

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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]

JTK

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

[A] Location - Spacing Unit - Directional Drilling

- NSL NSP DD SD

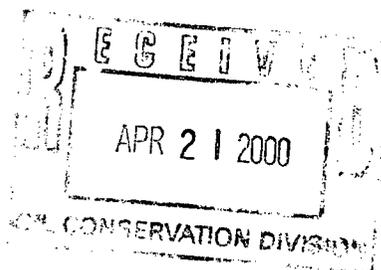
Check One Only for [B] and [C]

[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 Marberry *Deborah Marberry* *Regulatory Analyst* 4/19/00
 Print or Type Name Signature Title Date

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410-1693

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 New 3-12-96

APPROVAL PROCESS:

X Administrative ___ Hearing

EXISTING WELLBORE

X YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

CONOCO, INC. Operator

P.O. BOX 2197 HOUSTON, TX 77252 Address

SAN JUAN 28-7 Lease

73 Well No.

A - 28 - 28N - 7W Unit Ltr. - Sec - Twp - Rge

RIO ARRIBA County

OGRID NO. 005073

Property Code 016608

API NO. 30-039-07332

Spacing Unit Lease Types: (check 1 or more) Federal X, 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 PICTURE CLIFFS 72439 <i>South</i>		BLANCO MESAVERDE 72319
2. Top and Bottom of Pay Section (Perforations)	2680 - 2724		4338 - 4980
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) 360	a.	a. 540
	b. (Original) 1,119	b.	b. 1,250
6. Oil Gravity (° API) or Gas BTU Content	1,189		1,250
7. Producing or Shut-In?	PRODUCING		PRODUCING
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/water rates of last production. <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: CURRENT RATE 12 MCFD	Date: Rates:	Date: Rates: CURRENT RATE 100 MCFD
8. Fixed Percentage Allocation Formula -% for each zone	see graph Oil: 0 % Gas: 14 %	Oil: % Gas: %	see graph Oil: 100 % Gas: 86 %

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 X No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___ Yes X No
Have all offset operators been given written notice of the proposed downhole commingling? ___ Yes X No
11. Will cross-flow occur? ___ Yes X 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? X Yes ___ No
13. Will the value of production be decreased by commingling? ___ Yes X 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. X Yes ___ No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10476-B

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 all offset operators.
- * Notification list of all 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

