

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

138

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]

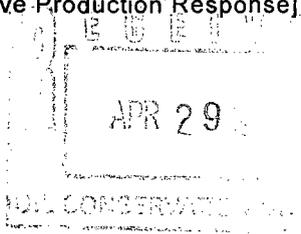
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [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.

Kay Maddox Kay Maddox Regulatory Agent 4/27/98
 Print or Type Name Signature Title Date

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 I First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

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

Lease Cole A Well No # 1E Unit Ltr Sec Twp Rge Section 35, T-28-N, R-10-W, I County San Juan

OGRID NO. 005073 Property Code _____ API NO. 30-045-24117 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	Otero Chacra 82329		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	2967-3235'		6256-6417'
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) 534	a.	a. 593
	b(Original) 683	b.	b. 2203
6. Oil Gravity (°API) or Gas BT Content	1150		1200
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no) • 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 • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date Rates	Date Rates	Date Rates
	Date Rates 3/15/98 24 MCFD, 0 BOPD, 1.9 BWPD	Date Rates	Date Rates 3/15/98 41 MCFD, .05 BOPD, 0.7 BWPD
8. Fixed Percentage Allocation Formula -% or each zone	Oil: 0 % Gas 34 %	Oil: % Gas %	Oil: 100 % Gas 66 %

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 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). _____
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 4/27/98

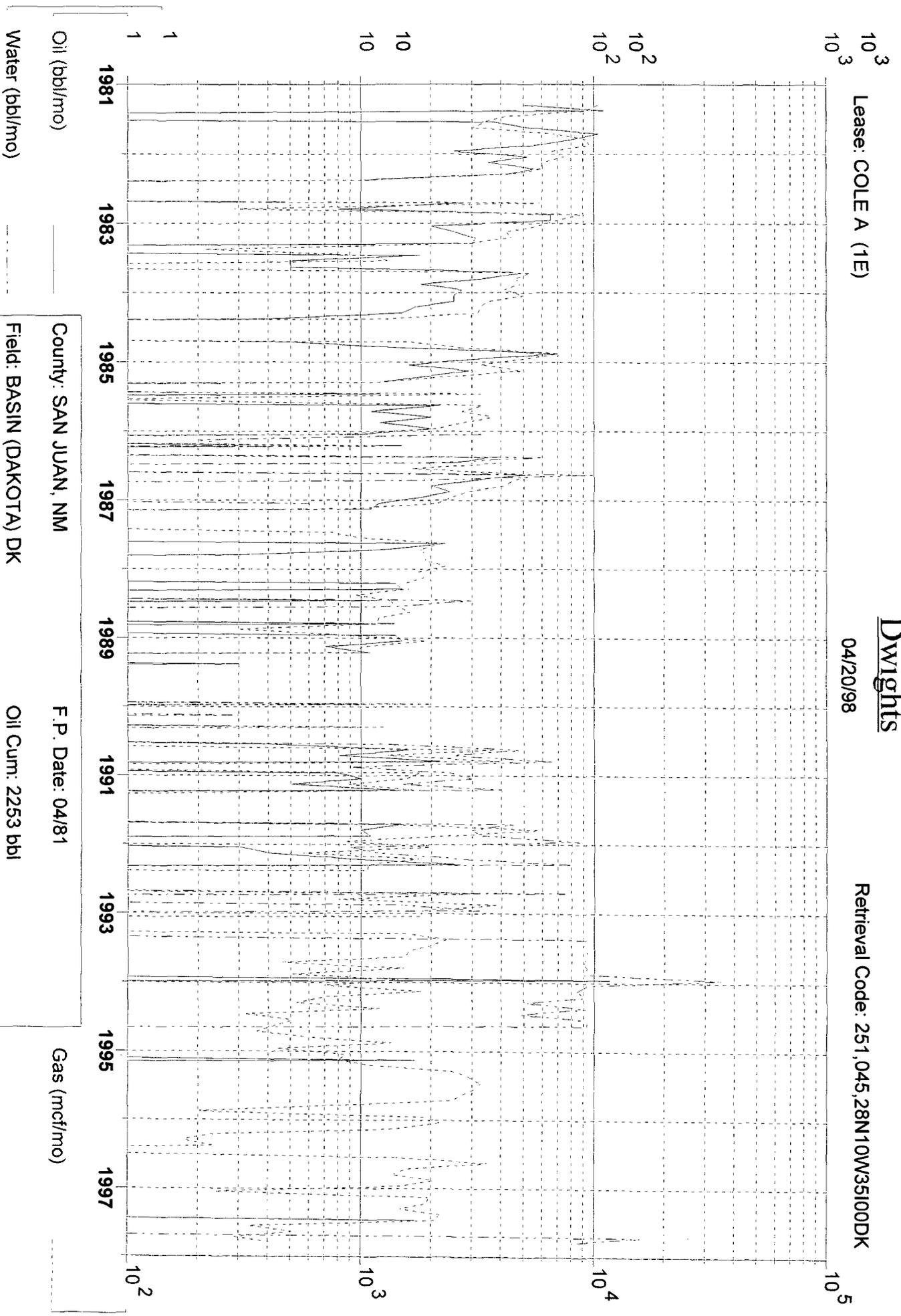
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

