

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

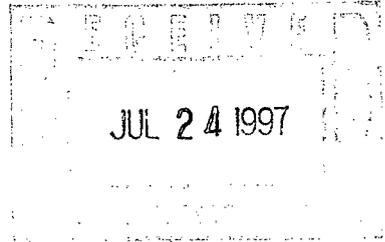
Application Acronyms:

- [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]

1646

[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
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

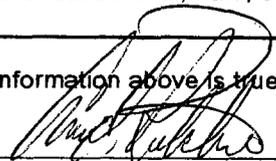
Lease Reames COM Well No 2M Unit Ltr Sec Twp Rge I-19-T26N-R6W County Rio Arriba

Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 005073 Property Code 16606 API NO. N/A 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) | 4880-5225' OA | | 6920-7290' OA |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | To Flow | | To Flow |
| 5. Bottom hole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original | a (Current) 606 psia | a. | a. 806 psia |
| | b (Original) 1033 psia | b. | b. 2925 psia |
| 6. Oil Gravity (*API) or Gas BTU Content | 1326 BTU | | 1197 BTU |
| 7. Producing or Shut-In? | To be drilled | | To be drilled |
| 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 To be determined from tests on completion | Date Rates | Date Rates To be determined from tests on completion |
| 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  TITLE Regulatory Agent DATE 7-14-97

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

