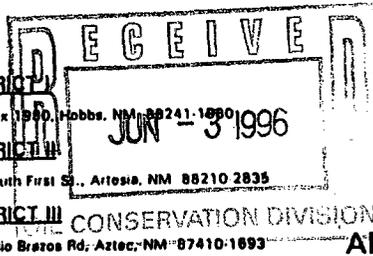


DHC 1244 6/24/96



State of New Mexico Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

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

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address 10 Desta Dr, Ste 100W, Midland TX 79705

Lease AXI Apache "J" Well No. 25 Unit Ltr. - Sec - Twp - Rge A-7-25N-5W County Rio Arriba

OGRID NO. 005073 Property Code 003132 API NO. 30-039-20445 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	Otero Chacra 82329		Blanco Mesaverde 72319
2. Top and Bottom of Pay Section (Perforations)	3728' - 3748'		5019' - 5178'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 255 psia	a.	a. 488 psia
	b. (Original) 769 psia	b.	b. 1463 psia
6. Oil Gravity (°API) or Gas BTU Content	1223 BTU		1246 BTU
7. Producing or Shut-in?	Producing		Shut-in
Production Marginal? (yes or no)	Yes		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, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: 7/95 Rates: .0155 bbl/mcf 50 mcf/gpd, 0 bwpd
	Date: 1996 mid/yr Rates: .0002 bbl/mcf 30 mcf/gpd, 0 bwpd	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 33 %	Oil: % Gas: %	Oil: 100 % Gas: 67 %

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 other? 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 Jerry W. Hoover TITLE Sr. Conservation Coordinator DATE 5/31/96

TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. (915) 686-6548

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

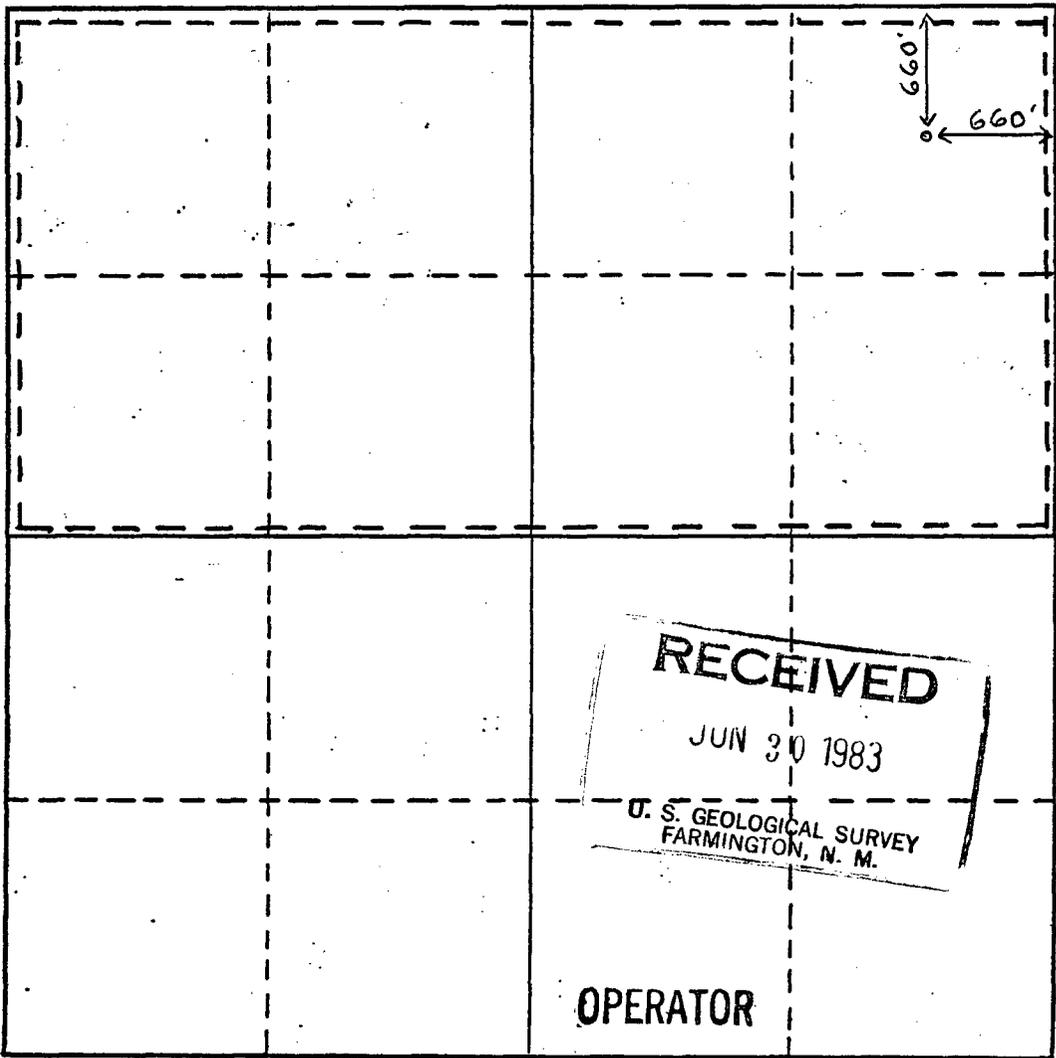
Operator CONOCO INC.		Lease AXI APACHE J		Well No. 25
Unit Letter A	Section 7	Township 25-N	Range 5-W	County RIO ARRIBA
Actual Postage Location of Well: 660 feet from the NORTH line and 660 feet from the EAST line				
Ground Level Elev. 6704'	Producing Formation MESAVERDE	Pool BLANCO MESAVERDE	Dedicated Acreage: 319.29 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Wm A. Hutterfeld
Position
Administrative Supervisor

