

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

2324

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

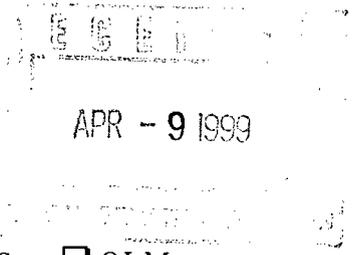
Application Acronyms:

- [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		Regulatory Agent	4/7/99
Print or Type Name	Signature	Title	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

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

APPROVAL PROCESS:  
 Administrative  Hearing

DISTRICT III  
1000 Rio Brazos Rd. Aztec, NM 87410 1893

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE  
 YES  NO

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

Lease Jicarilla 28-7 (NP) Well No # 68 Unit Ltr Sec Twp Rge Section 31, T-28-N, R-7-W, B County Rio Arriba

OGRID NO. 005073 Property Code 016608 API NO. 30-039-60071 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	Basin Fruitland Coal 71629		Blanco Pictured Cliffs South 72439
2. TOP and Bottom of Pay Section (Perforations)	2297-2466'		2493-2568'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Expected Flowing		Expected Flowing
5. Bottomhole Pressure	a (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	432		360
Gas & Oil - Flowing: Measured Current	b(Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1167		1119
6. Oil Gravity (*API) or Gas BT Content	1045		1189
7. Producing or Shut-In?	To be Completed		To be Completed
Production Marginal? (yes or no)	Expected Yes		Expected 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	Date Rates
	Expect IP - 150-250 MCFD	Expect IP - 200-300 MCFD	
8. Fixed Percentage Allocation Formula - % for each zone	oil: 0 % Gas 43 %	oil: % Gas %	oil: 100 % Gas 57 %

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

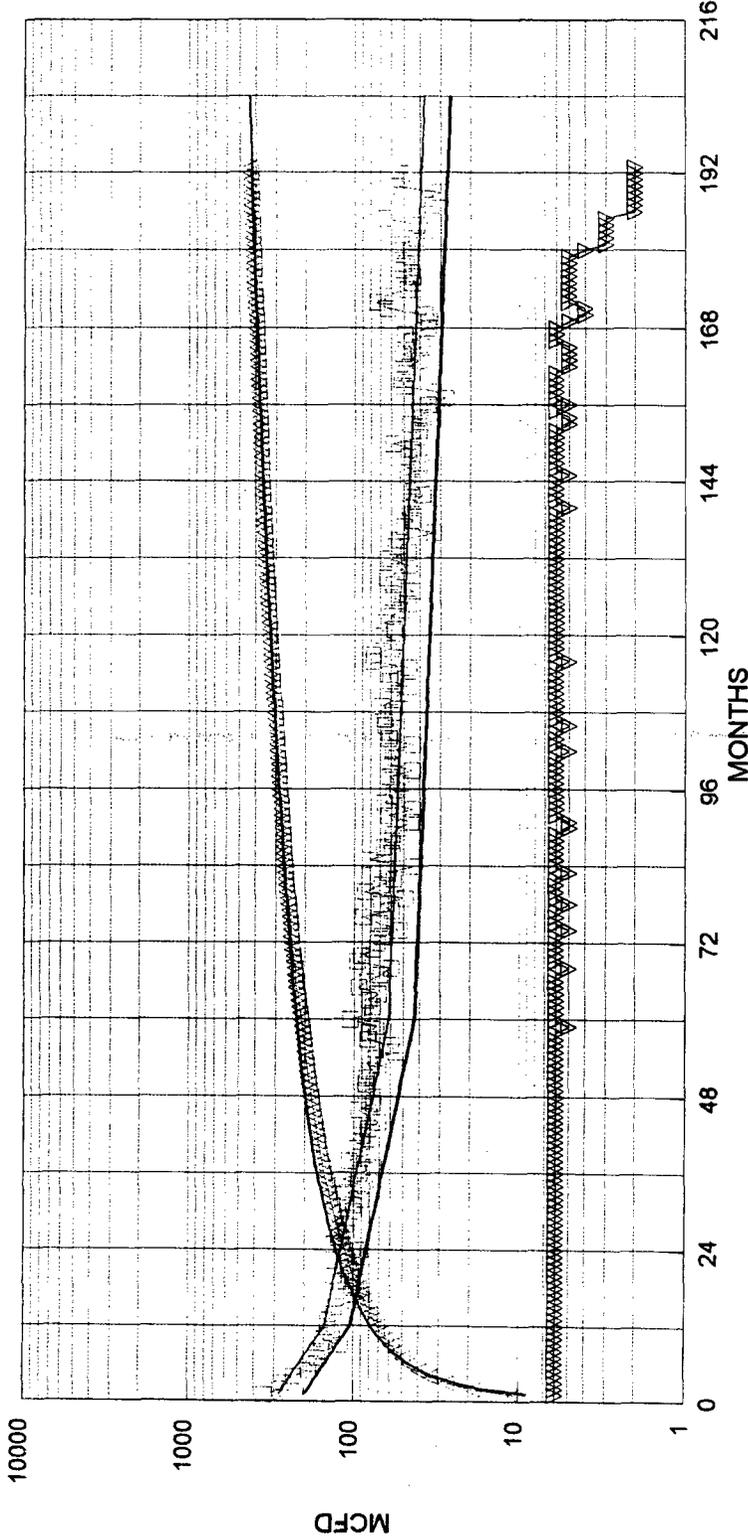
- \* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- \* Production curve for each zone for at least one year. (If not available, attach explanation.)
- \* For zones with no production history, estimated production rates and supporting data.
- \* Data to support 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 April 6, 1999

