



Mid-Continent Region
Exploration/Production

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

December 29, 1998

Working Interest Owners

San Juan 28-7 #183
Recompletion
San Juan County, New Mexico

Conoco Inc. requests your approval of the attached AFE.

The amounts requested are a best estimate only and may be larger or smaller due to actual project requirements.

Please show your approval of this project by signing the AFE cover sheet and returning it to me at the above address to the attention of Lori Thorp or fax to (915) 686-5508. A reply within thirty (30) days is appreciated. If you require additional information concerning this project, please contact the project engineer, Randy Herring at (915) 686-6541.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lori Thorp".

Lori Thorp
Senior Staff Assistant

NMOCC Case No. 12635
and Case No. 12705
November 6, 2001
D.J. Simmons, Inc. Exhibit No. D-1



EXPLORATION PRODUCTION - NORTH AMERICA

AUTHORITY FOR EXPENDITURE
AFE NUMBER 8446

TITLE: SAN JUAN 28-7 #183: MV RECOMPLETION
DIVISION: 51 MID-CONTINENT REGION
DEPARTMENT: 61 PRODUCTION
FIELD CODE AND NAME: UIQ SAN JUAN 28-7
LEASE CODE AND NAME: 7115072 SAN JUAN 28-7
OBJECTIVE HORIZON: MESA VERDE
LOCATION: SECTION 1, T27N-R7W, RIO ARRIBA CO., NM

WELL/FAC: 183

MASTER AFE NO.
AFE TYPE: 07 RECOMPLETIONS
BUDGET PROJ NO: D510300
TOTAL DEPTH: 7,268 TVD
0 MD
OPERATOR: CONOCO INC.
CONOCO WORKING INTEREST: 0.6386380

FTR NO	DEPRECIABLE FEATURES	GROSS \$	FTR NO	EXPENSE/IDC FEATURES	GROSS \$
0009	CONTROLLABLE MATERIALS	45,600	0412	DRILLING CONTRACT-DAYWORK	20,000
	TOTAL MATERIAL	45,600	0417	CEMENT & CEMENT'G SERVICES	5,000
	TOTAL INTANGIBLES		0427	PERFORATING	8,000
	TOTAL CASH & WHS OUTLAY	45,600	0428	ACID'G FRACT'G, SHOOTING	91,000
	GRAND TOTAL	45,600	0429	WELL SURV, ELEC-MUD LOG	4,000
			0431	TRANSPORTATION	1,200
			0439	CONTRACT LABOR	2,500
			0445	MISCELLANEOUS COSTS	8,700
				TOTAL INTANGIBLES	140,400
				TOTAL CASH & WHS OUTLAY	140,400
				GRAND TOTAL	140,400

GRAND TOTAL - MAT'L & DEPR INTANGIBLES & EXP INTANGIBLES

186,000

FUNDS IN THE AMOUNT OF \$186,000 GROSS (\$119,000 CONOCO NET) ARE REQUESTED TO RECOMPLETE THE MESAVERDE IN THE SAN JUAN 28-7 #183.

LAND	LINDA LEAZAR	- 686-5582
RESERVOIR ENGINEER	MARC SHANNON	- 686-5499
GEOLOGICAL ADVISOR	TOM JOHNSON	- 686-6111
PRODUCTION ENGINEER	RANDY HERRING	- 686-6541
FINANCIAL ANALYST	JEFF ROMINES	- 686-6104

12-3-98
12-9-98
12-10-98
12-10-98
12-10-98

	GROSS \$	NET \$
CASH & WHSE OUTLAY	186,000	119,000
PROJECT TOTAL	186,000	119,000

ENVIR. CONSRV. EXP

0

0

ESTIMATED IN-OPERATION DATE (MO/YR): 01/99

APPROVED BY

PAGE 1

**San Juan 28-7 #183
Mesaverde Recompletion Procedure
API # 30-039-20721**

Justification:

Funds in the amount of \$186,000 are requested to recomplete the San Juan 28-7 # 183 to the Mesaverde (MV), replace the existing tubing and down-hole commingle (DHC) with the existing Dakota (DK) production.

The San Juan 28-7 #183 is located in sec 1 T27N R7W of the Conoco operated San Juan 28-7 Federal unit. Currently the subject well is producing approximately 40 MCFD from the Dakota Formation. Since it was completed in 1979 the DK has produced 324 MMCF.

The subject well is offset to the east by the San Juan 28-7 #34. The # 34 is a MV well that has significantly underperformed, (relative to its direct offset, parent counterparts), by 705 MMCFG on a cum to date basis and by 832 MMCFG from an average EUR standpoint. The relatively poor performance of the #34 is attributed to small fracture stimulation's (31,000 gal water & 25,000 #'s sand) utilized for both the Cliffhouse and Point Lookout.

The recommendation to recomplete to the MV and DHC is based on the success of similar work performed throughout the unit over the past several years. Once completed, first year average production from the MV is expected to be 350 MCFD. Estimated reserves are approximately 850 MMCF based on decline curve analysis of surrounding MV producers.

Production allocations will be determined by the subtraction method using a stabilized flow test of the Mesaverde.

**San Juan 28-7 # 183
MV Recompletion Procedure
API # 30-039-20721**

November 19, 1998

Summary of Work Recommended

- Set Temporary Plug over DK and Test Casing
- Perforate, Breakdown and Stimulate MV w/ Frac string (3 separate fracs)
- Drill Out, Test & Place on Production as MV/DK DHC

Present well Data:

TD: 7268' PBTB: 7261' GL: 6131' KB: 6142'

**Location: 1550' FNL & 1750' FEL Sec 1, T 27N, R 7W
Rio Arriba County, New Mexico**

Casing Design:

**9 5/8" H-40, 32.3#/ft @ 229' w/ 225 cu ft, TOC: Surface (Circ)
Drift: 8.845", Burst 2270 psi, Capacity: 0.0787 bbl/ft**

