

DHC 4/26/00

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

YES NO

CONSERVATION DIVISION APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc. P.O. Box 2197 Houston, TX 77252-2197

Operator Address

SAN JUAN 28-7 260 B2, Sec. 5, T27N, R7W RIO ARRIBA

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 005073 Property Code 016608 API NO. 30-039-21678 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)	PROPOSED PERFS 4894 - 5701		7467 - 7679
3. Type of production (Oil or Gas)	GAS - expected		GAS
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 540	a.	a. 790
	b. (Original) 1,250	b.	B 3,150
6. Oil Gravity (EAPI) or Gas BTU Content	1,250		1,225
7. Producing or Shut-In?	TO BE COMPLETED		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, give date and oil/gas/water rates of recent test (within 60 days)	YES		YES
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: EXPECTED RATE Rates: 350-450 MCFD	Date: Rates:	Date: CURRENT RATE Rates: 61 MCFD
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: Gas:	Oil: Gas:	Oil: Gas: SUBTRACTION ALLOCATE

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

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 other? 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-10476B

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 3/31/00

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

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State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe. NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-21678		² Pool Code 72319 - 71599		³ Pool Name BLANCO MESAVERDE - BASIN DAKOTA	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7			⁶ Well Number 260
⁷ OGRID No. 005073		⁸ Operator Name Conoco Inc.			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
B2	5	27N	7W		890'	NORTH	1780	EAST	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 160/80	¹³ Joint or Infill I	¹⁴ Consolidation Code U	¹⁵ Order No.
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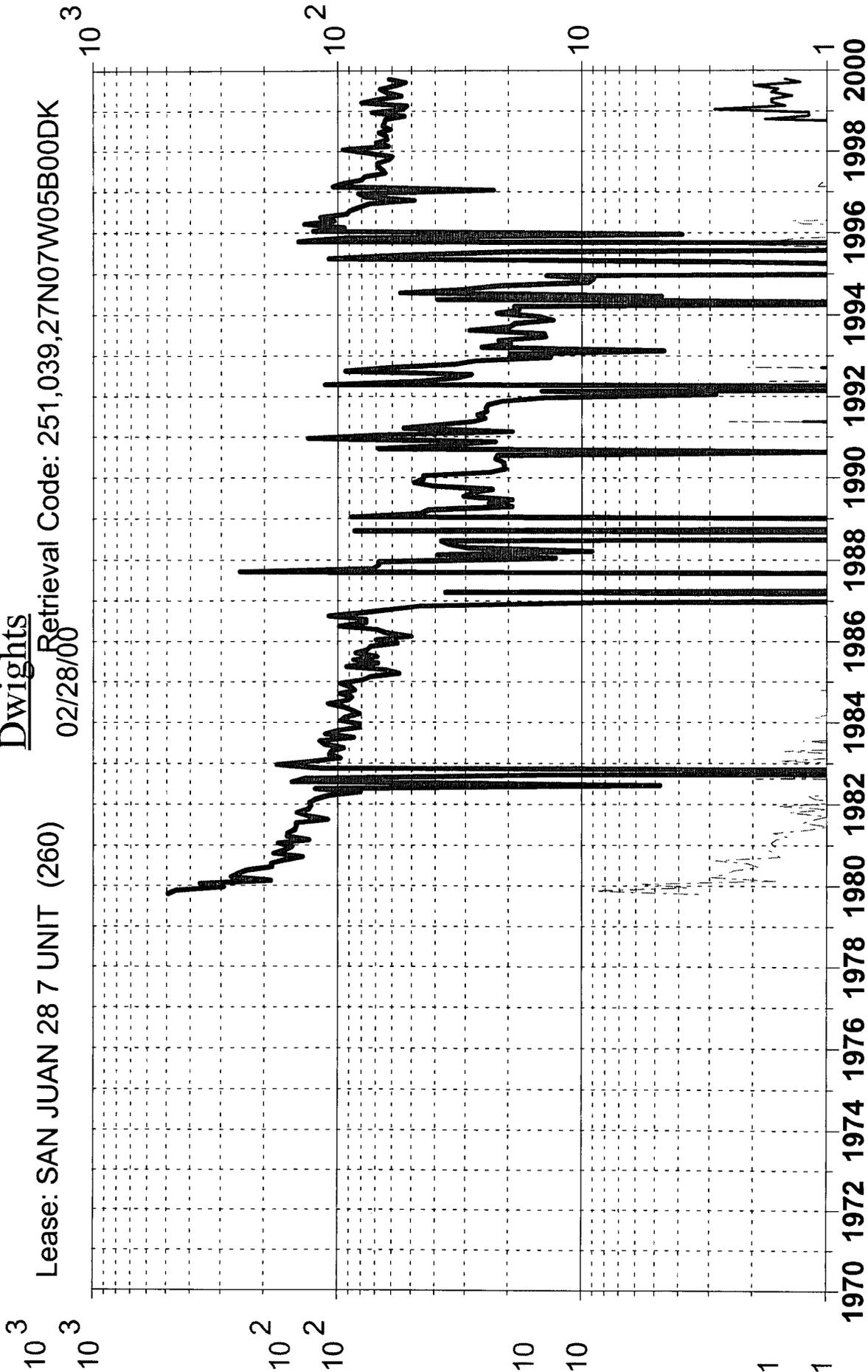
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				<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>
				Signature: <i>Deborah Moore</i>
				Printed Name: Deborah Moore
				Title: Regulatory Analyst
			Date: 3/31/00	
			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 Surveyer:	
			Certificate Number	

