

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc. P.O. Box 2197, DU 3066 Houston, TX 77252-2197

Operator	Address		
San Juan 28-7 Unit	103	A1 Sec. 3, T-27N, R-7W	Rio Arriba
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
005073		30-039-07209	
Spacing Unit Lease Types: (check 1 or more)			
OGRID NO.	Property Code	API NO.	Federal <input checked="" type="checkbox"/> , State <input type="checkbox"/> , (and/or) Fee <input type="checkbox"/>

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Picture Cliff South 72439		Blanco Mesaverde 72319
2. Top and Bottom of Pay Section (Perforations)	2766 - 2860		4480 - 4554; 5004-5110
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 381	a.	a. 562*
	b. (Original) 1227	b.	b. 1305
6. Oil Gravity (EAPI) or Gas BTU Content	1190		1254
7. Producing or Shut-In?	Producing		Producing
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 shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	No		No
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Rates: current avg. = 51 MCFD	Date: Rates:	Date: Estimated Menefee Rates: uplift = 250 MCFD
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	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
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 other? 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). _____ Rule 303.C(1)(b)(ii) _____
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 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 Deborah Moore TITLE Regulatory Analyst DATE 10/27/99

TYPE OR PRINT NAME Deborah Moore TELEPHONE NO. (281) 291-1005

*NOTE: Current MV bottomhole pressures are est. at 500-600 psi. However, the Menefee bottomhole pressure could be 1200-1300 psi reflecting undepleted, virgin conditions.

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2497

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]

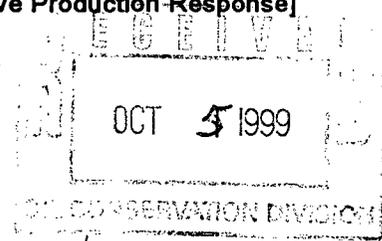
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [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.

Deborah Moore (281) 293-1005 Deborah Moore Regulatory Analyst 10/14/99
 Print or Type Name Signature Title Date

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Operator Address
San Juan 28-7 Unit 103 A1, Sec. 3, T-27N, R-7W Rio Arriba

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 005073 Property Code 016608 API NO. 30-039-07209 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 P.C. South 72439		Blanco Mesaverde 72319
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	b. (Original) 1305 1227	b.	b. 1227 1305
6. Oil Gravity (EAPI) or Gas BTU Content	1254 1190		1190 1254
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	Date: Estimated Menefee Rates: Uplift = 250 MCFD	Date: Rates:	Date: Current Average = Rates: 51 MCFD
	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

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* 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 Deborah Moore TITLE Regulatory Analyst DATE 9/17/99
TYPE OR PRINT NAME Deborah Moore TELEPHONE NO. (281) 291-1005

*Current Mesaverde bottomhole pressures are estimated at 500-600 psi. However, the Menefee bottomhole pressure could be 1200-1300 psi reflecting undepleted, virgin conditions.

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State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe. NM 87505

Form C-102
Revised March 17, 1999

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07209		² Pool Code 72319 / 72439		³ Pool Name Blanco Mesaverde / Blanco Picture Cliffs	
⁴ Property Code 016608		⁵ Property Name San Juan 28-7 Unit			⁶ Well Number 103
⁷ OGRID No. 005073		⁸ Operator Name Conoco Inc.			⁹ Elevation 5226'

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
N	6	27N	7W		816'	North	1041'	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 160/320	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	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

16			<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p>
			<p>Signature <i>Deborah Moore</i></p> <p>Printed Name Deborah Moore</p> <p>Title Regulatory Analyst</p> <p>Date 09/20/99</p>
18			<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p>
			<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p>
			Certificate Number

EL PASO NATURAL GAS COMPANY

AUTHORITY FOR DEVELOPMENT

To: Drilling and Petroleum Engineering Departments

The following drilling site, which is on a producing non-producing lease, having been set

up on our 1959 drilling program, has been processed by the Land Department

and is hereby approved for drilling.

Dedication: T-27-N, R-7-W, N.E.P.M.
Section 3: S/2

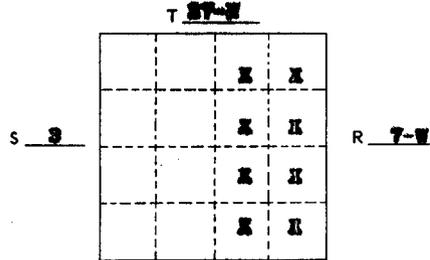
Location: T-27-N, R-7-W
Section 3: NE/4

Formation: Pictured Cliffs - Mesaverde

Containing 210.15 acres, more or less

El Paso Natural Gas Company's Interest: Full gas rights to base of Mesaverde under both leases

Outside Interest (s): None



Lease or Leases and Lands Committed:

Lease Number	Lessor	Expires	Lease Acreage Dedicated	Working Interest Owner	File No.
Tr.#8 SF 070406	U.S.A.	•	Lots 1,2, S/2 NE/4	EPNG Co.	ME 3903
Tr.#19 SF 070072	U.S.A.	•	SE/4	EPNG Co.	ME 4003

Well must be (commenced) ~~(commenced)~~ by 3-1-59.

Remarks: (Time limitations, special contractual provisions, etc.)

***Held by production. Both leases fully committed to San Juan 20-7 Unit. This is a PG-NV intervening drilling block. Tr.#8 - Subject to L.S.A. dated 4-9-58 by and between Three States Natural Gas and EPNG Co. Tr.#19 - Subject to Agreement dated 2-9-58 between Pubco & El Paso. Pubco's 40% converts to a 40% U.I. after payout.**

Date: 3-24-59

Attorneys ORIGINAL SIGNED BY
W. DYER MOORE, JR.

Title Approved for Drilling
Title conditionally approved
(Subject to Remarks on Reverse Side.)

ORIGINAL SIGNED BY
SAM SMITH
Land Department

Date: MAR 25 1959

WELL AUTHORIZED FOR DRILLING:

Date: 3-25-59

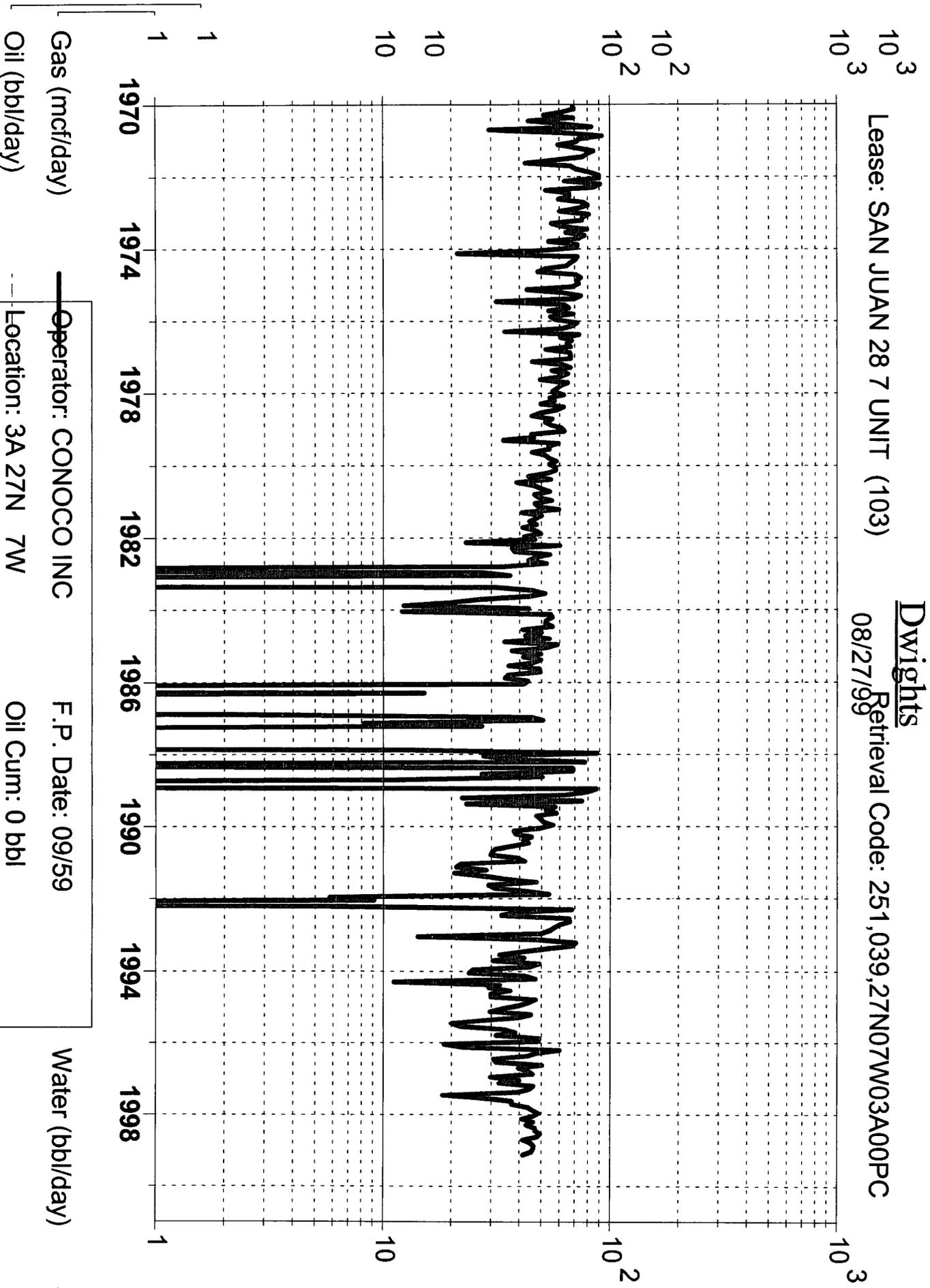
U. of I. Signed H. F. STEEN
Management

Well Name and Number San Juan 20-7 Unit #103 (N) Work Order Number 53759

Rig Name and/or Number _____

Lease: SAN JUAN 28 7 UNIT (103)

Dwights
08/27/99 Retrieval Code: 251,039,27N07W03A00PC



Gas (mcf/day)

Oil (bbl/day)

Operator: CONOCO INC

Location: 3A 27N 7W

F.P. Date: 09/59

Oil Cum: 0 bbl

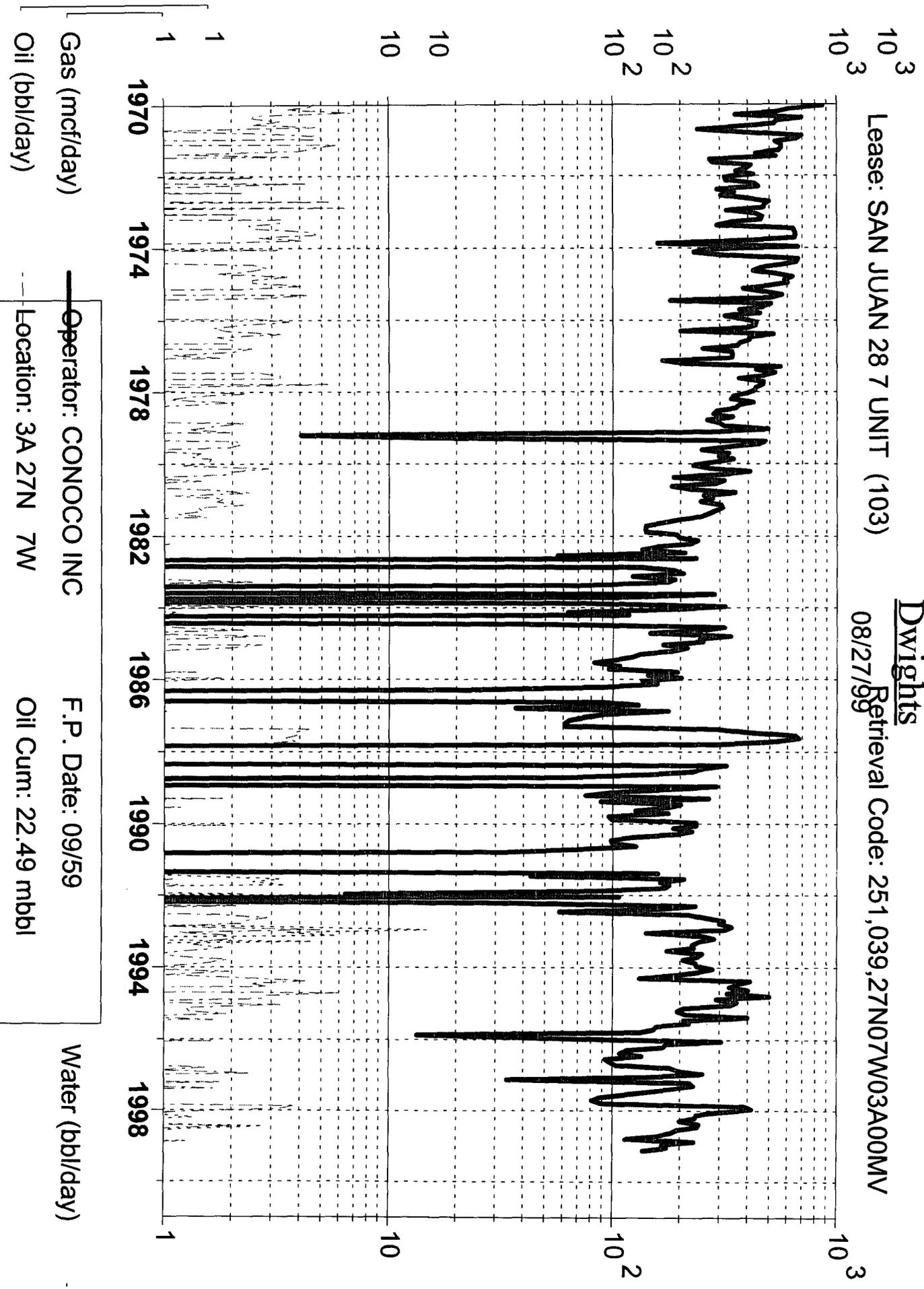
Water (bbl/day)

