



Steven C. Klein
Senior Landman
Midland Division
Exploration Production
Fax (915) 686-5596

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500
Phone (915) 686-5475

February 12, 1999

New Mexico Oil Conservation Commission
1000 Rio Brazosa Road
Aztec, New Mexico 87410

Handwritten notes:
1-27-99
1-27-99

8 099

Attn: Mr. Frank Chavez

**Re: San Juan 28-7 Unit / C-14318-B
Dakota Participating Area
Section 18-27N-7W -- Development History
Rio Arriba County, New Mexico**

Dear Mr. Chavez,

I am responding to a question that you raised during the recent hearing in Santa Fe at the OCD on February 4, 1999, involving Conoco Inc.'s application for commingling, unorthodox well locations, and permission to drill a 6 Dakota well pilot program to determine proper well density (Case No. 121222). Your question concerned a situation in the far south part of the San Juan 28-7 Unit where Well No.109M is spaced W/2 of Section 18-27N-8W. The NW/4 is included within the current Dakota Participating Area, and the SW/4 which contains well No.109 is not included within the P/A. You asked why only 160 acres of a 320 acre Gas Proration Unit was brought into the P/A. I have now researched the files provided by the previous operator and provide the following historical information.

In 1959 El Paso operated the unit and drilled the original No.109 Dakota well. I have attached an Acreage Dedication Plat "Exhibit A", dated May 13, 1959 which sets out the W/2 as the dedicated spacing for this well. By letter dated September 24, 1959, attached as Exhibit "B", El Paso submitted a Notice of Completion of Non-Commercial Well to the USGS, Commissioner of Public Lands, and Oil Conservation Commission. This well was operated as a 320 acre GPU on a drillblock basis until November 19, 1975, when El Paso submitted an application for the 26th and 27th Expansions to the Dakota Participating Area. The 27th Expansion, effective July 1, 1975 brought Lots 1, 2, and E/2 NW/4 (a/k/a NW/4) of Sec. 18 into the P/A. Attached as "Exhibit C" you will find a copy of El Paso's Application for Approval of the 26th and 27th Expansions to the Dakota P/A. Along with the application, you will find a copy of an El Paso letter, dated February 17, 1977, advising Continental Oil (now Conoco) that the 27th Expansion was approved by the USGS on January 26, 1976, the Commission of Public Lands on November 24, 1975, and the Oil Conservation Commission on December 12, 1975.

The supporting documents clearly show that El Paso requested that the NW/4 of Sec. 18 be included in the P/A and approvals were obtained from all required regulatory agencies.

New Mexico Oil Conservation Commission
Mr. Frank Chavez
February 12, 1999
Page 2

This brings us to the present. On October 13, 1998 Conoco Inc. completed infill well No. 109M into the Dakota. Attached as "Exhibit D" is a copy of the Oil Conservation Division's Acreage Dedication Plat which sets out the GPU for the No.109M as being the W/2 of Sec. 18. The costs for the well are split 50% to the Dakota P/A owners due to the NW/4 being in the P/A, and 50% to the drillblock owner in the SW/4. Conoco is currently in the process of assembling production data in order to determine if the No.109M is economic for the purposes of justifying bringing the SW/4 into the P/A. If our analysis indicates that the Dakota is economic and such economic status can be shown to extend to include the SW/4, we will file an application to expand the Dakota P/A.

We hope the information provided above answers any questions you may have in regard to the historical development of the Dakota within Section 18-27N-7W.

Sincerely,

A handwritten signature in cursive script that reads "Steven C. Klein". The signature is written in black ink and is positioned above the printed name.

Steven C. Klein

enclosures

cc: Mr. D. Catanach, NMOCD, Santa Fe, New Mexico

Well Location and Acreage Delimitation Plat

Section A.

Date MAY 13, 1959

Operator **EL PASO NATURAL GAS COMPANY** Lease **SAN JUAN 28-7 UNIT** 078840
 Well No. **109(MD)** Unit Letter **N** Section **18** Township **27-N** Range **7-W** NADPM
 Located **800** Feet From **SOUTH** Line, **1650** Feet From **WEST** Line
 County **RIO ARRIBA** G. L. Elevation **6517** Dedicated Acreage **320.36 & 320.36**
 Name of Producing Formation **MESA VERDE - DAKOTA** P. **BLANCO M.V., WILBERT DAKOTA**
Basin

