

DHC 4/26/00

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

CONSERVATION APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address P.O. Box 2197 Houston, TX 77252-2197

Lease SAN JUAN 28-7 Well No. 124 Unit Ltr. - Sec - Twp - Rge K, SEC.11, T27N, R7W County RIO ARRIBA

OGRID NO. 005073 Property Code 016608 API NO. 30-039-07116 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 MESAVERDE 72319		BASIN DAKOTA 71599
2. Top and Bottom of Pay Section (Perforations)	4931 - 5587		7468 - 7680
3. Type of production (Oil or Gas)	Gas - expected		Gas
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 519	a.	a. 700
	b. (Original) 1,250	b.	b. 3,150
6. Oil Gravity (EAPI) or Gas BTU Content	1,250		1,225
7. Producing or Shut-In?	TO BE COMPLETED		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)	Yes		YES
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: EXPECTED RATE Rates: 350 - 450 MCFD	Date: Rates:	Date: CURRENT RATE Rates: 120 MCFD
8. Fixed Percentage Allocation Formula % for each zone (total of %'s to equal 100%)	Oil: Gas:	Oil: Gas:	Oil: Gas: SUBTRACTION ALLOCATE

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) R-10476B

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 3/31/00

TYPE OR PRINT NAME Deborah Moore TELEPHONE NO. (281) 293-1005

District I  
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-102  
Revised March 17, 1999

District II  
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe. NM 87505

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

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-07116		<sup>2</sup> Pool Code 72319 / 71599		<sup>3</sup> Pool Name BLANCO MESAVERDE / BASIN DAKOTA	
<sup>4</sup> Property Code 016608		<sup>5</sup> Property Name SAN JUAN 28-7			<sup>6</sup> Well Number 124
<sup>7</sup> OGRID No. 005073		<sup>8</sup> Operator Name Conoco Inc.			<sup>9</sup> Elevation

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	27N	7W		1451	SOUTH	1452	WEST	RIO ARRIBA

<sup>11</sup> Bottom Hole Location If Different From Surface

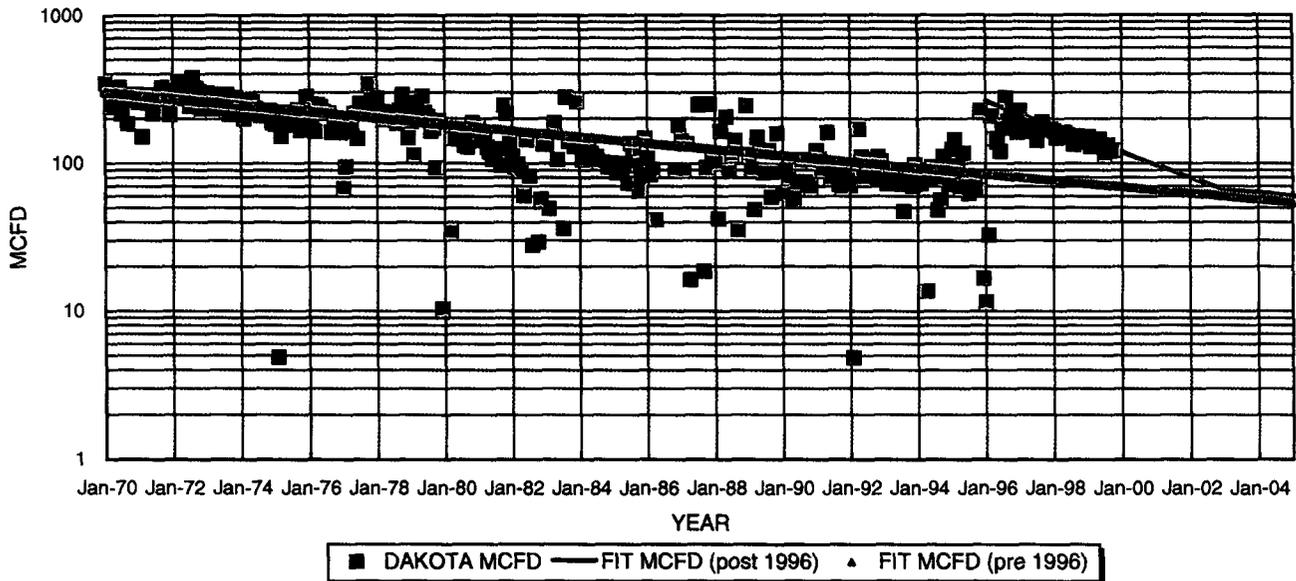
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 80/160	<sup>13</sup> Joint or Infill I	<sup>14</sup> Consolidation Code U	<sup>15</sup> 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