Company
CONOCO INC.

Date
6/28/83

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 knowledge and belief.

ACCEPTED FOR RECORD

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

BY *[Signature]*

Certificate No.



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-128
 Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Continental Oil Company			Lease AXI Apache "J"		Well No. 25
Unit Letter "A"	Section 7	Township 25N	Range 5W	County Rio Arriba	

Actual Footage Location of Well:
660 feet from the **north** line and **660** feet from the **east** line

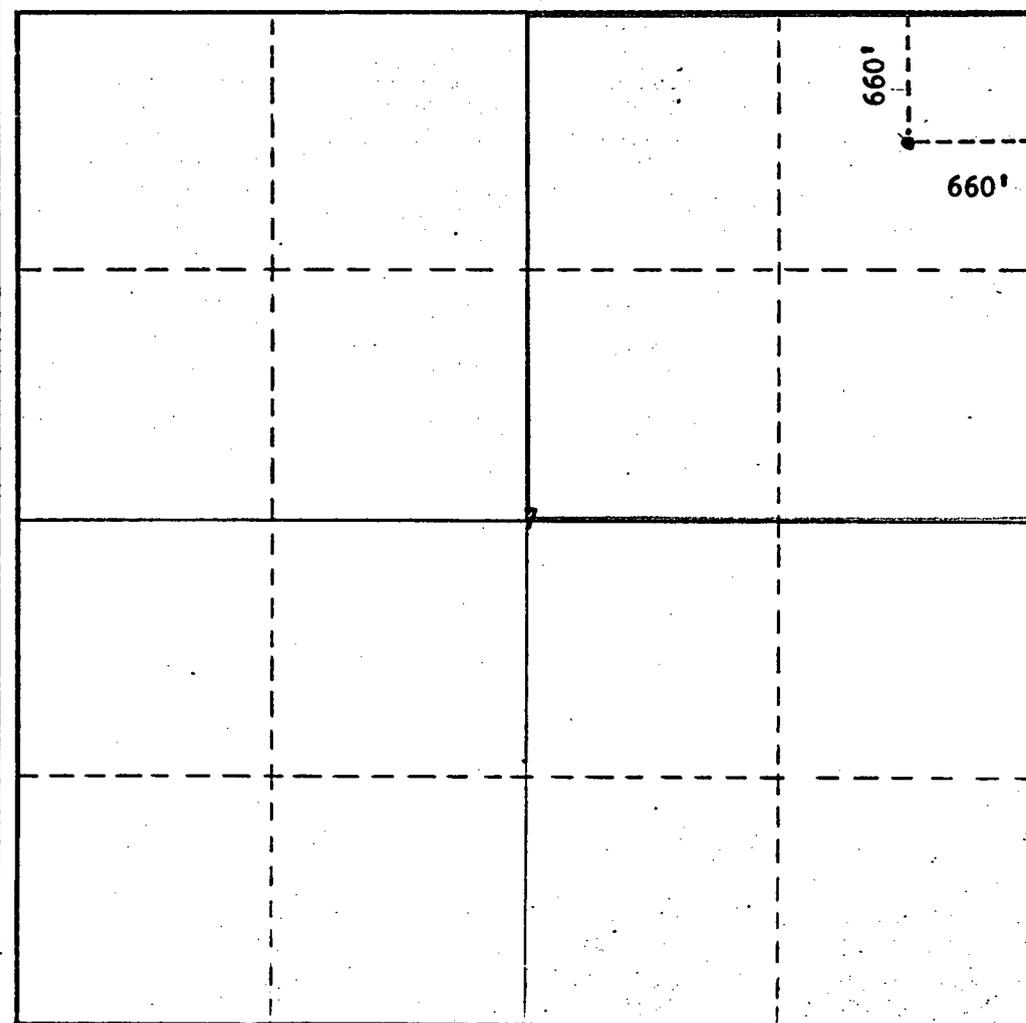
Ground Level Elev: 6678'	Producing Formation Chacra Mesaverde	Pool Otero Chacra Undesignated Mesaverde	Dedicated Acreage: 160 Acres
------------------------------------	--	--	--

