

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2324

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

APR - 9 1999

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

4/7/99
Date

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

DISTRICT II
811 South 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

OIL CONSERVATION DIVISION

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

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

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 Jicarilla 28-7 (NP) Well No # 68 Unit Ltr Sec Twp Rge Section 31, T-28-N, R-7-W, B County Rio Arriba

OGRID NO. 005073 Property Code 016608 API NO. 30-039-60071 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)	2297-2466'		2493-2568'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Expected Flowing		Expected Flowing
5. Bottomhole Pressure	a (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	432		360
Gas & Oil - Flowing: Measured Current	b(Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1167		1119
6. Oil Gravity (*API) or Gas BT Content	1045		1189
7. Producing or Shut-In?	To be Completed		To be Completed
Production Marginal? (yes or no)	Expected Yes		Expected Yes
• If Shut-In give date and oil/gas/water rates of last production	Date Rates	Date Rates	Date Rates
Note For new zones with no production history applicant should 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 Expect IP - 150-250 MCFD	Date Rates	Date Rates Expect IP - 200-300 MCFD
8. Fixed Percentage Allocation Formula - % for each zone	oil: 0 % Gas 43 %	oil: % Gas %	oil: 100 % Gas 57 %

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

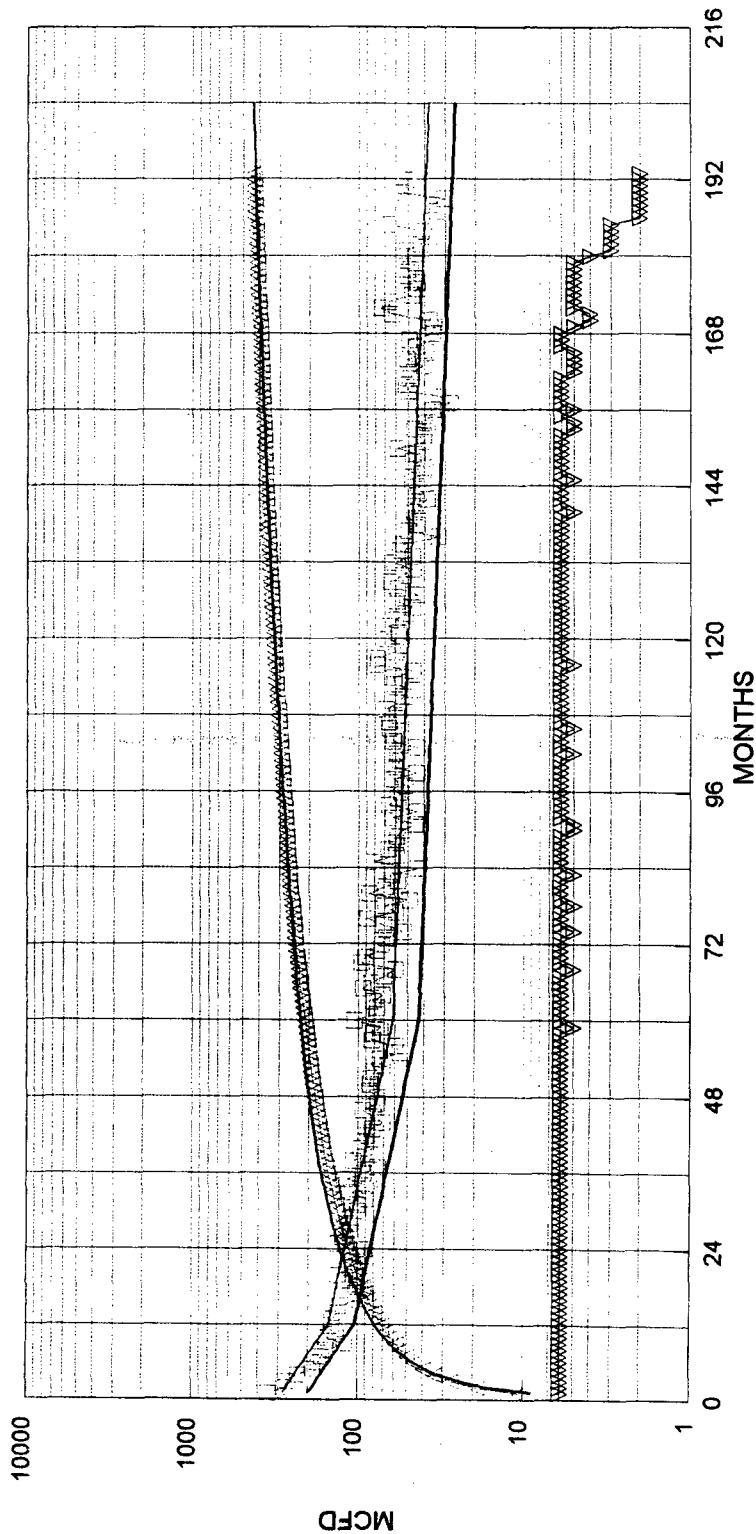
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 April 6, 1999

