

DISTRICT I
 P.O. Box 1980 Hobbs, NM 88240-1980

State of New Mexico
 Energy Minerals and Natural Resources Department

Form C-107-A
 New 3-12-96

DISTRICT II
 911 Second Street, Artesia, NM 88210-0811

OIL CONSERVATION DIVISION

2040 S. Pacheco
 Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS
 Administrative Hearing

DISTRICT III
 7000 Rio Brazos Rd., Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Conoco Inc. 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500
 Address

Butram #4 Section 23, T-26-N, R-6-W, 1 Rio Arriba
 Lease Well No. Section Township Range County

OGRID NO. 005073 Property Code 003145 API NO. 30-039-06377
 Spacing Unit Lease Types (check 1 or more)
 Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1 Pool Name and Pool Code	Basin Fruitland Coal 71629		Hanco Pictured Cliffs South 72439
2 TOP and Bottom of Pay Section (Perforations)	2410-2700'		2710-2800'
3 Type of production (Oil or Gas)	Gas		Gas
4 Method of Production (Flowing or Artificial Lift)	To Flow		Flowing
5 Bottomhole Pressure	a (Current)	a	a
Oil Zones - Artificial Lift Estimated Current	1160		301
Gas & Oil - Flowing Measured Current	b(Original)	b	b
All Gas Zones Estimated Or Measured Original	1160		1197
6 Oil Gravity (*API) or Gas BT Content	1250		1180
7 Producing or Shut-in?	To be completed		Producing
Production Marginal? (yes or no)	Expected to be		Yes
- If Shut-In give date and oil/gas/water rates of last production	Date Rates	Date Rates	Date Rates
- If Producing date and oil/gas/water rates of recentest (within 60 days)	Date Rates Incremental Prod by Subtraction - Estimated 1st year 135 MCFD (0 BW, 0 BO)	Date Rates	Date Rates Mid-Year Avg rates-See table - 6/98 12 MCFD, 0 BW, 0 BO
8 Fixed Percentage Allocation Formula - % of each zone	% Gas	% Gas	% Gas

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 OIL CON. DIV.
 DIST. 3

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
 If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
 Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each others Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____
16. 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 all offset operators.
 - Notification list of working, overriding and royalty interests for uncommon interest cases.
 - Any additional statements, data, or documents required to support commingling.

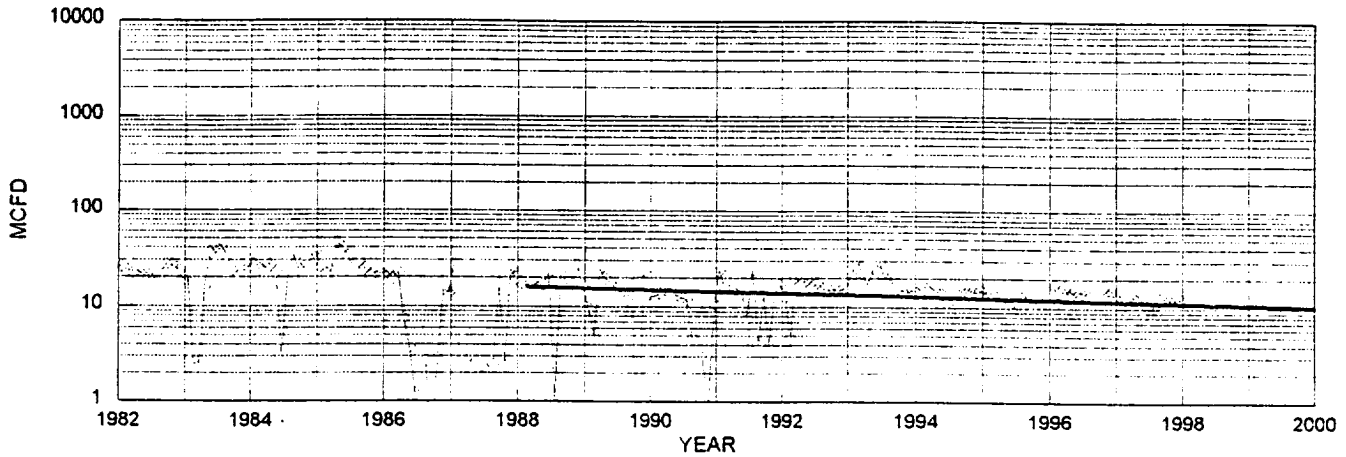
58 AUG 13 PM 1:05
 RECEIVED
 OIL CONSERVATION, NM

