

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

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

APPROVAL PROCESS:
 Administrative Hearing
EXISTING WELLBORE
 YES NO

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease Jicarilla E Well No #9M Unit Ltr Sec Twp Rge Section 16, T-26-N, R-4-W, G 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)	5570-6038'		7625-7854'
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) 554	a.	a. 1092
	b(Original) 1457	b.	b. 2635
6. Oil Gravity (°API) or Gas BT Content	1280		1332
7. Producing or Shut-in?	To be Completed		To be Completed
Production Marginal? (yes or no) • If Shut-In give date and oil/gas/water rates of last production Note For new zones with no production history applicant should be required to attach production estimates and supporting data • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Yes (expected)		Yes (expected)
	Date Rates	Date Rates	Date Rates
	Date Rates Anticipated 1st Yr average 183 MCFD, 1.4 BOPD	Date Rates	Date Rates Anticipated 1st Yr Average 268 MCFD, 4.5 BOPD
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 Kay Maddox TITLE Regulatory Agent DATE 4/24/98

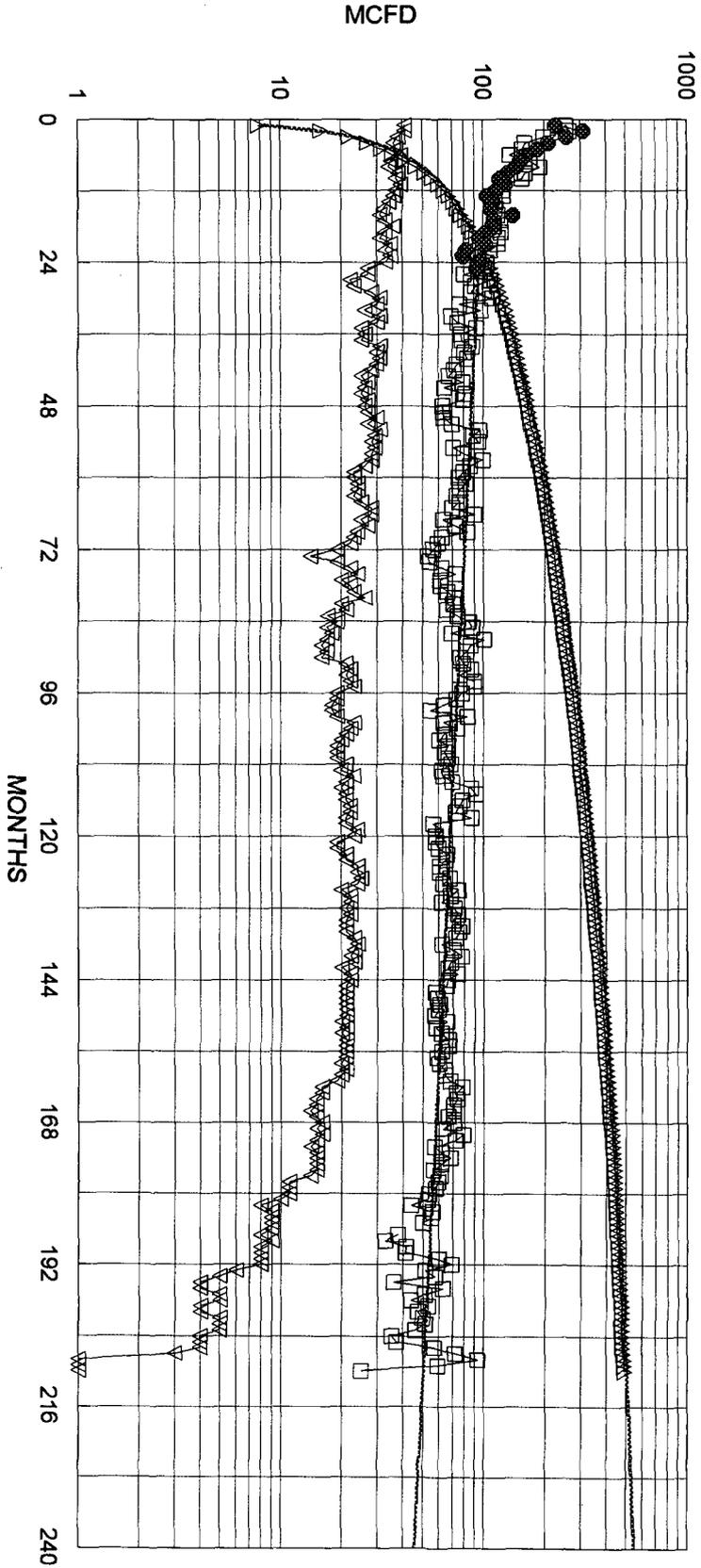
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