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Adec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------|---------------|-------------|-------------------------------|
| API Number | | Pool Code | Pool Name |
| | | 72319/71599 | Blanco Mesaverde/Basin Dakota |
| Property Code | Property Name | | Well Number |
| 016606 | Reams Com | | 2M |
| OGRID No. | Operator Name | | Elevation |
| 05073 | CONOCO, INC. | | 6420' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| I | 19 | 26-N | 6-W | | 1360 | South | 790 | East | R. A. |

11 Bottom Hole Location If Different From Surface

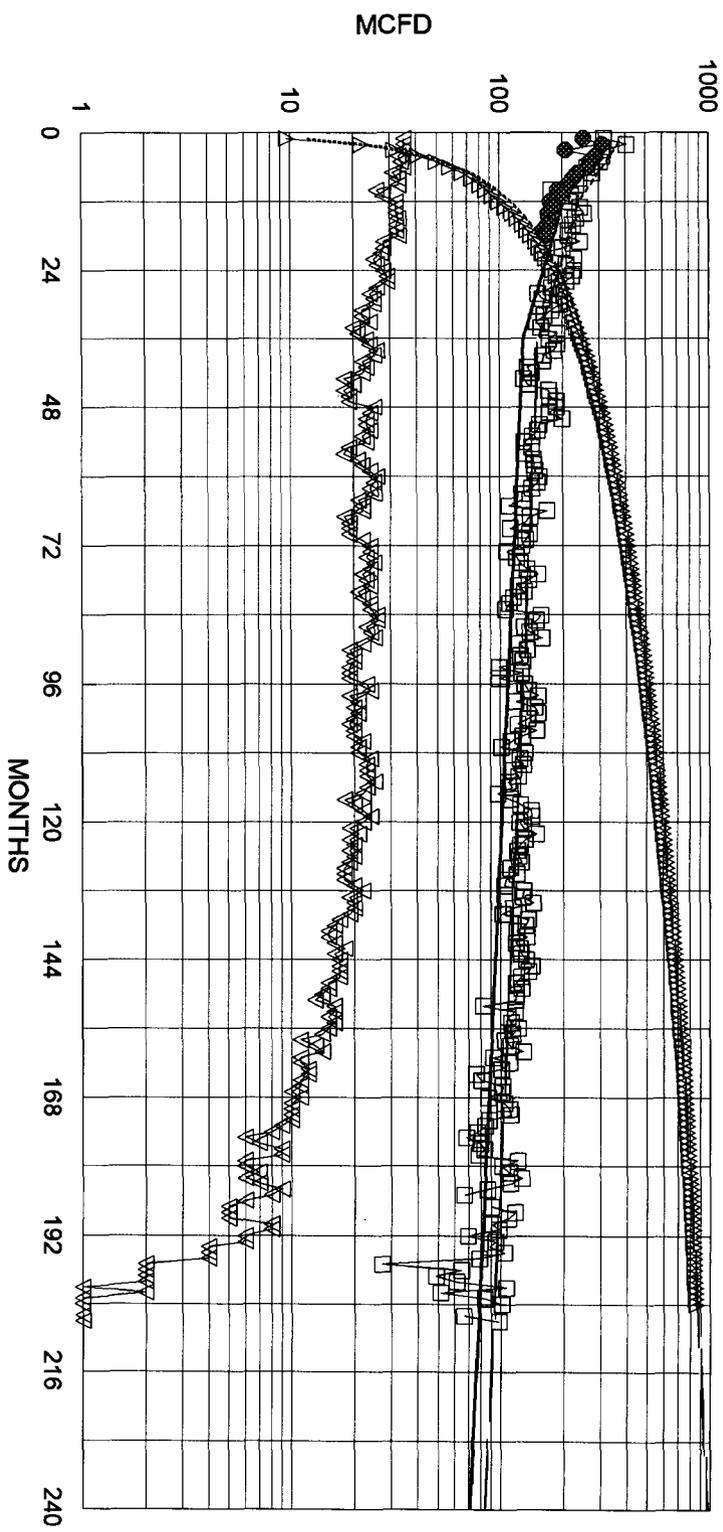
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
| E / 320 | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | |
|----|----------|----------|----------|--|
| 16 | 1347.06' | 1333.20' | 2667.06' | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Jerry W. Hoover</i> Signature Jerry W. Hoover Printed Name Sr. Conservation Coordinator Title 3/20/97 Date</p> |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | 1361.58' | 1330.56' | 2661.12' | <p>18 SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>1/09/97 Date of Survey Signature and Seal of Professional Surveyor NEALE C. EDWARDS NEW MEXICO 6857 6857 Certificate Number</p> |

