

DISTRICT I
P.O. Box 1989 Hobbs NM 88241 1989

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
811 South First St. Artesia NM 88210 2835

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
Company Address

San Juan 28-7 Unit # 101M Section 30, T-27-N, R-7-W, F Rio Arriba
Lease Well No Unit Ltr Sec Twp Rge County

OGRID NO 005073 Property Code 016608 API NO 30-039-N/A 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	Blanco Mesaverde 72319		Basin Dakota 71599
2 TOP and Bottom of Pay Section (Perforations)	4559-4899'		6621-6845'
3 Type of production (Oil or Gas)	Gas		Gas
4 Method of Production (Flowing or Artificial Lift)	To Flow		To Flow
5 Bottomhole Pressure Oil Zones - Artificial Lift Gas & Oil - Flowing All Gas Zones - Estimated Or Measured Current Estimated Or Measured Original	a (Current) 558 b(Original) 1161		a 736 b 255
6 Oil Gravity (°API) or Gas BT Content	1347		1319
7 Producing or Shut-In?	To Be Completed		To Be Completed
Production Marginal? (yes or no)	Yes (Expected)		Yes (Expected)
- If Shut-In give date and oil/gas/water rates of 1st production	Date Rates	Date Rates	Date Rates
- If Producing, date and oil/gas/water rates of recent test (within 60 days)	Date Rates Est 1st Yr Average 144 MCFD-Final to be supplied upon completion	Date Rates	Date Rates Est 1st Yr Average 252 MCFD-Final to be supplied upon completion
8 Fixed Percentage Allocation Formula -% for each zone			

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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): R-10476 B

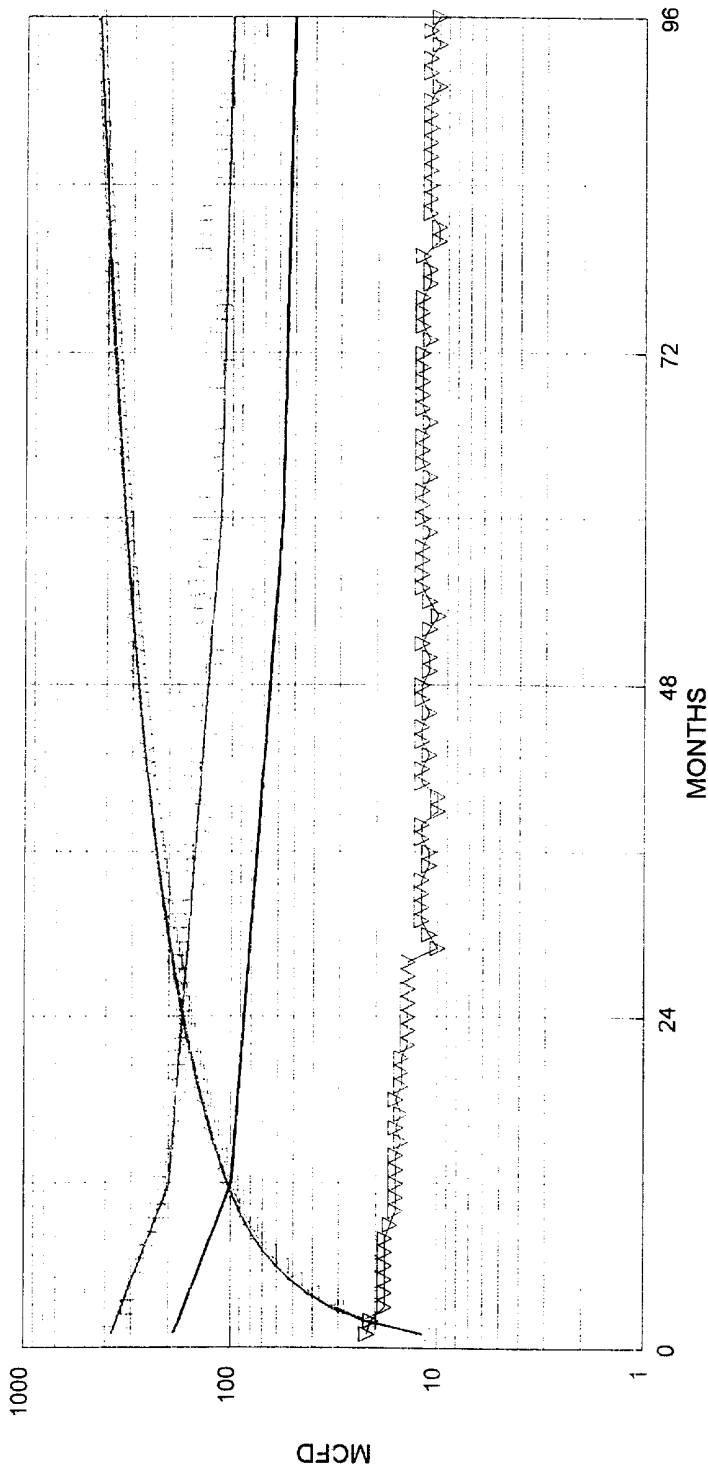
16. ATTACHMENTS
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
• Production curve for each zone for at least one year. (If not available, attach explanation.)
• For zones with no production history, estimated production rates and supporting data.
• Data to support 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 June 29, 1990

