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
_X_ YES ___ NO

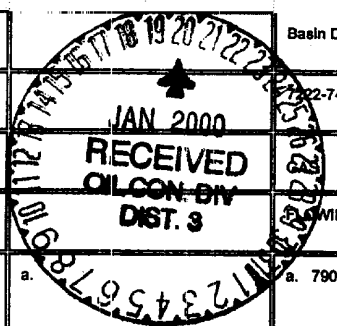
APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc.	P.O. Box 2197 Houston, TX 77252-2197	
Operator	Address	
SAN JUAN 28-7	217 B, SEC 28, T-27N, R7W	RIO ARRIBA
Lease	Well No. Unit Ltr. - Sec - Twp - Rge	County

OGRID NO. 005073 Property Code 016608 API NO. 30-039-20972 Federal _X_ , State ____, (and/or) Fee ____

Spacing Unit Lease Types: (check 1 or more)

1. Pool Name and Pool Code	CHACRA - 70340		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	3818-4044 PROPOSED		7322-7449
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 540	a.	a. 790
	b. (Original) 1251	b.	b 3150
6. Oil Gravity (°API) or Gas BTU Content	1148		1120
7. Producing or Shut-In?	TO BE COMPLETED		PRODUCING
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/ water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date andoil/gas/ water rates of recent test (within 60 days)	Date: EST. IP: Rates: 180 mcfd	Date: Rates:	Date: AUG-OCT '99 AVG. RATE: Rates: 4-5 mcfd
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: %	Oil: % Gas: %	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 _X_ No
If not, have all working, overriding, and royalty interests been notified by certified mail? X Yes ___ No

11. Will cross-flow occur? _X_ 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. _X_ 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. ___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 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 12/29/99

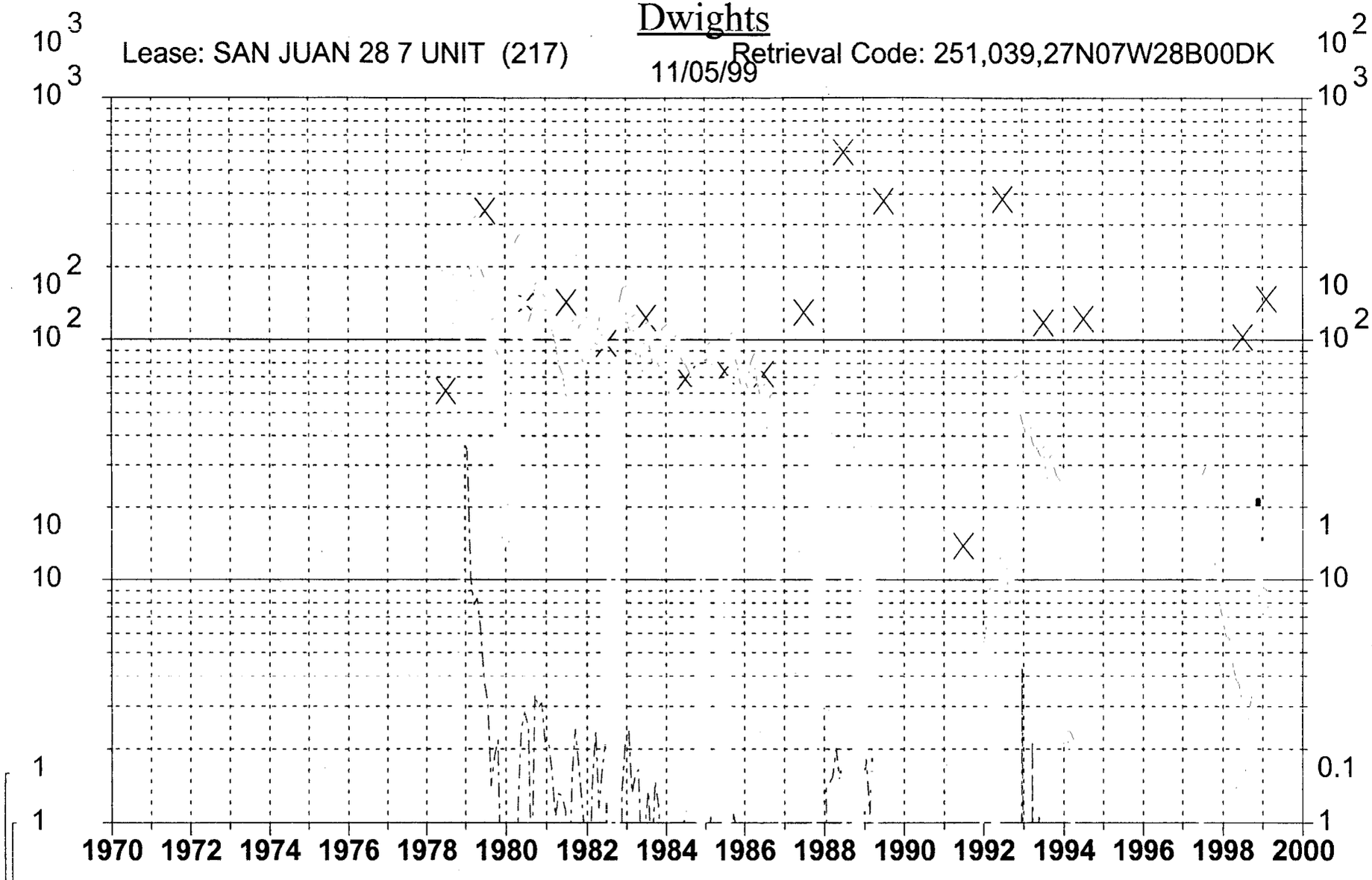
TYPE OR PRINT NAME Deborah Moore TELEPHONE NO (281) 293-1005

