

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

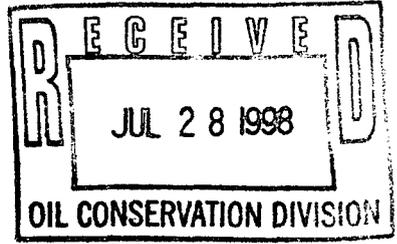
2000

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 Kay Maddox Regulatory Agent 7/23/98
 Print or Type Name Signature Title Date

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-107-A
 New 3-12-96

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

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

Administrative Hearing

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

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

Lease Reames COM Well No #3R Unit Ltr Sec Twp Rge Section 19, T-26-N, R-6-W, M County Rio Arriba

OGRID NO. 005073 Property Code _____ API NO. 30-039-25846 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)	4592-4943'		6667-7008'
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) 731	a.	a. 842
	b(Original) 1316	b.	b. 2889
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 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

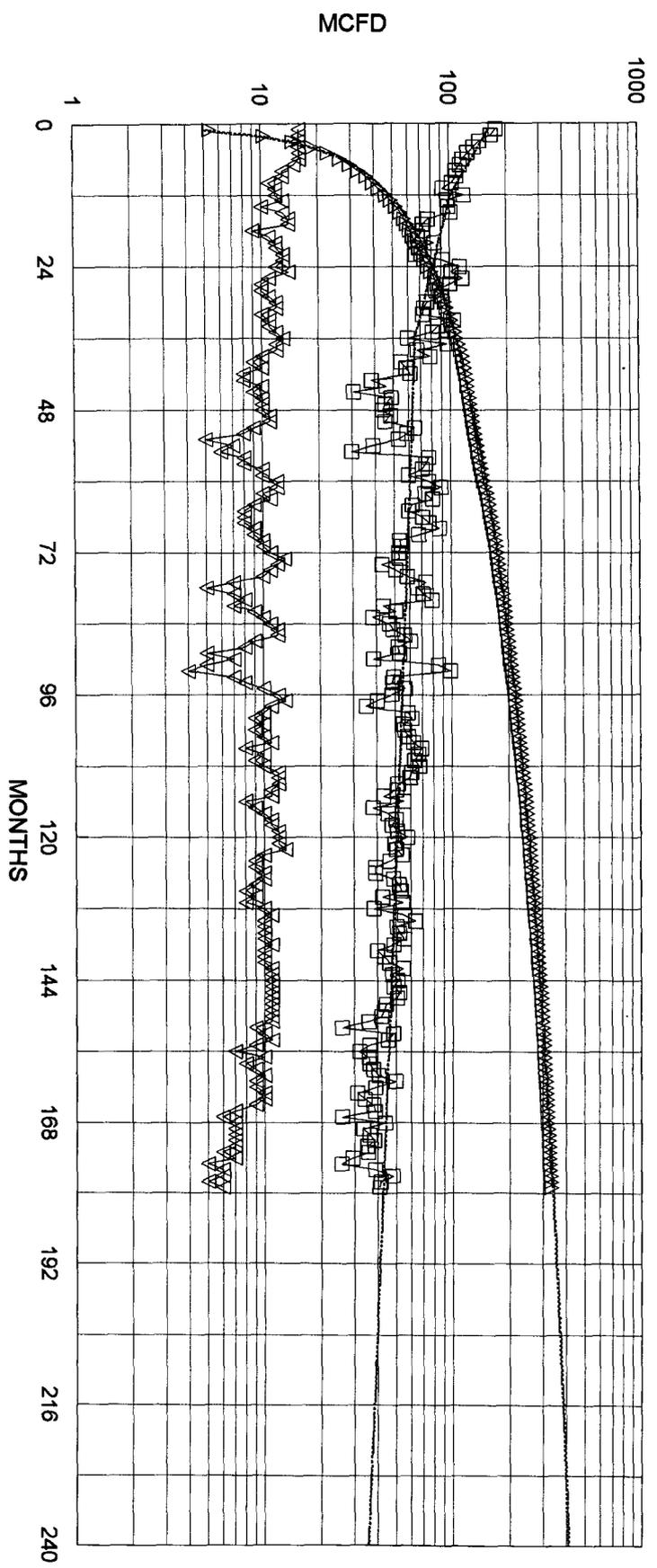
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 23, 1998