APPLICATION FOR DOWNHOLE COMMINGLING

Jicarilla E 9M, Unit Letter G, Section 16-T26N-R4W
Rio Arriba County, New Mexico

As shown in the attached production plot for offsets to the Jicarilla E 9M, estimated ultimate recoveries and initial production rates from infill wells to the Dakota and Mesaverde formations are clearly marginal in this area. Mesaverde estimated recoveries in particular do not justify drilling stand alone wells (549 MMCF recovery in 20 years, 777 MMCF ultimate recovery). Futhermore, production plots from each zone indicate a similar decline profile and a fixed allocation formula can be utilized. Upon completion, both zones will be tested and stabilized flow rates will be used to allocate production from each zone. This procedured is common practice in Conoco's 28-7 Unit and reference is made to Order R-10476-B as it applies to downhole commingling of marginal zones and the allocation of production between such zones.

**NORMALIZED MESAVERDE PRODUCTION
41 WELLS SINCE 1980; TOWNSHIP 26N RANGE 4W**



NORMALIZED AVG & EXPECTED AVG. NEW COMPLETION RATES:

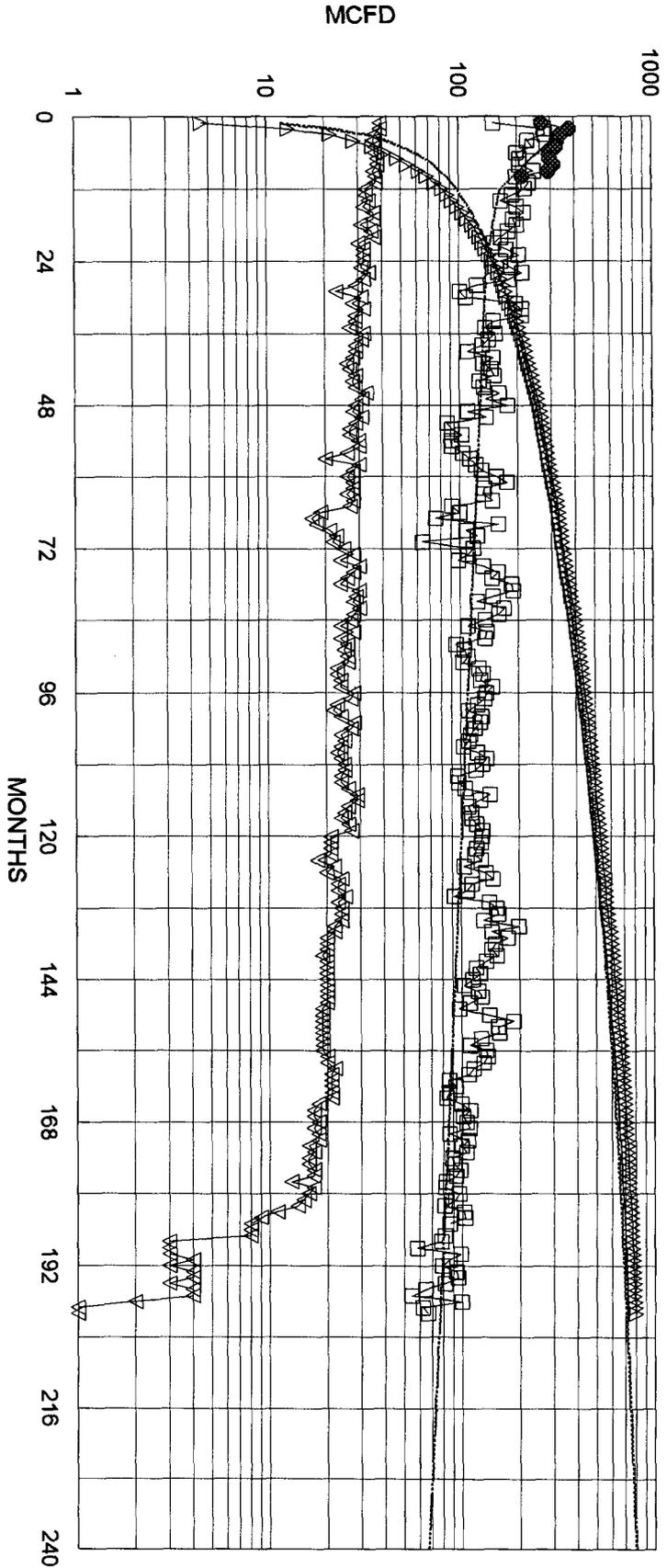
777 MMCF EUR
549 MMCF IN 20 YR
20 MCFD E.L.
0.0077 bbl/mcf oil yield

