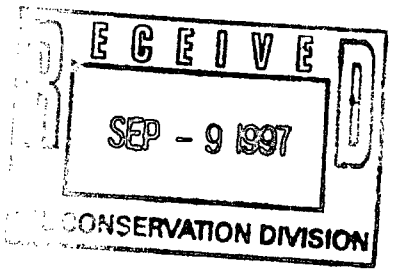
NSL 9/29/97

CONOCO

Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400



September 8, 1997

Mr. Michael Stogner
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Re: Administrative Application for Non-Standard Location
for Mesaverde and Dakota Gas Production from
the San Juan 28-7 Unit Well No. 111 located at
2320' FSL & 1060' FWL, Sec. 20, T -27N, R-7W,
Rio Arriba County, New Mexico

Dear Mr. Stogner:

The attached EXHIBIT 1 is a 9-section plat showing San Juan 28-7 Well No. 111, its spacing unit, all surrounding Mesaverde and Dakota completions, and Conoco as the only offset operator. Conoco assumed operation of this well about two years ago from AMOCO. The well was originally drilled by El Paso Natural Gas company. This well has previously produced only in the Dakota, but Conoco is not proposing to recomplete to the Mesaverde and downhole commingle the well in both zones.

While the well was drilled and completed at this non-standard location in 1979, a search through the well files, that were passed on to Conoco when we assumed operation, did not reveal any record of OCD approval of the non-standard location. I have attached several exhibits showing the only records we have regarding the drilling and completion of the well.

I called Ernie Busch of the Aztec OCD Office and requested that he do a search of their records on this well to determine if approval had been sought or received by El Paso. Mr. Busch found no such records in his files either and suggested that we apply for non-standard approval for the previously unapproved Dakota completion simultaneously with our application for approval of the location for the proposed new Mesaverde completion. Neither Mr. Busch nor Conoco can document why the original location either needed to be non-standard or why it was drilled and produced all these years without approval of the location.

EXHIBIT 2 includes the only documents we have from El Paso's Application for Permit to Drill including a C-102 which obviously showed the location to be nonstandard since it is only 320 feet from the quarter section line instead of the required 790' setback for the Basin Dakota Pool. Also included in the APD was a topo map showing the location and proposed roads and pipelines. However, this topo map does not appear to shed any light on why the location was located North of the standard drilling window.

EXHIBIT 3 is a copy (unsigned) of the BLM's approval to drill the well and EXHIBIT 4 is a copy of their approval of the Dakota completion. EXHIBIT 4 is an approved copy of Conoco's proposal to recomplete to the Mesaverde and EXHIBIT 5 is an approved copy of Conoco's proposal to downhole commingle the Mesaverde and Dakota in this well.

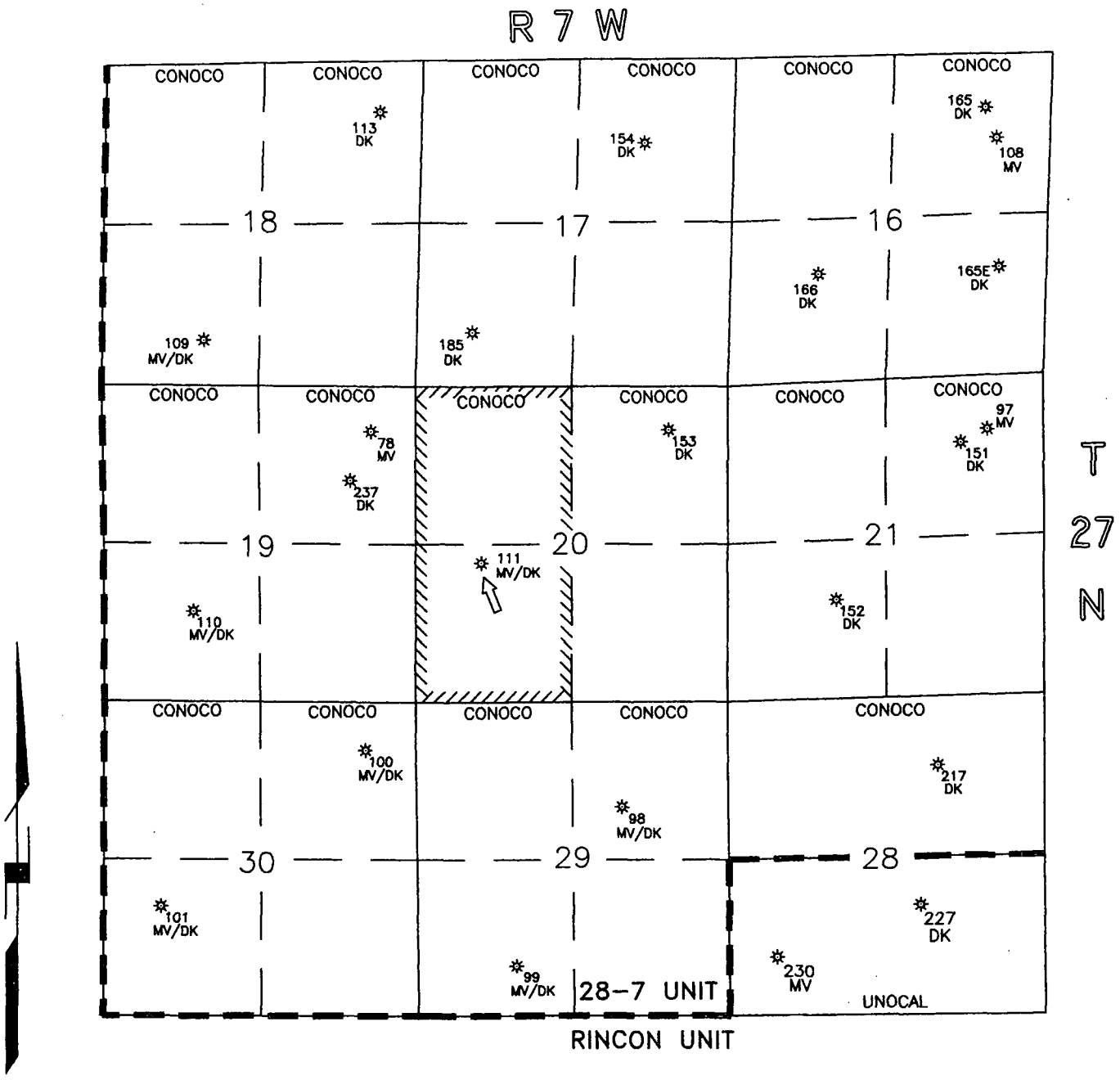
Conoco has proposed an economically viable plan for putting this shut-in Dakota completion back on production and extending the life of this well by recompleting to the Mesaverde and subsequently downhole commingling both zones. Additional Dakota and the untapped Mesaverde reserves in this spacing unit can only be economically recovered through downhole commingling them in an existing wellbore. Dakota production is down to 28 MCFGPD and a new drill cannot be justified for the existing Mesaverde reserves.

