

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

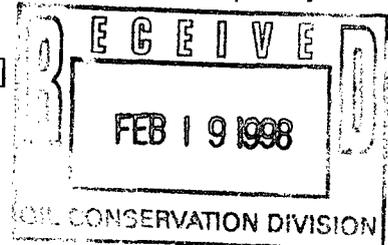
1866

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]



[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

2/16/98
 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 I 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 Jicarilla K Well No 14 Unit Ltr Sec Twp Rge Section 11, T-25-N, R-5-W, O County Rio Arriba

OGRID NO. 005073 Property Code 18023 API NO. 30-039-20392 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 Pictured Cliffs South 72439	Otero Chacra 82329	Blanco Mesaverde 72319
2. TOP and Bottom of Pay Section (Perforations)	3064-3114'	3950-3980'	5075-5510'
3. Type of production (Oil or Gas)	Gas	Gas	Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	To Flow
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a (Current) 378	a. 503	a. 560
	b(Original) 1140	b. 1012	b. 1317
6. Oil Gravity (°API) or Gas BT Content	1225	1204	1324
7. Producing or Shut-In?	Producing	Shut-in	To Be Completed
Production Marginal? (yes or no)	Yes	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 Est 7/98 14 MCFD, 0 BOPD, 0 BWPD	Date Rates Est 7/98 24 MCFD, 0 BOPD, 0 BWPD	Date Rates Production to be allocated by subtraction - 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) _____ DHC Order # 806
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 February 16, 1998

TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

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

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OGRID NO. 005073 Property Code 18023 API NO. 30-039-20392 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	Lowest Zone
1. Pool Name and Pool Code			Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)			7262-7278'
3. Type of production (Oil or Gas)			Gas
4. Method of Production (Flowing or Artificial Lift)			Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a (Current)	a.	a. 949
	b(Original)	b.	b. 2804
6. Oil Gravity (*API) or Gas BT Content			1275
7. Producing or Shut-in?			Shut-in
Production Marginal? (yes or no)			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	Est 7/98 47 MCFD, 0.7 BOPD, 0 BWPD
	Date Rates	Date Rates	Date Rates
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). DHC # 806

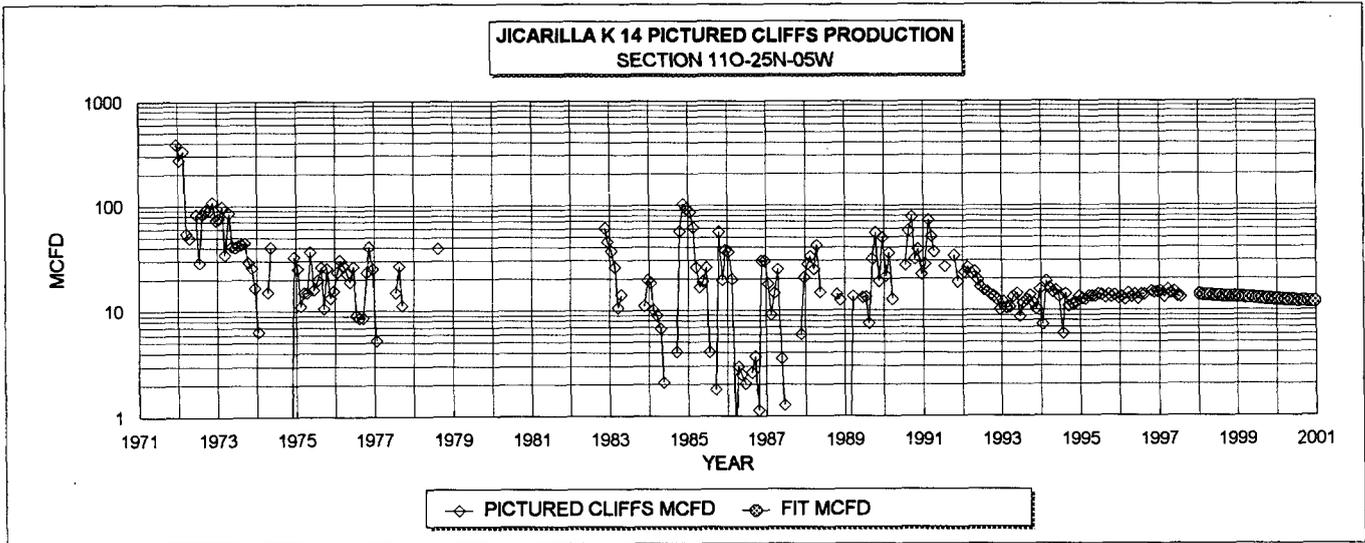
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- * Any additional statements, data, or documents required to support commingling.