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

**NORMALIZED MESAVERDE PRODUCTION
PROD. SINCE 1972; 22 MV WELLS LOCATED IN 27N-7W AND 27N-8W AREA**

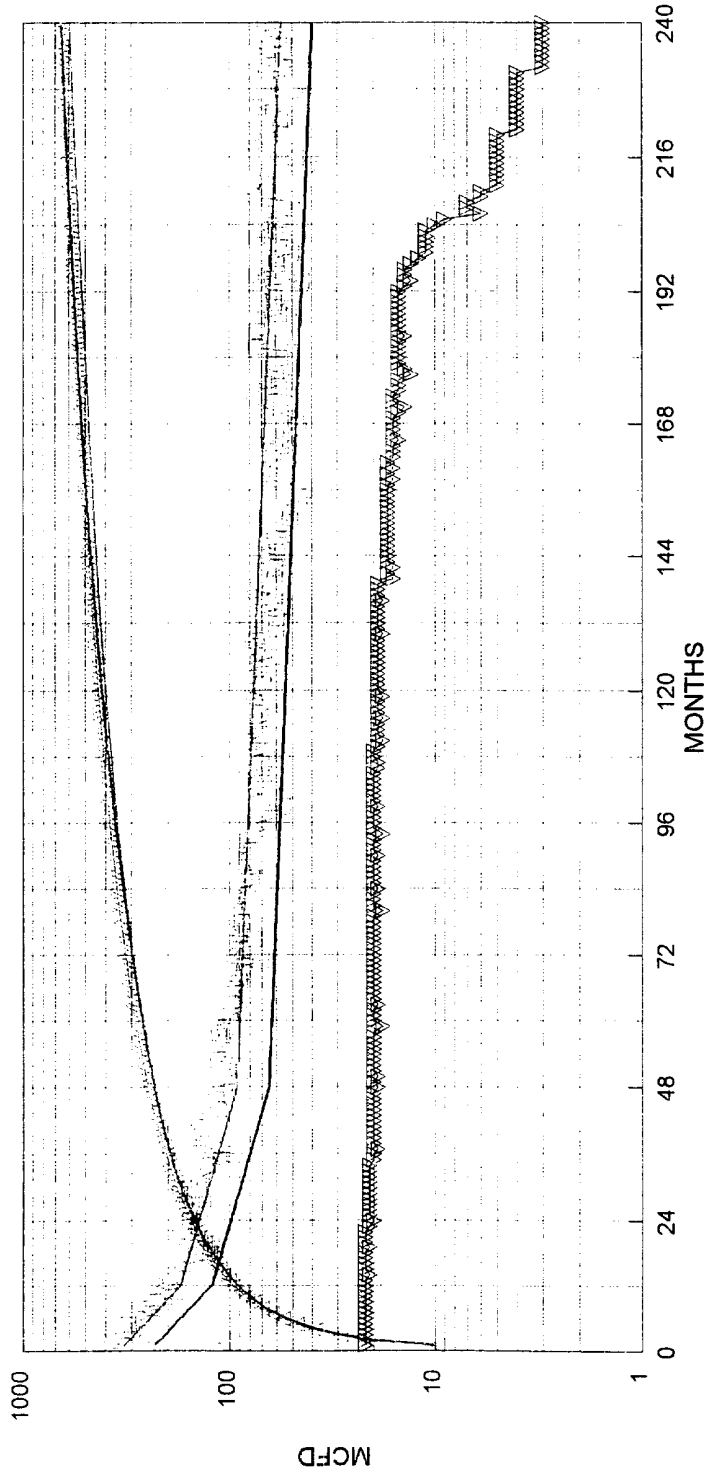


--- FIT MCFD .. NORMALIZED MCFD NORM CUM MMCF
 ▽ WELLS ON PRODUCTION -- FIT CUM MMCF -- RISKED MCFD

Expected MV Prod - #98M, 100M, 101M, 110M, 111M, 113M, 153E
 Expected 1st Yr. Avg. Rate = 144MCFD Wells are expected to follow "50% risk case"

NORMALIZED AVG: 1130 MMCF EUR 800 MMCF IN 20 YRS 25 MCFD E.L. 0.0091 bbl/mcf oil yield	RISKED AVG: 400 MCFD IP 50% DECLINE, 1ST 12 MONTHS 13% DECLINE, NEXT 48 MONTHS 4% FINAL DECLINE	50% RISK (Based on actual 99/100/101/110/111) 453 MMCF EUR 200 MCFD IP 400 MMCF IN 20 YRS 50.0% DECLINE, 1ST 12 MONTHS 25 MCFD E.L. 13.0% DECLINE, NEXT 48 MONTHS 0.0091 bbl/mcf oil yield 4.0% FINAL DECLINE
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NORMALIZED DAKOTA PRODUCTION
 PROD. SINCE 1975: 22 DAKOTA COMPLETIONS



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

Expected DK Prod - #98M, 100M, 101M, 110M, 111M, 113M, 153E
 Expected 1st Yr. Avg. Rate = 252 MCFD. Wells expected to follow "Normalized case"

<p>NORMALIZED AVG:</p> <p>1049 MMCF EUR 666 MMCF IN 20 YRS 25 MCFD E.L. 0.0134 bbl/mcf oil yield</p>	<p>RISKED AVG:</p> <p>644 MMCF EUR 466 MMCF IN 20 YRS 25 MCFD E.L. 0.0134 bbl/mcf oil yield</p>	<p>30% RISK</p> <p>245 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 19.0% DECLINE, NEXT 36 MONTHS 3.0% FINAL DECLINE</p>
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0138
Expires February 28, 1995

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5. LEASE DESIGNATION AND SERIAL NO