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

SIGNATURE Kay Maddox TITLE Regulatory Agent DATE 8/11/98

TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

**BUTTRAM NO. 4 PICTURED CLIFFS PRODUCTION
SECTION 231-26N-06W**



— PICTURED CLIFFS MCFD — FIT MCFD

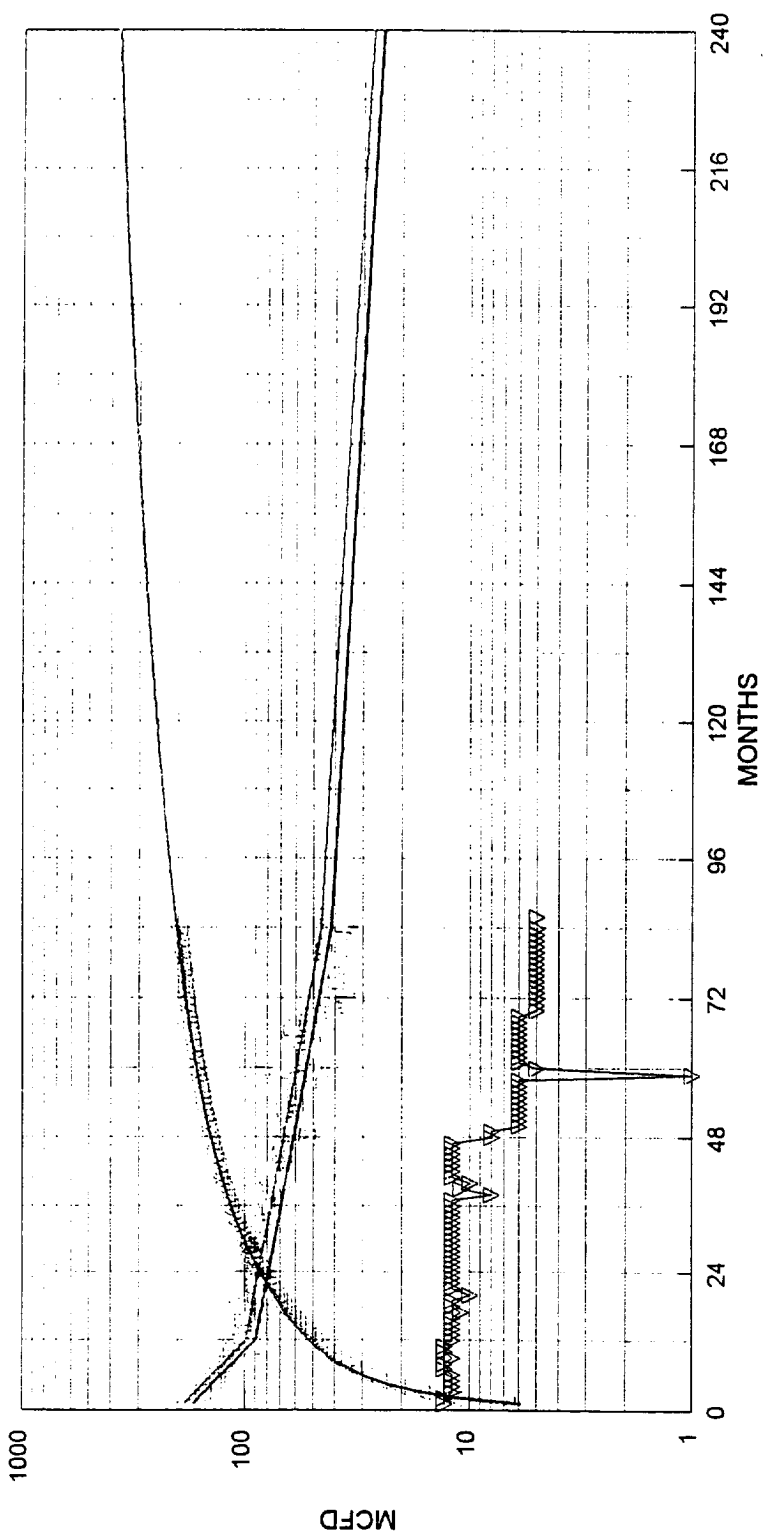
FIELD : BLANCO SOUTH (PICTURED CLIFFS)

PC HISTORICAL DATA:	1ST PROD: 12/53	PC PROJECTED DATA	
OIL CUM:	0.00 MBO	1/1/98 Q1:	11.3 MCFD
GAS CUM:	382.4 MMCF (SINCE '70)	DECLINE RATE:	3.5% (EXPONENTIAL)
CUM OIL YIELD:	0.0000 BBL/MCF		
OIL YIELD:	0.0000 BBL/MCF, LAST 3 YRS		
AVG. USED:	0.0000 BBL/MCF		
GAS CUM:	2167.6 MMCF (SINCE '53)		

YEAR	MID-YEAR	
	AVG. MCFD	AVG. BOPD
1998	11.1	0.0
1999	10.7	0.0
2000	10.3	0.0
2001	9.9	0.0
2002	9.6	0.0
2003	9.3	0.0
2004	8.9	0.0
2005	8.6	0.0
2006	8.3	0.0
2007	8.0	0.0
2008	7.7	0.0
2009	7.5	0.0
2010	7.2	0.0
2011	7.0	0.0
2012	6.7	0.0
2013	6.5	0.0
2014	6.3	0.0
2015	6.0	0.0
2016	5.8	0.0
2017	5.6	0.0
2018	5.4	0.0
2019	5.2	0.0
2020	5.1	0.0
2021	4.9	0.0
2022	4.7	0.0
2023	4.5	0.0
2024	4.4	0.0
2025	4.2	0.0
2026	4.1	0.0
2027	3.9	0.0
2028	3.8	0.0
2029	3.7	0.0
2030	3.5	0.0
2031	3.4	0.0
2032	3.3	0.0

