

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP SD

NOV 18 2002

Check One Only for [B] or [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

- [D] Other: Specify _____

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Deborah Marberry

Deborah Marberry

Regulatory Analyst

11/15/2002

Print or Type Name

Signature

Title

Date

Deborah.a.marberry@conoco.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 68240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals, and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised May 15, 2000

APPLICATION TYPE

___ Single Well

Established Pre-Approved Pools

EXISTING WELLBORE

Yes ___ No

CONOCO, INC.

P.O. BOX 2197 WL3 3044 HOUSTON TX 77252

Operator

Address

SAN JUAN 28-7 UNIT

55A

I Sec.12 T28N R7W

RIO ARRIBA

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 005073 Property Code 016608 API No. 30-039-21912 Lease Type Federal ___ State ___ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Fruitland Coal	Blanco Pictured Cliffs	Blanco Mesaverde
Pool Code	71629	72359	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3400 - 3595	3600 - 3750	5215 - 6229
Method of Production (Flowing or Artificial Lift)	expected to flow	expected to flow	flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	470	380	280
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-in or New Zone	new zone	new zone	producing
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.)	Date: Rates: see attached	Date: Rates: see attached	Date: Rates: see attached
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or part production, supporting data or explanation will be required.)	Oil Gas % % Test	Oil Gas % % Test	Oil Gas % % Subtraction

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingling zones?
If not, have all working royalty and overriding royalty interest owners been notified by certified mail?

Yes ___ No
Yes ___ No

Are all produced fluids from all commingling zones compatible with each other?

Yes No ___

Will commingling decrease the value of production?

Yes ___ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes No ___

NMOCD Reference Case No. applicable to this well: R-10476B R11363

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, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

Pre-Approved Pools

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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 11/15/2002

TYPE OR PRINT NAME DEBORAH MARBERRY TELEPHONE NO. (832)486-2326

District I
1625 N. French Dr., Hobbs, NM 88240
District II
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1000 Rio Brazos Rd., Aztec, NM 87410
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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-21912		² Pool Code 72319		³ Pool Name BLANCO MESAVERDE	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 UNIT			⁶ Well Number 55A
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation 6822

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	12	28N	7W		1460	SOUTH	990	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 288.4 S/2	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> <p><i>Deborah Marberry</i> Signature</p> <p>DEBORAH MARBERRY Printed Name</p> <p>REGULATORY ANALYST Title</p> <p>11/05/2002 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

990'

1460'

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-21912		² Pool Code 71629		³ Pool Name BASIN FRUITLAND COAL	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 UNIT			⁶ Well Number 55A
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation 6822

¹⁰ Surface Location

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					<p>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.</p> <p>990'</p> <p>1460'</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-21912		² Pool Code 72439		³ Pool Name BLANCO PC SOUTH	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 UNIT			⁶ Well Number 55A
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation 6822

¹⁰ Surface Location

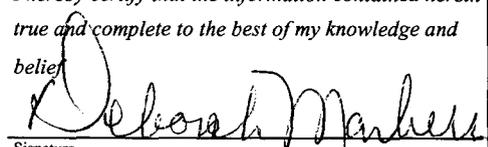
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	12	28N	7W		1460	SOUTH	990	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

