

DATE IN 9/4/97	RESPONSE 9/24/97	ENGINEER DC	LOGGED BY RW	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

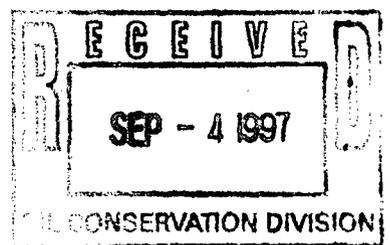
Application Acronyms:

- [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]

1681

[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, ORR) 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.

Jerry W. Hoover Gary Moore Sr. Conservation Coordinator 9/2/97
 Print of Type Name Signature Title 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 Southl 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

Operator Conoco Inc. Address 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Skaggs B Well No 7 Unit Ltr Sec Twp Rge B Sec 12 T-20-S, R-37-E County Lea

OGRID NO. 005073 Property Code 003088 API NO. 30-025-28570 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	Monument Tubb 47090		Skaggs Drinkard 57000
2. TOP and Bottom of Pay Section (Perforations)	6374-6526'		6692-6939'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a (Current) 1000 psi	a.	a. 1050 psi
	b(Original) 2450 psi	b.	b. 2600 psi
6. Oil Gravity (°API) or Gas BT Content	34.4		37.8
7. Producing or Shut-in?	Producing		Shut-in
Production Marginal? (yes or no) • If Shut-In give date and oil/gas/water rates of lsst production Note For new zones with no production history applicant shad be required to attach production estimates and supporting data • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date Rates	Date Rates	Date Rates Year average producing rates --- See attached table
	Incremental Production by Subtraction -- See attached data	Date Rates	Date Rates
8. Fixed Percentage Allocation Formula -% or 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 X Jerry W Hoover TITLE Sr. Conservation Coord DATE Sept. 2, 1997

TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. (915) 686-6548

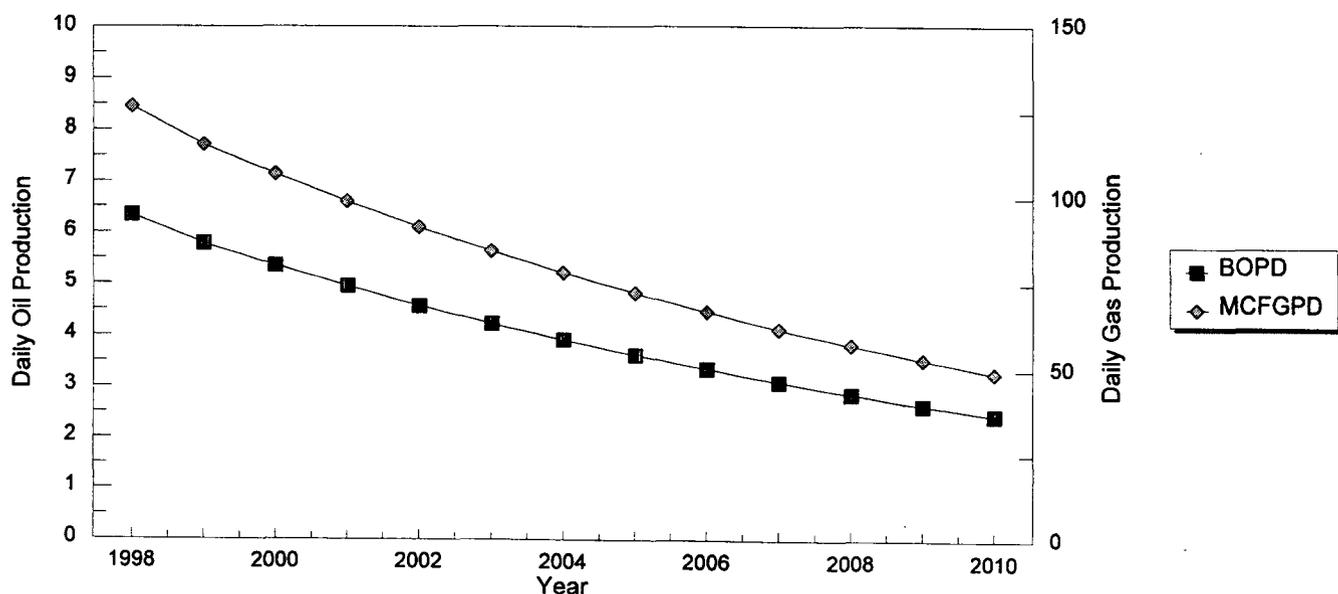
DRINKARD PRODUCTION FORECAST

Skaggs B No. 7 - Drinkard

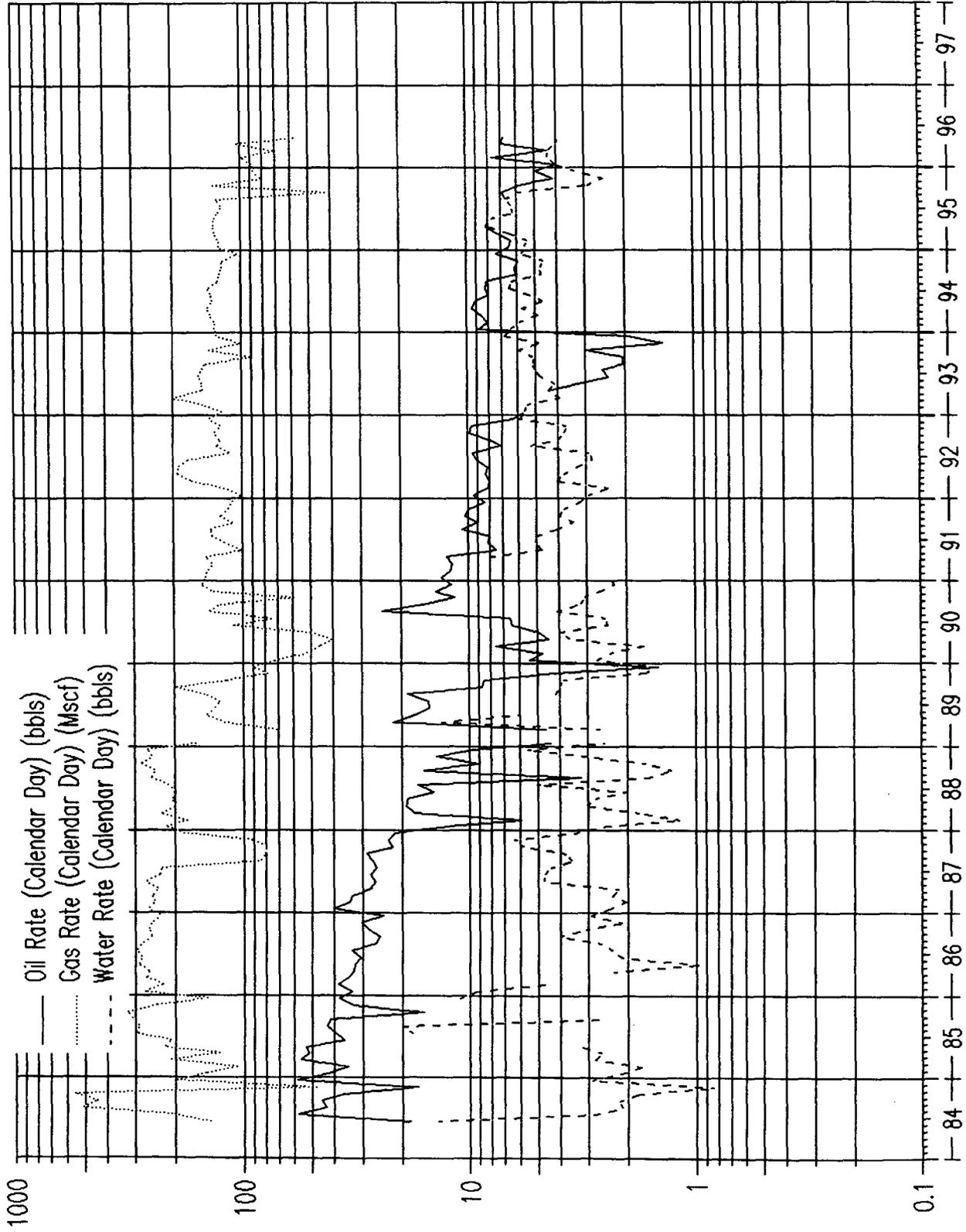
RESERVES (MBO)	19
RESERVES (MMCFG)	388
RESERVES (MBOE)	84
INITIAL RATE (BOPD)	7
INITIAL RATE (MCFPD)	140
NO. MONTHS 1ST YEAR	12
GOR (MCF/BO)	20.0
ECON LIMIT (BOPD)	2
LIFE (YRS)	13.0