Therefore, approval is requested of this non-standard location for both Dakota and Mesaverde production. The well is within the Conoco-operated San Juan 28-7 Unit, so there are no other offset operators. Approval of this application will prevent waste and will not impair any correlative rights associated with this spacing unit nor offset units. All other required approvals have been received for the recompletion and downhole commingling of this well to extend its life and recovery.

Very truly yours,

Jerry W. Hoover
Sr. Conservation Coordinator

cc: Ernie Busch, Aztec OCD Office



SAN JUAN 28-7 UNIT
RIO ARRIBA CO., N.M.

NOTES

CONOCO OPERATES ALL MESAVERDE AND DAKOTA WELLS WITHIN THE 28-7 UNIT.

MAP SHOWS ONLY MESAVERDE AND DAKOTA WELLS

EXHIBIT 1

DATE: 9-05-97

DRAWN BY: GLG

CHECKED BY:

APPROVED BY:

SCALE: 1" = 2640'

STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003

conoco EPNGNA MIDLAND DIVISION

SAN JUAN 28-7 UNIT, WELL NO. 111
MESAVERDE & DAKOTA WELLS
RIO ARRIBA COUNTY
NEW MEXICO

STATE	API COUNTY		DRAWING
30	039		28-7_111

CONOCO INC. OFFICE
10 DESTA DRIVE WEST
MIDLAND, TEXAS 79705

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 03521

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME: San Juan 28-7 Unit

8. FARM OR LEASE NAME: San Juan 28-7 Unit

2. NAME OF OPERATOR: El Paso Natural Gas Company

9. WELL NO.: 111

3. ADDRESS OF OPERATOR: PO Box 990, Farmington, NM 87401

10. FIELD AND POOL, OR WILDCAT: Basin Dakota

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2320'S, 1060'W
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 20, T-27-N, R-7-W NMPM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

12. COUNTY OR PARISH: Rio Arriba | 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320.00

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH: 7526'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6587'GL

22. APPROX. DATE WORK WILL START*

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24.0#	200'	175 cu. ft. to circulate
7 7/8"	4 1/2"	10.5#&11.6#	7526'	980 cu. ft. - 3 stages

Production Casing Cement:
1st stage - 310 cu. ft. to cover the Gallup formation.
2nd stage - 310 cu. ft. to cover the Mesa Verde formation.
3rd stage - 360 cu. ft. to cover the Pictured Cliffs formation.

Selectively perforate and sandwater fracture the Dakota formation.