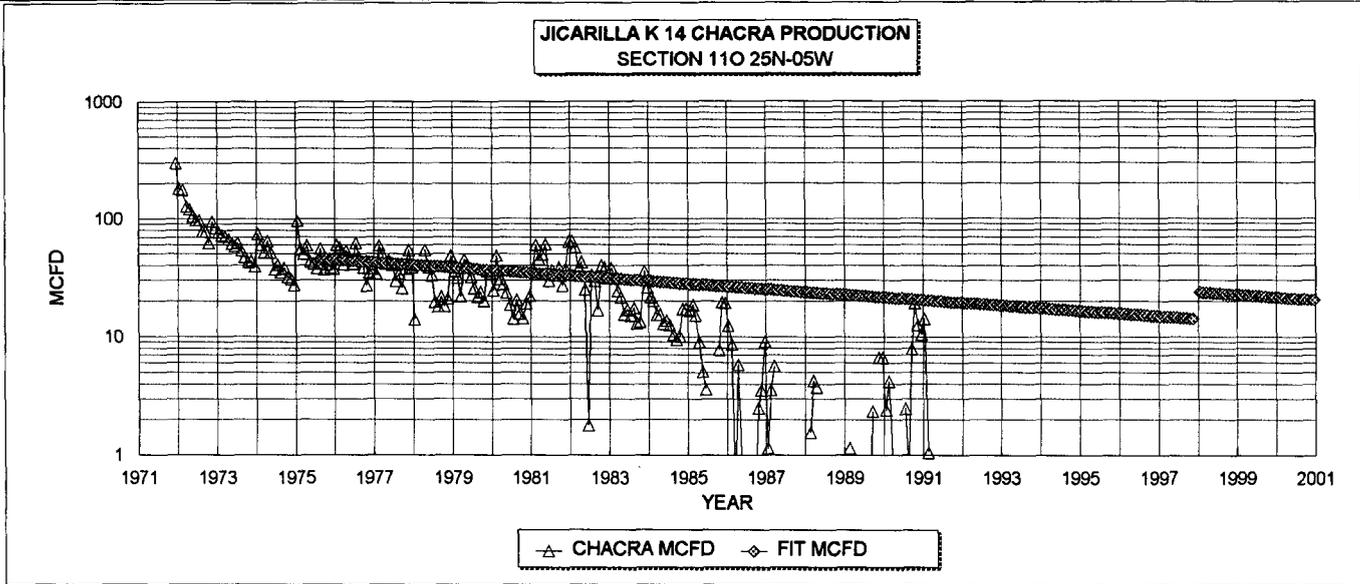
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kay Maddox TITLE Regulatory Agent DATE February 16, 1998

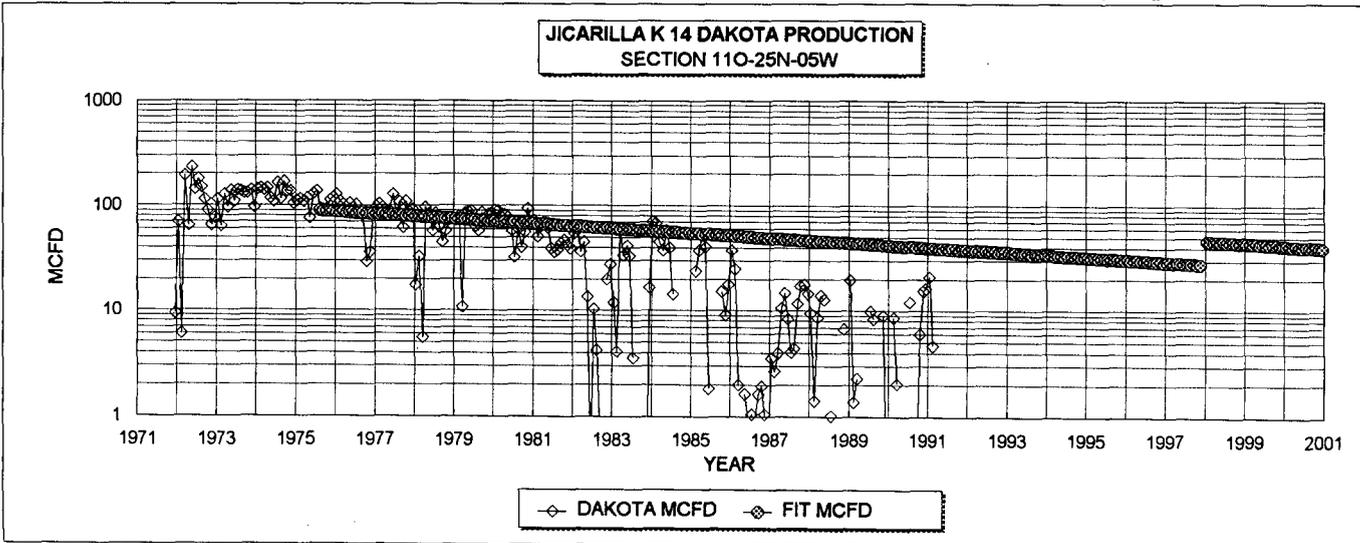
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798