Dwights

Lease: COLE A (1E)

04/20/98

Retrieval Code: 251, 045, 28N10W35I00DK



Oil (bbl/mo)

Water (bbl/mo)

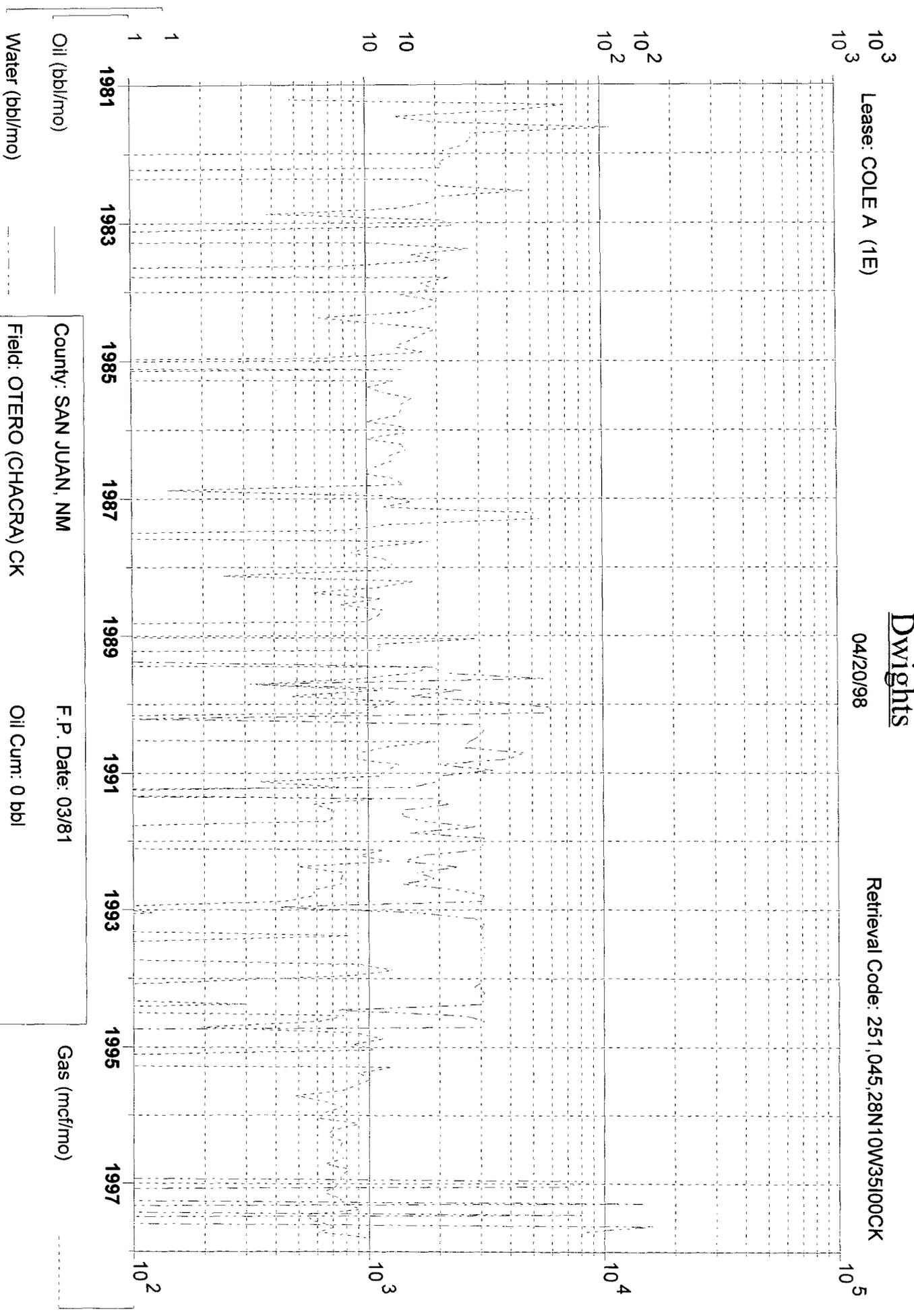
Gas (mcf/mo)

