

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 San Juan 28-7 Unit Well No # 7 Unit Section 35, T-28-N, R-7-W,A County Rio Arriba, NM

OGRID NO. 005073 Property Code 016608 API NO. 30-039-07265 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 72439
2. TOP and Bottom of Pay Section (Perforations)	2584-2800"		2816-2882'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Expected to Flow		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a (Current) 432	a.	a. 360
	b(Original) 1167	b.	b. 1119
6. Oil Gravity (*API) or Gas BT Content	1045		1189
7. Producing or Shut-In?	To Be completed		Producing
Production Marginal? (yes or no)	Expected to be		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
	Expected IP 150-250 MCFD Allocation by test upon completion	Date Rates	4/99 105 MCFD
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

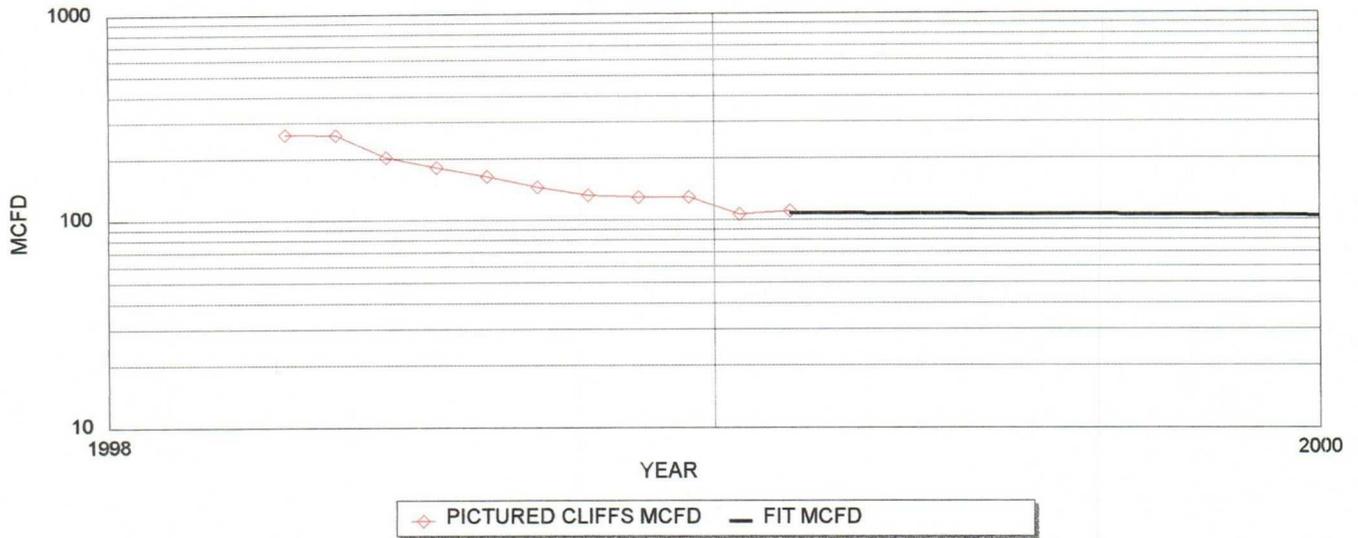
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 May 11, 1999