Dwights

Lease: SAN JUAN 28 7 UNIT (260)

Retrieval Code: 251,039,27N07W05B00DK
02/28/00



Gas (mcf/day)

Oil (bbl/day)

Water (bbl/day)

Operator: CONOCO INC

F.P. Date: 10/79

Location: 5B 27N 7W

Oil Cum: 4325 bbl

Upper Perf: 7467 ft

Gas Cum: 526.9 mmcf

Lower Perf: 7679 ft

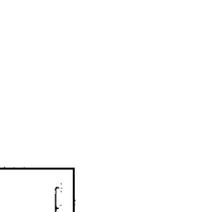
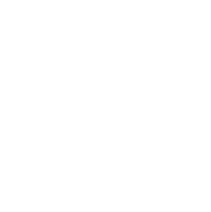
Reservoir: DAKOTA

Lease: SAN JUAN 28 7 UNIT
 Field: BASIN (DAKOTA) DK
 Operator: CONOCO INC
 RCI #: 251,039,27N07W05B00DK
 API #: 30-039-21678-00

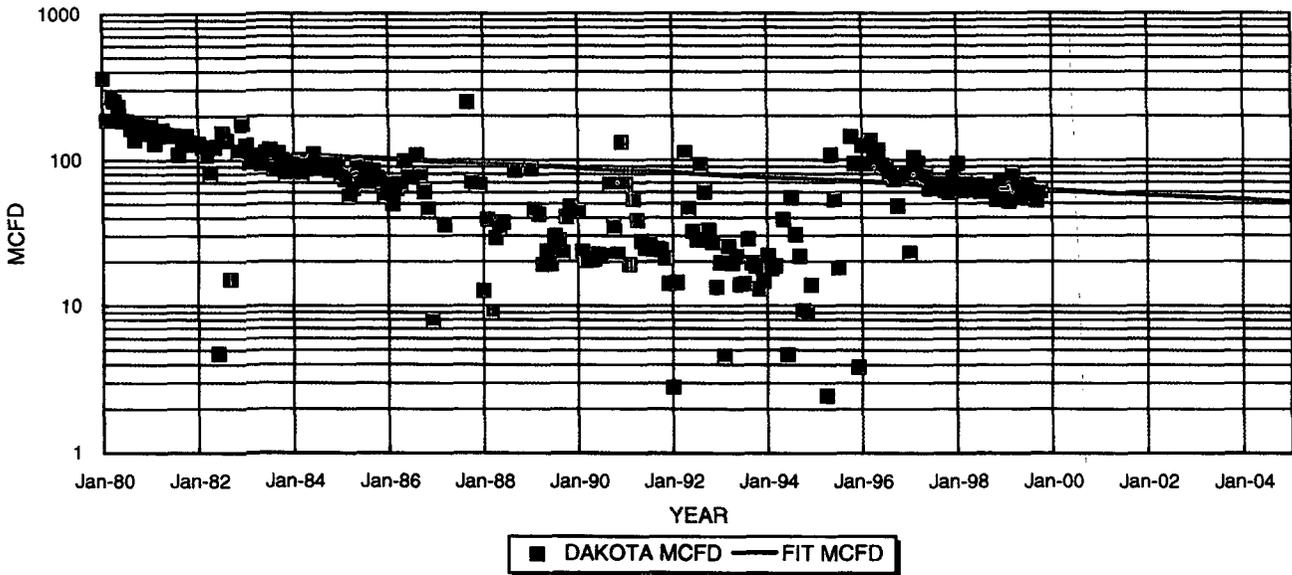
Well #: 260
 Location: 5B 27N 7W
 Liquid Cum: 4,325 bbls
 Gas Cum: 526,879 mcf
 Status: ACT GAS

FP Date: 79-10
 LP Date: 99-10
 Liq Since: FPDATE
 Gas Since: FPDATE

DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
11/1998	12	1,621	36	1
12/1998	12	2,189	36	1
01/1999	29	1,659	87	1
02/1999	15	1,583	45	1
03/1999	17	2,421	51	1
04/1999	17	2,063	51	1
05/1999	14	1,669	42	1
06/1999	17	1,925	51	1
07/1999	16	2,031	48	1
08/1999	20	1,770	60	1
09/1999	13	1,604	39	1
10/1999	15	1,863	45	1
Total	197	22,398	591	