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

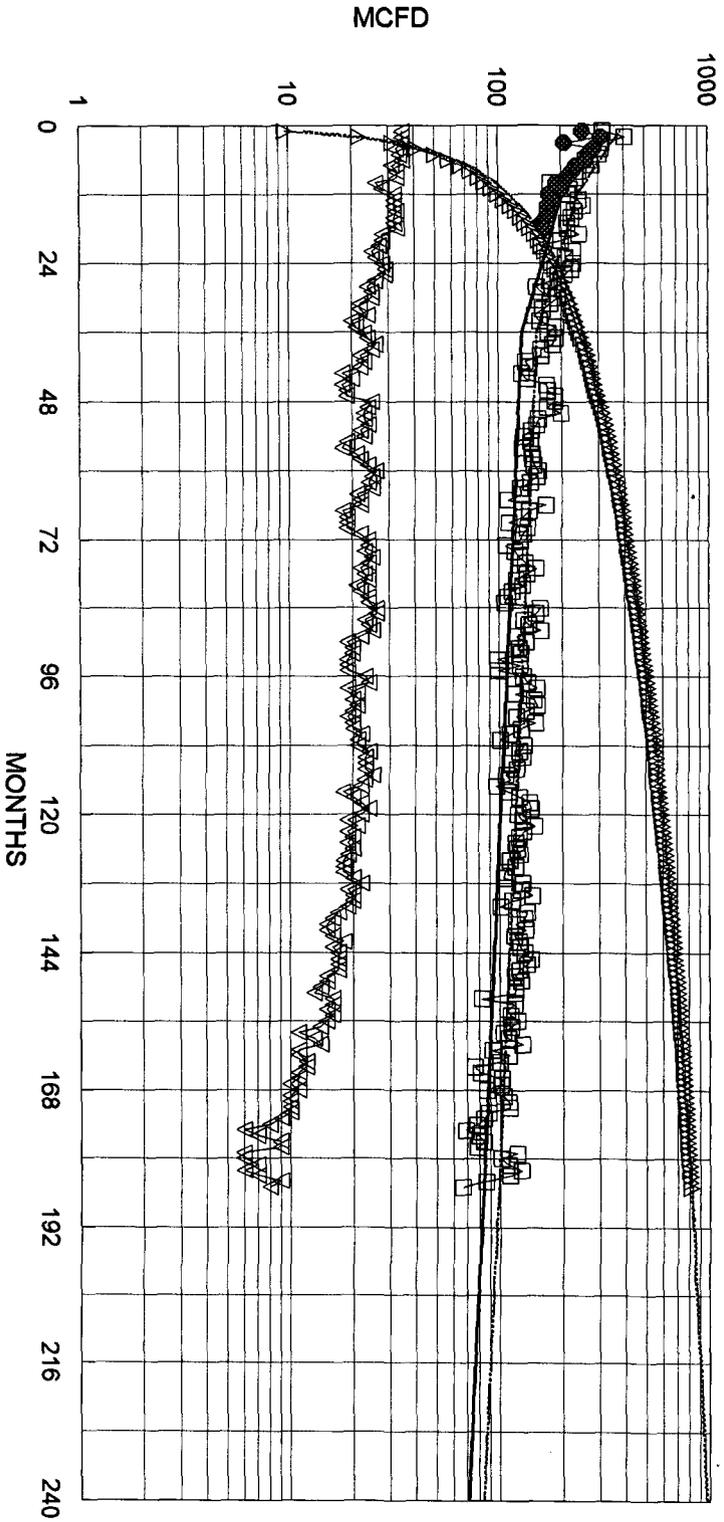
**NORMALIZED MESAVERDE PRODUCTION; REAMS COM 3R, SCOTT FED 6M AREA
16 WELLS SINCE 1980; 9 SECTION OFFSET WELL AREA AROUND 17-26N-06W**