1. Is the Operator the only owner in the delineated acreage outlined on the plat above?
 Yes No
2. If the answer to question one is "No", have the interests of all the owners been associated by some written agreement or otherwise? Yes No If answer is "Yes", Type of Association:

Unit Agreement

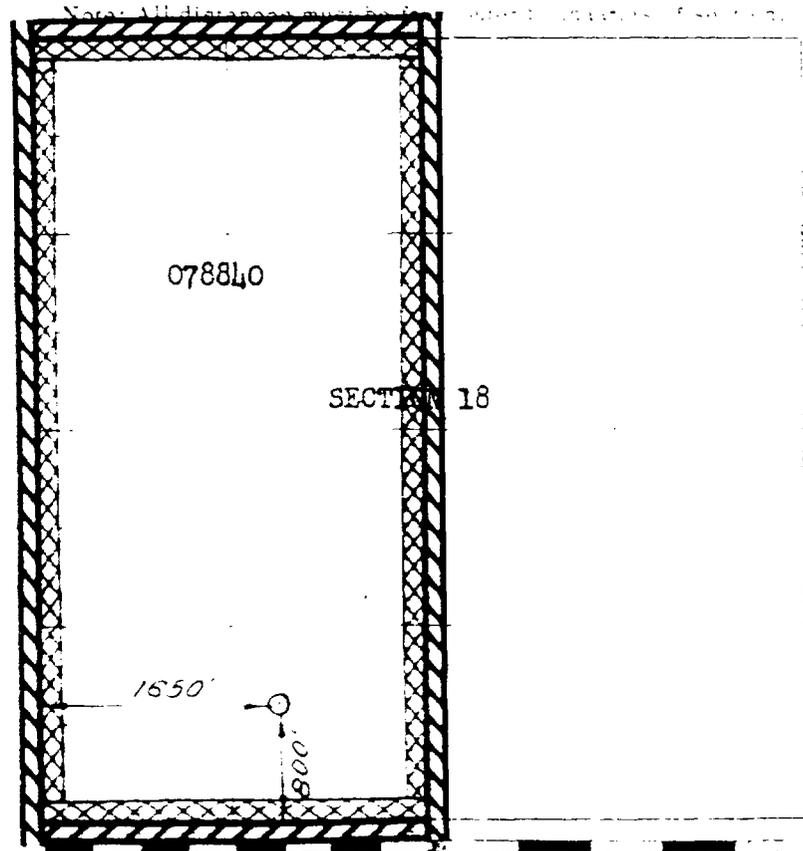
3. If the answer to question two is "No", list all the owners and their respective interests below:

Owner	Land Description
-------	------------------

ILLEGIBLE

Section B.
 To have effect, this plat must be filed in the office of the State Engineer, Santa Fe, New Mexico, and a copy of the same must be filed in the office of the County Engineer, Rio Arriba County, New Mexico.

El Paso Natural Gas Company
 Original Signed **C. D. COX**
 Box 957
 Farmington, New Mexico



OCTOBER 16, 1958

David Q. Wilner

The San Juan 28-7 Unit #109 Well was dually completed in the Mesaverde and Dakota Formations; therefore, said well will be included in the Notice of Completion and Thirty-Sixth Expanded Participating Area for the Mesaverde Formation and will be forwarded under separate cover.

Pursuant to Section 11(b) of the San Juan 28-7 Unit Agreement, #14-08-001-459, Unit Operator hereby requests the approval of the foregoing determination by the Regional Oil and Gas Supervisor, as the above described well is located on a drilling block involving Federal Lands.

Copies of this letter are being sent to the Working Interest Owners as shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By 

Sam Smith, Manager
Land Department

SS:JNN:ch
Attachment

EXHIBIT "C"

El Paso NATURAL GAS COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600

C-14318-B
27-01

February 17, 1977

RECEIVED		
HOBBS DIVISION		
FEB 22 77		
	Not	Noted
Div. Manager		
Div. Engr.		
Cons'v. Coord.	✓	2
Sup. Prod. Eng.		
Sup. Resv. Eng.		
Prod. Supt.		
Adm. Supv. <u>WNS</u>		
Sys. Supv.		
Coord. Env. Aff.		
Div. O. & M.		

