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DHC

9/18/00

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

AUG 28 2000

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2827

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

DISTRICT II

811 South First St., Artesia, NM 88210-2835

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

CONOCO, INC.

P.O. BOX 2197 DU 3066 HOUSTON, TX 77252

Operator

Address

SAN JUAN 28-7

22

H - 17 - 28N

RIO ARRIBA

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 005073

Property Code 016608

API NO. 30-039-07422

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	BASIN FRUITLAND COAL 71629	BLANCO PICTURED CLIFFS 72359	BLANCO MESAVERDE 72319
2. Top and Bottom of Pay Section (Perforations)	2670'-2848' PROPOSED	2854'-2913' PROPOSED	4440'-4660'
3. Type of production (Oil or Gas)	GAS EXPECTED	GAS EXPECTED	GAS
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW	EXPECTED TO FLOW	EXPECTED TO FLOW
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) * 1,044	a. * 1,035	a. 575
	b. (Original) 1,044	b. 1,035	b. 1,233
6. Oil Gravity (°API) or Gas BTU Content	1,189	1,045	1,250
7. Producing or Shut-In?	TO BE COMPLETED	TO BE COMPLETED	PRODUCING
Production Marginal? (yes or no)	YES	YES	YES
* 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)	Date: Rates: EST. 250MCFD	Date: Rates: EST. 150MCFD	Date: Rates: CURRENT 40MCFD
8. Fixed Percentage Allocation Formula - % for each zone	Allocate by test Oil: % Gas: %	Allocate by test Oil: % Gas: %	Allocate by subtraction method. 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 ^{Minimal} 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

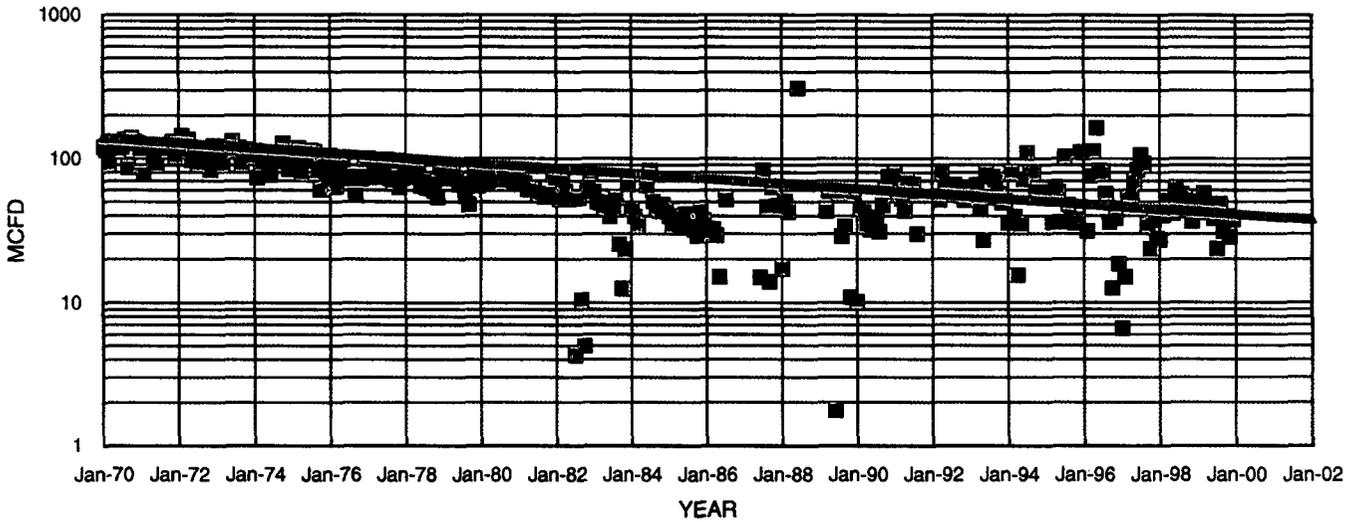
- 16. ATTACHMENTS:
 - * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - * Production curve for each zone for at least one year. (If not available, attach explanation.)
 - * For zones with no production history, estimated production rates and supporting data.
 - * Data to support allocation method or formula.
 - * Notification list all offset operators.
 - * Notification list of all working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling
- *Current BHP's are expected to be at or near virgin bottom-hole pressure.

