

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



2908

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [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

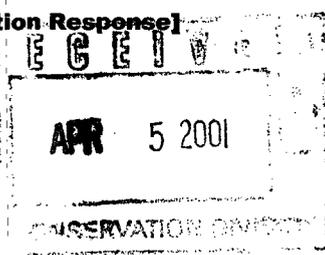
[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the 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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

D. Marberry Deborah Moore Regulatory Analyst 4/4/01
 Print or Type Name Signature Title Date
 e-mail Address: Deborah.Moore@USA.COMECO.COM



District I
1625 N. French Drive, Hobbs, NM 68240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE
____ Single Well
____ Established Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

APPLICATION FOR DOWNHOLE COMMINGLING

CONOCO, INC.

P.O. BOX 2197 DU 3066 HOUSTON TX 77252

Operator

Address

SAN JUAN 28-7

69

G 32 28N 7W

RIO ARRIBA

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 005073 Property Code 016608 API No. 30-039-07258 Lease Type ____ Federal ____ State ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL	South BLANCO PICTURED CLIFFS	BLANCO MESAVERDE
Pool Code	71629	72359	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2390'-2582'	2586'-2656'	4264'-4944'
Method of Production (Flowing or Artificial Lift)	expected to flow	expected to flow	flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1035 psi - current	884 psi - current	790 psi - current
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1045	1189	1250
Producing, Shut-in or New Zone	new zone	new zone	producing
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: est. 120-200mcf/d	Date: Rates: est. 200-300mcf/d	Date: Rates: approx. current 105mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or part production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingling zones? Yes ____ No X
If not, have all working royalty and overriding royalty interest owners been notified by certified mail? Yes ____ No X

Are all produced fluids from all commingling zones compatible with each other? Yes X No ____

Will commingling decrease the value of production? Yes ____ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No ____

NMOCD Reference Case No. applicable to this well: R-10476-B

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, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

Pre-Approved Pools

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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 03/05/2001

TYPE OR PRINT NAME DEBORAH MARBERRY TELEPHONE NO. (281)293-1005

District I
1625 N. French Dr., Hobbs, NM 88240
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811 South First, Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07258		² Pool Code 71629		³ Pool Name BASIN FRUITLAND COAL	
⁴ Property Code SF 078		⁵ Property Name SAN JUAN 28-7			⁶ Well Number 69
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	32	28N	7W		1700	NORTH	1700	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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Deborah Marberry</i> Signature DEBORAH MARBERRY Printed Name REGULATORY ANALYST Title 3/5/2001 Date</p>	
	<p>¹⁸ SURVEYOR CERTIFICATION 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.</p>			<p>Date of Survey Signature and Seal of Professional Surveyor:</p>	
				<p>Certificate Number</p>	

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07258		² Pool Code 72359		³ Pool Name BLANCO PICTURED CLIFFS	
⁴ Property Code SF 078		⁵ Property Name SAN JUAN 28-7			⁶ Well Number 69
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation

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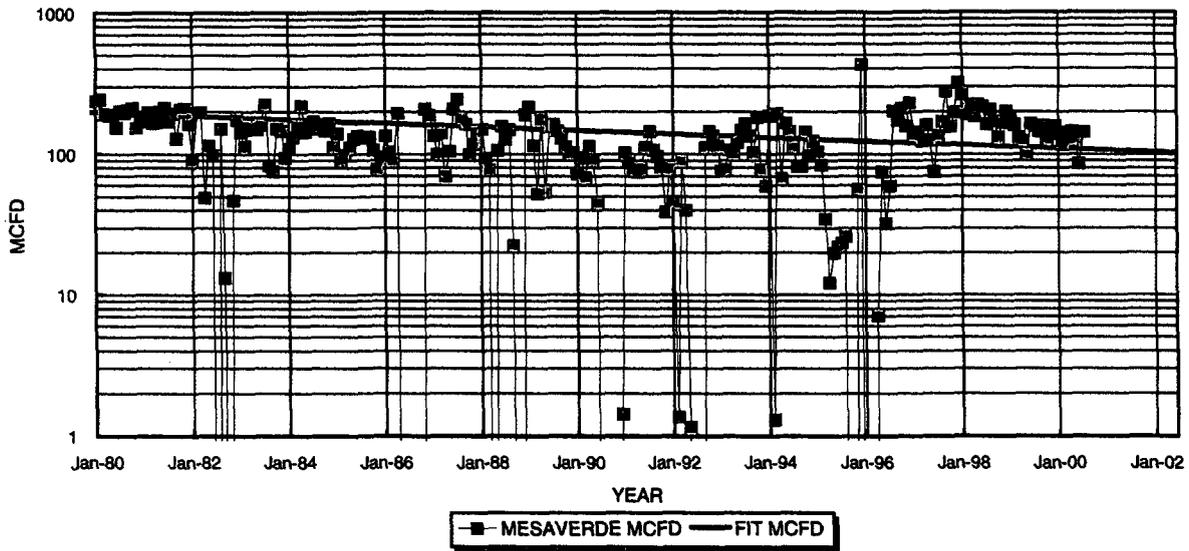
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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16		1700'			
			1700'		
					<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><i>Deborah Marberry</i> Signature</p> <p>DEBORAH MARBERRY Printed Name</p> <p>REGULATORY ANALYST Title</p> <p>3/5/2001 Date</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 Surveyor:</p>
					Certificate Number

**SJ 28-7 #69 MESAVERDE PRODUCTION
SECTION 32G-28N-07W, RIO ARRIBA COUNTY, NEW MEXICO**



