

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

2613

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]

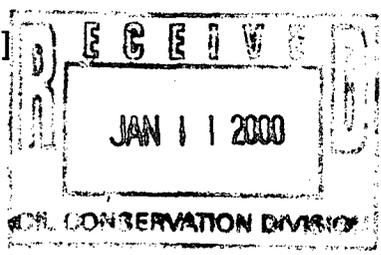
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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) 293-1005 Regulatory Analyst 1/7/00  
 Print or Type Name Signature Title 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**

Form C-107-A  
Revised August 1999

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

APPROVAL PROCESS:

\_\_\_ Administrative \_\_\_ Hearing

EXISTING WELLBORE

YES \_\_\_ NO

**APPLICATION FOR DOWNHOLE COMMINGLING**

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

Operator: San Juan 28-7 Address: 129 G, Sec. 2, T27N, R7W County: Rio Arriba

Lease: Well No. E-290-3 Unit Ltr. - Sec - Twp - Rge: 30-039-20432 Spacing Unit Lease Types: (check 1 or more)  Federal \_\_\_ State \_\_\_ (and/or) Fee \_\_\_  
OGRID NO. 005073 Property Code E-290-3 API NO. 30-039-20432

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)	4885 - 5563 proposed		7460 - 7670
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) 4-10	a.	a. 790
	b. (Original) 1,250	b.	b. 3,150
6. Oil Gravity (EAPI) or Gas BTU Content	1,250		1,120
7. Producing or Shut-In?	To be completed		Producing
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)	Yes		Yes
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Rates: Expected rate 350 - 450 mcf/d	Date: Rates:	Date: Rates: Current rate 129 mcf/d
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  No  
If not, have all working, overriding, and royalty interests been notified by certified mail? \_\_\_ 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) 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 1/5/00

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

District I  
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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

<sup>1</sup> API Number 30-039-20432		<sup>2</sup> Pool Code 72319 / 71599		<sup>3</sup> Pool Name Blanco Mesaverde / Basin Dakota	
<sup>4</sup> Property Code E-290-3		<sup>5</sup> Property Name San Juan 28-7			<sup>6</sup> Well Number 129
<sup>7</sup> OGRID No. 005073		<sup>8</sup> Operator Name Conoco Inc.			<sup>9</sup> Elevation

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	2	27N	7W		1678	North	1670	East	Rio Arriba

<sup>11</sup> Bottom Hole Location If Different From Surface

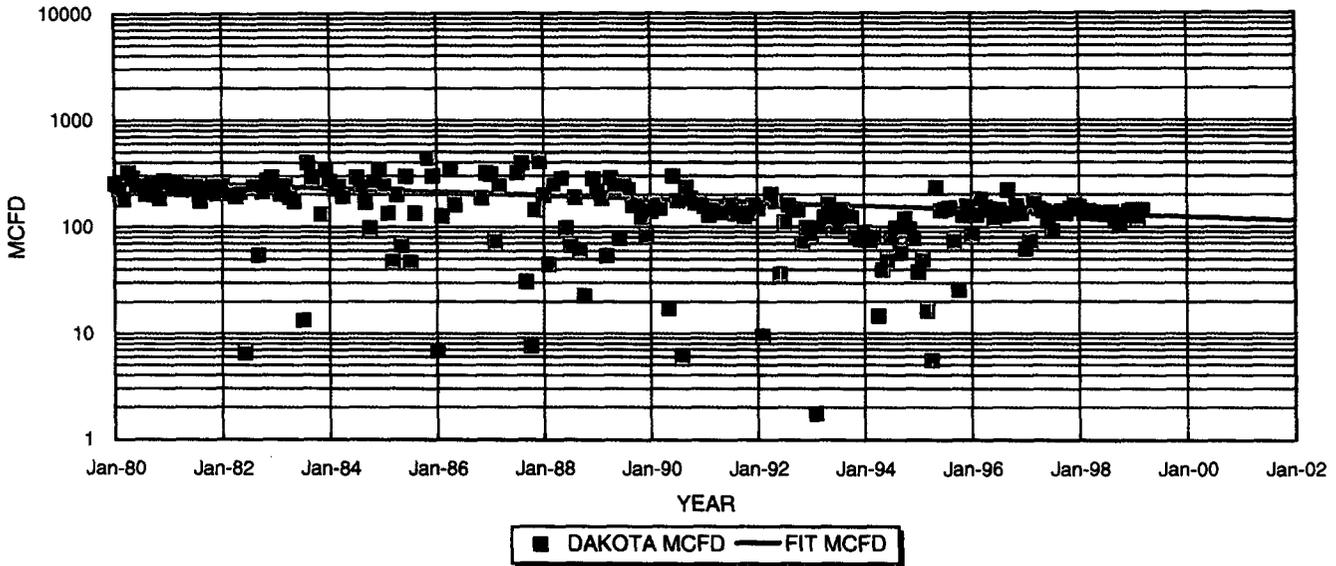
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 160 / 80	<sup>13</sup> Joint or Infill I	<sup>14</sup> Consolidation Code U	<sup>15</sup> 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		<b><sup>17</sup> OPERATOR CERTIFICATION</b>
		<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>1/5/00</i>
		<b><sup>18</sup> SURVEYOR CERTIFICATION</b>
		<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