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name J. A. Abben
 Position Administrative Supervisor
 Company Continental Oil Company
 Date February 2, 1972

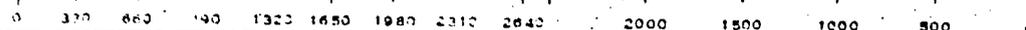
I hereby certify that the well shown on this plat was plotted from notes of actual surveys made by under my supervision, and that the is true and correct to the best knowledge and belief.

November 24, 1971

Date Surveyed
/s/ James P. Leese
 Registered Professional Engineer
 and/or Land Surveyor

1493

Certificate No.

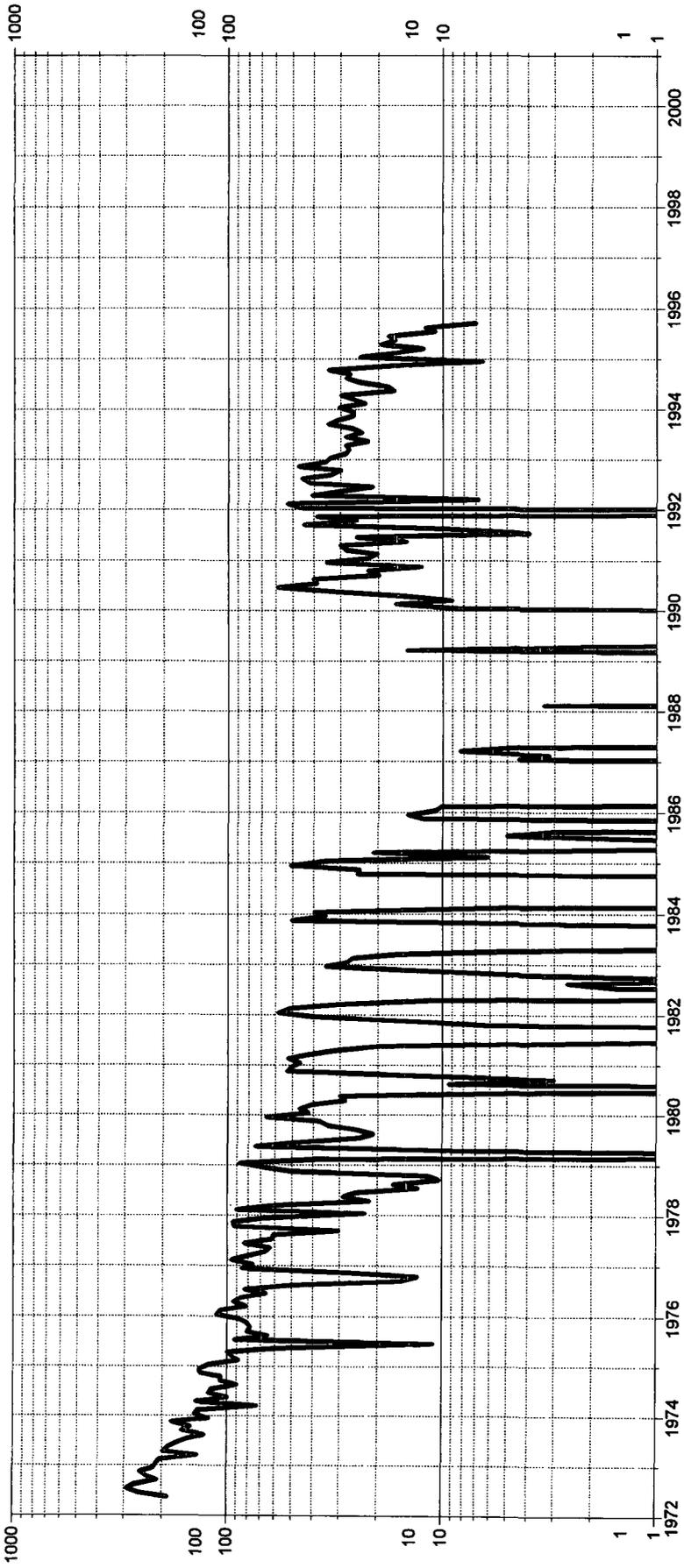


Dwights

1000 Lease: AXI APACHE J 000025

Retrieval Code: 251,039,25N05W07A00C

1000



County: RIO ARRIBA

Field: OTERO (CHACRA) CK

Reservoir: CHACRA

Operator: CONOCO INC

State: NM

Oil Cum: 55 bbl

Gas Cum: 359369 mcf

Location: 7A 25N 5W

F.P. Date: 05/72

Water (bbl/day)

Gas (mcf/day)

Date: 04/22/96

Well Count

Oil (bbl/day)

