

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

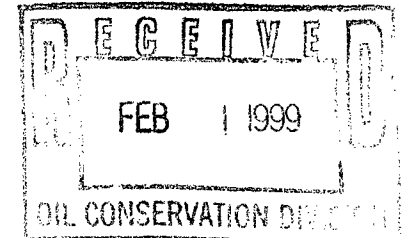
2205

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
Print or Type Name

Kay Maddox
Signature

Regulatory Agent
Title

1/28/99
Date

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

DISTRICT II
811 Southl 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

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

Lease San Juan 28-7 Unit Well No #238M Unit Ltr Sec Twp Rge Section 29, T-28-N, R-7-W, County Rio Arriba

OGRID NO. 005073 Property Code _____ 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) | 4351-5332' | | 6978-7285' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | To flow | | To flow |
| 5. Bottomhole Pressure | a (Current) | a. | a. |
| Oil Zones - Artificial Lift: Estimated Current | 457 | | 751 |
| Gas & Oil - Flowing: Measured Current | b(Original) | b. | b. |
| All Gas Zones: Estimated Or Measured Original | 1230 | | 2946 |
| 6. Oil Gravity (°API) or Gas BT Content | 1267 | | 1265 |
| 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 lsst 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, 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 -% or each zone | 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 ☒ 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? 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 others 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. X Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10476 - B

16. ATTACHMENTS

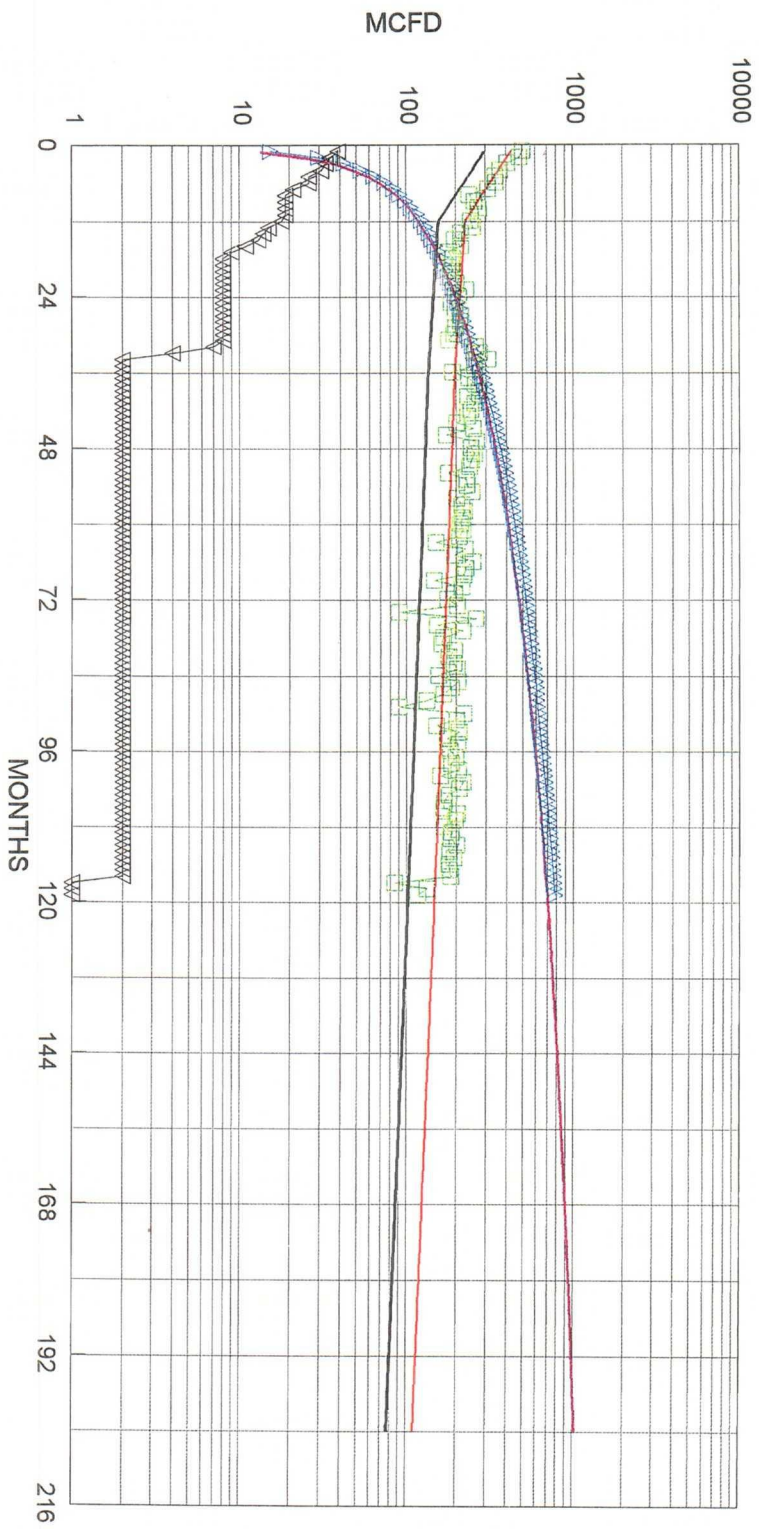
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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)