<p>6</p>	<p><sup>17</sup> 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: 3/31/00</p>
	<p><sup>18</sup> 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 Surveyor:</p> <p>Certificate Number</p>

**SJ 28-7 #124 DAKOTA PRODUCTION  
SECTION 11K-27N-07W, RIO ARRIBA COUNTY, NEW MEXICO**



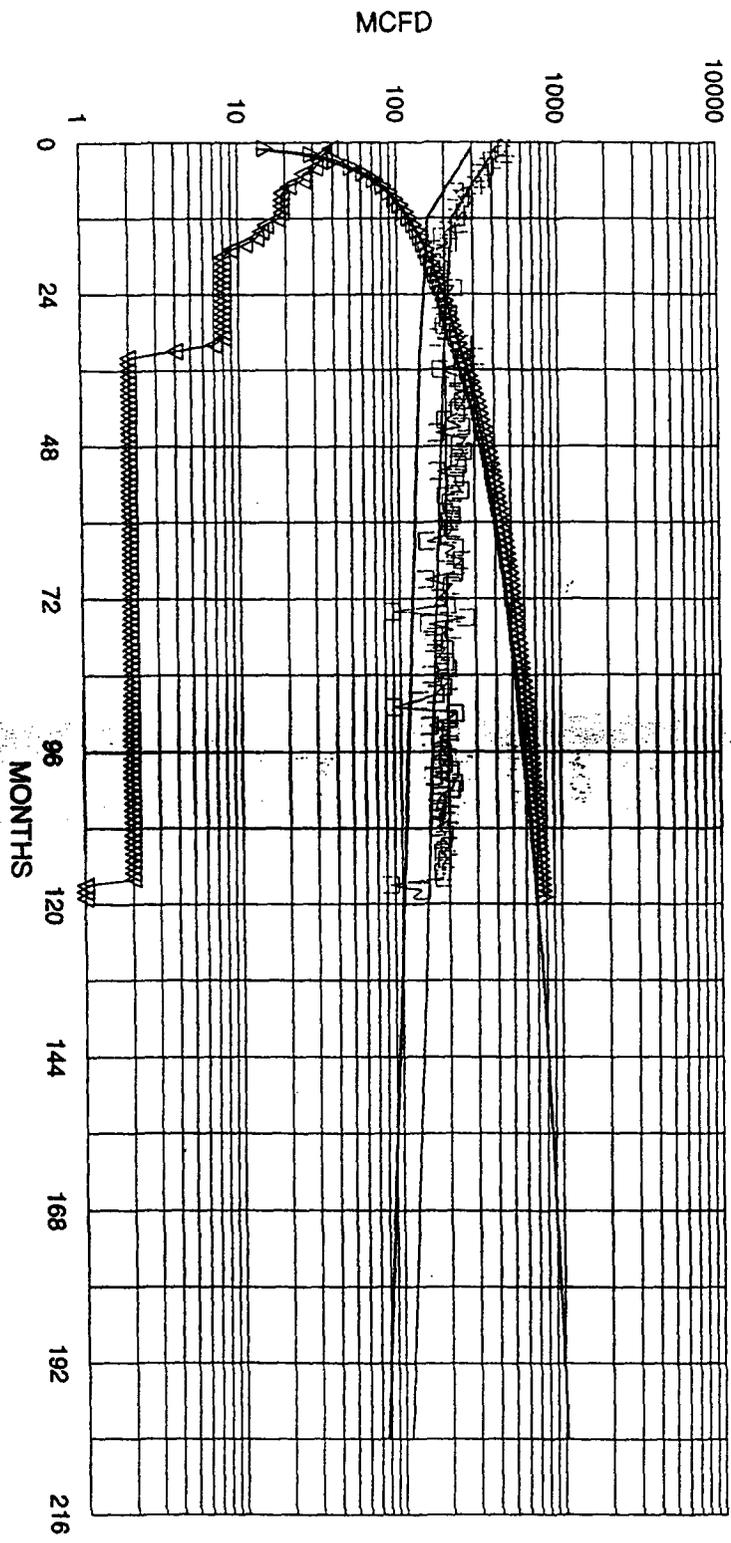
<b>DAKOTA PRODUCTION</b>		<b>1ST PROD: 03/66</b>	<b>DAKOTA PROJECTED DATA</b>		<b>(API #30-039-07116)</b>
OIL CUM:	14.62	MBO	Jan.00 Qi:	120	MCFD
GAS CUM:	2233.5	MMCF	DECLINE RATE1:	18.0%	(EXPONENTIAL)
OIL YIELD:	0.0065	BBL/MCF	DECLINE RATE2:	4.75%	(EXPONENTIAL)

**PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION**

NOTE: Current decline rate is approximately 18%. This rate is expected to continue for the next three years until 2003. The decline rate is then expected to become more shallow, matching the original decline rate of approximately 4-5% per year. Production increase starting in 1996 resulted from installation of plunger lift system.

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	109	0.7
2001	89	0.6
2002	73	0.5
2003	60	0.4
2004	57	0.4
2005	55	0.4
2006	52	0.3
2007	49	0.3
2008	47	0.3
2009	45	0.3
2010	43	0.3
2011	41	0.3
2012	39	0.3
2013	37	0.2
2014	35	0.2
2015	34	0.2
2016	32	0.2
2017	30	0.2
2018	29	0.2
2019	28	0.2
2020	26	0.2
2021	25	0.2
2022	24	0.2
2023	23	0.1
2024	22	0.1
2025	21	0.1
2026	20	0.1
2027	19	0.1

**NORMALIZED MESAVERDE PRODUCTION**  
 PROD. SINCE 1985; 39 MV WELLS LOCATED IN 28N-7W (37 wells are 1990's completions)



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

Expected Mesaverde Production - 325 MCFD for Yr. 1

**NORMALIZED AVG:**  
 1788 MMCF EUR  
 1145 MMCF IN 20 YRS  
 25 MCFD E.L.  
 0.0139 bbl/mcf oil yield

450 MCFD IP  
 50% DECLINE, 1ST 12 MONTHS  
 7% DECLINE, NEXT 24 MONTHS  
 4% FINAL DECLINE

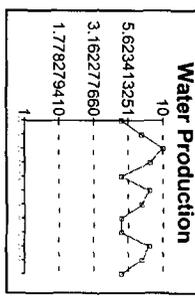
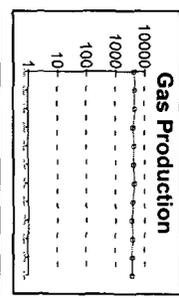
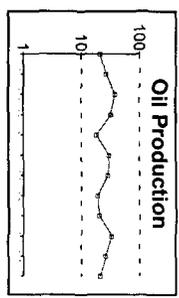
**RISKED AVG:**      30% RISK  
 1184 MMCF EUR      315 MCFD IP  
 802 MMCF IN 20 YRS      50.0% DECLINE, 1ST 12 MONTHS  
 25 MCFD E.L.      7.0% DECLINE, NEXT 24 MONTHS  
 0.0139 bbl/mcf oil yield      4.0% FINAL DECLINE

Lease: SAN JUAN 28 7 UNIT  
 Field: BASIN (DAKOTA) DK  
 Operator: CONOCO INC  
 RCI #: 251,039,27N07W41K00DK  
 API #: 30-039-07116-00

Well #: 124  
 Location: 11K 27N 7W  
 Liquid Cum: 14,618 bbls  
 Gas Cum: 2,233,465 mcf  
 Status: ACT GAS

FP Date: 66-03  
 LP Date: 99-10  
 Liq Since: FPDATE  
 Gas Since: FPDATE

DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
11/1998	21	4,236	5	1
12/1998	26	4,636	7	1
01/1999	38	4,662	10	1
02/1999	32	3,963	8	1
03/1999	18	4,407	5	1
04/1999	30	4,068	8	1
05/1999	28	4,466	7	1
06/1999	19	4,061	5	1
07/1999	20	3,505	5	1
08/1999	33	4,038	8	1
09/1999	26	3,698	7	1
10/1999	21	3,731	5	1
Total	312	49,471	80	