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NORMALIZED FRUITLAND COAL PRODUCTION
13 WELLS SINCE 1990; TOWNSHIP 26N RANGE 6&7 W



— FIT MCFD — NORMALIZED MCFD — NORM CUM MMCF
 ▽ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

<p>NORMALIZED AVG:</p> <p>442 MMCF EUR 377 MMCF IN 20 YRS 20 MCFD E.L. 0.0000 bbl/mcf oil yield</p>	<p>RISKED AVG:</p> <p>380 MMCF EUR 340 MMCF IN 20 YRS 20 MCFD E.L. 0.0000 bbl/mcf oil yield</p>	<p>10% RISK</p> <p>180 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 12.0% DECLINE, NEXT 72 MONTHS 4.0% FINAL DECLINE</p>
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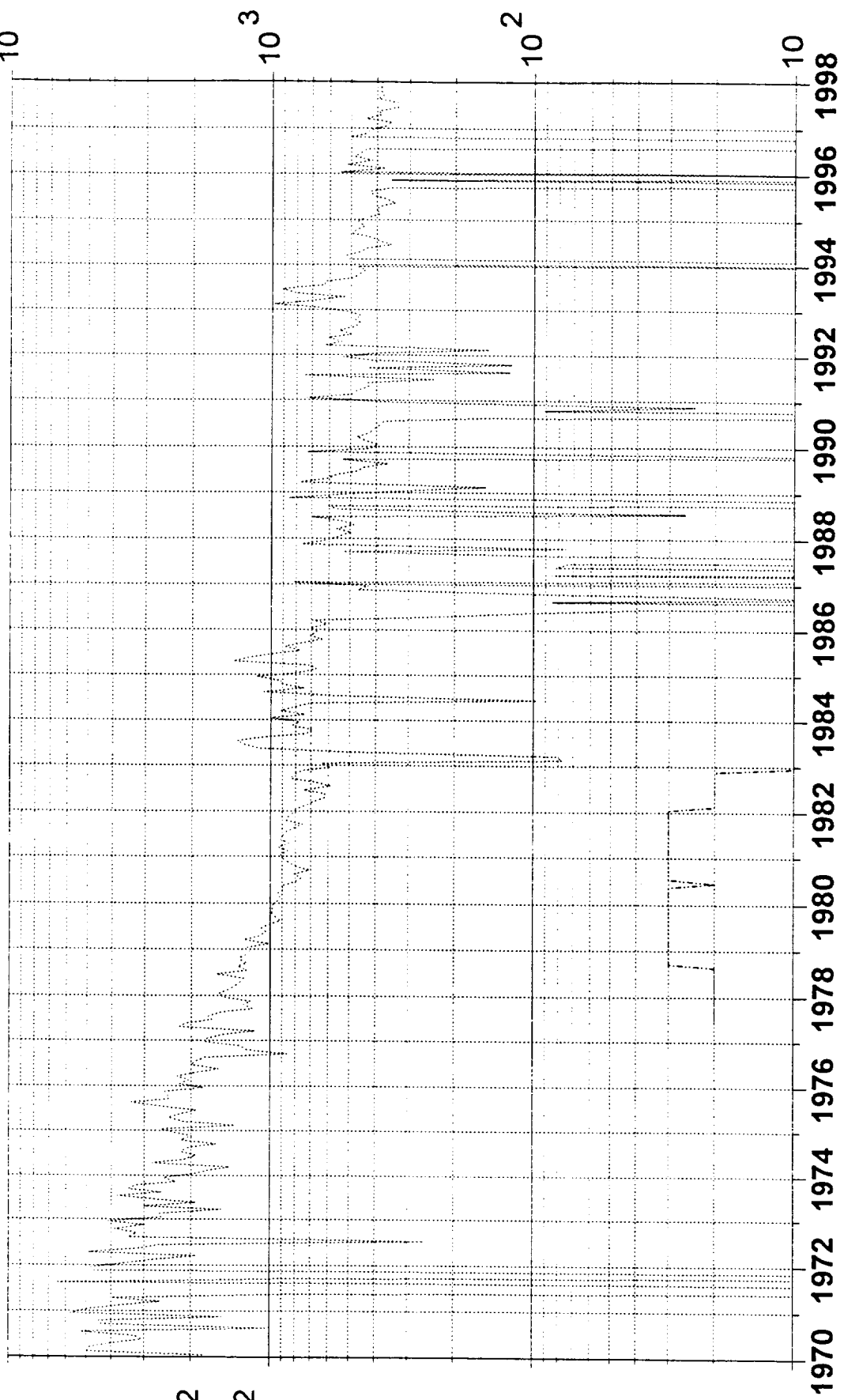
Dwights

Lease: BUTTRAM (4)