**7", J-55, 20 #/ft @ 3,171' w/ 261cu ft, TOC: 2,050' (TS)
Drift: 6.331", Burst: 3740 psi, Capacity: 0.0404 bbl/ft**

**4 1/2", J-55, 10.5 & 11.6 #/ft, @ 7268' w/ 653 cu ft, TOC @ 4,600' (TS)
Drift: 3.875", Burst: 4790 psi, Capacity: 0.0155 bbl/ft**

Tubing: 1 1/2" 8rd, J-55 Landed @ 7237' SN @ 7193'

DK Perforations: 7046', 62', 78', 7138', 68', 70', 96', 7216', 32', & 48'

Completion Date: Jan 1974

Contacts:

Geologic/Logging:	Tom Johnson	(915) 686-6111
Engineering/Procedural:	Randy Herring	(915) 686-6541
	Pager	800-999-6710 I.D.# 991-7826
Fracturing:	Jim Russell:	(505) 327-6222
	Pager	(505) 324-1867
	Mobile	(505) 330-0005
Completion:		
Greg Vick:	(505) 324-5819	Gilbert Hughes (505) 324-5812
Pager	(505) 324-2601	Pager (505) 327-8753
Mobile	(505) 320-4609	Mobile (505) 320-4785
	Lino Hernandez:	(505) 324-5816
	Pager	(505) 326-8198
	Mobile	(505) 320-6739

San Juan 28-7 # 183
MV Recompletion Procedure
API # 30-039-20721

1. Hold tailgate safety meetings prior to rigging up, each morning, and whenever necessary.
2. MIRU workover unit. If necessary, kill well with a minimum of 1 % KCl. NU BOP. POOH and LD 1 1/2" tubing.
3. RU wireline unit and run a CBL/CCL/GR from 5500' to 4000'. Calibrate log in free pipe prior to run. Repeat section from 4800 to 4300. Fax log into Midland on continuous Fax ASAP. (915) 686-6112. (TS indicates TOC @ +/- 4600')

Note: If CBL agrees w/ early TS a cmt sqz will be required prior to the 3rd frac stage.

4. RU wireline unit. MU 4 1/2" composite bridge plug and setting tool. RIH and set BP @ 5250'. Load 7" - 4 1/2" annulus and test 4 1/2" casing & BP to 4000 psi.

Stage I

5. RU wireline unit and perforate the following intervals w/ 1 SPF using 3 1/8" select fire gun w/ 11 gm charges: Run GR strip to correlate to attached log.

Point Lookout: 4990', 92',

5023', 26', 34', 37', 45', 48', 51', 54', 61', 63', 72', 79', 81', 87', 95', 98'

5101', 04', 07', 38', 43', 45', 57', 71', 73', & 85'

Totals shots: 28

6. PU 2 3/8" tbg. & RIH w/ PPI tool (straddle packer) w/ 10' spacing element and Break down perforations using 1/2 bbl 15% HCl inhibited for 24 hours per foot of perforations. (Estimate 600 gallons).
7. RU Frac equipment and stimulate 1st stage using 15 lb. X-link @ 40 BPM per attached procedure. **Do not exceed 4000 psi.** Leave frac equipment on location.
8. RIH w/ 4 1/2" Composite BP and set @ +/- 4900'. Load 7" - 4 1/2" annulus and test 4 1/2" casing & plug to 4000 psi.

**San Juan 28-7 # 183
MV Recompletion Procedure
API # 30-039-20721**

Stage II

9. RU wireline unit and perforate the following intervals w/ 1 SPF using 3 1/8" select fire gun w/ 11 gm charges: Run GR strip to correlate to attached log.

Menefee: 4651', 53', 55',
4703', 05', 12', 15', 65', 67', 69', 81', 83', 87', 89',
4835', 37', & 39

Totals Shots: 17

10. RIH w/ PPI tool (straddle packer) w/ 10' spacing element and Break down perforations using 1/2 bbl 15% HCl inhibited for 24 hours per foot of perforations. (Estimate 420 gallons). POOH w/ PPI tool.
11. RU Frac equipment and stimulate Point Lookout using 15 lb. X-link @ 40 BPM per attached procedure. **DO NOT EXCEED 4000 PSI.** Leave frac equipment on location.
12. RIH w/ 4 1/2" Composite BP and set @ +/- 4625'. Load 7" - 4 1/2" annulus and test 4 1/2" casing & plug to 4000 psi.
13. If required, perforate squeeze holes @ TOC. RU cement pumps and block squeeze interval for zonal isolation. If possible perforate sqz holes below 4451'.

Stage III

14. RU wireline unit and perforate the following intervals w/ 1 SPF using 3 1/8" select fire gun w/ 11 gm charges: Run GR strip to correlate to attached log.

Cliffhouse: 4451', 54', 57', 60', 66', 69', 77', 79', 83', 87', 91', 93',
4512', 15', 18', 21', 24', 27', 35', 38', 41', 44', 47', 50', 55', 58', 61', 70', 73',
& 76'

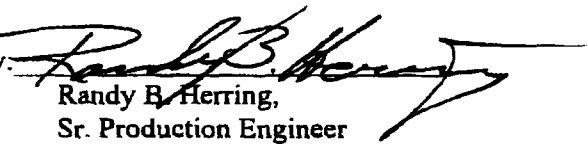
Totals Shots: 30

15. RIH w/ PPI tool (straddle packer) w/ 10' spacing element and Break down perforations using 1/2 bbl 15% HCl inhibited for 24 hours per foot of perforations. (Estimate 650 gallons). POOH w/ PPI tool.
16. RU Frac equipment and stimulate Point Lookout using 15 lb. X-link @ 40 BPM per attached procedure. Clean location & release frac equipment.
17. RIH w/ 2 3/8" tbg w/ collars and bit. RU compressors and drill out 2 MV BP's @ 4625' & 4900'.

