

0024352855

DHC 9/18/00

DISTRICT I

P O Box 1980, Hobbs, NM 88241-1980

State of New Mexico Energy, Minerals and Natural Resources Department

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

DISTRICT II

811 South First St., Artesia, NM 88210-2951

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS: Administrative Hearing

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE YES NO

CONOCO, INC.

P.O. BOX 2197 DU 3066 HOUSTON, TX 77252

SAN JUAN 28-7

28

H, SEC. 26 T28N 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. 30-039-07326 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 P.C. SOUTH 72439	BLANCO MESAVERDE 72319
2. Top and Bottom of Pay Section (Perforations)	3205'-3333' PROPOSED	3344'-3450' PROPOSED	4935'-5868'
3. Type of production (Oil or Gas)	GAS EXPECTED	GAS EXPECTED	GAS
4. Method of Production (Flowing or Artificial Lift)	EXPECTED TO FLOW	EXPECTED TO FLOW	FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) * 1,035	a. * 1,044	a. 500
	b. (Original) 1,035	b. 1,044	b. 1,233
6. Oil Gravity (° API) or Gas BTU Content	1,045	1,189	1,250
7. Producing or Shut-In?	TO BE COMPLETED	TO BE COMPLETED	PRODUCING
Production Marginal? (yes or no)	YES	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: Rates: EST. 150MCFD	Date: Rates: EST. 250MCFD	Date: Rates: CURRENT 35MCFD
8. Fixed Percentage Allocation Formula -% for each zone	Allocate by test Oil: % Gas: %	Allocate by test Oil: % Gas: %	Allocate by subtraction Oil: % Gas: % method %

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). R-10476B

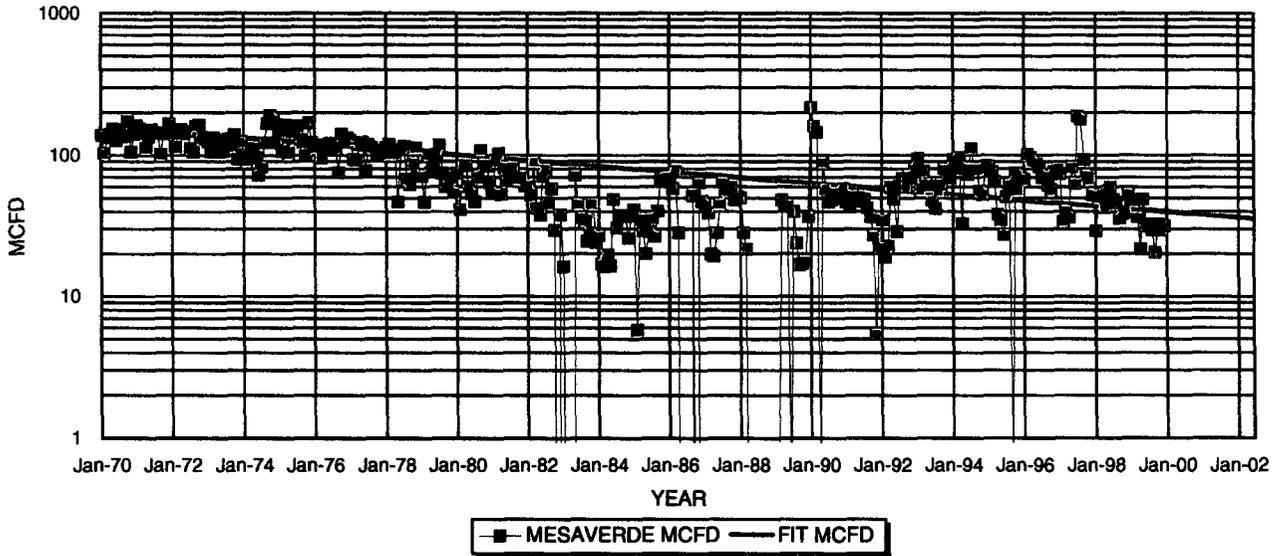
16. ATTACHMENTS:
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - * Production curve for each zone for at least one year. (If not available, attach explanation.)
 - * For zones with no production history, estimated production rates and supporting data.
 - * Data to support allocation method or formula.
 - * Notification list all offset operators.
 - * Notification list of all working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling
- *Current BHP's are expected to be at or near virgin bottom-hole pressure.

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

SIGNATURE Deborah Marberry TITLE REGULATORY ANALYST DATE 07/28/2000

TYPE OR PRINT NAME DEBORAH MARBERRY TELEPHONE NO. () (281)293-1005

**SJ 28-7 #28 MESAVERDE PRODUCTION
SECTION 26H-28N-07W, RIO ARRIBA COUNTY, NEW MEXICO**



MESAVERDE PRODUCTION		1ST PROD: 09/55	MESAVERDE PROJECTED DATA	
OIL CUM:	6.24	MBO	Jan.00 Qi:	40 MCFD
GAS CUM:	1676.3	MMCF	DECLINE RATE:	4.5% (EXPONENTIAL)
OIL YIELD:	0.0037	BBL/MCF	API #30-039-07236	

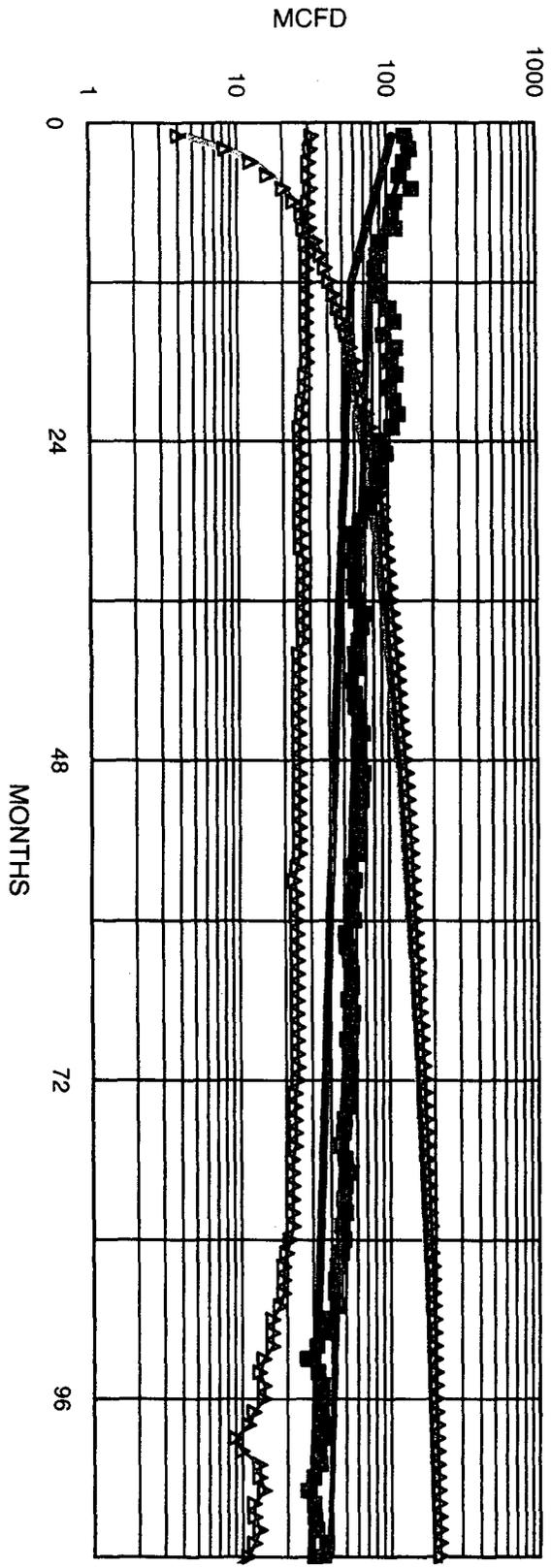
PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NOTE: Current decline rate is approximately 4.5%/year. This rate is expected to continue for the duration of the well based on production trends observed during the life of this well.

Production data from P/Dwights Plus.

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	39	0.1
2001	37	0.1
2002	36	0.1
2003	34	0.1
2004	32	0.1
2005	31	0.1
2006	30	0.1
2007	28	0.1
2008	27	0.1
2009	26	0.1
2010	25	0.1
2011	24	0.1
2012	22	0.1
2013	21	0.1
2014	20	0.1
2015	20	0.1
2016	19	0.1
2017	18	0.1
2018	17	0.1
2019	16	0.1
2020	16	0.1
2021	15	0.1
2022	14	0.1
2023	14	0.1
2024	13	0.0
2025	12	0.0
2026	12	0.0
2027	11	0.0