PICTURED CLIFFS HISTORICAL DATA: 1ST PROD: 12/71	PIC. CLIFFS PROJECTED DATA	
OIL CUM: 0.11 MBO	7/1/88 Qi: 14 MCFD	
GAS CUM: 178.8 MMCF	DECLINE RATE: 5.1% (EXPONENTIAL)	
OIL YIELD: 0.0006 BBL/MCF		



CHACRA HISTORICAL DATA: 1ST PROD: 12/71	CHACRA PROJECTED DATA	
OIL CUM: 0.0 MBO	7/1/88 Qi: 24 MCFD	
GAS CUM: 214.3 MMCF	DECLINE RATE: 5.1% (EXPONENTIAL)	
OIL YIELD: 0.0000 BBL/MCF		



DAKOTA HISTORICAL DATA 1ST PROD: 12/71	DAKOTA PROJECTED DATA	
OIL CUM: 5.8 MBO	7/1/88 Qi: 47 MCFD	
GAS CUM: 374.0 MMCF	DECLINE RATE: 5.1% (EXPONENTIAL)	
OIL YIELD: 0.0156 BBL/MCF		

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
PIC. CLIFFS	17%	0%
CHACRA	28%	0%
DAKOTA	55%	100%

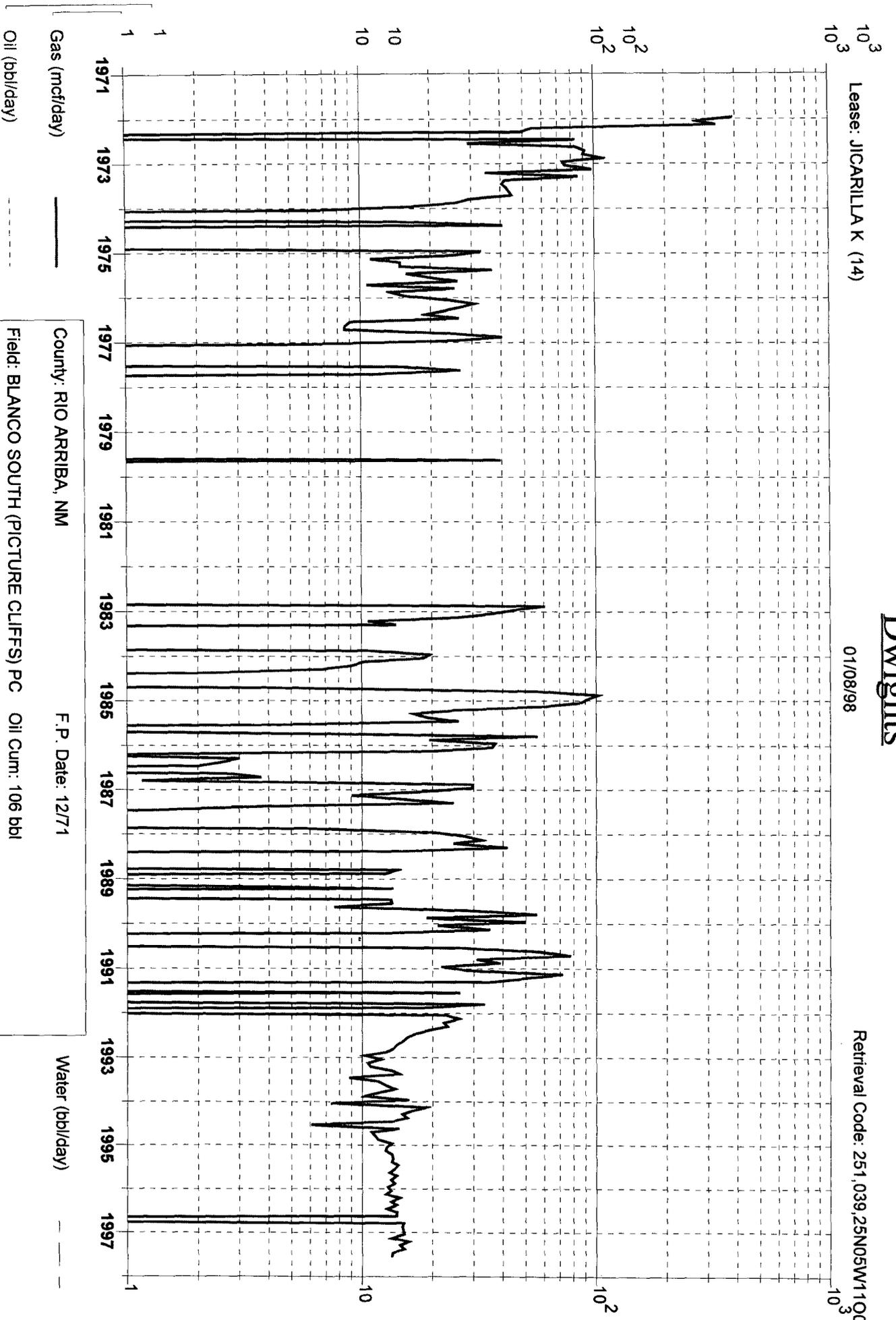
GAS ALLOCATION BASED ON PROJECTED 1988 RATES
 OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS
 NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