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

**SAN JUAN 28 7 UNIT #7 PICTURED CLIFFS PRODUCTION
SECTION 35A-28N-07W**

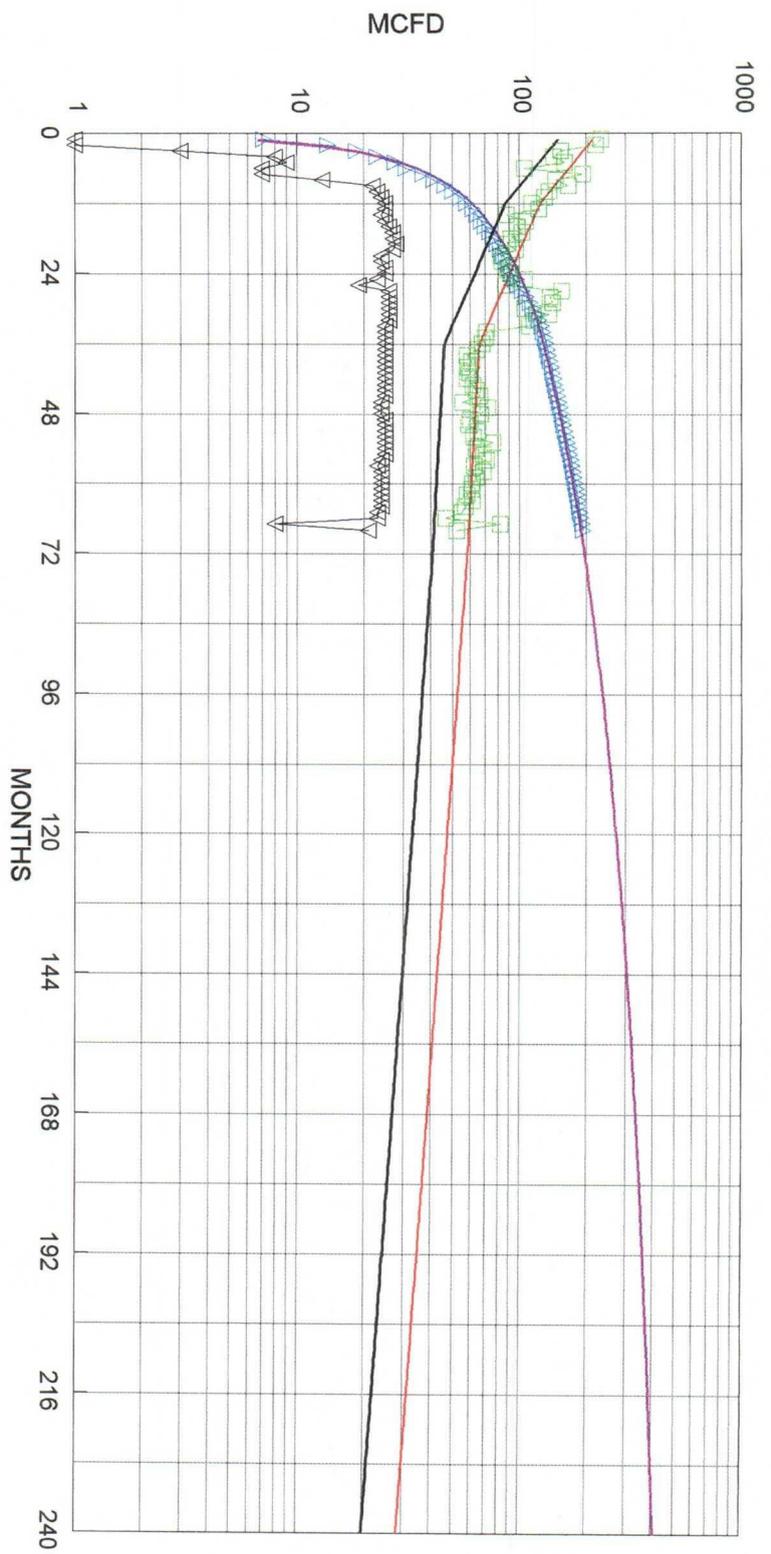


PC HISTORICAL DATA:	1ST PROD: 04/98	PC PROJECTED DATA	
OIL CUM:	0.00 MBO	1/1/99 Qi:	108 MCFD
GAS CUM:	55.2 MMCF	DECLINE RATE:	4.0% (EXPONENTIAL)
CUM OIL YIELD:	0.0000 BBL/MCF		

YEAR	MID-YEAR	
	AVG. MCFD	AVG. BOPD
1999	105.9	0.0
2000	101.6	0.0
2001	97.6	0.0
2002	93.7	0.0
2003	89.9	0.0
2004	86.3	0.0
2005	82.9	0.0
2006	79.6	0.0
2007	76.4	0.0
2008	73.3	0.0
2009	70.4	0.0
2010	67.6	0.0
2011	64.9	0.0
2012	62.3	0.0
2013	59.8	0.0
2014	57.4	0.0
2015	55.1	0.0
2016	52.9	0.0
2017	50.8	0.0
2018	48.7	0.0
2019	46.8	0.0
2020	44.9	0.0
2021	43.1	0.0
2022	41.4	0.0
2023	39.7	0.0
2024	38.2	0.0
2025	36.6	0.0
2026	35.2	0.0
2027	33.8	0.0
2028	32.4	0.0
2029	31.1	0.0
2030	29.9	0.0
2031	28.7	0.0
2032	27.5	0.0
2033	26.4	0.0