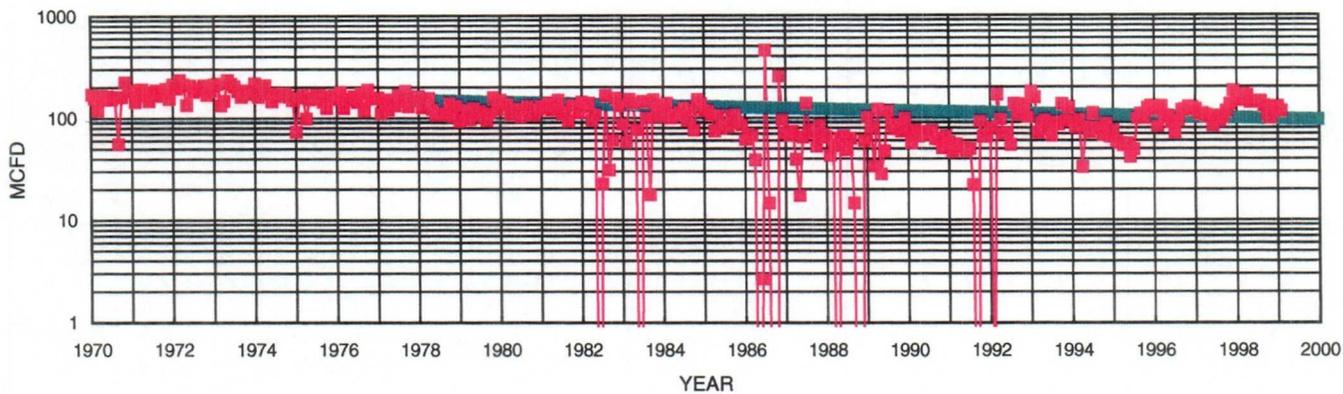
Deborah Marberry

TITLE REGULATORY ANALYST DATE 04/18/2000

TYPE OR PRINT NAME DEBORAH MARBERRY

TELEPHONE NO. () (281)293-1005

**SAN JUAN 28-7 #73 MESAVERDE PRODUCTION
SECTION 28A-28N-07W**



— FIT MCFD — MCFD

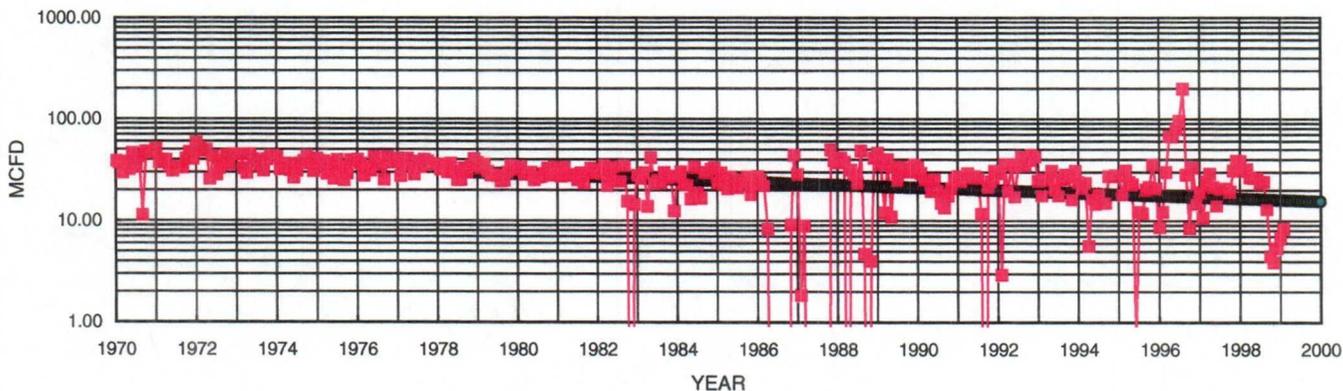
MESAVERDE HISTORICAL DATA:

1ST PROD: 12/57
 OIL CUM: 35.48 MBO
 GAS CUM: 2089.5 MMCF
 OIL YIELD: 0.0170 BBL/MCF

MESAVERDE PROJECTED DATA:

06/01/00 Qi: 95 MCFD
 DECLINE RATE: 2.0% (EXPONENTIAL)

**SAN JUAN 28-7 #73 PICTURED CLIFFS PRODUCTION
SECTION 28A-28N-07W**



— FIT MCFD — MCFD

PICTURED CLIFFS HISTORICAL DATA:

1ST PROD: 11/57
 OIL CUM: 0.0 MBO
 GAS CUM: 508.2 MMCF
 OIL YIELD: 0.0000 BBL/MCF

PICTURED CLIFFS PROJECTED DATA:

06/01/00 Qi: 15 MCFD
 DECLINE RATE: 3.0% (EXPONENTIAL)

FIXED COMMINGLE ALLOCATION FACTORS:

	GAS	OIL
MESAVERDE	86%	100%
PICTURED CLIFFS	14%	0%

API # 30-039-07332

GAS ALLOCATION BASED ON PROJECTED 2000 RATES
 OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS

NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instruction on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07332		² Pool Code 72319		³ Pool Name BLANCO P.C. / BLANCO MESAVERDE	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7			⁶ Well Number 73
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
A	28	28N	7W		990	NORTH	1090	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 I	¹⁴ Consolidation Code U	¹⁵ Order No.
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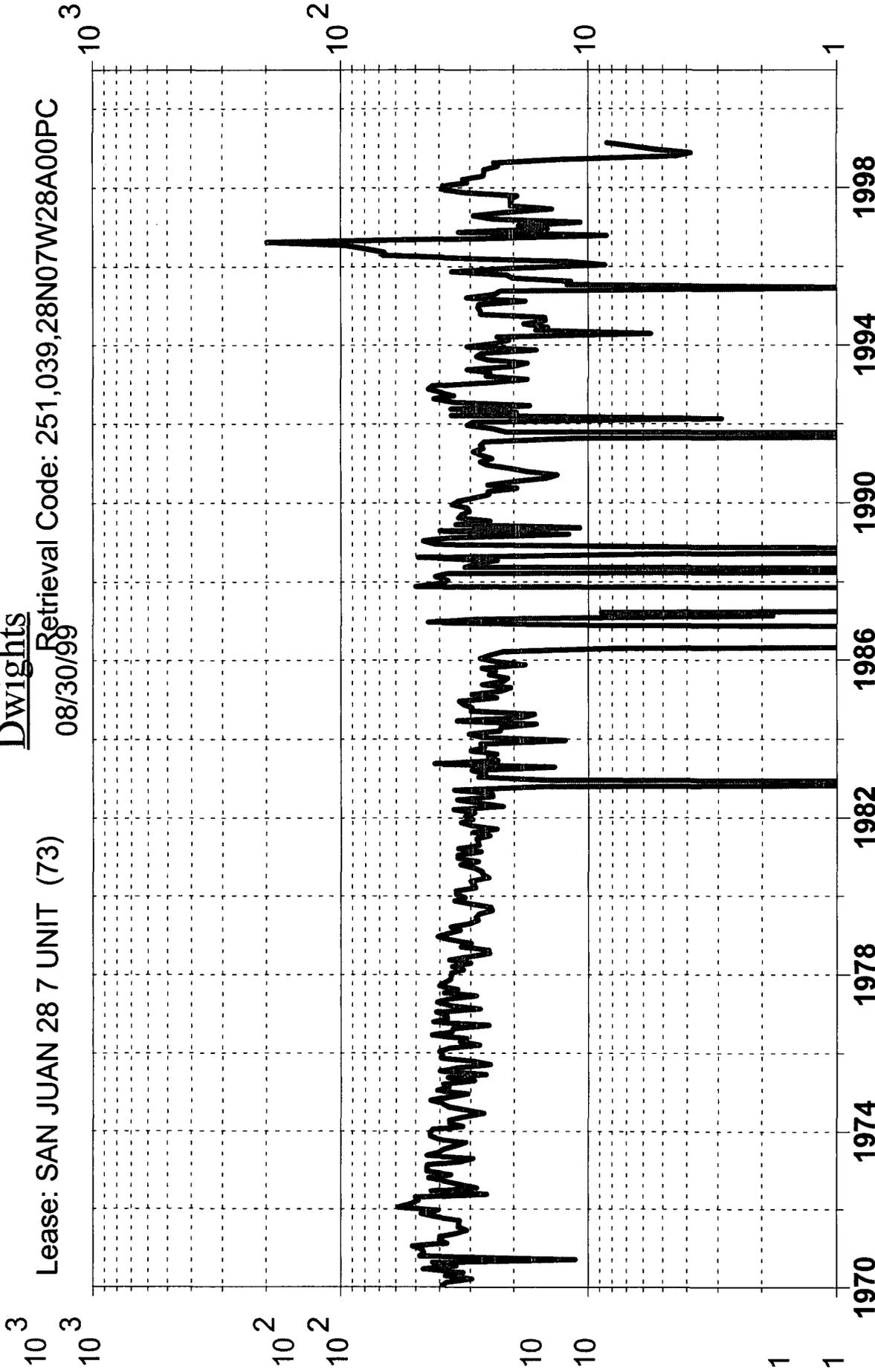
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				¹⁷ OPERATOR CERTIFICATION	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
				Signature: <i>Deborah Marberry</i> Printed Name: DEBORAH MARBERRY Title: REGULATORY ANALYST Date: 04/19/2000	
			¹⁸ SURVEYOR CERTIFICATION		
			I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under		
			Date of Survey Signature and Seal of Professional Surveyer Certificate Number		

Dwights

Lease: SAN JUAN 28 7 UNIT (73)

Retrieval Code: 251,039,28N07W28A00PC
08/30/99



Gas (mcf/day)

Oil (bbl/day)