The West/2 of Section 20 is dedicated to this well.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED: [signature] TITLE: Drilling Clerk DATE: July 31, 1974

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
AUG 3 1974
[signature]

Oral approval 8/2/74 by A. F. Willbrand

*See Instructions On Reverse Side

EXHIBIT 2

NEW MEXICO OIL CONSERVATION COMMISSION

LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
EL PASO NATURAL GAS COMPANY	SAN JUAN 28-7 UNIT (NM-03521)	111

Unit Letter	Section	Township	Range	County
L	20	27 NORTH	7 WEST	RIO ARRIBA

Actual Footage Location of Well:
2320 feet from the SOUTH line and 1060 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6587	DAKOTA	BASIN DAKOTA	320.00 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

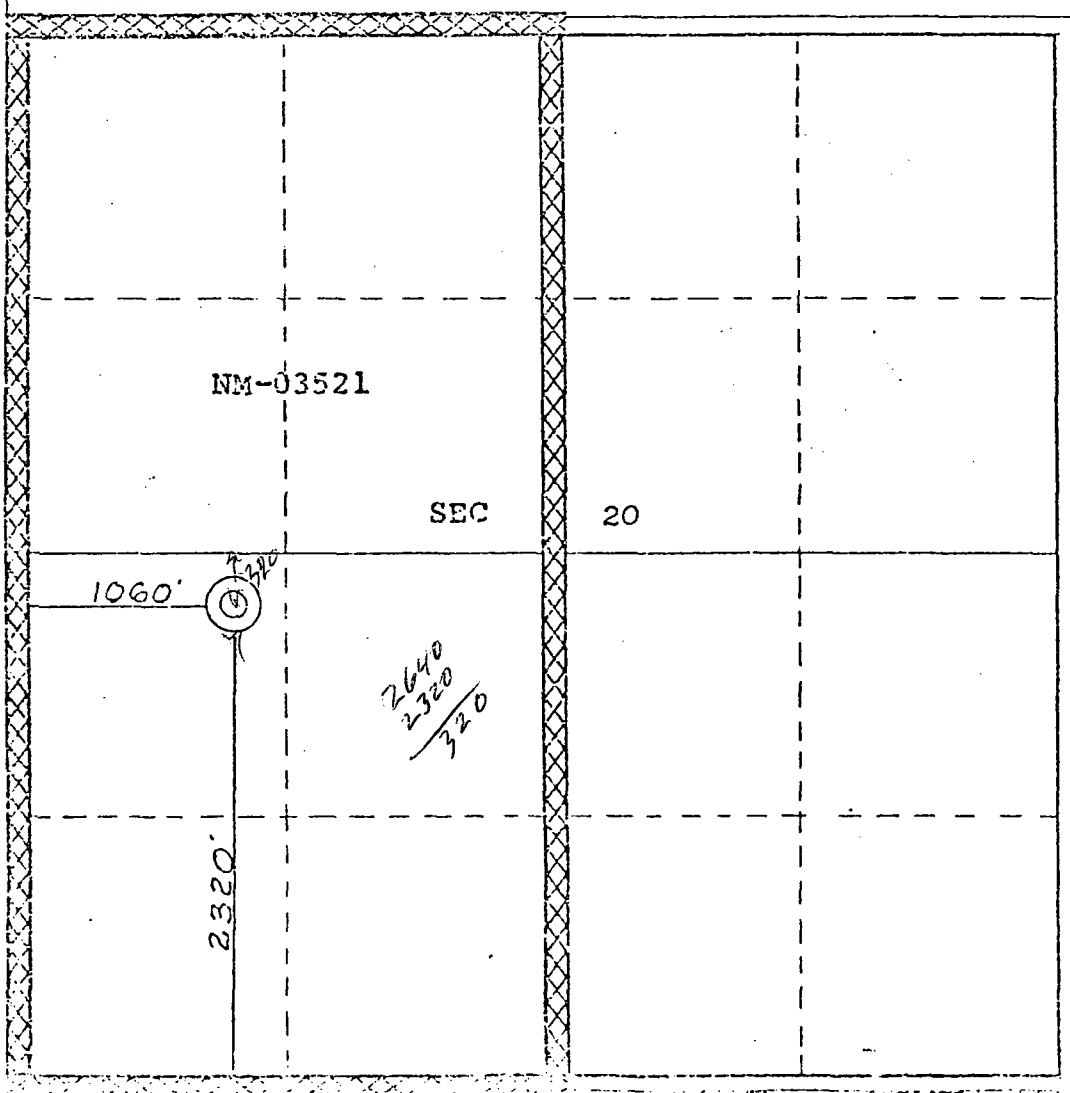
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

[X] Yes [ ] No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name: Drilling Clerk

Position: El Paso Natural Gas Co.

Company: July 31, 1974

Date:

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 knowledge and belief.

Date Surveyed: 29 May 1974

Registered Professional Engineer and/or Land Surveyor: James P. Leese

Certificate No.