Dwights

Lease: SAN JUAN 28 7 UNIT (217)

11/05/99

Retrieval Code: 251,039,27N07W28B00DK



Gas (mcf/day)

Oil (bbl/day)

Operator: CONOCO INC

Location: 28B 27N 7W

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

F.P. Date: 11/78

Oil Cum: 7228 bbl

Gas Cum: 326.1 mmcf

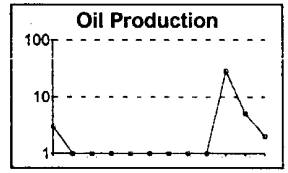
L.P. Date: 02/99

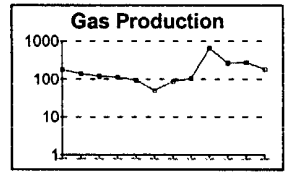
Water (bbl/day)

Yield (bbl/mmcf) Av X

Lease:	SAN JUAN 28 7 UNIT	Well #:	217	FP Date:	78-11
Field:	BASIN (DAKOTA) DK	Location:	28B 27N 7W	LP Date:	99-02
Operator:	CONOCO INC	Liquid Cum:	7,228 bbls	Liq Since:	FPDATE
RCI #:	251,039,27N07W28B00DK	Gas Cum:	326,094 mcf	Gas Since:	FPDATE
API #:	30-039-20972-00	Status:	ACT GAS		

DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
03/1998	3	177	0	1
04/1998	0	139	0	1
05/1998	0	119	0	1
06/1998	0	113	0	1
07/1998	0	93	0	1
08/1998	0	50	0	1
09/1998	0	86	0	1
10/1998	0	103	0	1
11/1998	0	651	0	1
12/1998	28	265	0	1
01/1999	5	272	0	1
02/1999	2	182	0	1
Total	38	2,250	0	





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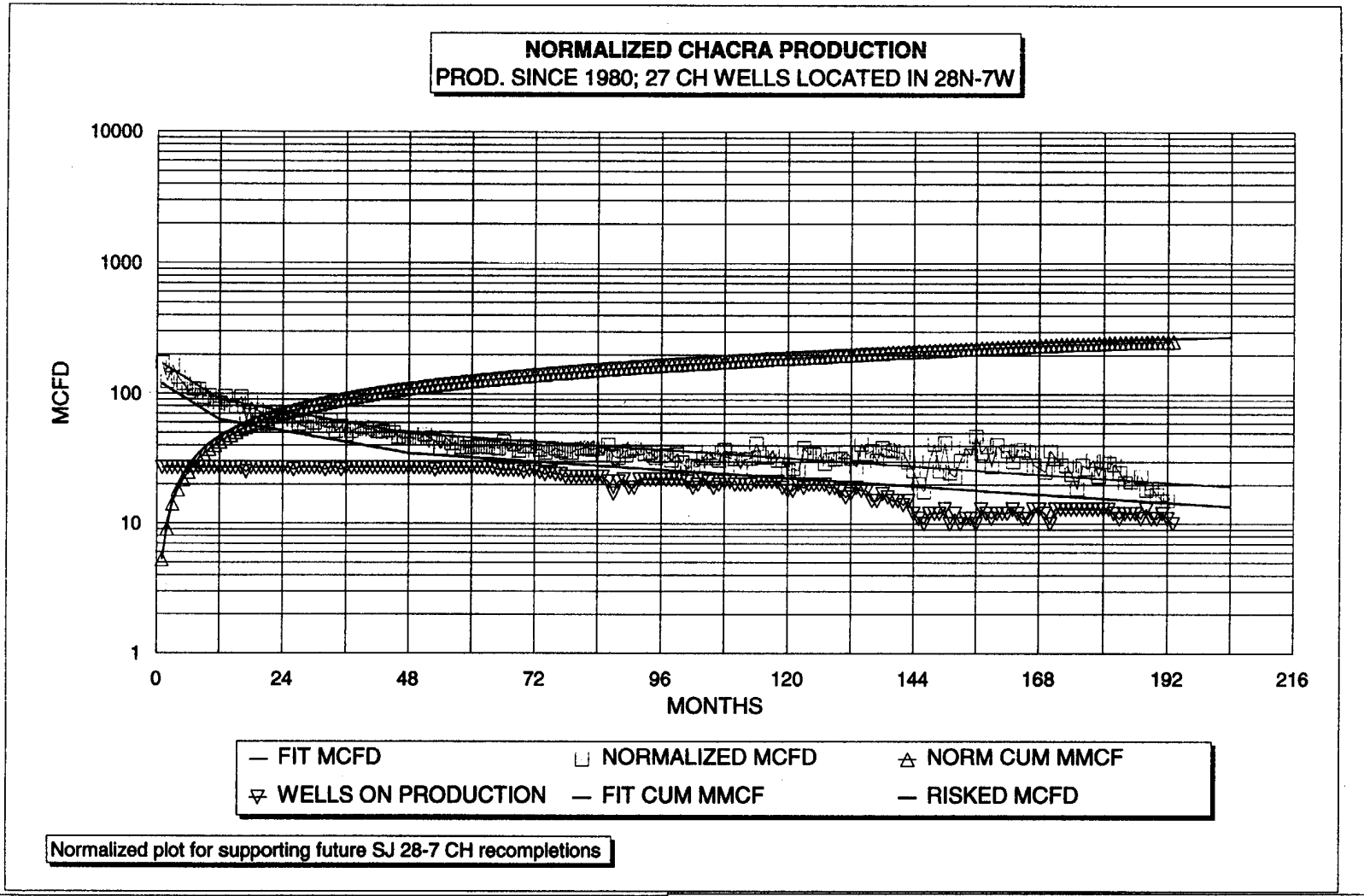
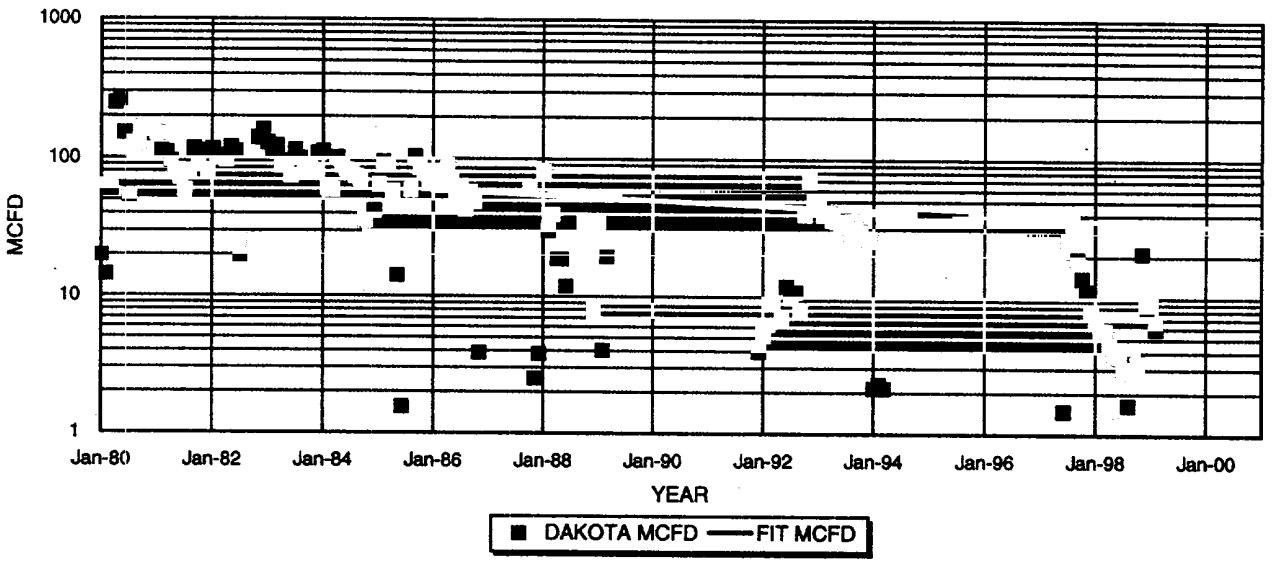