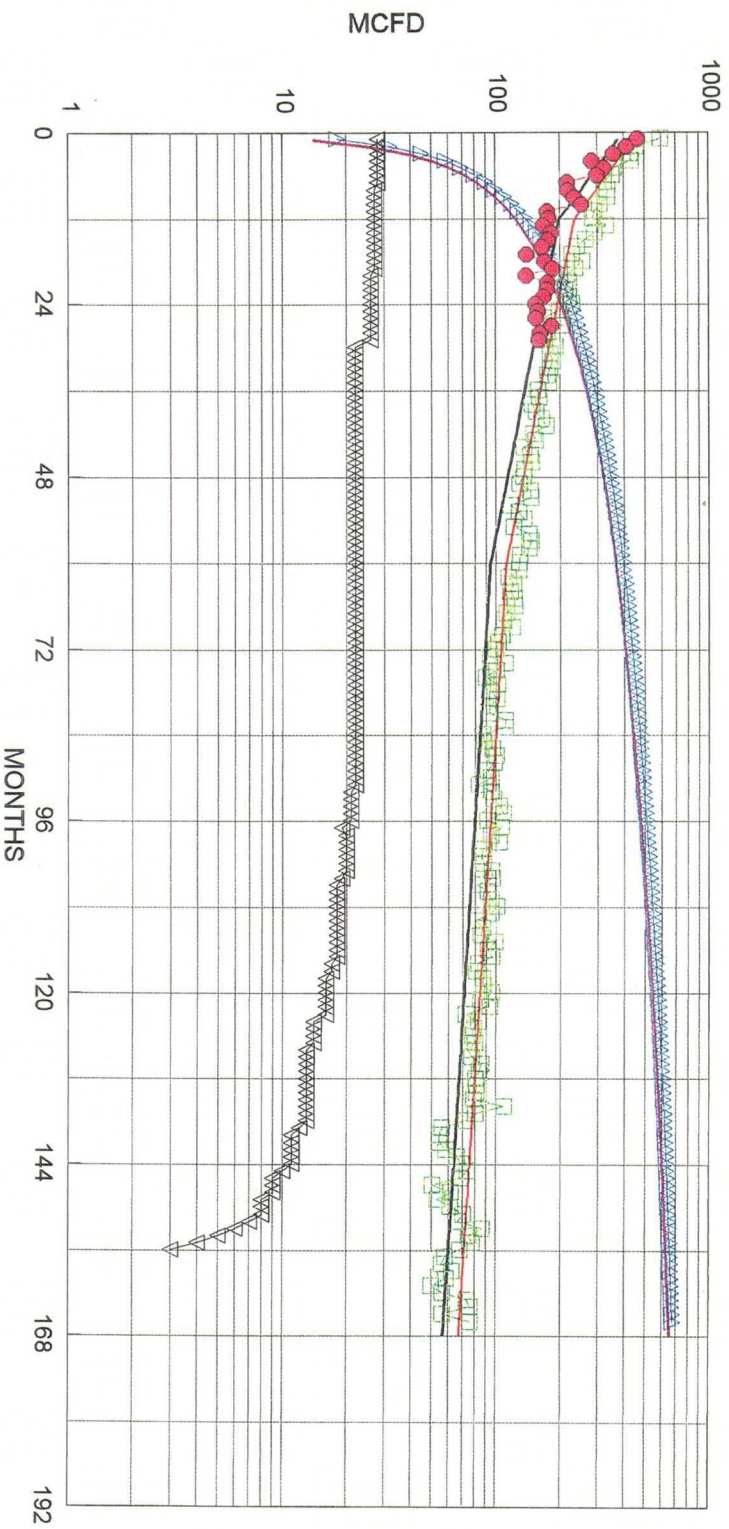


Expected Mesaverde Production - 325 MCFD for Yr. 1

— FIT MCFD □ NORMALIZED MCFD ▲ NORM CUM MMCF
 ▼ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

| | | | |
|--------------------------|----------------------------|--------------------------|------------------------------|
| NORMALIZED AVG: | | RISKED AVG: 30% RISK | |
| 1788 MMCF EUR | 450 MCFD IP | 1184 MMCF EUR | 315 MCFD IP |
| 1145 MMCF IN 20 YRS | 50% DECLINE, 1ST 12 MONTHS | 802 MMCF IN 20 YRS | 50.0% DECLINE, 1ST 12 MONTHS |
| 25 MCFD E.L. | 7% DECLINE, NEXT 24 MONTHS | 25 MCFD E.L. | 7.0% DECLINE, NEXT 24 MONTHS |
| 0.0139 bbl/mcf oil yield | 4% FINAL DECLINE | 0.0139 bbl/mcf oil yield | 4.0% FINAL DECLINE |