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson
Division Manager

Gentlemen:

Please refer to you letter dated February 9, 1977 regarding the status of the 26th and 27th Dakota Expansion of the San Juan 28-7 Unit and the 9th and 10th Dakota Expansion of the Allison Unit. These expansions were approved on the dates indicated below:

San Juan 28-7
26th & 27th Expansion

Allison Unit
9th & 10th Expansion

11/24/75	Commission of Public Land	5/23/75
12/12/75	Oil Conservation Commissioner	5/26/76
01/26/76	United States Geological Survey	7/22/15

Yours very truly,

Don Wadsworth
Landman
Land Department
Energy Resource Development

DW/mb

San Juan 28-7 5.0

November 19, 1975

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Commissioner of Public Lands
State of New Mexico
Post Office Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: San Juan 28-7 Unit #14-08-001-459,
Rio Arriba County, New Mexico
APPLICATION FOR APPROVAL OF THE
TWENTY-SIXTH AND TWENTY-SEVENTH
EXPANDED PARTICIPATING AREAS,
DAKOTA FORMATION, Effective
May 1, 1975 and July 1, 1975,
respectively

RECEIVED HOBBS DIVISION	
NOV 20 '75	
	Note: Noted - Initials
Div. Manager	<input checked="" type="checkbox"/>
Prod. Supt.	<input type="checkbox"/>
Div. Engr.	<input checked="" type="checkbox"/>
Div. Off. Mgr.	<input type="checkbox"/>
Consrv. Coord.	<input checked="" type="checkbox"/>
M. S. Supv.	<input type="checkbox"/>

Gentlemen:

Pursuant to the provisions of Section 11(b) of the San Juan 28-7 Unit Agreement, #14-08-001-459, approved January 29, 1953, El Paso Natural Gas Company, as Unit Operator, hereby respectfully requests approval of the Twenty-Sixth and Twenty-Seventh Expanded Participating Areas for the Dakota Formation, to wit:

TWENTY-SIXTH EXPANDED PARTICIPATING AREA -
Effective May 1, 1975

Description of Lands

Acres

Township 28 North, Range 7 West, N.M.P.M.
Section 25: All

640.00

This land is proven to be productive by the following well:

The San Juan 28-7 Unit #222 well, located 1490' from the South line and 1480' from the West line of Section 25, Township 28 North, Range 7 West, N.M.P.M., was spudded on April 21, 1975, and completed on May 30, 1975, in the Dakota Formation at a total depth of 7346'. The Dakota Formation at the intervals of 7130', 7146', 7163', 7248', 7260', 7284', 7314', 7323', and 7331' was treated with a sand-water fracturing process on May 30, 1975. The well was shut-in on May 5, 1975, and after being shut-in for twenty-five (25) days the well was tested on May 30, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 6339 MCF/D through a 3/4" choke and 6722 MCF/D by the calculated absolute open-flow method, with an SIPC of 2605 psia and an SIPT of 2046 psia. The spacing unit for this well is described as the W/2 of Section 25, Township 28 North, Range 7 West, containing 320.00 acres.

TWENTY-SEVENTH EXPANDED PARTICIPATING AREA -
Effective July 1, 1975

<u>Description of Lands</u>	<u>Acres</u>
<u>Township 27 North, Range 7 West, N.M.P.M.</u>	
Sec. 6: Lots 1-7, E/2 SW/4, SE/4 NW/4, S/2 NE/4, SE/4	640.80
Sec. 7: Lots 1-4, E/2 W/2	320.26
Sec. 18: Lots 1, 2, E/2 NW/4	160.21
Sec. 19: Lots 1-4, E/2 W/2, E/2	641.15
Sec. 29: S/2	320.00
Sec. 30: Lots 1-4, E/2 W/2, E/2	641.44
<u>Township 28 North, Range 7 West, N.M.P.M.</u>	
Sec. 7: Lots 1-5, SE/4 SW/4, S/2 SE/4	299.21
Sec. 8: Lots 1-4, S/2 S/2	304.04
Sec. 9: Lots 1-4, S/2 S/2	299.64
Sec. 10: Lots 2, 3, 4, S/2 SW/4, SW/4 SE/4	222.30
Sec. 17: W/2	320.00
Sec. 18: Lots 1-4, E/2 W/2, E/2	624.76
Sec. 19: Lots 1-4, E/2 W/2, E/2	625.44
Sec. 30: Lots 1-4, E/2 W/2	305.76
Sec. 31: Lots 1-7, E/2 NW/4, NE/4 SW/4, N/2 SE/4, NE/4	616.23
	<u>6,341.24</u>

This land is proven productive by the following wells:

Regional Oil and Gas Supervisor
Commissioner of Public Lands
Oil Conservation Commission
Page Three