**San Juan 28-7 # 183
MV Recompletion Procedure
API # 30-039-20721**

18. Continue to clean out using compressors until well will flow on its own. Drywatch as necessary. Obtain stabilized flow test for records and allocation purposes.
19. Continue to drill-out final plug @ 5250'. Co well to PBTD (7261')
20. RIH w/ 2 3/8" production tbgs. Set EOT @ +/- 7100'.
21. Remove BOP and NU tree w/ plunger lift assembly.
22. Notify necessary personnel for regulatory and gas allocation purposes.
23. Install additional surface equipment if necessary. Place well on production.
24. Thank You.

Prepared by:


Randy B. Herring,
Sr. Production Engineer

**San Juan 28-7 # 183
MV Recompletion Procedure
API # 30-039-20721**

Cost Estimate

Workover Rig (10days)	\$20,000	
CBL/CCL/GR Log	\$ 4,000	
Straddle Packer	\$ 1,500	
Frac Tanks & Water (15 tanks)	\$16,500	
Heating Tanks	\$ 4,000	
Cement Squeeze	\$ 5,000	
2 3/8" 8rd J-55 tbg (7100') @ \$2.65/ft	\$18,800	
4 1/2" composite Bridge Plugs (3)	\$ 4,800	
Perforating & Wireline Work	\$ 8,000	
Transportation	\$ 1,200	
Acid Break downs (3)	\$ 6,000	
Stimulation's (3)	\$85,000	
 Roustabout Work	 \$ 1,500	
Dry Watch	<u>\$ 1,000</u>	
 Sub Total	 <u>\$177,300</u>	
 Miscellaneous	 \$ 8,700	
 Total	 \$186,000	

CONOCO INC.

EXPLORATION PRODUCTION - NORTH AMERICA

AUTHORITY FOR EXPENDITURE
AFE NUMBER 8190

AFE TITLE: SAN JUAN 28-7 #261- RECOMPLETE TO MV

DIVISION: 51 MID-CONTINENT REGION

DEPARTMENT: 61 PRODUCTION

FIELD CODE AND NAME: UIQ SAN JUAN 28-7

LEASE CODE AND NAME: 7115072 SAN JUAN 28-7

OBJECTIVE HORIZON: BLANCO MESAVERDE

LOCATION: SECTION 5 T27N, R7W, RIO ARriba COUNTY, NEW MEXICO

WELL/FAC: 261

MASTER AFE NO:

AFE TYPE: 07 RECOMPLETIONS

BUDGET PROJECT NO: D510300

TOTAL DEPTH: 07782' TVD

MO

OPERATOR: CONOCO INC.

CONOCO WORKING INTEREST: 0.6386380

FTR NO	DEPRECIABLE FEATURES	GROSS \$	FTR NO	EXPENSE/IDC FEATURES	GROSS \$
0009	CONTROLLABLE MATERIALS	22,400	0403	FUEL, WATER, LUBES, ELECTR	13,200
	TOTAL MATERIAL	22,400	0412	DRILLING CONTRACT-DAYWORK	20,000
	TOTAL INTANGIBLES	0	0427	PERFORATING	17,500
	TOTAL CASH & WHS OUTLAY	22,400	0429	WELL SURV, ELEC-MUD LOG	100,000
0001	ON HAND USED MTL & EQPT	72,000	0431	TRANSPORTATION	1,100
	GRAND TOTAL	94,400	0439	CONTRACT LABOR	2,500
			0445	MISCELLANEOUS COSTS	8,800
				TOTAL INTANGIBLES	163,100
				TOTAL CASH & WHS OUTLAY	163,100
				GRAND TOTAL	163,100

GRAND TOTAL - MATERIAL & DEPR INTANGIBLES & EXP INTANGIBLES

257,500

FUNDS IN THE AMOUNT OF \$257,500 (\$163,982 CONOCO NET) ARE REQUESTED TO RECOMPLETE THE SAN JUAN 28-7 #261 TO THE MESAVERDE FORMATION AND COMMINGLE WITH THE DAKOTA FORMATION.

SEE ATTACHED FOR JUSTIFICATION.....

FINANCIAL ANALYST	- K.D. MEISINGER	- (915)686-6118	<i>KDM 1-29-97</i>
PROJECT ENGINEER	- R.B. HERRING	- (915)686-6541	<i>R.B. Herring</i>
RESERVOIR ENGINEER	- P.M. SHANNON	- (915)686-5499	<i>P.M. Shannon</i>
GEOLOGICAL ADVISOR	- T.B. JOHNSON	- (915)686-6111	<i>T.B. Johnson</i>
LAND	- J.A. BARBER	- (915)686-5582	<i>J.A. Barber</i>

	GROSS \$	NET \$
CASH & WHS OUTLAY	185,500	118,000
PROJECT TOTAL	257,500	163,982

ENVIR. CONSRV. EXP	0	0
--------------------	---	---

ESTIMATED IN-OPERATION DATE (MO/YR): 02/97

APPROVED BY

PAGE 1

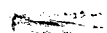
**San Juan 28-7 Unit No. 261
Mesaverde Recompletion Procedure
API # 30-039-21679
AFE# 51-61-8190**

Justification:

Funds in the amount of \$257,500 (gross) \$163,982 (net) are requested to recomplete the San Juan 28-7 # 261 to the Mesaverde and downhole commingle with existing Dakota production.

Currently Dakota production averages 170 MCFD and has cum'd 1.3 BCF. Performing the requested work is expected to increase production 325 MCFD with an ultimate recovery of 700 MMCF.

This AFE includes payment of \$72,000 to the Dakota working interest owners for the Mesaverde working interest owners share of the existing wellbore. This amount was calculated by estimating the costs to drill, log, and case a Mesaverde well in the 28-7 Unit; split 50% / 50% by the MV/DK WI owners and reduced by 25% per COPA accounting procedures for condition "B" equipment.