Dwights

Lease: JICARILLA K (14)

01/08/98

Retrieval Code: 251,039,25N05W11000PC



Gas (mcf/day)

Oil (bbl/day)

County: RIO ARriba, NM

Field: BLANCO SOUTH (PICTURE CLIFFS) PC

Reservoir: PICTURE CLIFFS

Operator: CONOCO INC

F.P. Date: 12/71

Oil Cum: 106 bbl

Gas Cum: 179.8 mmcf

Location: 11O 25N 5W

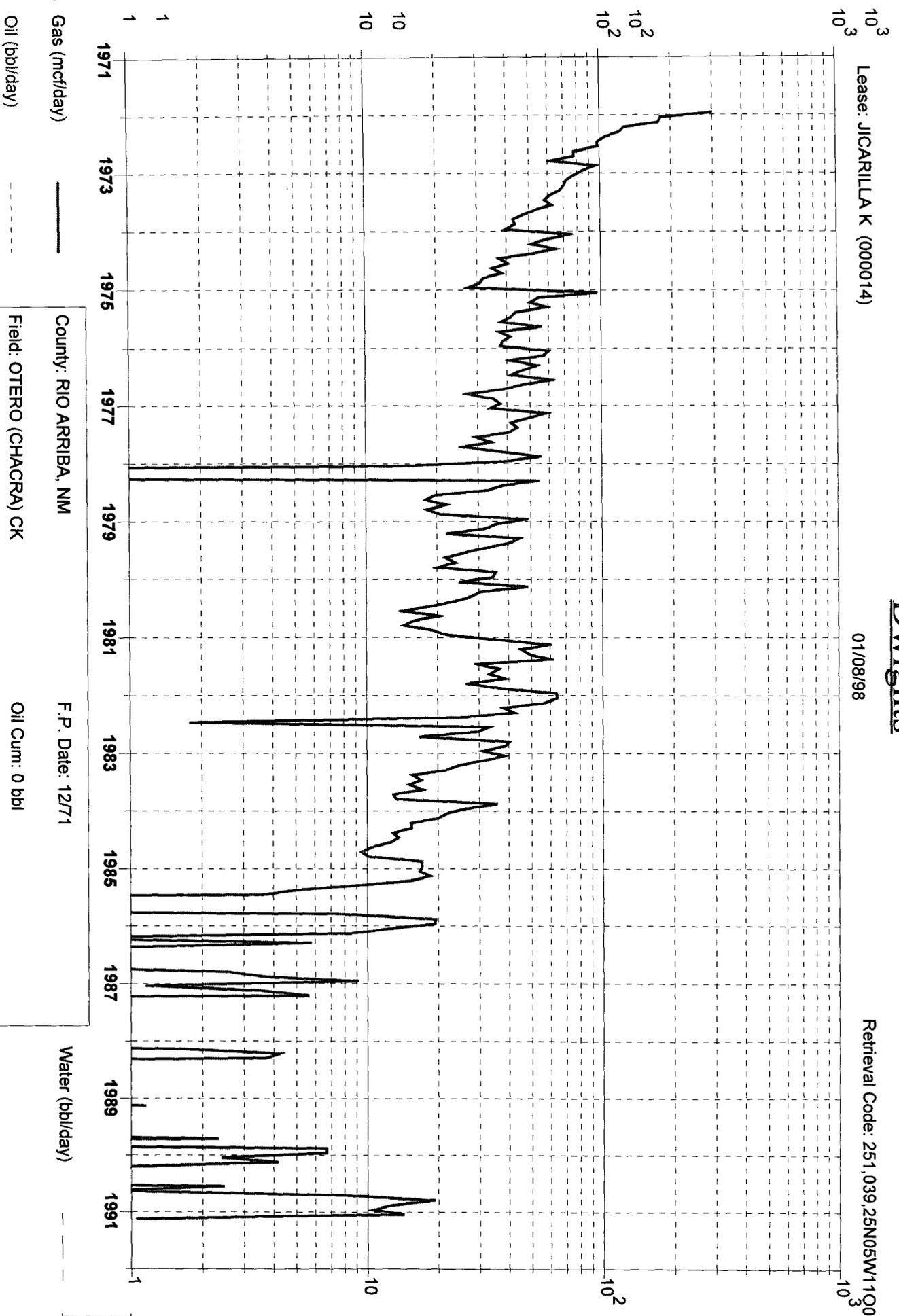
Water (bbl/day)