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

SIGNATURE Deborah Marberry TITLE REGULATORY ANALYST DATE 07/12/2000

TYPE OR PRINT NAME DEBORAH MARBERRY TELEPHONE NO. () (281)293-1005

**SJ 28-7 #22 MESAVERDE PRODUCTION
SECTION 17H-28N-07W, RIO ARRIBA COUNTY, NEW MEXICO**



■ MESAVERDE MCFD ▲ FIT MCFD

MESAVERDE PRODUCTION		1ST PROD: 08/55	MESAVERDE PROJECTED DATA		(API #30-039-07422)
OIL CUM:	2.71	MBO	Jan.00 Qi:	41	MCFD
GAS CUM:	1371.9	MMCF	DECLINE RATE:	4.0%	(EXPONENTIAL)
OIL YIELD:	0.0020	BBL/MCF			

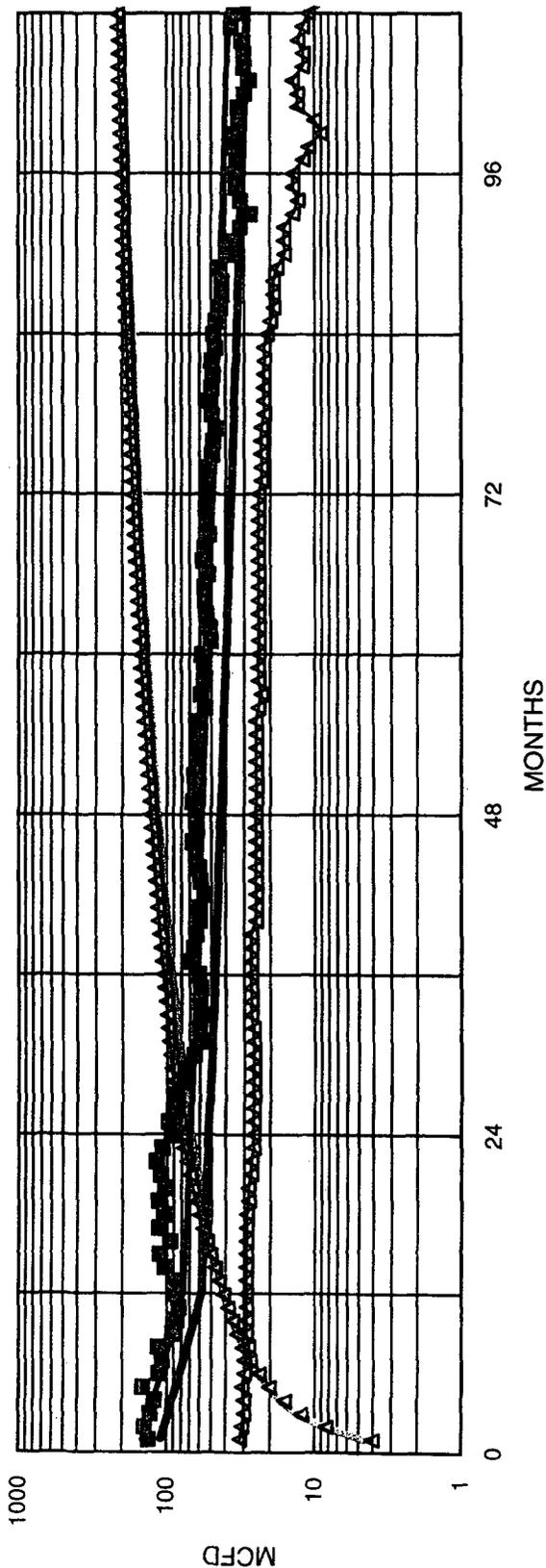
PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NOTE: Current decline rate is approximately 4.0%/year. This rate is expected to continue for the duration of the well based on production trends observed during the life of this well.

Production data from PI/Dwights Plus.

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	40	0.1
2001	39	0.1
2002	37	0.1
2003	36	0.1
2004	34	0.1
2005	33	0.1
2006	32	0.1
2007	30	0.1
2008	29	0.1
2009	28	0.1
2010	27	0.1
2011	26	0.1
2012	25	0.0
2013	24	0.0
2014	23	0.0
2015	22	0.0
2016	21	0.0
2017	20	0.0
2018	19	0.0
2019	19	0.0
2020	18	0.0
2021	17	0.0
2022	16	0.0
2023	16	0.0
2024	15	0.0
2025	15	0.0
2026	14	0.0
2027	13	0.0