**San Juan 28-7 Unit # 261
Mesaverde Recompletion Procedure**

**API # 30-039-21679
AFE# 51-61-8190**

December 22, 1997

Summary of Work Recommended

- ✓ Perforate Mesaverde Interval
- ✓ Isolate and Stimulate Mesaverde Interval thru Tubing
- ✓ Remove Isolation Tools
- ✓ Return well to Production as a MV/DK Downhole Commingle

Well Data:

Location: 1240' FSL & 2155' FWL, Sec. 5, T27N-R7W
Rio Arriba County, New Mexico

Elevations: KB: 6762'
GL: 6752'
PBTD: 7764'
TD: 7782'

Casing: 9-5/8", 36 #/ft, set @ 219'
cmt 190 sx. TOC @ Surface (circ)
Drift: 8.765", Capacity: 0.0773 bbl/ft, Burst: 2464 psi (70% SF)
7", 20#/ft, set @ 3554'
cmt 185 sx. TOC @ 2100 ft KB
Drift: 6.331", Capacity: 0.0404 bbl/ft, Burst: 2618 psi (70% SF)
4-1/2", 10.5 & 11.6 #/ft, set @ 7782'
cmt 348 sx. TOC @ 2900'
Drift: 3.927", Capacity: 0.0159 bb/ft, Burst: 3353 psi (70% SF)

Tubing: 1.9" @ 7700'
Drift: 1.516", Capacity: 0.00387 bbl/ft, Burst: 3688 psi (80% SF)

Perforations: 7555', 60', 65', 70',
7640', 72', 77', 82',
7706', 10', 22', 33', 47', & 55' w/ 1spf

NOTE: The tubing should be charged 62% MV and 38% DK.

**San Juan 28-7 Unit # 261
Mesaverde Recompletion Procedure**

1. Hold safety meeting. MIRU workover unit. If necessary, kill well with a minimum of 1 % KCl. NU BOP and POOH & LD 1.9" production string.
2. RU wireline unit and RIH w/ Composite bridge plug. Set plug at +/- 5950' and test casing to 3,300 psi.
3. MU 3 1/8" select fire perforating gun w/ 18gm charges w/ GR . Correlate to attached log section and perforate the following depths:

A. If necessary, spot 15% HCl from 5850' to 5800' using a dump bailer.

B. If necessary, pressure up on casing to 3000 psi prior to firing guns.

Lower Point Lookout

5761', 77', 91,
5805', 18', 26', 39', 43', 48', 55', & 58'

Total: 11 shots.

4. Break down perfs using 500 gallons 15% HCl and 50% excess 1.1 sg balls (17) spaced equally throughout the job. Run as high a rate as possible without exceeding max pressure.
DO NOT EXCEED 3300 PSI
5. Surge balls off perforations. Prep to frac.
6. Frac per attached schedule. Leave frac equipment on location.
7. RIH w/ Composite bridge plug on wireline and set at +/- 5750'. Test casing to 3300 psi.
8. MU 3 1/8" select fire perforating gun w/ 18gm charges w/ GR. Correlate to the attached log and perforate the following depths:

A. If necessary, spot 15% HCl from 5030' to 4980' using a dump bailer.

B. If necessary, pressure up on casing to 3000 psi prior to firing guns.

Upper Point Lookout

5519', 22', 25', 32', 34', 41', 45', 47', 59', 62', 65', 79', 81', 88', 90',
5600', 02', 10', 12', 16', 19', 38', 46', 77', 79', 86', 95',
5701', & 03'

Total: 29 shots.

**San Juan 28-7 Unit # 261
Mesaverde Recompletion Procedure**

9. Break down perfs using 500 gallons acid and 50% excess 1.1 sg balls (44) spaced equally throughout the job. Run as high a rate as possible without exceeding max pressure.
DO NOT EXCEED 3300 PSI
10. Retrieve balls using wireline catcher. Check to determine # of hits. If less than 80% (23), re-acidize. Prep to frac.
11. Frac per attached schedule. Retain frac equipment.
12. RIH w/ Composite bridge plug on wireline and set at +/- 5450'. Test casing to 3300 psi.
13. MU 3 1/8" select fire perforating gun w/ 18gm charges w/ GR. Correlate to the attached log and perforate the following depths:

A. If necessary, spot 15% HCl from 5350' to 5300' using a dump bailer.

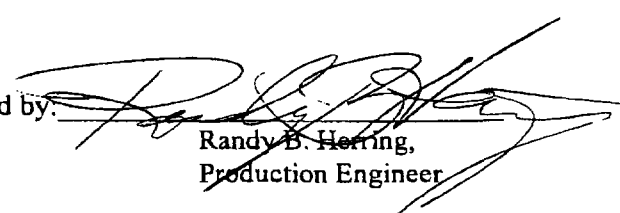
B. If necessary, pressure up on casing to 3000 psi prior to firing guns.

Menefee

5255', 57', 59', 80', 82', 88', 90', ,
5300', 13', 15', 22', 24', 28', 30', 32', 39', 41', 43', 54', 58', & 63'.

Total: 21 shots.

14. Break down perfs using 500 gallons acid and 50% excess 1.1 sg balls (32) spaced equally throughout the job. Run as high a rate as possible without exceeding max pressure.
DO NOT EXCEED 3300 PSI
15. Retrieve balls using wireline catcher. Check to determine # of hits. If less than 80% (17), re-acidize. Prep to frac.
16. Frac per attached schedule. Clean Location & Release frac equipment.
17. RU compressors and drill out bridge plugs w/ gas. Clean out well to PBTD (7764'). Jet well w/ gas until well will flow on its own. Drywatch as necessary.
18. PU & RIH w/ 2 3/8" production string. Land SN at +/- 7700'. ND BOP and NU wellhead.
19. Record and notify necessary personnel for regulatory and gas allocation purposes.
20. RDMO workover unit.
21. Thank You. Prepared by:


Randy B. Herring,
Production Engineer

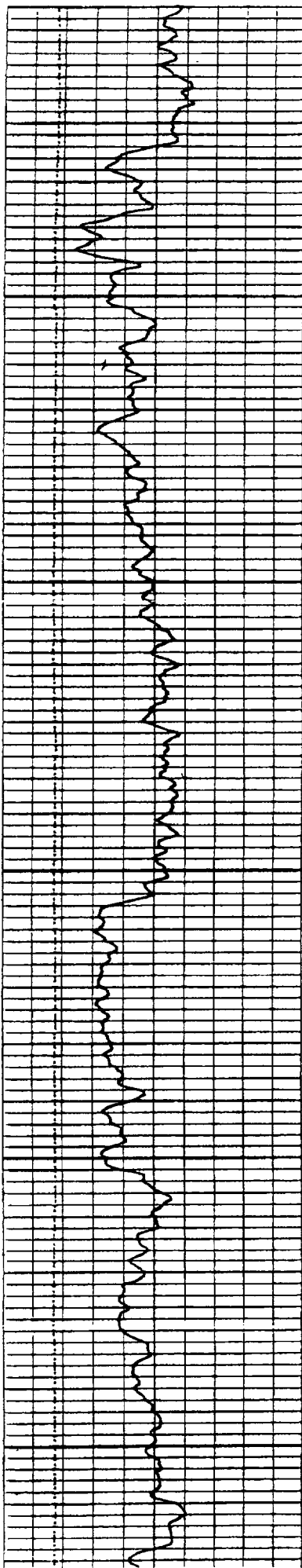
**San Juan 28-7 Unit # 261
Mesaverde Recompletion Procedure**

Cost Estimate

Workover Rig	\$ 20,000
Frac Tanks & Water	\$ 13,200
Transportation	\$ 1,100
Tubing 2 3/8" 7,700 ft	\$ 16,700
Composite Plugs	\$ 4,200
Perforating & Wireline	\$ 17,500
Stimulation	\$100,000
Compressors	\$ 1,500
Roustabout Crew	\$ 1,500
Dry Watch Work	\$ 1,000
Sub Total	\$176,700
Miscellaneous (5%)	\$ 8,800
Payment to Dakota WI Owners	\$ 72,000
Total	\$257,500