El Paso Natural Gas Company

El Paso, Texas 79978

July 31, 1974

ADDRESS REPLY TO
POST OFFICE BOX 990
FARMINGTON, NEW MEXICO 87401

Mr. Jerry Long
U. S. Geological Survey
Post Office Box 1809
Durango, Colorado 81301

Re: Application for Permit to Drill
San Juan 28-7 Unit #111
SW/4 Section 20, T-27-N, R-7-W
Basin Dakota

Dear Mr. Long:

Details regarding existing roads, pipelines, wells, etc. relative to the above well location are included on the previously submitted base maps, "Field Road Map" and "Composite Map No. 1".

The proposed new well location, new roads and new pipeline are shown on the attached plat along with connecting existing roads and pipelines in the vicinity of the proposed new well.

Water for drilling and completion operations will be obtained from the following location: a water well located in the NE/4 of Section 15, T-27-N, R-7-W.
Waste material will be disposed of by burial in the burn pit, latrine, or reserve pit as applicable. There will be no camp nor air strip associated with drilling this well. Upon completion or abandonment of this well, the location will be cleaned and leveled and a dry hole marker placed, if applicable.

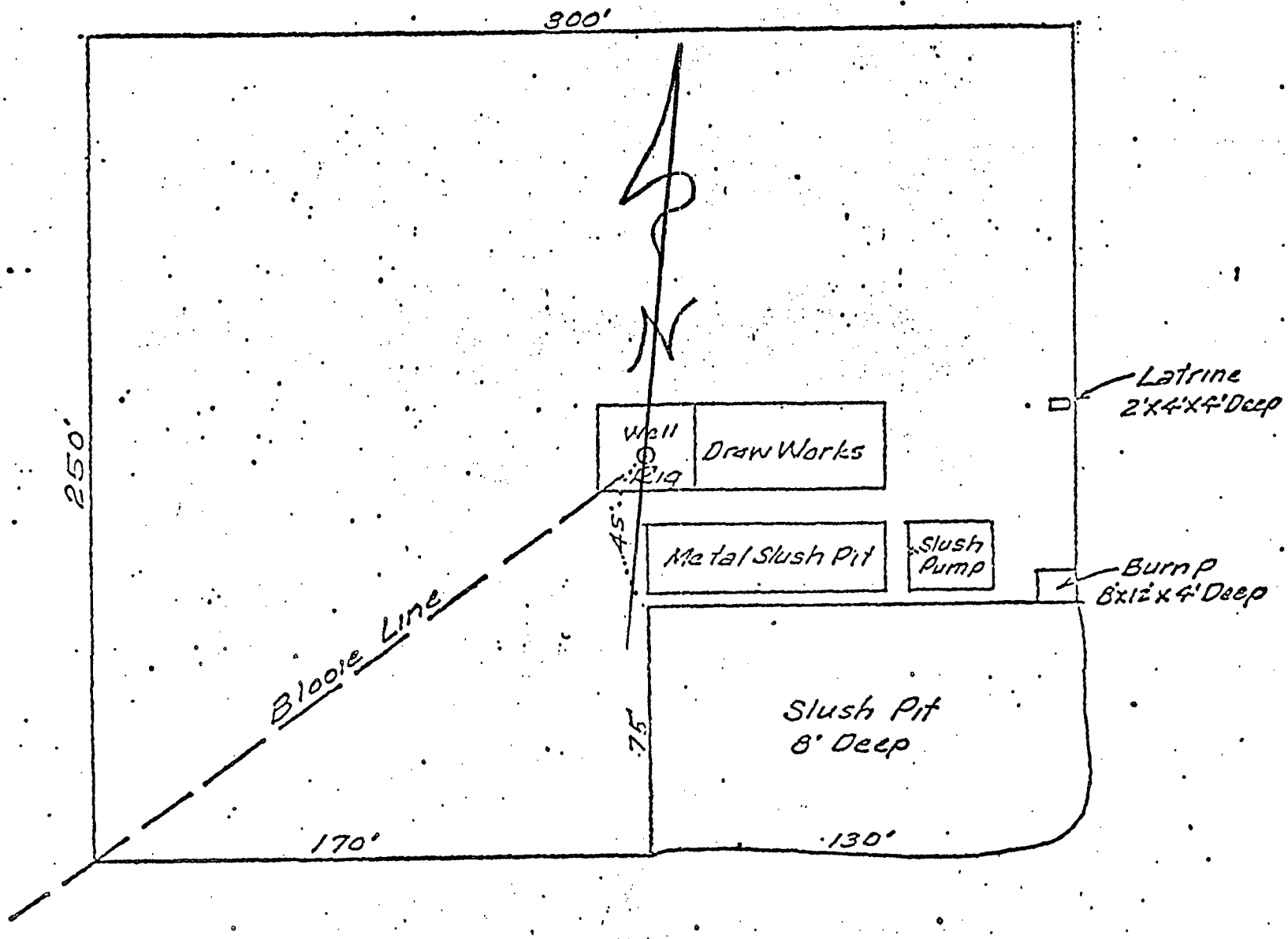
