

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

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 Scott Federal Well No #6M Unit Ltr Sec Twp Rge Section 17, T-26-N, R-6-W, J County Rio Arriba

OGRID NO. 005073 Property Code 03244 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 Meaverde 72319		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	5240-5591'		7296-7637'
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) 742	a.	a. 853
	b(Original) 1337	b.	b. 2930
6. Oil Gravity (°API) or Gas BT Content	1314		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 lsst 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
	Anticipated 1st Year Average 133 MCFD, 2.3 BOPD	Date Rates	Anticipated 1st Year Average 266 MCFD, 2.3 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 July 14, 1998

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241 1980

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

Lease: Scott Federal Well No: #6M Section: 17, T-26-N, R-6-W, J County: Rio Arriba

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3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	To Flow		To Flow
5. Bottomhole Pressure	a (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	742		853
Gas & Oil - Flowing: Measured Current	b(Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1337		2930
6. Oil Gravity (°API) or Gas BT Content	1314		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	Date Rates	Date Rates	Date Rates
Note: For new zones with no production history applicant should be required to attach production estimates and supporting data			
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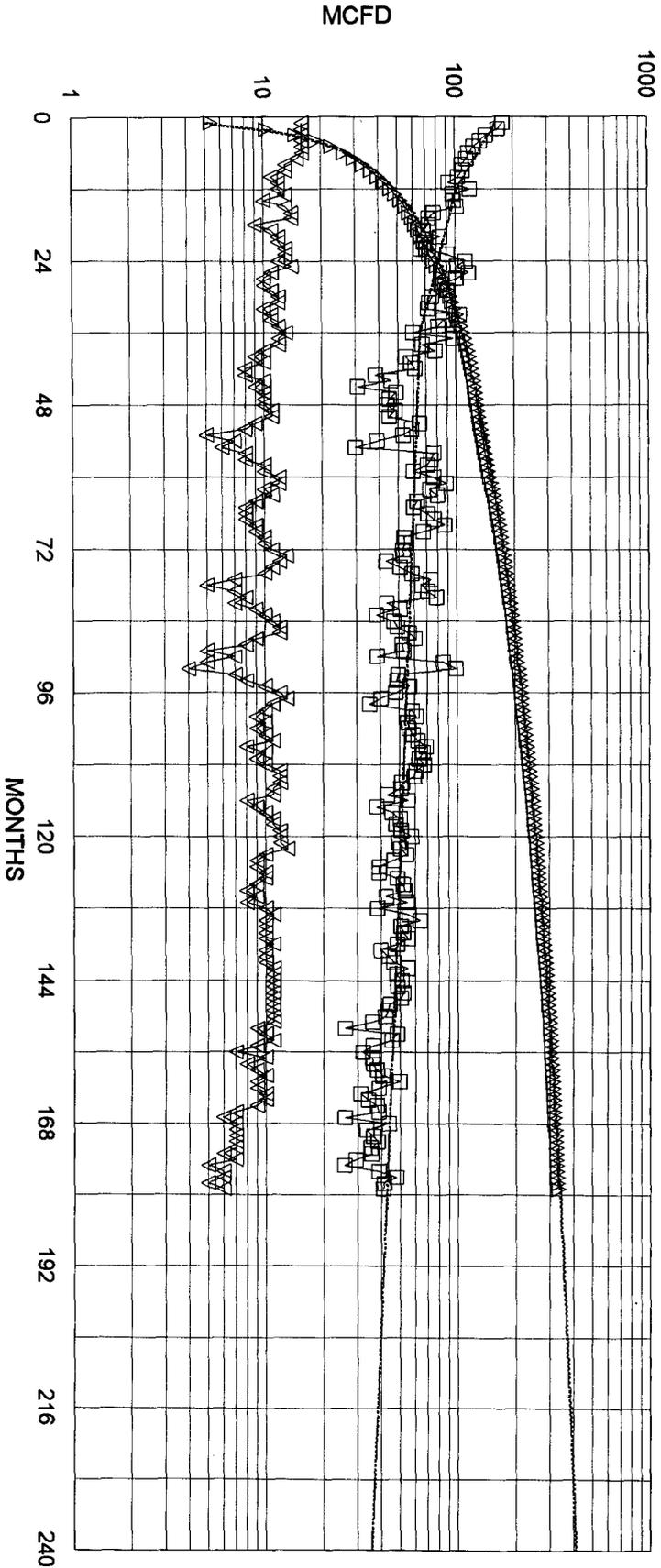
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kay Maddox TITLE Regulatory Agent DATE July 14, 1998
 TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

