

| | | | | |
|-------------------|-------------------|--------------|---------------|-----------|
| DATE IN: 12/30/99 | SUSPENSE: 1/19/00 | ENGINEER: DC | LOGGED BY: KW | TYPE: DHC |
|-------------------|-------------------|--------------|---------------|-----------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2591

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

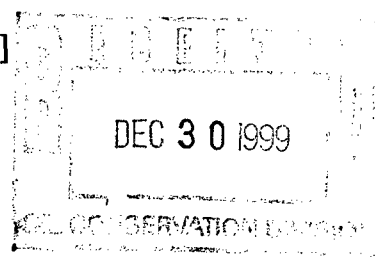
Check One Only for [B] and [C]

[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 (281) 293-1003
 Print or Type Name

Signature

Regulatory Analyst
 Title

Date

12/29/99

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

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___X___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc.

P.O. Box 2197 Houston, TX 77252-2197

Operator Address

SAN JUAN 28-7

241

L4- SEC 9, T-28N, R7W

RIO ARRIBA

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 005073 Property Code 016608 API NO. 30-039-21081 Federal ___X___, 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 Mesa Verde 72319 | | Basin Dakota 71599 |
| 2. Top and Bottom of Pay Section (Perforations) | 5030 - 5704 PROPOSED | | 7646 - 7844 |
| 3. Type of production (Oil or Gas) | GAS | | GAS |
| 4. Method of Production (Flowing or Artificial Lift) | EXPECTED TO FLOW | | FLOWING |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original | a. (Current) 450 | a. | a. 740 |
| | b. (Original) 1250 | b. | b. 3150 |
| 6. Oil Gravity (EAPI) or Gas BTU Content | 1250 | | 1120 |
| 7. Producing or Shut-In? | TO BE COMPLETED | | FLOWING |
| 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) | Date: Rates: | Date: Rates: | Date: Rates: |
| | Date: Rates: EXPECTED RATE: 350 - 450 mcfd | Date: Rates: | Date: Rates: CURRENT RATE: 90 mcfd |
| | | | |
| 8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%) | 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 ___X___ No ___
If not, have all working, overriding, and royalty interests been notified by certified mail? ___ Yes ___X___ No

11. Will cross-flow occur? ___X___ 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. ___X___ Yes ___ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? X___ Yes ___ No

13. Will the value of production be decreased by commingling? ___ Yes ___X___ 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) R-10476-B

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 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 12/29/99

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

District I
1625 N. French Dr., Hobbs, NM 88240

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State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|---|---|
| ¹ API Number 30-039-21081 | ² Pool Code 71599 / 72319 | ³ Pool Name Basin Dakota / Blanco Mesaverde |
| ⁴ Property Code 016608 | ⁵ Property Name San Juan 28-7 | ⁶ Well Number 241 |
| ⁷ OGRID No. 005073 | ⁸ Operator Name Conoco Inc. | ⁹ Elevation |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------------|--------------|-----------------|-------------|---------|------------------------|---------------------------|-----------------------|------------------------|----------------------|
| UL or lot no. L4 | Section 9 | Township 28N | Range 7W | Lot Idn | Feet from the 1690' | North/South line South | Feet from the 810' | East/West line West | County Rio Arriba |
|---------------------|--------------|-----------------|-------------|---------|------------------------|---------------------------|-----------------------|------------------------|----------------------|

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

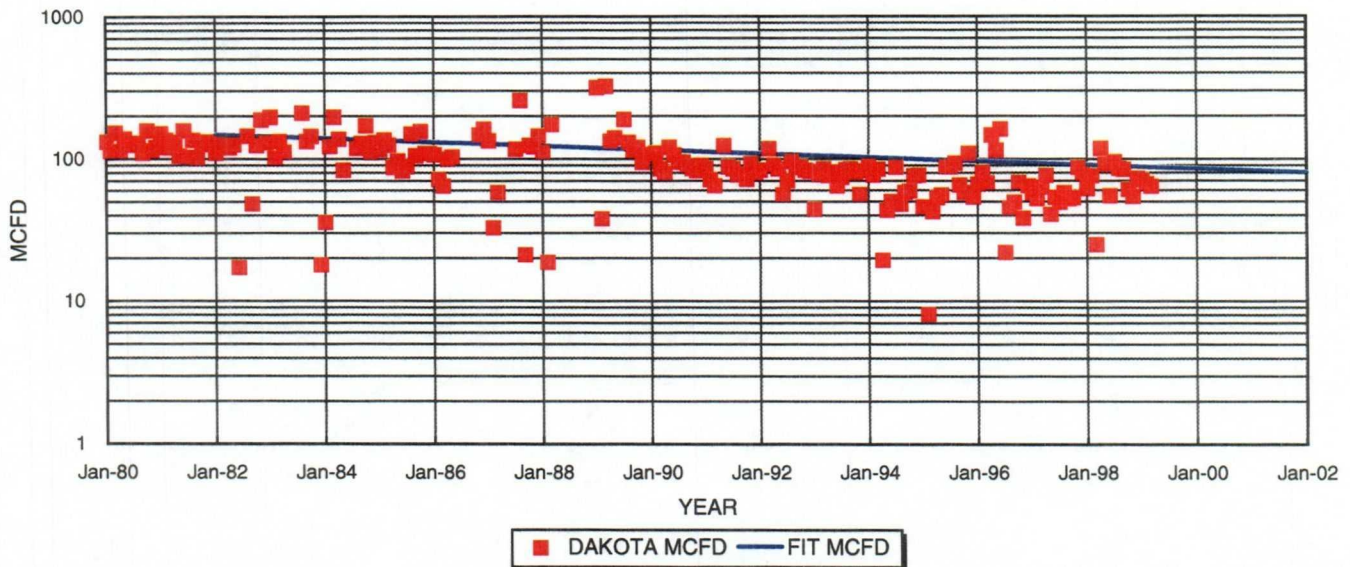
| | | | |
|---|------------------------------------|---------------------------------------|-------------------------|
| ¹² Dedicated Acres 160/80 | ¹³ Joint or Infill I | ¹⁴ Consolidation Code U | ¹⁵ Order No. |
|---|------------------------------------|---------------------------------------|-------------------------|