NORMALIZED DAKOTA PRODUCTION OFFSET TO REAMES COM LEASE; 19-26-6
 25 SECTION AREA; 35 WELLS SINCE 1980; 5 WELLS SINCE 1994



— FIT MCFD □ NORMALIZED MCFD ▽ NORM CUM MMCF ▽ WELLS ON PRODUCTIO
 — FIT CUM MMCF — RISKED MCFD ◆ 5 NEW WELLS (>94)

NORMALIZED AVG:

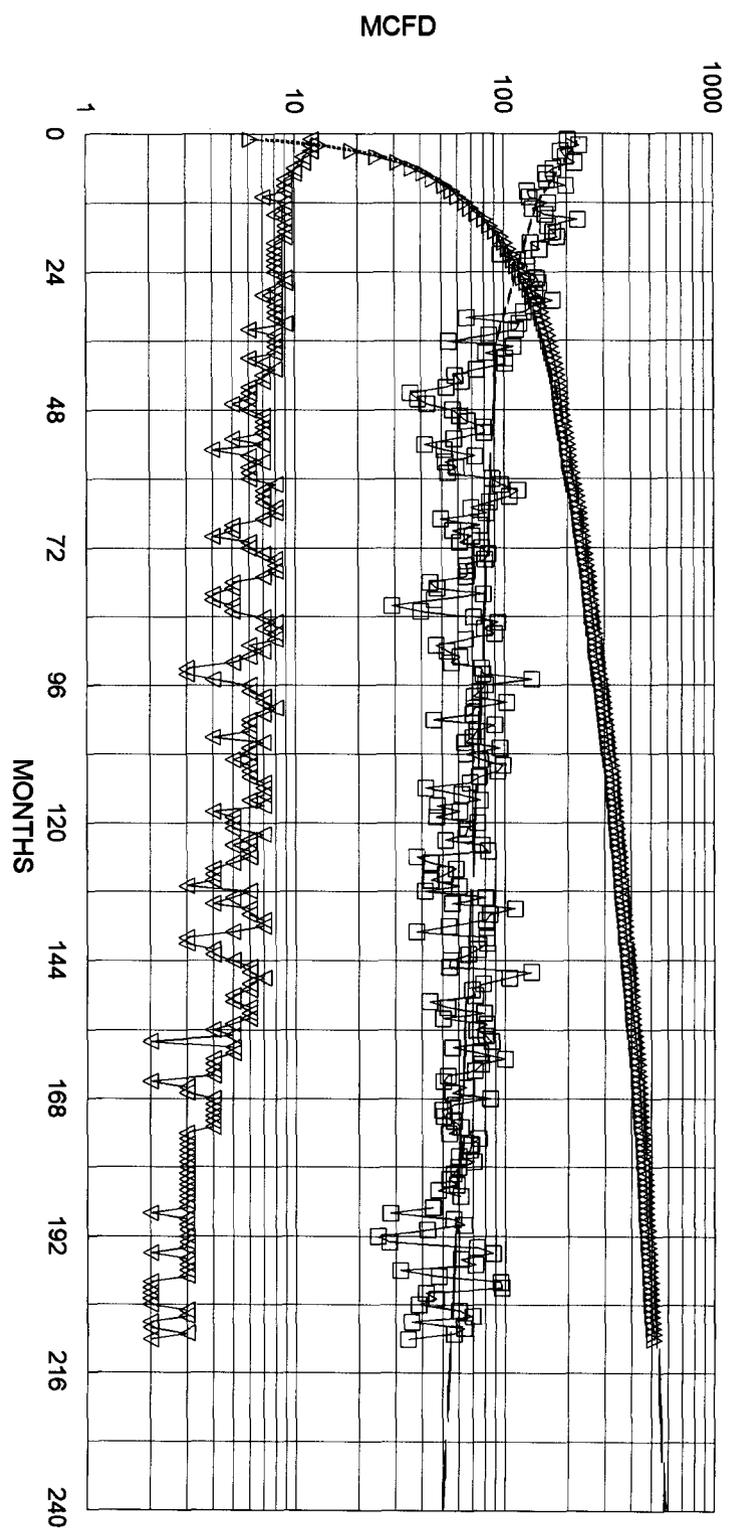
1624 MMCF EUR
 973 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0088 bbl/mcf oil yield

400 MCFD IP
 40% DECLINE, 1ST 12 MONTHS
 20% DECLINE, NEXT 24 MONTHS
 3.5% FINAL DECLINE

RISKED AVG: 15% RISK (DEPLETION)

1360 MMCF EUR 340 MCFD IP
 827 MMCF IN 20 YR 40.0% DECLINE, 1ST 12 MONTHS
 20 MCFD E.L. 20.0% DECLINE, NEXT 24 MONTHS
 0.0088 bbl/mcf oil yield 3.5% FINAL DECLINE

NORMALIZED MESAVERDE PRODUCTION
13 WELLS SINCE 1980: OFFSET TO SECTION 19-26-06: (REAMES COM LEASE OFFSETS)



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

NORMALIZED AVG:
 893 MMCF EUR
 584 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0159 bbl/mcf oil yield

240 MCFD IP
 40% DECLINE, 1ST 12 MONTHS
 20% DECLINE, NEXT 24 MONTHS
 3.5% FINAL DECLINE

RISKED AVG: 0% RISK

893 MMCF EUR 240 MCFD IP
 584 MMCF IN 20 YR 40.0% DECLINE, 1ST 12 MONTHS
 20 MCFD E.L. 20.0% DECLINE, NEXT 24 MONTHS
 0.0159 bbl/mcf oil yield 3.5% FINAL DECLINE

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

RE: Reames COM, Well #2M, Rio Arriba County, New Mexico

1. Burlington Resources Oil & Gas Co.
P. O. Box 4289
Farmington, NM 87499
2. Caulkins Oil Co.
1600 Broadway Ste. 2100
Denver, CO 80202
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 |