280 MCFD IP
60% DECLINE, 1ST 12 MONTHS
15% DECLINE, NEXT 12 MONTHS
4.0% FINAL DECLINE

RECENT WELLS IN 26N 04W (1993 AND NEWER)

JICARILLA A	13	13E-26N-4W	JICARILLA E	10E	22B-26N-4W
JICARILLA E	7E	15B-26N-4W	JICARILLA A	10	23O-26N-4W
JICARILLA E	8M	15K-26-4W	JICARILLA B	9A	26D-26N-4W
JICARILLA E	9	18B-26N-4W			

NORMALIZED DAKOTA PRODUCTION
 39 WELLS SINCE 1980; 26N-4W (MERIT JICARILLA A,B,&E OFFSETS)



— FIT MCFD □ NORMALIZED MCFD △ NORM CUM MMCF
 ▽ WELLS ON PRODUCTION — FIT CUM MMCF ● JICARILLA E 7E & 8M

NORMALIZED AVG AND EXPECTED NEW COMPLETION AVG:
 1221 MMCF EUR
 804 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0167 bbl/mcf oil yield

RECENT WELLS (1993 AND NEWER):
 410 MCFD IP
 60% DECLINE, 1ST 12 MONTHS
 15% DECLINE, NEXT 12 MONTHS
 4% FINAL DECLINE

JICARILLA E 7E 15K-26N-4W
 JICARILLA E 8M 15B-26N-4W

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 CONT 104	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME JICARILLA	
2. NAME OF OPERATOR Conoco Inc.		7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO 10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500 915-686-5794		8. FARM OR LEASE NAME WELL NO JICARILLA E #9M	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *) At surface 1675' FNL & 1845' FEL At proposed prod. zone 1675' FNL & 1845' FEL		9. API WELL NO	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		10. FIELD AND POOL, OR WILDCAT Blanco MV/Basin Dakota	
5. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if Any)		11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA Sec. 16, T26N, R4W	
8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		12. COUNTY OR PARISH Rio Arriba	
16. NO. OF ACRES IN LEASE		13. STATE NM	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320		19. PROPOSED DEPTH 8159'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* 4/15/98	
21. ELEVATIONS (Show whether DF, RT, GR, etc) 6764' GR		22. APPROX. DATE WORK WILL START*	

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#	300'	160 sxs, circ.
8-3/4"	K-55, 7"	23#	3883'	485 sxs, circ.
6-1/4"	K-55, 4-1/2"	10.5#	7859'	400 sxs, toc @ 3700'

It is proposed to drill vertical wellbore to be downhole commingled in the Blanco Mesaverde and Basin Dakota Pools following the acquisition of sufficient production test data for allocation purposes. A downhole commingling application will be filed with the BLM and NMOCD prior to commingling. A NOS was filed 10/31/97. This well will drilled and equipped according to the following attachments:

1. Well Location & Acreage Dedication Plat (C-102) and other associated plats.
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan with Production Facility Layout.
6. Pipeline survey plat.

This application includes ROW's for the wellpad and access road.