County: SAN JUAN, NIM
Field: BASIN (DAKOTA) DK
Reservoir: DAKOTA
Operator: AMOCO PRODUCTION CO
F.P. Date: 04/81
Oil Cum: 2253 bbl
Gas Cum: 393.4 mmcf
Location: 35I 28N 10W

Lease: COLE A (1E)

Dwights
04/20/98

Retrieval Code: 251,045,28N10W35I00CK



Oil (bbl/mo)

Water (bbl/mo)

County: SAN JUAN, NM

Field: OTERO (CHACRA) CK

Reservoir: CHACRA

Operator: AMOCO PRODUCTION CO

F.P. Date: 03/81

Oil Cum: 0 bbl

Gas Cum: 221.4 mmcf

Location: 35I 28N 10W

Gas (mcf/mo)

District I
PO Box 1980, Hobbs. NM 88241-1980

District II
PO Drawer DD, 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

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 30-045-24117		2 Pool Code 82329		3 Pool Name Otero Chacra	
4 Property Code		5 Property Name Cole A			6 Well Number # 1E
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 5889'

10 Surface Location

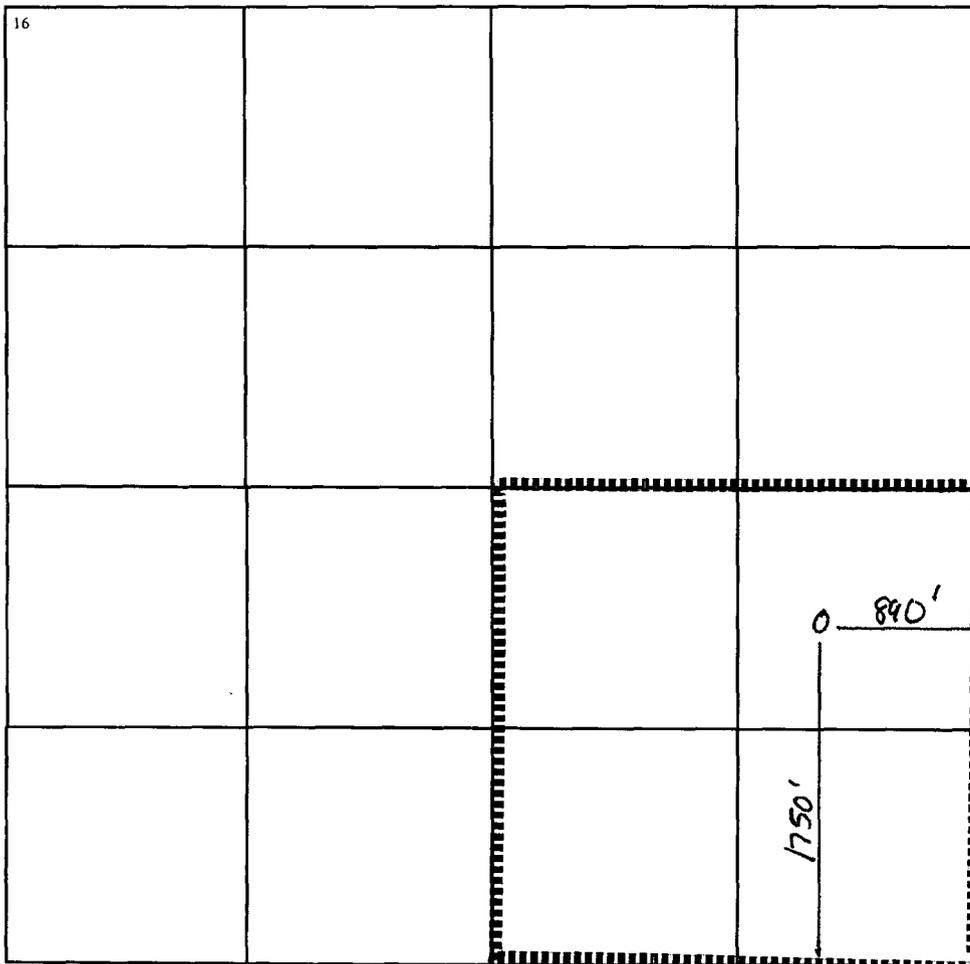
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	35	28N	10W		1750	South	890	East	San Juan

