

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

*2242*

**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

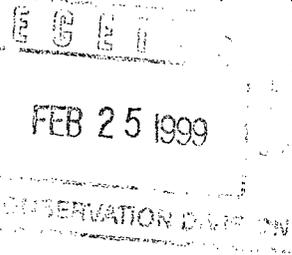
Check One Only for [B] and [C]

[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

2/20/99  
Date

DISTRICT I  
 P O Box 1980, Hobbs, NM 88241 1980  
 DISTRICT II  
 811 South 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 # 280 Unit Ltr Sec Twp Rge Section 16, T-28-N, R-7-W, M County Rio Arriba

OGRID NO. 005073 Property Code \_\_\_\_\_ API NO. 30-039- 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)	4792-5840'		7444-7691'
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) 457	a.	a. 751
	b(Original) 1230	b.	b. 2946
6. Oil Gravity (°API) or Gas BT Content	1273		1244
7. Producing or Shut-In?	To be completed		To be completed
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)	Expected Yes		Expected Yes
	Date Rates	Date Rates	Date Rates
	Est Rates 350-450 MCFD Allocation by test upon completion	Date Rates	Est Rates 400-500 MCFD Allocation by test upon completion
8. Fixed Percentage Allocation Formula - % or each zone	oil: % Gas %	oil: % Gas %	oil: % Gas %

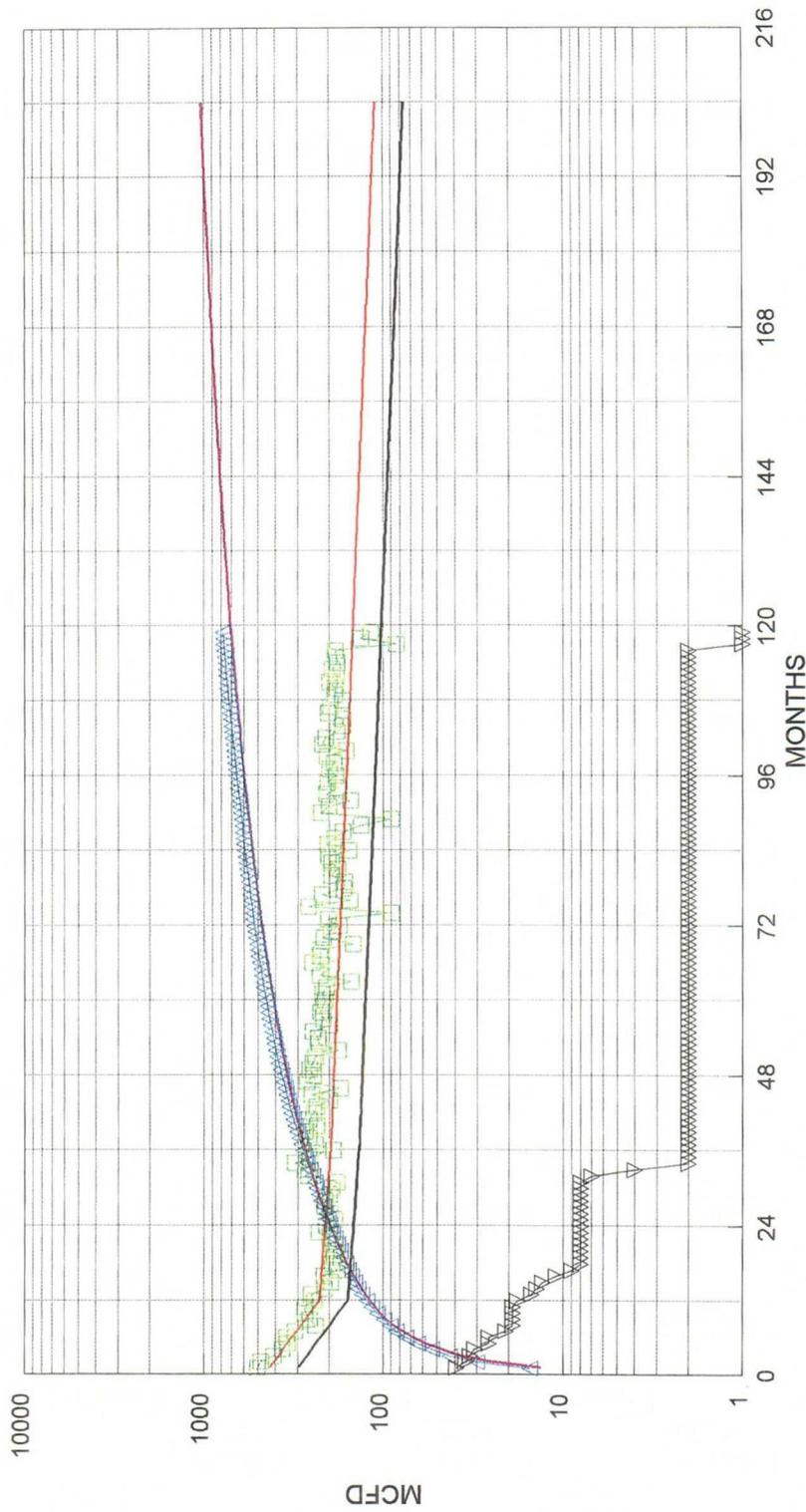
9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical 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?  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) 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 February 20, 1999

