

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]

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

[A] Location - Spacing Unit - Directional Drilling

- NSL NSP DD SD

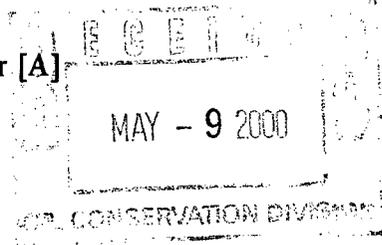
Check One Only for [B] and [C]

[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
Print or Type Name

Deborah Marberry
Signature

Regulatory Analyst
Title

5/8/00
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:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

CONOCO, INC.

Operator

P.O. BOX 2197 HOUSTON, TX 77252

Address

SAN JUAN 28-7

Lease

53

Well No.

L - 28 - 28N - 7W

Unit Ltr. - Sec - Twp - Rge

RIO ARRIBA

County

OGRID NO. 005073

Property Code 016608

API NO. 30-039-07300

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 72359	BLANCO MESAVERDE 72319
2. Top and Bottom of Pay Section (Perforations)	PROPOSED 3050' - 3245'	PROPOSED 3246'-3404'	4838' - 5605'
3. Type of production (Oil or Gas)	GAS - EXPECTED	GAS - EXPECTED	GAS
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW	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) 1,167	a. 1,119	a. 540
	b. (Original) 1,167	b. 1,119	b. 1,250
6. Oil Gravity (°API) or Gas BTU Content	1,045	1,189	1,250
7. Producing or Shut-In?	TO BE COMPLETED	TO BE COMPLETED	PRODUCING
Production Marginal? (yes or no)	YES	YES	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.	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: ESTIMATED 150-250 MCFD	Date: Rates: ESTIMATED 200-300MCFD	Date: Rates: APPROX CURRENT 140MCFD
8. Fixed Percentage Allocation Formula -% for each zone	Allocate by prod test Oil: % Gas: %	Allocate by prod test Oil: % Gas: %	Subtraction allocate 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 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) _____
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