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

**NORMALIZED PICTURED CLIFFS PRODUCTION  
PROD. SINCE 1974; 6 PC WELLS LOCATED IN 28N-7W**

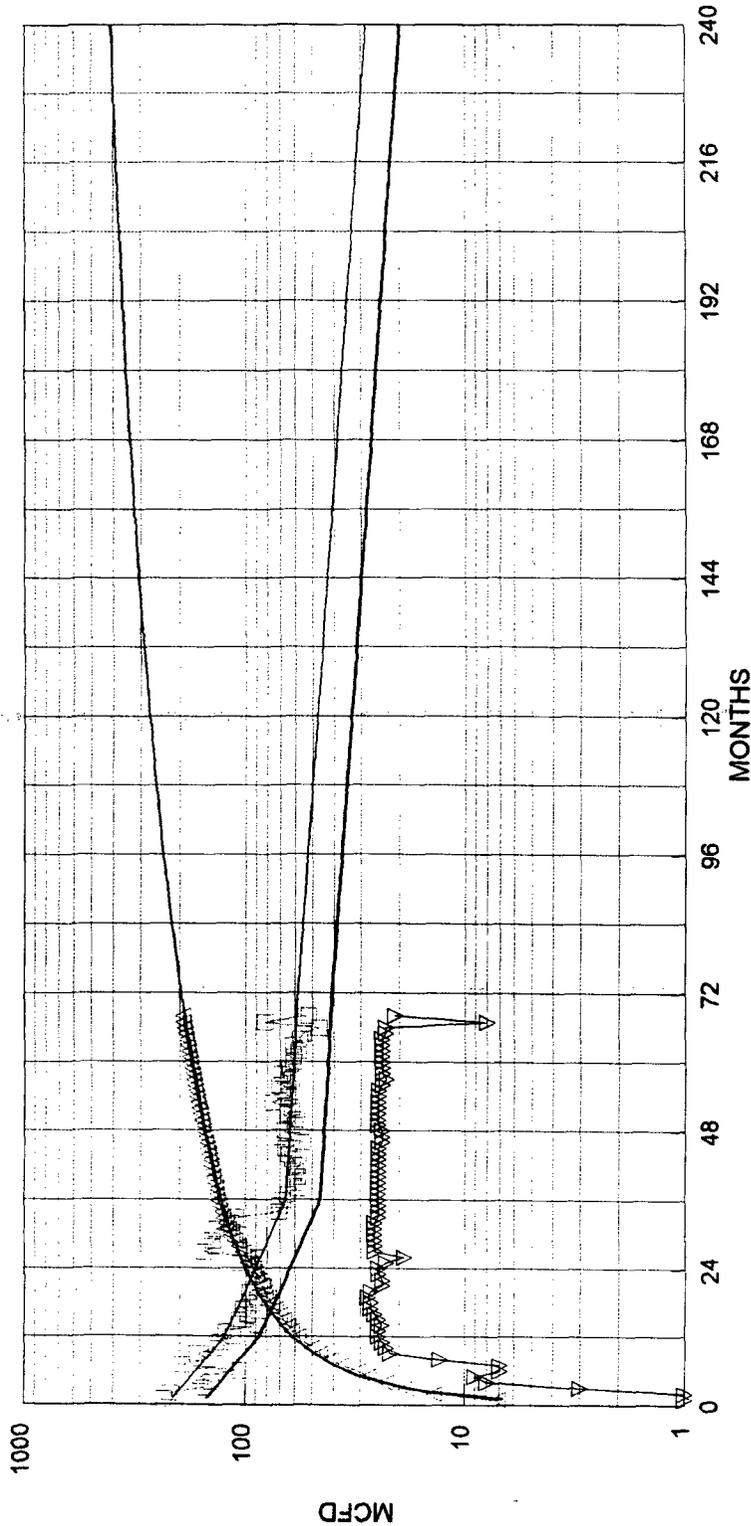


— FIT MCFD    □ NORMALIZED MCFD    ▲ NORM CUM MMCF  
 ▽ WELLS ON PRODUCTION    — FIT CUM MMCF    — RISKED MCFD



<b>NORMALIZED AVG:</b> 684 MMCF EUR 642 MMCF IN 40 YRS 10 MCFD E.L. 0.0001 bbl/mcf oil yield	<b>RISKED AVG:</b> 452 MMCF EUR 432 MMCF IN 36 YRS 10 MCFD E.L. 0.0001 bbl/mcf oil yield	<b>30% RISK</b> 210 MCFD IP 60.0% DECLINE, 1ST 12 MONTHS 20.0% DECLINE, NEXT 48 MONTHS 4.0% FINAL DECLINE
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**NORMALIZED FRUITLAND COAL PRODUCTION**  
28 WELLS SINCE 1990; 28N-7W & 27N-7W



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