Retrieval Code: 251,039,26N06W23I00PC

07/24/98

10^3
 10^3
 10^2
 10^2
10
10
1
1



Oil (bbl/mo)	County: RIO ARRIBA, NM	F.P. Date: 12/53	Gas (mcf/mo)
Water (bbl/mo)	Field: BLANCO SOUTH (PICTU	Oil Cum: 0 bbl	
	Reservoir: PICTURE CLIFFS	Gas Cum: 2168 mmcf	
	Operator: CONOCO INC	Location: 23I 26N 6W	

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 30-039-06377		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code 003145		5 Property Name Buttram			6 Well Number #4
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6372'

10 Surface Location

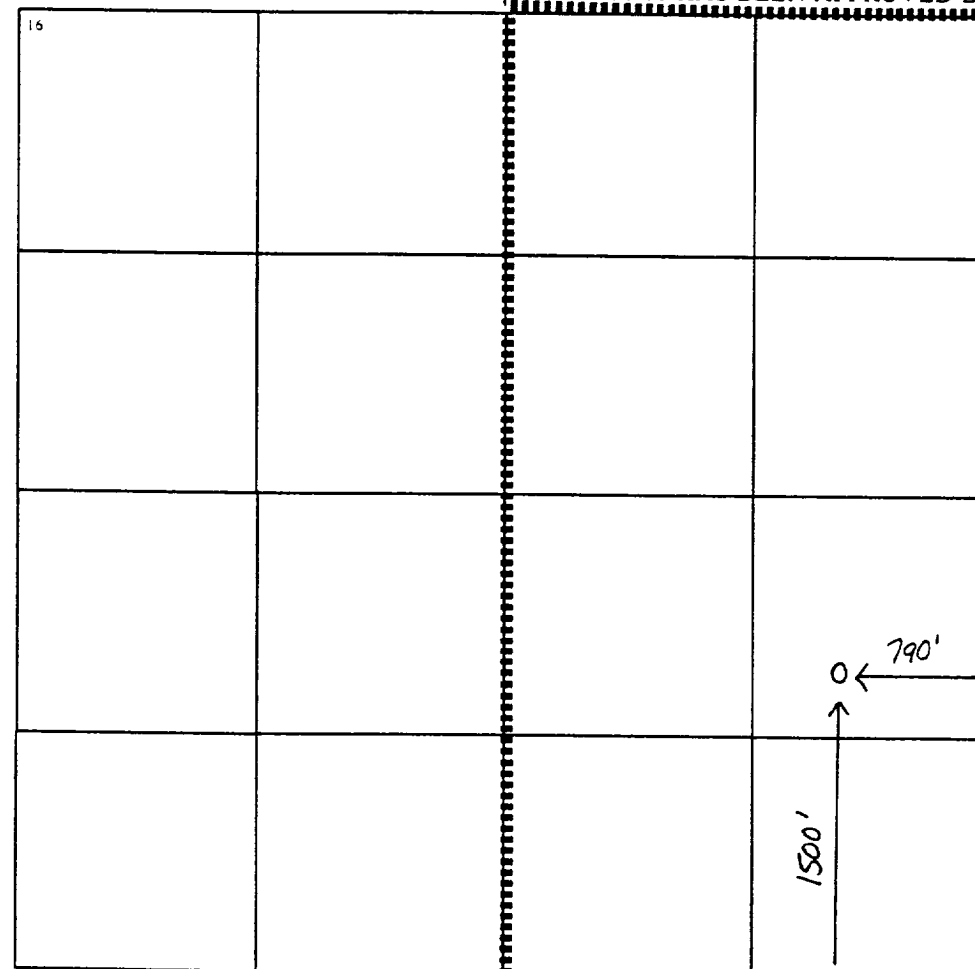
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	23	26N	6W		1500'	South	790'	East	Rio Arriba

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 320	13 Joint or Infill	14 Consolidation Code	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



17 OPERATOR CERTIFICATION

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

Kay Maddox
Signature

Kay Maddox
Printed Name

Regulatory Agent
Title

July 29, 1998
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
OIL CONSERVATION COMMISSION

Gas Well Plat

Date ~~March 16, 1954~~

~~Pinto Development, Inc.~~ Operator ~~Federal-Buttram~~ Lease ~~23-4~~ Well No. #4

Name of Producing Formation So. Blanco Pool ~~Pictured Cliffs~~

No. Acres Dedicated to the Well 10

Indicate Land Ownership Status. (Federal, State, Patented)
~~CRIMINAL CASE~~

SECTION 23 TOWNSHIP 26N RANGE 8E

PUBLIC DEVELOPMENT

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name P. E. McLeod
Position Supt. Prod. Dept.
Representing Pinto Development, Inc.
Address Box 34, Atee, New Mexico

Buttram #4
Section 23, T-26-N, R-6-W, I
Rio Arriba County, NM
API # 30-039 -06377

RE: Application to Downhole Commingle

Offset Operators:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Little Oil & Gas
PO Box 258
Farmington, NM 87499-1258

Caulkins Oil Co.
1600 Broadway STE 1400
Denver, CO 80202-4927

Conditions of Approval

Conoco Inc.
Buttram No. 4
1500 FSL and 790' FEL
Sec 23-26N-06W

- 1) After a review well performance for this well and several Pictured Cliffs and Fruitland Coal seam wells in the vicinity, we concur with your proposed method of allocation. Production allocation attributable to the Basin Fruitland coal will be based on the **difference** in the established mid-year production forecast for the Pictured Cliffs and the commingled gas stream of both intervals.