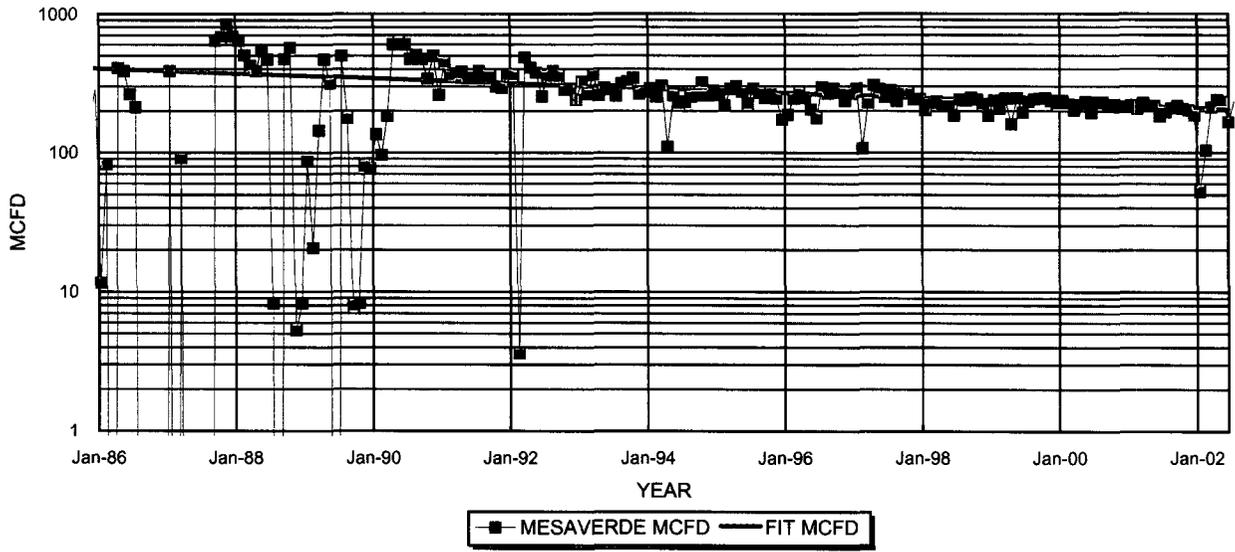
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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					<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature DEBORAH MARBERRY Printed Name REGULATORY ANALYST Title 11/05/2002 Date
					¹⁸ SURVEYOR CERTIFICATION
					<i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number