Yours very truly,

D. G. Brisco

D. G. Brisco
Drilling Clerk

pb

SAN JUAN 28-7 UNIT NO. 111

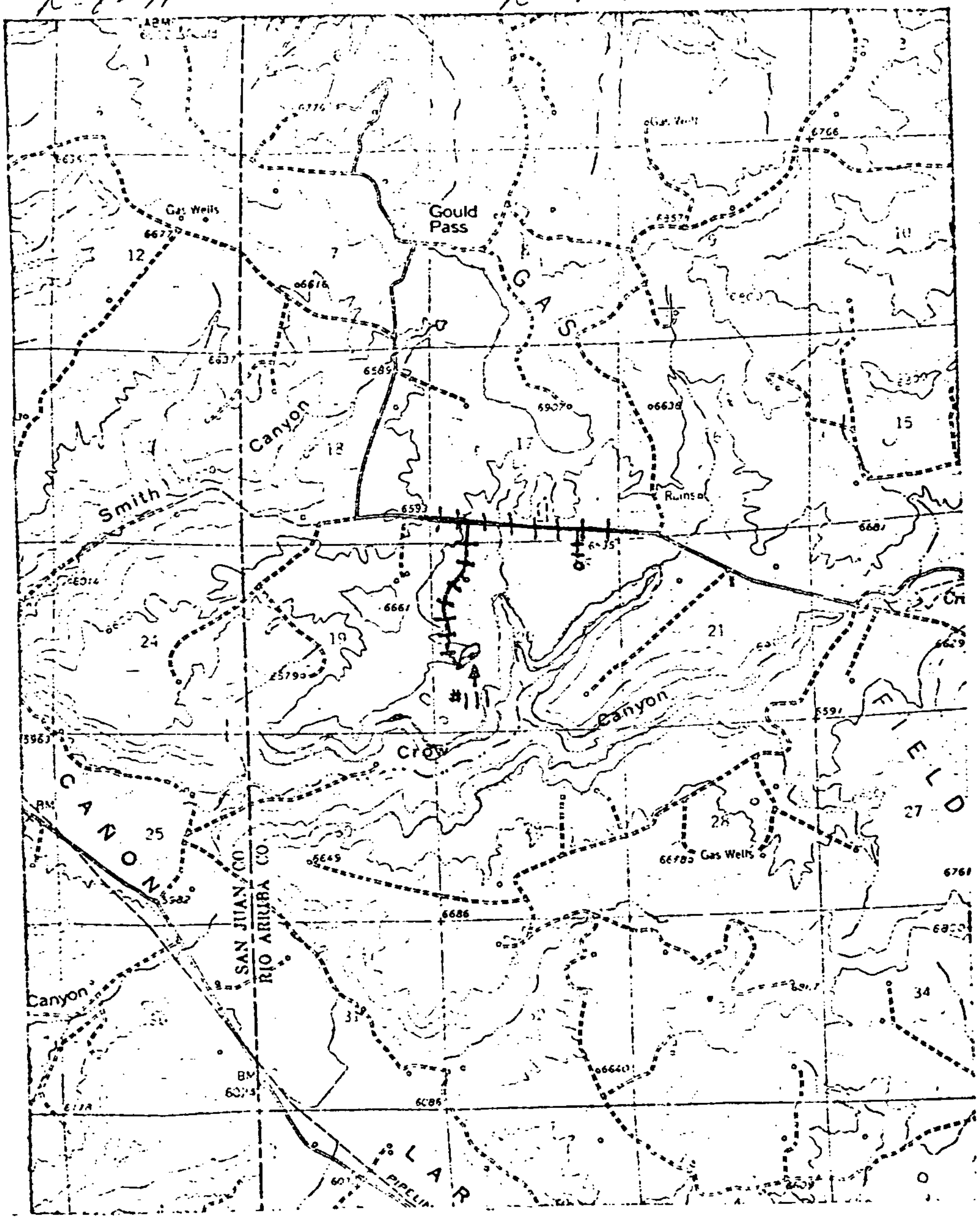


San Juan 28-7 Unit #111
NW SW/4 Sec 20, T-27-N, R-7-W

R-8-W R-7-W

T 28 N

T 27 N



LEGEND OF RIGHT-OF-WAYS

EXISTING ROADS
EXISTING PIPELINES
EXISTING ROAD & PIPELINE
PROPOSED ROADS
PROPOSED PIPELINES
PROPOSED ROAD & PIPELINE

IN REPLY REFER T

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

3100

Farmington RAH
P. O. Box 568
Farmington, New Mexico
87401

August 6, 1974

Mr. Jerry Long
U. S. Geological Survey
P. O. Box 1809
Durango, Colorado 81301

Dear Mr. Long:

We recommend approval of the following Applications for Permit to Drill, provided the attached stipulations become part of the permits:

San Juan 27-4, No. 106, T. 27 N., R. 4 W., Section 19: NW¼SE¼
San Juan 28-6, No. 199, T. 27 N., R. 6 W., Section 24: NW¼SE¼
San Juan 28-6, No. 201, T. 27 N., R. 6 W., Section 25: NW¼SE¼
San Juan 28-7, No. 231, T. 28 N., R. 7 W., Section 16: SW¼NW¼
San Juan 28-7, No. 111, T. 27 N., R. 7 W., Section 20: NW¼SW¼
San Juan 28-7, No. 228, T. 27 N., R. 7 W., Section 8: NE¼SW¼
San Juan 28-7, No. 229, T. 28 N., R. 7 W., Section 32: SW¼SE¼

Thank you for your cooperation.