Commingled production from each zone must be reported in accordance with the allocation procedure authorized above. Because oil production has been historically negligible in both of these formations, any oil production will be allocated equally between these two zones. The effective date of commingling will be the date commingling of production first occurs.

- 2) Within 30 days of commingling the production in this well bore, file a Sundry Notice (form 3160-5) subsequent report of all operations conducted. Also, file Well Completion Report (form 3160-4) after completion operations in the Basin Fruitland coal.

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

5. Lease Designation and Serial No.

SF 079296

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

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AUG 25 1998

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

CONOCO INC.

3. Address and Telephone No.

10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5424

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

Section 23, T-26-N, R-6-W, I
1500' FSL & 790' FEL

8. Well Name and No.

Buttram #4

9. API Well No.

30-039-06377

10. Basin, Fruitland Coal, Basin

Pictured Cliffs South

11. County or Parish, State

Rio Arriba, NM

OIL CON. DIV.
DIST. 3

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Repon
 Final Abandonment Notice

TYPE OF ACTION

- Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Downhole Commingle
 Change of Plans
 New Construction
 Non-Routine Fracuring
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Repon results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed 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 downhole commingle the Fruitland Coal and the Pictured cliffs in this well.

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FILED
AUG 13 PM 1:05
070 FARMINGTON, NM

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Signed

Kay Maddox

Title

Kay Maddox

Regulatory Agent

Date

8/11/98

(This space for Federal or State office use)

Approved by

IS/ Duane W. Spencer

Title

Date

AUG 21 1998

Conditions of approval if any:

BLM(6), NMOCD(1), SHEAR, PONCA, COST ASST, FILE ROOM

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

NMOCD

DISTRICT I
100 Box 1980 Hobbs, NM 88241-1980

State of New Mexico
Energy Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II
1111 South First St. Artesia, NM 88101-1837

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505 6429

APPROVAL PROCESS

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

Conoco Inc.

10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Buttram Well No #4 Section 23, 1-26-N, R-6-W, 1 Rio Arriba County

OGRID NO 005073 Property Code 003145 API NO 30-039-06377 Spacing Unit Lease Types (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1 Pool Name and Pool Code	Basin Fruitland Coal 71629		Blanco Pictured Cliffs South 72439
2 TOP and Bottom of Pay Section (Perforations)	2410-2700'		2710-2800'
3 Type of production (Oil or Gas)	Gas		Gas
4 Method of Production (Flowing or Artificial Lift)	To Flow		Flowing
5 Bottomhole Pressure Oil Zones - Artificial Lift Gas & Oil - Flowing All Gas Zones	a (Current) 1160 b(Original) 1160	a b	a b
6 Oil Gravity (*API) or Gas BT Content	1250		1180
7 Producing or Shut-in?	To be completed		Producing
Production Marginal? (yes or no)	Expected to be		Yes
* If Shut-In give 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. * If Producing, date and oil/gas/water rates of recent test (within 60 days)	Date Rates	Date Rates	Date Rates
	Incremental Prod by Subtraction - Estimated 1st year 135 MCFD, 0 BW, 0 BO	Date Rates	Mid-Year Avg rates-See table - 6/98 12 MCFD, 0 BW, 0 BO
9 Fixed Percentage Allocation Formula - % of each zone			

9 If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10 Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11 Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12 Are all produced fluids from all commingled zones compatible with each others Yes No

13 Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14 If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15 NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16 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 all offset operators.
- Notification list of working, overriding and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

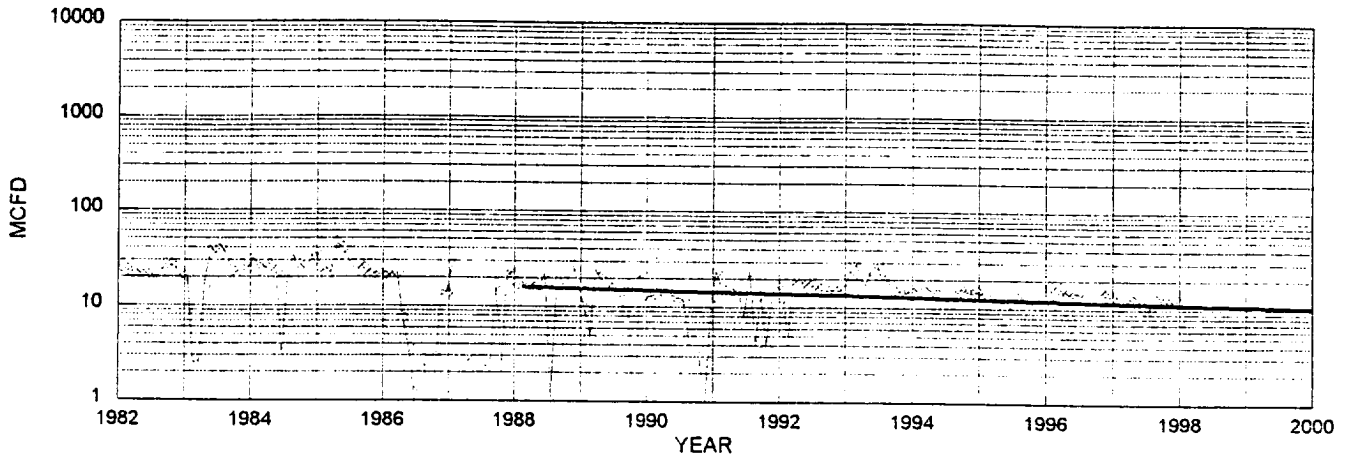
I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Kay Maddox TITLE Regulatory Agent DATE 8/11/98