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 March 4, 1998

(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

District I
 1990 Rio Brazos, Hobbs, NM 88301-1990
 District II
 1990 Crown DO, Artesia, NM 88211-0719
 District III
 1990 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	
18022		72319 / 71599		Blanco Mesaverde/Basin Dakota	
4 Property Code		5 Property Name			6 Well Number
005073		JICARILLA E			9M
7 GRID No.		8 Operator Name			9 Elevation
005073		CONOCO, INC.			6764'

10 Surface Location

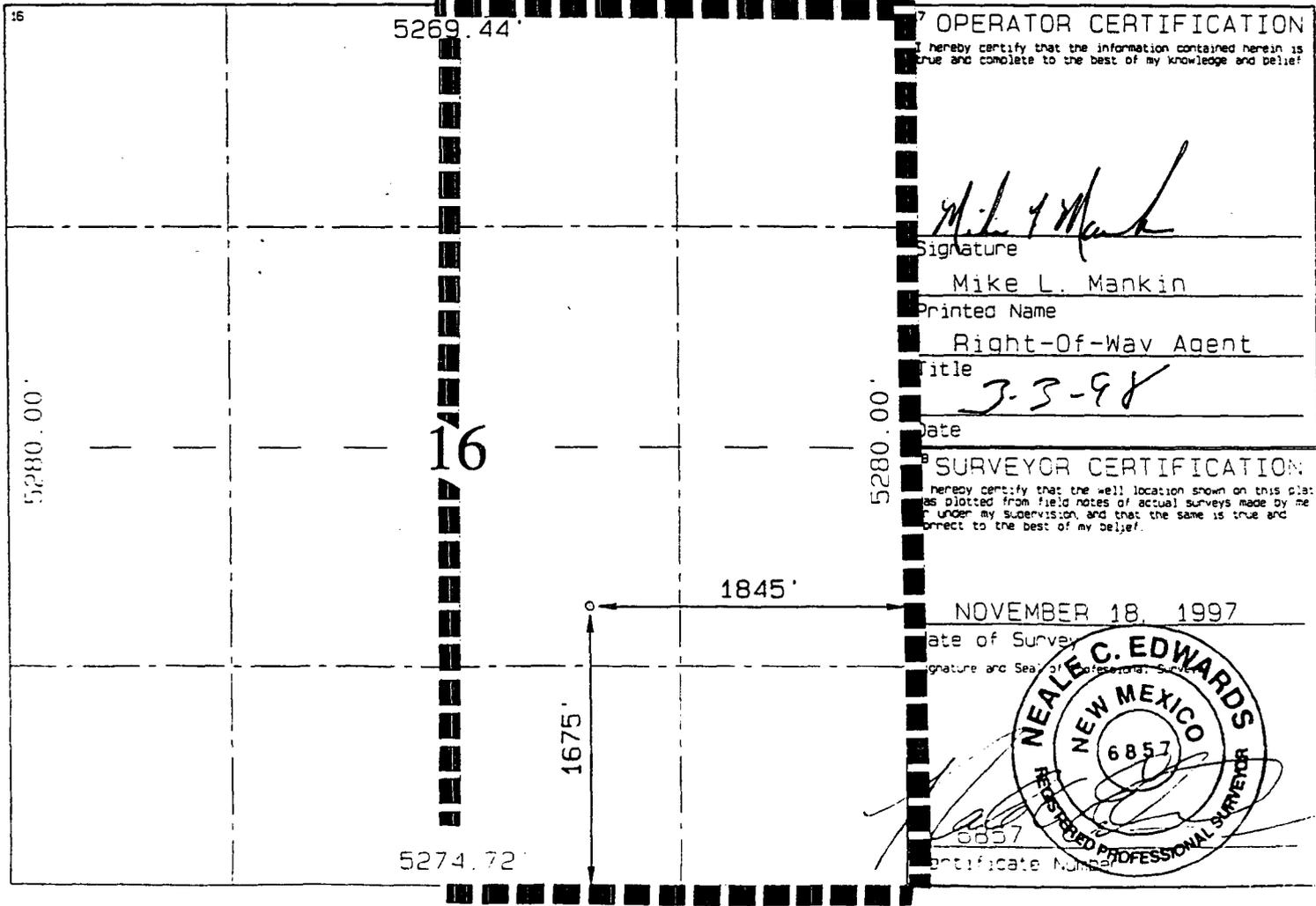
UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
J	16	26N	4W		1675	South	1845	East	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	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.
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



Jicarilla E # 9M
Section 16, T-26-N, R-54W,
Rio Arriba County, TX

RE: Application C-107A to Downhole Commingle

Notification of Offset Operators:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Amoco
PO Box 800
Denver, CO 80201

Chateau Oil & Gas
2515 McKinney Ave STE 840
Dallas, TX 75201

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