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NORMALIZED FRUITLAND COAL PRODUCTION
 28 WELLS SINCE 1990: 28N-7W & 27N-7W



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

NORMALIZED AVG:

540 MMCF EUR
 539 MMCF IN 40 YRS
 10 MCFD E.L.
 0.0000 bbl/mcf oil yield

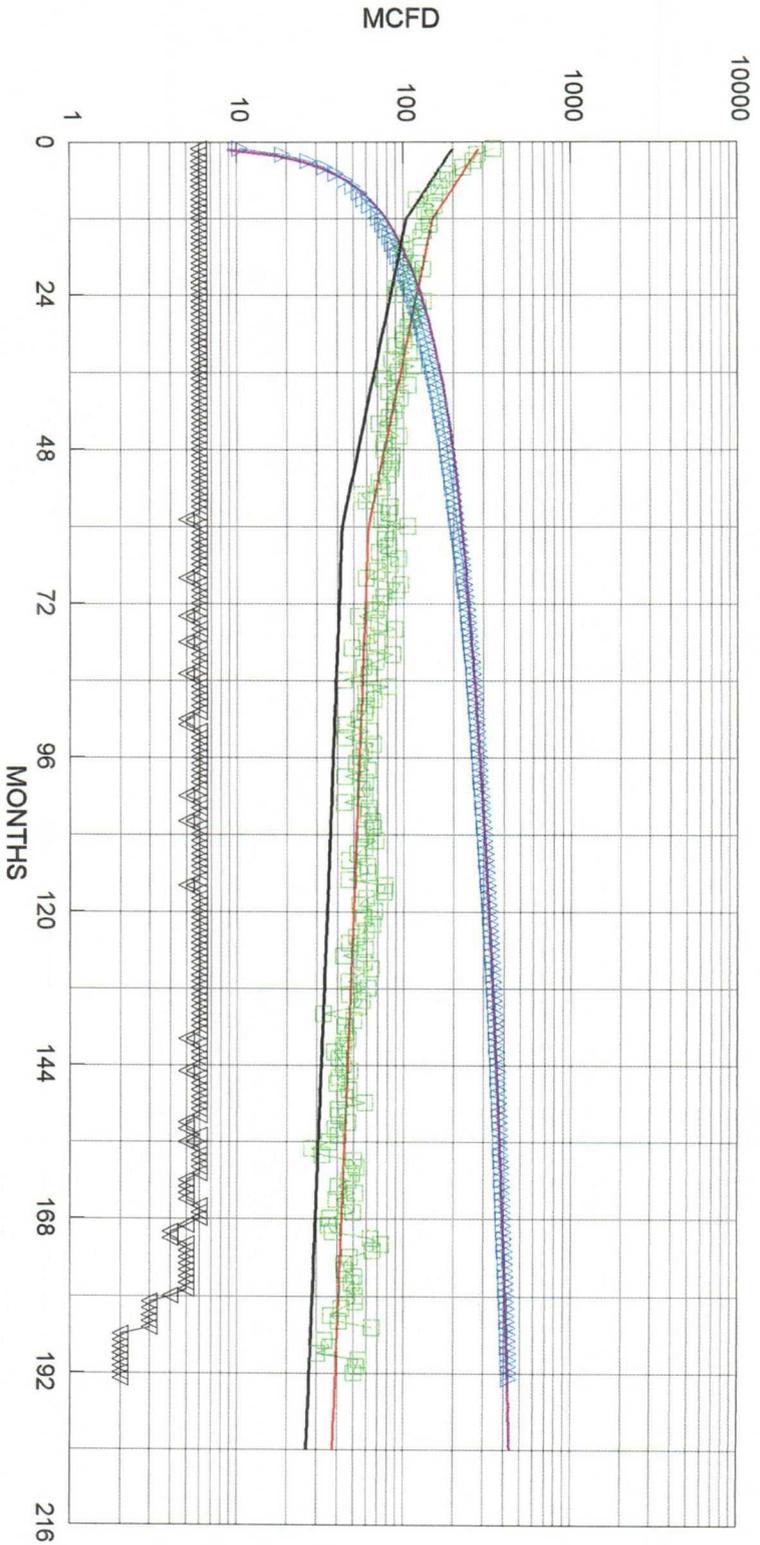
225 MCFD IP
 45.0% DECLINE, 1ST 12 MONTHS
 27.0% DECLINE, NEXT 24 MONTHS
 5.0% FINAL DECLINE

