

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2728

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]

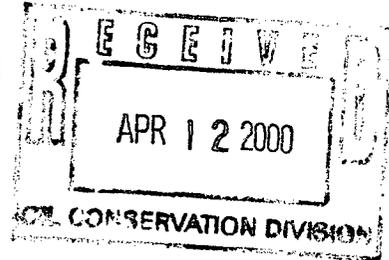
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [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 4/10/00
 Print or Type Name Signature Title Date

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

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

Operator Address
SAN JUAN 28-7 84 G, SEC. 5, T27N, R7W RIO ARRIBA
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
OGRID NO. 005073 Property Code 016608 API NO. 30-039-07195 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 P.C. SOUTH 72439
2. Top and Bottom of Pay Section (Perforations)	PROPOSED PERFS 2956 - 3168		PROPOSED PERFS 3199 - 3272
3. Type of production (Oil or Gas)	Gas - expected		Gas - expected
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW		EXPECTED 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) 1,167	a.	a. 653
	b. (Original) 1,167	b.	b. 1,250
6. Oil Gravity (EAPI) or Gas BTU Content	1,045		1,250
7. Producing or Shut-in?	TO BE COMPLETED		TO BE COMPLETED
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: EST. Rates: 150 MCFD	Date: Rates:	Date: EST. Rates: 200 MCFD
	Date: Rates:	Date: est. Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: ^{Gas:} ALLOCATE BY TEST	Oil: Gas:	Oil: ^{Gas:} ALLOCATE BY TEST

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. NMOC 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 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

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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 30-039-07195		² Pool Code 71629 - 72439		³ Pool Name BASIN FRUITLAND COAL / BLANCO PC SOUTH	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7			⁶ Well Number 84
⁷ OGRID No. 005073		⁸ Operator Name Conoco Inc.			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
G	5	27N	7W		1472'	NORTH	1812'	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

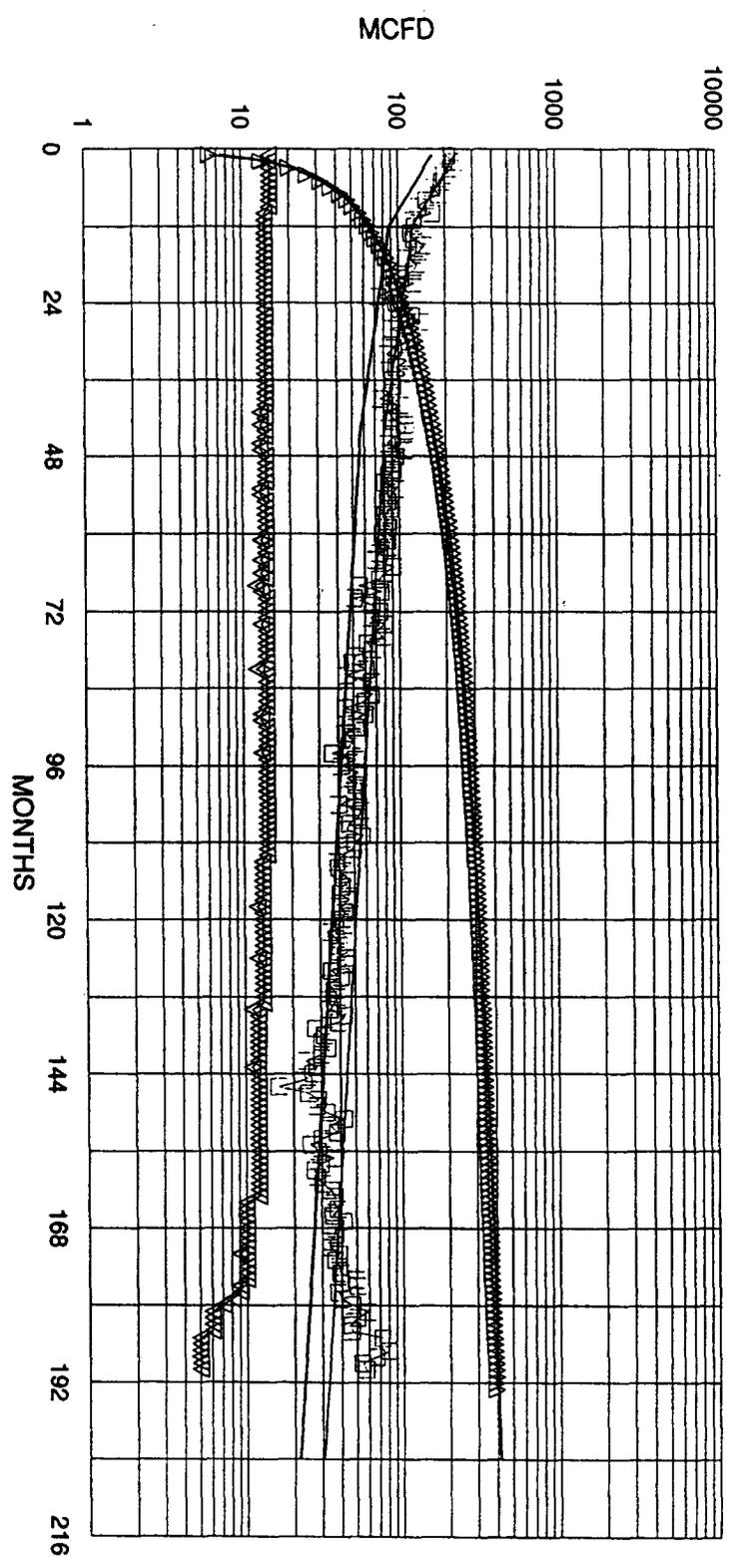
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320/160	¹³ Joint or Infill I	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: 3/31/00</p>
					<p>¹⁸ 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> <p>Certificate Number</p>