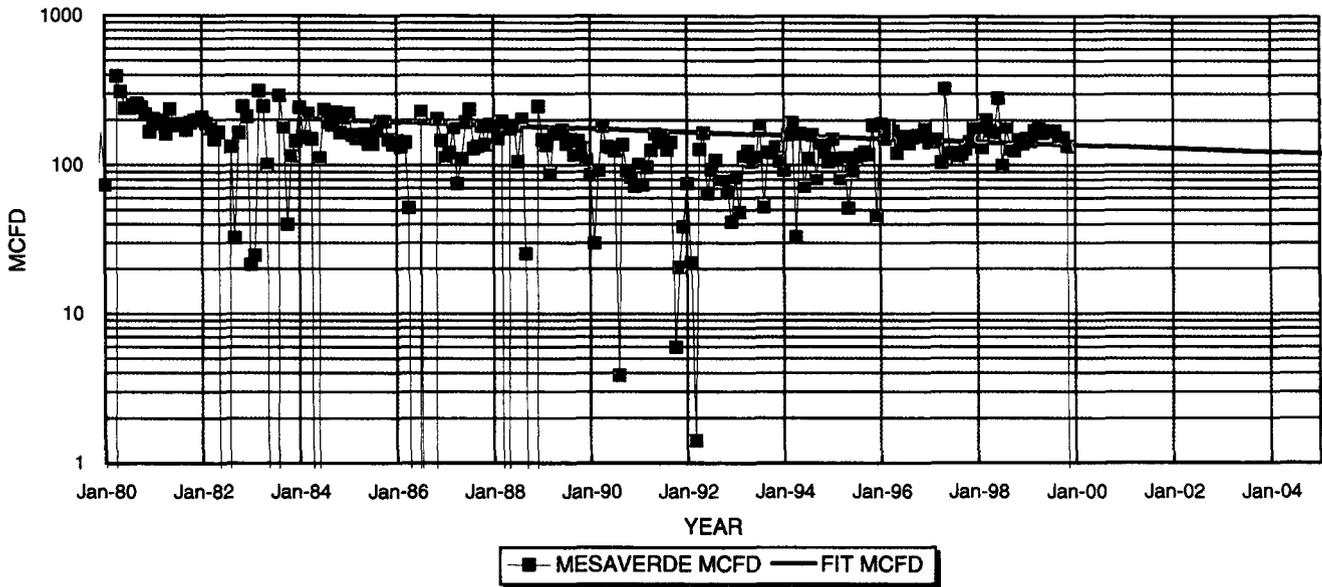
Deborah Marberry

TITLE REGULATORY ANALYST DATE 04/25/2000

TYPE OR PRINT NAME DEBORAH MARBERRY

TELEPHONE NO. () (281)293-1005

**SJ 28-7 #53 MESAVERDE PRODUCTION
SECTION 28L-28N-07W, RIO ARRIBA COUNTY, NEW MEXICO**

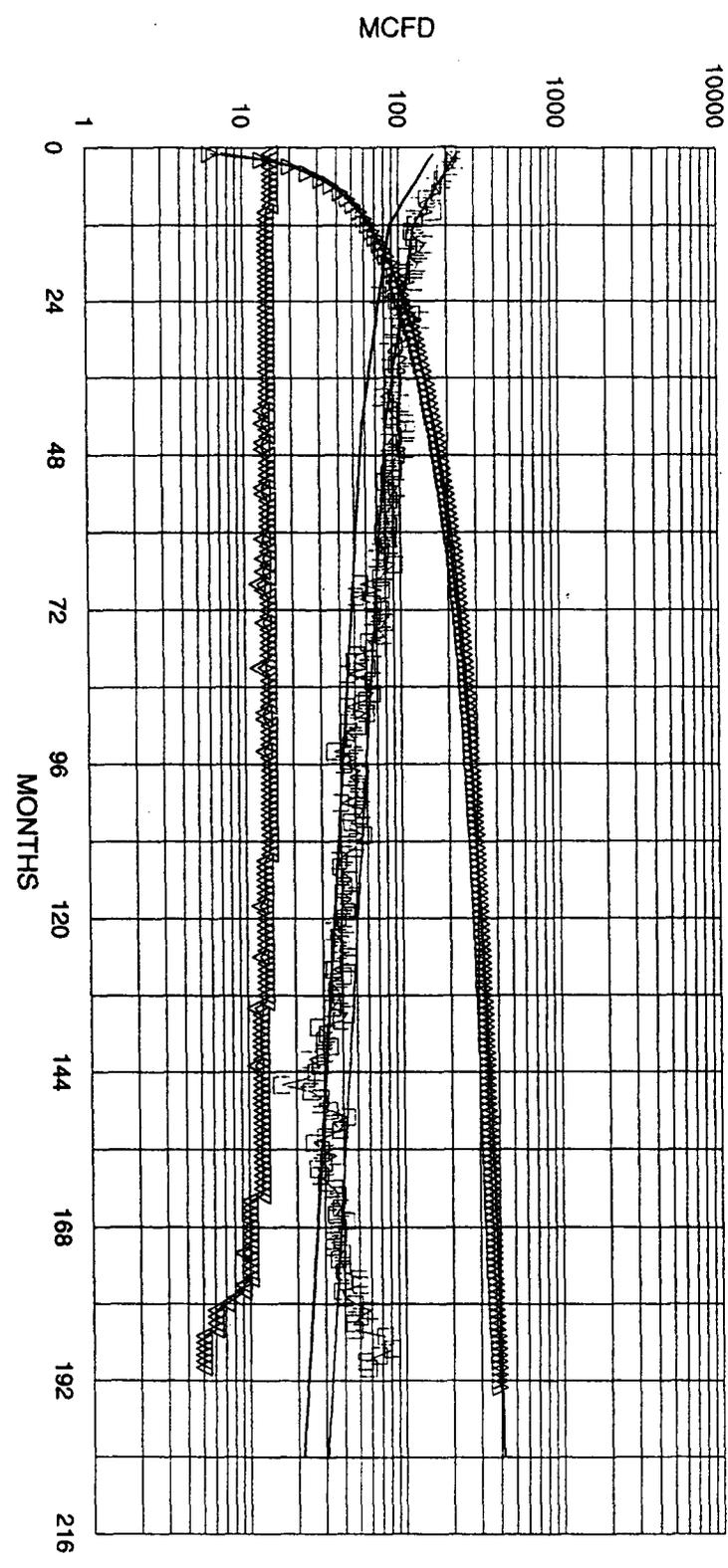


MESAVERDE PRODUCTION		1ST PROD: 2/57		MESAVERDE PROJECTED DATA		