RISKED AVG: 30% RISK

357 MMCF EUR
 354 MMCF IN 33 YRS
 10 MCFD E.L.
 0.0000 bbl/mcf oil yield

158 MCFD IP
 45.0% DECLINE, 1ST 12 MONTHS
 27.0% DECLINE, NEXT 24 MONTHS
 5.0% FINAL DECLINE

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

NORMALIZED AVG:

684 MMCF EUR
 642 MMCF IN 40 YRS
 10 MCFD E.L.
 0.0001 bbl/mcf oil yield

300 MCFD IP
 50% DECLINE, 1ST 12 MONTHS
 20% DECLINE, NEXT 48 MONTHS
 4% FINAL DECLINE

RISKED AVG:

30% RISK

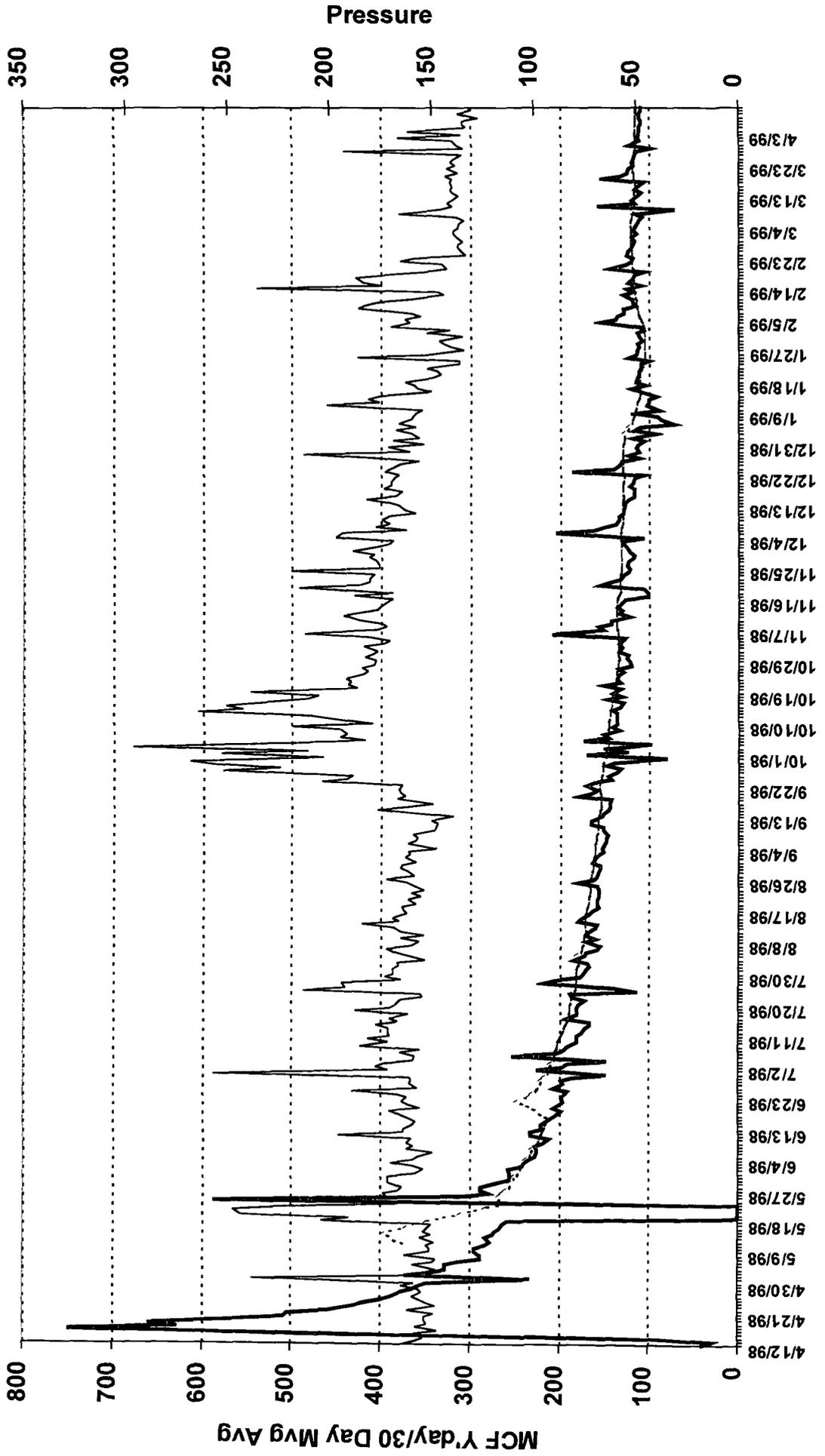
462 MMCF EUR
 432 MMCF IN 36 YRS
 10 MCFD E.L.
 0.0001 bbl/mcf oil yield