					990'
					1460'

**SAN JUAN 28-7 UNIT #55A MESAVERDE PRODUCTION
SECTION 12-28N-07W, RIO ARRIBA, NEW MEXICO**



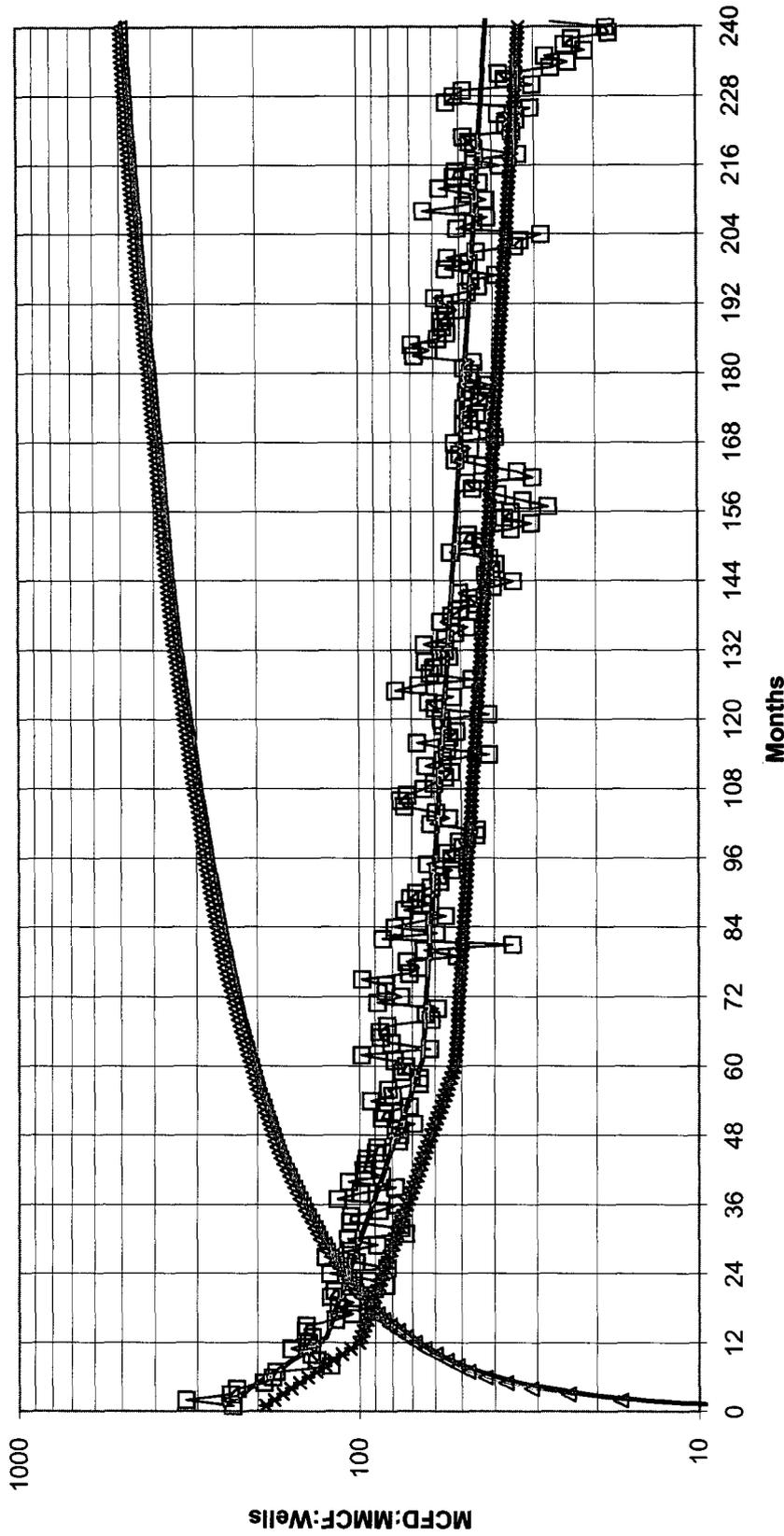
MESAVERDE PRODUCTION		1ST PROD: 08/79		MESAVERDE PROJECTED DATA	
OIL CUM:	10.41	MBO		Jan '02 Q1:	208 MCFD
GAS CUM:	2391.0	MMCF		DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	4.35	BBL/MMCF		API #30-039-21912	