NORMALIZED AVG:			
321	MMCF EUR	180	MCFD IP
321	MMCF/ 25.4YRS	50%	DECLINE, 1ST 12 MONTHS
10	MCFD E.L.	18%	DECLINE, NEXT 36 MONTHS
0.000012	bbl/mcf oil yield	7%	FINAL DECLINE

RISKED AVG:	**30% RISK**		
210	**MMCF EUR**	**126**	**MCFD IP**
210	**MMCF/ 20.5 YRS**	**50%**	**DECLINE, 1ST 12 MONTHS**
10	**MCFD E.L.**	**18%**	**DECLINE, NEXT 36 MONTHS**
0.000012	**bbl/mcf oil yield**	**7%**	**FINAL DECLINE**

SJ 28-7 #217 DAKOTA PRODUCTION
SECTION 28B-27N-07W, RIO ARRIBA COUNTY, NEW MEXICO



DAKOTA PRODUCTION		1ST PROD: 11/78	DAKOTA PROJECTED DATA		
OIL CUM:	7.23	MBO	Jan.00 Qi:	40	MCFD
GAS CUM:	326.1	MMCF	DECLINE RATE:	4.0%	(EXPONENTIAL)
OIL YIELD:	0.0222	BBL/MCF	API #30-039-20972		

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NOTE: SJ 28-7 #217 production is erratic. The average production for Aug-Oct 1999 was approximately 45 MCFD.

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	39	1
2001	38	0
2002	36	0
2003	35	0
2004	33	0
2005	32	0
2006	31	0
2007	29	0
2008	28	0
2009	27	0
2010	26	0
2011	25	0
2012	24	0
2013	23	0
2014	22	0
2015	21	0
2016	20	0
2017	20	0
2018	19	0
2019	18	0
2020	17	0
2021	17	0
2022	16	0
2023	15	0
2024	15	0
2025	14	0
2026	14	0
2027	13	0