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	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

Kay Maddox
Signature

Kay Maddox
Printed Name

Regulatory Agent
Title

4/20/98
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.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

~~212 00~~
Form C-107
Revised 10-1-

All distances must be from the outer boundaries of the Section.

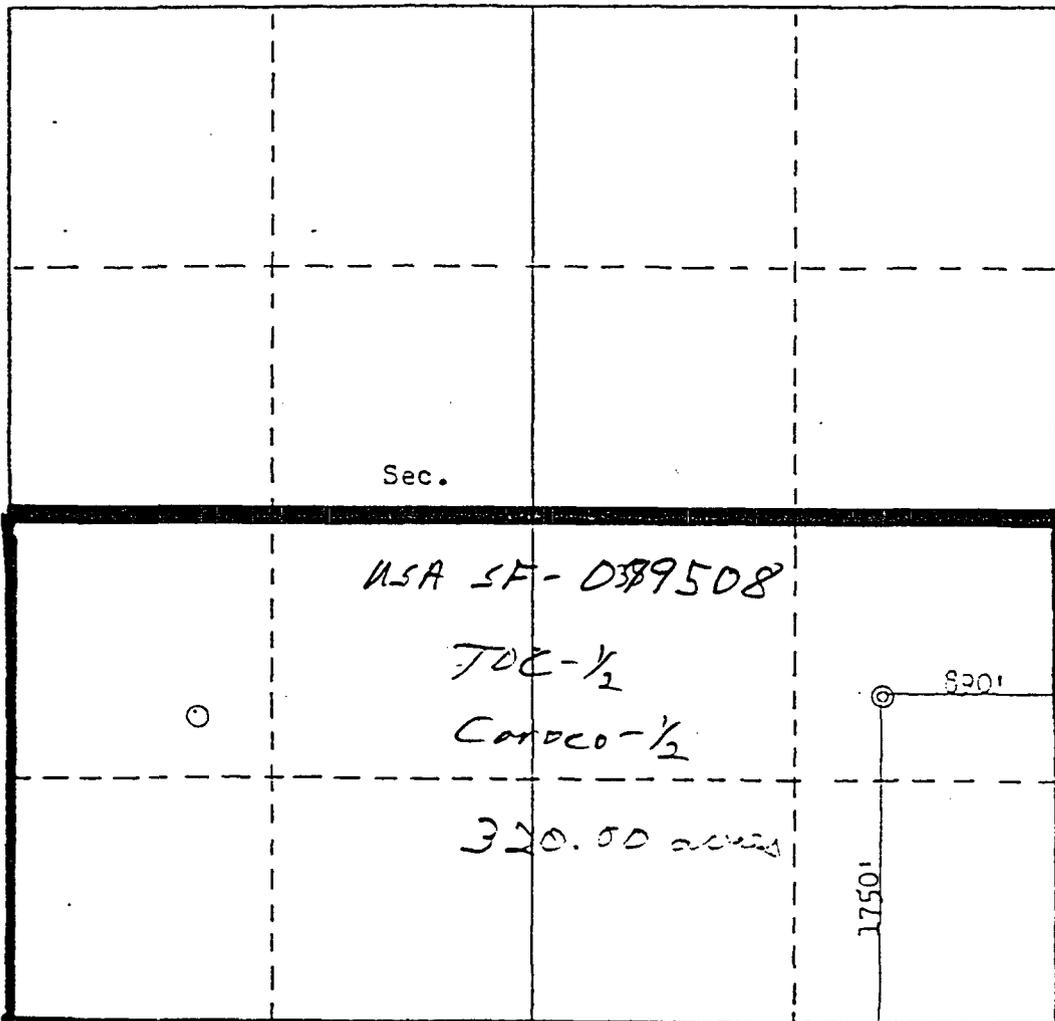
Operator TENNECO OIL COMPANY		Lease COLE "A"		Well No. 1-E
Unit Letter I	Section 35	Township 26N	Range 10W	County San Juan
Actual Footage Location of Well:				
1750	feet from the	South	line and	890
				feet from the
				East
				line
Ground Level Elev. 5889	Producing Formation Dakota		Pool Basin Dakota	Dedicated Acreage: 320.00 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