Dwights

Lease: JICARILLA K (000014)

01/08/98

Retrieval Code: 251,039,25N05W11Q00CK



County: RIO ARRIBA, NM
Field: OTERO (CHACRA) CK
Reservoir: CHACRA
Operator: MERIT ENERGY CORP

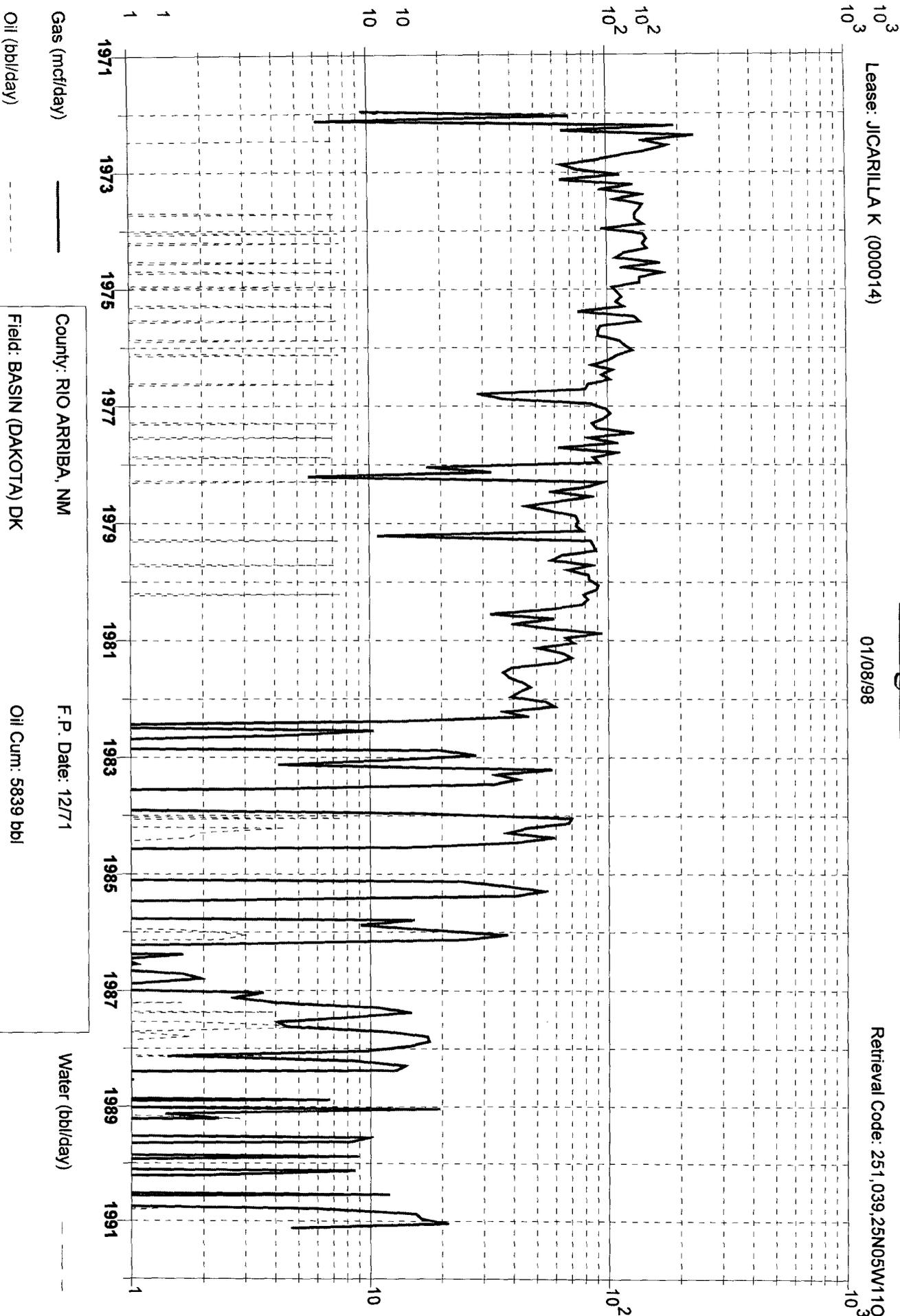
F.P. Date: 12/71
Oil Cum: 0 bbl
Gas Cum: 214.3 mmcf
Location: 11O 25N 5W