OIL CUM:	20.47	MBO		Jan.00 Qi:	137	MCFD
GAS CUM:	3122.2	MMCF		DECLINE RATE:	2.5%	(EXPONENTIAL)
OIL YIELD:	0.0066	BBL/MCF		API #30-039-07300		

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	135	1
2001	132	0
2002	128	0
2003	125	0
2004	122	0
2005	119	0
2006	116	0
2007	113	0
2008	110	0
2009	107	0
2010	105	0
2011	102	0
2012	100	0
2013	97	0
2014	95	0
2015	92	0
2016	90	0
2017	88	0
2018	86	0
2019	83	0
2020	81	0
2021	79	0
2022	77	0
2023	75	0
2024	74	0
2025	72	0
2026	70	0
2027	68	0

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



Normalized plot for supporting SJ 28-7 PC recompletions

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

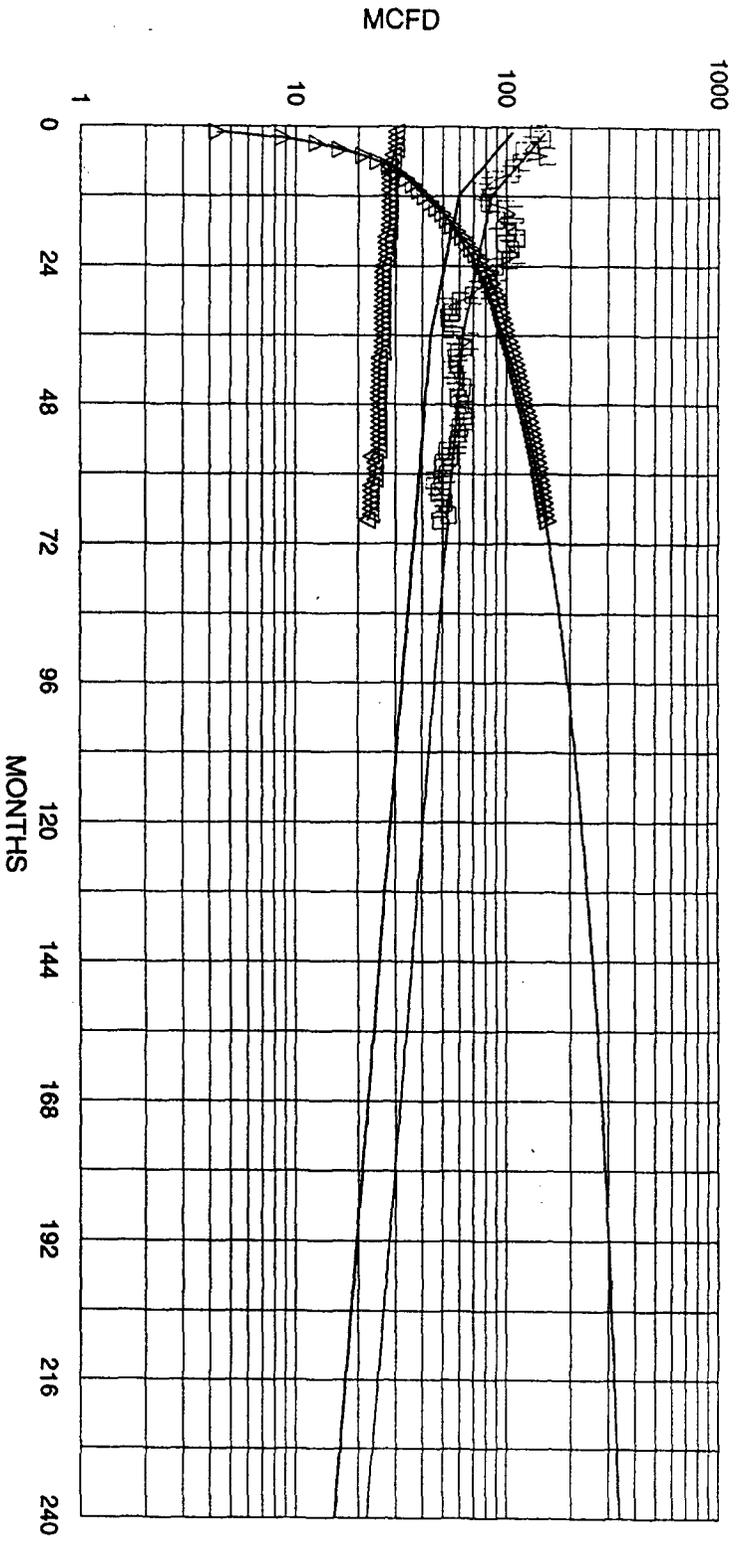
NORMALIZED AVG:
 522 MMCF EUR
 524 MMCF/33.5YRS
 10 MCFD E.L.
 0.000158 bbl/mcf oil yield