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

| | | | | | | | | | |
|---------------|--|--|--|--|---|--|--|----------------------|--|
| ¹⁶ | | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> | | | | |
| | | | | | Signature <i>Deborah Moore</i> | | | | |
| | | | | | Printed Name Deborah Moore | | | | |
| | | | | | Title Regulatory Analyst | | | | |
| | | | | | | | | Date <i>12/29/99</i> | ¹⁸ SURVEYOR CERTIFICATION <i>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.</i> |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | Date of Survey |
| | | | | | | | | | Signature and Seal of Professional Surveyor: |
| | | | | | | | | | Certificate Number |

Sec. 8 Sec. 9
1690'

**SJ 28-7 #241 DAKOTA PRODUCTION
SECTION 9L-28N-07W, RIO ARriba COUNTY, NEW MEXICO**



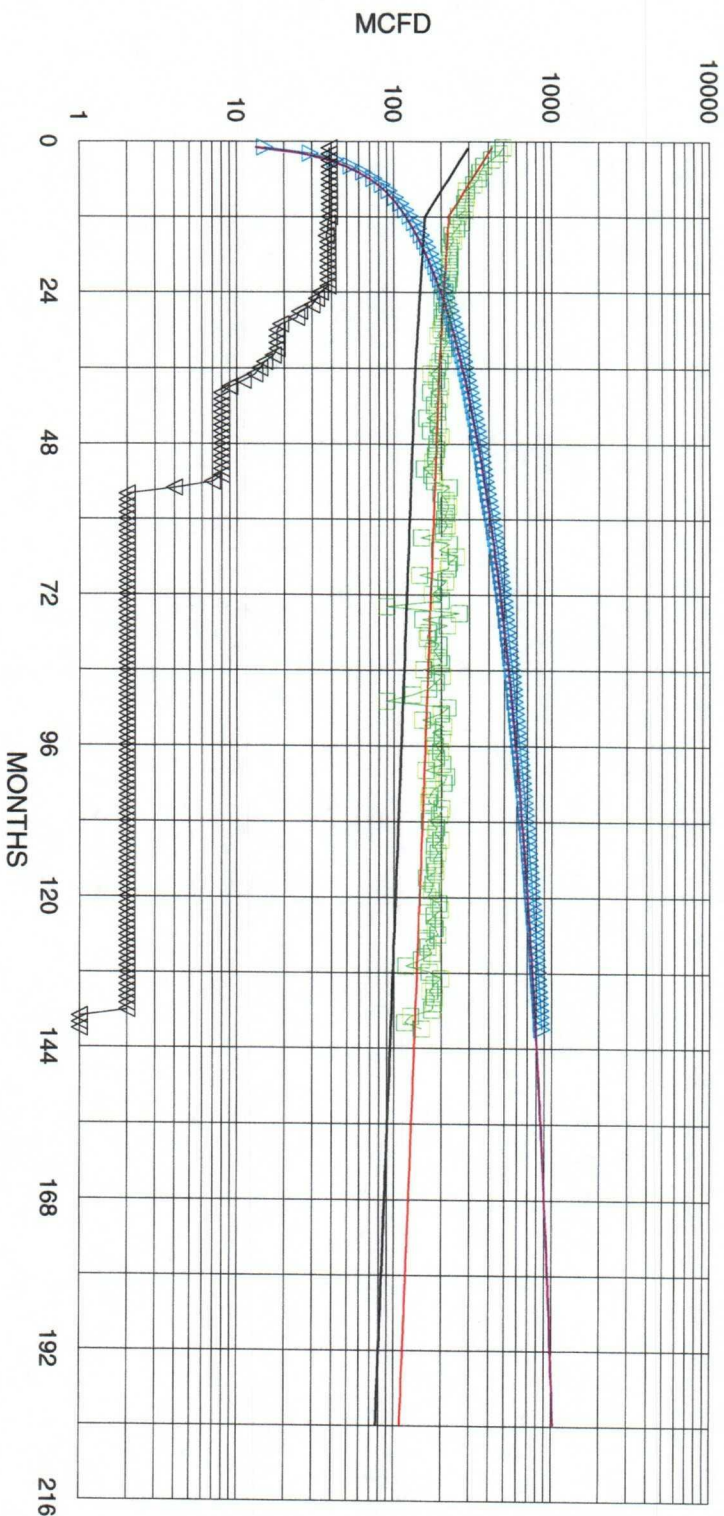
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|--------------------------|--------|------------------------|------------------------------|--------------------|
| DAKOTA PRODUCTION | | 1ST PROD: 11/75 | DAKOTA PROJECTED DATA | |
| OIL CUM: | 7.93 | MBO | Jan.00 Qi: | 87 MCFD |
| GAS CUM: | 910.7 | MMCF | DECLINE RATE: | 3.0% (EXPONENTIAL) |
| OIL YIELD: | 0.0087 | BBL/MCF | API #30-039-21081 | |

