

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1931

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

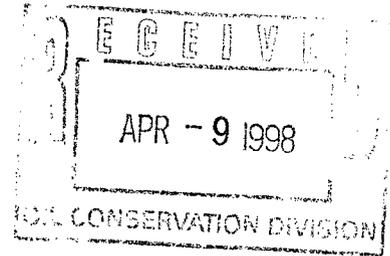
Check One Only for [B] and [C]

[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

4/6/98
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 First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

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

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

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 Unit 28-7 Well No #156M Unit Ltr Sec Twp Rge Section 10, T-27-N, R-7-W, O County Rio Arriba

OGRID NO. 005073 Property Code _____ API NO. _____ 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) | 4845-5810' | | 7437-7666' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | To Flow | | 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) 457 | a. | a. 713 |
| | b(Original) 1230 | b. | b. 2946 |
| 6. Oil Gravity (°API) or Gas BT Content | 1267 | | 1262 |
| 7. Producing or Shut-In? | To be Completed | | To be Completed |
| Production Marginal? (yes or no) | Yes (expected) | | Yes (expected) |
| • 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 |
| | 350 MCFD Anticipated 1st Yr average | Date Rates | 330 MCFD Anticipated 1st Yr Average |
| 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). R-10476 B NSL 3975

16. ATTACHMENTS

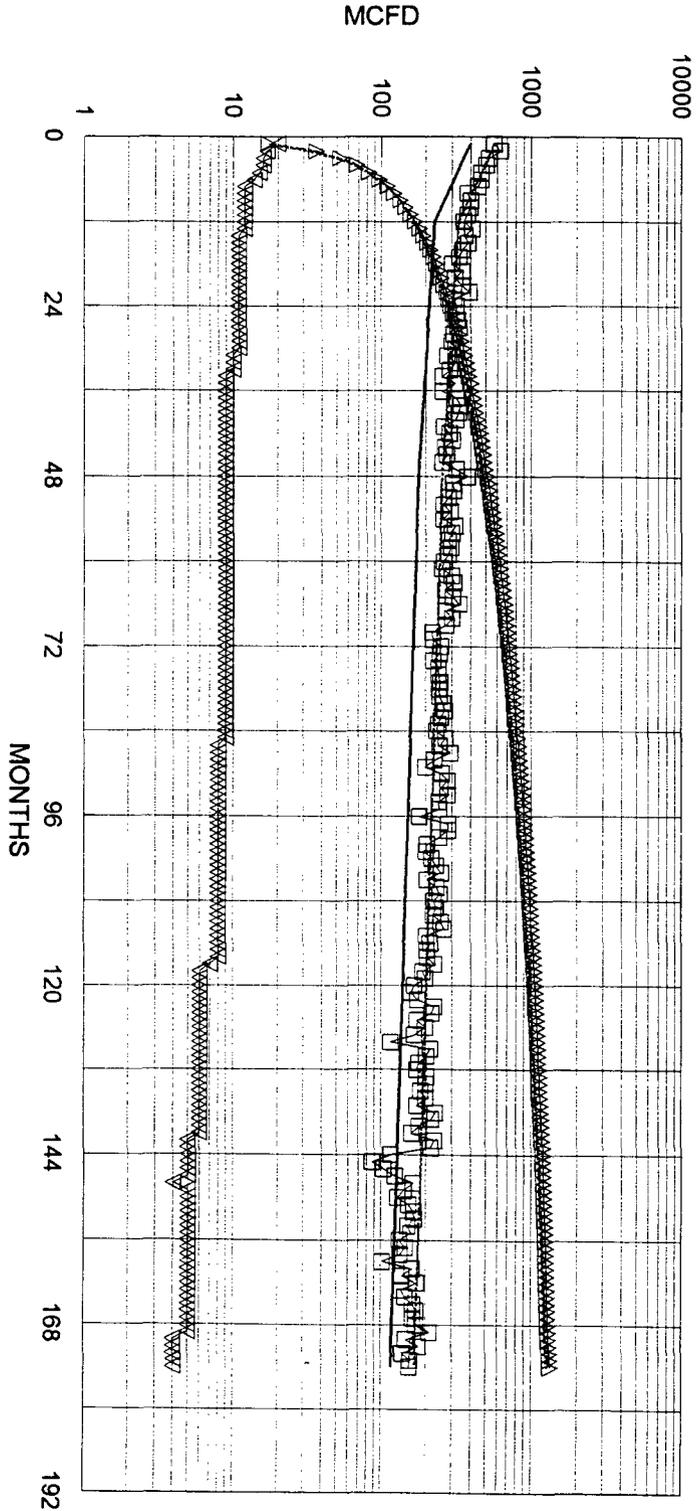
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 4/6/98

