

DATE IN

4/27/98

SUSPENSE

5/18/98

ENGINEER

DC

LOGGED BY

KW

TYPE

DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

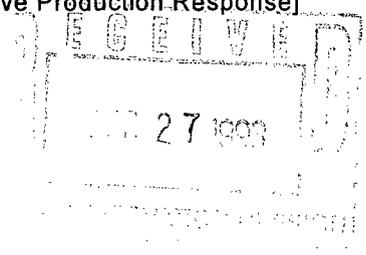
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ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

- NSL
- NSP
- DD
- SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

- DHC
- CTB
- PLC
- PC
- OLS
- OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- WFX
- PMX
- SWD
- IPI
- EOR
- PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Kay Maddox
Print or Type Name

Kay Maddox
Signature

Regulatory Agent
Title

4/24/98
Date

DISTRICT I
 P O Box 1980, Hobbs, NM 88241 1980

DISTRICT II
 811 Southl First St. Artesia NM 88210 2835

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease Lockhart A 27 Well No 9 Unit Ltr Sec Twp Rge Section 27, T-21-S, R-37-E County Lea

OGRID NO. 005073 Property Code 003039 API NO. 30-025-06802 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	Blinebry Oil & Gas 06660		Drinkard 19190
2. TOP and Bottom of Pay Section (Perforations)	5505-5745'		6368-6568'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Lift		Lift
5. Bottomhole Pressure	a (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	650		700
Gas & Oil - Flowing: Measured Current	b(Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	2250		2650
6. Oil Gravity (°API) or Gas BT Content	38		39
7. Producing or Shut-In?	To be Completed		Producing
Production Marginal? (yes or no)	Yes (expected)		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
	Production to be allocated by subtraction - See attached table	Date Rates	Est 3/15/98 1 BO, 48 MCFD, 0 BOPD
8. Fixed Percentage Allocation Formula - % for each zone	oil: % Gas %	oil: % Gas %	oil: % Gas %

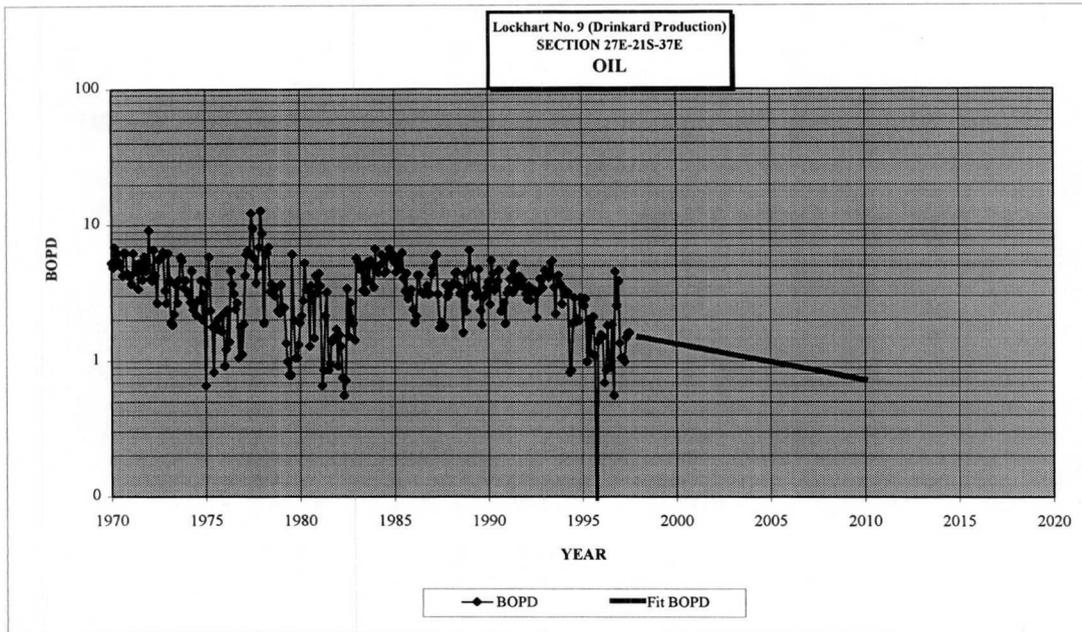
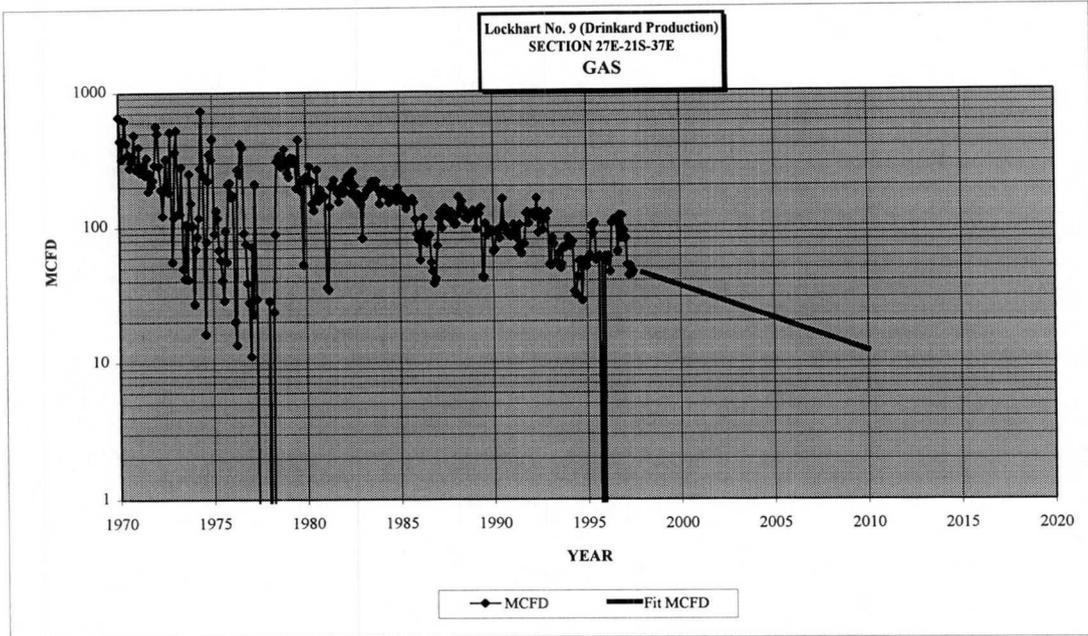
9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical 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 4/24/98

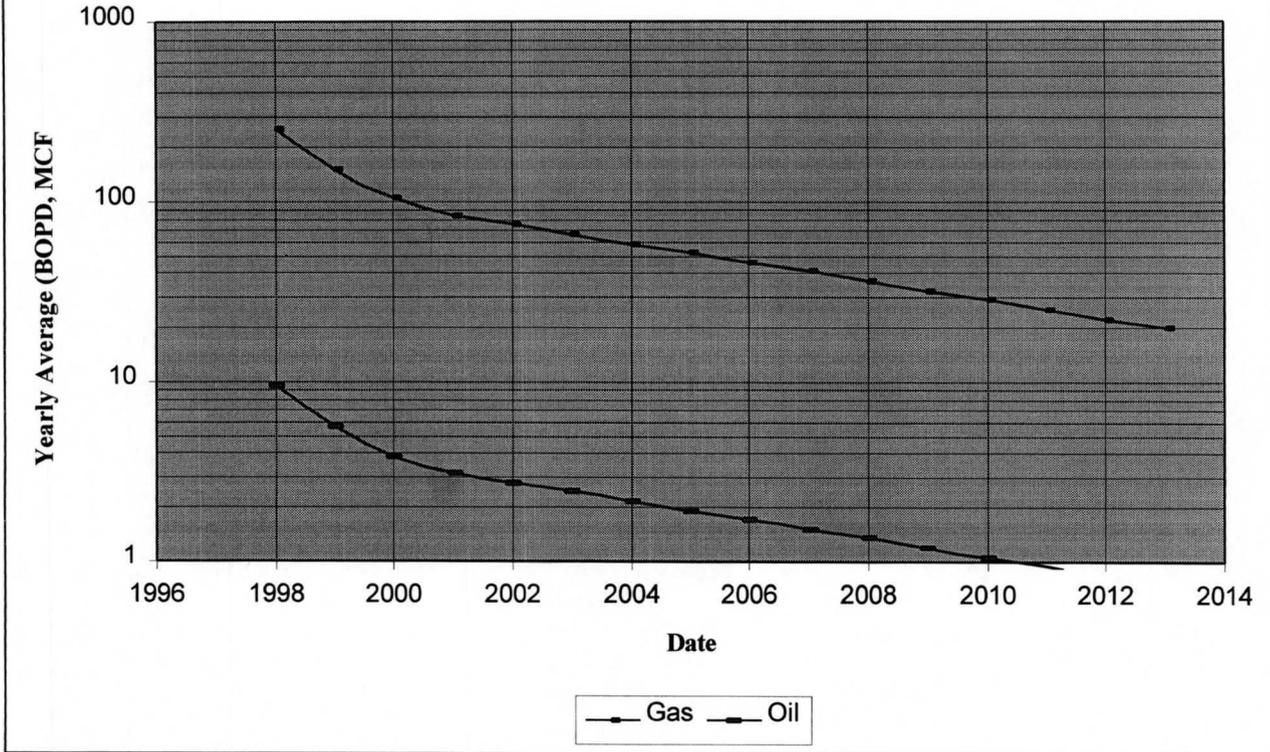
TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

