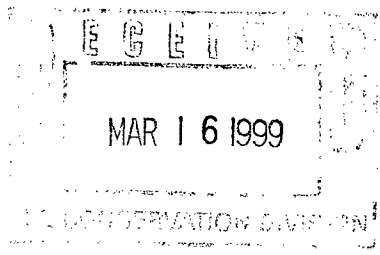


DHC 4/5/99



Cross Timbers Operating Company



Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Administrative Approval to Downhole Commingle
Cross Timbers Operating Co.
Schwerdtfeger "A" LS #14
990' FSL & 1,750' FWL Sec. 8, T27N, R08W
San Juan County, New Mexico

6926

Dear Ms. Wrotenbery,

Cross Timbers Operating Company hereby request administrative approval to downhole commingle the Blanco Mesaverde and South Blanco Pictured Cliffs pools in the above mentioned well. The well was originally completed as a dual completion with the Mesaverde being produced under a packer and up the tubing and the Pictured Cliffs being produced up the casing. Currently both the Mesaverde and Pictured Cliffs are producing. Through internal analysis it appears that the Mesaverde zones have been under produced. Most Mesaverde wells in this area are very susceptible to liquid loading problems. Therefore to improve the recovery of liquids and to improve the ultimate recovery of production, Cross Timbers Operating Company is certain that if both zone are approved for downhole commingle then the above objectives can be obtained.

To comply with New Mexico Oil Conservation Rules, Cross Timbers Operating Co is submitting the following data for your approval of the proposed commingling:

1. C-107A Application for Downhole Commingle
2. C-102 Well Location & Acreage Dedication Plat
3. Production curves for both the Mesaverde & Pictured Cliffs Formation
4. Offset Operators Plat
5. Well Location Plat

In accordance to New Mexico Oil Conservation Division Rule 303C, all offset operators are being notified of this application. As an offset operator, if you do not have any objections to this application, you do not have to respond to this notification.

If additional information is needed, please feel free to contact Cross Timbers Operating Co.

Sincerely,

Jeffery W. Patton
Production Engineer

CC: NMOCD -Aztec, Offset Operators, BLM

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

DISTRICT II
811 S. 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 875054-6429

APPROVAL PROCESS:
 Administrative Hearing

EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Cross Timbers Operating Company Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401

Lease Schwerdtfeger A LS Well No. #14 Unit Ltr. - Sec - Twp - Rge Unit N Sec 8 T27N R08W County San Juan, NM

OGRID NO. 167067 Property Code 022635 API NO. 30-045-06601 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	S Blanco Pictured Cliffs 72439		Blanco Mesaverde 72319
2. Top and Bottom of Pay Section (Perforations)	2858' - 2916' (perf'd)		5154' - 5272' (perf'd)
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: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 226 psia (calc)	a.	a. 350 psia (calc)
	b. (Original) 818 psia (calc)	b.	b. 1054 psia (calc)
6. Oil Gravity (^o API) or Gas BTU Content)	1149 btu		1236 btu
7. Producing or Shut-In?	Producing		Producing
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	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 3-12-99 Rates: 0 bwpd, 28 mcfpd, 0 bopd	Date: Rates:	Date: 3-12-99 Rates: 0 bwpd, 16 mcfpd, 0 bopd
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 0% Gas: 58%	Oil: % Gas: %	Oil: 100% Gas: 42%

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 in 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  TITLE Production Engineer DATE 3-12-99

TYPE OR PRINT NAME Jeffery W. Patton TELEPHONE NO. (505) 324-1090

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Date **JANUARY 31, 1958**

Section A.

Operator **EL PASO NATURAL GAS COMPANY** Lease **SCHWERDTFEGER** SF **079319**
Well No. **14A (PM)** Unit Letter **N** Section **8** Township **27N** Range **8W** NMPM
Located **990** Feet From **SOUTH** Line **1750** Feet From **WEST** Line
County **SAN JUAN** G. L. Elevation **6738** Dedicated Acreage **320 & 160** Acres
Name of Producing Formation **MESA VERDE & PICTURED CLIFF** Pool **BLANCO SET. MV-SO. BLANCO PC.**

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
Yes No
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

<u>Owner</u>	<u>Land Description</u>
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RECEIVED
FEB 4 1958
U. S. GEOLOGICAL SURV.
FARMINGTON, NEW MEX.