**SJ 28-7 #260 DAKOTA PRODUCTION
SECTION 5B-27N-07W, RIO ARRIBA COUNTY, NEW MEXICO**

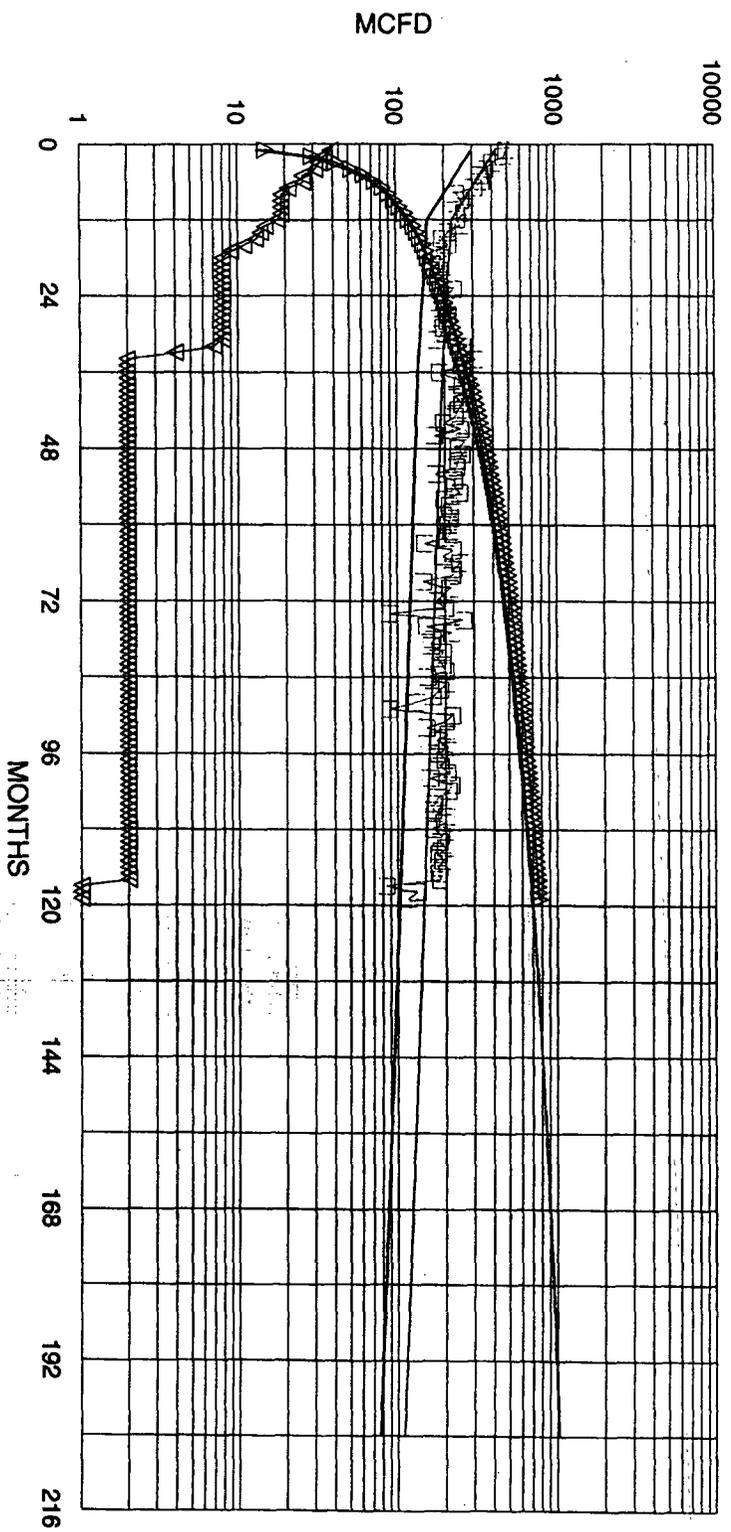


DAKOTA PRODUCTION		1ST PROD: 10/79	DAKOTA PROJECTED DATA		
OIL CUM:	4.33	MBO	Jan.00 Qi:	62	MCFD
GAS CUM:	526.9	MMCF	DECLINE RATE:	3.5%	(EXPONENTIAL)
OIL YIELD:	0.0082	BBL/MCF	API #30-039-22436		

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	61	1
2001	59	0
2002	57	0
2003	55	0
2004	53	0
2005	51	0
2006	49	0
2007	48	0
2008	46	0
2009	44	0
2010	43	0
2011	41	0
2012	40	0
2013	38	0
2014	37	0
2015	36	0
2016	35	0
2017	33	0
2018	32	0
2019	31	0
2020	30	0
2021	29	0
2022	28	0
2023	27	0
2024	26	0
2025	25	0
2026	24	0
2027	23	0

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



FIT MCFD NORMALIZED MCFD NORFM CUM MMCF
 WELLS ON PRODUCTION FIT CUM MMCF RISKED MCFD

Expected Mesaverde Production - 325 MCFD for Yr. 1

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