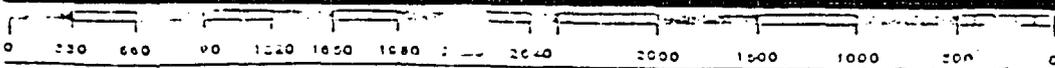
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

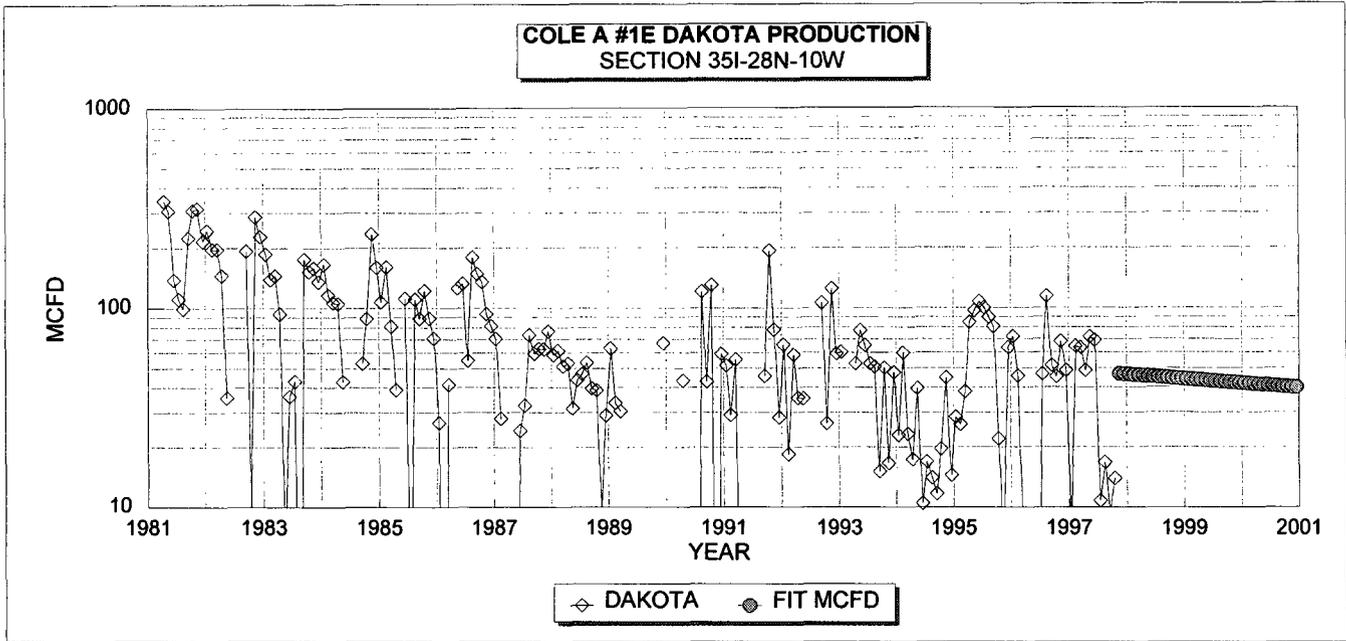
Name
Position
Company
Date

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 knowledge and belief.