COMPENSATED FORMATION DENSITY LOG

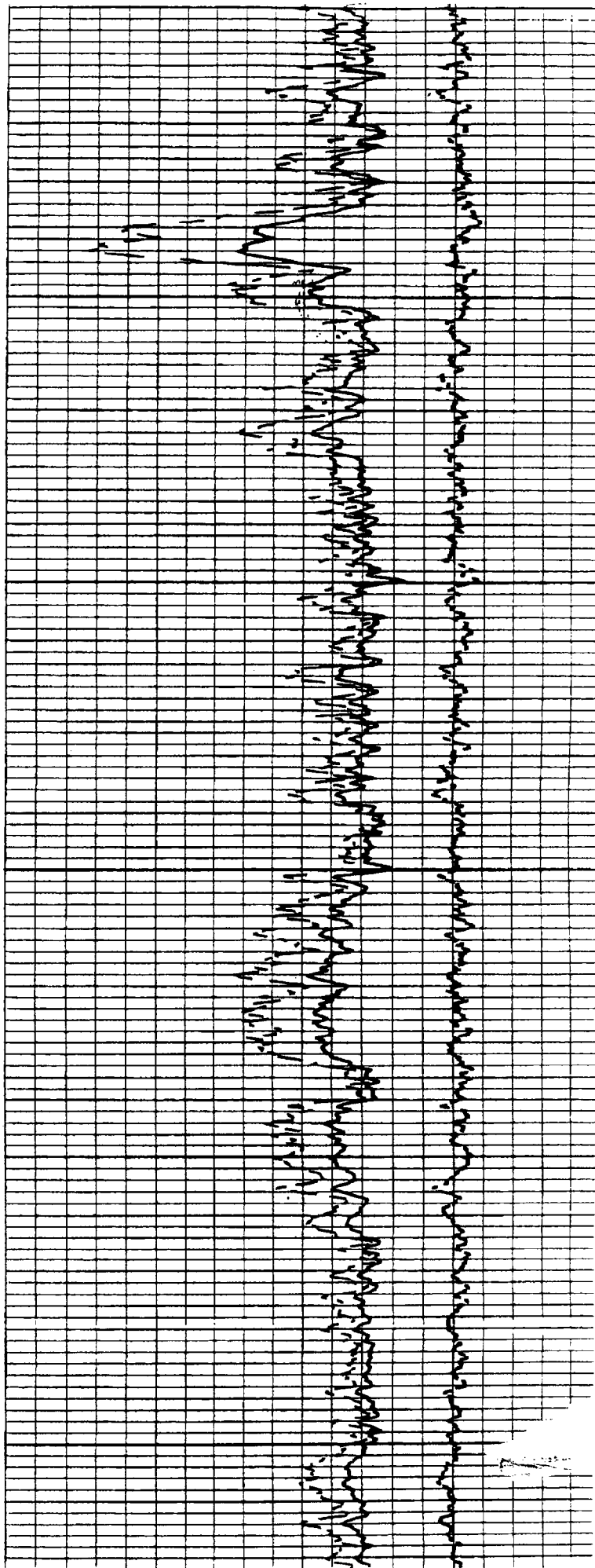
$\frac{1}{2}$.25 0 + .25

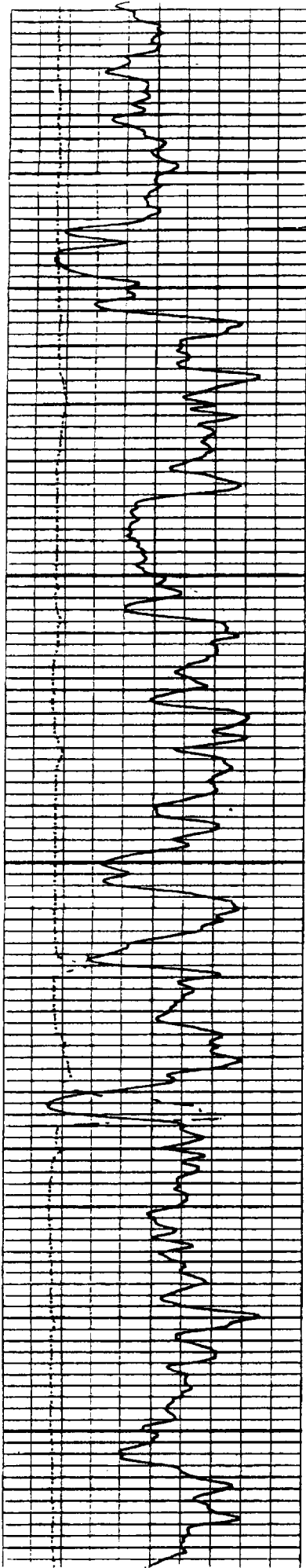


200

4300

4400