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

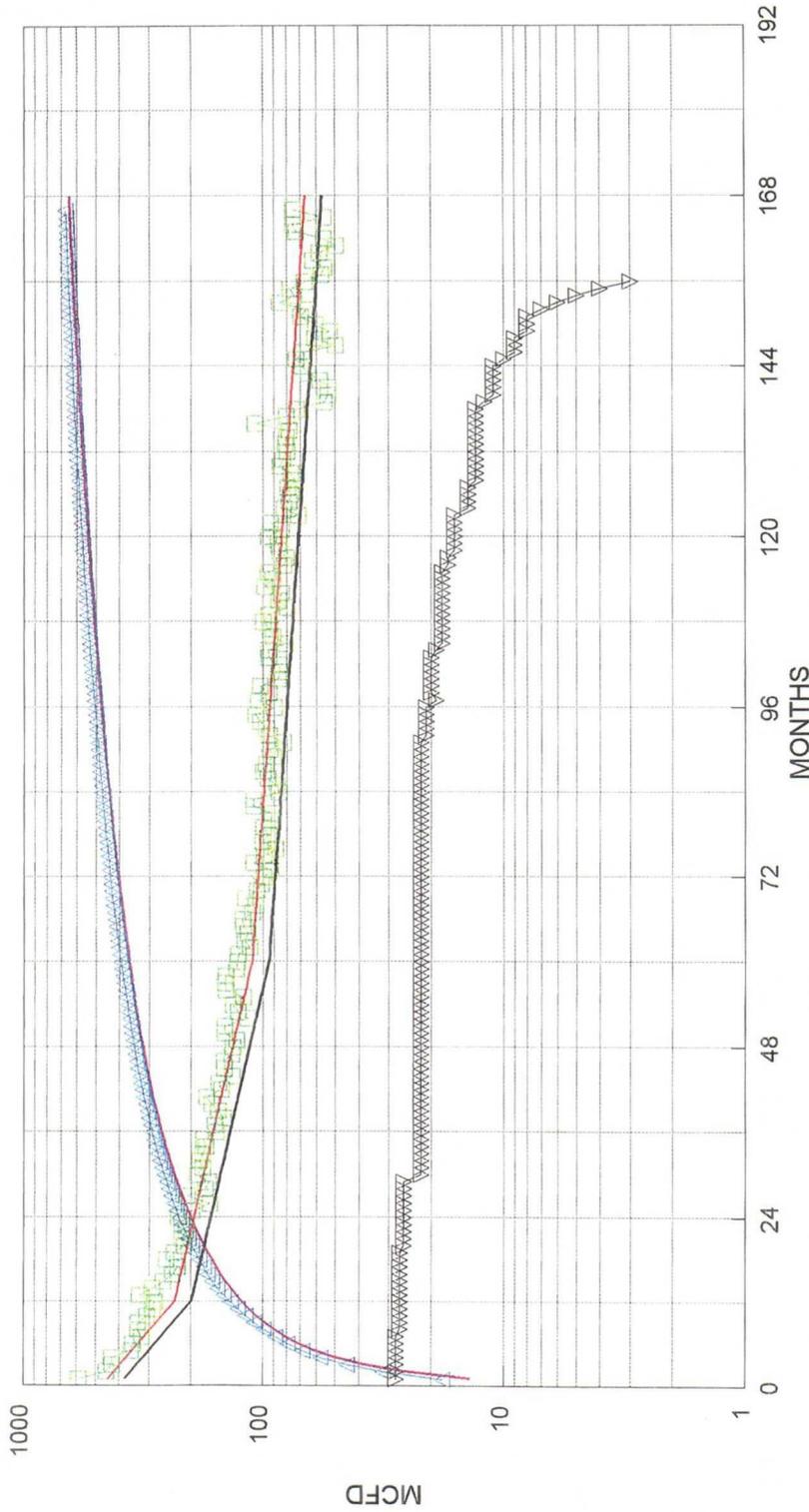
**NORMALIZED MESAVERDE PRODUCTION**  
 PROD. SINCE 1985; 39 MV WELLS LOCATED IN 28N-7W (37 wells are 1990's completions)



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

<b>NORMALIZED AVG:</b>	<b>RISKED AVG:</b>	<b>30% RISK</b>
1788 MMCF EUR	1184 MMCF EUR	315 MCFD IP
1145 MMCF IN 20 YRS	802 MMCF IN 20 YRS	50.0% DECLINE, 1ST 12 MONTHS
25 MCFD E.L.	25 MCFD E.L.	7.0% DECLINE, NEXT 24 MONTHS
0.0139 bbl/mcf oil yield	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