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

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



Normalized plot for supporting SJ 28-7 FC recompletions

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

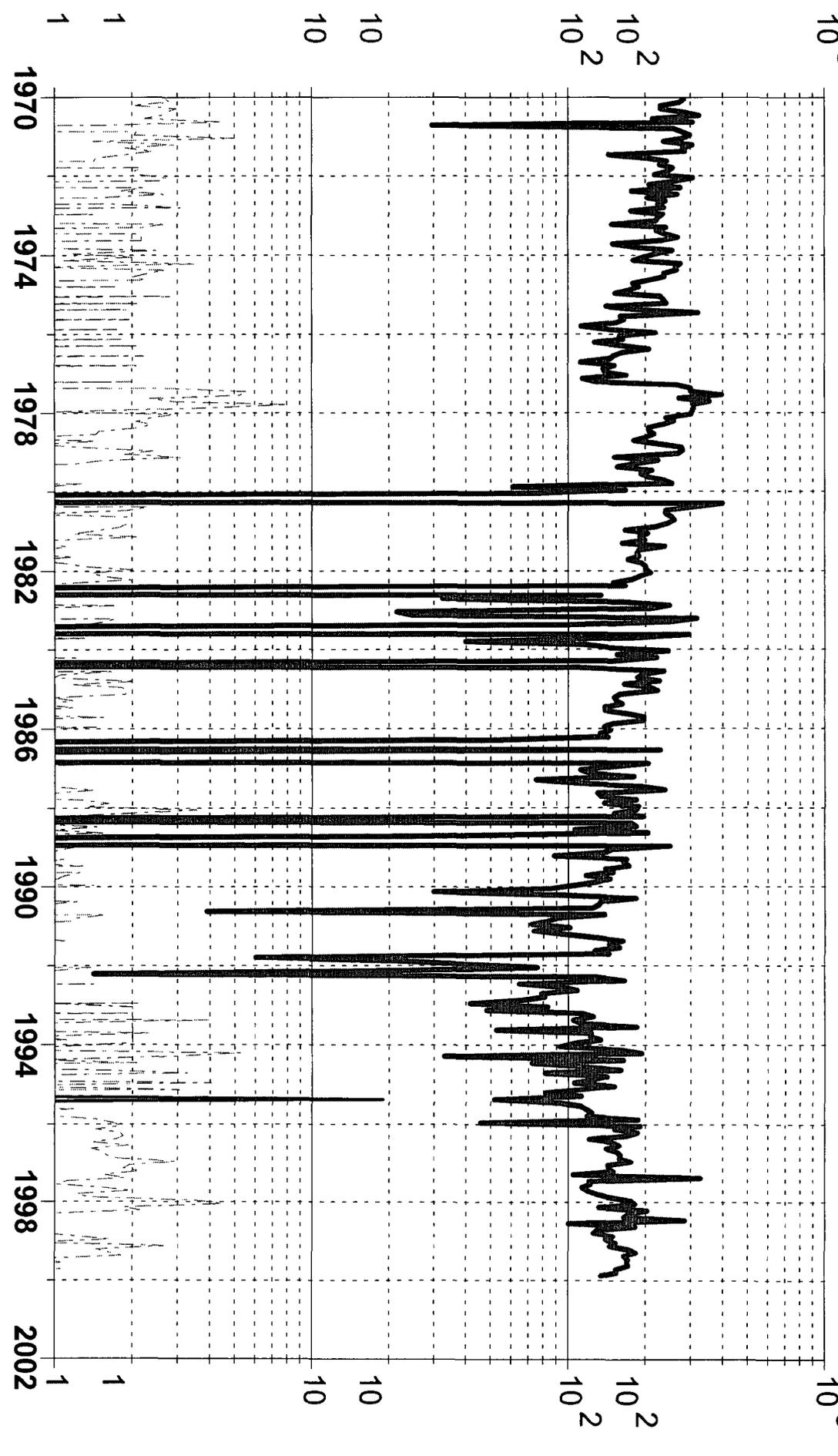
NORMALIZED AVG:

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

160 MCFD IP	47% DECLINE, 1ST 12 MONTHS
14% DECLINE, NEXT 24 MONTHS	6% FINAL DECLINE

RISKED AVG: 30% RISK

268 MMCF EUR	112 MCFD IP
237 MMCF IN 20 YRS	47% DECLINE, 1ST 12 MONTHS
10 MCFD E.L.	14% DECLINE, NEXT 24 MONTHS
0.0000 bbl/mcf oil yield	6% FINAL DECLINE



Operator: CONOCO INC	F.P. Date: 02/57
Location: 28L 28N 7W	Oil Cum: 20.47 mbbl
Upper Perf: 4838 ft	Gas Cum: 3122 mmcf
Lower Perf: 5605 ft	Reservoir: MESAVERDE

Gas (mcf/day) ——— Water (bbl/day) ———
 Oil (bbl/day) ——— Well Count - - - -

58

Lease: SAN JUAN 28 7 UNIT
 Field: BLANCO (MESAVARDE) MV
 Operator: CONOCO INC
 RCI #: 251,039,28N07W28L00MV
 API #: 30-039-07300-00

Well #: 53
 Location: 28L 28N 7W
 Liquid Cum: 20,471 bbls
 Gas Cum: 3,122,151 mcf
 Status: ACT GAS

FP Date: 57-02
 LP Date: 99-11
 Liq Since: FPDATE
 Gas Since: FPDATE

DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
12/1998	50	4,226	8	1
01/1999	24	4,604	4	1
02/1999	80	4,388	12	1
03/1999	44	5,182	7	1
04/1999	49	5,540	7	1
05/1999	55	4,993	8	1
06/1999	24	5,159	4	1
07/1999	33	5,125	5	1
08/1999	25	5,167	4	1
09/1999	32	4,643	5	1
10/1999	12	4,662	2	1
11/1999	20	4,077	3	1
Total	448	57,766	69	