NORMALIZED PICTURED CLIFFS PRODUCTION
 PROD. SINCE 1980: 15 PC WELLS LOCATED IN 28N-7W AND 27N-7W (Secs. 1:12)

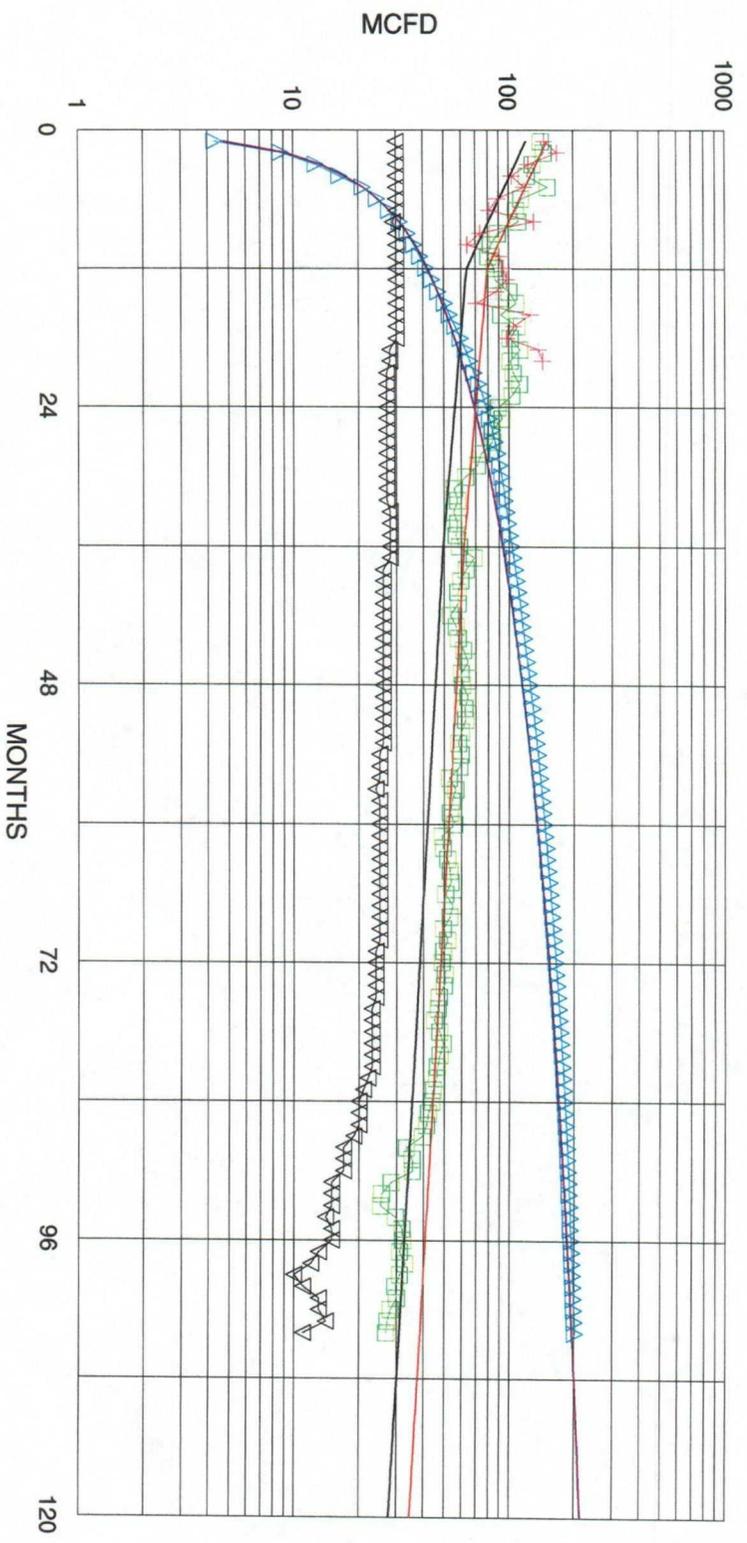


- FIT MCFD
- ▽ WELLS ON PRODUCTION
- NORMALIZED MCFD
- FIT CUM MMCF
- ◇ NORM CUM MMCF
- RISKED MCFD

Normalized plot for supporting SJ 28-7 PC recompletions

NORMALIZED AVG: 522 MMCF EUR 524 MMCF/33.5YRS 10 MCFD E.L. 0.000158 bbl/mcf oil yield		250 MCFD IP 50% DECLINE, 1ST 12 MONTHS 15% DECLINE, NEXT 36 MONTHS 7% FINAL DECLINE		RISKED AVG: 30% RISK 350 MMCF EUR 349 MMCF/27.8 YRS 10 MCFD E.L. 0.000158 bbl/mcf oil yield		175 MCFD IP 50% DECLINE, 1ST 12 MONTHS 15% DECLINE, NEXT 36 MONTHS 7% FINAL DECLINE	
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NORMALIZED FRUITLAND COAL PRODUCTION
 29 WELLS SINCE 1990: 28N-7W & 27N-7W



Conoco (15 wells) / Unocal (14 wells)

- FIT MCFD
- FIT CUM MMCF