Year	Zone	Qint. BOPD	DECLINE CONSTAN	Qf BOPD	dNp BO	Cum.Np	dGp MCF	Cum.Gp	MCFGP	BOPD
1998	Drinkard	7	0.0780	6	2282	2282	45647	45647	127	6
1999	Drinkard	6	0.0780	6	2111	4393	42222	87868	116	6
2000	Drinkard	6	0.0780	5	1953	6346	39053	126922	107	5
2001	Drinkard	5	0.0780	5	1806	8152	36123	163045	99	5
2002	Drinkard	5	0.0780	4	1671	9823	33412	196457	92	5
2003	Drinkard	4	0.0780	4	1545	11368	30905	227362	85	4
2004	Drinkard	4	0.0780	4	1429	12797	28586	255949	78	4
2005	Drinkard	4	0.0780	3	1322	14120	26441	282390	72	4
2006	Drinkard	3	0.0780	3	1223	15342	24457	306848	67	3
2007	Drinkard	3	0.0780	3	1131	16473	22622	329470	62	3
2008	Drinkard	3	0.0780	3	1046	17520	20925	350394	57	3
2009	Drinkard	3	0.0780	3	968	18487	19355	369749	53	3
2010	Drinkard	3	0.0780	2	895	19383	17902	387651	49	2