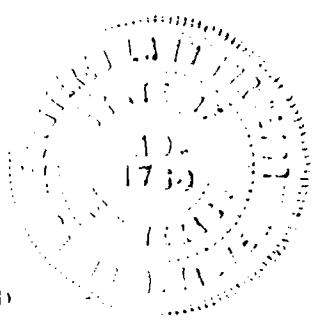
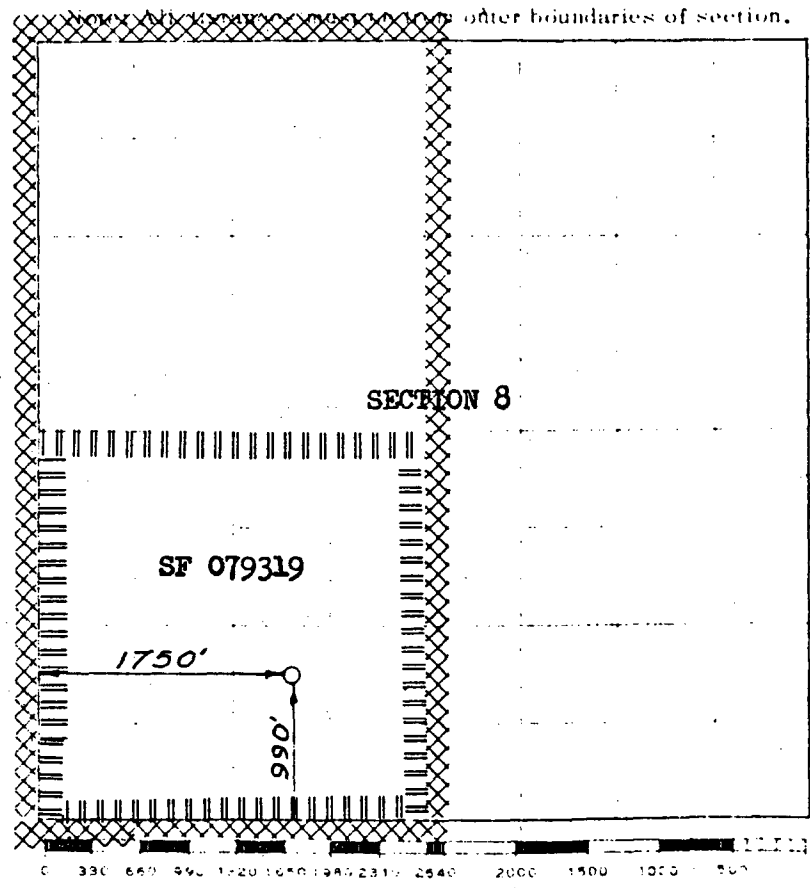
Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

El Paso Natural Gas Company
(Operator)
Original Signed **D. C. Johnston**
(Representative)

Box 997
(Address)

Farmington, New Mexico



This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

(Seal)

Farmington, New Mexico

Date Surveyed **JANUARY 9, 1958**
David J. Wilson
Registered Professional Engineer and/or Land Surveyor