Field: BLANCO SOUTH (PICTU) Gas Cum: 771.1 mmcf
Reservoir: PICTURE CLIFFS L.P. Date: 02/99

Lease: SAN JUAN 28 7 UNIT (103)

Dwights
08/27/99

Retrieval Code: 251,039,27N07W03A00MV



Gas (mcf/day)
Oil (bbl/day)

Water (bbl/day)

Operator: CONOCO INC
Location: 3A 27N 7W
Field: BLANCO (MESAVERDE)
Reservoir: MESAVERDE

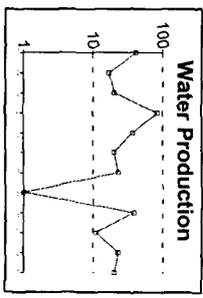
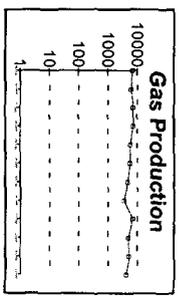
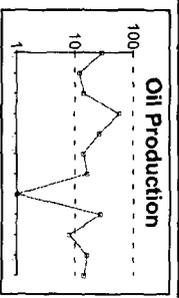
F.P. Date: 09/59
Oil Cum: 22.49 mbbbl
Gas Cum: 4545 mmcf
L.P. Date: 02/99

Lease: SAN JUAN 28 7 UNIT
 Field: BLANCO (MESAVARDE) MV
 Operator: CONOCO INC
 RCI #: 251,039,27N07W03A00MV
 API #: 30-039-07209-00

Well #: 103
 Location: 3A 27N 7W
 Liquid Cum: 22,493 bbls
 Gas Cum: 4,545,470 mcf
 Status: ACT GAS

FP Date: 59-09
 LP Date: 99-02
 LIQ Since: FPDATE
 Gas Since: FPDATE

DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
03/1998	29	7,039	41	1
04/1998	12	6,025	17	1
05/1998	14	7,315	20	1
06/1998	59	7,199	84	1
07/1998	26	5,857	37	1
08/1998	14	5,518	20	1
09/1998	16	4,733	23	1
10/1998	0	3,456	0	1
11/1998	27	6,968	38	1
12/1998	8	5,051	11	1
01/1999	16	5,259	23	1
02/1999	14	4,138	20	1
Total	235	68,558	334	

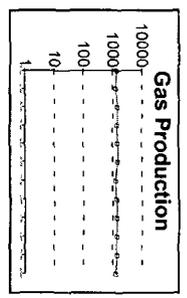


Lease: SAN JUAN 28 7 UNIT
 Field: BLANCO SOUTH (PICTURE CLIFFS) PC
 Operator: CONOCO INC
 RCI #: 251,039,27N07W03A00PC
 API #: 30-039-07209-00

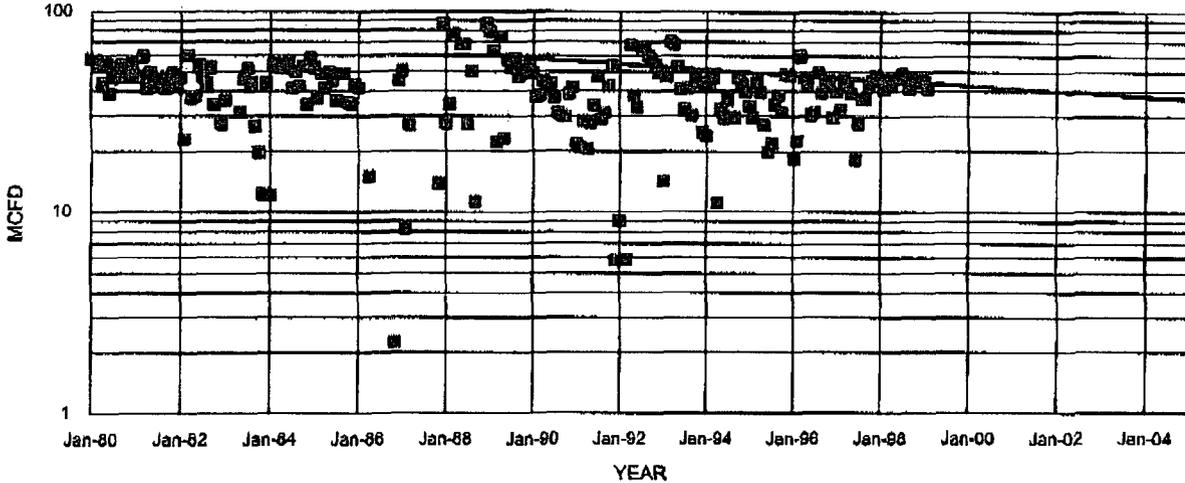
Well #: 103
 Location: 3A 27N 7W
 Liquid Cum: 771,147 mcf
 Gas Cum: 771,147 mcf
 Status: ACT GAS

FP Date: 59-09
 LP Date: 99-02
 Lq Since: FPDATE
 Gas Since: FPDATE

DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
03/1998	0	1,391	0	1
04/1998	0	1,297	0	1
05/1998	0	1,413	0	1
06/1998	0	1,418	0	1
07/1998	0	1,493	0	1
08/1998	0	1,442	0	1
09/1998	0	1,251	0	1
10/1998	0	1,356	0	1
11/1998	0	1,398	0	1
12/1998	0	1,391	0	1
01/1999	0	1,365	0	1
02/1999	0	1,255	0	1
Total	0	16,470	0	



**SJ 28-7 #103 PICTURED CLIFFS PRODUCTION
SECTION 3A-27N-07W, RIO ARRIBA COUNTY, NEW MEXICO**



■ PICTURED CLIFFS MCFD — FIT MCFD

PICTURED CLIFFS PRODUCTION		1ST PROD: 12/59	PICTURED CLIFFS PROJECTED DATA	
OIL CUM:	0.00	MBO	Jan 00 Q1:	43 MCFD
GAS CUM:	771.1	MMCF	DECLINE RATE:	2.0% (EXPONENTIAL)
OIL YIELD:	0.0000	BBL/MCF	API #30-039-07209	

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG MCFD	MID-YEAR AVG BOPD
2000	42	0
2001	41	0
2002	40	0
2003	38	0
2004	37	0
2005	36	0
2006	35	0
2007	34	0
2008	33	0
2009	32	0
2010	31	0
2011	30	0
2012	29	0
2013	28	0
2014	27	0
2015	27	0
2016	26	0
2017	25	0
2018	24	0
2019	24	0
2020	23	0
2021	22	0
2022	22	0
2023	21	0
2024	20	0
2025	20	0
2026	19	0
2027	19	0