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 PEEP.

YEAR	MID-YEAR	MID-YEAR
	AVG. MCFD	AVG. BOPD
2002	204	0.9
2003	196	0.9
2004	188	0.8
2005	181	0.8
2006	173	0.8
2007	167	0.7
2008	160	0.7
2009	154	0.7
2010	147	0.6
2011	141	0.6
2012	136	0.6
2013	130	0.6
2014	125	0.5
2015	120	0.5
2016	115	0.5
2017	111	0.5
2018	106	0.5
2019	102	0.4
2020	98	0.4
2021	94	0.4
2022	90	0.4
2023	87	0.4
2024	83	0.4
2025	80	0.3
2026	77	0.3
2027	74	0.3
2028	71	0.3
2029	68	0.3
2030	65	0.3
2031	63	0.3
2032	60	0.3

**NORMALIZED PICTURED CLIFFS PRODUCTION
WELLS LOCATED IN 28-7 SECTIONS 16, 17, 18 AND 19**

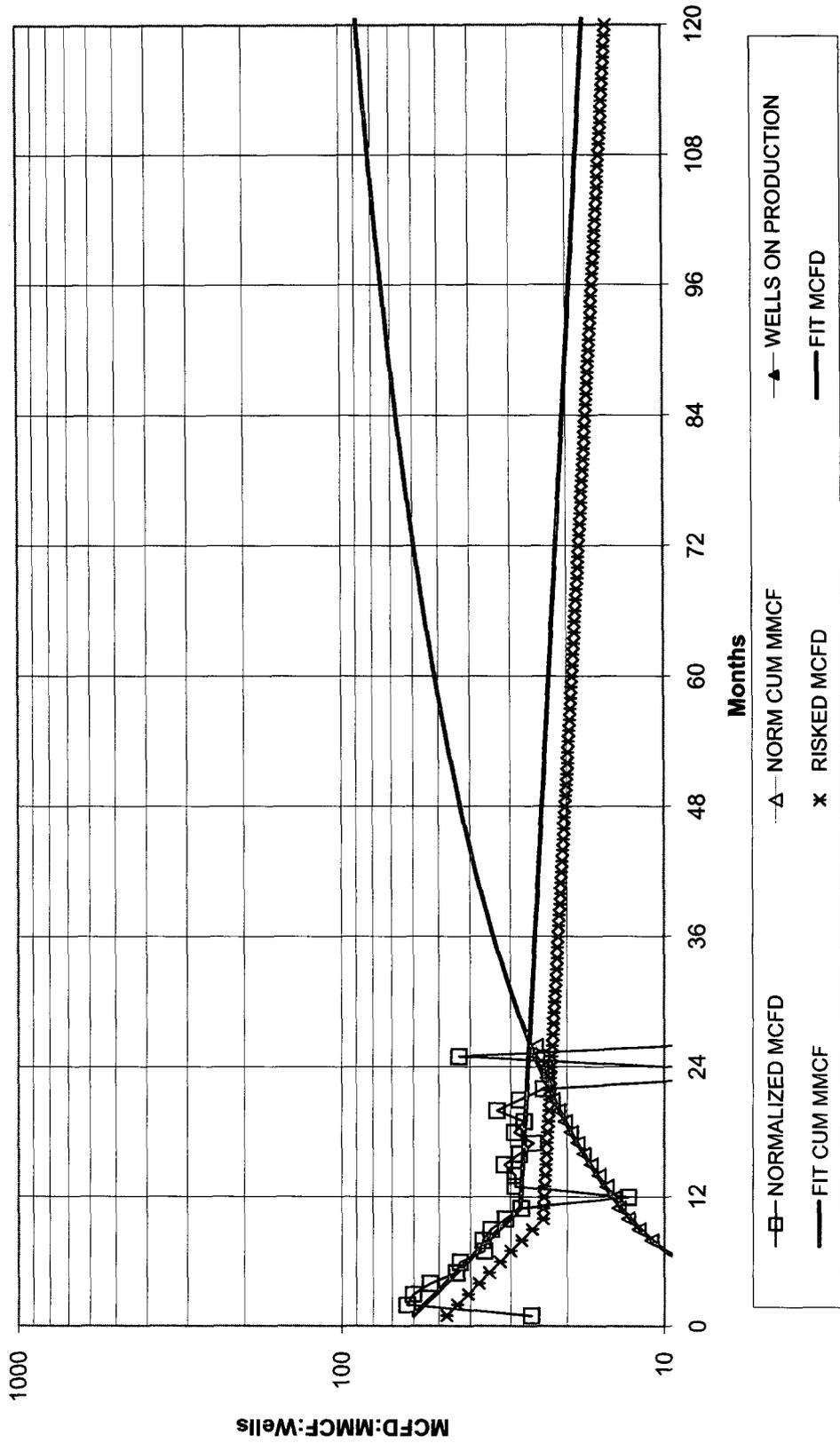


—□— NORMALIZED MCFD —▲— NORM CUM MMCF —▲— WELLS ON PRODUCTION
 ——— FIT CUM MMCF × RISKED MCFC

NORMALIZED AVG: 982 MMCF EUR 488 MMCF IN 20 YRS 713 MMCF IN 40 YRS 10 MCFC E.L. 0.0005 bbl/mcf oil yield	250 MCFC IP 50.0% DECLINE, 1ST 12 MONTHS 15.0% DECLINE, NEXT 48 MONTHS 3.0% FINAL DECLINE	20% RISK 786 MMCF EUR 570 MMCF IN 40 YRS 10 MCFC E.L. 0.0005 bbl/mcf oil yield	200 MCFC IP 50.0% DECLINE, 1ST 12 MONTHS 15.0% DECLINE, NEXT 48 MONTHS 3.0% FINAL DECLINE
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28-7 wells 8A, 12A, 30A, 32A, 146, 161, 245

LOW RATE FRUITLAND COAL PRODUCTION 6 WELLS LOCATED IN 28-7 AND 27-7



<p>NORMALIZED AVG:</p> <p>141 MMCF EUR 138 MMCF IN 20 YRS 185 MMCF IN 40 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield</p>	<p>15% RISK</p> <p>109 MMCF EUR 117 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield</p>	<p>51 MCFD IP 60.0% DECLINE, 1ST 10 MONTHS 5.0% FINAL DECLINE</p>
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28-7 wells 7, 10, 68, 146, 161. 27-7 well 35.