MESAVERDE PRODUCTION		1ST PROD: 03/57	MESAVERDE PROJECTED DATA	
OIL CUM:	23.63	MBO	Jan.00 Qi:	109 MCFD
GAS CUM:	2933.9	MMCF	DECLINE RATE:	2.9% (EXPONENTIAL)
OIL YIELD:	0.0124	BBL/MCF (oil reported post 1993)	API #30-039-07258	

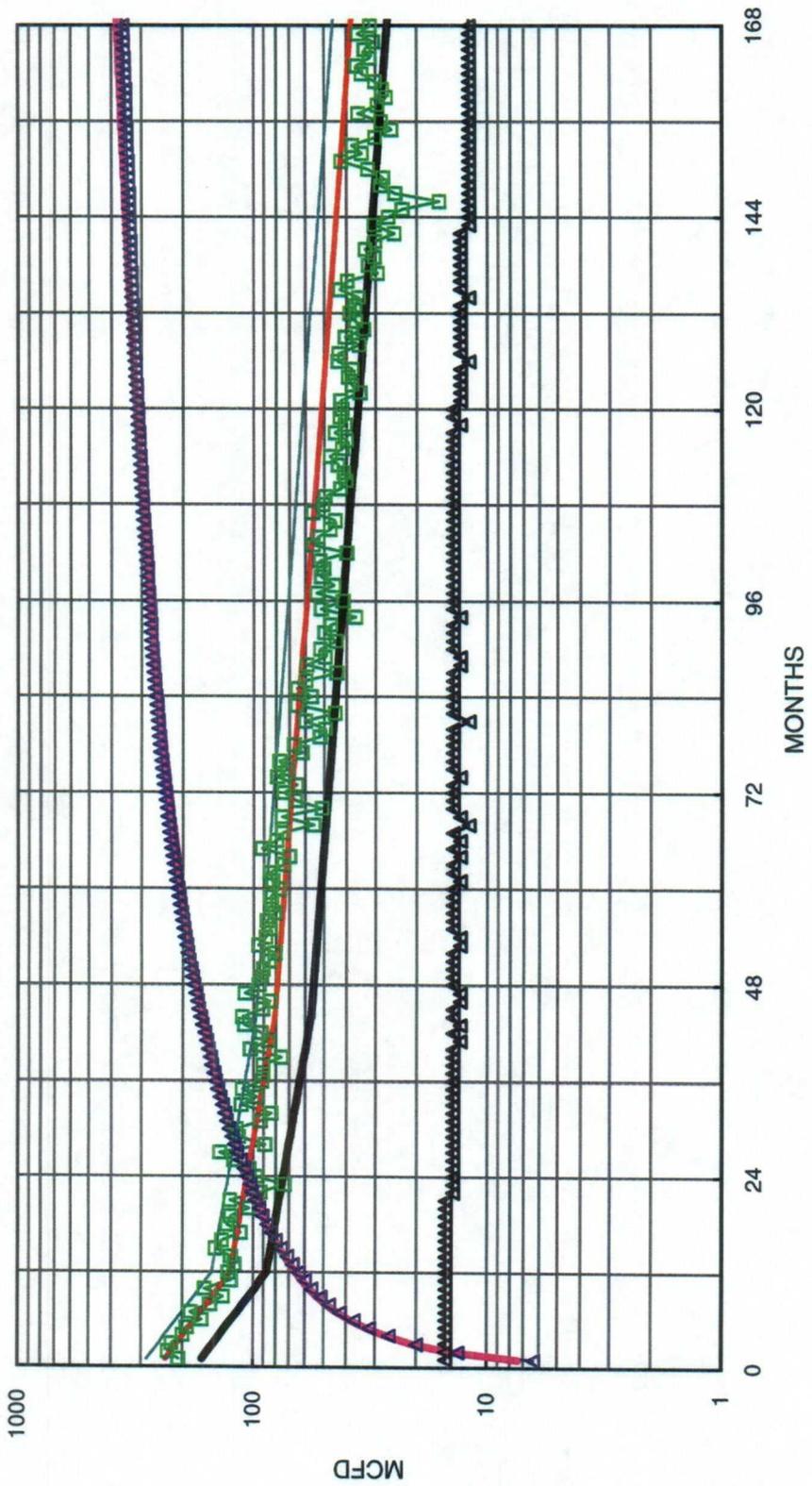
PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NOTE: Current decline rate is approximately 2.9%/year. This rate is expected to continue for the duration of the well based on production trends observed during the life of this well.