Dwights

Lease: JICARILLA K (000014)

01/08/98

Retrieval Code: 251,039,25N05W11Q00DK



Gas (mcf/day)

Oil (bbl/day)

County: RIO ARRIBA, NM

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

Operator: MERIT ENERGY CORP

F.P. Date: 12/71

Oil Cum: 5839 bbl

Gas Cum: 374.0 mmcf

Location: 11O 25N 5W

Water (bbl/day)

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994
instructions on back

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

OIL CONSERVATION DIVISION

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088
Santa Fe, NM 87504-2088

District IV
PO Box 2088, Santa Fe. NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-20392		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 18023		5 Property Name Jicarilla K			6 Well Number 14
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6798'KB

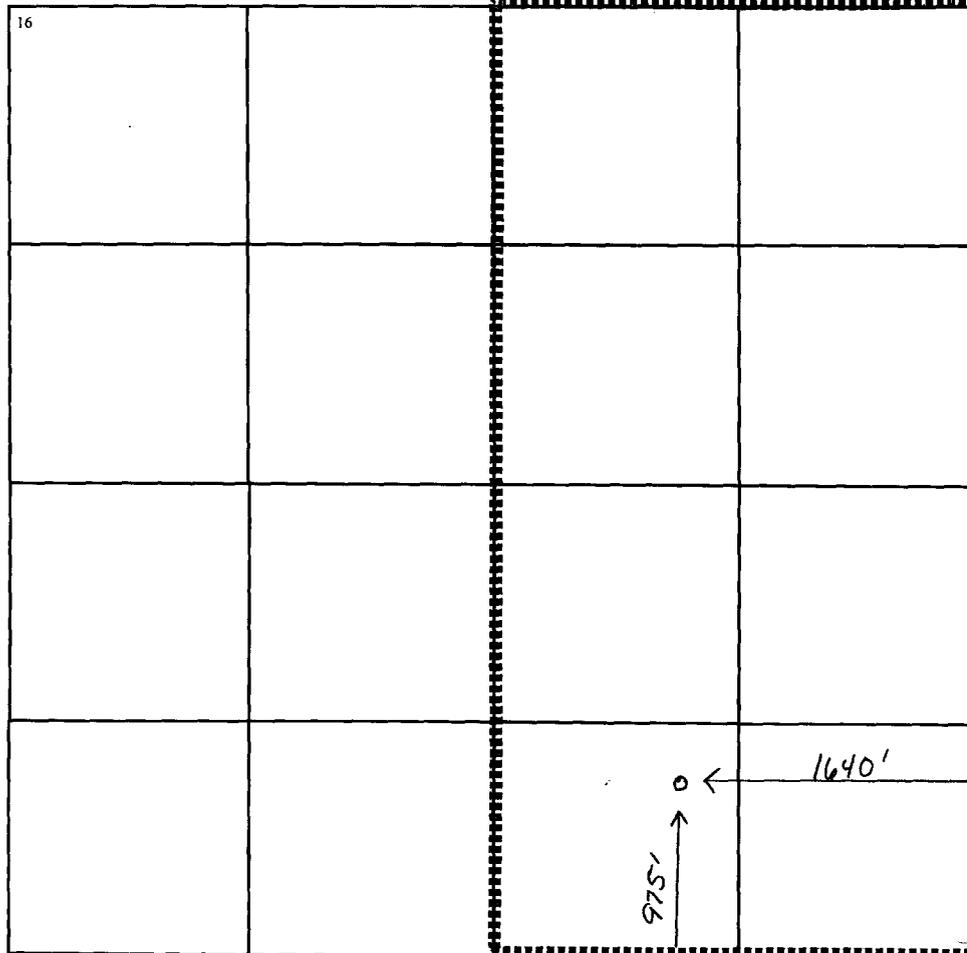
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	11	25N	5W		975	South	1640	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.			