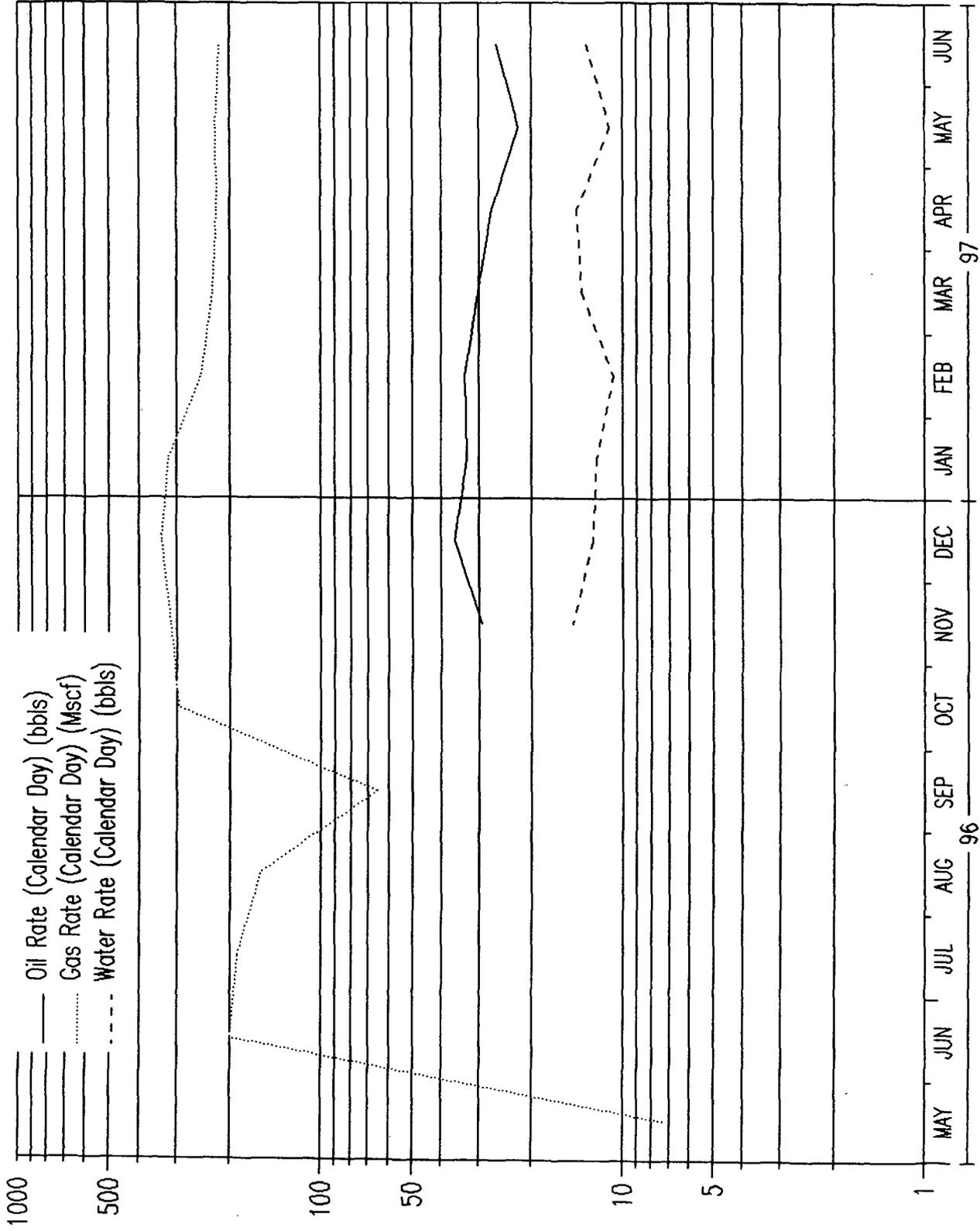
Skaggs B No. 7 Drinkard Forecast



WELL: SKAGGS B 7:DR



WELL: SKAGGS B 7:TB



District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd. Aztec, 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

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 30-025-28570		2 Pool Code 47090		3 Pool Name Skaggs Drinkard	
4 Property Code		5 Property Name Skaggs B			6 Well Number 7
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 3579' Gr

10 Surface Location

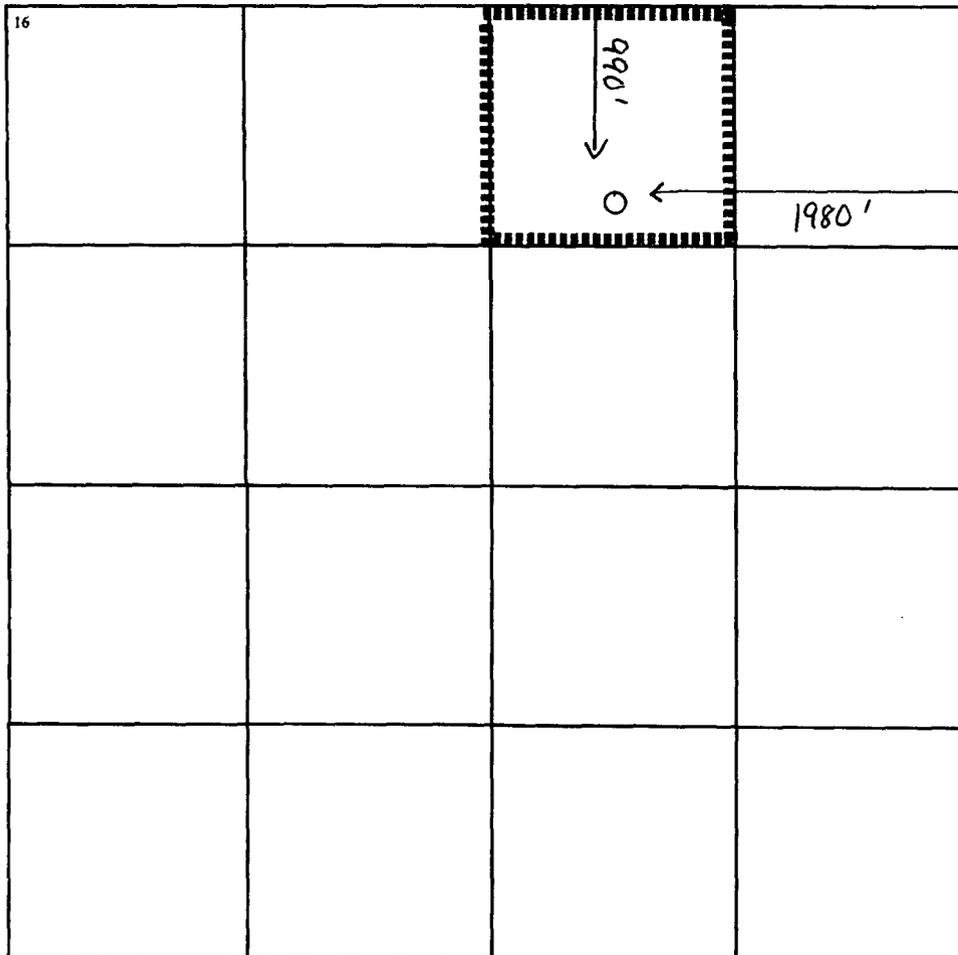
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	12	20S	37E		990	North	1980	East	Lea

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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



17 OPERATOR CERTIFICATION

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

Jerry W. Hoover
Signature

Jerry W. Hoover
Printed Name

Sr. Conservation Coordinator
Title

2/2/97
Date

18 SURVEYOR CERTIFICATION

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.