TYPE OR PRINT NAME Kay Maddox TELEPHONE NO (915) 686-5798

58 AUG 13 PM 1:05
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COMMINGLING, NM

**BUTTRAM NO. 4 PICTURED CLIFFS PRODUCTION
SECTION 231-26N-06W**



— PICTURED CLIFFS MCFD — FIT MCFD

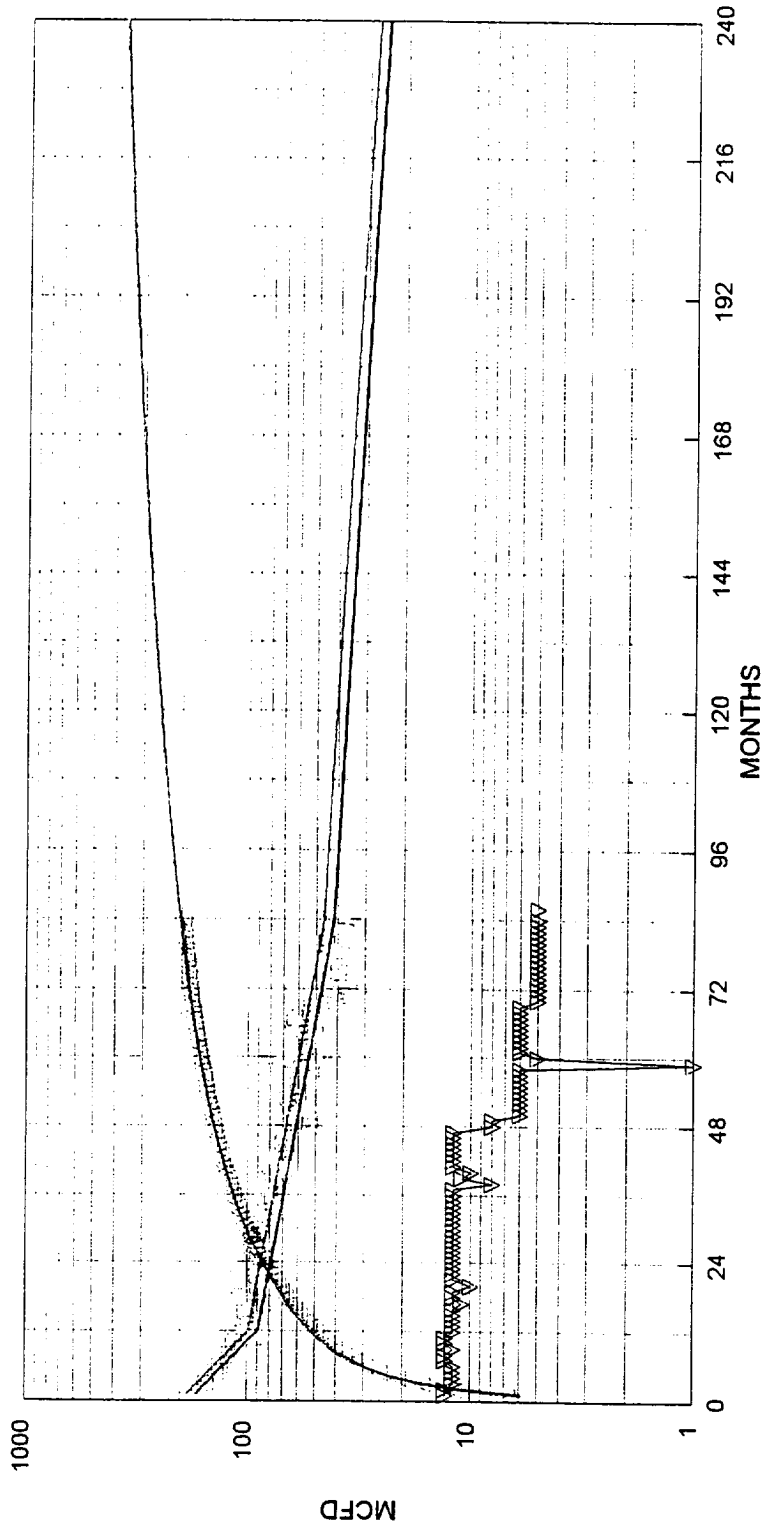
FIELD : BLANCO SOUTH (PICTURED CLIFFS)