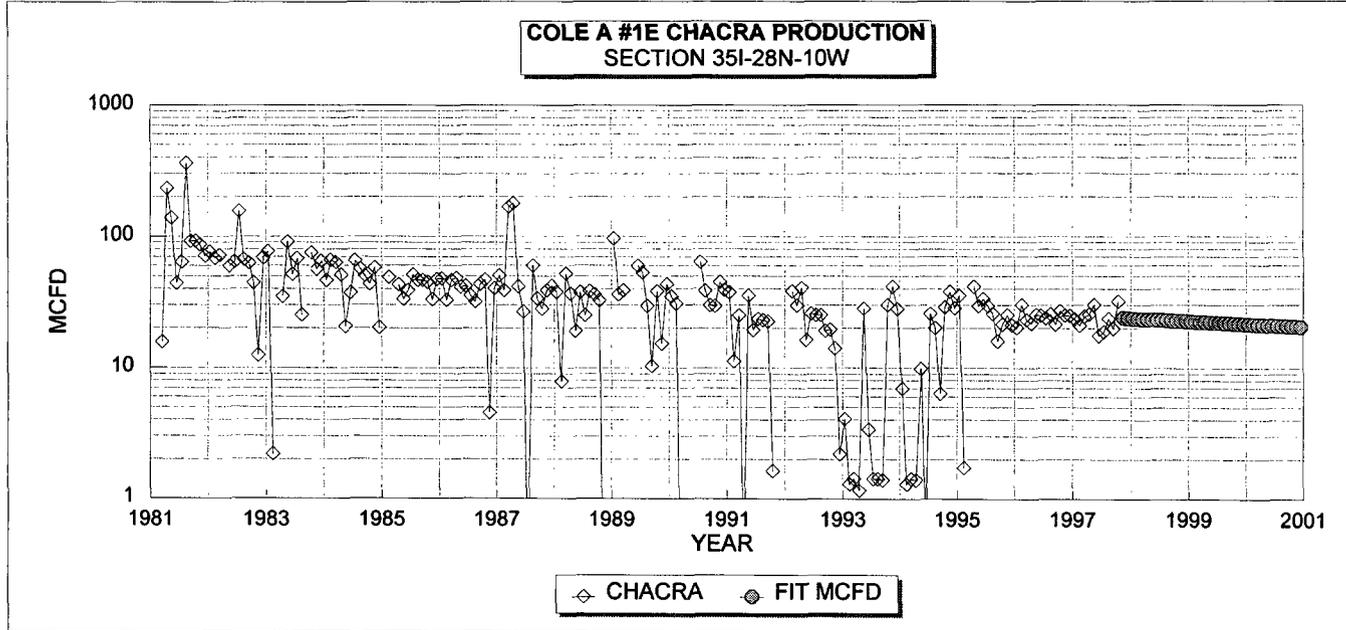
ADMN 73362

Date Surveyed September 28, 1979
Registered Professional Engineer and/or Land Surveyor <i>Fred E. West Jr.</i>
Certificate No. 3950





DAKOTA HISTORICAL DATA:		1ST PROD: 04/81	DAKOTA PROJECTED DATA	
OIL CUM:	2.25 MBO		1/1/98 Qi:	46 MCFD
GAS CUM:	393.4 MMCF		DECLINE RATE:	5.0% (EXPONENTIAL)
OIL YIELD:	0.0057 BBL/MCF			0.27 BOPD



CHACRA HISTORICAL DATA		1ST PROD: 03/81	CHACRA PROJECTED DATA	
OIL CUM:	0.0 MBO		1/1/98 Qi:	24 MCFD
GAS CUM:	221.4 MMCF		DECLINE RATE:	5.0% (EXPONENTIAL)
OIL YIELD:	0.0000 BBL/MCF			0.00 BOPD

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
DAKOTA	66%	100%
CHACRA	34%	0%

GAS ALLOCATION BASED ON PROJECTED 1998 RATES
 OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS
 NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

April 27, 1998

Cole A #1E
Section 35, T-28-N, R-10-W, I
San Juan County, New Mexico
API # 30-045-24117

RE: Application to Downhole Commingle C-107A

Offset Operators:

Amoco
PO Box 800
Denver, CO 80201

Burlington Resources
PO Box 4289
Farmington, New Mexico 87499

Breck Operating Co.
PO Box 911
Breckenridge, TX 76024-0911

Redwolf Production Inc
PO Box 356
Farmington, New Mexico 87499

Koch Exploration Co.
PO Box 2256
Wichita, KS 67201

Kukui Operating Co,
1415 Louisiana STE 3650
Wedge Intl Tower
Houston, TX 77002