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

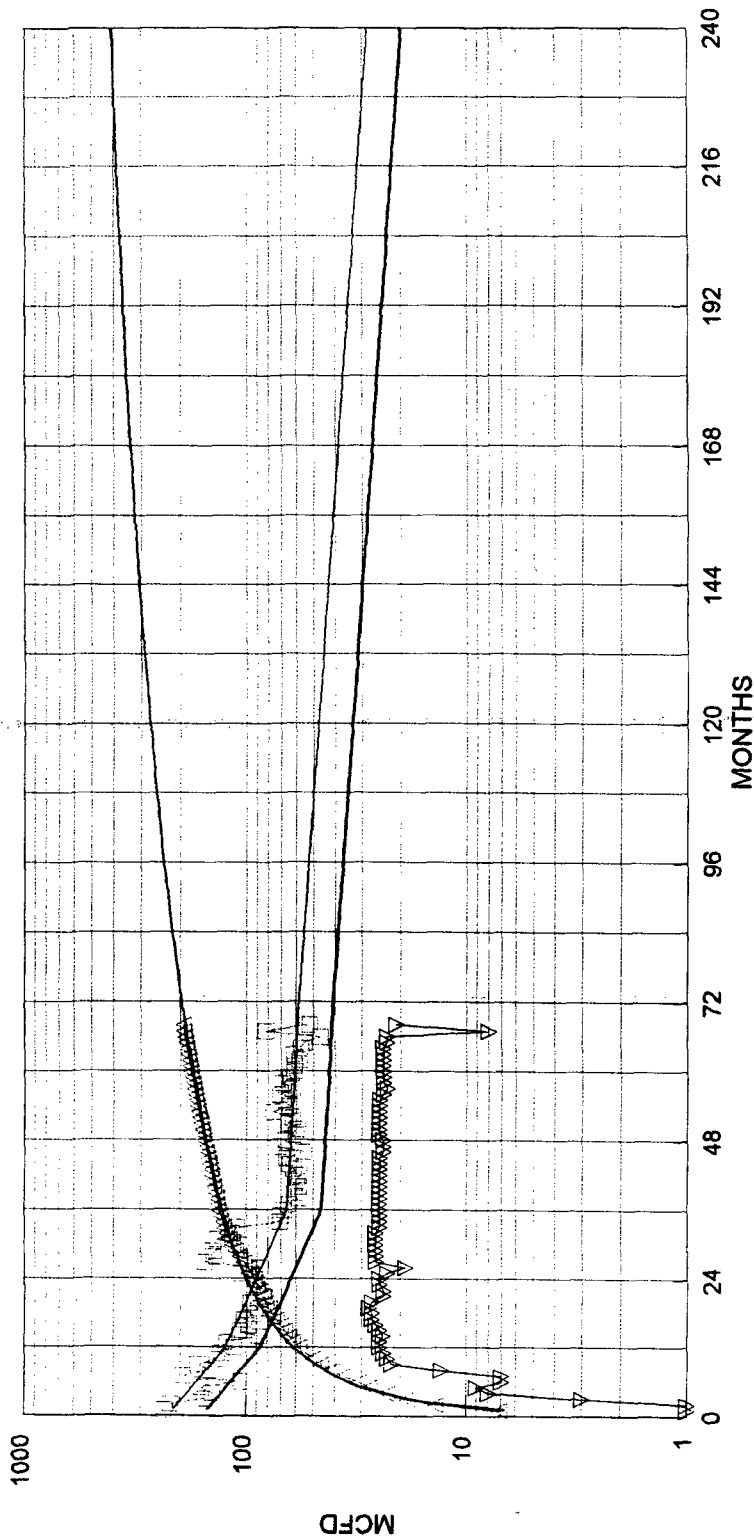
**NORMALIZED PICTURED CLIFFS PRODUCTION
PROD. SINCE 1974; 6 PC WELLS LOCATED IN 28N-7W**



— FIT MCFD □ NORMALIZED MCFD ▲ NORM CUM MMCF
 ▴ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

NORMALIZED AVG: 684 MMCF EUR 642 MMCF IN 40 YRS 10 MCFD E.L. 0.0001 bbl/mcf oil yield	30% RISK 452 MMCF EUR 432 MMCF IN 36 YRS 10 MCFD E.L. 0.0001 bbl/mcf oil yield	RISKED AVG: 210 MCFD IP 60.0% DECLINE, 1ST 12 MONTHS 20.0% DECLINE, NEXT 48 MONTHS 4.0% FINAL DECLINE
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NORMALIZED FRUITLAND COAL PRODUCTION
28 WELLS SINCE 1990; 28N-7W & 27N-7W



— FIT MCFD □ NORMALIZED MCFD ○ NORM CUM MMCF
△ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

NORMALIZED AVG: 540 MMCF EUR 539 MMCF IN 40 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield	225 MCFD IP 45.0% DECLINE, 1ST 12 MONTHS 27.0% DECLINE, NEXT 24 MONTHS 5.0% FINAL DECLINE	RISKED AVG: 30% RISK 357 MMCF EUR 158 MCFD IP 354 MMCF IN 33 YRS 46.0% DECLINE, 1ST 12 MONTHS 10 MCFD E.L. 27.0% DECLINE, NEXT 24 MONTHS 0.0000 bbl/mcf oil yield 5.0% FINAL DECLINE
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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 30-039-60071	2 Pool Code 71629	3 Pool Name Basin Fruitland Coal
4 Property Code 016608	5 Property Name San Juan 28-7 Unit (NP)	6 Well Number #68
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation

10 Surface Location

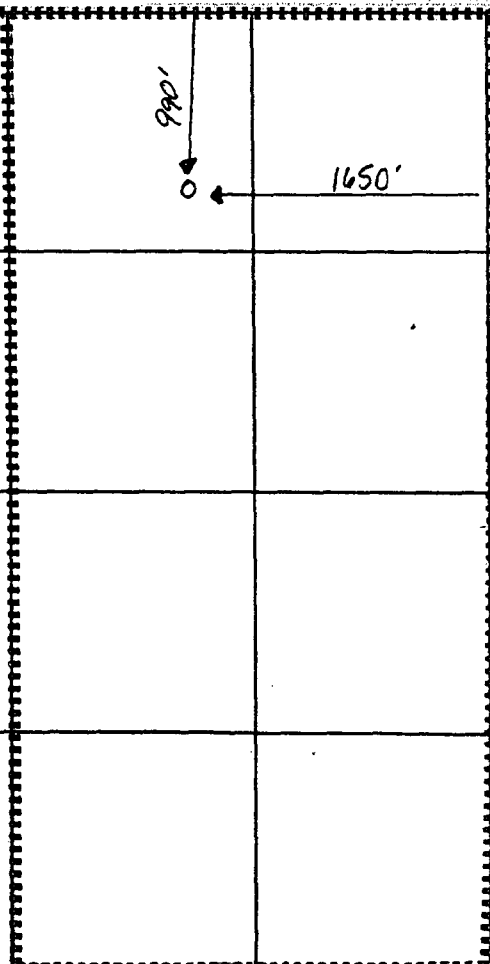
UL or lot no. B	Section 31	Township 28N	Range 7W	Lot Idn	Feet from the 990'	North/South line North	Feet from the 1650'	East/West line East	County Rio Arriba
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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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

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: <i>Kay Maddox</i> Printed Name: Kay Maddox Title: Regulatory Agent Date: 4/7/99
					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

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-60071		2 Pool Code 72439	3 Pool Name Blanco Picutred Cliffs
4 Property Code 016608	5 Property Name San Juan 28-7 Unit (NP)		6 Well Number #68
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500		9 Elevation

10 Surface Location

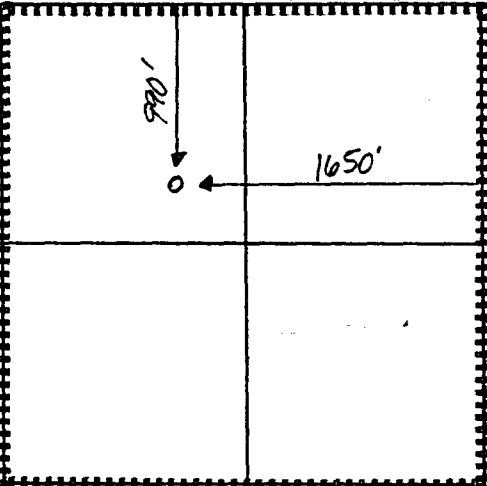

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					Date of Survey Signature and Seal of Professional Surveyor:	
					Certificate Number	

San Juan 28-7 Unit Well # 68
API # 30-039-60071
Section 31, T-28-N, R-7-W, B
Rio Arriba County, NM

RE: Downhole Commingle Application C-107A

Notification of Offset Operators:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Amoco
PO Box 800
Denver, CO 80201

S&G Interests
1331 Lamar STE 501
Houston, TX 77010

Cross Timbers
6001 HWY 64
Farmington, NM 87401

Taurus Exploration Inc.
2101 6th Avenue North
Birmingham, AL 35203-2784

Richardson Operating
1700 Lincoln St. STE 1700
Denver, CO 80203-4501

A copy of the Downhole Commingle Application (C-107A) has been sent to the above listed parties