PC HISTORICAL DATA:	1ST PROD: 12/53	PC PROJECTED DATA
OIL CUM:	0.00 MBO	1/1/98 Q1: 11.3 MCFD
GAS CUM:	382.4 MMCF (SINCE '70)	DECLINE RATE: 3.5% (EXPONENTIAL)
CUM OIL YIELD:	0.0000 BBL/MCF	
OIL YIELD:	0.0000 BBL/MCF, LAST 3 YRS	
AVG. USED:	0.0000 BBL/MCF	
GAS CUM:	2167.6 MMCF (SINCE '53)	

YEAR	MID-YEAR	MID-YEAR
	AVG. MCFD	AVG. BOPD
1998	11.1	0.0
1999	10.7	0.0
2000	10.3	0.0
2001	9.9	0.0
2002	9.6	0.0
2003	9.3	0.0
2004	8.9	0.0
2006	8.6	0.0
2006	8.3	0.0
2007	8.0	0.0
2008	7.7	0.0
2009	7.5	0.0
2010	7.2	0.0
2011	7.0	0.0
2012	6.7	0.0
2013	6.5	0.0
2014	6.3	0.0
2016	6.0	0.0
2016	5.8	0.0
2017	5.6	0.0
2018	5.4	0.0
2019	5.2	0.0
2020	5.1	0.0
2021	4.9	0.0
2022	4.7	0.0
2023	4.5	0.0
2024	4.4	0.0
2025	4.2	0.0
2026	4.1	0.0
2027	3.9	0.0
2028	3.8	0.0
2029	3.7	0.0
2030	3.5	0.0
2031	3.4	0.0
2032	3.3	0.0

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

**NORMALIZED FRUITLAND COAL PRODUCTION
13 WELLS SINCE 1990; TOWNSHIP 26N RANGE 6&7 W**



— FIT MCFD ◻ NORMALIZED MCFD ◻ NORM CUM MMCF
 ◻ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

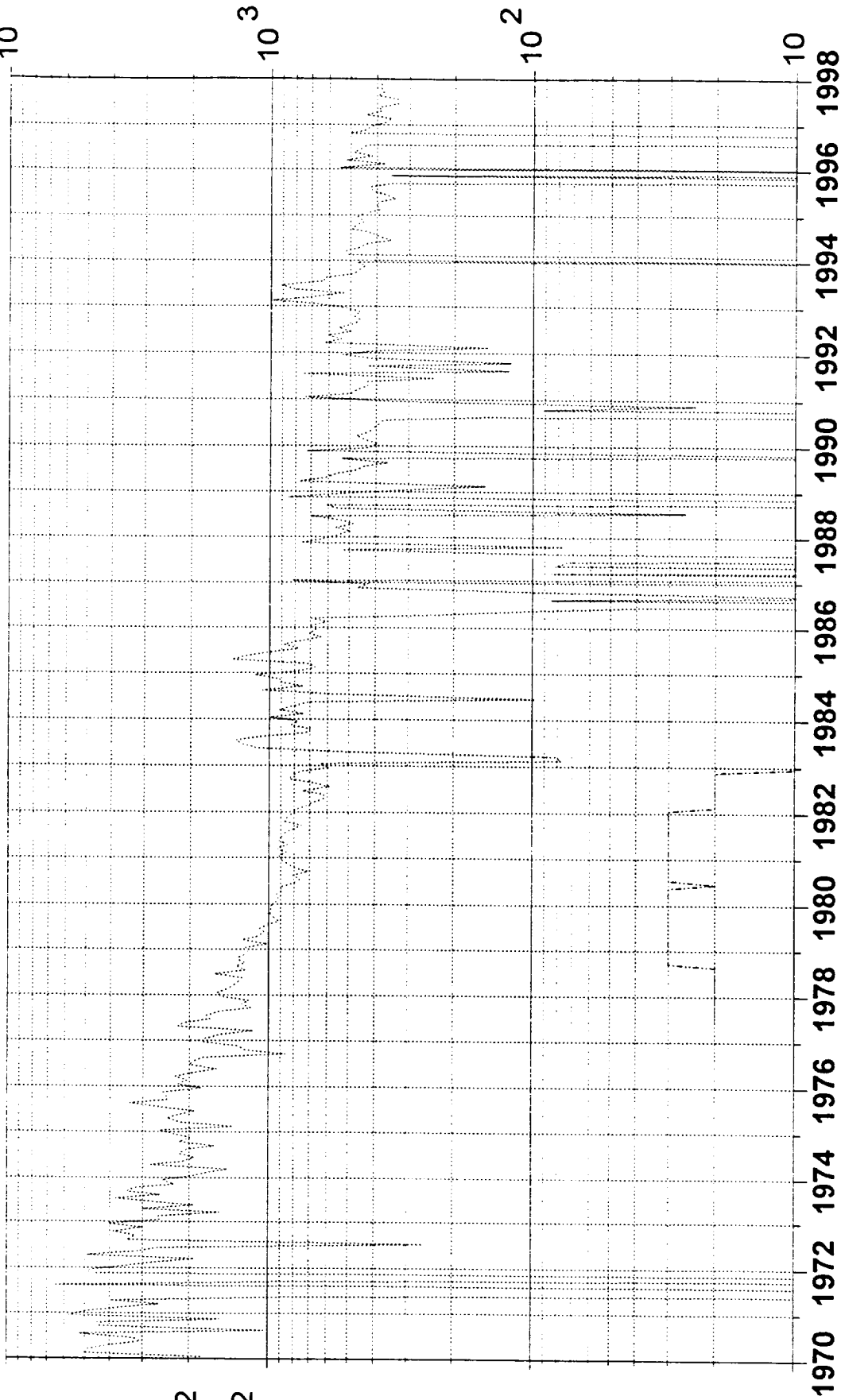
NORMALIZED AVG:	442 MMCF EUR	200 MCFD IP	10% RISK	380 MMCF EUR	180 MCFD IP
	377 MMCF IN 20 YRS	50% DECLINE, 1ST 12 MONTHS		340 MMCF IN 20 YRS	50.0% DECLINE, 1ST 12 MONTHS
	20 MCFD E.L.	12% DECLINE, NEXT 72 MONTHS		20 MCFD E.L.	12.0% DECLINE, NEXT 72 MONTHS
	0.0000 bbl/mcf oil yield	4% FINAL DECLINE		0.0000 bbl/mcf oil yield	4.0% FINAL DECLINE