Production data from PI/Dwights Plus.

<u>YEAR</u>	<u>MID-YEAR AVG. MCFD</u>	<u>MID-YEAR AVG. BOPD</u>
2000	107	1.3
2001	104	1.3
2002	101	1.3
2003	98	1.2
2004	96	1.2
2005	93	1.2
2006	90	1.1
2007	88	1.1
2008	85	1.1
2009	83	1.0
2010	80	1.0
2011	78	1.0
2012	76	0.9
2013	73	0.9
2014	71	0.9
2015	69	0.9
2016	67	0.8
2017	65	0.8
2018	63	0.8
2019	62	0.8
2020	60	0.7
2021	58	0.7
2022	56	0.7
2023	55	0.7
2024	53	0.7
2025	52	0.6
2026	50	0.6
2027	49	0.6
2028	47	0.6
2029	46	0.6
2030	45	0.6

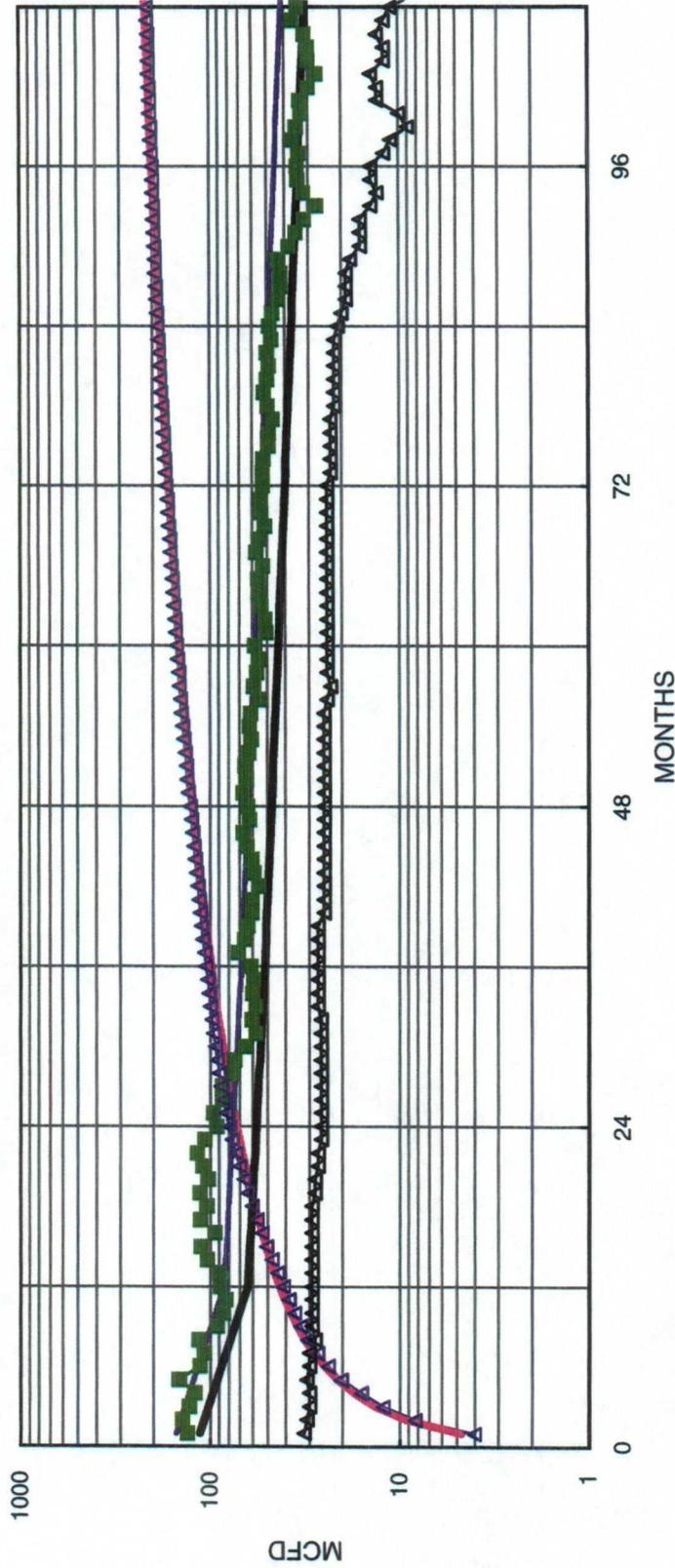
**NORMALIZED PICTURED CLIFFS PRODUCTION
PROD. SINCE 1980; 15 PC WELLS LOCATED IN 28N-7W AND 27N-7W (Secs. 1:12)**



■ NORMALIZED MCFD ▲ NORM CUM MCMF ▲ WELLS ON PRODUCTION — FIT CUM MCMF
■ RISKED MCFD — RISKED MCFD — #270 Offsets

NORMALIZED AVG: 522 MMCF EUR 524 MMCF/33.5YRS 10 MCFD E.L. 0.000158 bbl/mcf oil yield		RISKED AVG: 350 MMCF EUR 349 MMCF/27.8 YRS 10 MCFD E.L. 0.000158 bbl/mcf oil yield		30% RISK 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**



NORMALIZED AVG:
 356 MMCF EUR
 327 MMCF IN 20 YRS
 10 MCFD E.L.
 0.0000 bbl/mcf oil yield

160 MCFD IP
 47.0% DECLINE, 1ST 12 MONTHS
 10.0% DECLINE, NEXT 24 MONTHS
 8.0% FINAL DECLINE

RISKED AVG: 25% RISK
 256 MMCF EUR
 246 MMCF IN 20 YRS
 10 MCFD E.L.
 0.0000 bbl/mcf oil yield

120 MCFD IP
 47.0% DECLINE, 1ST 12 MONTHS
 10.0% DECLINE, NEXT 24 MONTHS
 8.0% FINAL DECLINE

Lease Name: SAN JUAN 28 7 UNIT
County, State: RIO ARBA, NM
Operator: CONOCO INCORPORATED
Field: BLANCO
Reservoir: MESAVERDE
Location: 32 28N 7W NE SW NE

SAN JUAN 28 7 UNIT - BLANCO