Sincerely yours,

Phil Kirk
Area Manager

Enclosures

EXHIBIT 3

Form 9-330
(Rev. 5-63)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE* (See instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other

b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other

2. NAME OF OPERATOR
El Paso Natural Gas

3. ADDRESS OF OPERATOR
Box 289, Farmington, New Mexico

4. LOCATION OF WELL (*Report location clearly and in accordance with any State requirements*)*
At surface
2320' S, 1060' W
At top prod. interval reported below
At total depth

5. LEASE DESIGNATION AND SERIAL NO.
NM 03521

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
S.J. 28-7 Unit

8. FARM OR LEASE NAME
S.J. 28-7 Unit

9. WELL NO.
111

10. FIELD AND POOL, OR WILDCAT
Basin Dakota

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 20, T-27-N, R-7-W, N M PM

14. PERMIT NO. | DATE ISSUED

12. COUNTY OR PARISH: Rio Arriba | 13. STATE: New Mexico

15. DATE SPUDDED	16. DATE T.D. REACHED	17. DATE COMPL. (*Ready to prod.*)	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*	19. ELEV. CASINGHEAD
9-9-78	10-1-78	6-1-79	6587' G L	

20. TOTAL DEPTH, MD & TVD	21. PLUG, BACK T.D., MD & TVD	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY	ROTARY TOOLS	CABLE TOOLS
7534'	7519'		→	0-7534	

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
7293 - 7492' (Dakota)

25. WAS DIRECTIONAL SURVEY MADE
NO

26. TYPE ELECTRIC AND OTHER LOGS RUN
ILL, FDC-GR, Temp survey

27. WAS WELL CORED
NO

28. CASING RECORD (*Report all strings set in well*)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9 5/8"	32.2#	237	13 3/4"	224 cu. ft.	
4 1/2"	10.5&11.6#	7534'	8 3/4"&7 7/8"	1421 cu. ft.	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"	7484'	

31. PERFORATION RECORD (*Interval, size and number*)
7293, 7359, 7373, 7403, 7408, 7426, 7431, 7438, 7454, 7470, 7492' w/ 1 SPZ.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
7293 - 7492	68,000# sand & 73,000 gal.water

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (*Flowing, gas lift, pumping—size and type of pump*)	WELL STATUS (*Producing or shut-in*)
	After frac gauge 602 MCF / D	Shut In

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD →	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
6/1/79							

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE →	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
SI 1517	SI 2157					

34. DISPOSITION OF GAS (*Sold, used for fuel, vented, etc.*)

TEST WITNESSED BY
H. McDaniels

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED D. G. Bruce TITLE Drilling Clerk DATE 7/10/79

*(See Instructions and Spaces for Additional Data on Reverse Side)

EXHIBIT 4

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: NM 03521

6. If Indian, Allonee or Tribe Name:

7. If Unit or CA, Agreement Designation: San Juan Unit 28-7

1. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.: 111

2. Name of Operator: CONOCO INC.

9. API Well No.: 30-039-20991

3. Address and Telephone No.: 10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5424

10. Field and Pool, or Exploratory Area: Mesaverde

4. Location of Well (Footage, Sec., T. R. M. or Survey Description): 2320' FSL, 1060' FWL, Sec. 20, T27N, R7W

11. County or Parish, State: Rio Arriba, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
☒ Notice of Intent	☐ Abandonment	☐ Change of Plans
☐ Subsequent Repon	☒ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracrunng
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☐ Other _____	☐ Dispose Water

(Note: Reponresultsof multiplecompletionsonWell Completion or Recompletion Report and Log form.)

13. Describe Proposed or Compieted Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

It is proposed to recomplete this well to the Mesaverde by the following procedure:

1. Set CIBP at 5600' to isolate Dakota perforations.
2. Perforate Point Lookout from 5215' - 5551', 25 total holes, and frac.
3. Drill out CIBP, clean out well to PBTD and put on production.

Application for Down Hole Commingling of Mesaverde and Dakota has previously been submitted.

NMOCD approval is required for the unorthodox location.

070 FARMINGTON, NM
97 MAY 22 PM 2:29
RECEIVED
BLM

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct

Signed Jerry W. Hoover Title Sr. Conservation Coordinator Date 5/13/97

(This space for Federal or State office use)

Approved by Title Pet. Engineer Date MAY 27 1997

Conditions of approval if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States an or representations as to any matter within its jurisdiction.

EXHIBIT 5

*See Instruction on Reverse Side

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	2 Pool Code	3 Pool Name
30-039-20991	72319	Mesaverde

4 Property Code	5 Property Name	6 Well Number
016608	San Juan 28-7 Unit	111

7 OGRID No.	8 Operator Name	9 Elevation
005073	Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	6587

10 Surface Location

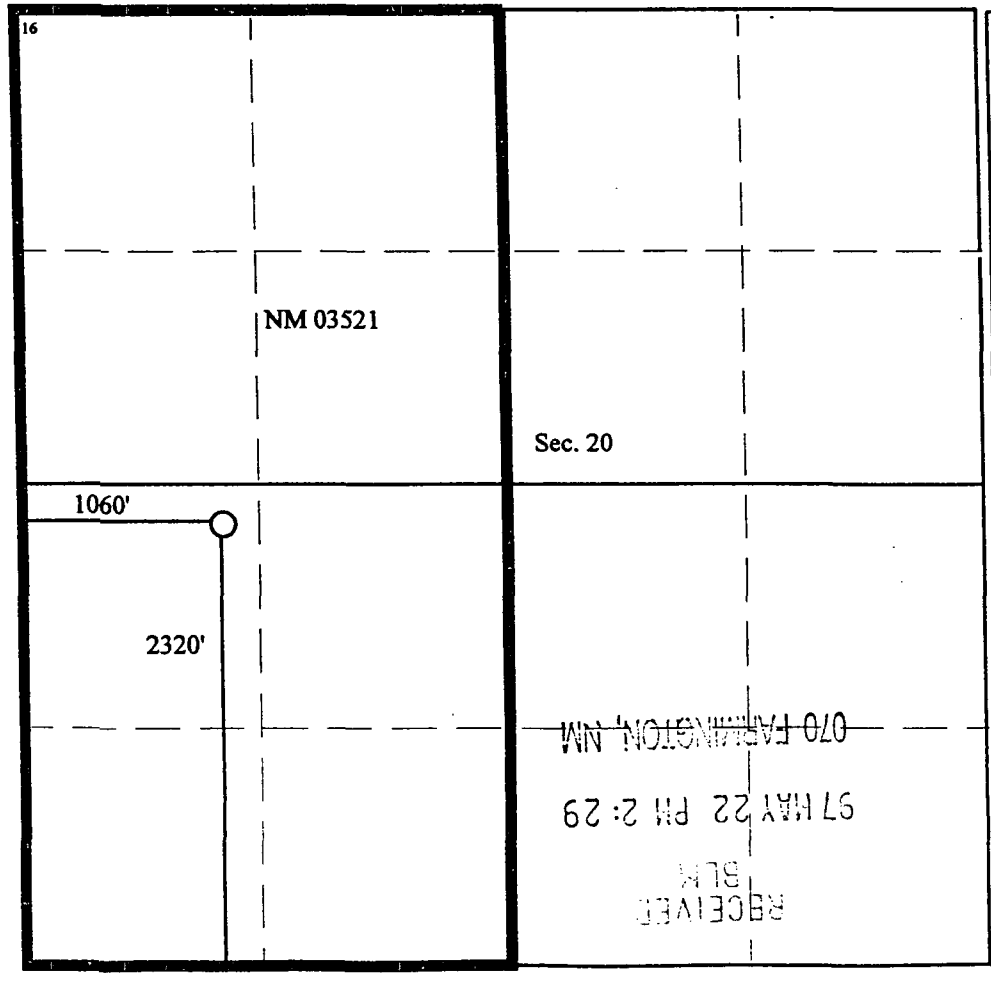
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	27N	7W		2320	S	1060	W	Rio Arriba

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.
320.0			

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

Signature

Jerry W. Hoover

Printed Name

Sr. Cons. Coordinator, Conoco Inc.

Title

5/13/97

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

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1545

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Mr. Jerry W. Hoover

San Juan 28-7 Unit No. 111
API No. 30-039-20991
Unit L, Section 20 Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) Gas Pools

Dear Mr. Hoover:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas production from the Basin-Dakota Gas Pool shall be determined utilizing the monthly production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

EXHIBIT 6

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 2nd day of May, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

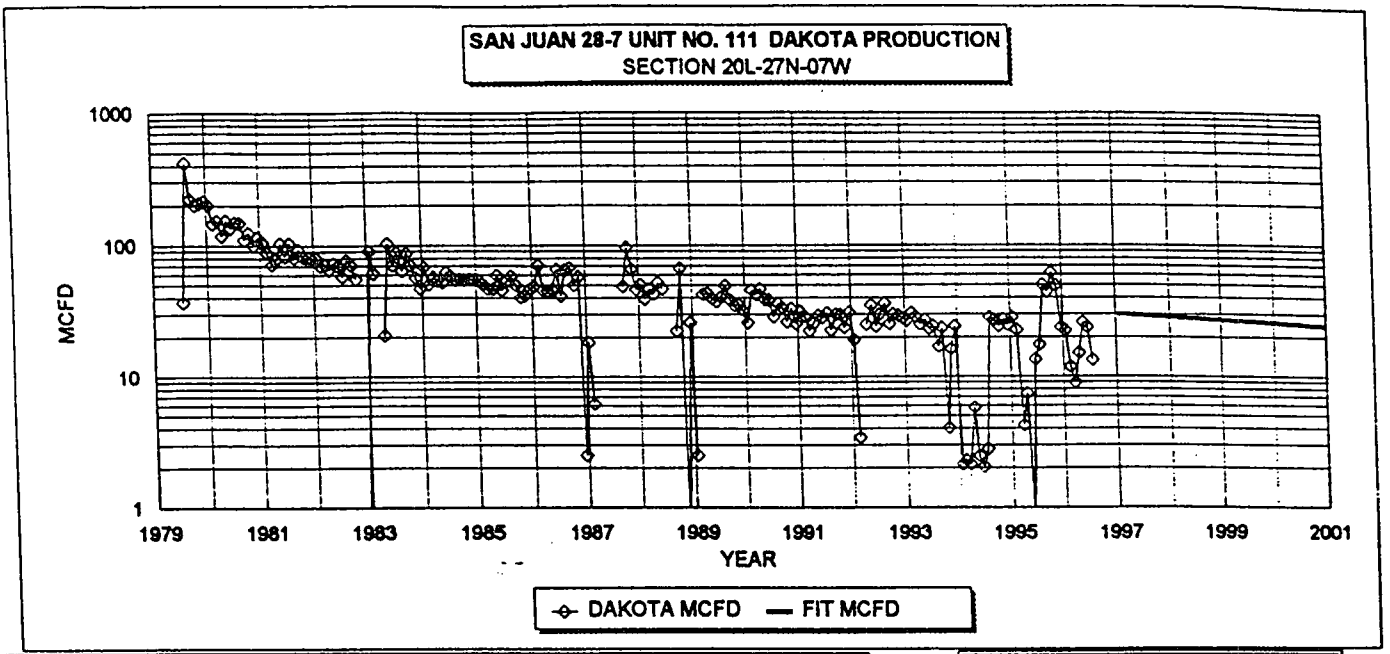
by Deputy Director

WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington



DAKOTA HISTORICAL DATA:	1ST PROD: 7/79	DAKOTA PROJECTED DATA	
OIL CUM:	3.30 MBO	1/1/97 Qi:	30 MCFD
GAS CUM:	313.2 MMCF	DECLINE RATE:	5.0% (EXPONENTIAL)
CUM OIL YIELD	0.0105 BBL/MCF		
OIL YIELD:	0.0156 BBL/MCF, LAST 3 YRS		
AVG. USED:	0.0130 BBL/MCF		

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
1996	29	0.4
1997	28	0.4
1998	26	0.3
1999	25	0.3
2000	24	0.3
2001	23	0.3
2002	22	0.3
2003	20	0.3
2004	19	0.3
2005	18	0.2
2006	18	0.2
2007	17	0.2
2008	16	0.2
2009	15	0.2
2010	14	0.2
2011	14	0.2
2012	13	0.2
2013	12	0.2
2014	12	0.2
2015	11	0.1
2016	10	0.1
2017	10	0.1

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1545

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Mr. Jerry W. Hoover

San Juan 28-7 Unit No. 111
API No. 30-039-20991
Unit L, Section 20 Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) Gas Pools

Dear Mr. Hoover:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas production from the Basin-Dakota Gas Pool shall be determined utilizing the monthly production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 2nd day of May, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

By [signature] Deputy Director

WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/09/97 14:38:22
OGOMES -EMEB
PAGE NO: 1

Sec : 20 Twp : 27N Rng : 07W Section Type : **NORMAL**

D 40.00 Federal owned U A	C 40.00 Federal owned U	B 40.00 Federal owned U	A 40.00 Federal owned U A
E 40.00 Federal owned U	F 40.00 Federal owned U	G 40.00 Federal owned U	H 40.00 Federal owned U

PF01 **HELP** PF02 PF03 **EXIT** PF04 **GoTo** PF05 PF06
PF07 **BKWD** PF08 **FWD** PF09 **PRINT** PF10 **SDIV** PF11 PF12

Sec : 20 Twp : 27N Rng : 07W Section Type : **NORMAL**

L 40.00 Federal owned U A A	K 40.00 Federal owned U	J 40.00 Federal owned U	I 40.00 Federal owned U
M 40.00 Federal owned U A	N 40.00 Federal owned U	O 40.00 Federal owned U	P 40.00 Federal owned U A