210 MCFD IP
 50.0% DECLINE, 1ST 12 MONTHS
 20.0% DECLINE, NEXT 48 MONTHS
 4.0% FINAL DECLINE

San Juan Gas Production - 365 Day 70-338-01 SANJUAN 28-7 7 MV

4/12/99 2:31:24 PM

Operator: 13 Bob Williams



— MCF Yesterday — Pressure 30 Day Mvg Avg

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 199-
instructions on back

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

OIL CONSERVATION DIVISION

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088
Santa Fe, NM 87504-2088

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-07265		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number #7
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6158'

10 Surface Location

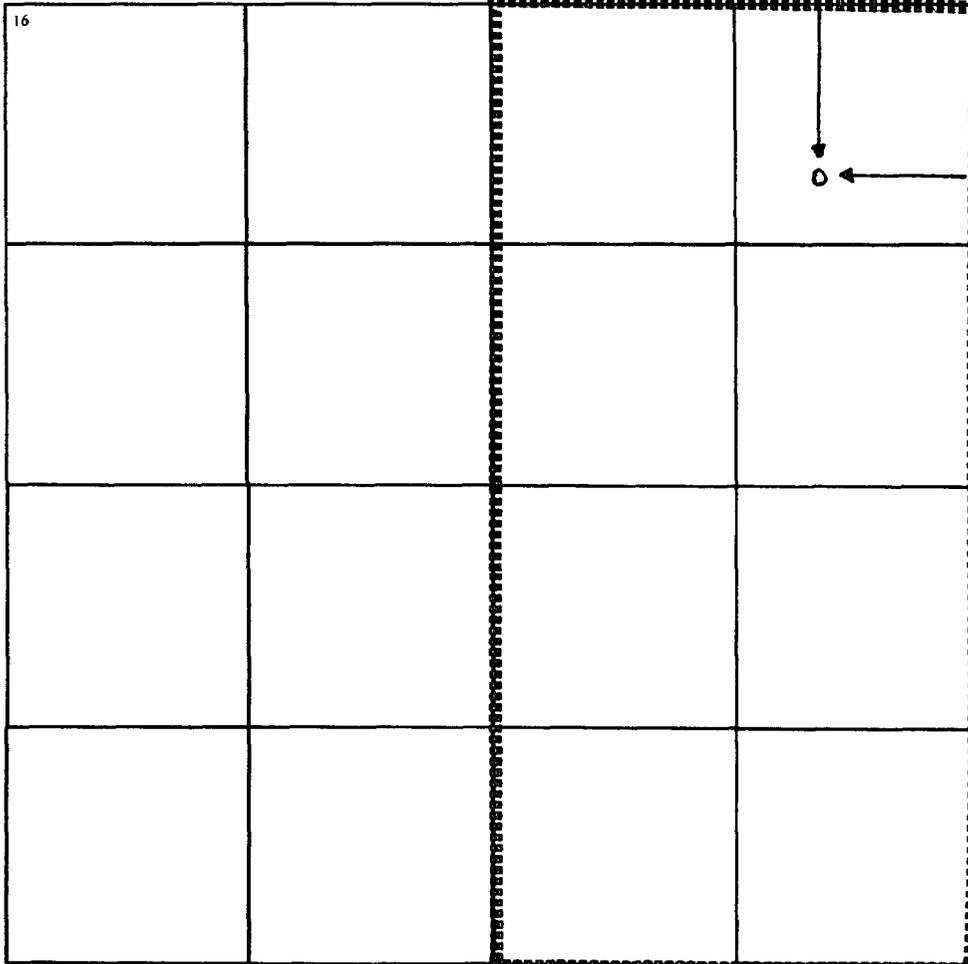
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	35	28N	7W		990'	North	990'	East	Rio Arriba