Dwights

Lease: BUTTRAM (4)

Retrieval Code: 251,039,26N06W23I00PC
07/24/98

10^3
 10^3
 10^2
 10^2
10
10
1
1



Oil (bbl/mo)

Water (bbl/mo)

County: RIO ARRIBA, NM

Field: BLANCO SOUTH (PICTU Oil Cum: 0 bbl

Reservoir: PICTURE CLIFFS Gas Cum: 2168 mmcf

Operator: CONOCO INC Location: 23I 26N 6W

Gas (mcf/mo)

F.P. Date: 12/53

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 30-039-06377	2 Pool Code 71629	3 Pool Name Basin Fruitland Coal
4 Property Code 003145	5 Property Name Buttram	6 Well Number #4
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation 6372'

10 Surface Location


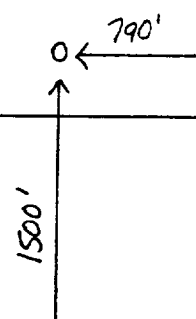
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	23	26N	6W		1500'	South	790'	East	Rio Arriba

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 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

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	17 OPERATOR CERTIFICATION		
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief		
	 Signature: Kay Maddox		
	Printed Name: Kay Maddox Title: Regulatory Agent Date: July 29, 1998		
16	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
OIL CONSERVATION COMMISSION

Gas Well Plat

Date ~~March 16, 1954~~

~~Pinto Development, Inc.~~ ~~Federal-Buttram~~ ~~234~~
Operator Lease Well No. #4

Name of Producing Formation So. Blanco Pool ~~Pictured Cliffs~~
~~Pictured Cliffs~~

No. Acres Dedicated to the Well _____

Indicate Land Ownership Status. (Federal, State, Patented)
~~XXXXXXXXXX~~

SECTION 23 TOWNSHIP 26S RANGE 4E

PUBCO DEVELOPMENT

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name A. E. Maxwell
Position Supt. Prod. Dept.
Representing Pinto Development, Inc.
Address Box 84, Arco, New Mexico

Buttram #4
Section 23, T-26-N, R-6-W, I
Rio Arriba County, NM
API # 30-039 -06377

RE: Application to Downhole Commingle

Offset Operators:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Little Oil & Gas
PO Box 258
Farmington, NM 87499-1258

Caulkins Oil Co.
1600 Broadway STE 1400
Denver, CO 80202-4927

Conditions of Approval

Conoco Inc.
Buttram No. 4
1500 FSL and 790' FEL
Sec 23-26N-06W

- 1) After a review well performance for this well and several Pictured Cliffs and Fruitland Coal seam wells in the vicinity, we concur with your proposed method of allocation. Production allocation attributable to the Basin Fruitland coal will be based on the **difference** in the established mid-year production forecast for the Pictured Cliffs and the commingled gas stream of both intervals.

Commingled production from each zone must be reported in accordance with the allocation procedure authorized above. Because oil production has been historically negligible in both of these formations, any oil production will be allocated equally between these two zones. The effective date of commingling will be the date commingling of production first occurs.

- 2) Within 30 days of commingling the production in this well bore, file a Sundry Notice (form 3160-5) subsequent report of all operations conducted. Also, file Well Completion Report (form 3160-4) after completion operations in the Basin Fruitland coal.