NM 03560

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
San Juan 28-7

8. FARM OR LEASE NAME WELL NO
101M

9. APT WELL NO

10. FIELD AND POOL, OR WILDCAT
Blanco MV/Basin Dakota

11. SEC. T. R. M. OR BLK. AND SURVEY OR AREA
Sec.30, T27N, R7W

12. COUNTY OR PARISH
Rio Arriba

13. STATE
NM

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN

1b. TYPE OF WELL
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Conoco Inc.

3. ADDRESS AND TELEPHONE NO
10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)
At surface 1740' FNL & 1665' FWL
At proposed prod. zone 1740' FNL & 1665' FWL

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

5. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if Any)

16. NO OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL
320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
6022' GR

19. PROPOSED DEPTH
6845'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc)
6022' GR

22. APPROX. DATE WORK WILL START*
6/30/98

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55, 9-5/8"	36#	250'	145 sxs, circ.
8-3/4"	K-55, 7"	23#	2568'	320 sxs, circ.
6-1/4"	K-55, 4-1/2"	9.5#	6845'	510 sxs, toc @ 2400'

It is proposed to drill a vertical wellbore to the Blanco Mesaverde and Basin Dakota Pools. An NOS was filed 10/13/97. The well will be drilled and equipped according to the following additional attachments:

1. Well Location & Acreage Dedication Plat (C-102).
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan with Production Facility layout.
6. Pipeline Tie Specifications with plat.

This application includes ROW's for the well pad, cathodic protection and pipeline.