Operator: CONOCO INC

Location: 28A 28N 7W

Field: BLANCO SOUTH (PICTU Gas Cum: 508.2 mmcf

Reservoir: PICTURE CLIFFS

F.P. Date: 11/57

Oil Cum: 0 bbl

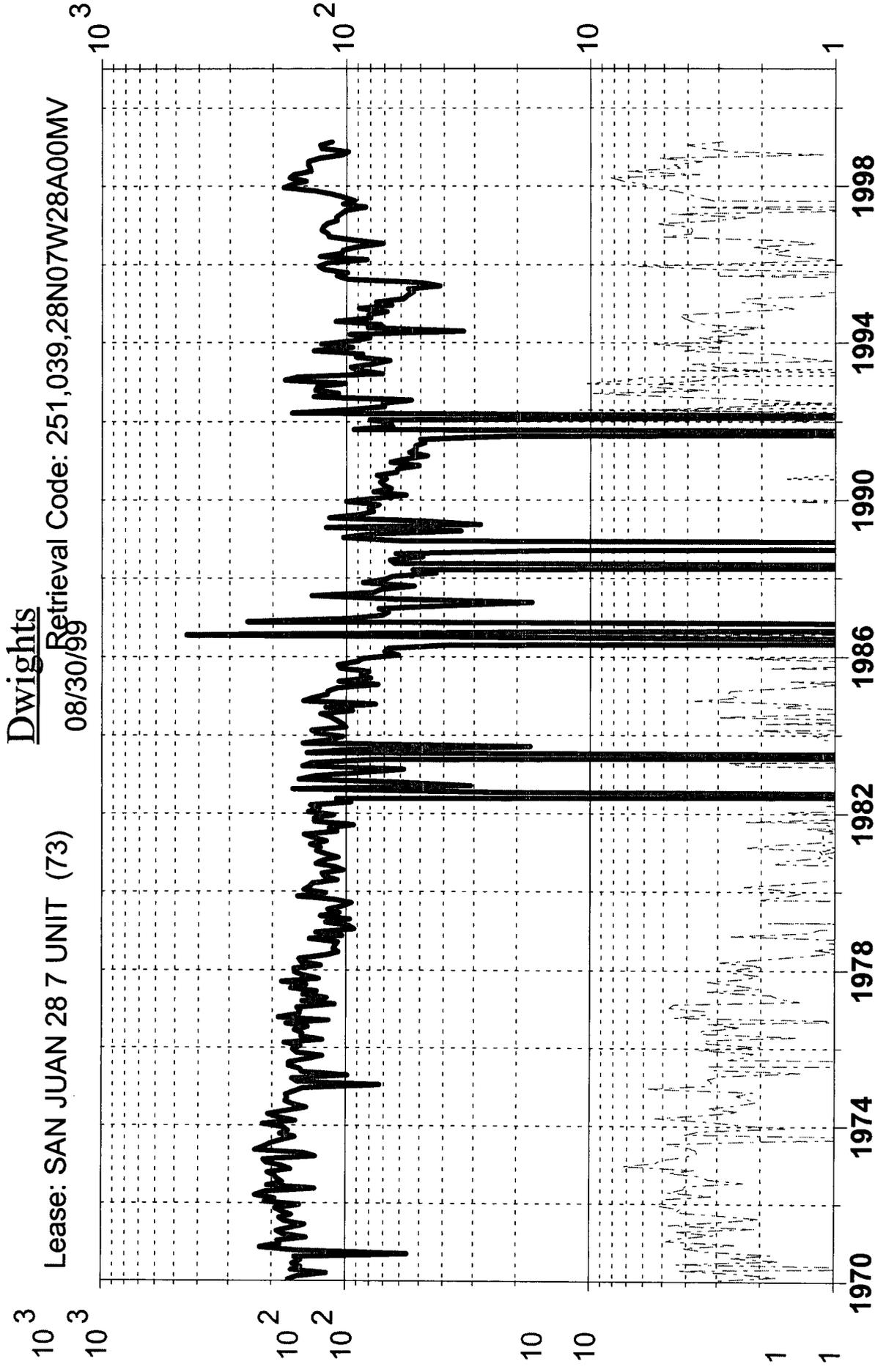
L.P. Date: 02/99

Water (bbl/day)

Dwights

Lease: SAN JUAN 28 7 UNIT (73)

Retrieval Code: 251,039,28N07W28A00MV
08/30/99



Gas (mcf/day)	Operator: CONOCO INC	F.P. Date: 12/57
Oil (bbl/day)	Location: 28A 28N 7W	Oil Cum: 35.48 mbbbl
	Field: BLANCO (MESAVERDE)	Gas Cum: 2089 mmcf
	Reservoir: MESAVERDE	L.P. Date: 02/99