Date of Survey
Signature and Seal of Professional Surveyor.

Certificate Number

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, 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 30-025-28570		Pool Code 470090		Monument Tubb		Pool Name	
Property Code		Property Name Skaggs B				Well Number 7	
OGRID No. 005073		Operator Name CONOCO INC.				Elevation 3579' GR	

10 Surface Location

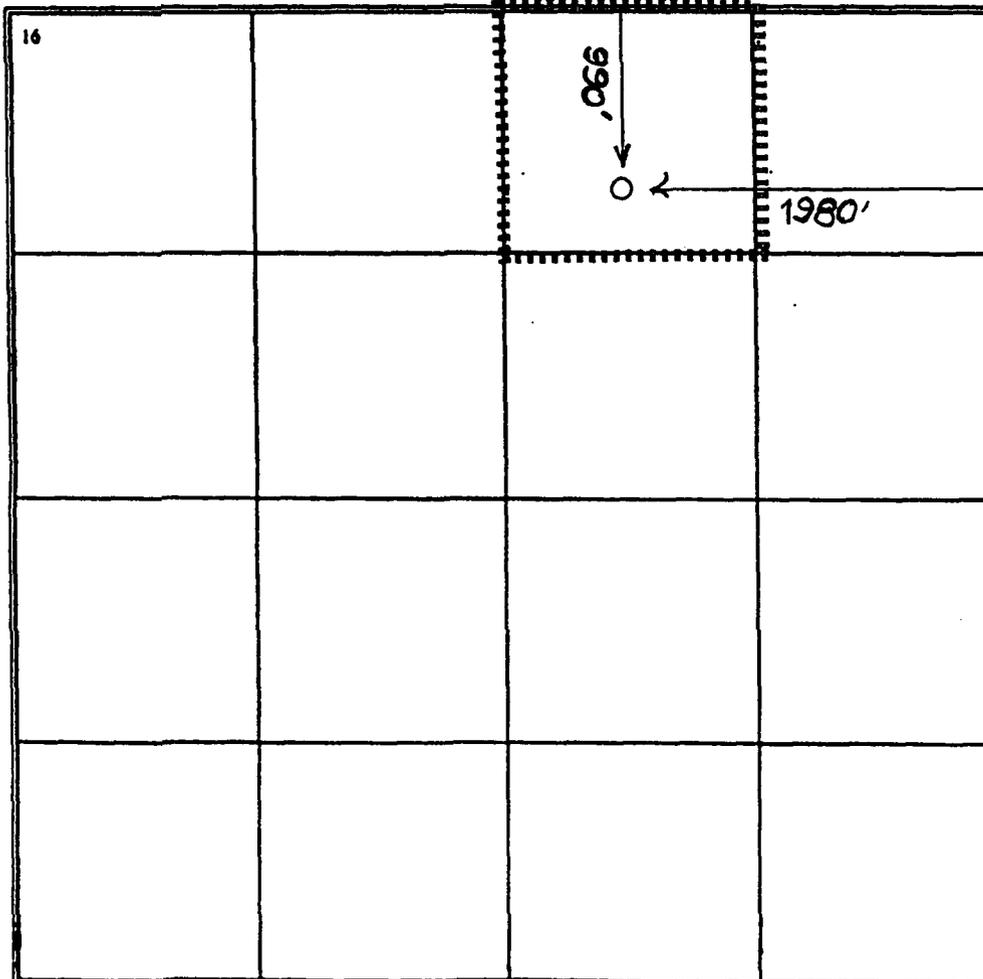
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	12	20S	37E		990'	North	980'	East	Lea