LOCKHART A27 No. 9 DHC SUBTRACTION METHOD DATA



YEAR	MID-YEAR AVG MCFD	MID-YEAR AVE BOPD
1998	42.50	1.60
1999	38.08	1.49
2000	34.12	1.38
2001	30.57	1.29
2002	27.39	1.20
2003	24.54	1.11
2004	21.99	1.04
2005	19.70	0.96
2006	17.65	0.90
2007	15.82	0.83
2008	14.17	0.77
2009	12.70	0.72
2010	11.38	0.67

Lockhart A27 9
Expected Blinebry Production



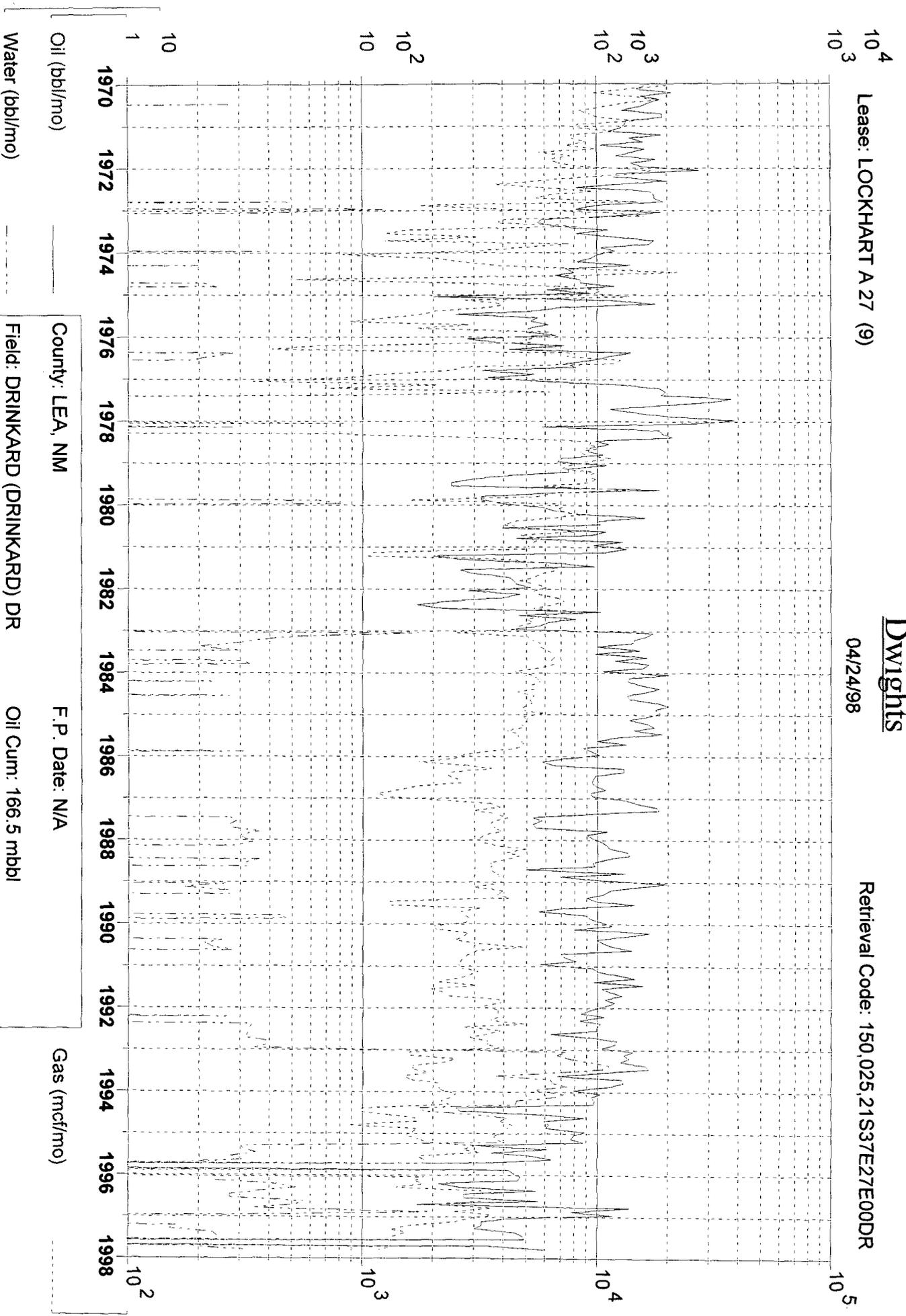
Based on a representative average of the nearest recent Blinebry completions:

- Marshall B No. 9
- Marshall B No. 8
- JN Carson No. 9
- Lockhart A27 No. 16

Lease: LOCKHART A 27 (9)

Dwights
04/24/98

Retrieval Code: 150,025,21S37E27E00DR



Oil (bbl/mo)

Water (bbl/mo)

County: LEA, NM

Field: DRINKARD (DRINKARD) DR

Reservoir: DRINKARD

Operator: CONOCO INC

F.P. Date: N/A

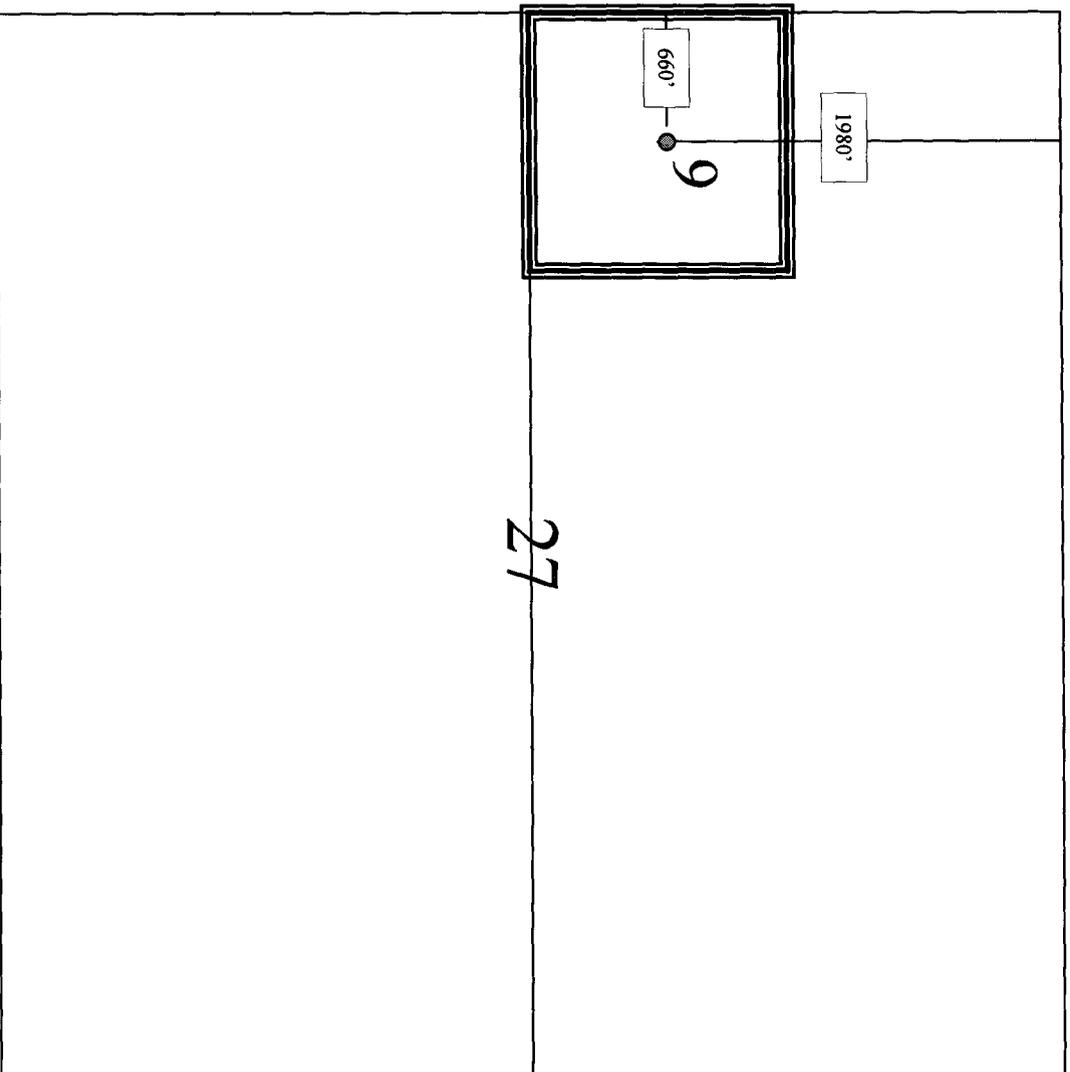
Oil Cum: 166.5 mbbl

Gas Cum: 2885 mmcf

Location: 27E 21S 37E

Gas (mcf/mo)

