

DISTRICT I
 P O Box 1980, Hobbs, NM 88241 1980

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-107-A
 New 3-12-96

DISTRICT II
 811 South First St Artesia NM 88210 2835

OIL CONSERVATION DIVISION

2040 S. Pacheco
 Santa Fe, New Mexico 87505-8429

APPROVAL PROCESS:
 Administrative Hearing
 EXISTING WELLBORE
 YES NO

DISTRICT III
 1000 Rio Brazos Rd Aztec NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: Conoco Inc. Address: 10 Dosta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease: San Juan 28-7 Unit Well No: #192M Section: 33, T-28-N, R-7-W, County: Rio Arriba

OGRID NO: 005073 Property Code: 26-039-26205 API NO: N/A Spacing Unit Lease Types (check 1 or more)
 Federal State (and/or) Fee

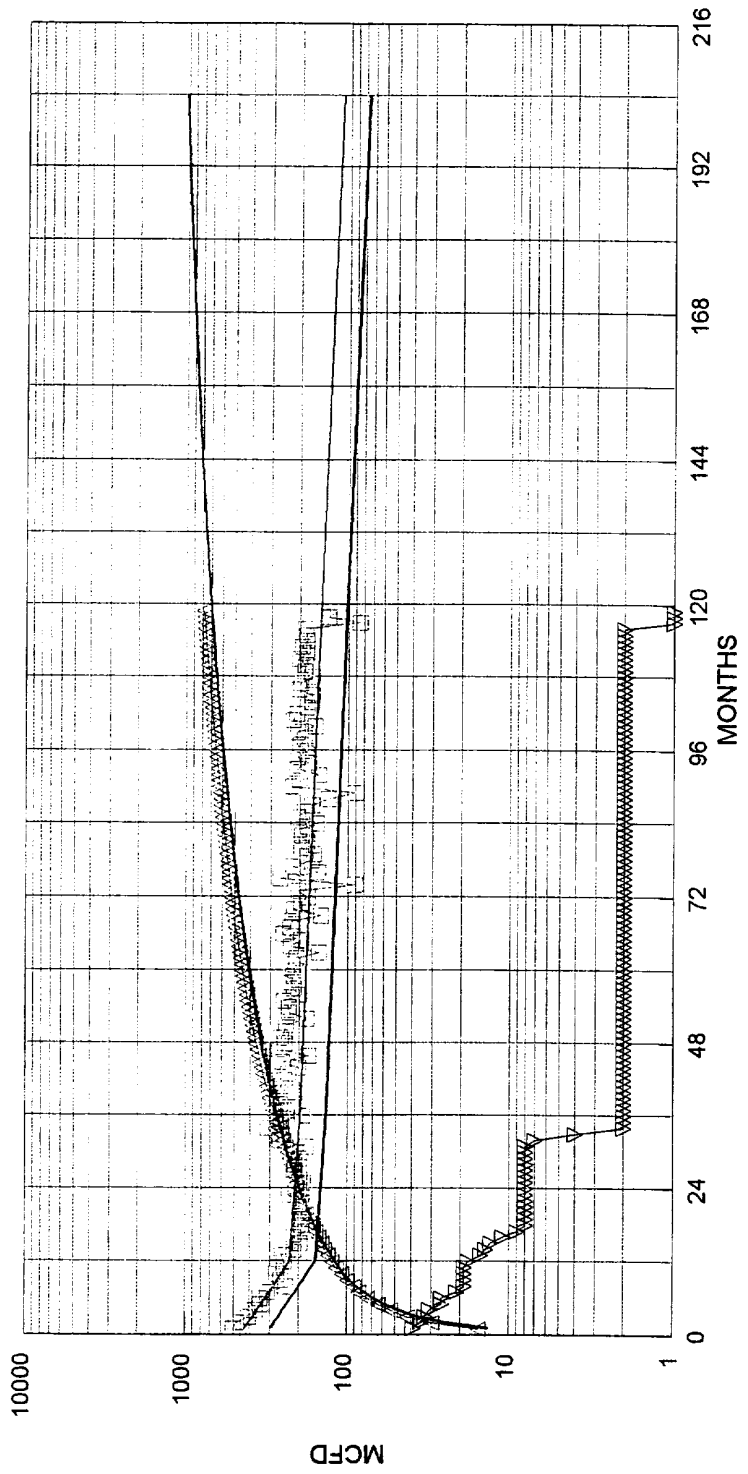
The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesaverde 72319		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	4448-5441'		7073-7317'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	To flow		To flow
5. Bottomhole Pressure Oil Zones - Artificial Lift Gas & Oil - Flowing All Gas Zones - Estimated Or Measured Original	a (Current) Estimated Current 457	a	a 751
	b (Original) Measured Current 1230	b	b 2946
6. Oil Gravity (°API) or Gas BT Content	1279		1274
7. Producing or Shut-In?	To be completed		To be completed
Production Marginal? (yes or no)	Expected Yes		Expected 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> • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Date Rates Expected rates 350-450 MCFD	Date Rates	Date Rates Expected rates 400-500 MCFD
8. Fixed Percentage Allocation Formula - % for each zone			

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?
 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. X Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each others 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): 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 of all offset operators.
 - 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 Kay Maddox TITLE Regulatory Agent DATE January 28, 1999
 TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

NORMALIZED MESAVERDE PRODUCTION
 PROD. SINCE 1985; 39 MV WELLS LOCATED IN 28N-7W (37 wells are 1990's completions)

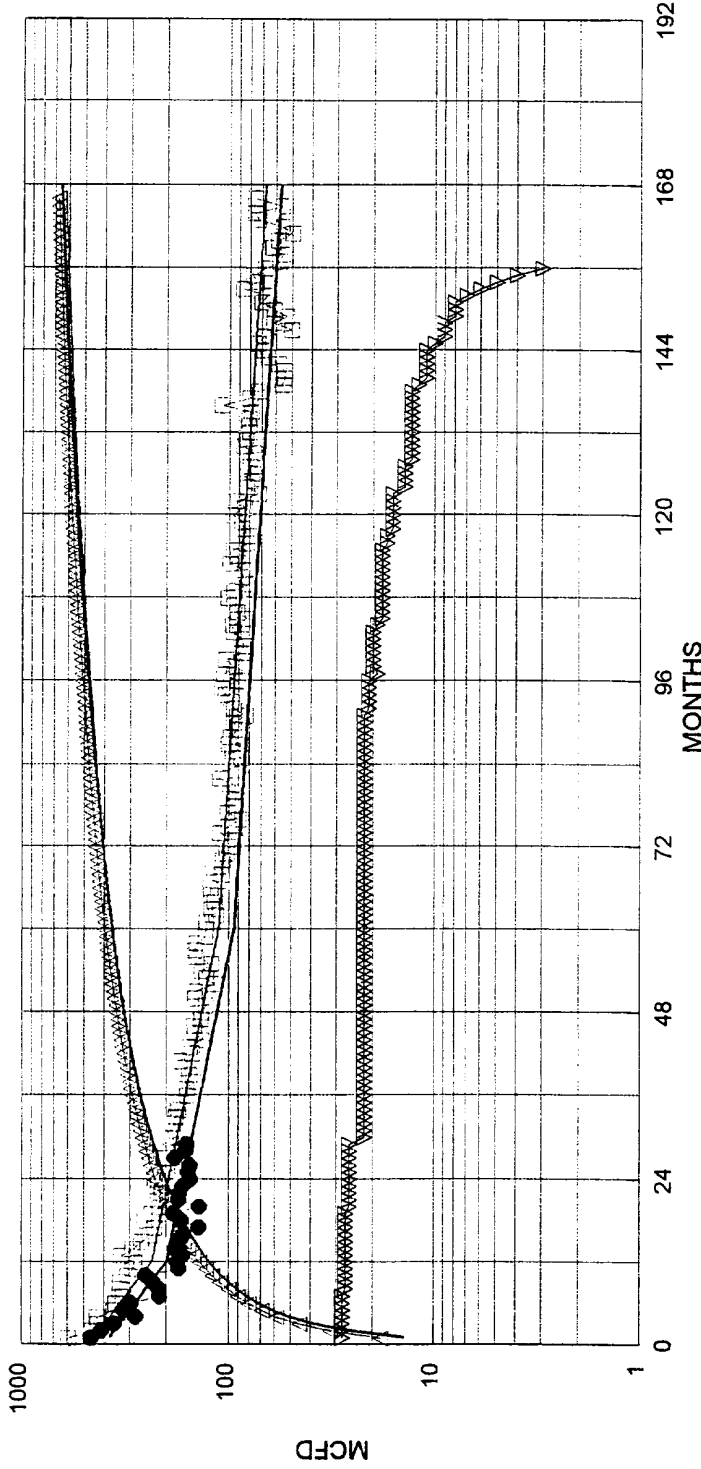


— FIT MCFD □ NORMALIZED MCFD △ NORM CUM MMCF
 ▽ WELLS ON PRODUCTION - FIT CUM MMCF - RISKED MCFD

Expected Mesaverde Production - 325 MCFD for Yr. 1

<p>NORMALIZED AVG: 1788 MMCF EUR 1145 MMCF IN 20 YRS 25 MCFD E.L. 0.0139 bbl/mcf oil yield</p>	<p>RISKED AVG: 450 MCFD IP 50% DECLINE, 1ST 12 MONTHS 7% DECLINE, NEXT 24 MONTHS 4% FINAL DECLINE</p>	<p>RISKED AVG: 30% RISK 1184 MMCF EUR 315 MCFD IP 802 MMCF IN 20 YRS 50.0% DECLINE, 1ST 12 MONTHS 25 MCFD E.L. 7.0% DECLINE, NEXT 24 MONTHS 0.0139 bbl/mcf oil yield 4.0% FINAL DECLINE</p>
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NORMALIZED DAKOTA PRODUCTION
PROD. SINCE 1980; 29 DK WELLS LOCATED IN W 2/3 OF 28N-7W AND 27N-7W



— FIT MCFD □ NORMALIZED MCFD △ NORM CUM MMCF ▽ WELLS ON PRODUCTION
 — FIT CUM MMCF — RISKED MCFD ● 1990's Wells (13)

Expected Avg. Rate for Yr. 1 = 339 MCFD
 Expected Avg. Rate for Yr. 1 = 288 MCFD (for 1990's wells)

NORMALIZED AVG: 924 MMCF EUR 779 MMCF IN 20 YRS 25 MCFD E.L. 0.0079 bbl/mcf oil yield	RISKED AVG: 986 MMCF IN 40 YRS 470 MCFD IP 50% DECLINE, 1ST 12 MONTHS 17% DECLINE, NEXT 48 MONTHS 5.5% FINAL DECLINE	RISKED AVG: 761 MMCF EUR 662 MMCF IN 20 YRS 25 MCFD E.L. 0.0079 bbl/mcf oil yield	15% RISK 400 MCFD IP 60.0% DECLINE, 1ST 12 MONTHS 17.0% DECLINE, NEXT 48 MONTHS 5.5% FINAL DECLINE
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District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		72319 / 71599	BLANCO MESAVERDE / BASIN DAKOTA
*Property Code	*Property Name		*Well Number
016608	SAN JUAN 28-7 UNIT		192M
*CGRID No.	*Operator Name		*Elevation
005073	CONOCO, INC.		6228'

¹⁰ Surface Location

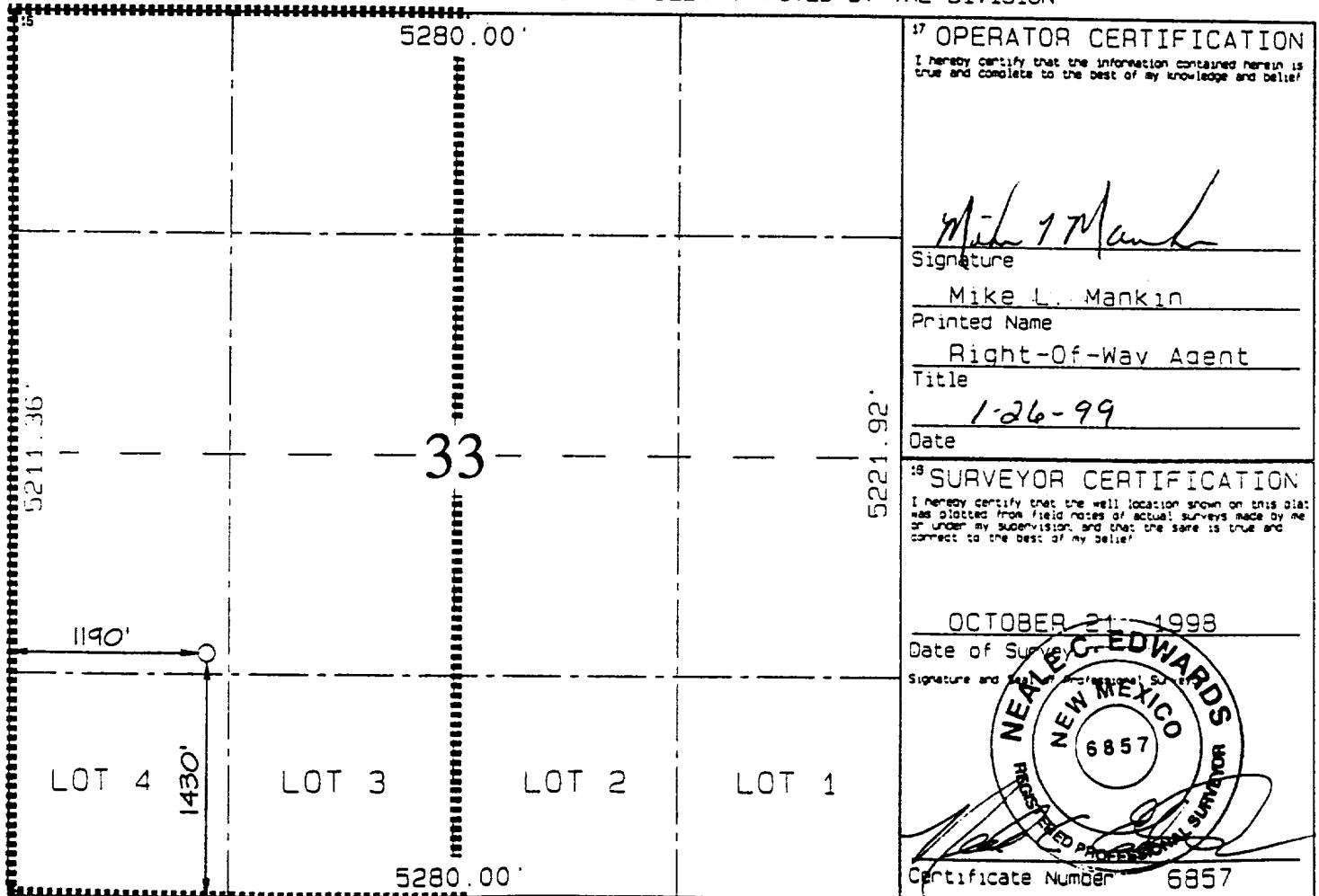
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	33	28N	7W		1430	SOUTH	1190	WEST	RIO ARriba

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



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike L. Mankin
Signature
Mike L. Mankin
Printed Name
Right-Of-Way Agent
Title
1-26-99
Date

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.

OCTOBER 21, 1998
Date of Survey
Signature and Seal of NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR
Certificate Number 6857

Conoco, Inc. is the only offset operator.