23.6	0.3
1999	22.2	0.3
2000	21.2	0.3
2001	20.3	0.3
2002	19.4	0.3
2003	18.5	0.3
2004	17.7	0.3
2005	16.9	0.2
2006	16.1	0.2
2007	15.4	0.2
2008	14.7	0.2
2009	14.0	0.2
2010	13.4	0.2
2011	12.8	0.2
2012	12.2	0.2
2013	11.7	0.2
2014	11.1	0.2
2015	10.6	0.2
2016	10.2	0.1
2017	9.7	0.1
2018	9.3	0.1
2019	8.9	0.1
2020	8.5	0.1
2021	8.1	0.1
2022	7.7	0.1
2023	7.4	0.1
2024	7.0	0.1
2025	6.7	0.1
2026	6.4	0.1
2027	6.1	0.1
2028	5.9	0.1
2029	5.6	0.1
2030	5.3	0.1

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

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 #17E, 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. 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

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

PS Form 3800, April 1995

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

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

PS Form 3800, April 1995

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

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

PS Form 3800, April 1995

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

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

PS Form 3800, April 1995