NORMALIZED DAKOTA PRODUCTION
PROD. SINCE 1980; 29 DK WELLS LOCATED IN W 2/3 OF 28N-7W AND 27N-7W



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

| | | | |
|--------------------------|-----------------------------|--------------------------|-------------------------------|
| NORMALIZED AVG: | | RISKED AVG: | |
| 924 MMCF EUR | 470 MCFD IP | 761 MMCF EUR | 15% RISK |
| 779 MMCF IN 20 YRS | 50% DECLINE, 1ST 12 MONTHS | 662 MMCF IN 20 YRS | 50.0% DECLINE, 1ST 12 MONTHS |
| 25 MCFD E.L. | 17% DECLINE, NEXT 48 MONTHS | 25 MCFD E.L. | 17.0% DECLINE, NEXT 48 MONTHS |
| 0.0079 bbl/mcf oil yield | 5.5% FINAL DECLINE | 0.0079 bbl/mcf oil yield | 5.5% FINAL DECLINE |

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

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 | | 238M |
| *GRID No. | *Operator Name | | *Elevation |
| 005073 | CONOCO, INC. | | 5151' |

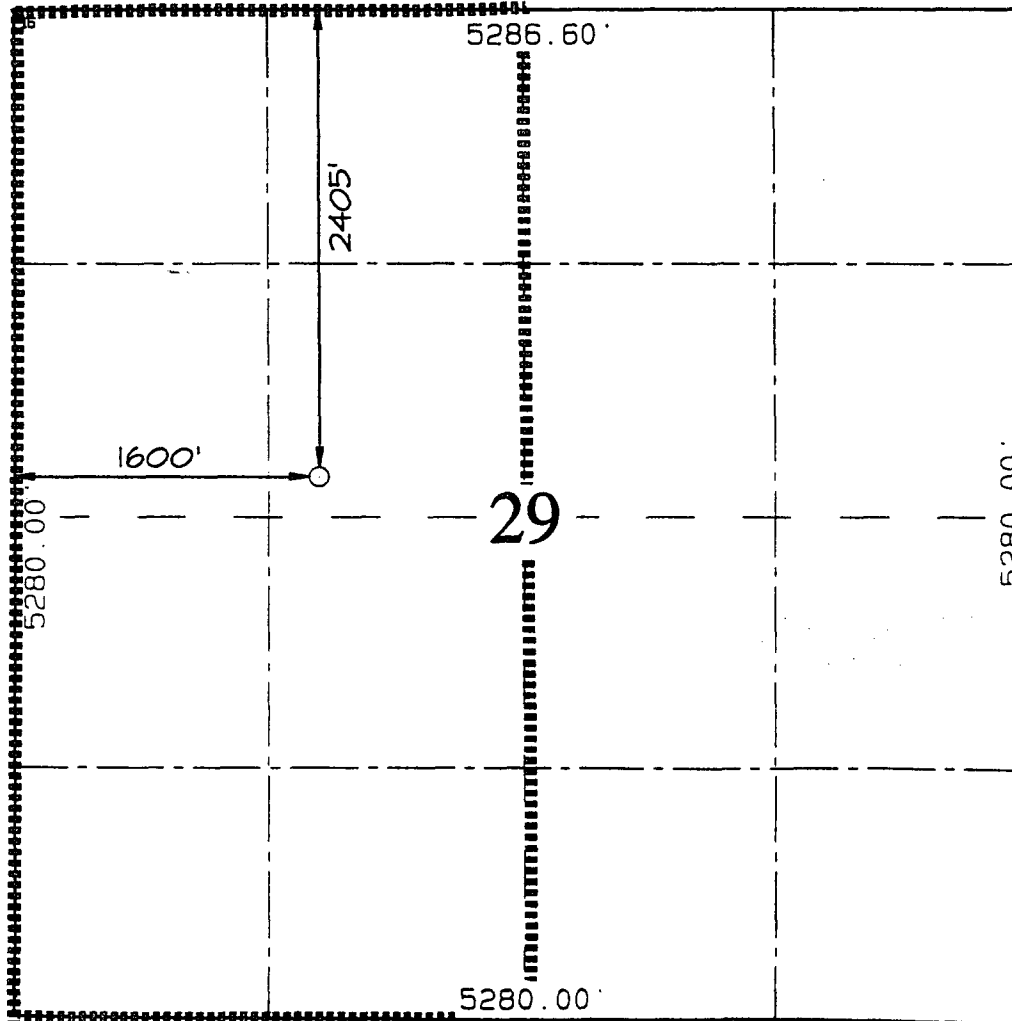
¹⁰ Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| UL or lot no. | Section | Township | Range | Lot Ion | Feet from the | North/South line | Feet from the | East/West line | County |
| F | 29 | 28N | 7W | | 2405 | NORTH | 1600 | WEST | RIO ARriba |