<p><b>NORMALIZED AVG:</b></p> <p>540 MMCF EUR                  539 MMCF IN 40 YRS                  10 MCFD E.L.                  0.0000 bbl/mcf oil yield</p>	<p><b>RISKED AVG:</b></p> <p>357 MMCF EUR                  354 MMCF IN 33 YRS                  10 MCFD E.L.                  0.0000 bbl/mcf oil yield</p>	<p><b>30% RISK</b></p> <p>158 MCFD IP                  46.0% DECLINE, 1ST 12 MONTHS                  27.0% DECLINE, NEXT 24 MONTHS                  5.0% FINAL DECLINE</p>
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District I  
PO Box 1980, Hobbs, NM 88241-1980

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102

Revised February 21, 1994

instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-60071		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit (NP)			6 Well Number #68
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

10 Surface Location

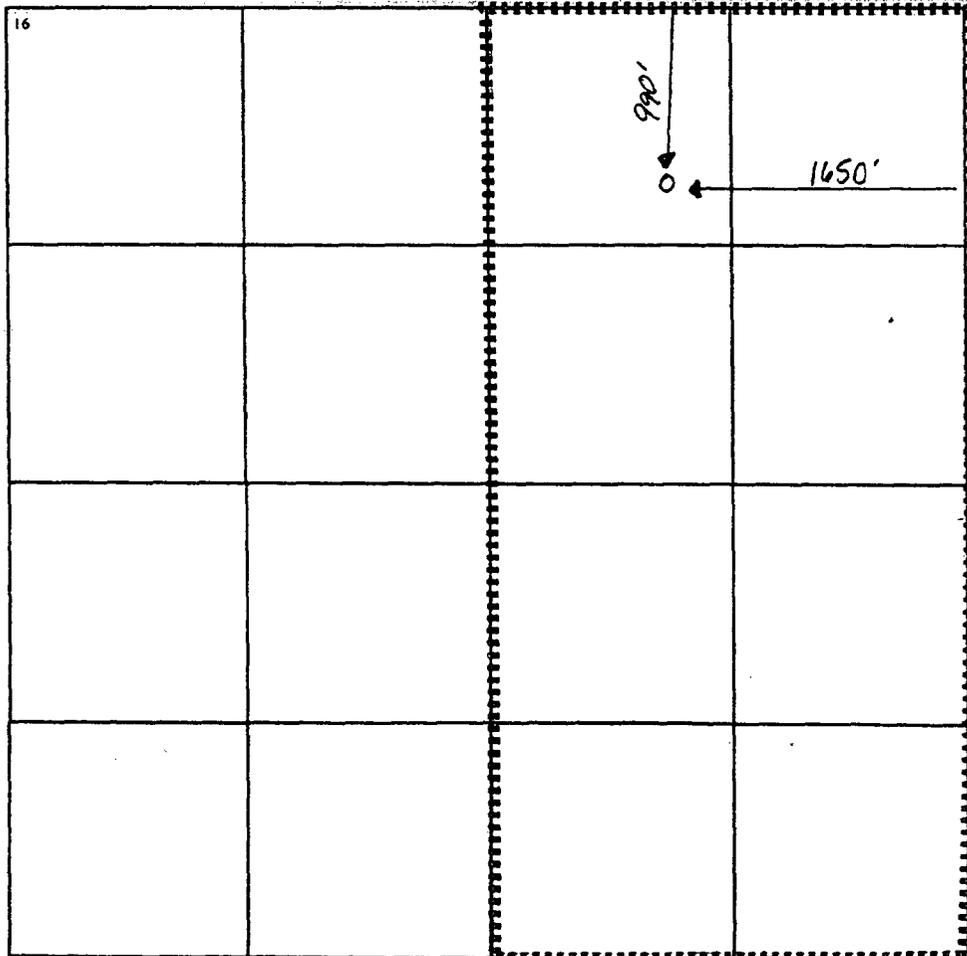
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	31	28N	7W		990'	North	1650'	East	Rio Arriba