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

NORMALIZED AVG:		EXPECTED NEW COMPLETION AVERAGE:	
573 MMCF EUR	170 MCFD IP	573 MMCF EUR	170 MCFD IP
414 MMCF IN 20 YRS	40% DECLINE, 1ST 12 MONTHS	414 MMCF IN 20 YR	40.0% DECLINE, 1ST 12 MONTHS
20 MCFD E.L.	20% DECLINE, NEXT 72 MONTHS	20 MCFD E.L.	20.0% DECLINE, NEXT 72 MONTHS
0.0175 bbl/mcf oil yield	4% FINAL DECLINE	0.0175 bbl/mcf oil yield	3.5% 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 MCMCF ◻ WELLS ON PRODUCTIO
 - - - FIT CUM MCFD — RISKED MCFD ◆ 5 NEW WELLS (>94)

NORMALIZED AVG:		RISKED AVG:	
1624 MMCF EUR	400 MCFD IP	1350 MMCF EUR	340 MCFD IP
973 MMCF IN 20 YRS	40% DECLINE, 1ST 12 MONTHS	827 MMCF IN 20 YR	40.0% DECLINE, 1ST 12 MONTHS
20 MCFD E.L.	20% DECLINE, NEXT 24 MONTHS	20 MCFD E.L.	20.0% DECLINE, NEXT 24 MONTHS
0.0088 bbl/mcf oil yield	3.5% FINAL DECLINE	0.0088 bbl/mcf oil yield	3.5% FINAL DECLINE

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

AMENDED REPORT

District I
PO Box 1380, Hobbs, NM 88241-1380

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

District III
1009 Rio Brazos Rd., Aztec, NM 87410

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-25846		*Pool Code 72319/71599	*Pool Name Blanco Mesaverde/Basin Dakota
*Property Code 016606	*Property Name REAMS COM		*Well Number 3R
*OGRID No. 005073	*Operator Name CONOCO, INC.		*Elevation 6165'

