Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-045-32897

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No. E-1196

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name STATE COM AL

1. Type of Well: Oil Well [ ] Gas Well [X] Other

8. Well Number 36M

2. Name of Operator ConocoPhillips Company

9. OGRID Number 217817

3. Address of Operator PO BOX 4289 Farmington, NM 87499

10. Pool name or Wildcat Blanco Mesaverde/Basin Dakota

4. Well Location
Unit Letter A : 665 feet from the NORTH line and 670 feet from the EAST line
Section 32 Township 31N Range 8W NMPM County SAN JUAN

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6483 GL

Pit or Below-grade Tank Application [ ] or Closure [ ]

Pit type _____ **Depth to Groundwater** _____ **Distance from nearest fresh water well** _____ **Distance from nearest surface water** _____

Pit Liner Thickness: _____ **mil** **Below-Grade Tank: Volume** _____ **bbls;** **Construction Material** _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]	CHANGE PLANS [ ]	COMMENCE DRILLING OPNS. [ ]	P AND A [ ]
PULL OR ALTER CASING [ ]	MULTIPLE COMPL [ ]	CASING/CEMENT JOB [ ]	
OTHER:Allocation [X]		OTHER: [ ]	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

ConocoPhillips requests allocation for this well as per the attached. This is in reference to DHC 2047AZ.

RCVD DEC14'06
OIL CONS. DIV.
DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [ ], a general permit [ ] or an (attached) alternative OCD-approved plan [ ].**

SIGNATURE Juanita Farrell TITLE Regulatory Specialist DATE 12/12/2006

Type or print name Juanita Farrell E-mail address: Telephone No. (505)326-9597

For State Use Only

APPROVED BY: _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE DEC 14 2006

Conditions of Approval (if any):

Allocation for the State Com AL 36M - API 30-045-32897

The State Com AL 36M is an 80-acre Mesaverde/80-acre Dakota infill well located in the northeast quarter of Section 32-T31N-R8W, San Juan County, NM. The well was TD'd in June 2006, perforated & fracture stimulated in July 2006, and ready for first delivery on September 1, 2006.

Initial flow tests as reported by the field operator indicated:

Mesaverde (2-3/8" tubing set at 5,590', perforations from 5,182 - 5,710' OA, RBP at 5,761')
8/30/06 ½" choke 240 psi ftp 560 psi sicp 1,584 Mcfgd + 0 Bopd + 3 Bwd

Dakota (2-3/8" tubing set at 7,596', perforations from 7,724 - 7,869' OA, TD 7,949', multi-pass production log)
9/1/06 ½" choke 100 psi ftp 540 psi sicp 962* Mcfgd + 0 Bopd + 1.7 Bwd

Based on these initial stabilized flow tests, calculated DHC Gas allocation percentages are:

Fixed Allocation (Gas)	**Mesaverde**	**62%**
	Dakota	**38%**

No oil was produced during these tests. Based on historical production data from 31-8 Mesaverde & Dakota producers, the Dakota is relatively dry and is expected to produce little oil. Based on a comparison of historical oil yield/Mcfg for Mesaverde & Dakota wells that reported oil production, the recommended oil allocation is:

Fixed Allocation (Oil)	**Mesaverde**	**95%**
	Dakota	**5%**

Please allocate production based on the above estimated percentages and call with any questions.

Thanks

Tom Johnson
832-486-2347

* Rate measured with a production log, making multiple passes at varying speeds. Casing was shut-in with all production directed up tubing. Tubing set ~100' above the top Dakota perforation makes it possible to gauge a Dakota rate isolated from any Mesaverde influence (log run below the point where the shallower Mesaverde has already turned the corner and is going up tubing).