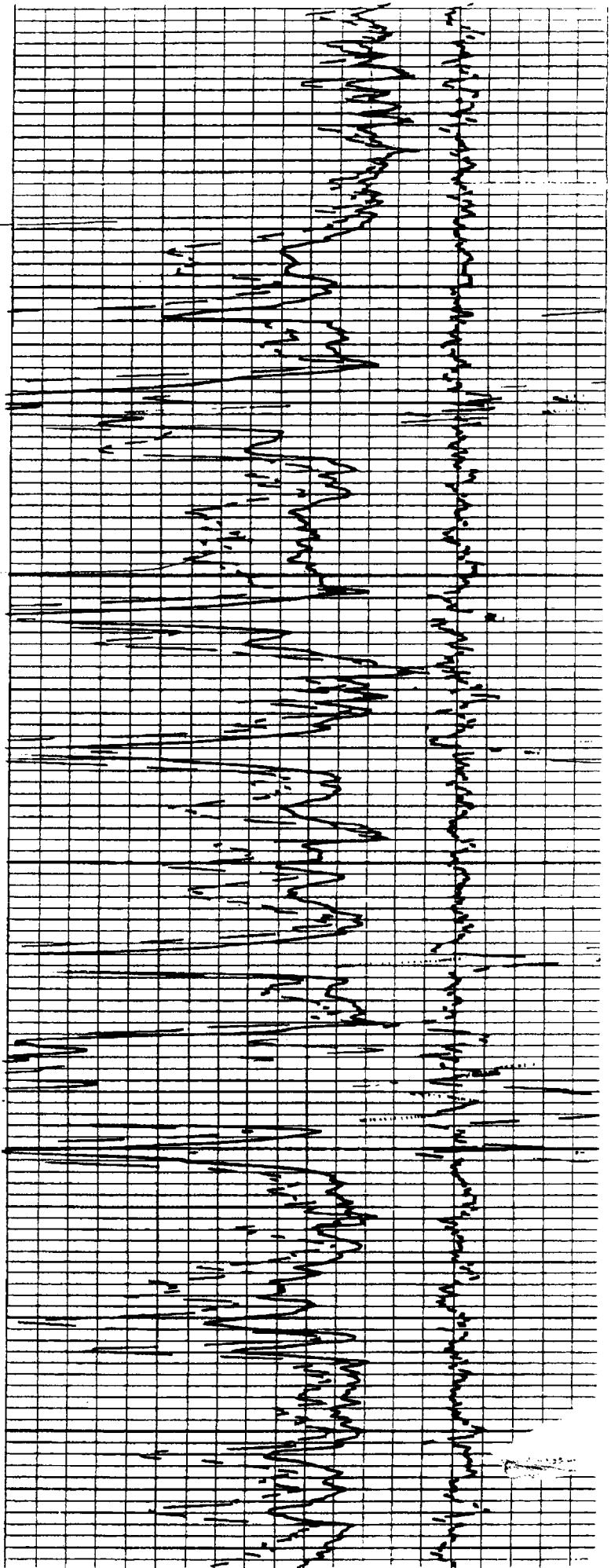


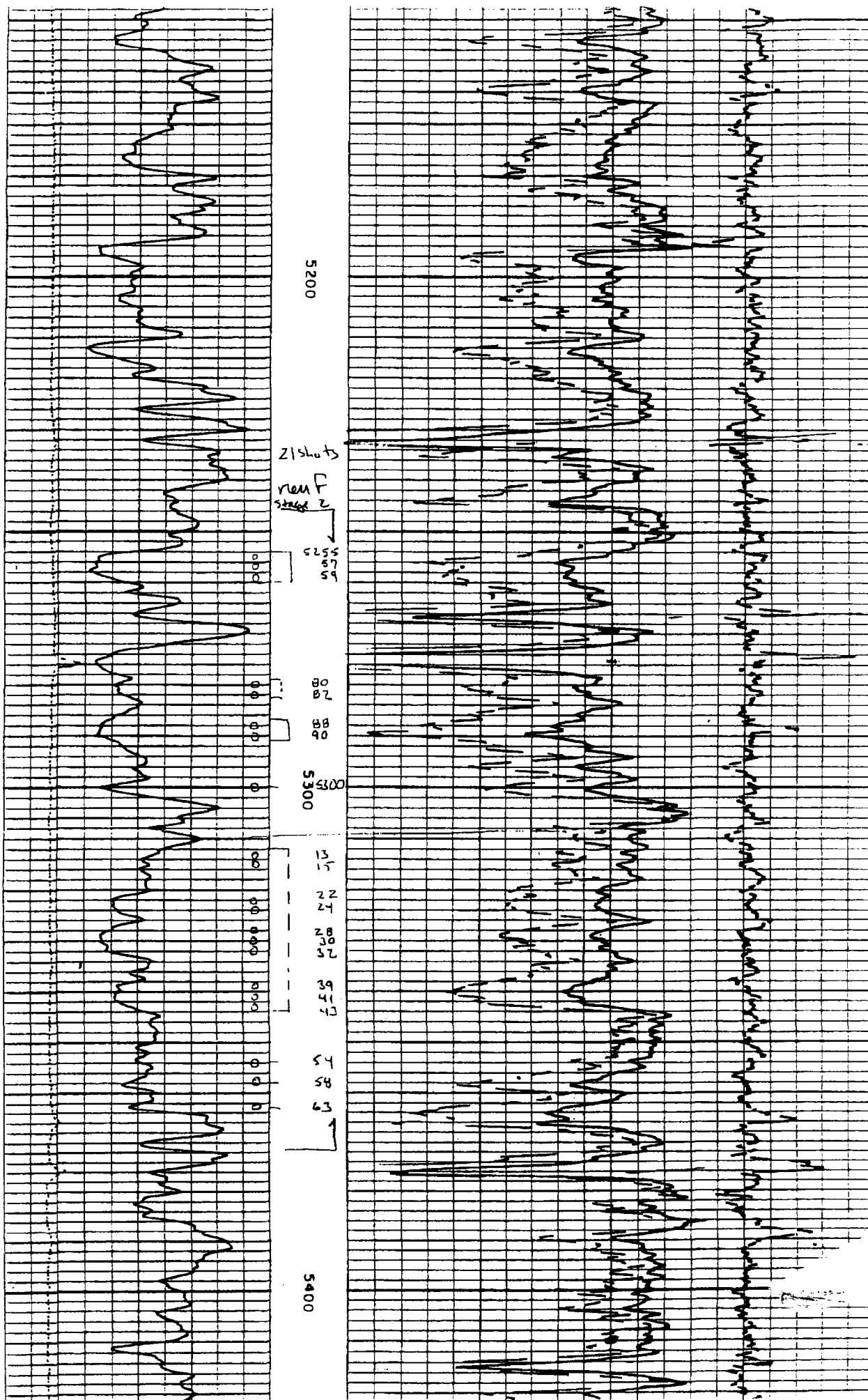


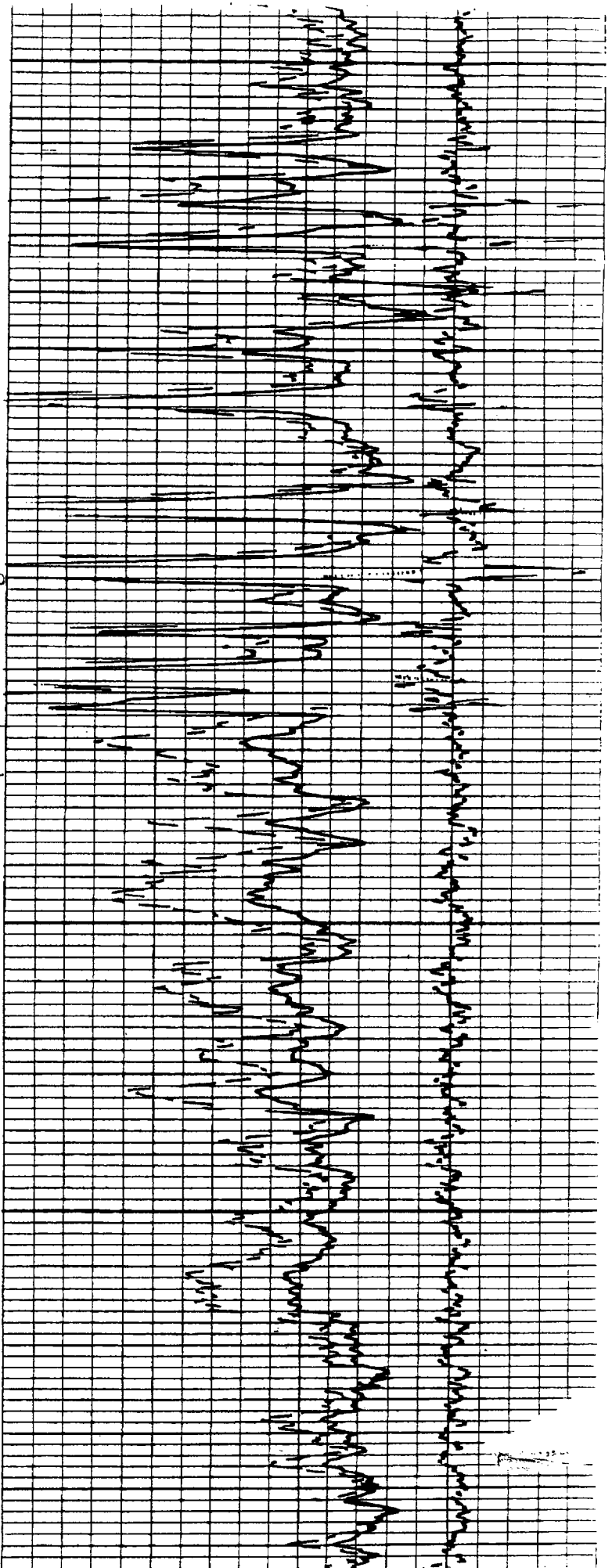
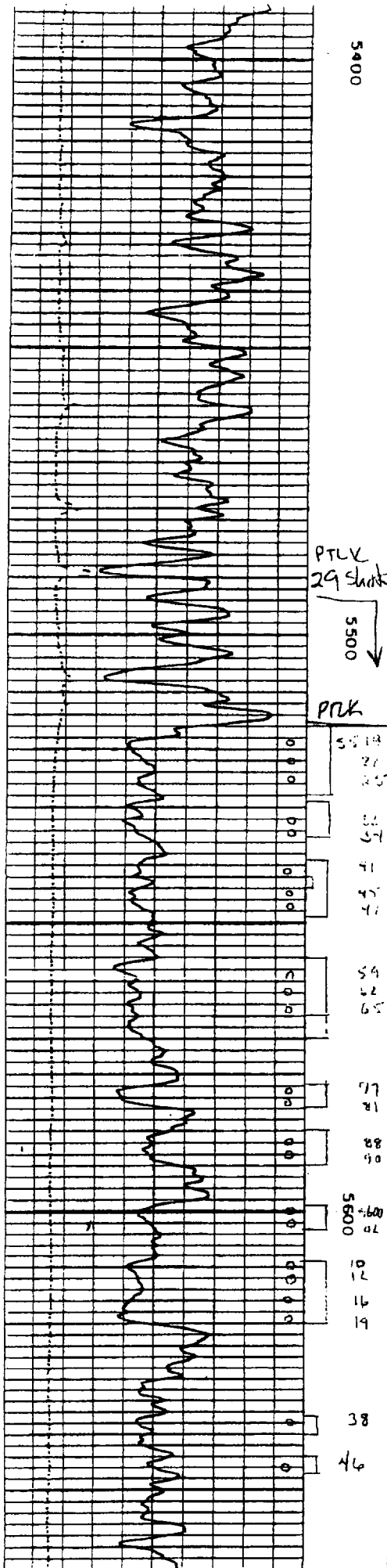
00