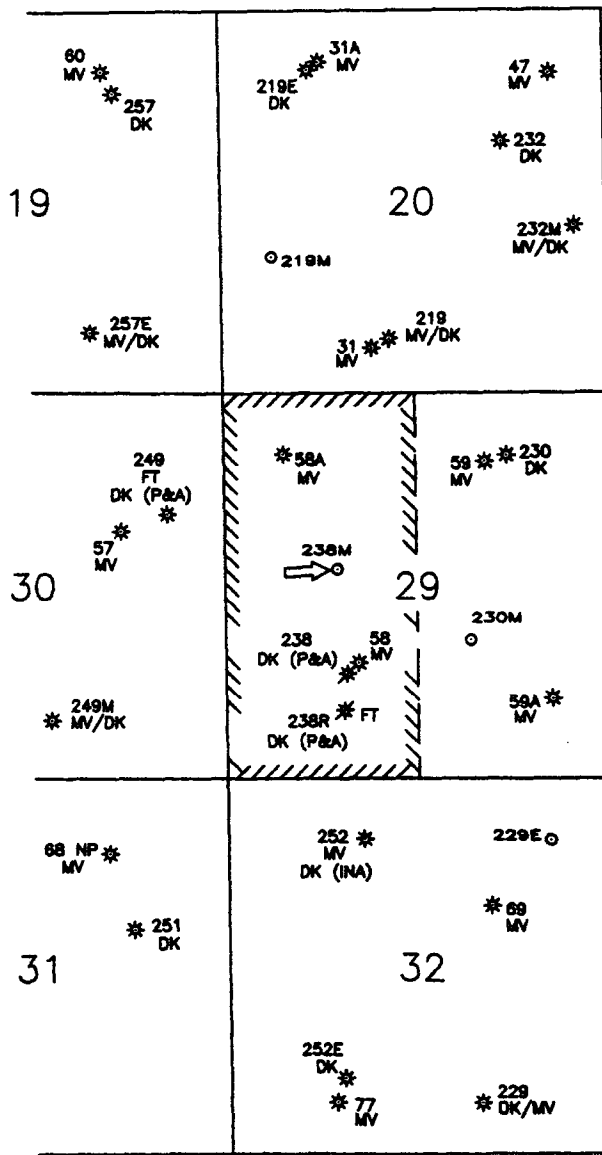
¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------|----------|-------|---------|-------------------------------|----------------------------------|-------------------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Ion | 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

| | | |
|---|--|---|
|  | | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mike L. Mankin</i></p> <p>Signature</p> <p>Mike L. Mankin</p> <p>Printed Name</p> <p>Right-Of-Way Agent</p> <p>Title</p> <p>1-15-99</p> <p>Date</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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>NOVEMBER 30, 1998</p> <p>Date of Survey</p> <p><i>NEALE C. EDWARDS</i></p> <p>Signature and Seal</p> <p>NEALE C. EDWARDS NEW MEXICO 6857 REGISTERED PROFESSIONAL SURVEYOR</p> <p>Certificate Number 6857</p> |
|---|--|---|

R 7 W



T
28
N

**SAN JUAN 28-7 UNIT
RIO ARriba CO., NM**

| NOTES | | | <div><div><div>conoco</div></div><div>EPNGNA MIDLAND DIVISION</div></div> | |
|--|--|--|--|--|
| Conoco operates all wells in the 28-7 Unit, NSL is interior to the 28-7 Unit. Map shows only Mesaverde and Dakota wells. NSL is requested in order to accommodate both a primary 160 acre Dakota infill and a '100 acre' Mesaverde infill (Pursuant to an order to be issued out of case 12069). | DATE: 1/7/99 | <div>CONOCO 28-7 UNIT MESAVERDE & DAKOTA PRODUCERS San Juan 28-7 Unit # 238M Non-Standard Location</div> | | |
| | DRAWN BY: GLG | | | |
| | CHECKED BY: | | | |
| | APPROVED BY: | <div><div>STATE</div><div>API</div><div>COUNTY</div><div>WELL</div></div> | | |
| | SCALE: 1" = 2640' | <div>30 \ 039 \</div> | | |
| | STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003 | | <div>CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705</div> | |
| | | | <div>DRAWING</div> | |
| | | | <div>28-7_238</div> | |

Conoco, Inc. is the only offset operator.