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
2/16/98
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

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-16,
Supersedes O-15
Effective 1-1-68

All distances must be from the outer boundaries of the Section

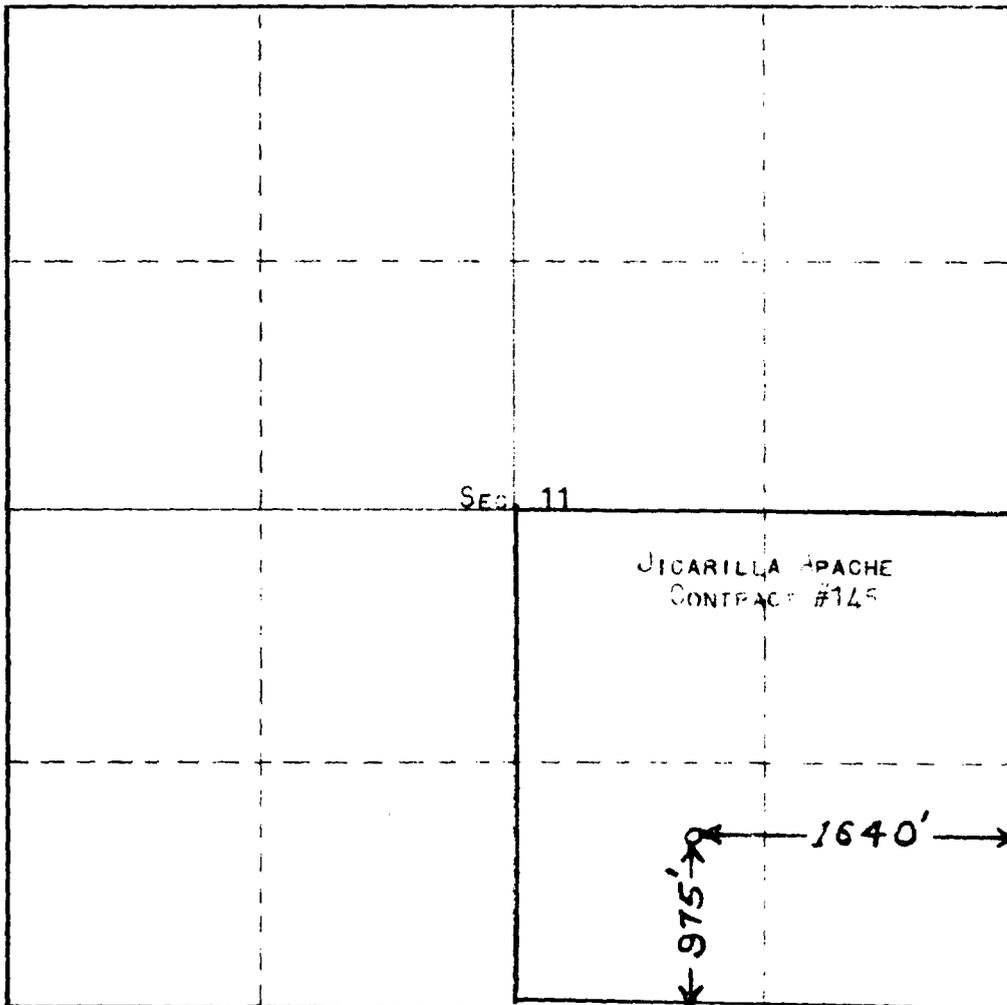
Operator SOUTHERN UNION PRODUCTION COMPANY		Lease JICARILLA #14		Well No. 14
Tract Letter 0	Section 11	Tract 25 NORTH	Range 5 RES	County TIO GUADALUPE
Annual Production (Barrels of Oil)				
975	Feet from the SOUTH	Line and 1640	Feet from the EAST	
Ground Level Elev. 6787.0	Producing Formation CHACRA	Field OTERO CHACRA EXT.	Section 11	

1. Outline the acreage dedicated to the subject well by colored pencil or ballpoint marker on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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. If no owners listed on 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 Commission.