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen 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 Jo Ann Johnson TITLE Sr. Property Analyst DATE 5-28-98

(This space for Federal or State office use)

PERMIT NO _____ APPROVAL DATE JUN 16 1998

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Tom Cook TITLE Tom Cook DATE _____

*See Instructions On Reverse Side

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.

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

1 API Number		2 Pool Code 72319/71599		3 Pool Name Blanco Mesaverde/Basin Dakota	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number 101 M
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6022'

10 Surface Location

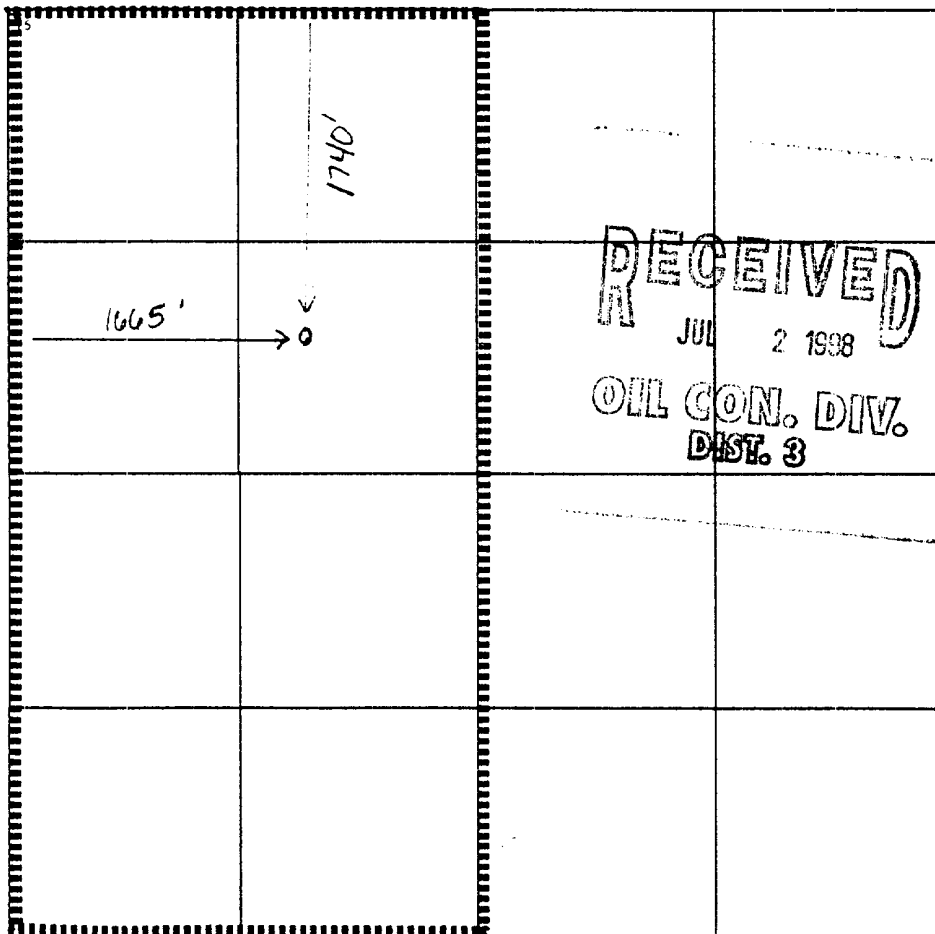
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	30	27N	7W		1740'	North	1665'	West	Rio Arriba

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

May 7, 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

San Juan 28-7 Unit # 101 M
Section 30, T-27-N, R-7-W, F
Rio Arriba , New Mexico
API # 30-039- N/A

RE: Application to Downhole Commingle (C 107 A)

OFFSET OPERATORS:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Bledsoe Petroleum Corp.
1717 Main STE 5850
Dallas, TX 75201

Chateau Oil & Gas Inc.
5950 Berkshire Ln STE 275
Dallas, TX 75225

Lively Exploration Co.
1300 Post Oak Blvd. # 1900
Houston, TX 77056-3013

M & G Drilling
PO Box 2406
Farmington, NM 87499

Western Oil & Minerals LTD
PO Drawer 1228
Farmington, NM 87499