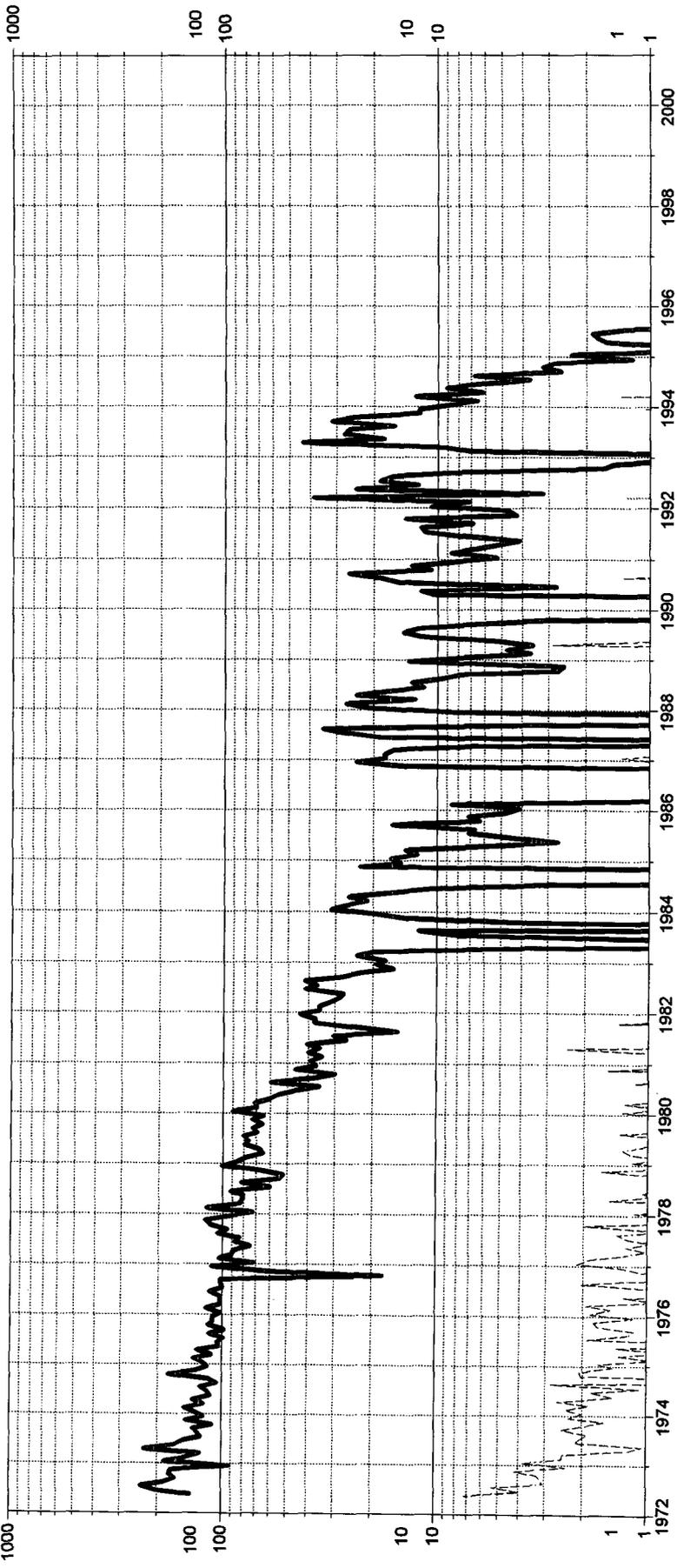
Dwight

Dwights

1000 Lease: AXI APACHE J 000025

Retrieval Code: 251,039,25N05W07A00M

1000



County: RIO ARRIBA

Field: BLANCO (MESAVARDE) MV