¹⁰ Surface Location

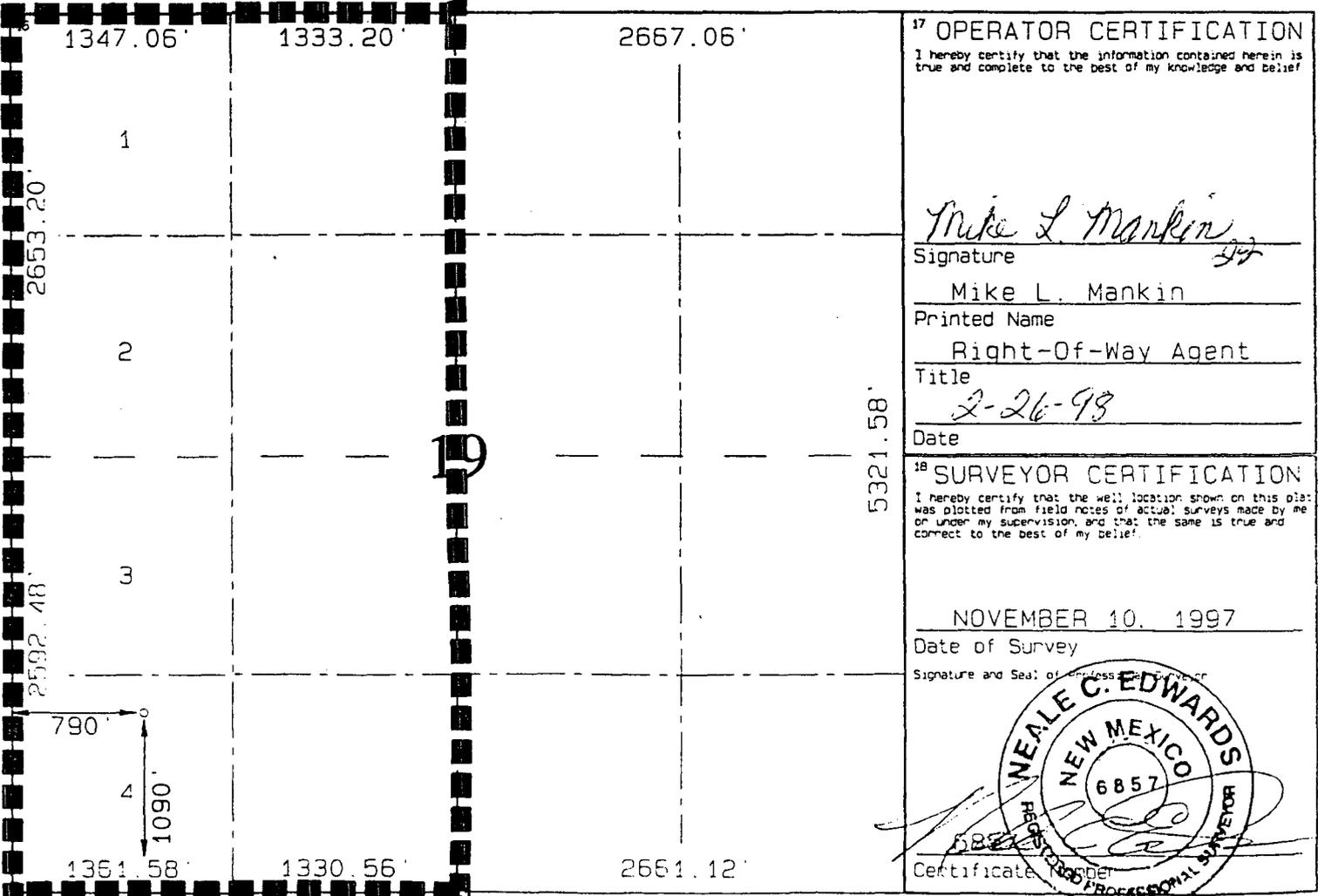
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	19	26N	6W		1090	South	790	West	RIO ARRIBA

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 Y	¹⁴ Consolidation Code C(MV)	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.

Mike L. Mankin
Signature

Mike L. Mankin
Printed Name

Right-Of-Way Agent
Title

2-26-98
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 of Professional Surveyor
Neale C. Edwards

NEALE C. EDWARDS
NEW MEXICO
6857
PROFESSIONAL SURVEYOR

Certificate No. _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Conoco Inc.

a. ADDRESS AND TELEPHONE NO
10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)
 At surface 1090' FSL & 790' FWL
 At proposed prod. zone 1090' FSL & 790' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

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

8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 19. PROPOSED DEPTH 7008'
 20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc) 6165' GR

5. LEASE DESIGNATION AND SERIAL NO
SF 079295

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Reams Com

8. FARM OR LEASE NAME WELL NO
3R

9. APIWELL NO
30-039-25846

10. FIELD AND POOL, OR WILDCAT
Blanco MV/Basin Dakota

11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 19, T26N, R6W

12. COUNTY OR PARISH Rio Arriba
13. STATE NM

22. APPROX. DATE WORK WILL START*
3/25/98

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	K-55, 8-5/8"	24#	300'	130 sxs, circ.
7-7/8"	K-55 4-1/2"	10.5#	7008'	1,450 sxs, circ.

It is proposed to drill a vertical wellbore to the Blanco Mesaverde and Basin Dakota Pools. An NOS was filed 10/30/97. 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.

This application includes ROW's for the well pad, 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 Jo Ann Johnson TITLE Property Analyst DATE 2-26-98

(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

Reams COM #3R
Section 19, T-26-N, R-6-W, M
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

Central Resources Inc
1775 Sherman St
2600 Mellon Center
Denver, Co 80203

Little Oil & Gas Inc
PO Box 1258
Farmington, NM 87499

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