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.
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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

*Kay Maddox*  
Signature  
Kay Maddox  
Printed Name  
Regulatory Agent  
Title  
4/7/99  
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

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

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Revised February 21, 1994  
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AMENDED REPORT

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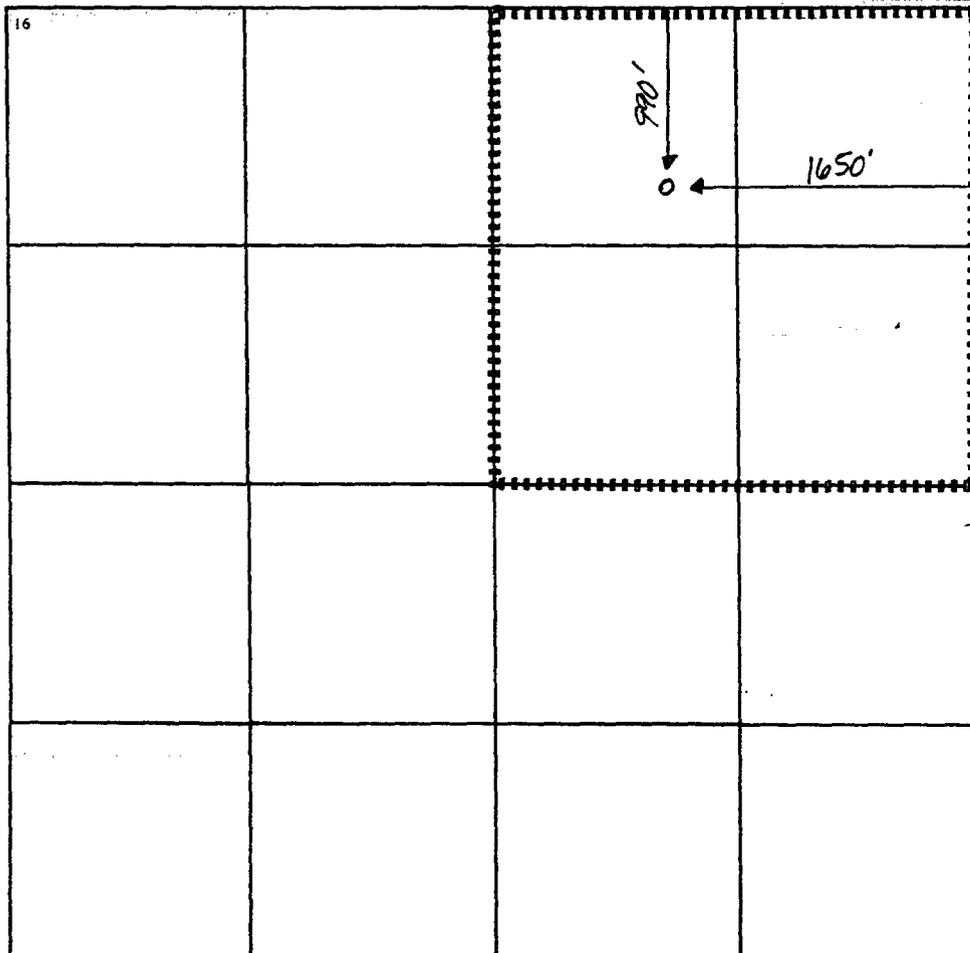
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Signature and Seal of Professional Surveyor.

Certificate Number

**San Juan 28-7 Unit Well # 68**  
**API # 30-039-60071**  
**Section 31, T-28-N, R-7-W, B**  
**Rio Arriba County, NM**

RE: Downhole Commingle Application C-107A

**Notification of Offset Operators:**

Burlington Resources  
PO Box 4289  
Farmington, NM 87499

Amoco  
PO Box 800  
Denver, CO 80201

S&G Interests  
1331 Lamar STE 501  
Houston, TX 77010

Cross Timbers  
6001 HWY 64  
Farmington, NM 87401

Taurus Exploration Inc.  
2101 6<sup>th</sup> Avenue North  
Birmingham, AL 35203-2784

Richardson Operating  
1700 Lincoln St. STE 1700  
Denver, CO 80203-4501

A copy of the Downhole Commingle Application (C-107A) has been sent to the above listed parties