Reservoir: MESAVARDE

Operator: CONOCO INC

State: NM

Oil Cum: 6154 bbl

Gas Cum: 395801 mcf

Location: 7A 25N 5W

F.P. Date: 05/72

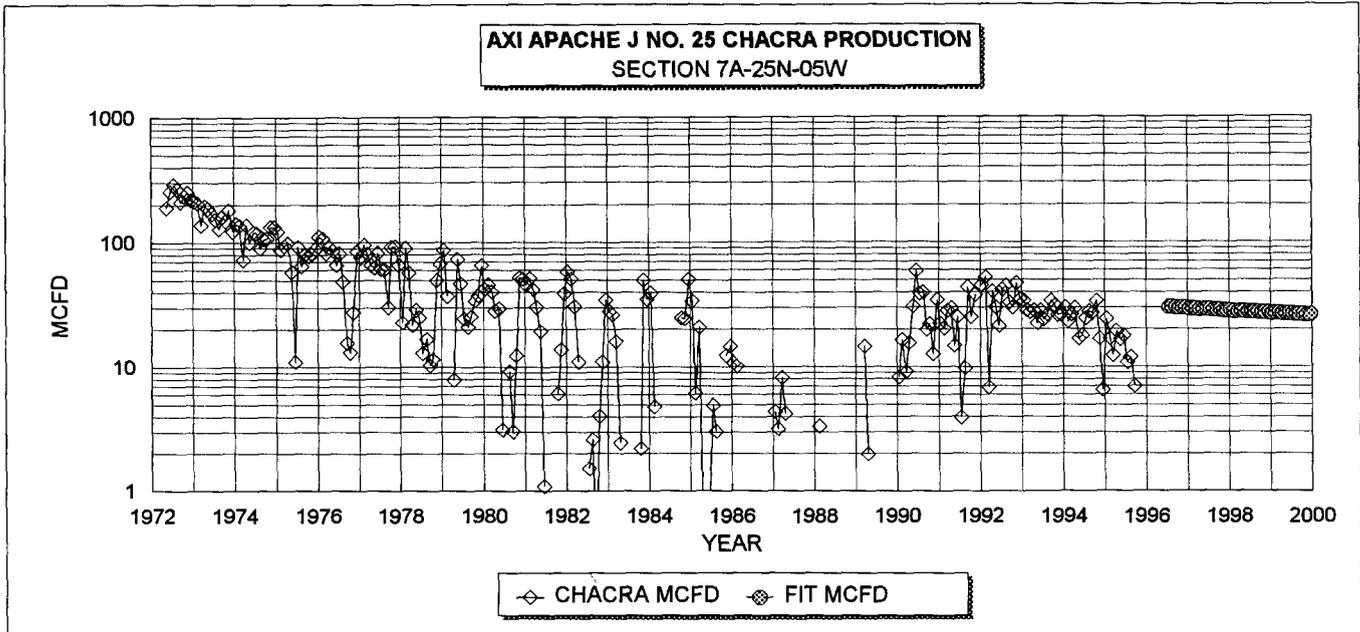
Water (bbf/day)

Gas (mcf/day)