The San Juan 28-7 Unit #239 well, located 2080' from the South line and 950' from the West line of Section 17, Township 28 North, Range 7 West, N.M.P.M., was spudded on May 6, 1975, and completed on July 16, 1975, in the Dakota Formation at a total depth of 7844'. The Dakota Formation at the intervals of 7530', 7642', 7656', 7730', 7761', 7792', 7806', 7816', and 7830' was treated with a sand-water fracturing process on June 24, 1975. The well was shut-in on June 26, 1975, and after being shut-in for twenty (20) days the well was tested on July 16, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 2502 MCF/D through a 3/4" choke and 2599 MCF/D by the calculated absolute open-flow method, with an SIPC of 2460 psia and an SIPT of 1680 psia. The spacing unit for this well is described as the W/2 of Section 17, Township 28 North, Range 7 West, containing 320.00 acres.

The San Juan 28-7 Unit #241 well, located 1690' from the South line and 810' from the West line of Section 9, Township 28 North, Range 7 West, N.M.P.M., was spudded on June 2, 1975, and completed on July 17, 1975, in the Dakota Formation at a total depth of 7874'. The Dakota Formation at the intervals of 7646', 7657', 7667', 7680', 7730', 7743', 7780', 7806', 7822', 7832', and 7844' was treated with a sand-water fracturing process on July 1, 1975. The well was shut-in on July 2, 1975, and after being shut-in for fifteen (15) days the well was tested on July 17, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 842 MCF/D through a 3/4" choke and 864 MCF/D by the calculated absolute open-flow method, with an SIPC of 2545 psia and an SIPT of 2105 psia. The spacing unit for this well is described as Lots 3, 4, S/2 SW/4, SW/4 SE/4 Section 9, Lots 1, 2, 3, SE/4 SE/4 Section 8, Township 28 North, Range 7 West, containing 338.02 acres.

The San Juan 28-7 Unit #242 well, located 1840' from the North line and 1600' from the West line of Section 18, Township 28 North, Range 7 West, N.M.P.M., was spudded on May 17, 1975, and completed on July 24, 1975, in the Dakota Formation at a total depth of 7994'. The Dakota Formation at the intervals of 7755', 7766', 7776', 7848', 7884', 7916', 7927', 7936', 7949', and 7961' was treated with a sand-water fracturing process on June 28, 1975. The well was shut-in on June 29, 1975, and after being shut-in for twenty-five (25) days the well was tested on July 24, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 2776 MCF/D through a 3/4" choke and 2926 MCF/D by the calculated absolute open-flow method, with an SIPC of 2328 psia and an SIPT of 2336 psia. The spacing unit for this well is described as Lots 2, 3, 4, 5, Section 7, Lots 1, 2, 3, E/2 NW/4 of Section 18, Township 28 North, Range 7 West, containing 331.11 acres.

The San Juan 28-7 Unit #243 well, located 1180' from the South line and 1465' from the West line of Section 31, Township 28 North, Range 7 West, N.M.P.M., was spudded on May 19, 1975, and completed on July 18, 1975, in the Dakota Formation at a total depth of 7315'. The Dakota Formation at the intervals of 7000', 7074', 7113', 7175', 7195', and 7225' was treated with a sand-water fracturing process on July 9, 1975. The well was shut-in on July 10, 1975, and after being shut-in for eight (8) days the well was tested on July 18, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 2447 MCF/D through a 3/4" choke and 2524 MCF/D by the calculated absolute open-flow method, with an SIPC of 2429 psia and an SIPT of 2429 psia. The spacing unit for this well is described as Lots 2, 3, 4, 5, 6, 7, NE/4 SW/4, N/2 SE/4 of Section 31, Township 28 North, Range 7 West, containing 339.73 acres.

The San Juan 28-7 Unit #244 well, located 1090' from the South line and 990' from the West line of Section 7, Township 27 North, Range 7 West, N.M.P.M., was spudded on May 27, 1975, and completed on July 21, 1975, in the Dakota Formation at a total depth of 7588'. The Dakota Formation at the intervals of 7328', 7338', 7355', 7394', 7402', 7446', 7472', 7488', 7504', 7528', 7538', 7552', 7569', and 7578' was treated with a sand-water fracturing process on July 12, 1975. The well was shut-in on July 14, 1975, and after being shut-in for seven (7) days the well was tested on July 21, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 1129 MCF/D through a 3/4" choke and 1167 MCF/D by the calculated absolute open-flow method, with an SIPC of 2448 psia and an SIPT of 2007 psia. The spacing unit for this well is described as Lots 1, 2, 3, 4, E/2 W/2 of Section 7, Township 27 North, Range 7 West, containing 320.26 acres.