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

<p><b>NORMALIZED AVG:</b></p> <p>924 MMCF EUR                  779 MMCF IN 20 YRS                  25 MCFD E.L.                  0.0079 bbl/mcf oil yield</p>	<p><b>RISKED AVG:</b></p> <p>986 MMCF IN 40 YRS                  470 MCFD IP                  50% DECLINE, 1ST 12 MONTHS                  17% DECLINE, NEXT 48 MONTHS                  5.5% FINAL DECLINE</p>	<p><b>15% RISK</b></p> <p>761 MMCF EUR                  662 MMCF IN 20 YRS                  25 MCFD E.L.                  0.0079 bbl/mcf oil yield</p>	<p><b>400 MCFD IP</b>                  50.0% DECLINE, 1ST 12 MONTHS                  17.0% DECLINE, NEXT 48 MONTHS                  5.5% FINAL DECLINE</p>
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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 30-039- N/A		2 Pool Code 72319 / 71599		3 Pool Name Blanco Mesaverde / Basin Dakota	
4 Property Code		5 Property Name San Juan 28-7 Unit			6 Well Number # 280
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

10 Surface Location

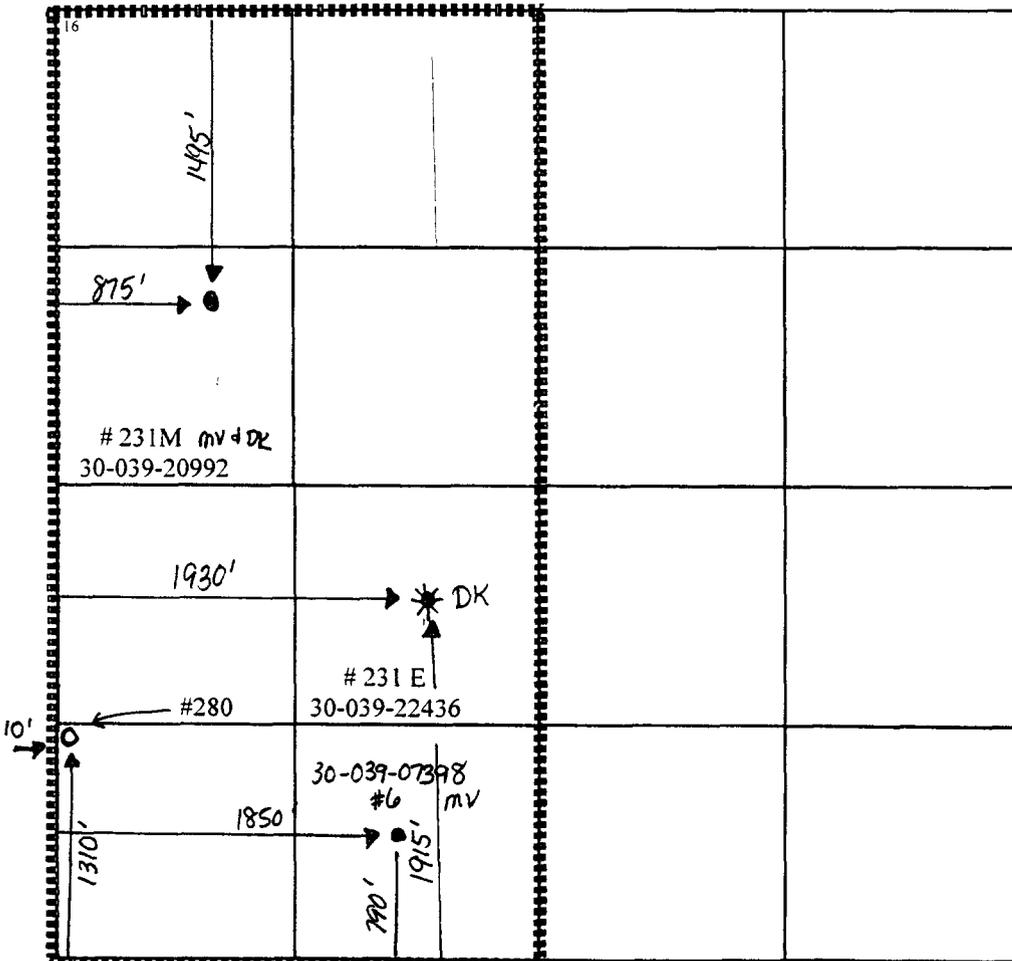
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	16	28N	7W		1310	South	10	West	Rio Arriba

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 320	13 Joint or Infill	14 Consolidation Code	15 Order No. R -10987 - A
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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  
 February 20, 1999  
 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

February 20, 1999

RE: Notification of Offset Operators of C-107A Application  
San Juan 28-7 Unit Well # 280

Conoco, Inc. is the sole operator of the San Juan 28-7 Unit. This well does not encroach on any outside unit boundary lines therefore there are no offset operators that require notification.