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
March 25, 1999
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

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994
instructions on back

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

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088

State Lease - 4 Copies

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

Santa Fe, NM 87504-2088

APR -2 PM 1:34

Fee Lease - 3 Copies

AMENDED REPORT

070 FARMINGTON, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-07265		2 Pool Code 72439		3 Pool Name Blanco Pictured Cliffs South	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number 7
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6158' 3555

10 Surface Location

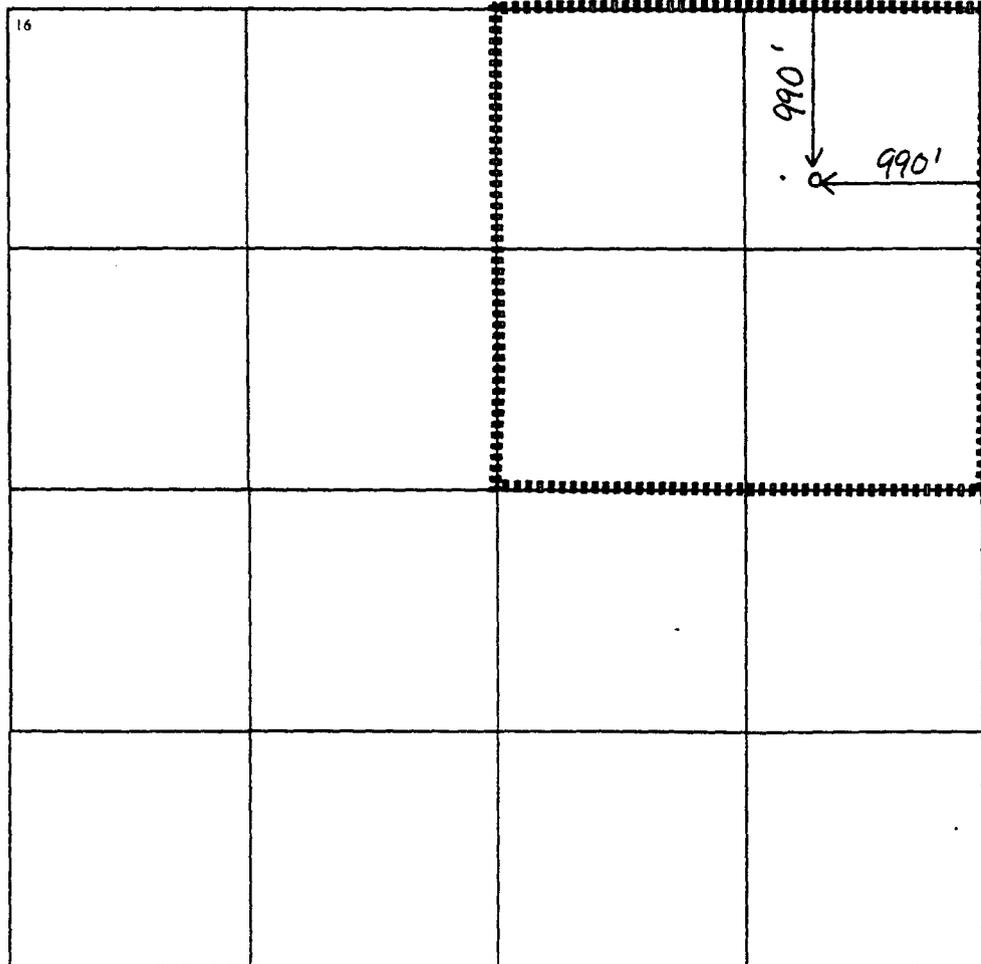
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	35	28N	7W		990	North	990	East	Rio Arriba

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 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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
April 1, 1998

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

San Juan 28-7 Unit #7
Section 35, T- 28-N, R-7-W, A
Application to Downhole Commingle C-107A
Rio Arriba, NM

RE: Notification of Offset Operators

Conoco, Inc. is the only operator of the 28-7 unit. This well is interior to the unit boundaries therefore Conoco Inc. is the only offset operator.