- NORMALIZED MCFD
- RISKED MCFD
- △ NORM CUM MMCF
- + SJ 28-7 161, 168, 238R, 245
- ▽ WELLS ON PRODUCTION

NORMALIZED AVG:

321 MMCF EUR
 299 MMCF IN 20 YRS
 10 MCFD E.L.
 0.0000 bbl/mcf oil yield

RISKED AVG:

160 MCFD IP
 50.0% DECLINE, 1ST 12 MONTHS
 12.0% DECLINE, NEXT 24 MONTHS
 8.0% FINAL DECLINE

RISKED AVG: 20% RISK

248 MMCF EUR
 240 MMCF IN 20 YRS
 10 MCFD E.L.
 0.0000 bbl/mcf oil yield

RISKED AVG: 20% RISK

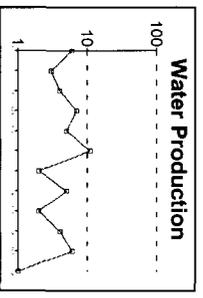
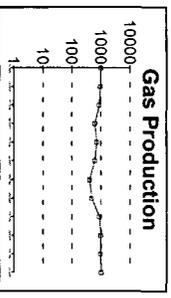
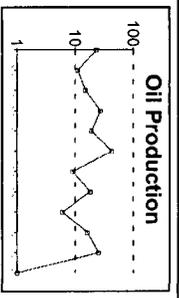
128 MCFD IP
 50.0% DECLINE, 1ST 12 MONTHS
 12.0% DECLINE, NEXT 24 MONTHS
 8.0% FINAL DECLINE

Lease: SAN JUAN 28 7 UNIT
 Field: BLANCO (MESAVERDE) MV
 Operator: CONOCO INC
 RCI #: 251,039,27N07W05G00MV
 API #: 30-039-07195-00

Well #: 84
 Location: 5G 27N 7W
 Liquid Cum: 4,752 bbls
 Gas Cum: 445,772 mcf
 Status: ACT GAS