**SJ 28-7 #129 DAKOTA PRODUCTION  
SECTION 2G-27N-07W, RIO ARRIBA COUNTY, NEW MEXICO**

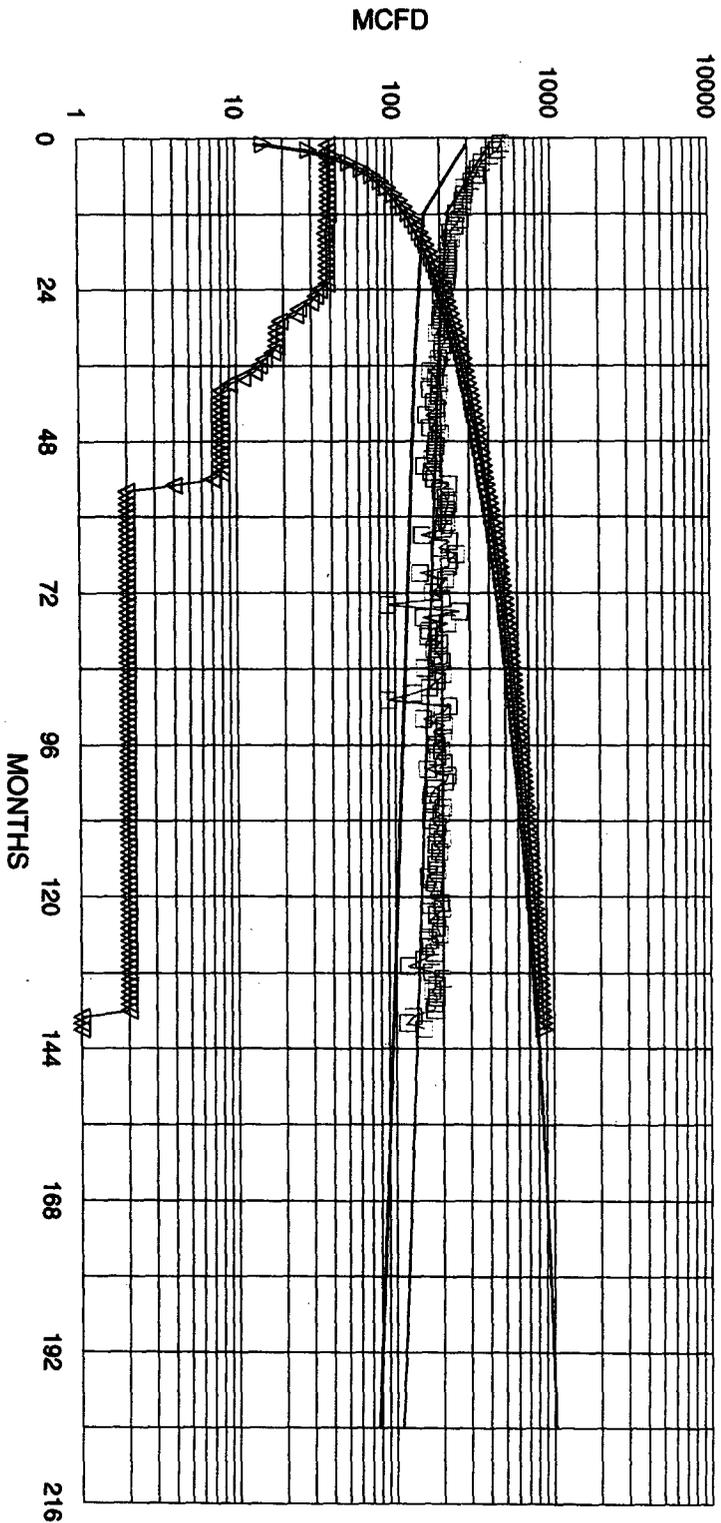


<b>DAKOTA PRODUCTION</b>		<b>1ST PROD: 01/72</b>	<b>DAKOTA PROJECTED DATA</b>		
OIL CUM:	14.69	MBO	Jan.00 Qi:	126	MCFD
GAS CUM:	2097.3	MMCF	DECLINE RATE:	3.8%	(EXPONENTIAL)
OIL YIELD:	0.0070	BBL/MCF	API #30-039-20432		

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	123	1
2001	119	0
2002	114	0
2003	110	0
2004	106	0
2005	102	0
2006	98	0
2007	94	0
2008	91	0
2009	87	0
2010	84	0
2011	81	0
2012	78	0
2013	75	0
2014	72	0
2015	69	0
2016	67	0
2017	64	0
2018	62	0
2019	60	0
2020	57	0
2021	55	0
2022	53	0
2023	51	0
2024	49	0
2025	47	0
2026	46	0
2027	44	0

**NORMALIZED MESAVEVERDE 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

- FIT MCFD
- WELLS ON PRODUCTION
- FIT CUM MMCF
- △ NORM CUM MMCF
- RISKED MCFD

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

450 MCFD IP  
 50% DECLINE, 1ST 12 MONTHS  
 7% DECLINE, NEXT 24 MONTHS  
 4% FINAL DECLINE

**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



Lease: SAN JUAN 28 7 UNIT  
 Field: BASIN (DAKOTA) DK  
 Operator: CONOCO INC  
 RCI #: 251,039,27N07W02G00DK  
 API #: 30-039-20432-00

Well #: 129  
 Location: 2G 27N 7W  
 Liquid Cum: 14,777 bbls  
 Gas Cum: 2,097,314 mcf  
 Status: ACT GAS

FP Date: 72-01  
 LP Date: 99-08  
 Liq Since: FPDATE  
 Gas Since: FPDATE



DATE	OIL, BBLs	GAS, MCF	WATER, BBLs	WELLS
09/1998	22	3,502	0	1
10/1998	3	3,153	0	1
11/1998	25	3,895	0	1
12/1998	24	4,245	0	1
01/1999	33	4,384	0	1
02/1999	27	3,697	0	1
03/1999	14	4,429	0	1
04/1999	13	4,646	0	1
05/1999	21	4,084	0	1
06/1999	7	3,619	0	1
07/1999	3	3,777	0	1
08/1999	39	3,771	0	1
Total	231	47,202	0	