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

| YEAR | MID-YEAR AVG. MCFD | MID-YEAR AVG. BOPD |
|------|-----------------------|-----------------------|
| 2000 | 85 | 1 |
| 2001 | 83 | 0 |
| 2002 | 80 | 0 |
| 2003 | 78 | 0 |
| 2004 | 76 | 0 |
| 2005 | 73 | 0 |
| 2006 | 71 | 0 |
| 2007 | 69 | 0 |
| 2008 | 67 | 0 |
| 2009 | 65 | 0 |
| 2010 | 63 | 0 |
| 2011 | 61 | 0 |
| 2012 | 59 | 0 |
| 2013 | 57 | 0 |
| 2014 | 56 | 0 |
| 2015 | 54 | 0 |
| 2016 | 52 | 0 |
| 2017 | 51 | 0 |
| 2018 | 49 | 0 |
| 2019 | 48 | 0 |
| 2020 | 46 | 0 |
| 2021 | 45 | 0 |
| 2022 | 44 | 0 |
| 2023 | 42 | 0 |
| 2024 | 41 | 0 |
| 2025 | 40 | 0 |
| 2026 | 39 | 0 |
| 2027 | 38 | 0 |

NORMALIZED MESAVERDE PRODUCTION

PROD. SINCE 1985; 39 MV WELLS LOCATED IN 28N-7W (37 wells are 1990's completions)



Expected Mesaverde Production - 325 MCFD for Yr. 1

NORMALIZED AVG:

1788 MMCF EUR
1145 MMCF IN 20 YRS
25 MCFD E.L.
0.0139 bbl/mcf oil yield

RISKED AVG:

30% RISK

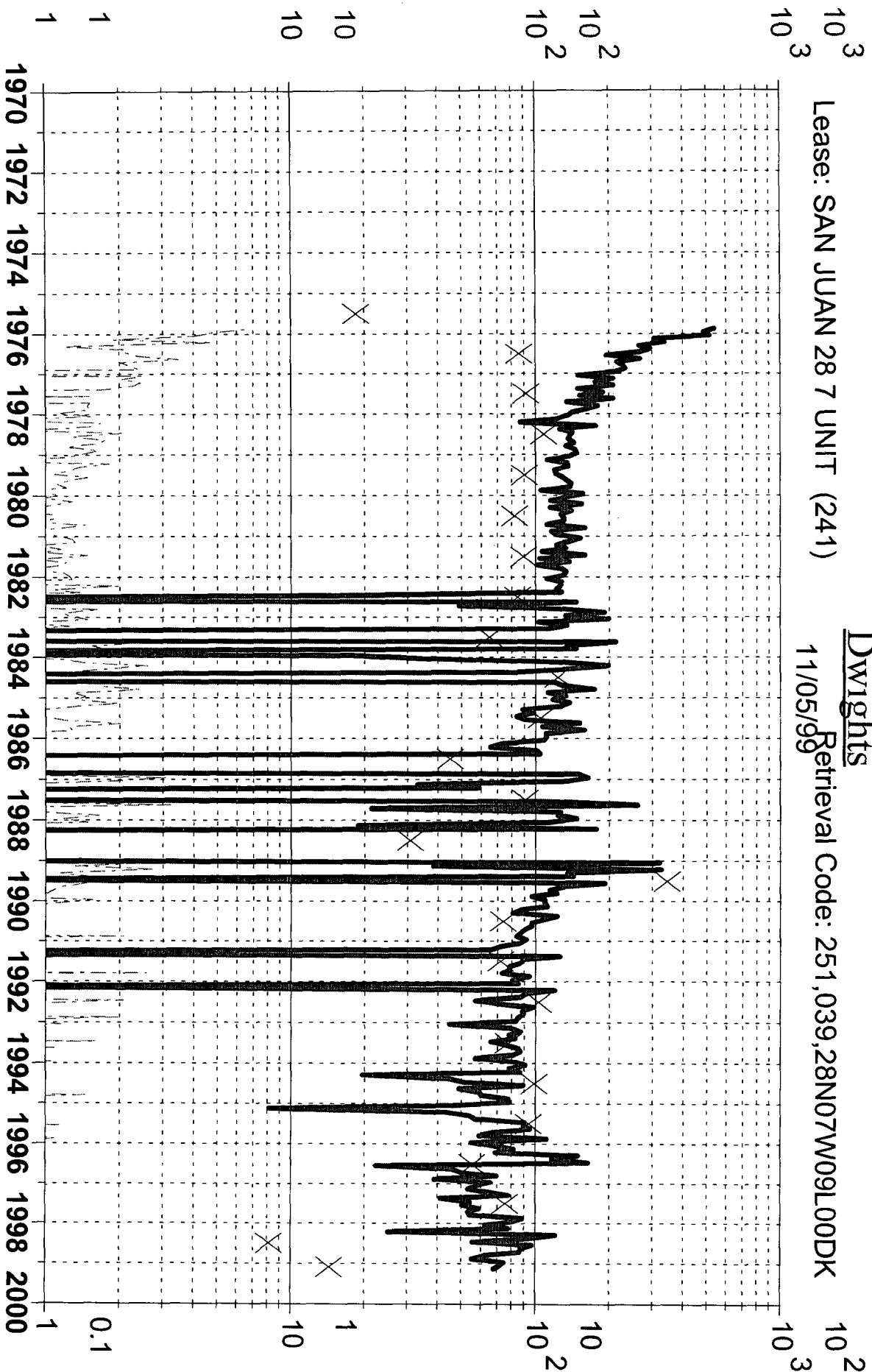
1184 MMCF EUR
802 MMCF IN 20 YRS
25 MCFD E.L.
0.0139 bbl/mcf oil yield

315 MCFD IP

50.0% DECLINE, 1ST 12 MONTHS
7.0% DECLINE, NEXT 24 MONTHS
4.0% FINAL DECLINE

Retrieval Code: 251,039,28N07W09L00DK
11/05/99

Lease: SAN JUAN 28 7 UNIT (241)



Gas (mcf/day)

Oil (bbl/day)

~~Operator: CONOCO INC~~

F.P. Date: 11/75

Water (bbl/day)

Location: 9L 28N 7W

Oil Cum: 7929 bbl

Yield (bbl/mmcf) Av

Field: BASIN (DAKOTA) DK

Gas Cum: 899.9 mmcf

Reservoir: DAKOTA

L.P. Date: 02/99

| | | | | | |
|-----------|-----------------------|-------------|-------------|------------|--------|
| Lease: | SAN JUAN 28 7 UNIT | Well #: | 241 | FP Date: | 75-11 |
| Field: | BASIN (DAKOTA) DK | Location: | 9L 28N 7W | LP Date: | 99-02 |
| Operator: | CONOCO INC | Liquid Cum: | 7,929 bbls | Liq Since: | FPDATE |
| RCI #: | 251.039,28N07W09L00DK | Gas Cum: | 899,943 mcf | Gas Since: | FPDATE |
| API #: | 30-039-21081-00 | Status: | ACT GAS | | |

| DATE | OIL, BBLs | GAS, MCF | WATER, BBLs | WELLS |
|---------|-----------|----------|-------------|-------|
| 03/1998 | 2 | 759 | 2 | 1 |
| 04/1998 | 0 | 3,655 | 0 | 1 |
| 05/1998 | 0 | 2,828 | 0 | 1 |
| 06/1998 | 0 | 1,686 | 0 | 1 |
| 07/1998 | 0 | 2,933 | 0 | 1 |
| 08/1998 | 0 | 2,640 | 0 | 1 |
| 09/1998 | 0 | 2,605 | 0 | 1 |
| 10/1998 | 0 | 1,877 | 0 | 1 |
| 11/1998 | 0 | 1,671 | 0 | 1 |
| 12/1998 | 4 | 2,250 | 4 | 1 |
| 01/1999 | 2 | 2,174 | 2 | 1 |
| 02/1999 | 4 | 2,053 | 4 | 1 |
| Total | 12 | 27,131 | 12 | |