FP Date: 58-09
 LP Date: 99-10
 Liq Since: FPDATE
 Gas Since: FPDATE

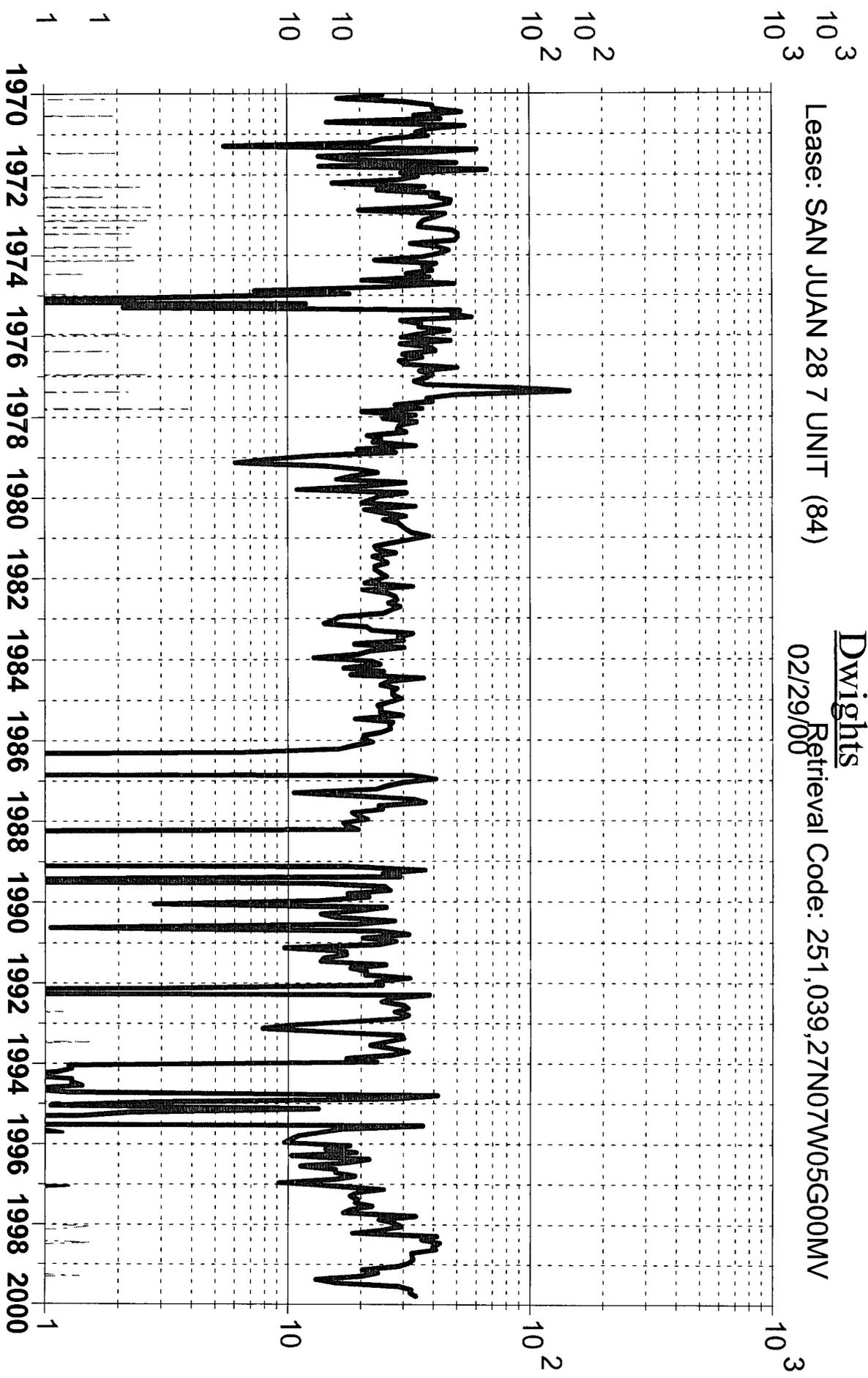
DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
11/1998	23	998	6	1
12/1998	11	953	3	1
01/1999	15	870	4	1
02/1999	27	616	7	1
03/1999	19	712	5	1
04/1999	42	606	11	1
05/1999	9	395	2	1
06/1999	18	475	5	1
07/1999	6	868	2	1
08/1999	16	978	4	1
09/1999	25	969	6	1
10/1999	0	1,022	0	1
Total	211	9,462	55	1



Lease: SAN JUAN 28 7 UNIT (84)

Dwights
02/29/00

Retrieval Code: 251,039,27N07W05G00MV



Gas (mcf/day)

Operator: CONOCO INC

F.P. Date: 09/58

Water (bbl/day)

Oil (bbl/day)

Location: 5G 27N 7W

Oil Cum: 4752 bbl

Upper Perf: 5408 ft

Gas Cum: 445.8 mmcf

Lower Perf: 5554 ft

Reservoir: MESAVERDE