Cross Timbers Operating Company

Schwerdtfeger "A" LS #14

Offset Operator / Ownership Plat

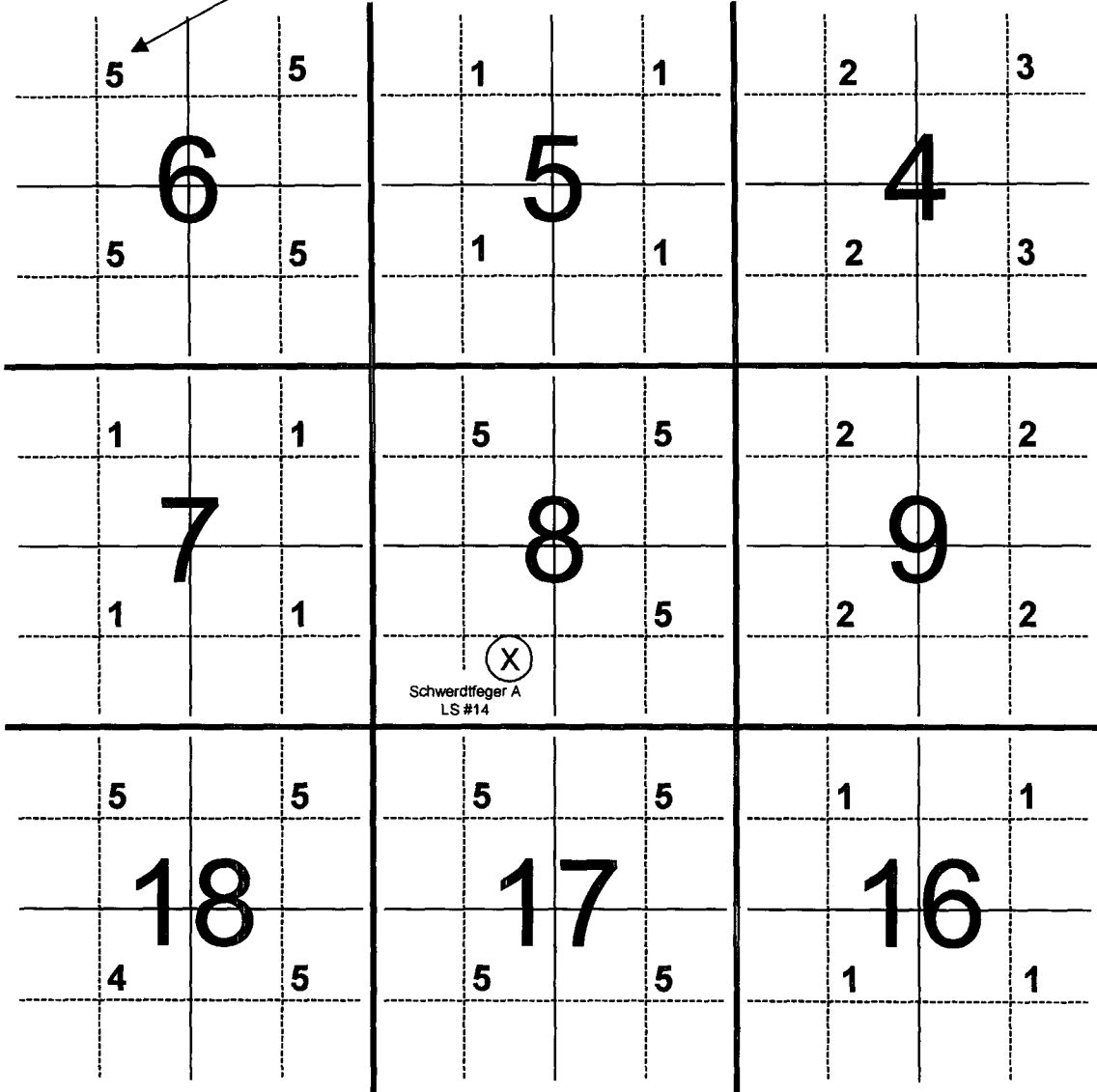
**Blanco Mesaverde / South Blanco Pictured Cliffs
Downhole Commingle**

Township 27 N, Range 08 W

1. Burlington Resources Oil & Gas Company
3535 E. 30th St.
Farmington, NM 87402
2. Conoco Incorporated
10 Desta Dr.
Suite 100W
Midland, Tx 79705
3. M & G Drilling Company
c/o KM Production
PO Box 168
Farmington, NM 87499
4. Robert L Bayless
PO Box 168
Farmington, NM 87499
5. Cross Timbers Operating Co.
6001 E. Hwy 64
Farmington, NM 87401



Offset Operator as indicated on previous page



(X)
Schwerdtfeger A
LS #14

Township 27N,
Range 08W



Cross Timbers Operating Company

Re: Administrative Approval to Downhole Commingle
Cross Timbers Operating Co.
Schwerdtfeger "A" LS #14
990' FSL & 1,750' FWL Sec. 8, T27N, R08W
San Juan County, New Mexico

Dear Offset Operator,

As an offset operator to the above mentioned well, you are hereby notified that Cross Timbers Operating Co is filing for downhole commingle approval.

As an offset operator, you have the right to file an objection to the commingling of the above mentioned well within twenty (20) days starting upon receipt of this letter. If you do not have any objections to the above well being commingled, you can either sign this letter waiving your rights to an objection or let the twenty days, upon receipt of this letter, expire.

Please return this letter or a letter of objection to Mr. David Catanach at the address listed.

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Cross Timbers Oil Co sincerely appreciate your prompt response concerning this approval.