Lockhart A27 No. 9 : Plat



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

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 30-025-06802		2 Pool Code 06660		3 Pool Name Blinbry Oil & Gas			
4 Property Code 003039		5 Property Name Lockhart A 27				6 Well Number #9	
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500				9 Elevation	

10 Surface Location

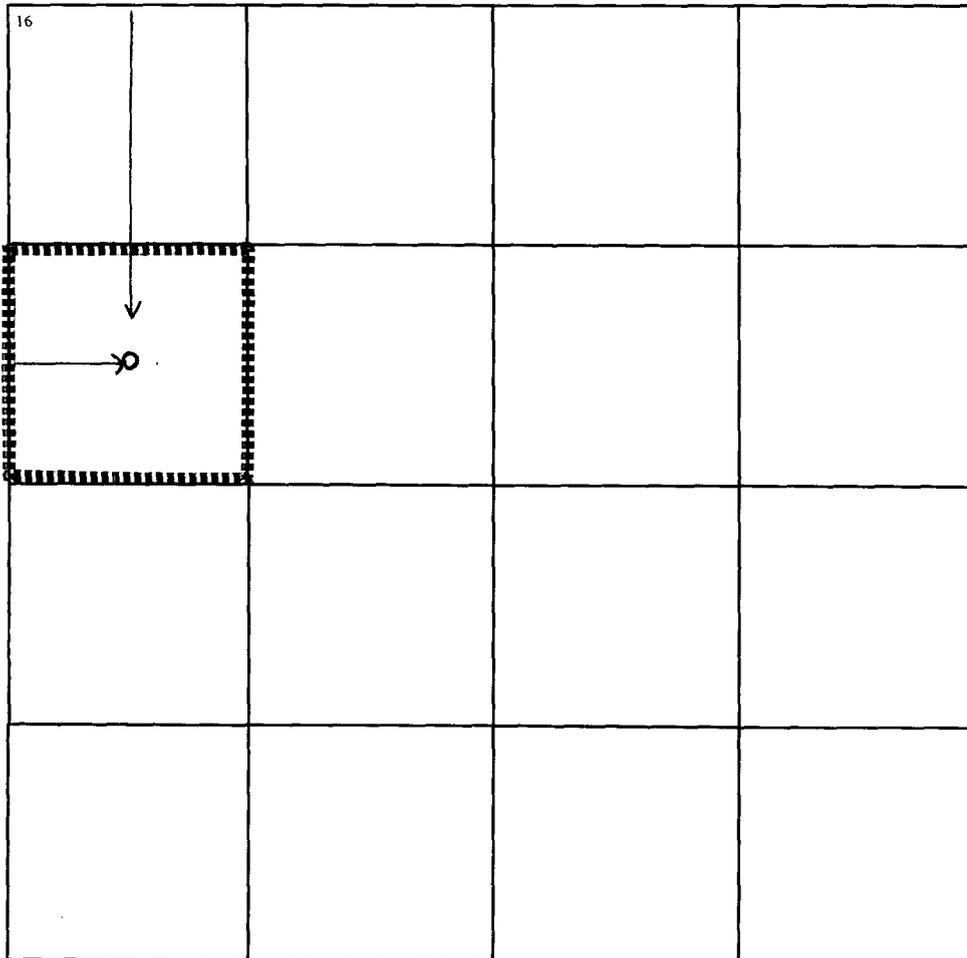
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	27	21S	37E		1980	North	660	West	Lea

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 40	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

April 24, 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

April 24, 1998

Lockhart A 27 #9
API 30-025-06802
Section 27, R-21-S,R-37-E, E
Lea County, New Mexico

RE: Application for Downhole Commingle C-107A

Offset Operators:

Lanexco
PO Box 2730
Midland, TX 79702-2730

Chevron
935 Gravier St
New Orleans, LA 70112-1625

Exxon
PO Box 4778
Houston, Tx 77210-4778

Titan Resources
500 W. Texas Ave STE 500
Midland, Tx 79701-4251

Marathon
PO Box 552
Midland, TX 79702

Altura Energy
580 Westlake Park Blvd
Houston, TX 77074

A copy of the C-107A was sent to the above listed parties