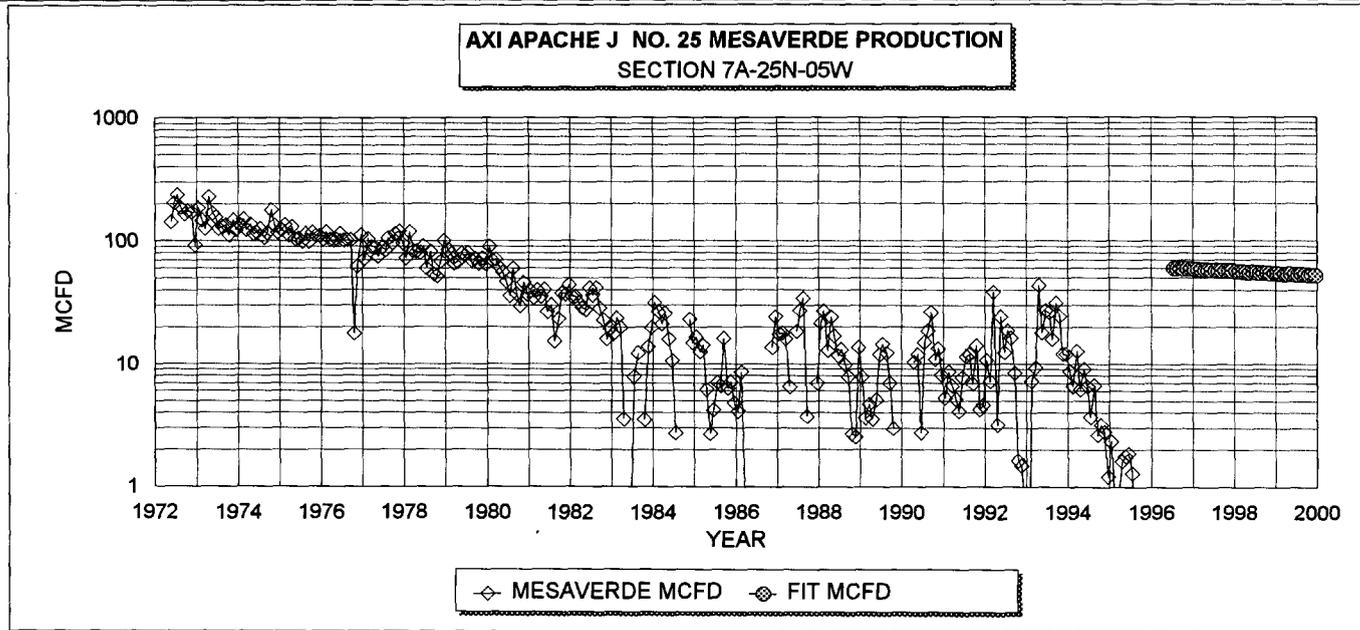
Date: 04/22/96

Well Count

Oil (bbl/day)



CHACRA HISTORICAL DATA:	1ST PROD: 5/72	CHACRA	PROJECTED DATA
OIL CUM:	0.06 MBO	7/1/96 Qi:	30 MCFD; RISKED ANTICIPATED RATE
GAS CUM:	359.4 MMCF	DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	0.0002 BBL/MCF		



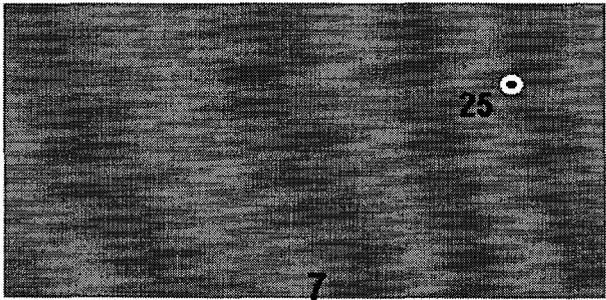
MESAVERDE HISTORICAL DATA	1ST PROD: 5/72	MESAVERDE PROJECTED DATA	
OIL CUM:	6.2 MBO	7/1/96 Qi:	60 MCFD; RISKED ANTICIPATED RATE
GAS CUM:	395.8 MMCF	DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	0.0155 BBL/MCF		

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
MESAVERDE	67%	100.00%
CHACRA	33%	0%

GAS ALLOCATION BASED ON PROJECTED 1996 RATES
 OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS
NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

AXI APACHE J # 25

OFFSET OPERATORS

1 Meridian	6 Meridian	5 Meridian
T-25N --- R-6W	T-25N --- R-5W	
12 Meridian		Snyder Oil 8 Meridian
13 T-25N --- R-6W	18 T-25N --- R-5W	17