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

NORMALIZED MESAVERDE PRODUCTION
PROD SINCE 1975. 20 MV WELLS LOCATED IN W 2/3 OF 28N-7W AND N/3 OF 27N-7W



Expected Mesaverde Production - #145M, 156M, 199E, 214M, 215M, 249M
 Expected Avg. Rate for Yr. 1 = 452MCFD

- FIT MCFD
- WELLS ON PRODUCTION
- NORMALIZED MCFD
- FIT CUM MMCF
- △ NORM CUM MMCF
- RISKED MCFD

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|--------------------|--|-------------------------------|---------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| | | 72319/71599 | | Blanco Mesaverde/Basin Dakota | |
| 4 Property Code | | 5 Property Name | | | 6 Well Number |
| 016608 | | SAN JUAN 28-7 UNIT | | | 156M |
| 7 OGRID No. | | 8 Operator Name | | | 9 Elevation |
| 005073 | | CONOCO, INC. | | | 6612' |

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 |
| 0 | 10 | 27N | 7W | | 1045 | South | 1890 | 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 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
| E/320 | Y | U | Non-standard Location (Applied for) |

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

17 OPERATOR CERTIFICATION

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

Mike L. Mankin

Signature

Mike L. Mankin

Printed Name

Right-Of-Way Agent

Title

2-11-94

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.

JANUARY 7, 1998

Date of Survey

Signature and Seal of Professional Surveyor

6857

Certificates

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

| | | | |
|--|-----------------------------|--|-----------------|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> | | 5. LEASE DESIGNATION AND SERIAL NO SF 078972 | |
| b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | |
| 2. NAME OF OPERATOR Conoco Inc. | | 7. UNIT AGREEMENT NAME San Juan 28-7 | |
| a. ADDRESS AND TELEPHONE NO 10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500 | | 8. FARM OR LEASE NAME WELL NO 156M | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *) At surface 1045' FSL & 1890' FEL | | 9. API WELL NO | |
| At proposed prod. zone 1045' FSL & 1890' FEL | | 10. FIELD AND POOL, OR WILDCAT Blanco MV/Basin Dakota | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* | | 12. COUNTY OR PARISH Rio Arriba | 13. STATE NM |
| 5. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if Any) | 16. NO. OF ACRES IN LEASE | 17. NO. OF ACRES ASSIGNED TO THIS WELL 320 | |
| 8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. | 19. PROPOSED DEPTH 7666' | 20. ROTARY OR CABLE TOOLS Rotary | |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc) 6612' GR | | 22. APPROX. DATE WORK WILL START* 3/15/98 | |

23. PROPOSED CASING AND CEMENTING PROGRAM.

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|-----------------------|-----------------|---------------|----------------------|
| 12-1/4" | K-55, 9-5/8" | 36# | 250' | 145 sxs, circ. |
| 8-3/4" | K-55, 7" | 23# | 3455' | 455 sxs, circ. |
| 6-1/4" | K-55, 4-1/2" | 9.5# | 7666' | 510 sxs, toc @ 3300' |

It is proposed to drill a vertical wellbore to the Blanco Mesaverde and Basin Dakota Pools. An NOS was filed 10/13/97. The well will be drilled and equipped according to the following additional attachments:

1. Well Location & Acreage Dedication Plat (C-102).
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan with Production Facility layout.
6. Pipeline Tie Specifications with plat.