11 Bottom Hole Location If Different From Surface

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

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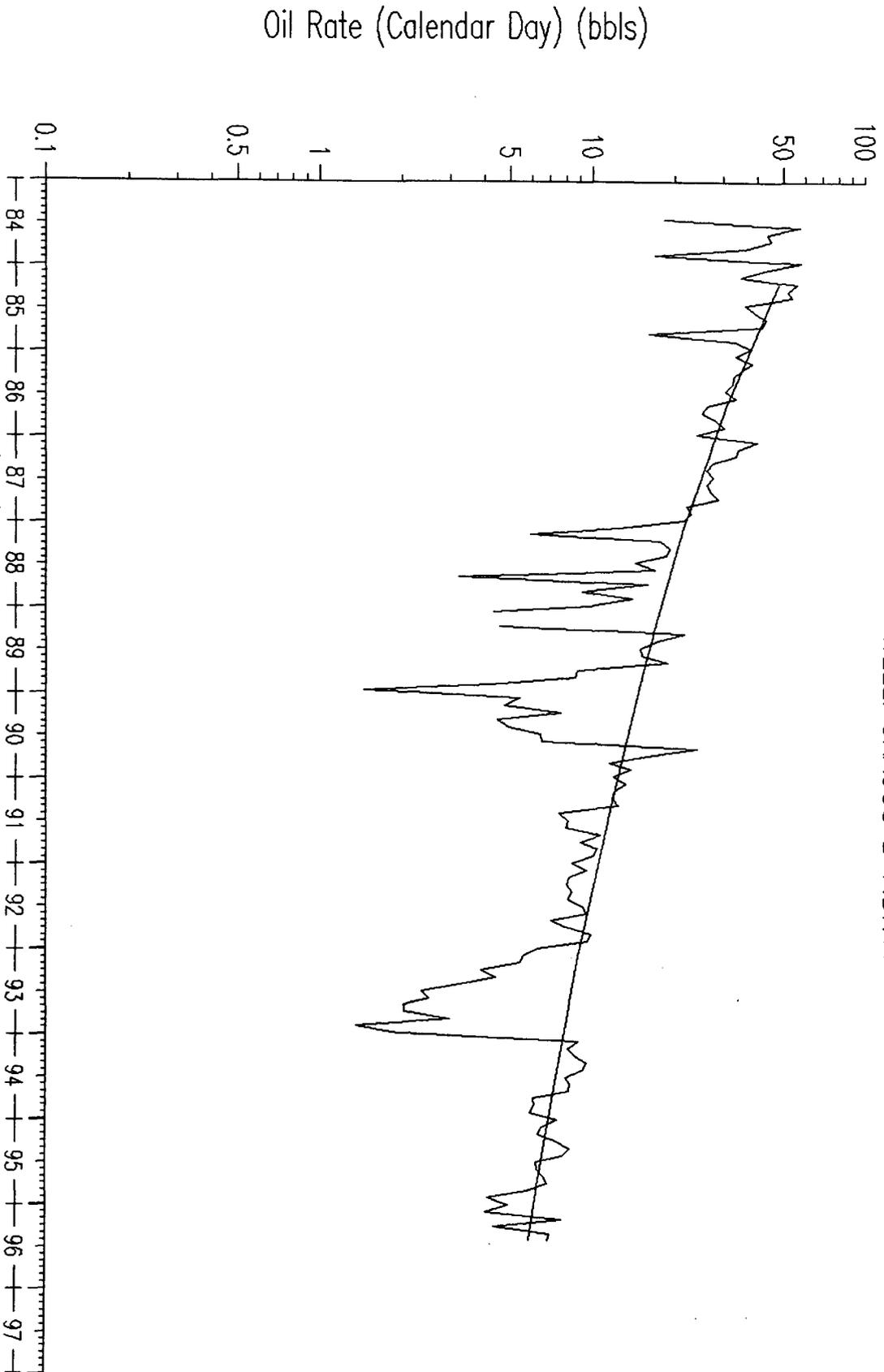
Jerry N. Hoover
 Signature
 Jerry N. Hoover
 Printed Name
 Sr. Conservation Coordinator
 Title
 11/21/95
 Date

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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.

Date of Survey
 Signature and Seal of Professional Surveyor:
 Certificate Number

WELL: SKAGGS B 7:DR in Kard



Decline Rate (frac) Nominal: 0.029024 Effective: 0.028389
Current Oil rate: 6.8 bbls/d
Economic Limit: 2.0 bbls/d
Cumulative Oil Produced: 70.8 Mbbbls
Remaining Reserves: 19.1 Mbbbls
Total Reserves: 89.9 Mbbbls - At the Economic Limit

Conoco, Inc.
Skaggs B Well #7
Lea County , New Mexico

Offset Operators in the Monument Tubb & Skaggs Drinkard Pools

Township 20 South,
Range 37 East

Conoco

Sec 12 C

Texaco Exploration & Production Co.
PO Box 1404
Houston, Texas 77251-1404

Sec 12 A,F,G,H



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

CONOCO, INC. SKAGGS B #7 B 12-20-37
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

Recommend approval.

Yours very truly,

Chris Williams
Chris Williams
Supervisor, District 1

/ed