Burlington Resources Oil & Gas	Signature:
Conoco Incorporated	Signature:
M & G Drilling Co.	Signature:
Robert L Bayless.	Signature:

Cross Timbers Oil Company

SCHWERTFEGER A 14

CROSS TIMBERS
BLANCO S (PICTURED CLIFFS)
SAN JUAN, NEW MEXICO
08N 27N 08W
RWT

CO
450660

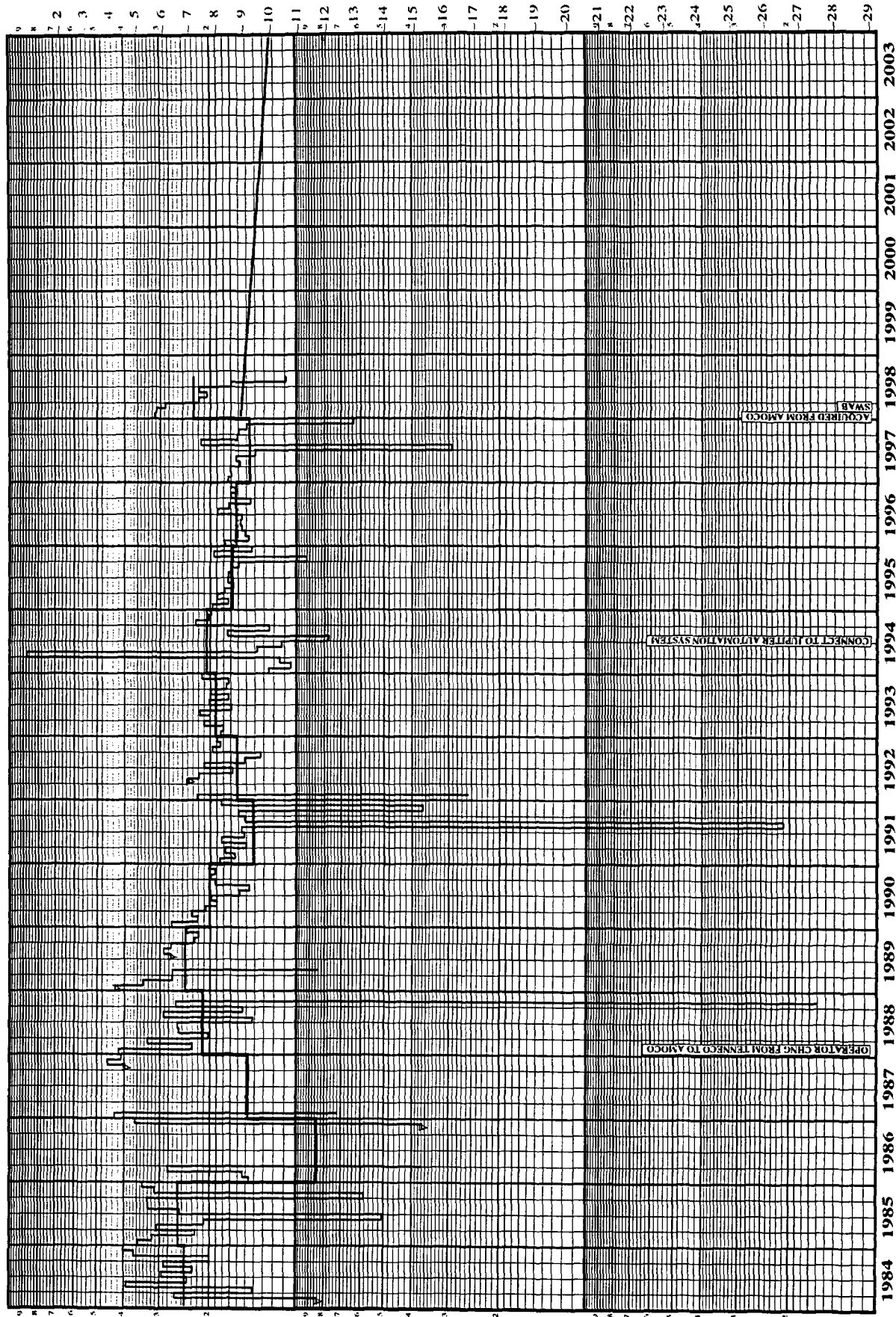
SAN JUAN
71165

M & L - 1/98 FORECAST

JWP DLM CP-K-WSS

Run Date: 03/19/98
Run Time: 12:15:52

GAS (mcf/mo) ▽
OIL (bbls/mo) ▲



1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003

Cross Timbers Oil Company

14

SCHWERTFEGER A

CROSS TIMBERS

BLANCO (MESAVERDE)

SAN JUAN, NEW MEXICO

08N 27N 08W

RWT

SAN JUAN
71164

CO
506601

M & L - 1/98 FORECAST

JWP DLM CP-K-WSS

Run Date: 03/19/98
Run Time: 12:15:35

GAS (mcf/mo) ▽
OIL (bbls/mo) △