This application includes ROW's for the well pad, access road, cathodic protection and pipeline.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; If proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Mike L. Mankin TITLE Right of Way Agent DATE 2-11-98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

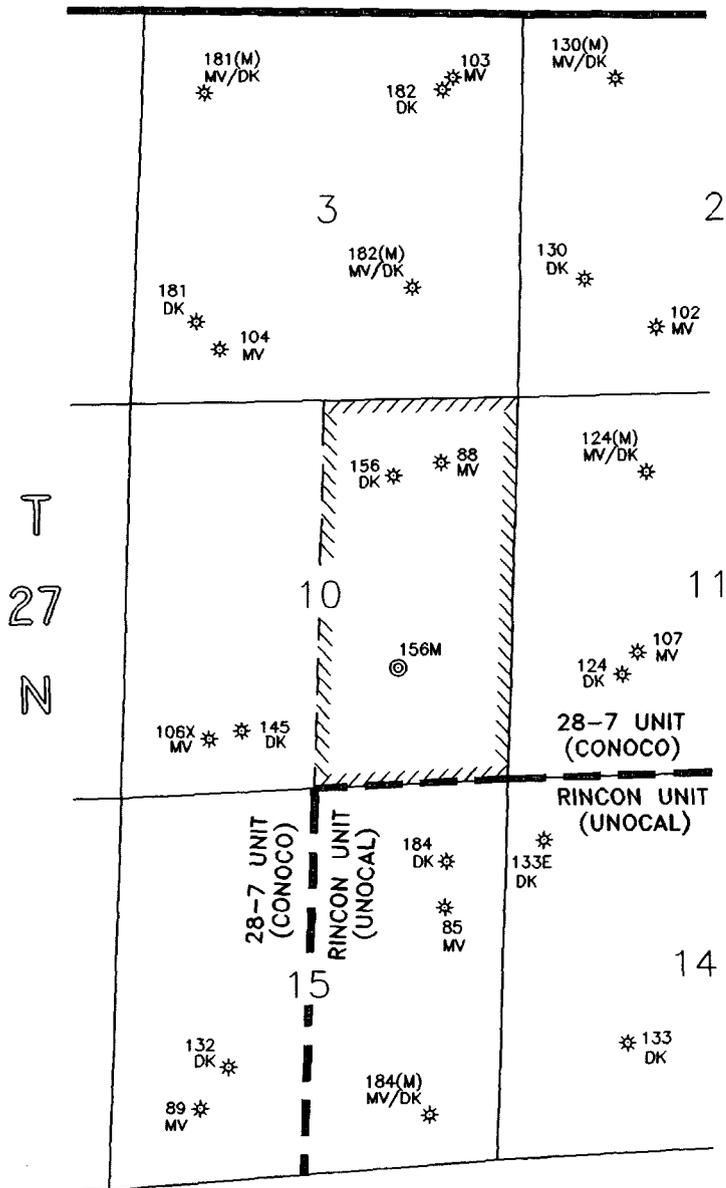
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
CONDITIONS OF APPROVAL, IF ANY

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

R 7 W



**SAN JUAN 28-7 UNIT
RIO ARRIBA CO., N.M.**

| | | | | | | | | | | | | |
|---|----------------|--|--|----------|--------|---------|--------|---------|-----|---|----|----------|
| <p>NOTES</p> <p>CONOCO OPERATES ALL MESAVERDE AND DAKOTA WELLS WITHIN THE 28-7 UNIT.</p> <p>MAP SHOWS ONLY MESAVERDE AND DAKOTA WELLS</p> | DATE: 02/06/98 | |  <p>EPNGNA MIDLAND DIVISION</p> | | | | | | | | | |
| | DRAWN BY: GLG | | <p>CONOCO 28-7 UNIT MESAVERDE & DAKOTA PRODUCERS San Juan 28-7 Unit #156M Non-Standard Location</p> | | | | | | | | | |
| | CHECKED BY: | | | | | | | | | | | |
| | APPROVED BY: | | <table border="1"> <tr> <td>STATE</td> <td>API</td> <td>COUNTY</td> <td>DRAWING</td> </tr> <tr> <td>039</td> <td>\</td> <td>30</td> <td>28-7_156</td> </tr> </table> | | STATE | API | COUNTY | DRAWING | 039 | \ | 30 | 28-7_156 |
| | STATE | API | | | COUNTY | DRAWING | | | | | | |
| | 039 | \ | 30 | 28-7_156 | | | | | | | | |
| SCALE: 1" = 2640' | | <p>CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705</p> | | | | | | | | | | |
| <p>STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003</p> | | | | | | | | | | | | |

April 6, 1998

San Juan Unit 28-7 # 156 M
Section 10, T-27-N, R-7-W, O
Rio Arriba County, TX

RE: Application C-107A to Downhole Commingle

Notification of Offset Operators:

Union Oil of California
PO Box 850
Bloomfield, NM 87413

A copy of the C-107A has been sent to the above listed parties