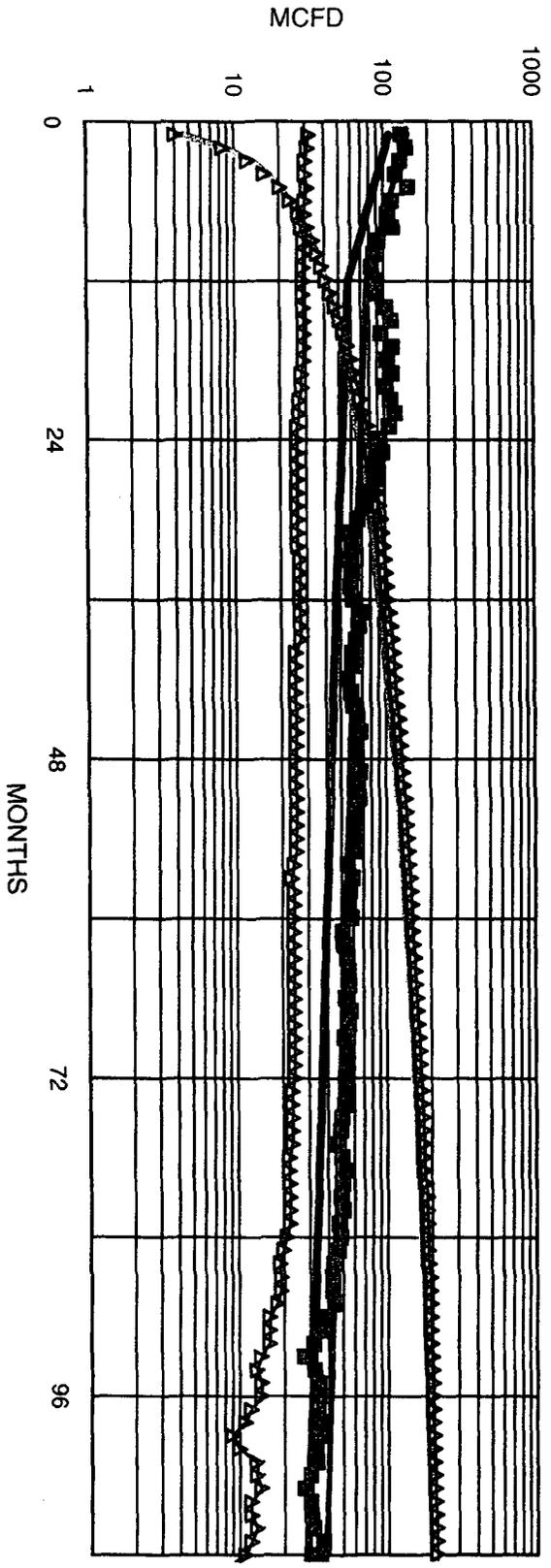
**NORMALIZED FRUITLAND COAL PRODUCTION
29 WELLS SINCE 1990: 28N-7W & 27N-7W**



■— NORM MCFD ▲— NORM CUM MMCF ◆— WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD — FIT MCFD

NORMALIZED AVG: 323 MMCF EUR 300 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield	155 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 10.0% DECLINE, NEXT 24 MONTHS 8.0% FINAL DECLINE	RISKED AVG: 25% RISK 231 MMCF EUR 225 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield	116 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 10.0% DECLINE, NEXT 24 MONTHS 8.0% FINAL DECLINE
--	--	---	--

**NORMALIZED FRUITLAND COAL PRODUCTION
29 WELLS SINCE 1990; 28N-7W & 27N-7W**



■ NORM MCFD
 -▲- NORM CUM MMCF
 -▲- WELLS ON PRODUCTION
 -▲- FIT CUM MMCF
 ■ RISKED MCFD
 — FIT MCFD

NORMALIZED AVG: 323 MMCF EUR 300 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield		155 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 10.0% DECLINE, NEXT 24 MONTHS 8.0% FINAL DECLINE		RISKED AVG: 25% RISK 231 MMCF EUR 225 MMCF IN 20 YRS 10 MCFD E.L. 0.0000 bbl/mcf oil yield		116 MCFD IP 50.0% DECLINE, 1ST 12 MONTHS 10.0% DECLINE, NEXT 24 MONTHS 8.0% FINAL DECLINE	
---	--	--	--	---	--	--	--

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised October 18, 1994
 Instruction on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07326		² Pool Code 72439		³ Pool Name Blanco P.C. South	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 #28			⁶ Well Number 28
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	26	28N	7W		1455'	NORTH	990'	EAST	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 320	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 	
				Printed Name DEBORAH MARBERRY	
		Title REGULATORY ANALYST			
		Date 07/28/2000			
		¹⁸ SURVEYOR CERTIFICATION			
		<i>I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under</i>			
		Date of Survey			
		Signature and Seal of Professional Surveyor			
		Certificate Number			

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instruction on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-07326		² Pool Code 72319		³ Pool Name Blanco Mesaverde	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 #28			⁶ Well Number 28
⁷ OGRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation

¹⁰ Surface Location

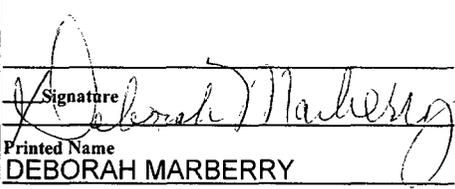
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	26	28N	7W		1455'	NORTH	990'	EAST	RIO ARRIBA

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 320	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 Printed Name DEBORAH MARBERRY Title REGULATORY ANALYST Date 07/28/2000			
	¹⁸ SURVEYOR CERTIFICATION			
<i>I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under</i>				
Date of Survey				
Signature and Seal of Professional Surveyer				
Certificate Number				