

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**

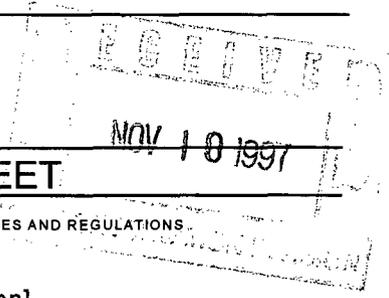
- Engineering Bureau -

**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]



1758

[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.

Kay Maddox  
Print or Type Name

Kay Maddox  
Signature

Regulatory Agent  
Title

11/7/98  
Date

DHC 9/8/98

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

RECEIVED  
AUG 17 1998  
OIL CONSERVATION DIVISION

State of New Mexico  
Energy, Minerals and Natural Resources Department  
OIL CONSERVATION DIVISION  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-8429

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: San Juan 28-7 Unit Well No: 128 M Unit Ltr Sec Twp Rge: Section 12, T-27-N, R-7-W, 1 County: Rio Arriba

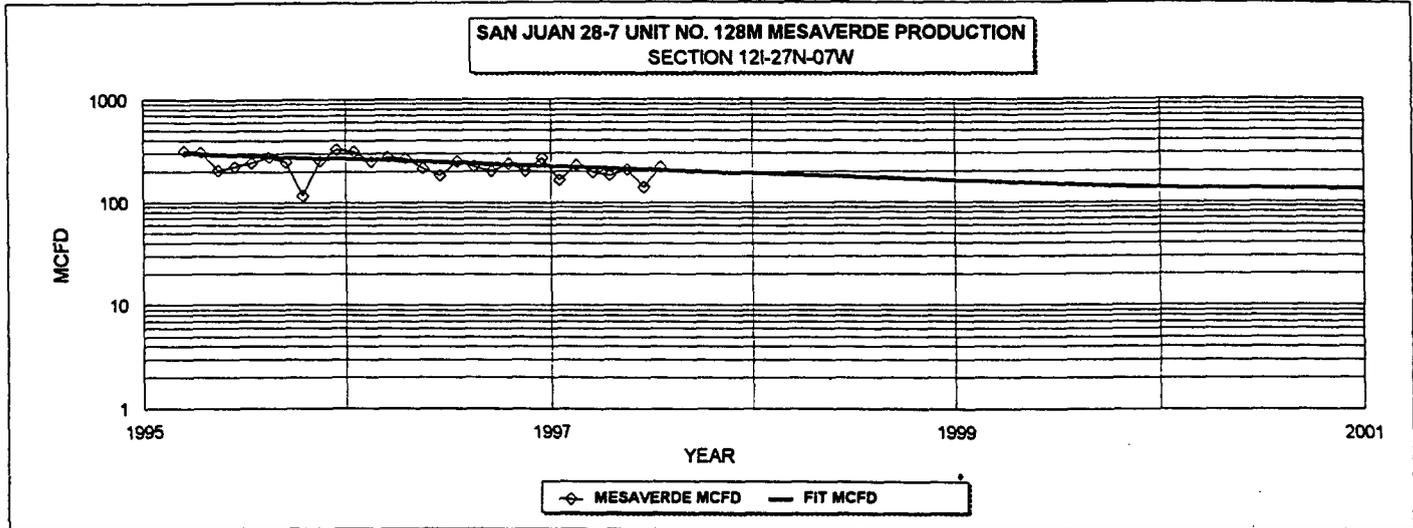
OGRID NO. 005073 Property Code 016608 API NO. 30-039-25419 Spacing Unit Lease Types (check 1 or more)  
Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesaverde 72319		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	4874-5755'		7508-7712'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a (Current) 336 psi		a. 361 psi
	b(Original) 1190 psi		b. 2900 psi
6. Oil Gravity (*API) or Gas BT Content	1229		1239
7. Producing or Shut-In?	Producing		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, date and oil/gas/water rates of recent test (within 60 days)	Date Rates	Date Rates	Date Rates
	Est 1/98 189 MCFD, .85 BOPD, 5 BWPD		Est 1/98 582 MCFD, 5.9 BOPD, 4 BWPD
8. Fixed Percentage Allocation Formula - % for each zone	13 % Gas 25 %		87 % Gas 75 %

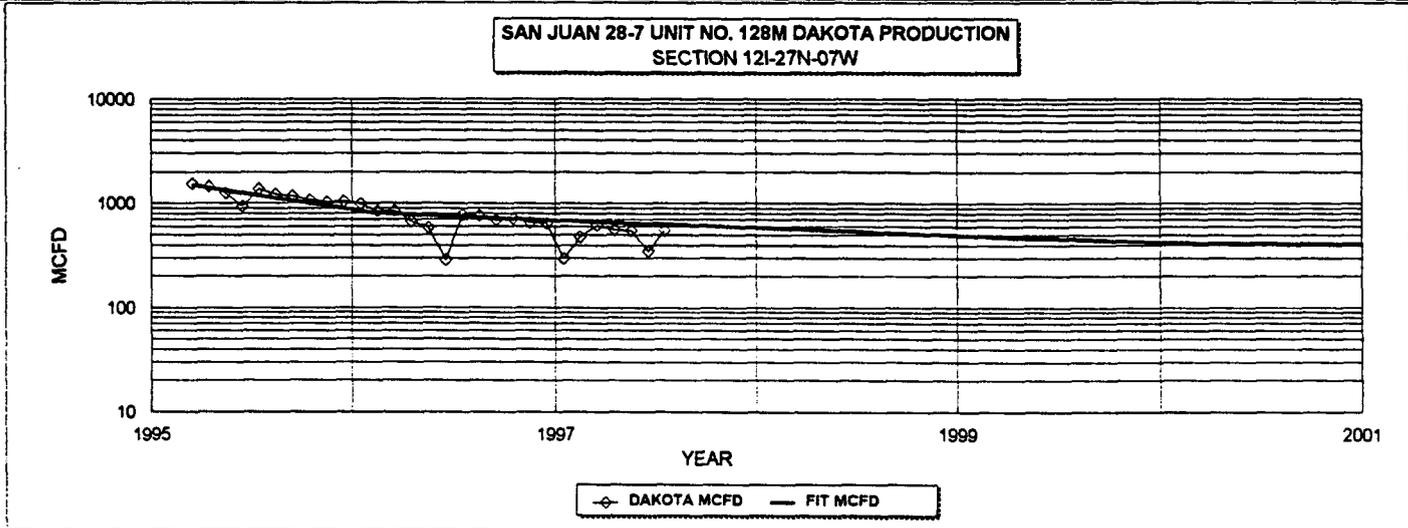
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OIL CON. DIV.  
DIST. 3

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 Kay Maddox TITLE Regulatory Agent DATE November 7, 1997  
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798



<b>MESAVERDE HISTORICAL DATA: 1ST PROD: 3/85</b>		<b>MESAVERDE PROJECTED DATA</b>				
OIL CUM:	0.92 MBO	1/1/98 QI:	189 MCFD			
GAS CUM:	204.4 MMCF	DECLINE RATE:	16.0% THROUGH 1/2000			
OIL YIELD:	0.0045 BBL/MCF		3.5% FINAL DECLINE			



<b>DAKOTA HISTORICAL DATA 1ST PROD: 3/85</b>		<b>DAKOTA PROJECTED DATA</b>		<b>YRLY AVG</b>		<b>YRLY AVG</b>		<b>%</b>		<b>%</b>	
OIL CUM:	7.4 MBO	1/1/98 QI:	582 MCFD	YRLY AVG:	DK MCFD	MV MCFD	DAKOTA				
GAS CUM:	729.0 MMCF	DECLINE RATE:	16.0% THROUGH 1/2000	1998	541	176	75%	25%			
OIL YIELD:	0.0101 BBL/MCF		3.5% FINAL DECLINE	1997	460	150	75%	25%			
<b>FIXED COMMINGLE ALLOCATION FACTORS:</b>											
	GAS	OIL	GAS ALLOCATION BASED ON TABLE AT RIGHT								
DAKOTA	75%	87%	OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS								
MESAVERDE	25%	13%	1998	414	136	75%	25%				
			1999	399	130	75%	25%				
			2000	385	125	75%	25%				
			2001	374	122	75%	25%				

NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGY DATA

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 30-039-25419		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number 128 M
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

10 Surface Location

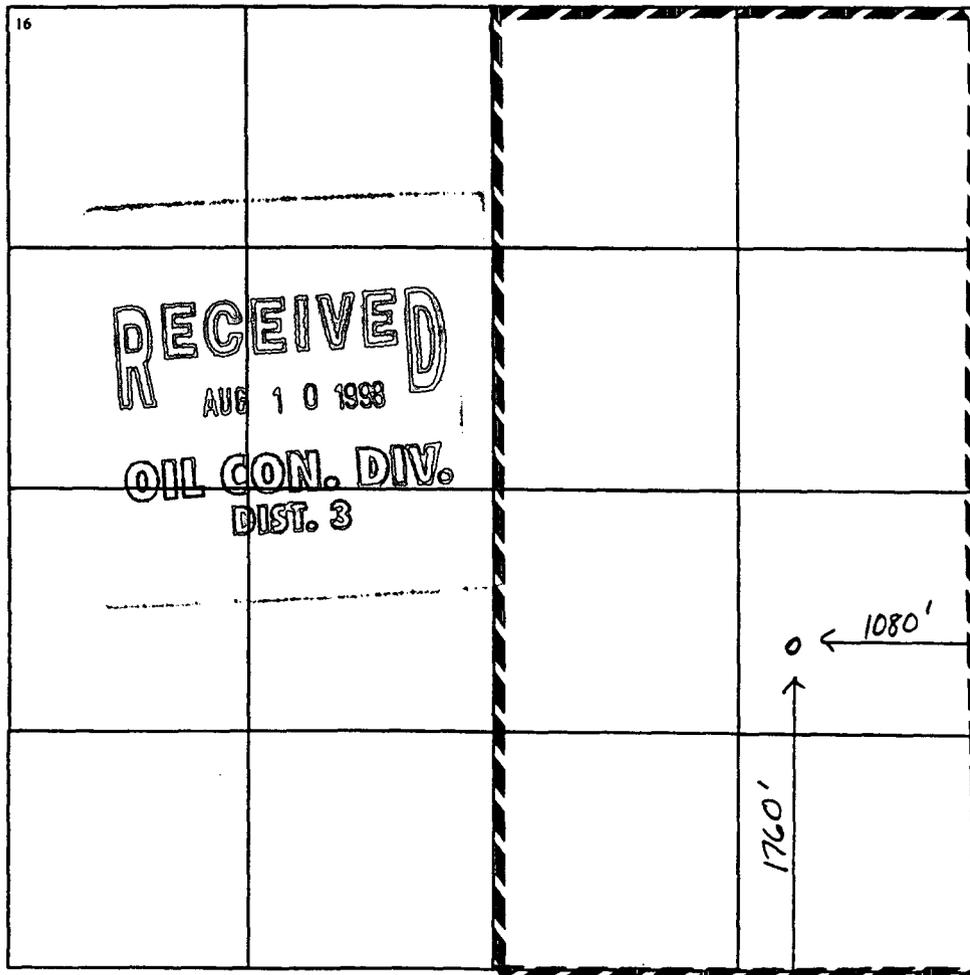
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I		27N	7W		1769	South	1080	East	Rio Arriba

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 320	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

*Kay Maddox*  
Signature

Kay Maddox  
Printed Name

Regulatory Agent  
Title

November 7, 1997  
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  
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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 30-039-25419		2 Pool Code 71599		3 Pool Name Basin Dakota	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number 128 M
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

10 Surface Location

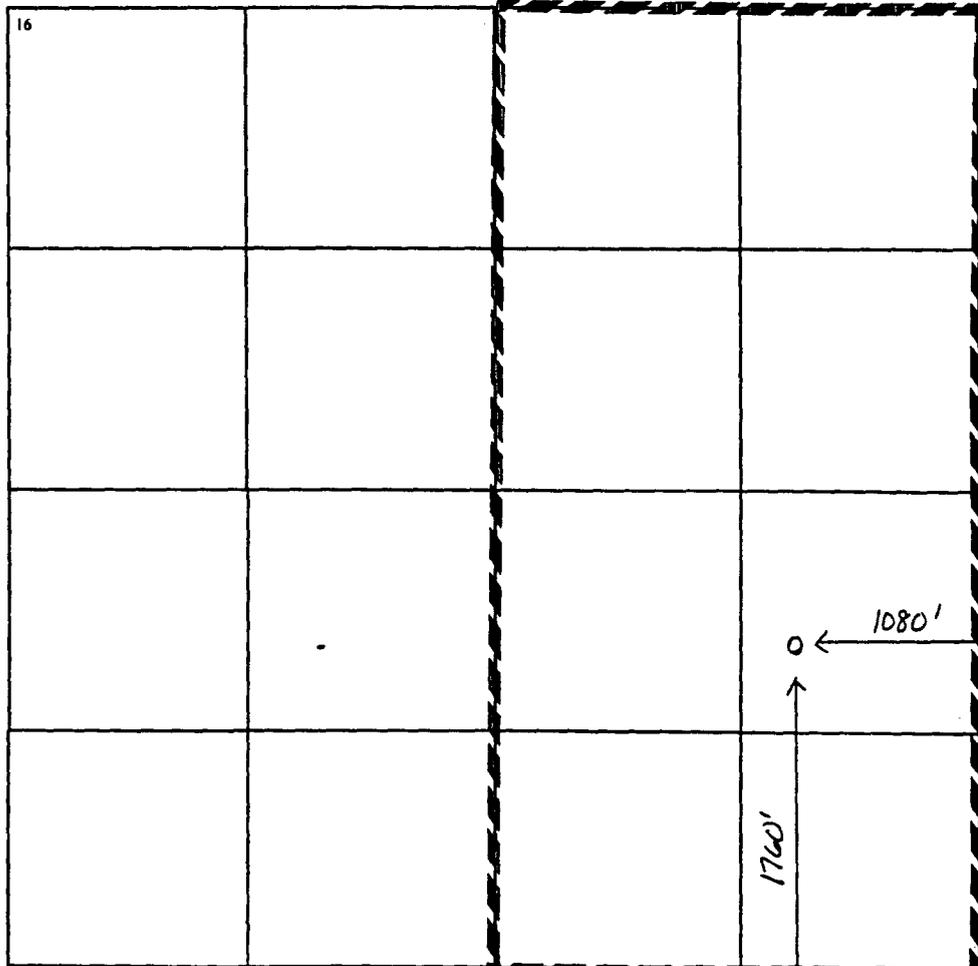
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Signature

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Printed Name

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Title

November 7, 1997

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:

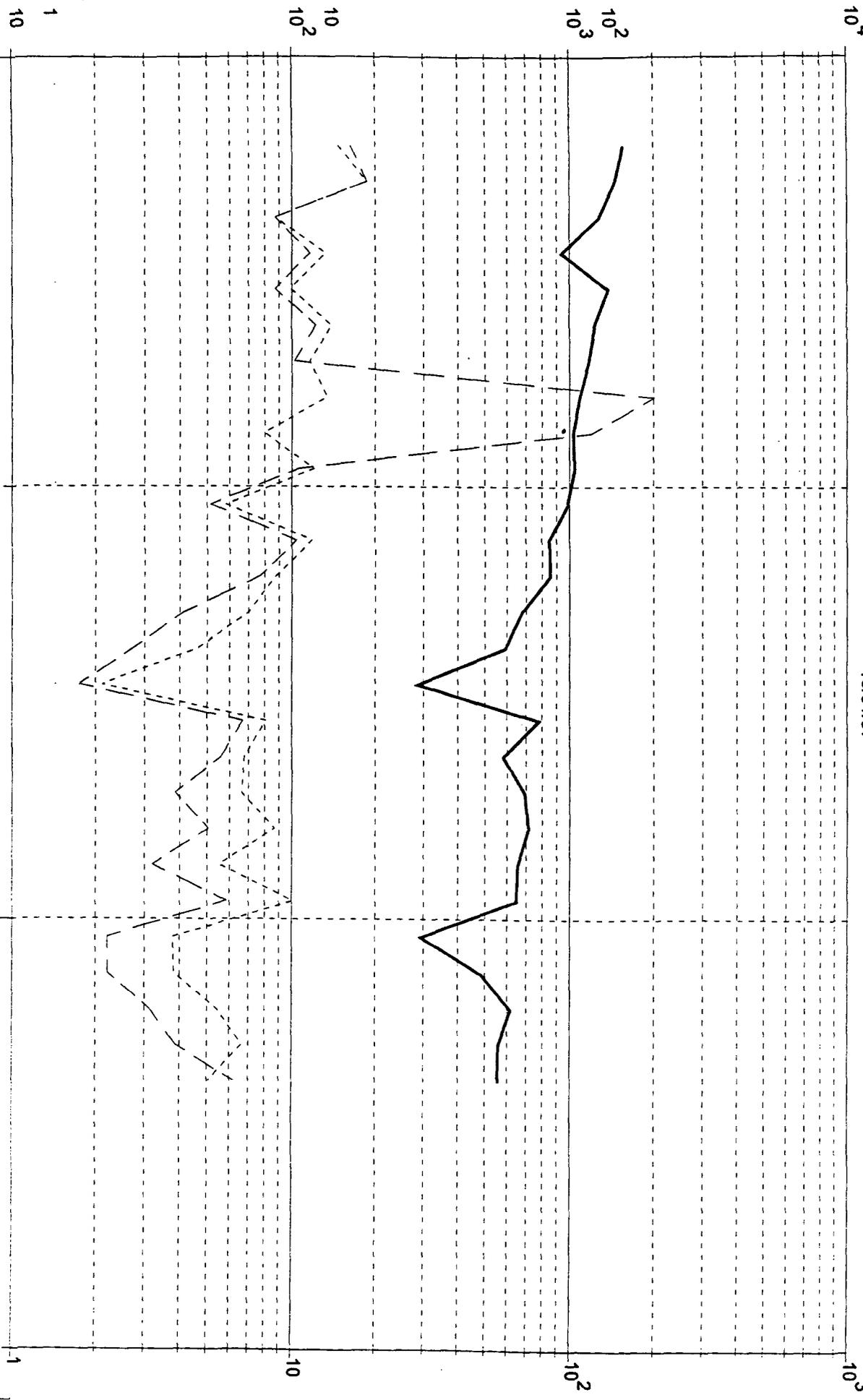
Certificate Number

# Dwights

Lease: SAN JUAN 28 7 UNIT (128M)

10/01/97

Retrieval Code: 251,039,0392541971599



Gas (mcf/day)  
Oil (bbl/day)

County: RIO ARriba, NIM  
Field: BASIN (DAKOTA) DK  
Reservoir: DAKOTA  
Operator: CONOCO INC

F.P. Date: 03/95  
Oil Cum: 7117 bbl  
Gas Cum: 696.4 mmcf  
Location: 121 27N 7W

Water (bbl/day)

**San Juan Unit 28-7 Well # 128M**

Offset Operators:

Burlington resources  
PO Box 4289  
Farmington, NM 87499

Union Of California  
PO Box 850  
Bloomfield, NM 87413

Amoco  
PO Box 800  
Denver, CO. 80201

BLM CONDITIONS OF APPROVAL

Operator Conoco Inc.

Well Name 128M San Juan 28-7 Unit

Legal Location 1760' FSL/1080' FEL

Sec. 12, T. 27 N, R. 7 W.

Lease Number SF-079298-B

Field Inspection Date n/a

The following stipulations will apply to this well unless a particular Surface Managing Agency or private surface owner has supplied to the BLM and the operator a contradictory environmental stipulation. The failure of the operator to comply with these requirements may result in the assessments or penalties pursuant to 43 CFR 3163.1 or 3163.2. A copy of these conditions of approval shall be present on the location during construction, drilling and reclamation activity.

An agreement between operator and fee land owner will take precedence over BLM surface stipulations unless (In reference to 43 CFR Part 3160) 1) BLM determines that operator's actions will affect adjacent Federal or Indian surface, or 2) operator does not maintain well area and lease premises in a workmanlike manner with due regard for safety, conservation and appearance, or 3) no such agreement exists, or 4) in the event of well abandonment, minimal Federal restoration requirements will be required.

**STANDARD STIPULATIONS FOR ALL WORKOVERS:** All surface areas disturbed during workover activities and not in use for production activities, will be reseeded the first July-September period after the well has been put back into production. This should occur in the first 12 months after completion of workover activities.

**SPECIAL STIPULATIONS FOR THIS SITE:**

1. Pits will be fenced during work-over operation.
2. All disturbance will be kept on existing pad.
3. Empty and reclaim pit after work completed.
4. Pits will be lined with an impervious material at least 8 mils thick.

## Conditions of Approval

Conoco Inc.  
San Juan 28-7, 128 M  
1760' FSL and 1080' FEL  
Sec 12-27N-7W

- 1) After a review of the supporting data for the "reference case" classification for San Juan 28-7 unit wells and the recently conducted well tests for the referenced well, we concur with your established allocation factors.

Commingled production from each zone must be reported in accordance with the allocation factors identified below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Mesaverde	25%	13%
Dakota	75%	87%

- 2) The effective date of commingling will be the date commingling of production first occurs.