CERTIFICATION

I hereby certify that the well location and acreage shown on this plat were determined in accordance with the best of my knowledge and belief.

Gilbert D. Noland Jr.
Name

GILBERT D. NOLAND JR.
Title

DRILLING SUPERINTENDENT
Company

SOUTHERN UNION PRODUCTION
Date

NOVEMBER 3, 1977

I hereby certify that the well location shown on this plat was determined in accordance with the best of my knowledge and belief.

18th JUNE, 1977
Date

JAMES F. [unclear]
Title

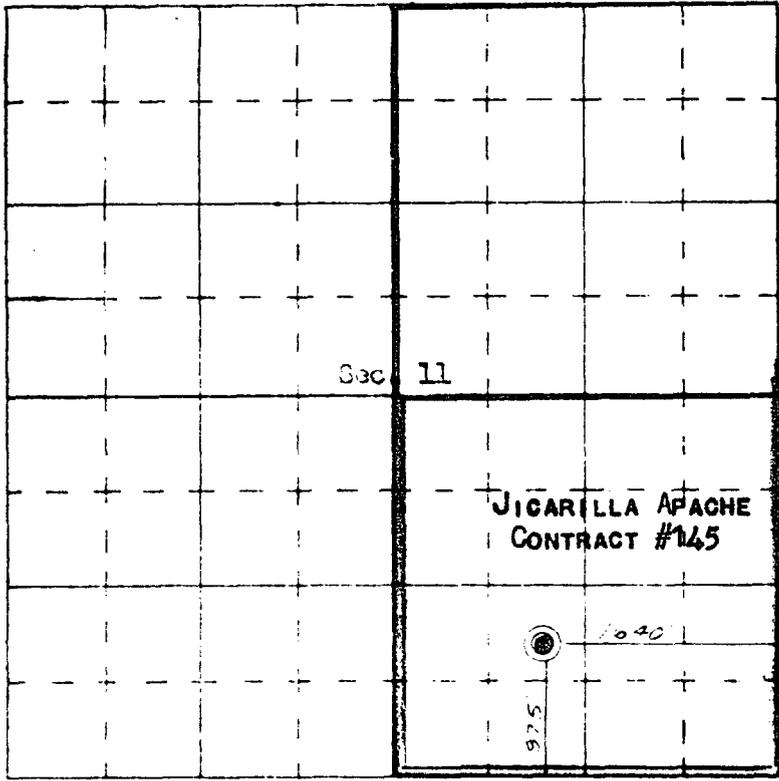
**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

Operator: **SOUTHERN UNION PRODUCTION COMPANY** JIGARILLA HKN 14
 Unit Number: Section: **11** Township: **25 NORTH** Range: **5 WEST** Meridian: **RIO ARIZONA**
 Actual Well Location of Well: Section: **11** Township: **25 NORTH** Range: **5 WEST** Meridian: **RIO ARIZONA**
 Grid Section File: **1987.0** Section: **PICTURED CLIFFS DAKOTA** Township: **SOUTH** Range: **1640** Meridian: **EAST** File: **SE/4 160 PICTURED CLIFFS E/2 320 DAKOTA**

- Outline the acreage dedicated to the subject well by colored pencil or marking pen on the plat below
 - If more than one lease is dedicated to the well, outline each and mark to 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 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 Commission.

—— DEDICATED DAKOTA ACREAGE
 —— DEDICATED PICTURED CLIFFS ACREAGE



SCALE—4 INCHES EQUALS 1 MILE

CERTIFICATION

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

Original signed by
GILBERT D. NOLAND, JR.
 Name
GILBERT D. NOLAND, JR.
 Position
DRILLING SUPERINTENDENT
 Company
SOUTHERN UNION PRODUCTION
 Date
JUNE 23, 1971

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.

10 June, 1971
 Signed
Jim P. Lane
 State Engineer and Geologist
 New Mexico Land Surveyor
JAMES T. FINNEY

Conoco, Inc.
Jicarilla K #14
Section 11, T-25-N, R-5-W, O
Rio Arriba County, New Mexico

RE: Application for Downhole Commingling

Offset Operators:

Conoco, Inc. Is the only offset operator