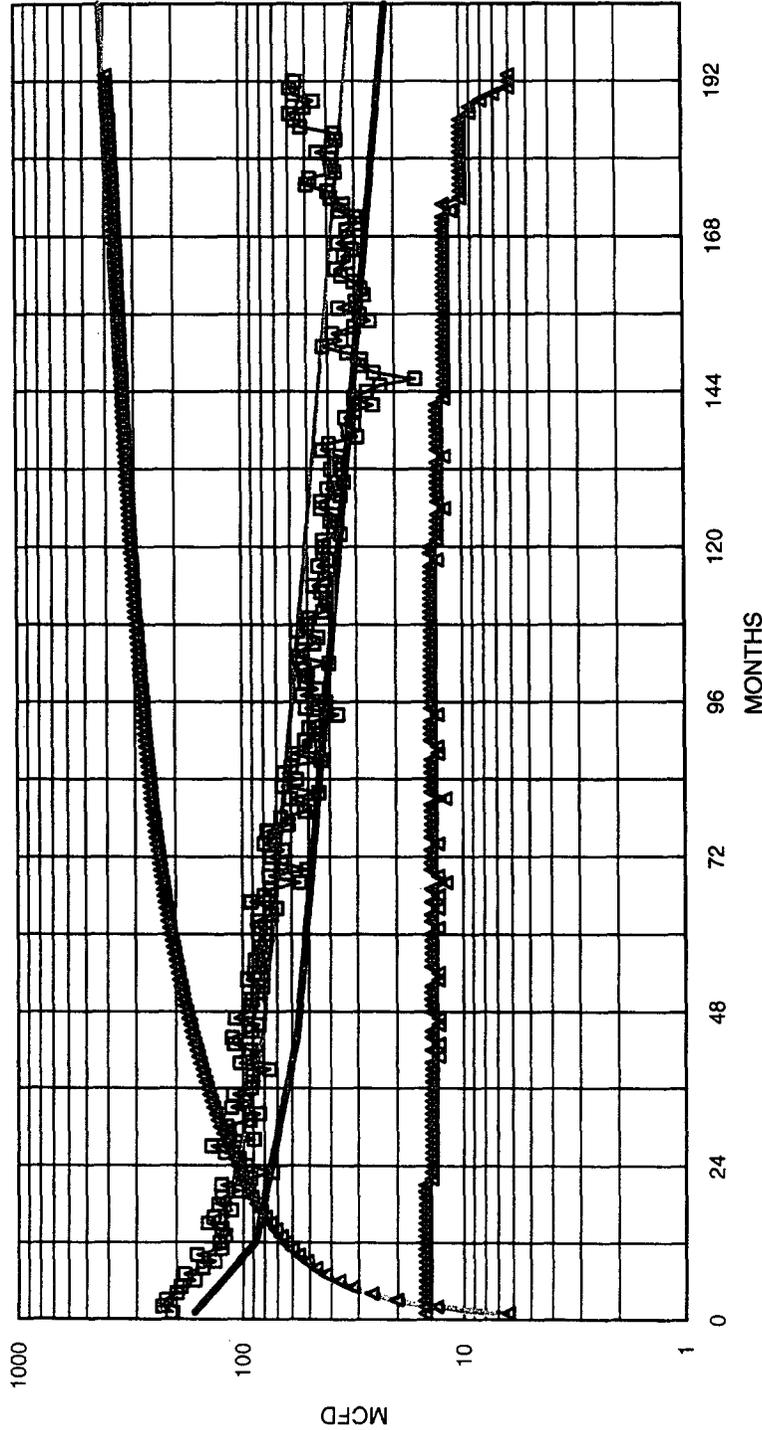
NORMALIZED FRUITLAND COAL PRODUCTION
29 WELLS SINCE 1990; 28N-7W & 27N-7W



■ NORM MCFD
 ▲ NORM CUM MMCF
 ● RISKED MCFD
 — FIT MCFD

NORMALIZED AVG: 323 MMCF EUR 300 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield	155 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 10.0% DECLINE, NEXT 24 MONTHS 8.0% FINAL DECLINE	231 MMCF EUR 225 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield	25% RISK	116 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 10.0% DECLINE, NEXT 24 MONTHS 8.0% FINAL DECLINE
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**NORMALIZED PICTURED CLIFFS PRODUCTION
 PROD. SINCE 1980; 15 PC WELLS LOCATED IN 28N-7W AND 27N-7W (Secs. 1:12)**



—▲— NORMALIZED MCFCF —▲— NORM CUM MMCF —▲— WELLS ON PRODUCTION ——— FIT CUM MMCF ——— RISKED MCFCF ——— FIT MCFCF

NORMALIZED AVG: 522 MMCF EUR 524 MMCF/33.5/YRS 10 MCFCF E.L. 0.000158 bbl/mcf oil yield		RISKED AVG: 30% RISK 350 MMCF EUR 349 MMCF/27.8 YRS 10 MCFCF E.L. 0.000158 bbl/mcf oil yield		250 MCFCF IP 50% DECLINE, 1ST 12 MONTHS 15% DECLINE, NEXT 36 MONTHS 7% FINAL DECLINE		175 MCFCF IP 50% DECLINE, 1ST 12 MONTHS 15% DECLINE, NEXT 36 MONTHS 7% FINAL DECLINE	
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 District IV
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State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instruction on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07422		² Pool Code 72319		³ Pool Name BLANCO MESAVERDE	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 #22			⁶ Well Number 22
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
H	17	28N	7W		1879'	NORTH	520'	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	¹³ Joint or Infill	¹⁴ Consolidation Code	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					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>	
					Signature 	
					Printed Name DEBORAH MARBERRY Title REGULATORY ANALYST Date	
				¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under</i>		
				Date of Survey Signature and Seal of Professional Surveyer		
				Certificate Number		

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⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 #22			⁶ Well Number 22
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation

¹⁰ Surface Location

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					Signature <i>Deborah Marberry</i>	
					Printed Name DEBORAH MARBERRY	
Title REGULATORY ANALYST		Date		¹⁸ SURVEYOR CERTIFICATION		
		I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under				
		Date of Survey		Signature and Seal of Professional Surveyer		
				Certificate Number		

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WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 #22			⁶ Well Number 22
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation

¹⁰ Surface Location

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