The San Juan 28-7 Unit #101 well, located 1795' from the South line and 970' from the West line of Section 30, Township 27 North, Range 7 West, N.M.P.M., was spudded on June 7, 1975, and completed on July 29, 1975, in the Dakota Formation at a total depth of 7482'. The Dakota Formation at the intervals of 7216', 7232', 7240', 7282', 7298', 7331', 7357', 7370', 7384', 7395', and 7416' was treated with a sand-water fracturing process on July 15, 1975. The well was shut-in on July 18, 1975, and after being shut-in for eleven (11) days the well was tested on July 29, 1975, and following a three (3) hour blow-down period, the Dakota Formation gauged 1904 MCF/D through a 3/4" choke and 1993 MCF/D by the calculated absolute open-flow method, with an SIPC of 2182 psia and an SIPT of 1227 psia. The spacing unit for this well is described as the W/2 of Section 30, Township 27 North, Range 7 West, containing 321.44 acres.

In support of this application, the following listed Exhibits are made a part hereof.

EXHIBIT "A"

Ownership map reflecting the boundaries of the Unit and the proposed Twenty-Sixth and Twenty-Seventh Expanded Participating Areas of the Dakota Formation within the San Juan 28-7 Unit.

EXHIBIT "B"

Geological Report on the Twenty-Sixth and Twenty-Seventh Expanded Participating Areas of the Dakota Formation within the San Juan 28-7 Unit.

EXHIBIT "C"

Figure No. 1: San Juan 28-7 Unit Subsurface Structure Contour Map
Figure No. 2: San Juan 28-7 Unit Isopachous Map

EXHIBIT "D"

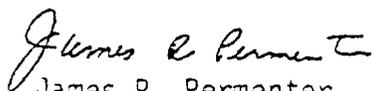
Schedule of Dakota Gas Production

Attached hereto are Schedules XXVII and XXVIII showing the proposed Twenty-Sixth and Twenty-Seventh Expanded Participating Areas for the Dakota Formation in the San Juan 28-7 Unit Area. These schedules describe the Expanded Participating Areas, show the percentages of unitized substances allocated to each unitized tract and the percentages of ownership in each tract.

If these Revised Twenty-Sixth and Twenty-Seventh Expanded Participating Areas of the Dakota Formation meet with your approval, please indicate such approval in the space provided and return an approved copy thereof for our files.

Copies of this letter are being sent to the working interest owners shown on the attached sheet.

Yours very truly,



James R. Permenter
Manager, Land Contracts & Titles
Land Department
Energy Resource Development

JRP:DW:nm
Enclosures
SJ 28-7 Unit 4.3

cc: Mr. Antonio Martinez

APPROVED: _____
Regional Oil & Gas Supervisor
United States Geological Survey
Subject to like approval by the
Commissioner of Public Lands and
the Oil Conservation Commission

DATE: _____

APPROVED: _____
Commissioner of Public Lands
Subject to like approval by the
United States Geological Survey
and the Oil Conservation Commission

DATE: _____

APPROVED: _____
Oil Conservation Commission
Subject to like approval by the
United States Geological Survey
and the Commissioner of Public Lands

DATE: _____

The foregoing approval is for the San Juan 28-7 Unit #14-08-001-459,
Twenty-Sixth and Twenty-Seventh Expanded Participating Areas for the
Dakota Formation, Rio Arriba County, New Mexico.

SAN JUAN 28-7 UNIT
Working Interest Owners

Amoco Production Company

Burton-Hawks, Inc.

Continental Oil Company

Mrs. Dudley Emerson Hotchkiss
Executrix of the Estate of
A. Harvey Arant, Deceased

Koch Industries, Inc.

Dixie M. McLane Trust

Mesa Petroleum Co.