APPLICATION FOR DOWNHOLE COMMINGLING
Scott Federal 6M, Unit Letter J, Section 17-T26N-R6W
Rio Arriba County, New Mexico

As shown in the attached production plot for offsets to the Scott Federal 6M, 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 (414 MMCF recovery in 20 years, 573 MMCF ultimate recovery). Furthermore, 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 procedure 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: REAMS COM 3R, SCOTT FED 6M AREA
16 WELLS SINCE 1980: 9 SECTION OFFSET WELL AREA AROUND 17-26N-06W**



— FIT MCFD □ NORMALIZED MCFD ▽ NORM CUM MMCF
 ▽ WELLS ON PRODUCTION — FIT CUM MMCF

NORMALIZED AVG:

573 MMCF EUR
 414 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0175 bbl/mcf oil yield

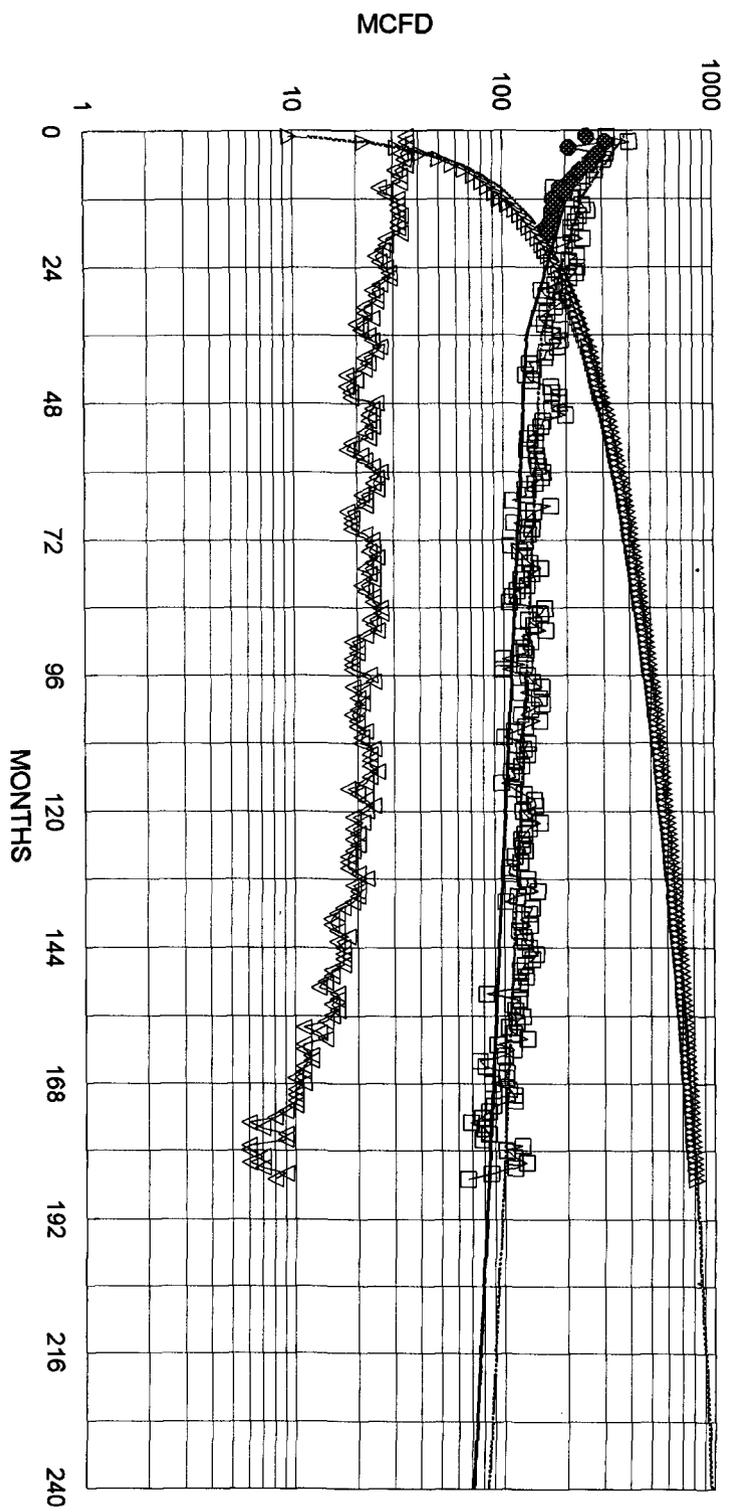
170 MCFD IP
 40% DECLINE, 1ST 12 MONTHS
 20% DECLINE, NEXT 72 MONTHS
 4% FINAL DECLINE

EXPECTED NEW COMPLETION AVERAGE:

573 MMCF EUR
 414 MMCF IN 20 YR
 20 MCFD E.L.
 0.0175 bbl/mcf oil yield

170 MCFD IP
 40.0% DECLINE, 1ST 12 MONTHS
 20.0% DECLINE, NEXT 72 MONTHS
 3.6% FINAL DECLINE

NORMALIZED DAKOTA PRODUCTION OFFSET TO REAMES COM LEASE; 19-26-6
25 SECTION AREA; 35 WELLS SINCE 1980; 5 WELLS SINCE 1994



--- FIT MCFD □ NORMALIZED MCFD △ NORM CUM MMCF ▽ WELLS ON PRODUCTIO
 FIT CUM MMCF — RISKED MCFD ◆ 5 NEW WELLS (>94)

<p>NORMALIZED AVG:</p> <p>1624 MMCF EUR 973 MMCF IN 20 YRS 20 MCFD E.L. 0.0088 bbl/mcf oil yield</p>		<p>RISKED AVG:</p> <p>15% RISK (DEPLETION); EXPECTED NEW WELL RATE</p> <p>400 MCFD IP 40% DECLINE, 1ST 12 MONTHS 20% DECLINE, NEXT 24 MONTHS 3.5% FINAL DECLINE</p>	
<p>RISKED AVG:</p> <p>1350 MMCF EUR 827 MMCF IN 20 YR 20 MCFD E.L. 0.0088 bbl/mcf oil yield</p>		<p>EXPECTED NEW WELL RATE</p> <p>340 MCFD IP 40.0% DECLINE, 1ST 12 MONTHS 20.0% DECLINE, NEXT 24 MONTHS 3.5% FINAL DECLINE</p>	

Scott Federal # 6M
Section 17, T-26-N, R-6-W, J
Rio Arriba, New Mexico

RE: Downhole Commingle C107A Application

Notification of Offset Operators:

Caulkins Oil Co
1600 Broadway STE 2100
Denver, CO 80202

Burlington Resources
PO Box 4289
Farmington, NM 87499

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

Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Drawer 00, Artesia, NM 88211-0719

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

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

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
003244	SCOTT FEDERAL		6M
⁷ GRID No.	⁸ Operator Name		⁹ Elevation
005073	CONOCO, INC.		6724'

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
J	17	26N	6W		1475	South	1820	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.
320	Y	C	

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.

Jo Ann Johnson

Signature

Jo Ann Johnson

Printed Name

Property Analyst

Title

2-24-98

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.

NOVEMBER 10, 1997

Date of Survey

Signature and Seal

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number