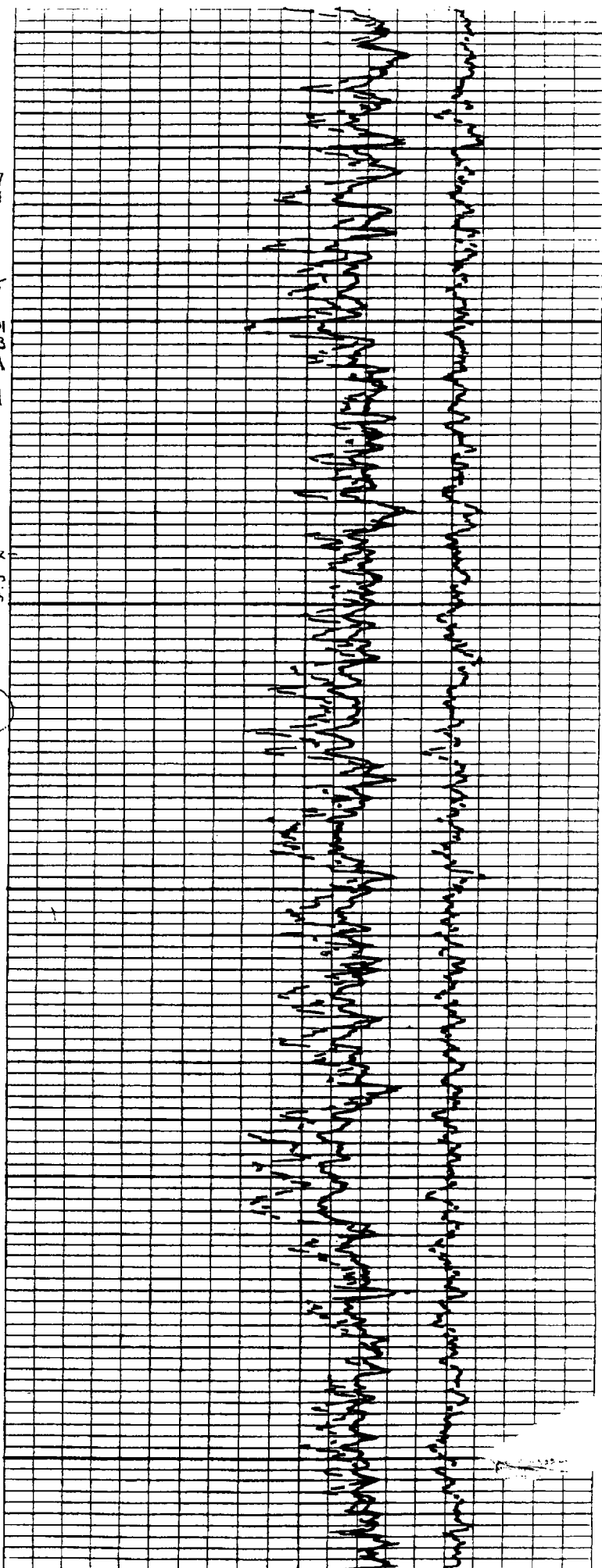
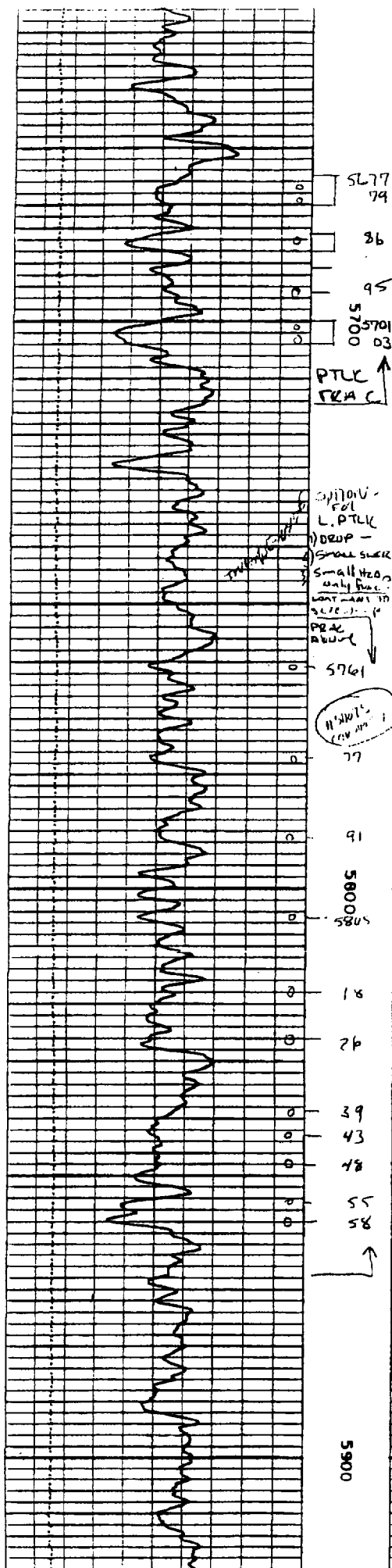
5000

5100









GAMMA RAY API UNITS 0 200 200 400	SANDSTONE POROSITY — % GRAIN DENSITY 2.65 GRAMS/CC BULK DENSITY GRAMS/CC 2.0 2.5 3.0 1.0 1.5 2.0	CORRECTION GRAMS/CC Use this scale when correction curve is presented in Track 3 - .25 0 + .25
CALIBRATION RECORD		

[illegible]

AFTER SURVEY CALIBRATION							
13							
12							
11							
2							
1							
BEFORE SURVEY CALIBRATION							
13							
12							
11							
10							
9							
8							
7							
6							
5							
4							
3							
2							