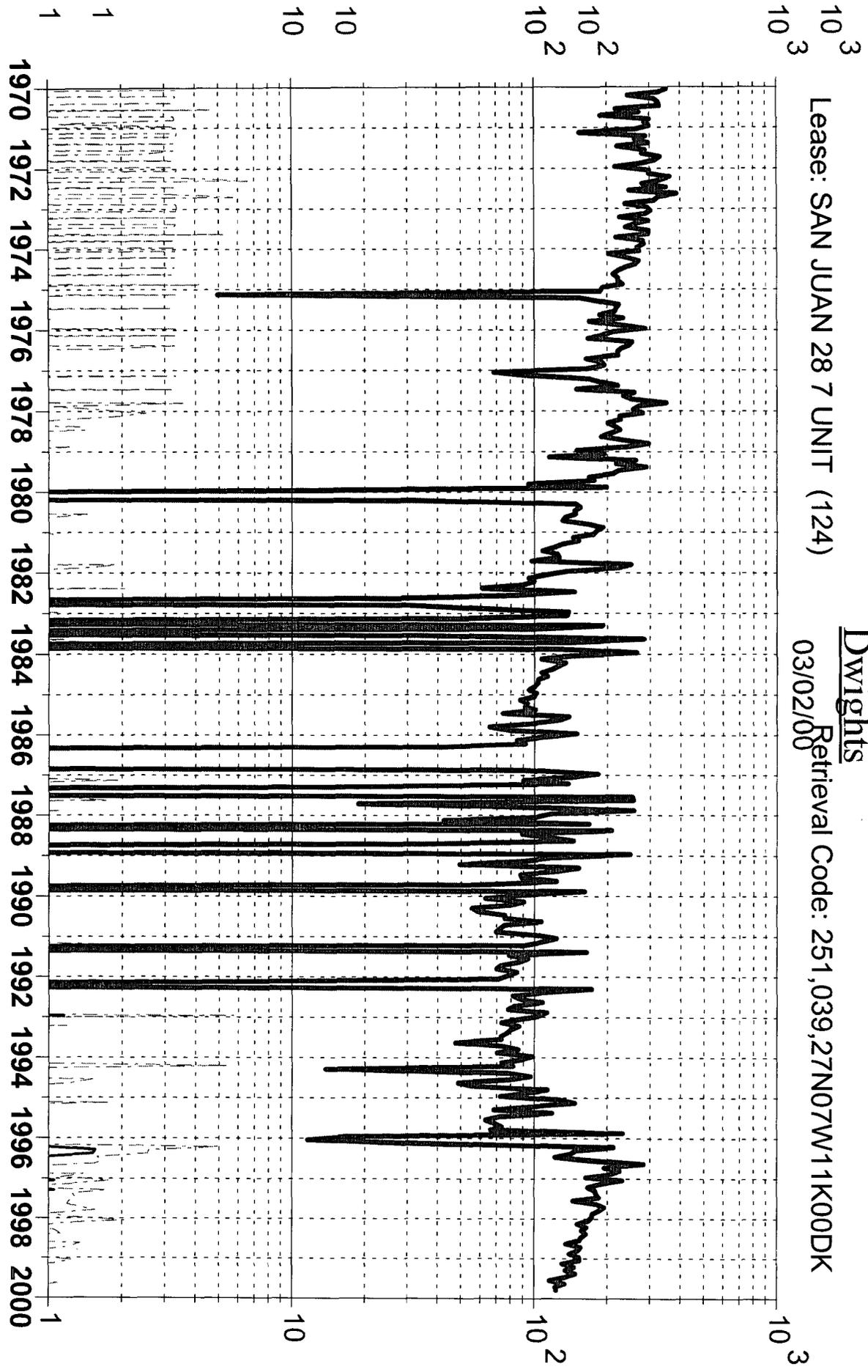


Dwights

Lease: SAN JUAN 28 7 UNIT (124)

Retrieval Code: 251,039,27N07W11K00DK

03/02/00



Gas (mcf/day)

Operator: CONOCO INC

F.P. Date: 03/66

Water (bbl/day)

Location: 11K 27N 7W

Oil Cum: 14.62 mbbl  
Gas Cum: 2233 mmcf  
Reservoir: DAKOTA

Pre 710 6.1 5,602  
Pre 710 Gas 598,033