Waymon G. Peavy

Reserve Oil & Gas Company

Mr. W. H. Riddle

Mrs. Thelma Ford Simmons
Independent Executrix of the
Estate of D. J. Simmons, Deceased

Tenneco Oil Company

Mr. J. Glenn Turner

Union Oil Company of California

The Wiser Oil Company

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

RECEIVED
OCT 22 1997

AMENDED REPORT

District 11
PO Drawer 99, Artesia, NM 88211-0719

District 11
1000 P.O. Brazos Rd., Aztec, NM 87410

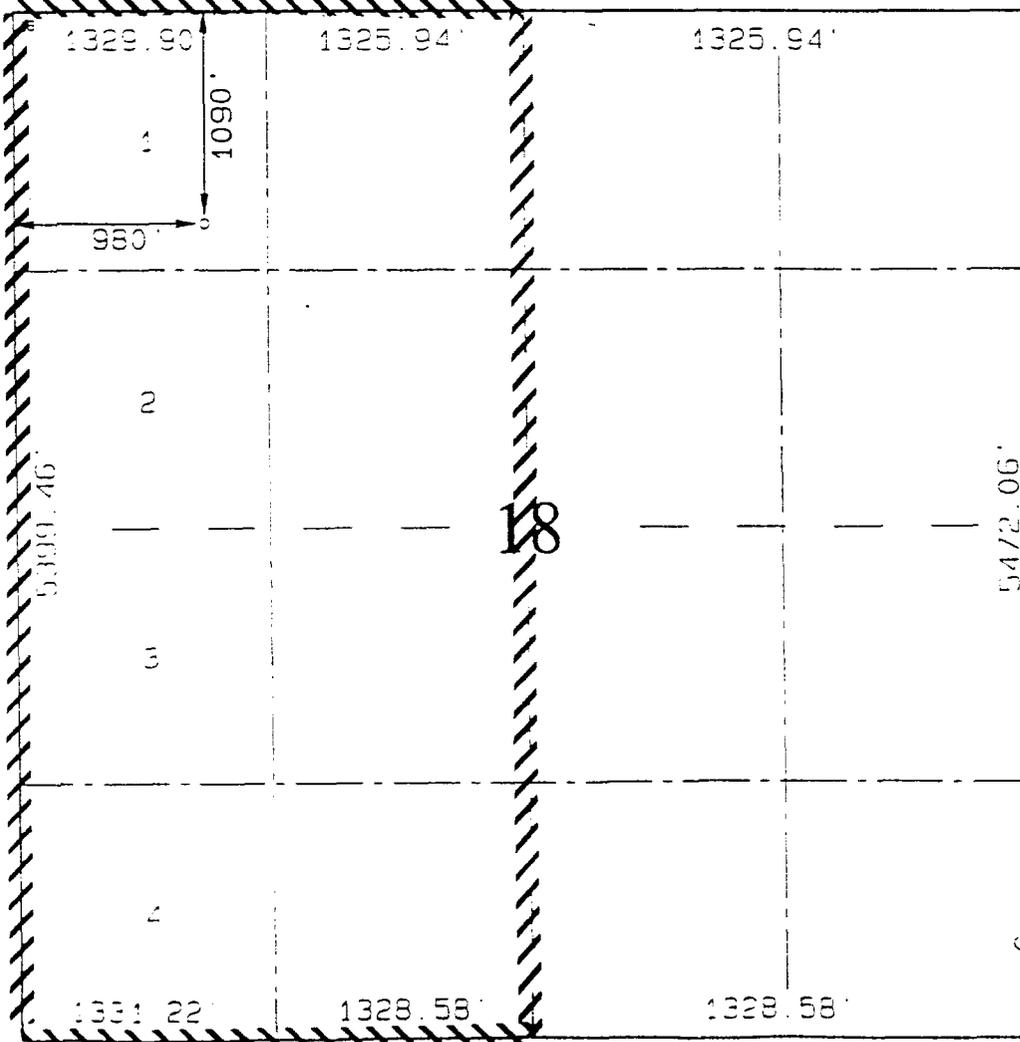
District 17
PO Box 2088, Santa Fe, NM 87504-2088

NOTED TO FILE

WELL LOCATION AND ACREAGE DEDICATION PLATINUM

*API Number		*Pool Code		*Pool Name					
		72319/71599		Blanco Mesaverde/Basin Dakota					
*Property Code		*Property Name						*Well Number	
016608		SAN JUAN 28-7 UNIT						109M	
*OSRIS No		*Operator Name						*Elevation	
005073		CONOCO, INC.						6554	
10 Surface Location									
UL of lot no	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
0	18	27N	7W		1090	North	980	West	RIO ARriba
11 Bottom Hole Location If Different From Surface									
UL of lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres		*Joint or Infill		*Consolidation Code		*Order No.			
320.36		Y		U					

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.

Mike L. Mankin
Signature
Mike L. Mankin
Printed Name
Right of Way Agent
Title
2-12-98
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

OCTOBER 22, 1997
Date of Survey

Signature and Seal of Surveyor
Neale C. Edwards
NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificator