

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

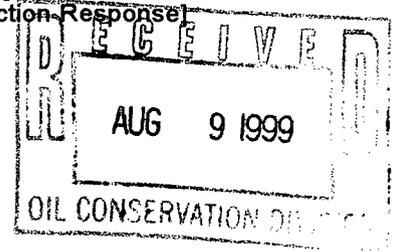
2443

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.

Deborah Moore
Print or Type Name

Deborah Moore
Signature

Regulatory Agent
Title

7/23/99
Date

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

DISTRICT IV

2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A
Revised March 17, 1999

APPROVAL PROCESS:

Administrative
 Hearing

EXISTING WELLBORE

YES NO

Conoco Inc.

P.O. Box 2197 DU#3066 Houston, TX 77252-2197

Operator

San Juan 28-7 Unit

235M

Address

Section 10, T-28N, R-7-W

Rio Arriba, NM

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County
Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 005073 Property Code N/A API NO. N/A 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)	4955' - 5555'		7565' - 7815'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Expected to flow		Expected to flow
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 540	a.	a. 790
	b. (Original) 1250	b.	b. 1129
6. Oil Gravity (EAPI) or Gas BTU Content	1250		1120
7. Producing or Shut-in?	To be completed		To be completed
Production Marginal? (yes or no) * 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)	Expected yes		Expected yes
	Date: Rates: est. 650mcf + 1bopd	Date: Rates:	Date: Rates: est. 550mcf + 1bopd
	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %s to equal 100%)	To be determined Oil: % Gas: %	Oil: % Gas: %	To be determined 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 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 Deborah Moore TITLE Regulatory Analyst DATE 07/22/99

TYPE OR PRINT NAME Deborah Moore TELEPHONE NO. (281) 293-1005

~~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

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		72319 / 71599	BLANCO MESAVERDE / BASIN DAKOTA
*Property Code	*Property Name		*Well Number
016608	SAN JUAN 28-7 UNIT		235M
*OGRID No.	*Operator Name		*Elevation
005073	CONOCO, INC.		6580'

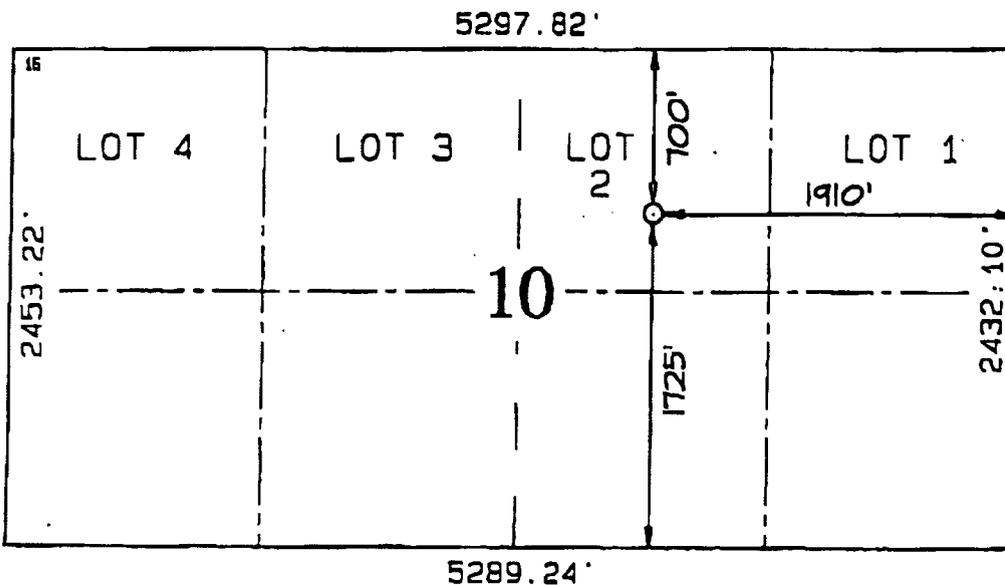
¹⁰ Surface Location

W. or Lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
J	10	28N	7W	-	1725	SOUTH	1910	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

W. or Lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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

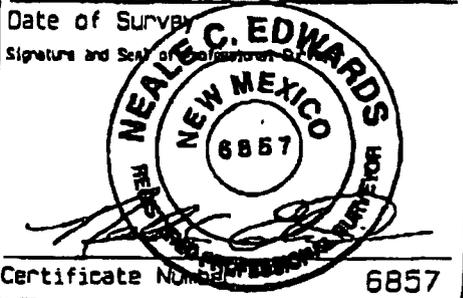
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike L. Mankin
 Signature
 Mike L. Mankin
 Printed Name
 Right-Of-Way Agent
 Title
 6-16-99
 Date

¹⁸ SURVEYOR CERTIFICATION

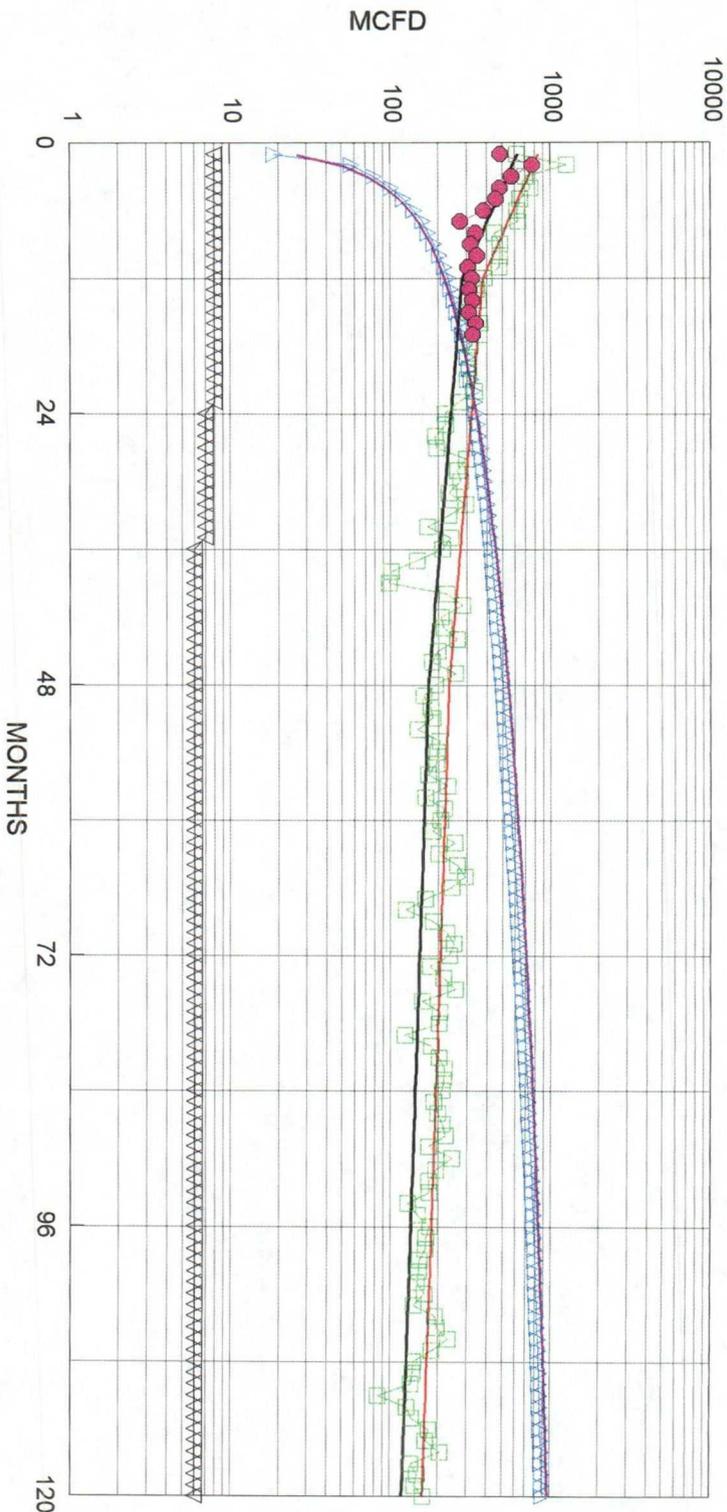
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

MAY 25, 1999
 Date of Survey
 Signature and Seal of Surveyor



Certificate Number 6857

NORMALIZED MESAVERDE PRODUCTION
 PROD. SINCE 1979; 8 MV WELLS LOCATED IN PILOT AREA 29N-7W (MV 160 AC INILLS)

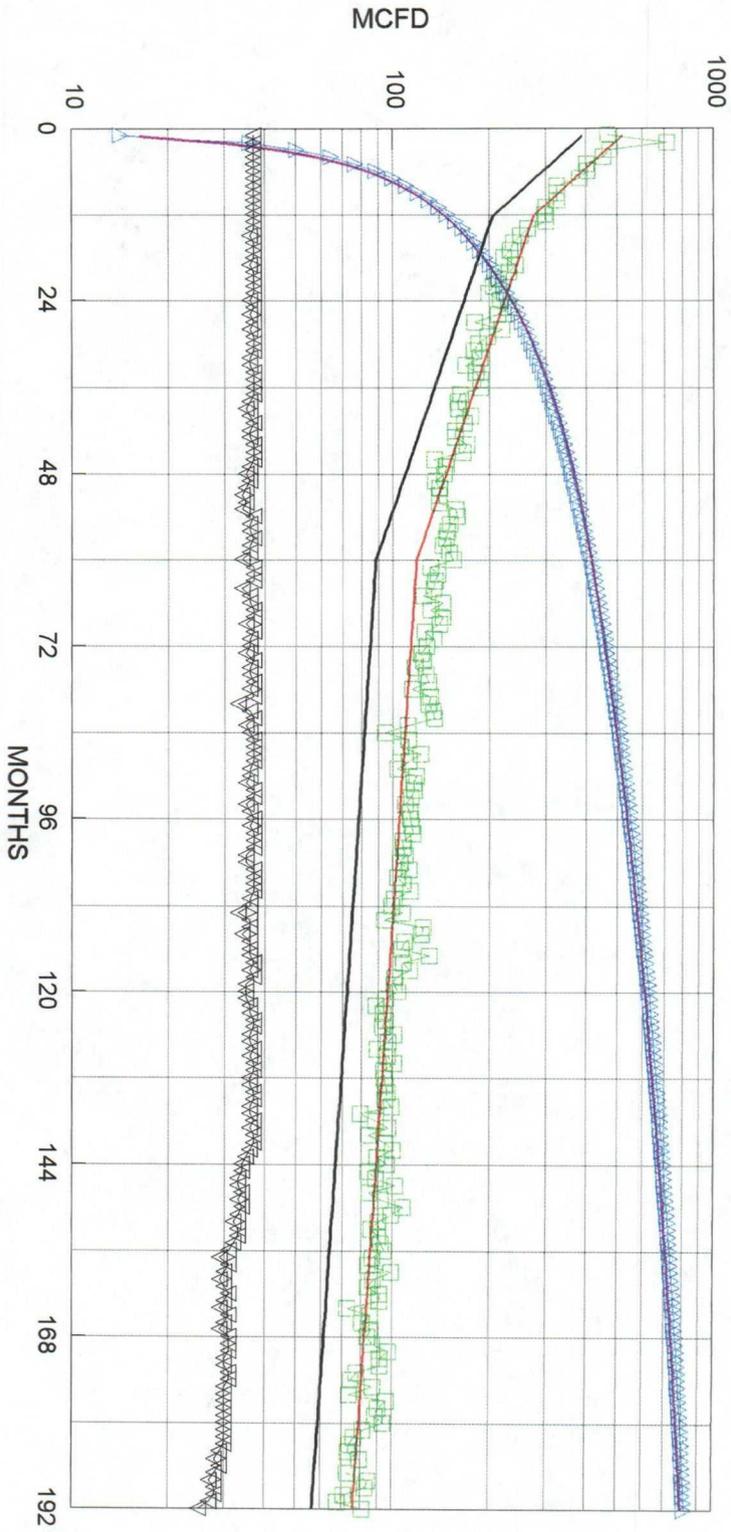


Expected Mesaverde Production - 602 MCFD for Yr. 1 (160 Ac. Case)
 Expected Mesaverde Production - 451 MCFD for Yr. 1 (80 Ac. Case)

- FIT MCFD
- FIT CUM MMCF
- █ NORMALIZED MCFD
- RISKED MCFD
- ▲ NORM CUM MMCF
- 80 Ac Infills - Pilot Area
- ▽ WELLS ON PRODUCTION

NORMALIZED AVG:		160 ac locations		RISKED AVG:		25.0% "risk factor" = 80 ac locations	
1769 MMCF EUR	1410 MMCF IN 20 YRS	900 MCFD IP	58% DECLINE, 1ST 12 MONTHS	1290 MMCF EUR	1068 MMCF IN 20 YRS	676 MCFD IP	58.0% DECLINE, 1ST 12 MONTHS
25 MCFD E.L.	0.0033 bbl/mcf oil yield	15% DECLINE, NEXT 36 MONTHS	6% FINAL DECLINE	25 MCFD E.L.	0.0013 bbl/mcf oil yield	15.0% DECLINE, NEXT 36 MONTHS	6.0% FINAL DECLINE

NORMALIZED DAKOTA PRODUCTION
PROD. SINCE 1970; 37 DK WELLS LOCATED IN AREA OF PROPOSED SJ 28-7 #235M/#247M



Expected Avg. Rate for Yr. 1 = 397 MCFD
 Expected Avg. Rate for Yr. 1 = 298 MCFD (for risked case)

- FIT MCFD
- ◻ NORMALIZED MCFD
- ◻ WELLS ON PRODUCTION
- FIT CUM MMCF
- ◻ NORM CUM MMCF
- RISKED MCFD

NORMALIZED AVG:		RISKED AVG:	
1251 MMCF EUR	1221 MMCF IN 40 YRS	882 MMCF EUR	25% RISK
903 MMCF IN 20 YRS	550 MCFD IP	677 MMCF IN 20 YRS	413 MCFD IP
25 MCFD E.L.	50% DECLINE, 1ST 12 MONTHS	25 MCFD E.L.	50.0% DECLINE, 1ST 12 MONTHS
0.0023 bbl/mcf oil yield	19% DECLINE, NEXT 48 MONTHS	0.0023 bbl/mcf oil yield	19.0% DECLINE, NEXT 48 MONTHS
	4.0% FINAL DECLINE		4.0% FINAL DECLINE

July 23, 1999

San Juan Unit #247M
Section 11, T-28N, R-7W
Rio Arriba, NM

RE: Application C-107A to Downhole Commingle

Notification of Offset Operators:

Burlington Resources
P. O. Box 4289
Farmington, NM 87499

A copy of the C-107A has been sent to the above listed parties.