



Exception to Density Rule for
Mesaverde and Dakota Formations

**New Mexico Oil Conservation Division
Case No. 14016, 14017, 14018
January 10, 2008**

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
CONOCOPhillips FOR AN EXCEPTION
TO THE WELL DENSITY REQUIREMENTS
FOR THE BASIN-DAKOTA
GAS POOL, RIO ARriba COUNTY, NEW MEXICO.

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CASE NO. 14616

APPLICATION

ConocoPhillips, by its attorneys, Kellahin & Kellahin, seeks an order for an exception to the well density requirements of the Basin-Dakota Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations for the Basin-Dakota Gas Pool to permit it to produce the following 2 Dakota gas wells in the same quarter-quarter section (NW/4SW/4) on a standard spacing and proration unit comprised of the W/2 of Section 24, T28N, R7W, NMPM:

In support of its application ConocoPhillips states:

- (1) ConocoPhillips is the current operator of the San Juan 28-7 Unit that includes, among other acreage, the W/2 of Section 24, T28N, R7W, Rio Arriba County, New Mexico.
- (2) Because this spacing unit ("GPU") is within the interior of this Federal Unit with all adjoining spacing units being in the Dakota participating area, all interest owners are common among the subject GPU and all adjoining GPUs.

This spacing Unit ("GPU") currently contains four wells completed in the Basin-Dakota Gas Pool as follows:

- (a) the San Juan 28-7 Unit Well No. 259 (API #30-039-21690) located 1450 feet FSL and 790 feet FWL (Unit L) of this section; and
- (b) the San Juan 28-7 Unit Well No. 259G (API #30-039-27290) located 2370 feet FSL and 225 feet FWL (Unit L) of this section
- (c) the San Juan 28-7 Unit Well No. 259M (API #30-039-25558) located 790 feet FNL and 960 feet FWL (Unit D) of this section; and
- (b) the San Juan 28-7 Unit Well No. 259F (API #30-039-27044) located 1945 feet FNL and 2225 feet FWL (Unit F) of this section.

(3) The Basin-Dakota Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. See As amended by Order R-10987-B, effective June 30, 2000 and Superseded by Order R-10981-B(1) effective January 29, 2002. These Special Pool Rules and Regulations provide, among other things, that an infill well shall not be located within the same quarter-quarter section (40-acre tract) as another well.

(4) On or about April, 2006, ConocoPhillips completed the Well No. 259G in the Dakota such that the No. 259 and the No. 259G are both in the same quarter-quarter section and are located at standard distances from the outer boundaries of this GPU.

(5) Upon becoming aware of its mistake, ConocoPhillips shut-in the Well No. 259 that remains shut-in and is not producing from the Dakota formation.

(6) While the total number of four wells in this Dakota gas proration unit ("GPU") is allowed, the Well No. 259 and Well No. 259G are

(6) While the total number of four wells in this Dakota gas proration unit ("GPU") is allowed, the Well No. 259 and Well No. 259G are located in the same quarter-quarter section and therefore are in violation of the density requirements of these Special Pool Rules.

(7) ConocoPhillips therefore requests that the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Basin-Dakota Gas Pool approving the location of the San Juan 28-7 Unit Well No. 259 and the Well No. 259G in the same quarter-quarter section and authorizing ConocoPhillips to simultaneously produce both wells.

(8) Approval of this application will not impair the correlative rights of any other interest owner in the Basin-Dakota Gas Pool and will afford ConocoPhillips the opportunity to utilize the existing wells to produce the reserves from this GPU.

(9) Approval of this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, ConocoPhillips requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 1, 2007 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule II.B of the Special Rules and Regulations of the Basin-Dakota Gas Pool approving the location of the San Juan 28-7 Unit Wells No. 259 and 259G in the Dakota formation and authorizing ConocoPhillips to simultaneously produce both wells.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
CONOCOPHILLIPS FOR AN EXCEPTION
TO THE WELL DENSITY REQUIREMENTS
FOR THE BLANCO-MESAVERDE
GAS POOL, RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 14018

APPLICATION

ConocoPhillips, by its attorneys, Kellahin & Kellahin, seeks an order for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant seeks an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (NW/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 34, T28N, R7W, NMPM:

In support of its application ConocoPhillips states:

- (1) ConocoPhillips is the current operator of the San Juan 28-7 Unit that includes, among other acreage, the E/2 of Section 34, T28N, R7W, Rio Arriba County, New Mexico.
- (2) Because this spacing unit ("GPU") is within the interior of this Federal Unit with all adjoining spacing units being in the Mesaverde participating area, all interest owners are common among the subject GPU and all adjoining GPUs.

(3) This spacing Unit ("GPU") currently contains four wells completed in the Blanco-Mesaverde Gas Pool as follows:

(a) the San Juan 28-7 Unit Well No. 225F (API #30-039-66940) located 2170 feet FEL and 740 feet FNL (Unit B) of this section;

(b) the San Juan 28-7 Unit Well No. 91 (API #30-039-07270) located 1460 feet FEL and 900 feet FNL (Unit B) of this section; and

(c) the San Juan 28-7 Unit Well No. 225E (API #30-039-26173) located 1350 feet FSL and 2330 feet FEL (Unit J) of this section.

(d) the San Juan 28-7 Unit Well No. 225M (API #30-039-25545) located 830 feet FSL and 930 feet FEL (Unit P) of this section.

(4) The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. See Order R-8170, as superseded by Order R-10987-A, effective February 1, 1999 and amended by Order R-10987-A (1), effective December 2, 2002. These Special Pool Rules and Regulations provide, among other things, that an infill well shall not be located within the same quarter-quarter section (40-acre tract) as another well.

(5) On or about January 8, 2002, ConocoPhillips recompleted the Well No. 225F from the Dakota to the Mesaverde such that the No. 225F and the No. 91 are both in the same quarter-quarter section and are located at standard distances from the outer boundaries of this GPU.

(6) Upon becoming aware of its mistake, ConocoPhillips shut-in the Well No. 91 that remains shut-in and is not producing from the Mesaverde formation.

(7) While the total number of four wells in this Mesaverde gas proration unit ("GPU") is allowed, the Well No. 225F and Well No. 91 are located in the same quarter-quarter section and therefore are in violation of the density requirements of these Special Pool Rules.

(8) ConocoPhillips therefore requests that the Division enter its order granting an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the San Juan 28-7 Unit Well No. 225F and the Well No. 91 in the same quarter-quarter section and authorizing ConocoPhillips to simultaneously produce both wells.

(9) Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford ConocoPhillips the opportunity to utilize the existing wells to produce the reserves from this GPU.

(10) Approval of this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, ConocoPhillips requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 1, 2007 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the San Juan 28-7 Unit Wells No. 225F and 91 in the Mesaverde formation and authorizing ConocoPhillips to simultaneously produce both wells.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

September 27, 2007

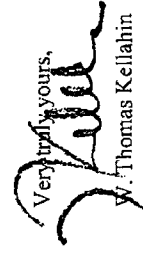
TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW
MEXICO OIL CONSERVATION DIVISION CASE:

Re: Application of ConocoPhillips for an exception to the
well density requirements of the Special Rules and
Regulations for the Blanco-Mesaverde Gas Pool, Rio
Arriba County, New Mexico

On behalf of ConocoPhillips, please find enclosed our application
for an exception to the referenced pool rules such that there can be 2
producing wells in the same 40-acre tract within this spacing unit consisting
of the E/2 of Section 34, T29N, R5W that has been set for hearing on the
New Mexico Oil Conservation Division Examiner's docket now scheduled
for 8:15 am on November 1, 2007. The hearing will be held at the Division
hearing room located at 1220 South Saint Francis Drive, Santa Fe, New
Mexico.

As an interest owner who may be affected by this application, we are
notifying you of your right to appear at the hearing and participate in this
case, including the right to present evidence either in support of or in
opposition to the application. Failure to appear at the hearing may preclude
you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further
notified that if you desire to appear in this case, then you are requested to
file a Pre-Hearing Statement with the Division not later than 5:00 PM on
Thursday, October 25, 2007, with a copy delivered to the undersigned.

Very truly yours,

W. Thomas Kellahin

 **ConocoPhillips**

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
CONOCOPhillips FOR AN EXCEPTION
TO THE WELL DENSITY REQUIREMENTS
FOR THE BLANCO-MESAVERDE
GAS POOL, RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 14017

A P P L I C A T I O N

ConocoPhillips, by its attorneys, Kellahin & Kellahin, seeks an order for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B. of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SW/4NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 34, T29N, R5W, NMPM:

In support of its application ConocoPhillips states:

- (1) ConocoPhillips is the current operator of the San Juan 29-5 Unit that includes, among other acreage, the E/2 of Section 34, T29N, R5W, Rio Arriba County, New Mexico.

(2) This spacing Unit ("GPU") currently contains three wells completed in the Blanco-Mesaverde Gas Pool as follows:

- (a) the San Juan 29-5 Unit Well No. 34 (API #30-039-075150) located 1425 feet FNL and 2080 feet FEL (Unit G) of this section;
- (b) the San Juan 29-5 Unit Well No. 34R (API #30-039-21788) located 2450 feet FNL and 1850 feet FEL (Unit G) of this section; and
- (c) the San Juan 29-5 Unit Well No. 34M (API #30-039-30162) located (BHL) 1056 feet FSL and 2303 feet FEL (Unit O) of this section.

(3) The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. See Order R-8170, as superseded by Order R-10987-A, effective February 1, 1999 and amended by Order R-10987-A (1), effective December 2, 2002. These Special Pool Rules and Regulations provide, among other things, that an infill well shall not be located within the same quarter-quarter section (40-acre tract) as another well.

(4) On or about January 4, 1996, ConocoPhillips' predecessor, Phillips Petroleum Company recompleted the Well No. 34R from the Dakota to the Mesaverde such that the No. 34R and the No. 34 are both in the same quarter-quarter section and are located at standard distances from the outer boundaries of this GPU.

(5) The Well 34R apparently was intended as a replacement well for the Well 34, but was produced and not plugged.

(6) Upon becoming aware of its mistake, ConocoPhillips shut-in the Well No. 34 that remains shut-in and is not producing from the Mesaverde formation.

(7) While the total number of wells in this Mesaverde gas proration unit ("GPU") is less than what is allowed, the Well No. 34 and Well No. 34R are located in the same quarter-quarter section and therefore are in violation of the density requirements of these Special Pool Rules.

(8) ConocoPhillips therefore requests that the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the San Juan 29-5 Unit Well No. 34 and the Well No. 34R in the same quarter-quarter section and authorizing ConocoPhillips to simultaneously produce both wells.

(9) Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford ConocoPhillips the opportunity to utilize the existing wells to produce the reserves from this GPU.

(10) Approval of this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, ConocoPhillips requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 1, 2007 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the San Juan 29-5 Unit Wells No.34 and 34R in the Mesaverde formation and authorizing ConocoPhillips to simultaneously produce both wells.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road

Santa Fe, New Mexico 87501
(505) 982-4285

-Page 3-

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

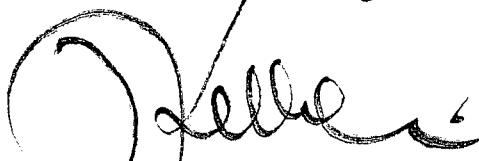
APPLICATION OF CONOCOPHILLIPS FOR
AN EXCEPTION TO THE WELL DENSITY
REQUIREMENTS OF THE SPECIAL RULES AND
REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL,
RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 14017

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

W. Thomas Kellahin, being first duly sworn, hereby certifies that he is an attorney for the Applicant and responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on September 27, 2007, he caused to be mailed by certified mail return-receipt requested the attached notice of this hearing and a copy of the application for the above referenced case, at least twenty days prior to the hearing of this case originally set for November 1, 2007 and continued to January 1, 2008 to the parties shown in said application and as evidenced by the attached copies of return receipt cards and/or receipts of certified mailing, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.


W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 8th day of January 2008, by W. Thomas Kellahin.


Lynda Kellahin, Notary Public
My Commission Expires: June 16, 2008

OFFICIAL SEAL
Lynda Kellahin
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

SJ 28-5 Unit
Mesaverde Formation
Working Interest Owners

BURLINGTON RESOURCES O&G CO LP
CHARLES W GAY
CONOCOPHILLIPS COMPANY
DUGAN PRODUCTION CORP
J&M RAYMOND LTD
JABCO LLP
KATHLEEN QUINN
LANGDON D HARRISON REVOC TRUST B
LORRAYN GAY HACKER
MAR OIL & GAS CORPORATION
MAYDELL MILLER MAST TRUST
MCELVAIN OIL COMPANY
NAVATEX ENERGY LP
PROVIDENCE MINERALS LLC
RIO ARIBAGAS LTD
RUTH ZIMMERMAN TRUST
T H MCELVAIN OIL AND GAS PROP
THOMAS P TINNIN
TINMIL A NW LLC
VAUGHAN-MCELVAIN ENERGY INC
XTO ENERGY INC

JAMES M RAYMOND POA

RAYMOND & SONS I LLC GENERAL PARTNER
BANK OF AMERICA NA AGENT

JACQUELINE M HARRISON SUCC TRUSTEE
JAMES M RAYMOND POA

PO BOX 7500
P O BOX 291445
PO BOX 7500
P O BOX 420
P O BOX 291445
P O BOX 2546
PO BOX 832407
C/O ZIA DATA SEARCH
P O BOX 291445
ATTN: M.A. ROMERO
P O BOX 291445
P O BOX 801888
C/O ZIA DATA SEARCH CORP
14860 MONTFORT DR SUITE 209
C/O EDDYE DREYER MGMT CO AGENT
SUITE 1800
842 MUIRLANDS VISTA WAY
PO BOX 1885
C/O TINNIN LAW FIRM
P O BOX 970
ATTN LAND DEPT.

PO DRAWER 2188

PO BOX 5155

PO DRAWER 2188
4925 GREENVILLE AVE STE 900
1050 17TH ST
500 MARQUETTE NW STE 1300
810 HOUSTON ST SUITE 2000

BARTLESVILLE
KERRVILLE
BARTLESVILLE
FARMINGTON
KERRVILLE
FORT WORTH
DALLAS
ROSWELL
KERRVILLE
SANTA FE
KERRVILLE
DALLAS
DALLAS
DALLAS
LA JOLLA
DENVER
ALBUQUERQUE
ALBUQUERQUE
KENNETT SQUARE
FORT WORTH

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PENNSYLVANIA
TEXAS

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78029-1445
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78029-1445
75240
88202
75254
75206
92037
80265-1801
87103
87102
19348
76102-6223

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

September 27, 2007

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW
MEXICO OIL CONSERVATION DIVISION CASE:

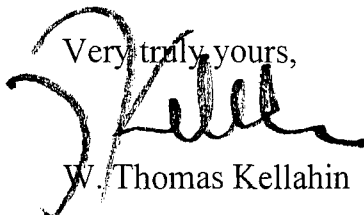
Re: Application of ConocoPhillips for an exception to the
well density requirements of the Special Rules and
Regulations for the Blanco-Mesaverde Gas Pool, Rio
Arriba County, New Mexico

On behalf of ConocoPhillips, please find enclosed our application
for an exception to the referenced pool rules such that there can be 2
producing wells in the same 40-acre tract within this spacing unit consisting
of the E/2 of Section 34, T29N, R5W that has been set for hearing on the
New Mexico Oil Conservation Division Examiner's docket now scheduled
for 8:15 am on November 1, 2007. The hearing will be held at the Division
hearing room located at 1220 South Saint Francis Drive, Santa Fe, New
Mexico.

As an interest owner who may be affected by this application, we are
notifying you of your right to appear at the hearing and participate in this
case, including the right to present evidence either in support of or in
opposition to the application. Failure to appear at the hearing may preclude
you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further
notified that if you desire to appear in this case, then you are requested to
file a Pre-Hearing Statement with the Division not later than 5:00 PM on
Thursday, October 25, 2007, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

LORRAYN GAY HACKER
PO Box 291445
Kerrville, TX 78029

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Lorrayn Gay Hacker

B. Received by (Printed Name) ☐ Addressee
Lorrayn Gay Hacker

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7005 1820 0003 8431 9252

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CHARLES W GAY
PO Box 291445
Kerrville TX 78029-1445

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Charles W Gay

B. Received by (Printed Name) ☐ Addressee
Charles W Gay

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7005 1820 0003 8431 9320

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

PROVIDENCE MINERALS LLC
14860 Montfort Dr Ste 209
Dallas TX 75254

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Providence Minerals LLC

B. Received by (Printed Name) ☐ Addressee
Providence Minerals LLC

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7005 1820 0003 8431 9191

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Vaughan-McElvain Energy Inc.
PO Box 970
Kennett Square, PA 19348

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Vaughan-McElvain Energy Inc.

B. Received by (Printed Name) ☐ Addressee
Vaughan-McElvain Energy Inc.

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7005 1820 0003 8431 9269

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

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Article Addressed to:

NAVATEX ENERGY LP
PO Drawer 2188
Roswell, NM 88202

Article Number
(Transfer from service label)

7005 1820 0003 8431 9184

S Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
J. Bullock

B. Received by (Printed Name) ☐ Addressee
J. Bullock

C. Date of Delivery
2

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No



3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

MAR OIL & GAS CORPORATION
PO Box 5155
Santa Fe, NM 87502

Article Number
(Transfer from service label)

7005 1820 0003 8431 9283

S Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

T H MCELVAIN OIL AND GAS PROF
1050 17th Street Ste 1800
Denver, CO 80265

Article Number
(Transfer from service label)

7005 1820 0003 8431 9221

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
M. Johnson

B. Received by (Printed Name) ☐ Addressee
OCT 01 2007

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

LANGDON D HARRISON REVOC TRI
PO Drawer 2188
Roswell NM 88202

Article Number
(Transfer from service label)

7005 1820 0003 8431 9245

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
J. Bullock

B. Received by (Printed Name) ☐ Addressee
J. Bullock

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No



3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CONOCOPHILLIPS COMPANY
PO Box 7500
Bartlesville, OK 74005-7500

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7005 1820 0003 8431 9313
(Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

DUGAN PRODUCTION CORP
PO Box 420
Farmington, NM 87499

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7005 1820 0003 8431 9312
(Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

RIO ARIBAGAS LTD
4925 Greenville Ave Ste 900
Dallas, TX 75206

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7005 1820 0003 8431 9207
(Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MCELVAIN OIL COMPANY
PO Box 801888
Dallas, TX 75240

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7005 1820 0003 8431 9160
(Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

JABCO LLP
PO Box 2546
Fort Worth, TX 76113

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) Oct 01 2007

C. Date of Delivery Oct 01 2007

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

OCT 01 2007

3. Service Type

☐ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number 7005 1820 0003 8431 9306

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

BURLINGTON RESOURCES O&G
PO Box 7500
Bartlesville, OK 74005-7500

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) Oct 01 2007

C. Date of Delivery Oct 01 2007

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

3. Service Type

☐ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number 7005 1820 0003 8431 9290

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

KATHLEEN QUINN
PO Box 832407
Dallas TX 75283

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) Oct 01 2007

C. Date of Delivery Oct 01 2007

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

OCT 01 2007

3. Service Type

☐ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number 7005 1820 0003 8431 9153

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

XTO Energy Inc
810 Houston St. Ste 2000
Fort Worth, TX 76102

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) Oct 01 2007

C. Date of Delivery Oct 01 2007

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

3. Service Type

☐ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number 7005 1820 0003 8431 9276

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MAYDELL MILLER MAST TRUST
PO Box 291445
Kerrville TX 78029

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Address
- B. Received by (Printed Name) JAMES C. Date of Delivery 02-11-04
- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label)

7005 1820 0003 8431 9146

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

THOMAS P TINNIN
PO Box 1885
Albuquerque, NM 87103

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Address
- B. Received by (Printed Name) THOMAS P TINNIN C. Date of Delivery 02-11-04
- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number
(Transfer from service label)

7005 1820 0003 8431 9214

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

J&M RAYMOND LTD
PO Box 291445
Kerrville, TX 78029

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Address
- B. Received by (Printed Name) JAMES C. Date of Delivery 02-11-04
- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label)

7005 1820 0003 8431 9238

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

2271 1540 0000 0000 0000

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

Total Post

Sent To

Street, Apt.
or PO Box

City, State, .

RUTH ZIMMERMAN TRUST
 842 Muirlands Vista Way
 La Jolla, CA 92037

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

2005 1820 0003 8431 1332

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

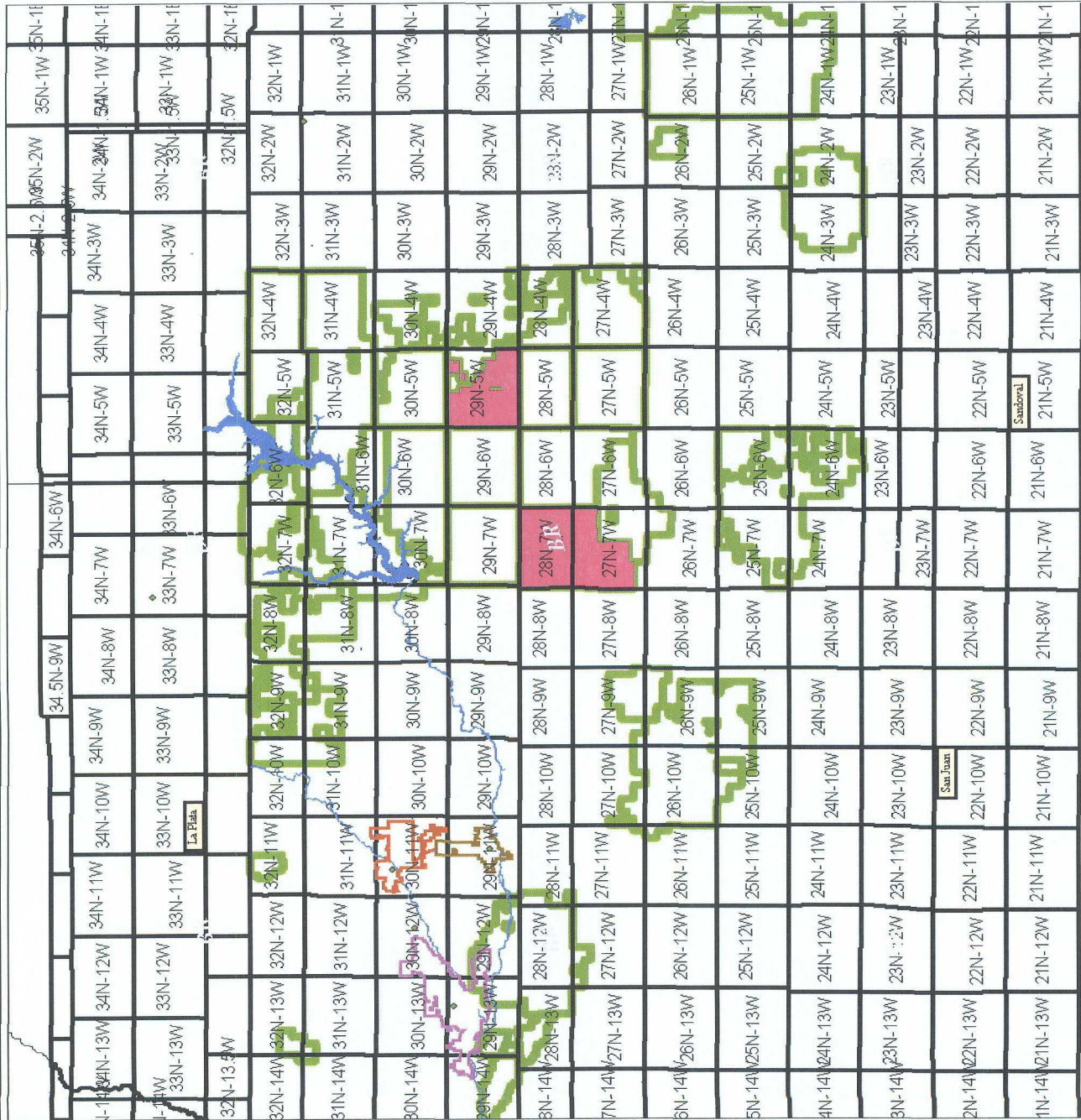
Total Post

Sent To

Street, Apt.
or PO Box

City, State, .

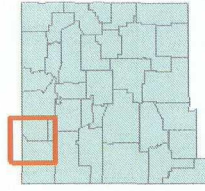
TINMIL A NM LLC
 500 Marguerite NW Ste 1300
 Albuquerque, NM 87102



Legend



SU_28_7_and_29_7_Units

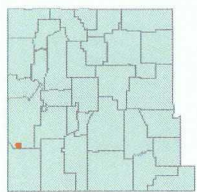


ConocoPhillips

San Juan

Locator Map COP Density Wells

Prepared By: Alan Alexander Date: 7/13/2007
 File Number: 7/13/2007
 File Name: C:\Users\alan.alexander\Documents\San Juan\San Juan COP Density Wells.mxd



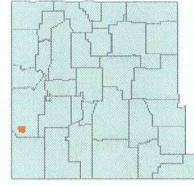
ConocoPhillips
San Juan

San Juan 28-7 Wells
Sec 24 28N 7W

Prepared By: <u>Alan Alexander</u>	Date: <u>7/13/2007</u>
File Number:	Revised Date: <u>7/13/2007</u>
File Name:	<u>:\public\proceed\CP Bertha Ruiz Mexico 2 Bertha Ruiz title.mxd</u>

Legend

- | | |
|-----------------------------|----------------------------|
| ★ TERTIARY | ☼ GALLUP ADUSHI |
| ★ SAN JOSE | ☼ GALLUP LOWER |
| ★ INCUBIENDO | ☼ GREENHORN |
| ★ CUDALAI | ☼ GRAMEROS |
| ★ FARMINGTON | ☼ DAKOTA |
| ★ FRUITLAND | ☼ DAKOTA/DIAKOTA SANDSTONE |
| ★ FRUITLAND COAL | ☼ CRETACEOUS LOWER |
| ★ FRUITLAND PICTURED CLIFFS | ☼ MID MISSOURIAN JURASSIC |
| ★ PICTURED CLIFFS | ☼ ENTRADA |
| ★ CHACRA | ☼ SANJES |
| ★ CRETACEOUS | ☼ PARADOX/SH |
| ★ MID MISSOURIAN | ☼ DESERT CREEK |
| ★ KENTUCKY | ☼ SMAY |
| ★ MESQUITE | ☼ PENNSYLVANIAN |
| ★ MANCOS | ☼ UNKNOWN |
| ★ TOCITO | ☼ ALL TOCITO |
| | ☼ CONCRETE |

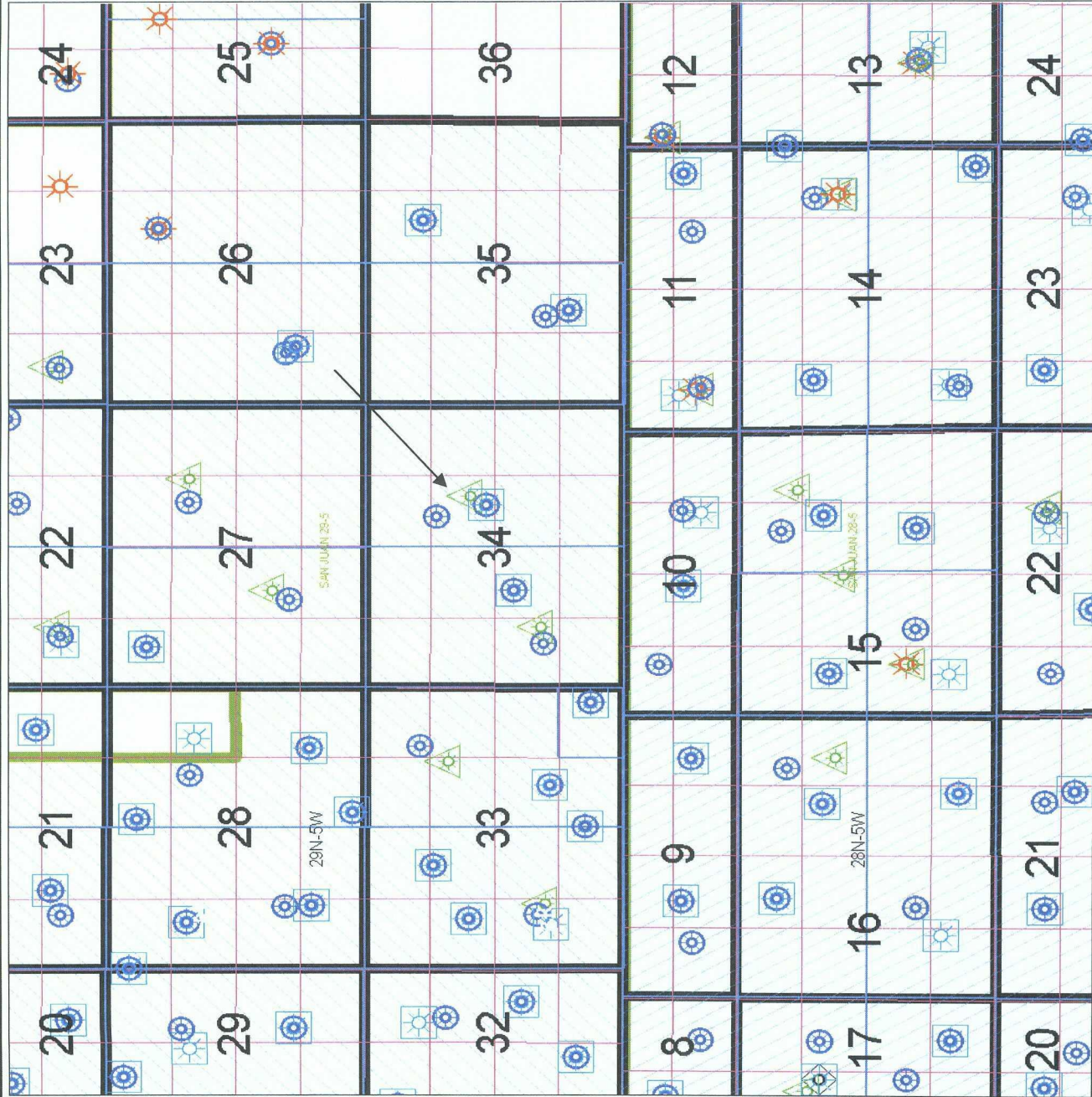


ConocoPhillips

San Juan

San Juan 29-5 Wells
Sec 34 29N 5W

Prepared By: Alan Alexander Date: 7/13/2007
File Number: 7/13/2007
File Name: C:\Users\alexander\Documents\San Juan 29-5 Wells.dwg



Outline

- Research - ConocoPhillips San Juan Basin density violations
- Current ConocoPhillips compliance assurance process
- Case assessments
 - General
 - Correlative rights
 - Incremental recoveries

Research

- Build database
 - Identify all directional wells
 - Correct BHL's
- Identify all quarter sections with more than 2 wells
- Identify all quarter-quarter sections with more than 1 well
- Review previous infill pilot approvals for exceptions
- Verify company ownership
- Research well files to verify non-compliant wells
- Finalize list of non-compliant wells

Results

Location	Fm	Violation	Current Status
T28N-R7W-S18-SW	MV	3 completions in quarter section	Paperwork error. Reported abandonment of MV in SJU 28-7 #30 as TA rather than P&A. Problem has been corrected.
T30N-R6W-S2-SW	MV	3 completions in quarter section, 2 in quarter-quarter	Preparing to abandon MV in SJU 31-6 #15, (currently SI), as per original plan.
T31N-R8W-S32-SE	MV	3 completions in quarter section	High deliverability area with checkerboard leasing. Preparing to abandon or isolate MV in State Com AL #36 (currently SI).
T28N-R7W-S34-NE	MV	2 completions in quarter-quarter section	SJU 28-7 #91 (MV) currently SI. Request exception to pool rules.
T29N-R5W-S34-NE	MV	2 completions in quarter-quarter section	SJU 29-5 #34 currently SI. Request exception to pool rules.
T28N-R7W-S24-SW	DK	2 completions in quarter-quarter section	SJU 28-7 #259 currently SI. Request exception to pool rules.

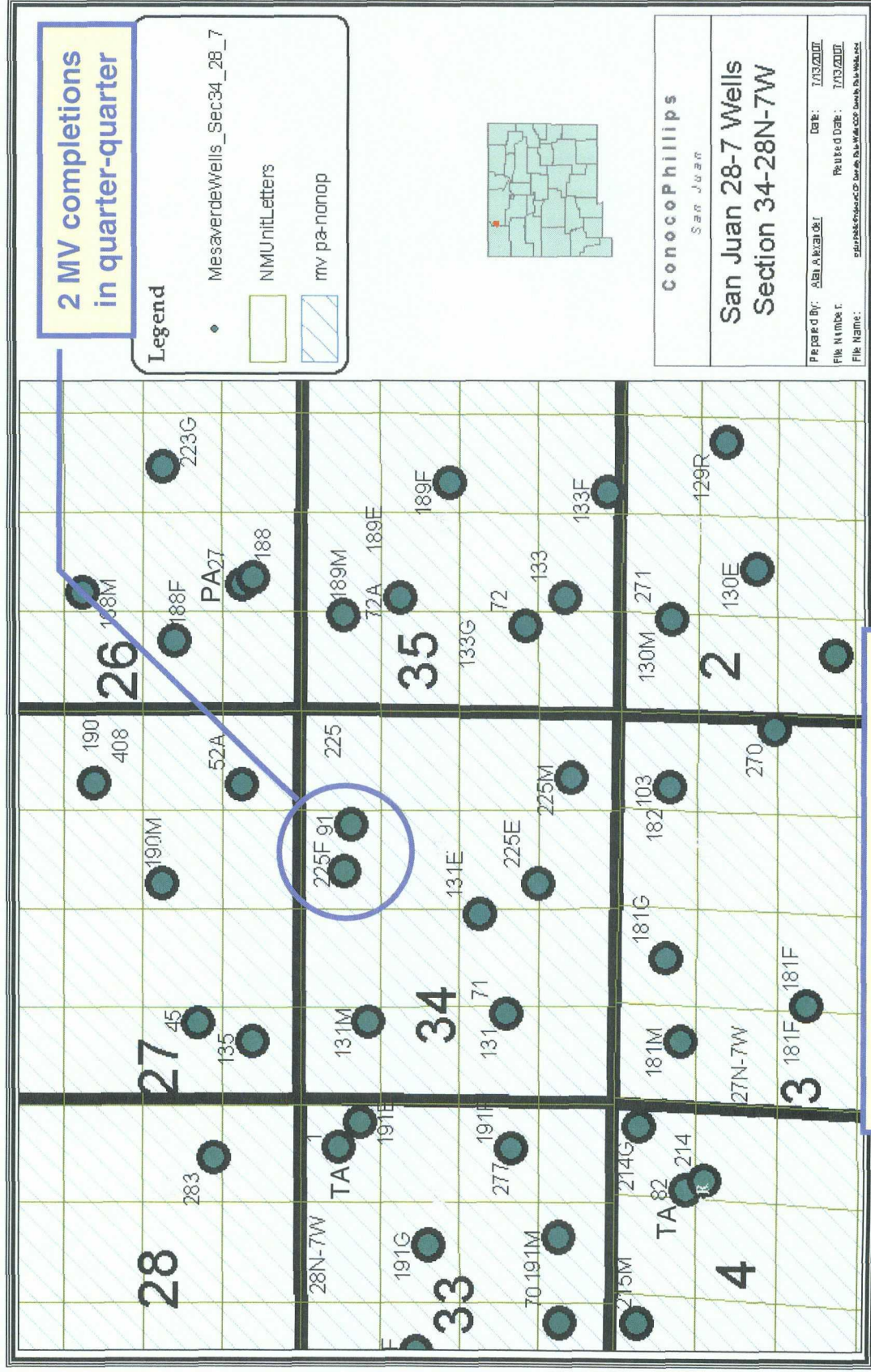
Compliance Assurance Process

- Current CoP compliance process (in place since early 2007) is based largely on Burlington Resources process presented in testimony for case 13667 heard on March 16, 2006.
- All capital projects initiated by Project Development Team, which carries projects from plan/budget to implementation stage and includes process steps in:
 - Land
 - Surveying
 - Regulatory
 - Construction
 - Engineering
- Each step includes verification of location compliance
- Update to processes and databases needed to account for increasing numbers of directional wells (in progress)
- Recompletion projects are checked against drilling inventory to avoid duplication.

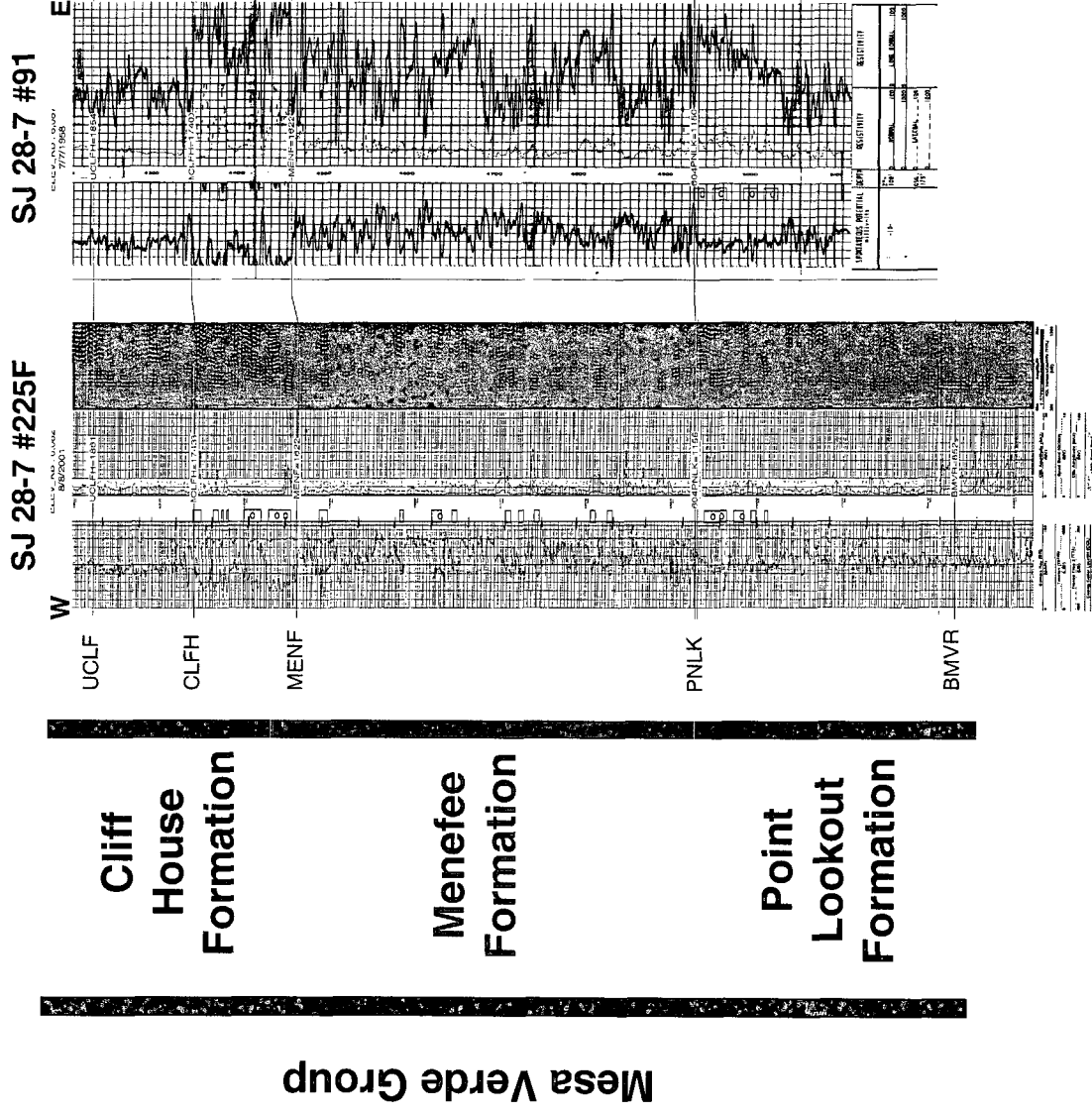
Case Assessments

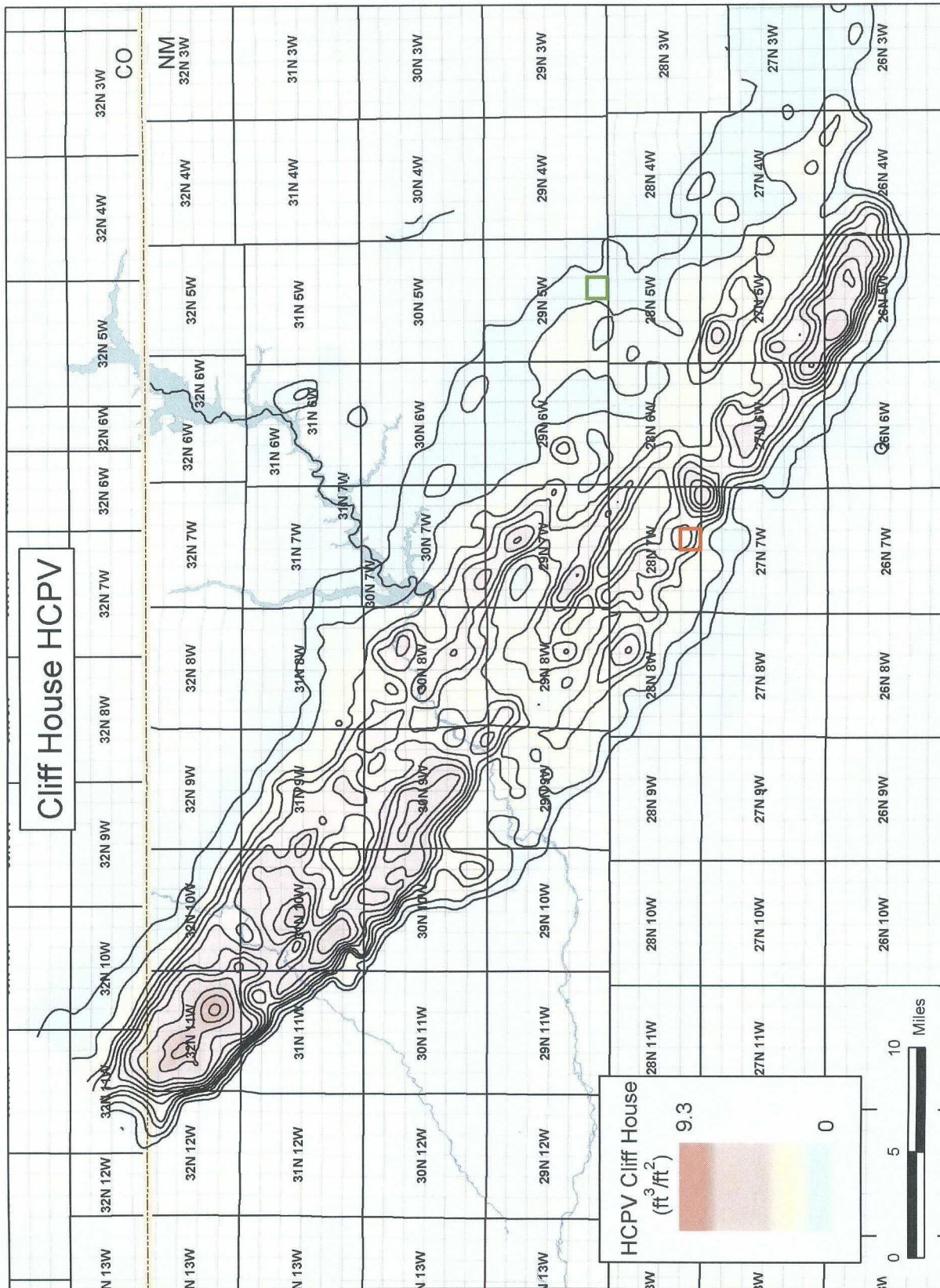
- **General**
 - Well locations and general land situation
 - Geologic setting
 - Well completions and production
- **Correlative rights**
 - Drainage areas mapped (as applicable) using no-flow boundaries from relative rate calculations (*Well Performance*, 2nd Edition, Golan and Whitson, 124-125)
 - Maps validated using flowing material balance
- **Incremental recoveries** – 50 year forecasts from numerical models show lower final pressures/incremental recoveries by producing all wells as opposed to shutting in certain wells to achieve compliance with pool rules.

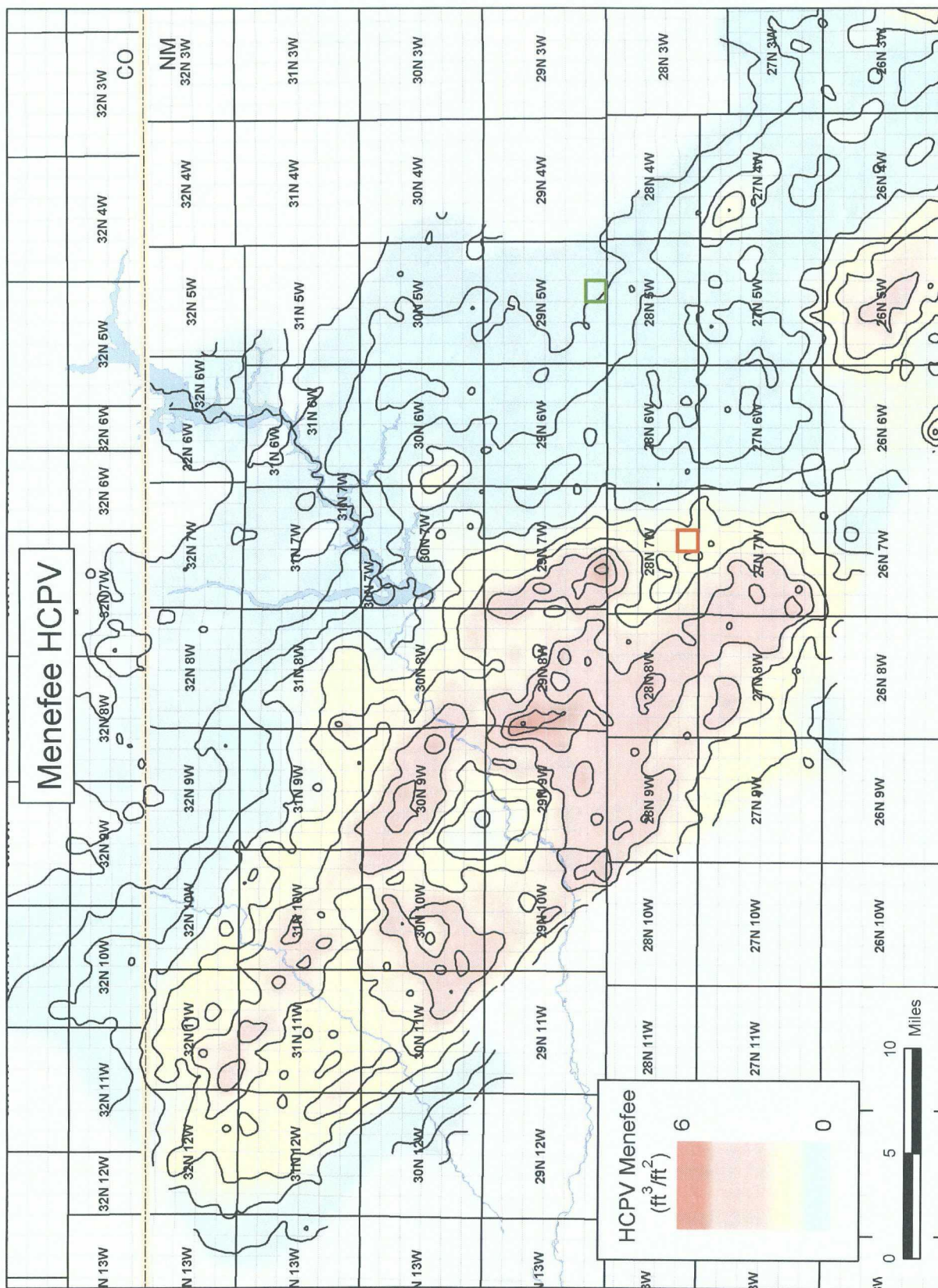
NE/4 S34 T28N-R7W Mesaverde



NE/4 S34 T28N-R7W Mesaverde

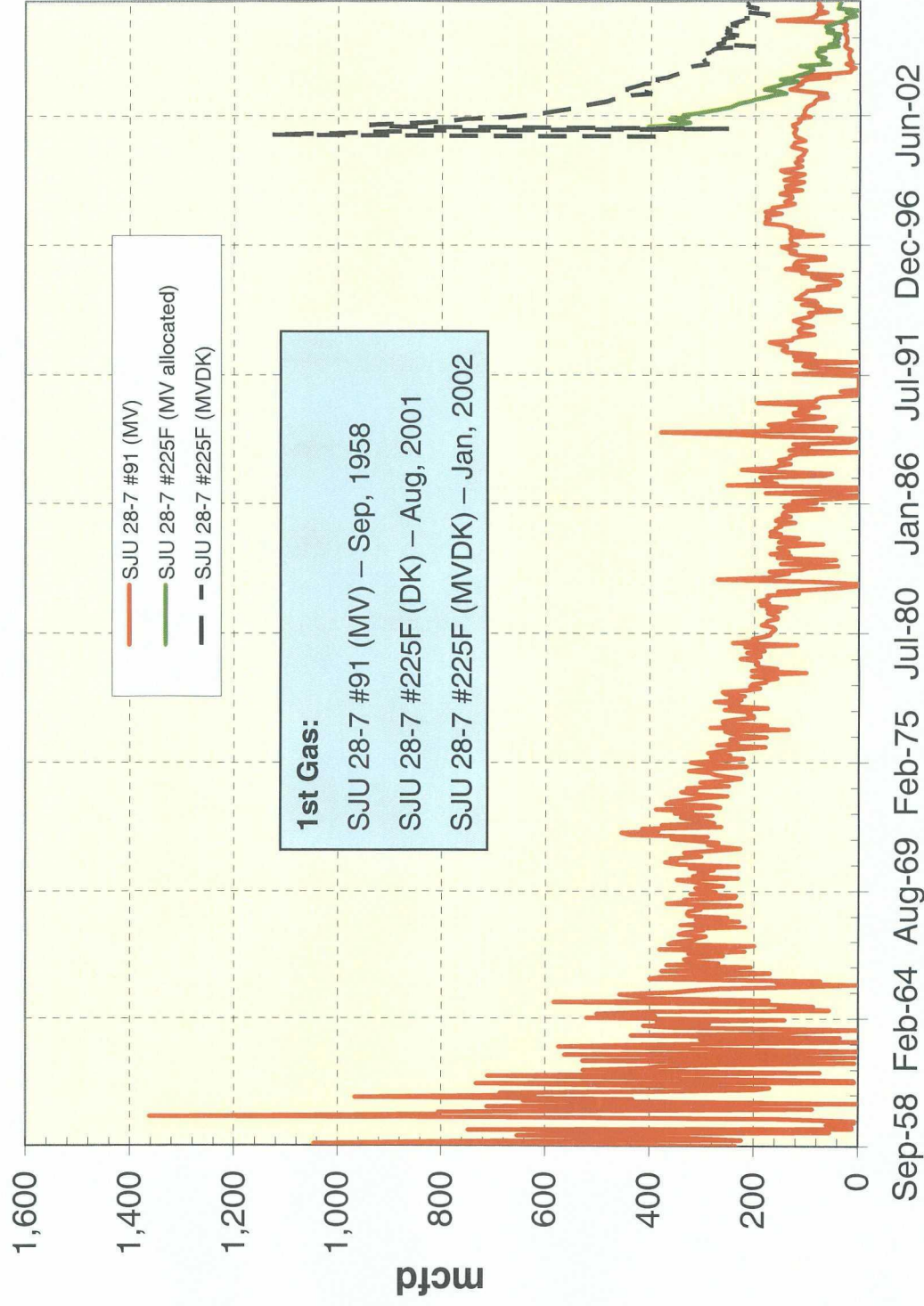






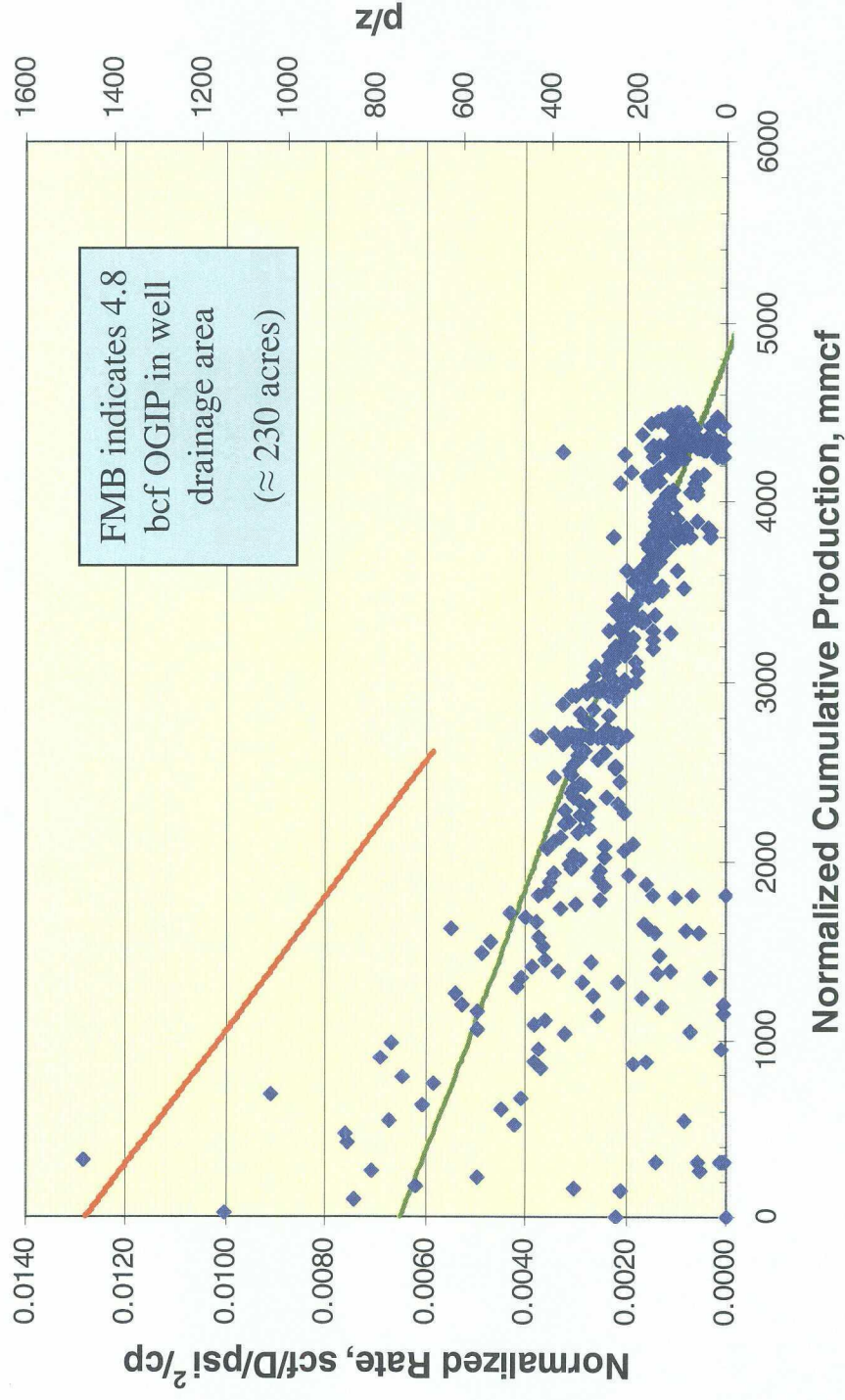


NE/4 S34 T28N-R7W Mesaverde

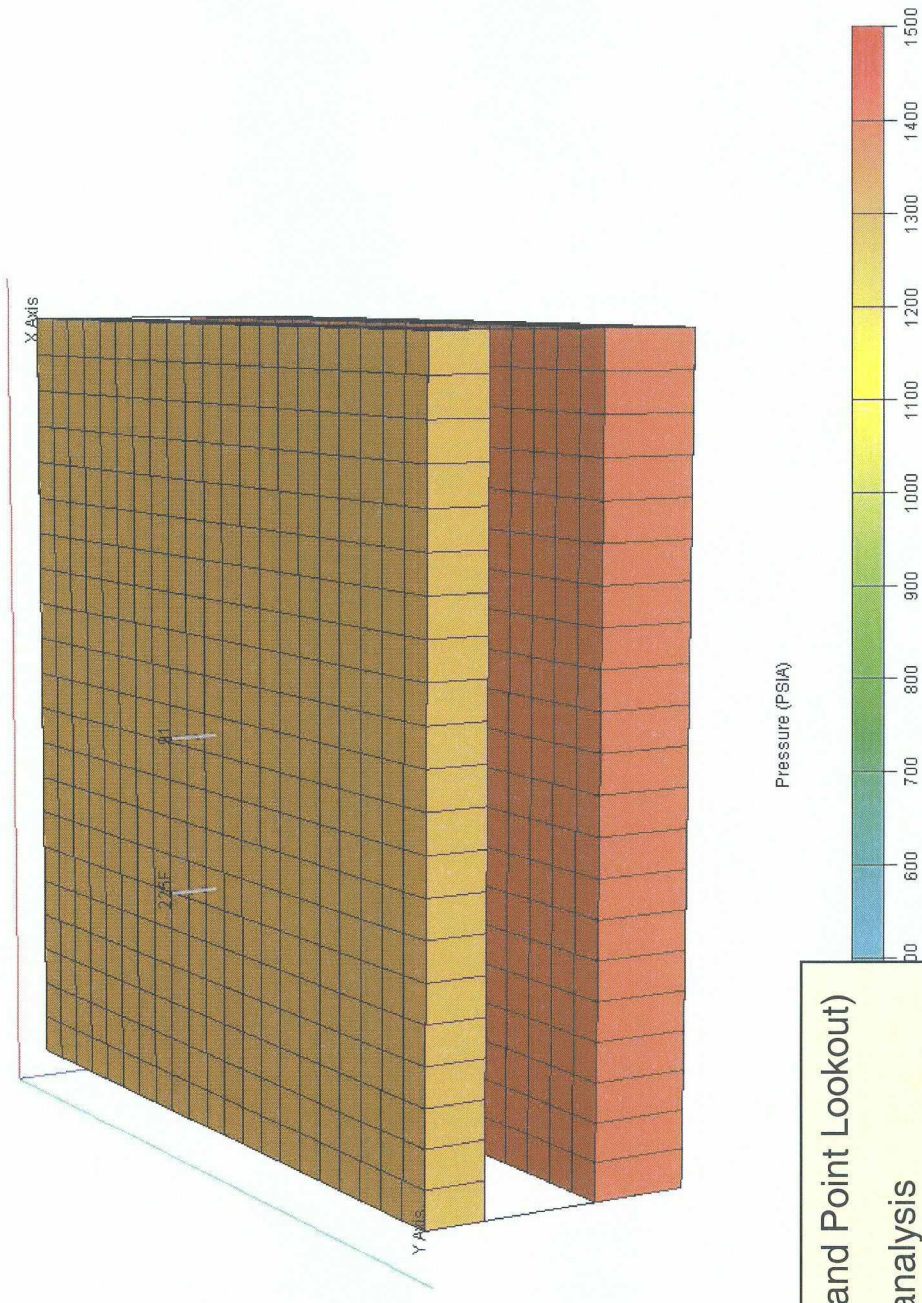


Flowing Material Balance

San Juan 28-7 Unit 91

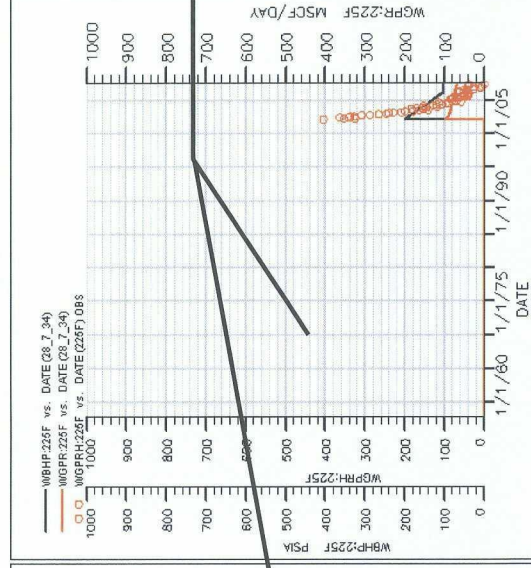
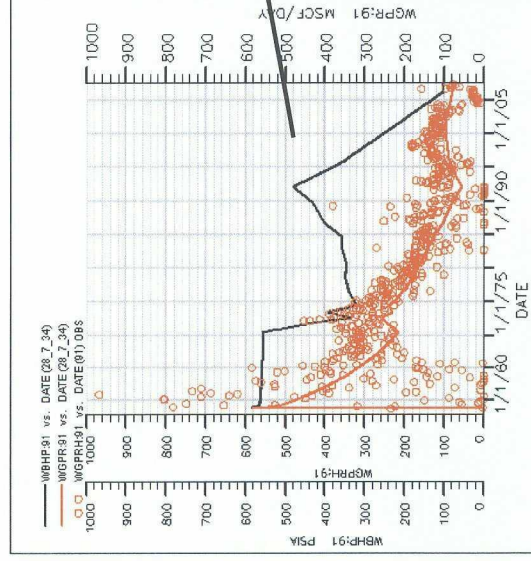


Numerical Simulation

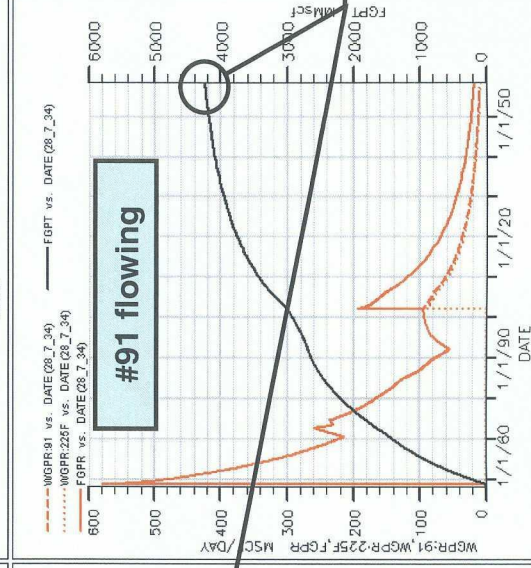
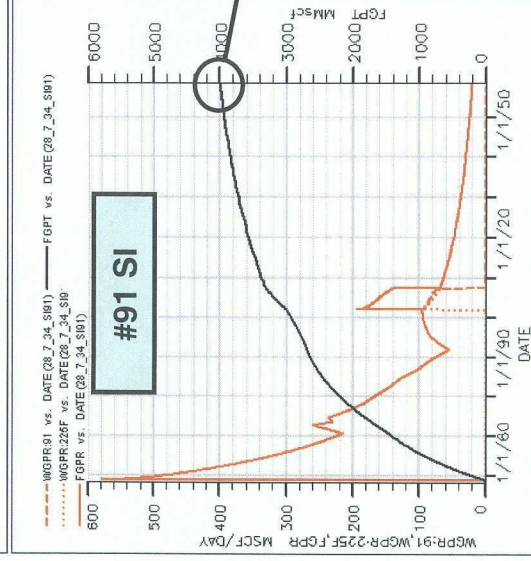


- 2 layers (Cliff House and Point Lookout)
- Same input as FMB analysis
- 230 acres
- Assume constant drainage area

Numerical Simulation



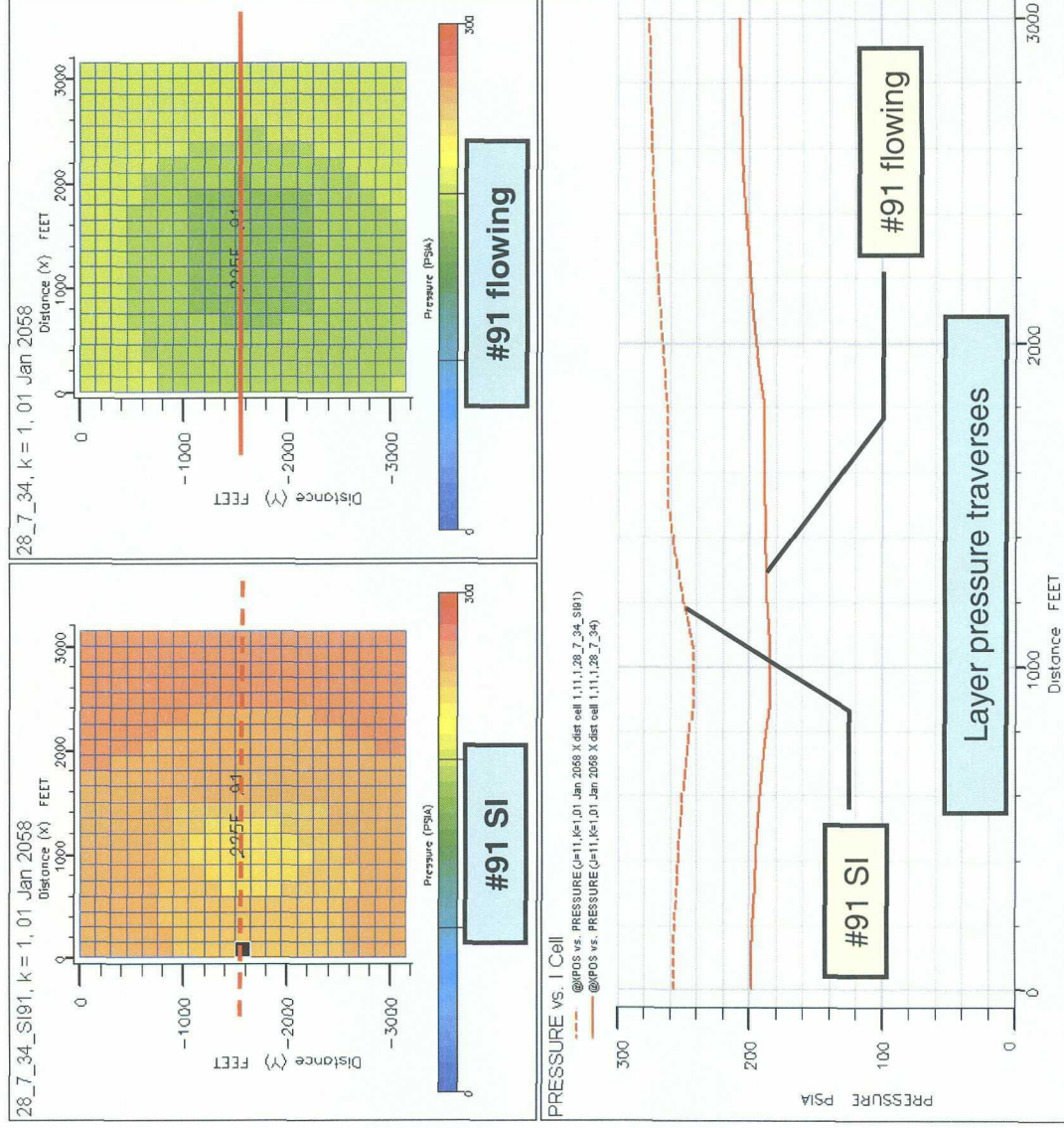
Wells are reasonably matched (on BHP control)



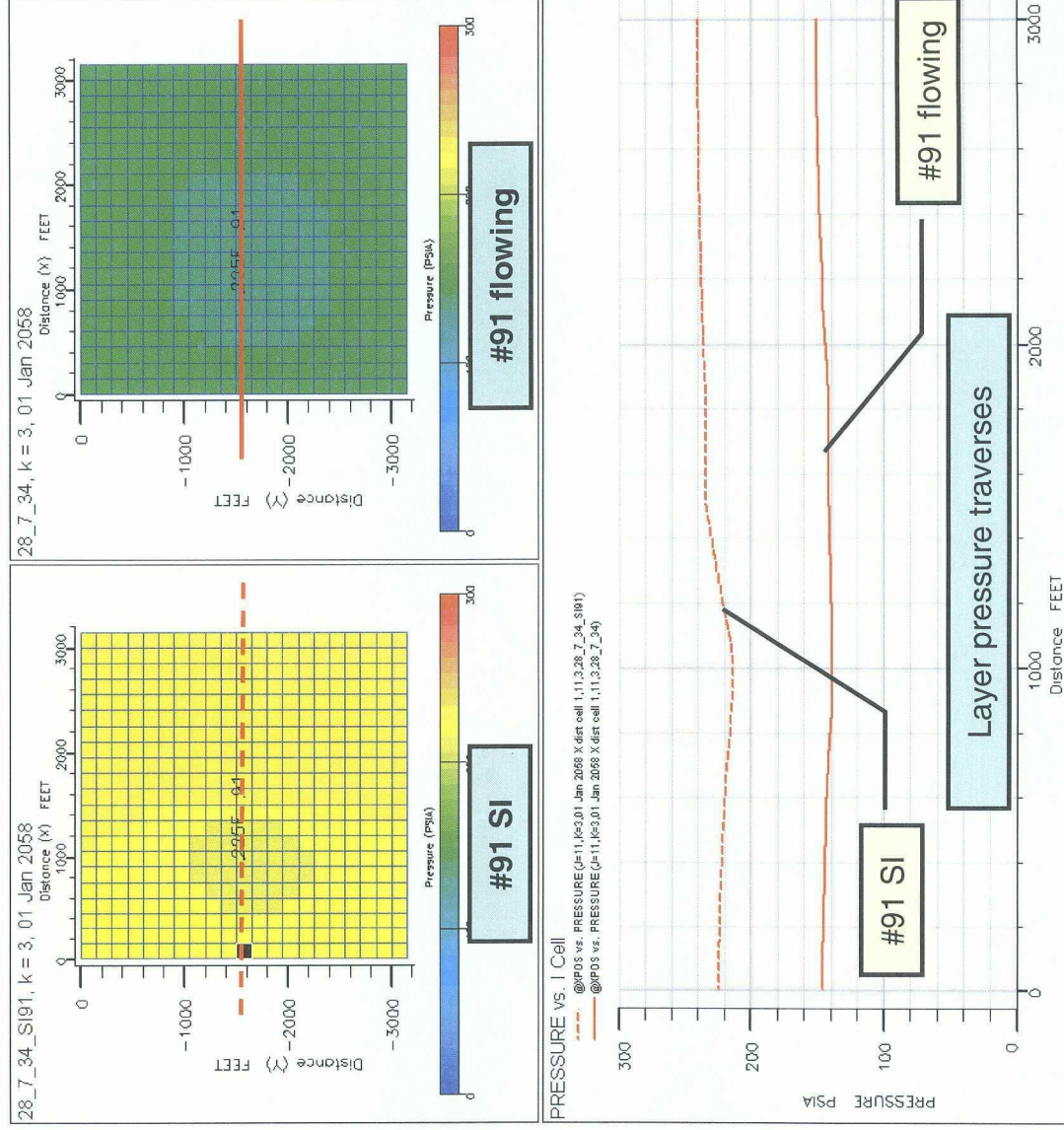
#91 flowing

Incremental recovery

Cliff House Layer Pressure 2058



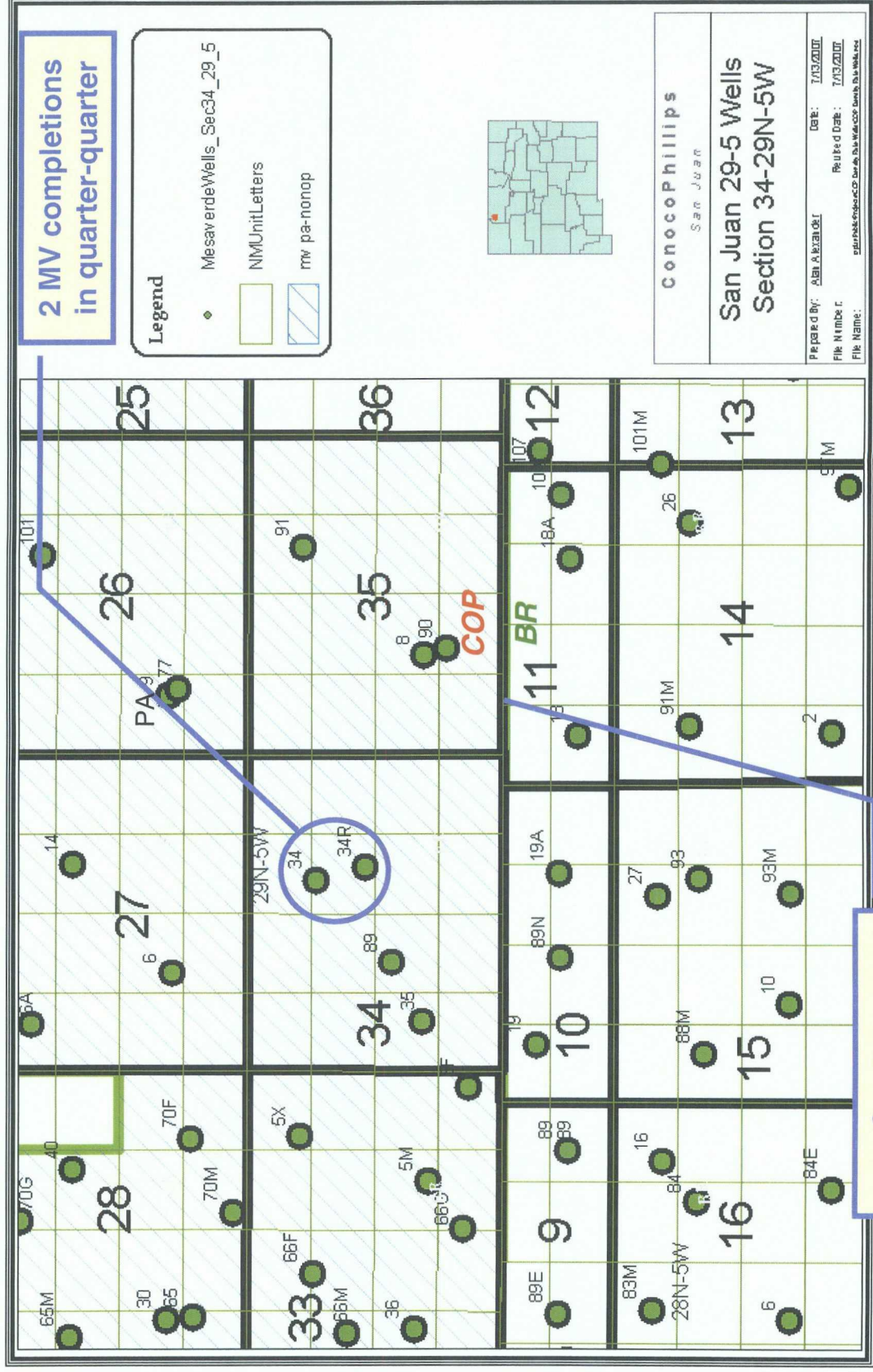
Point Lookout Layer Pressure 2058



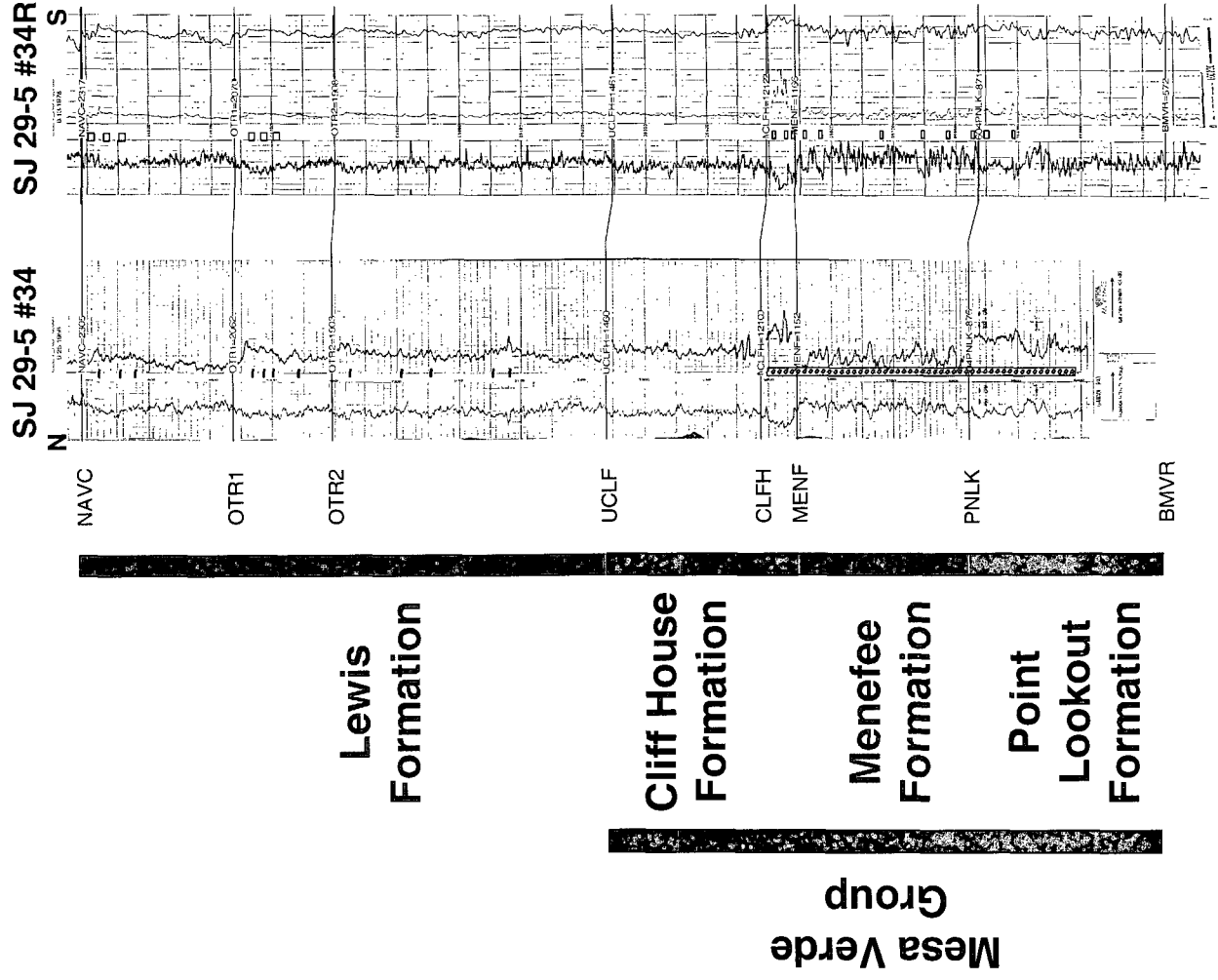
Conclusions/Recommendation

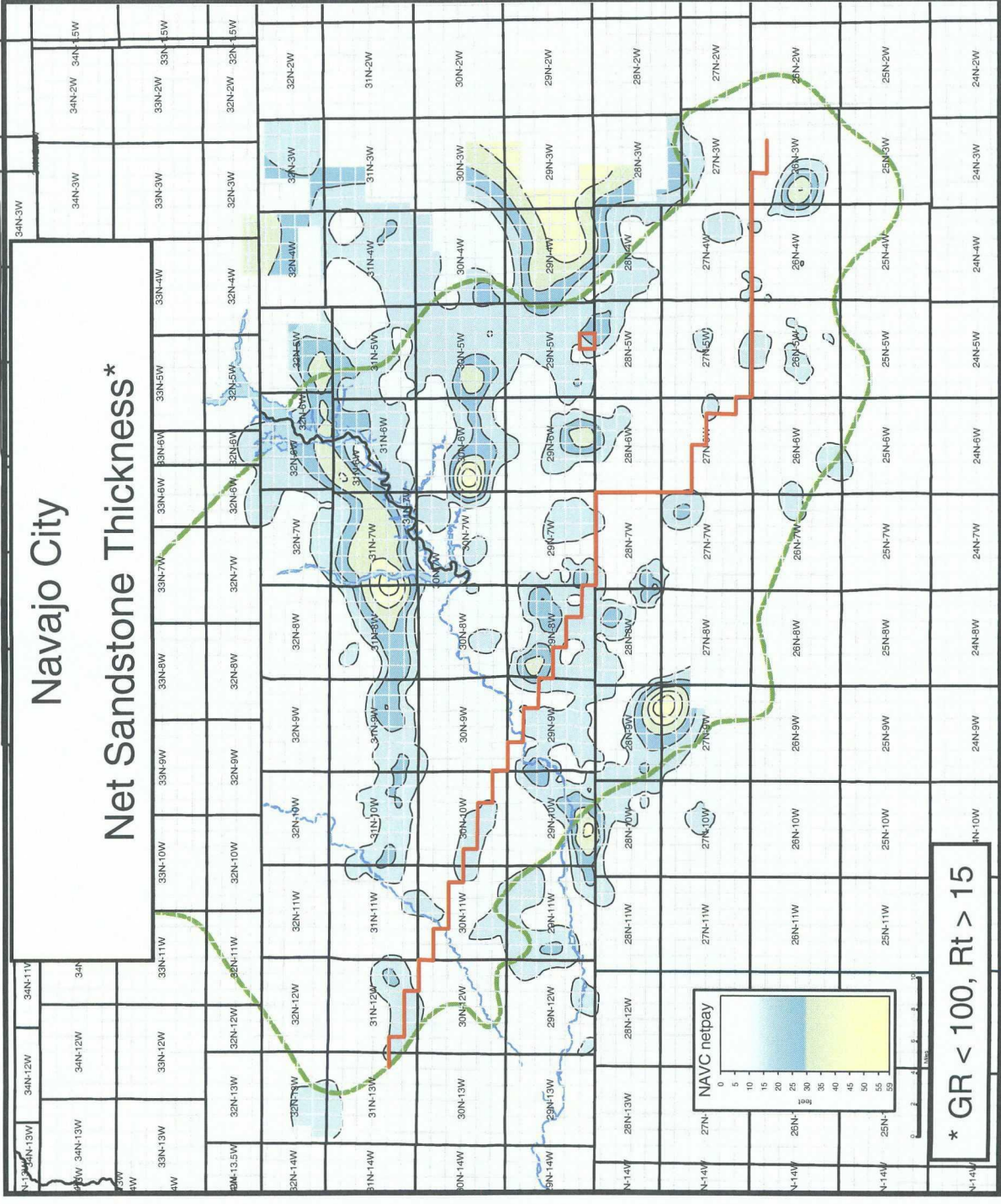
- No correlative rights issues (interior to unit)
- Abandonment of San Juan 28 7 Unit 91
Mesaverde would result in a loss of reserves
(estimate approximately 240 mmscf)
- Request waiver to produce San Juan 28 7
Unit 91

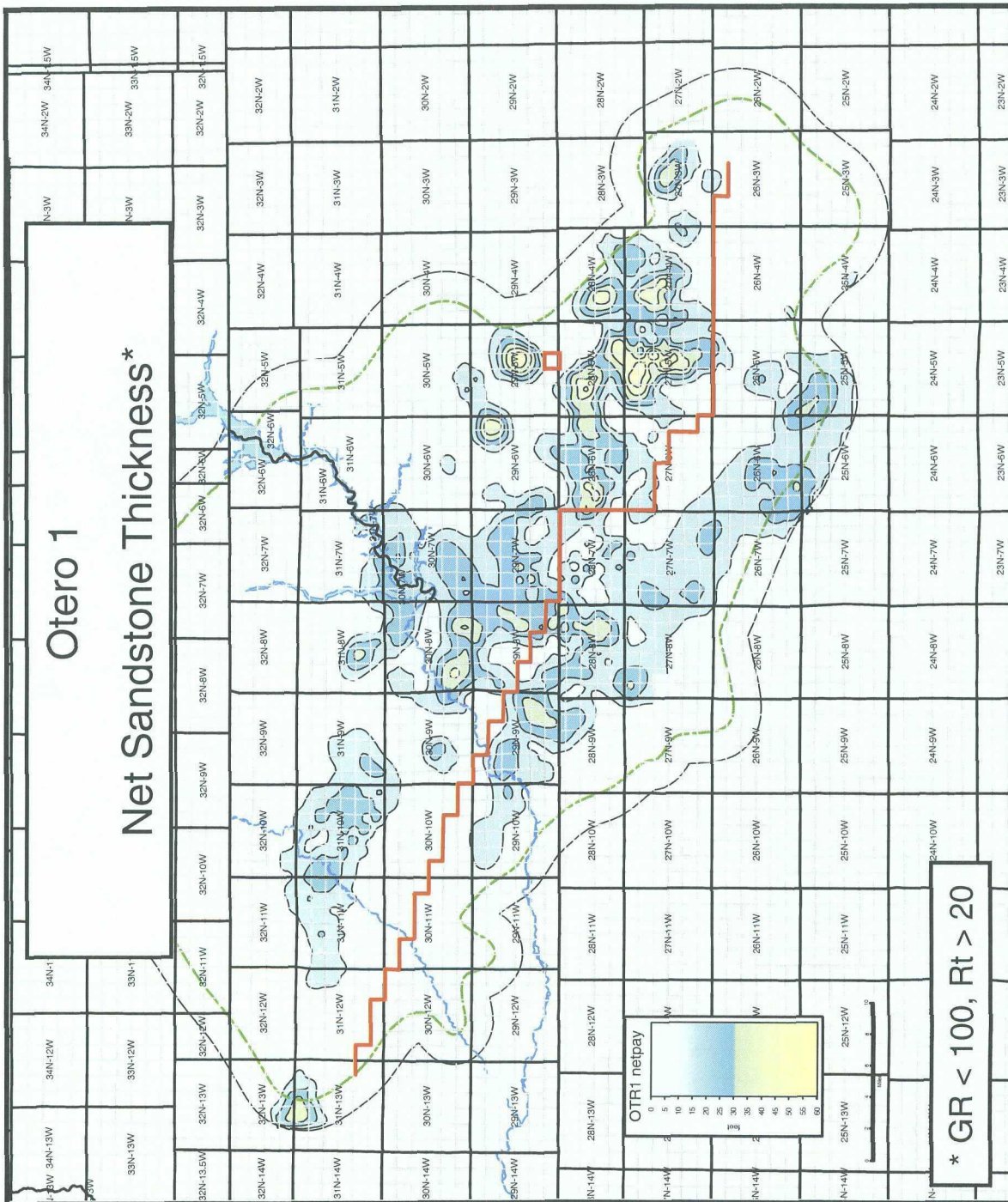
NE/4 S34 T29N-R5W Mesaverde

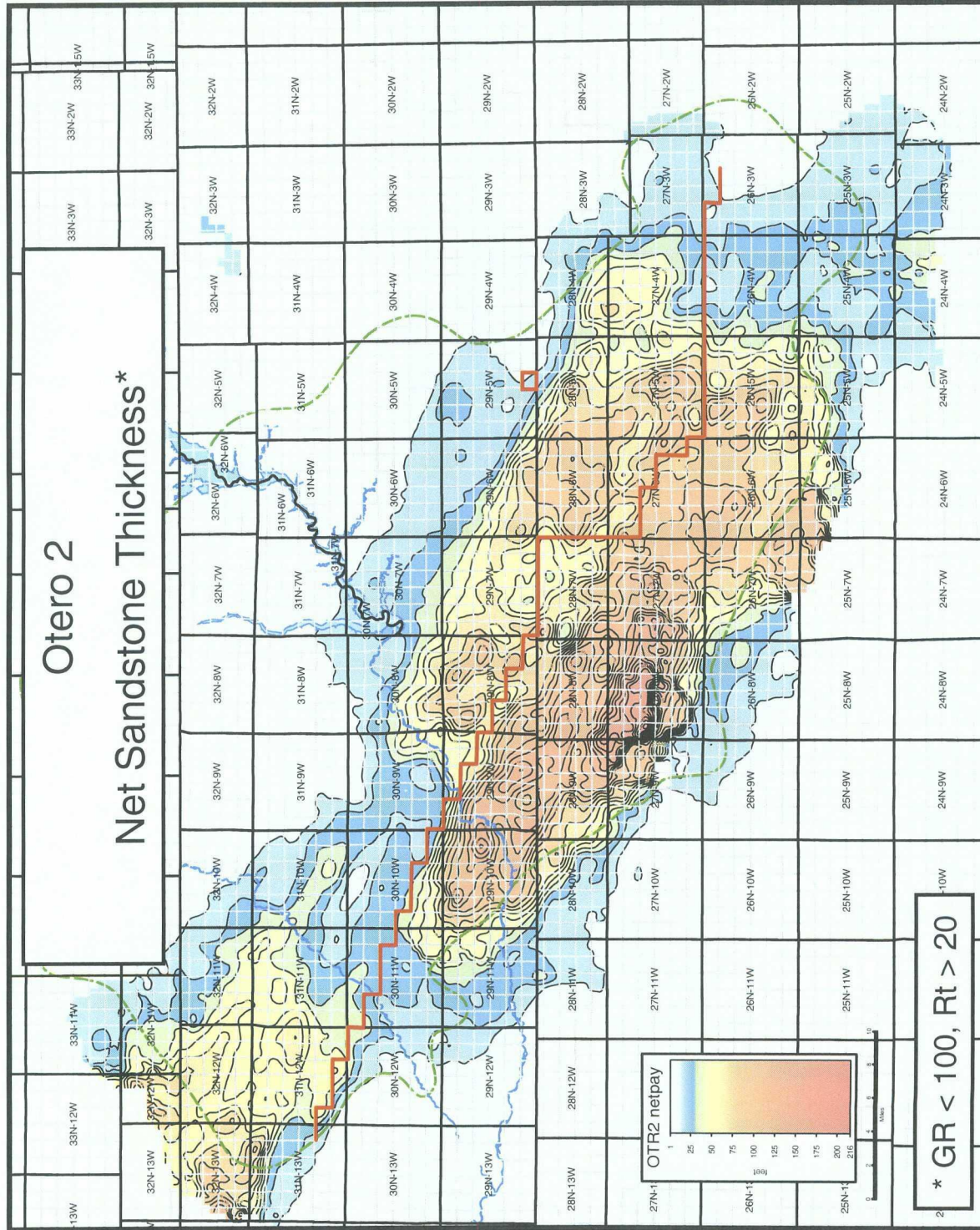


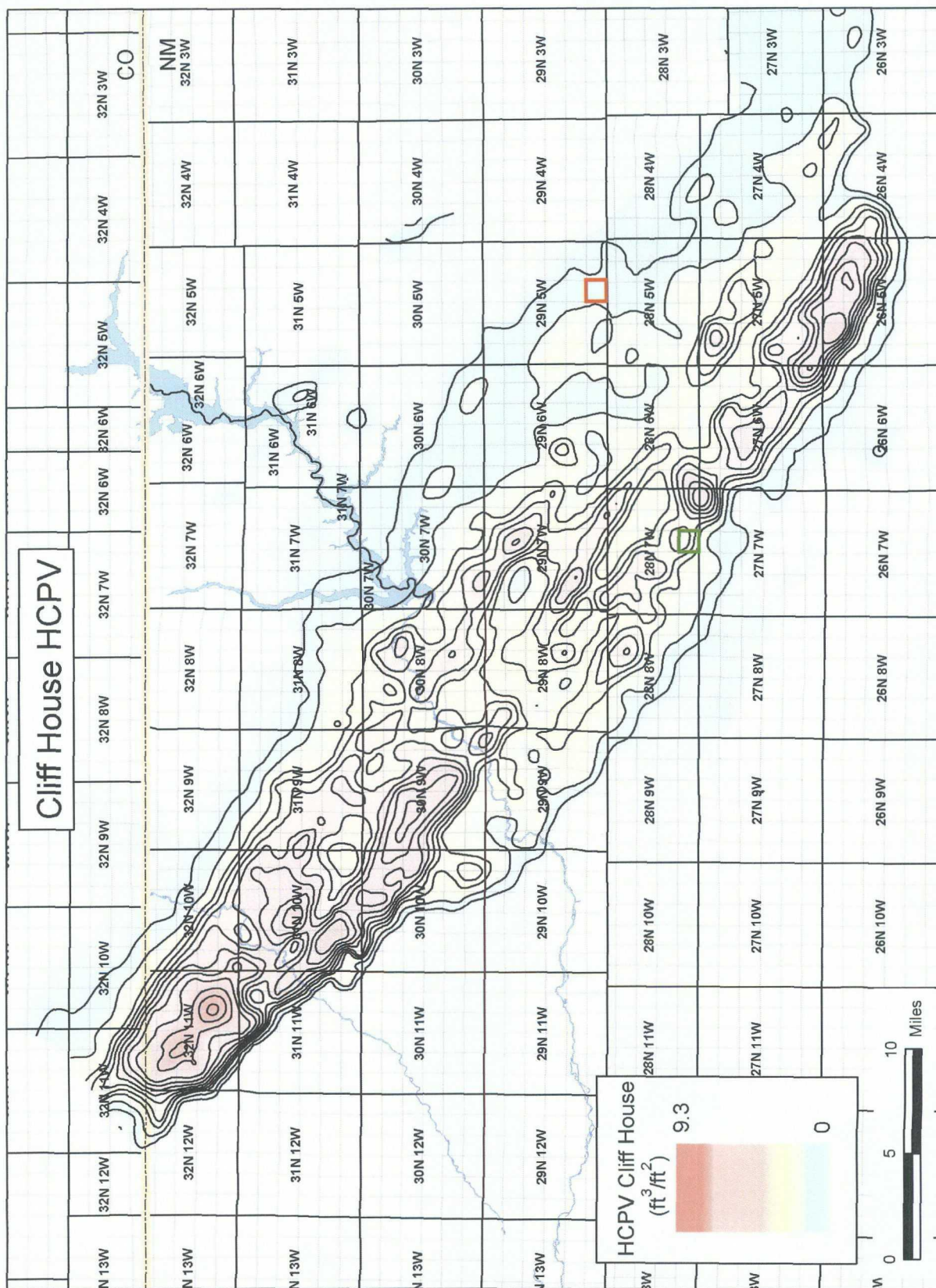
NE/4 S34 T29N-R5W Mesaverde

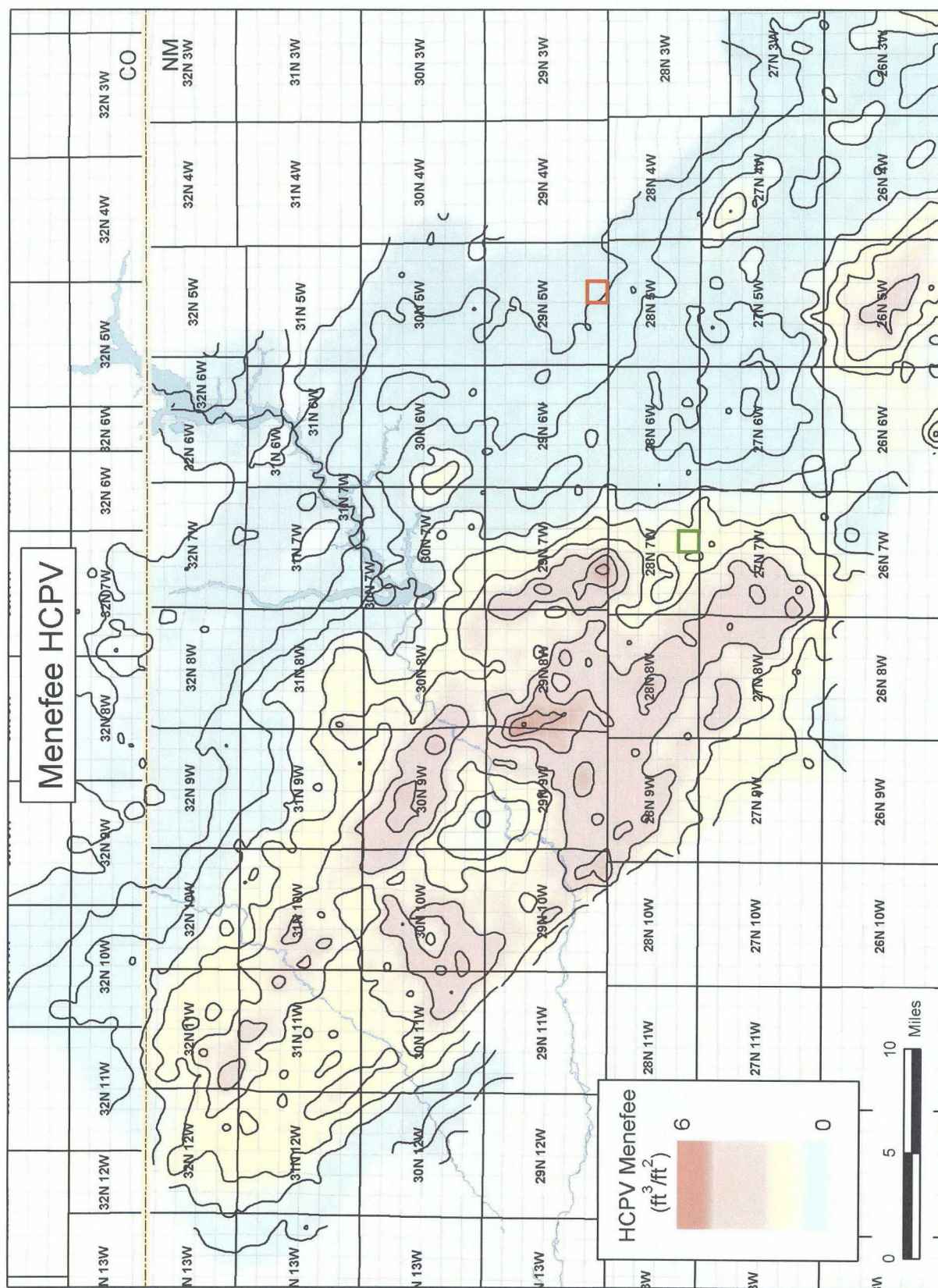


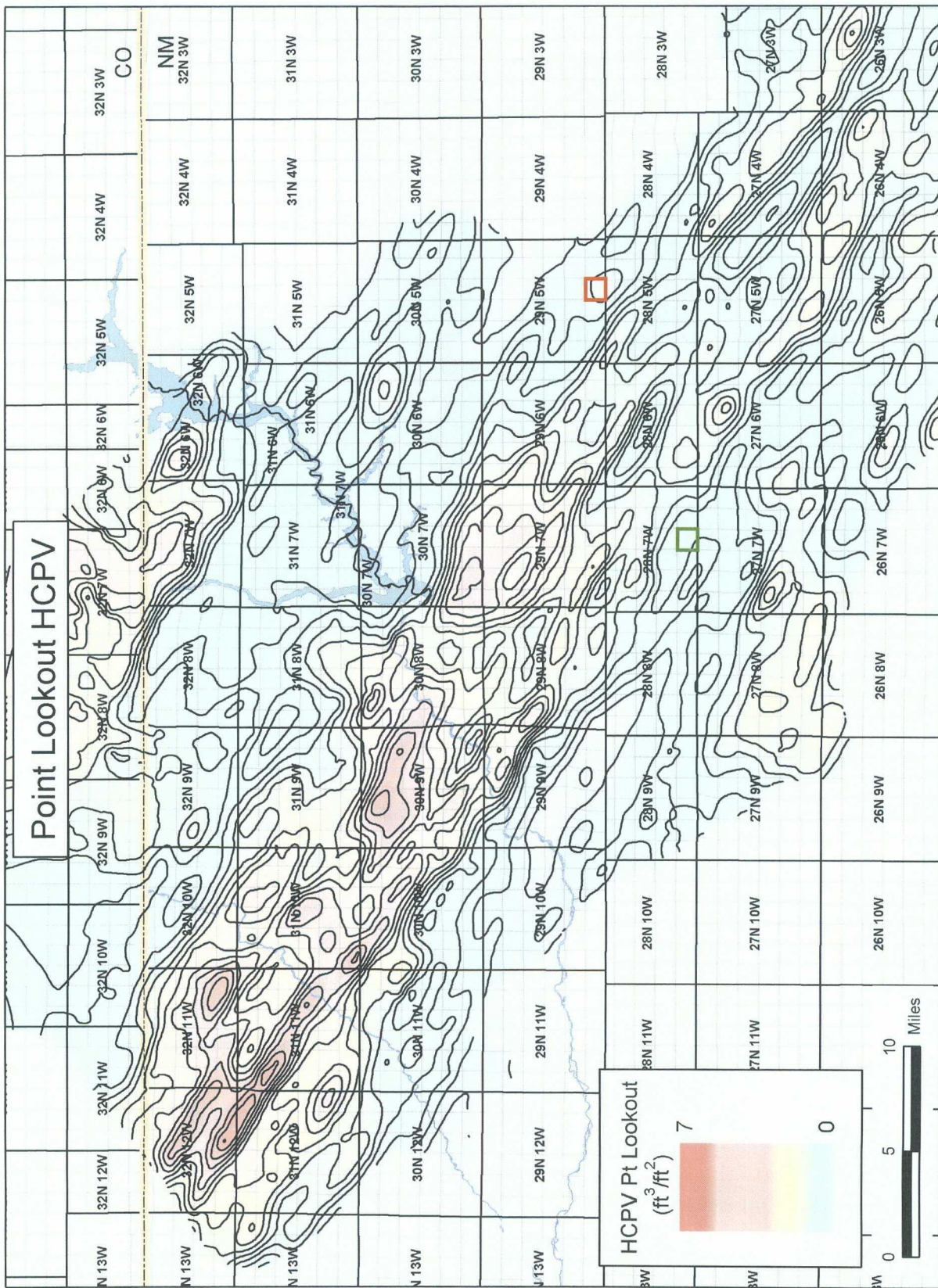




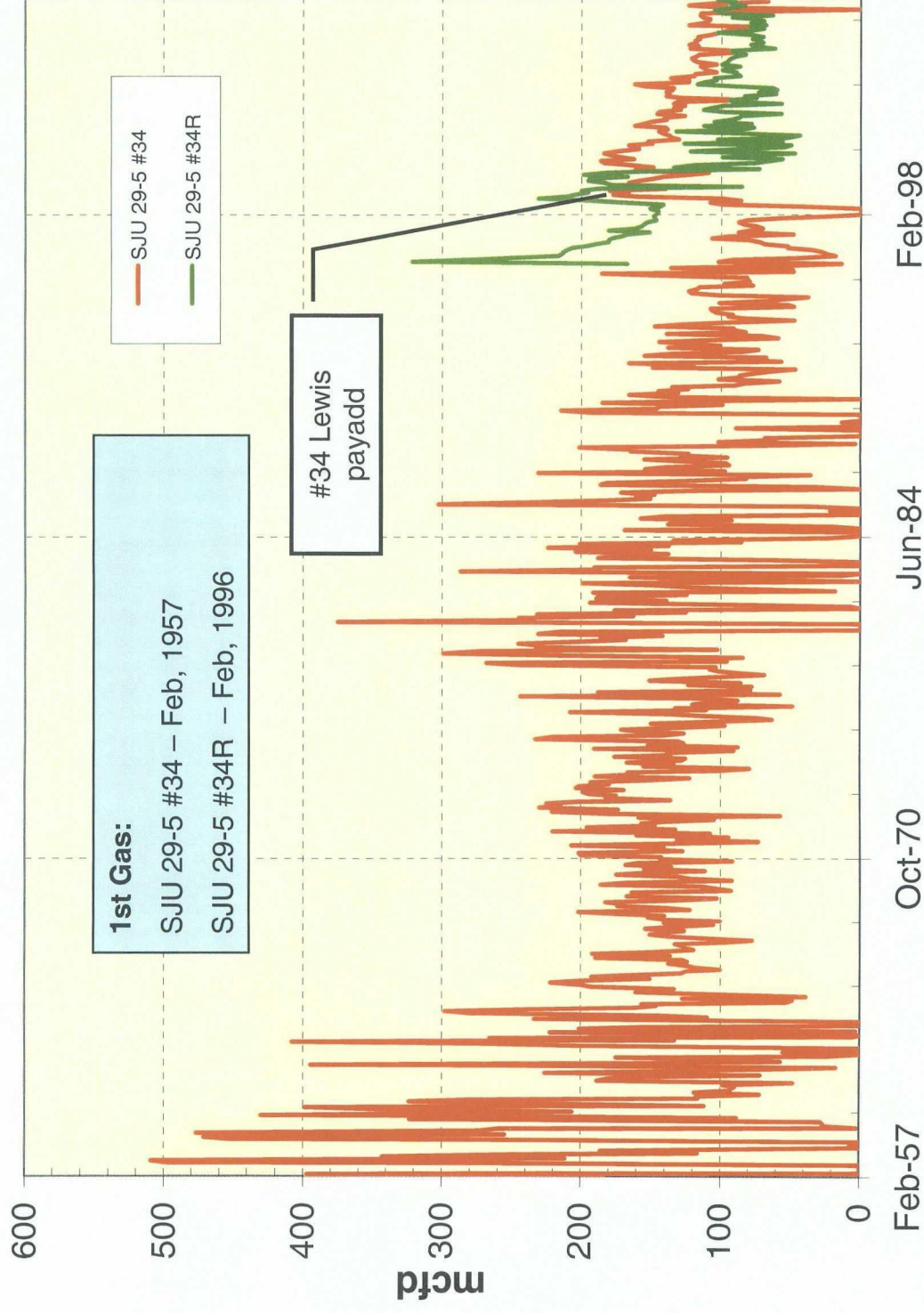






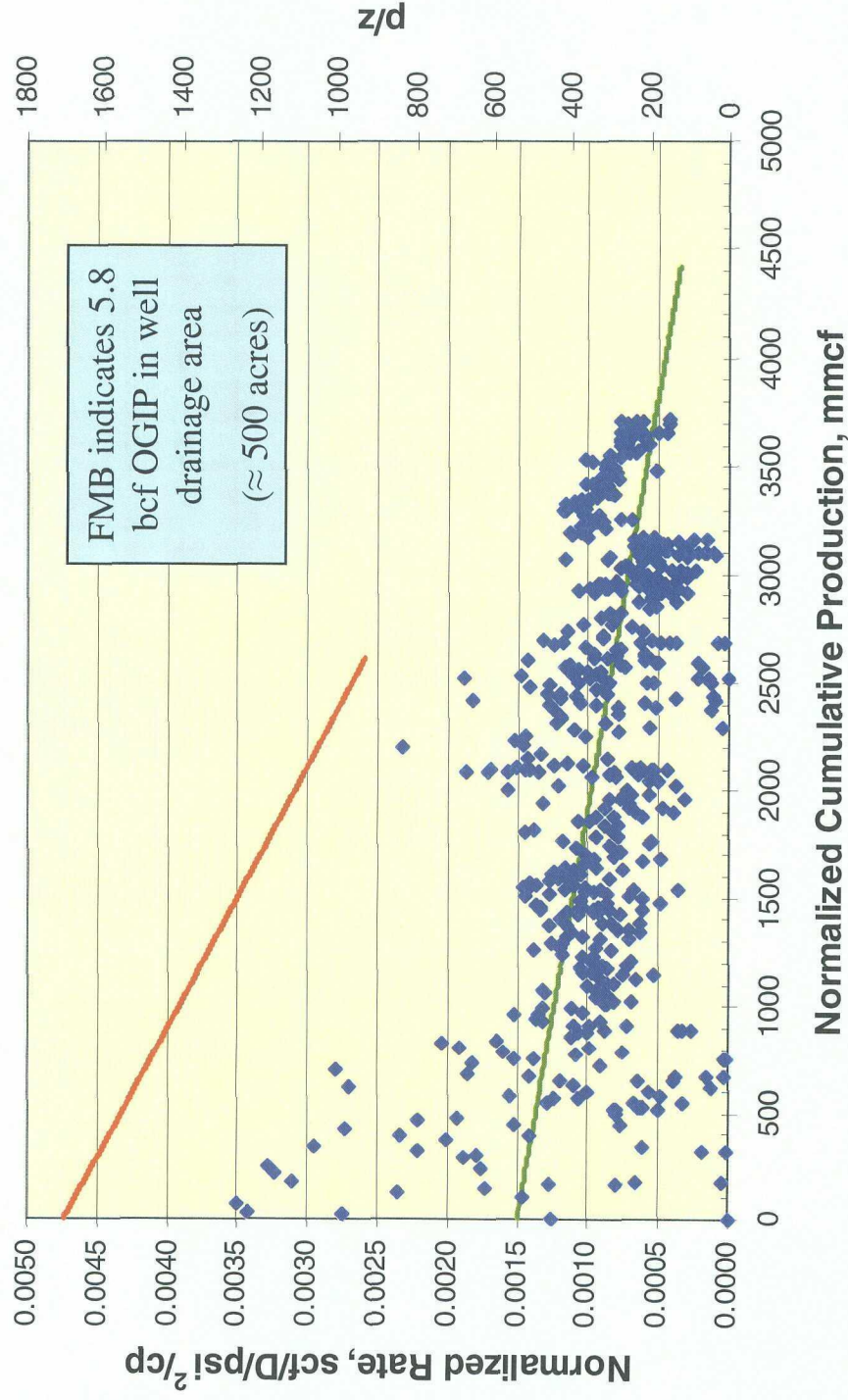


NE/4 S34 T29N-R5W Mesaverde



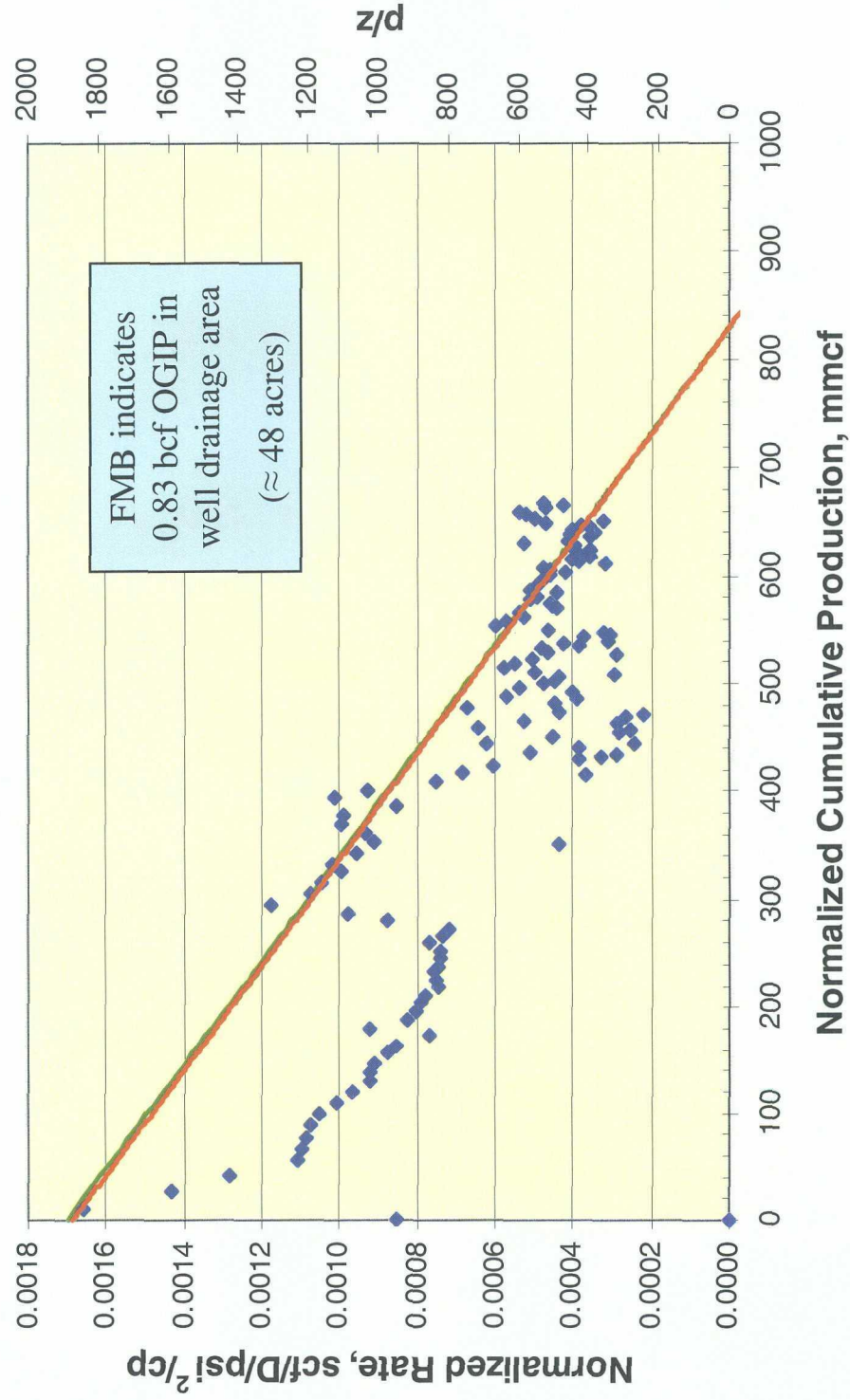
Flowing Material Balance

San Juan 29-5 Unit 34

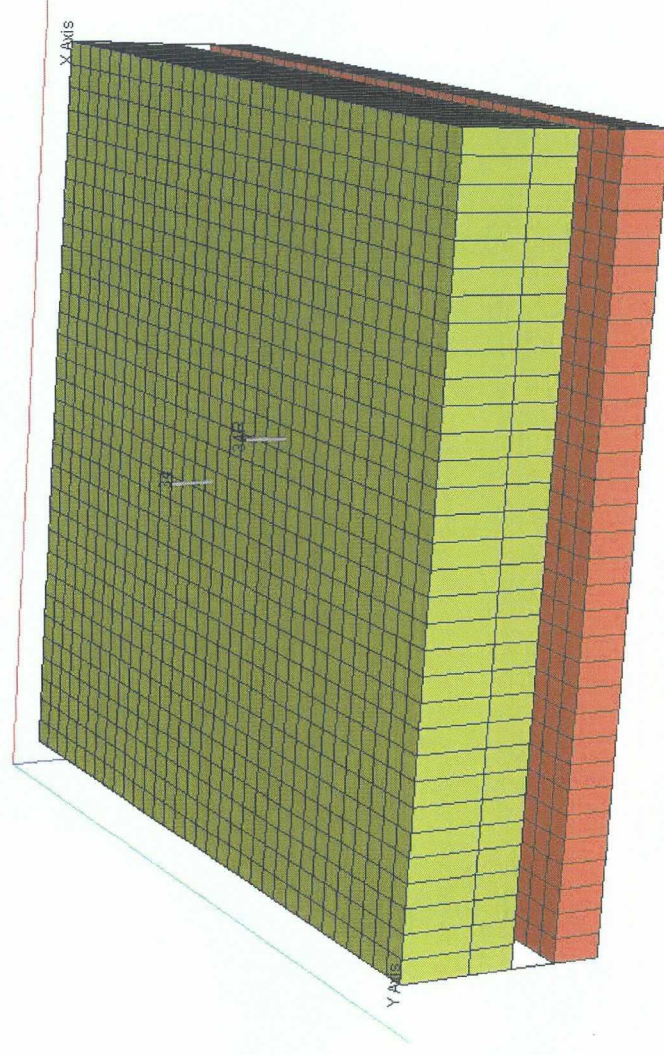


Flowing Material Balance

San Juan 29-5 Unit 34R

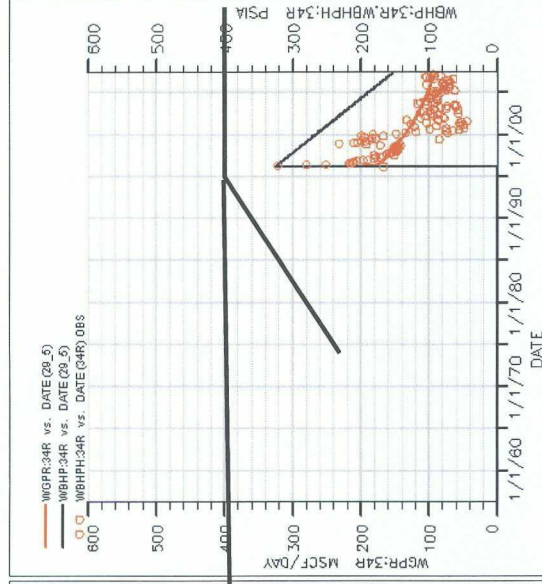
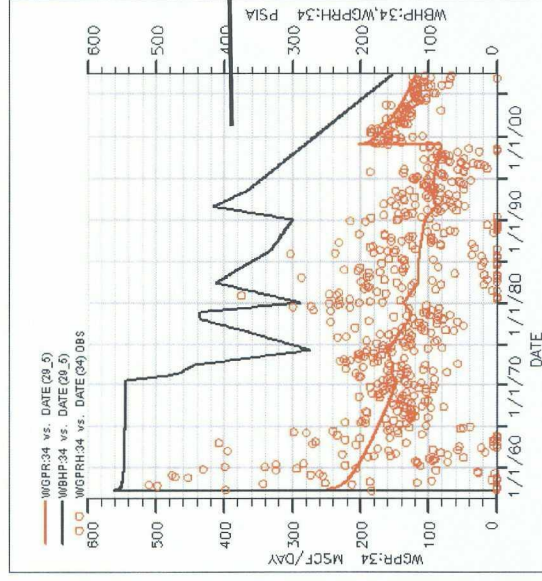


Numerical Simulation

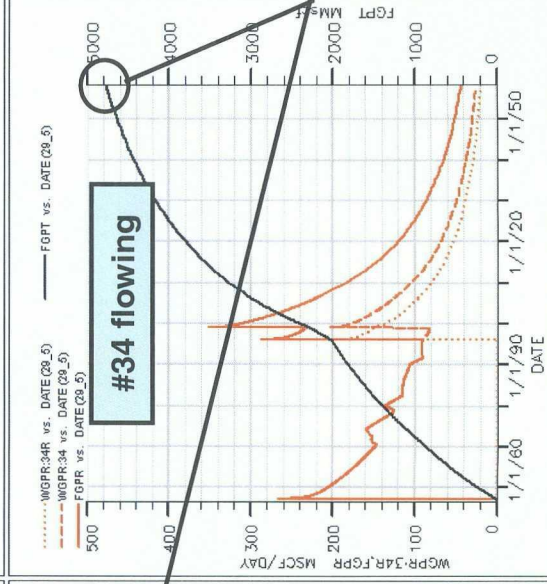
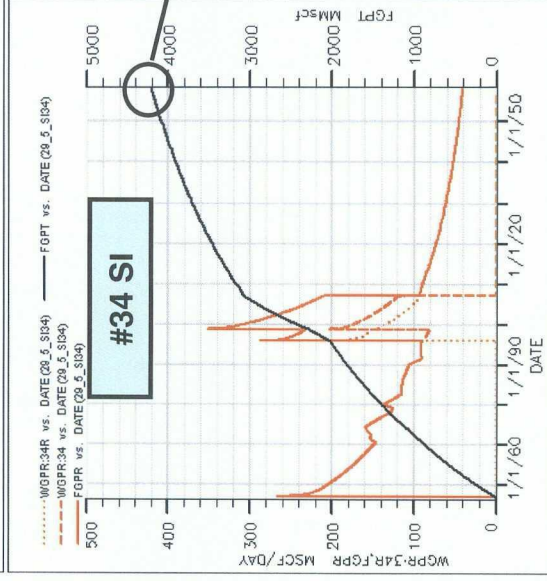


- 3 layers (Lewis, Cliff House and Point Lookout)
- Same input as FMB analysis
- 545 acres
- Assume constant drainage area

Numerical Simulation



Wells are reasonably matched (on BHP control)

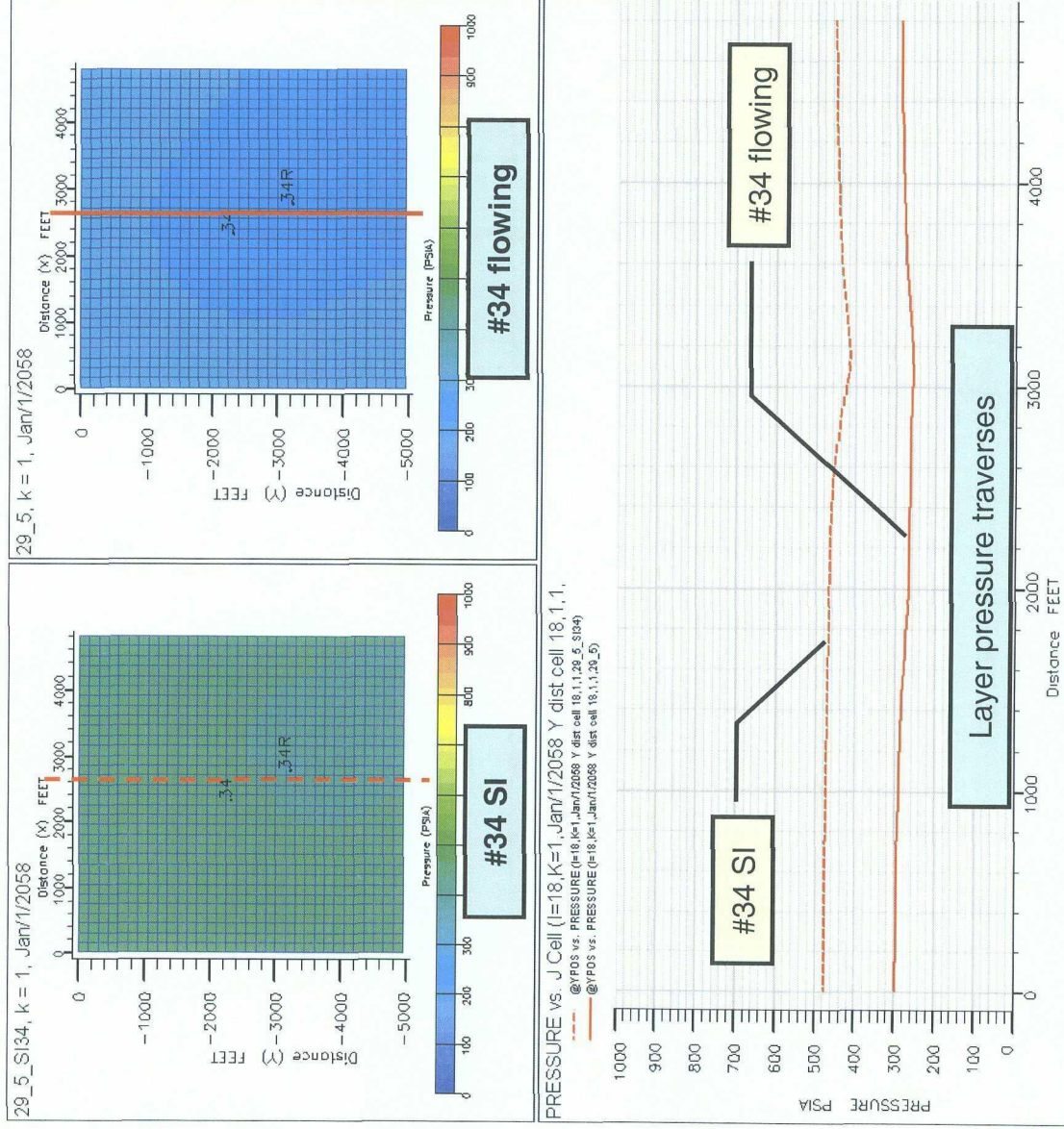


#34 SI

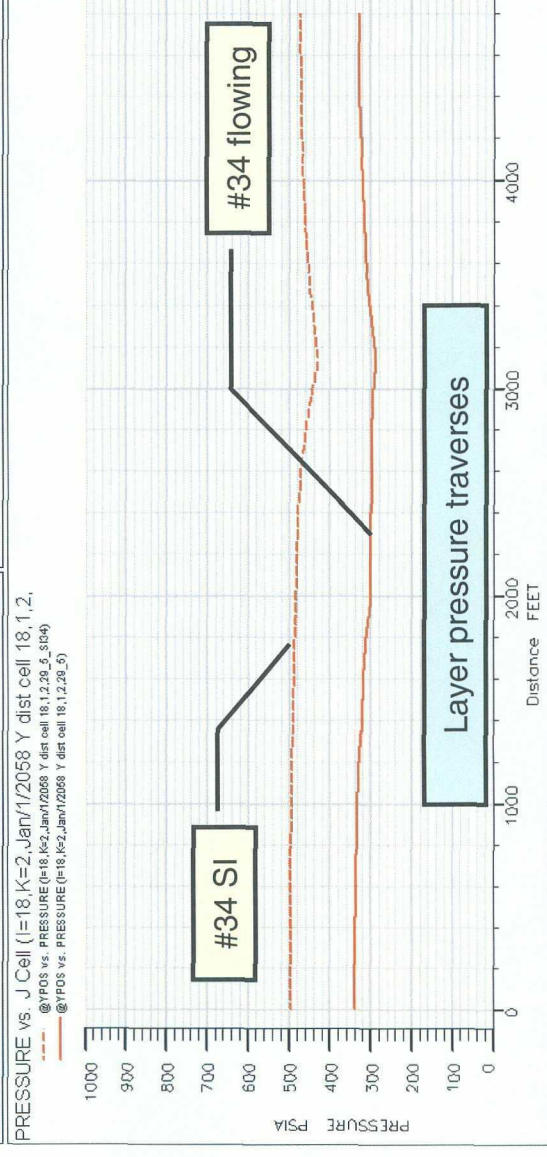
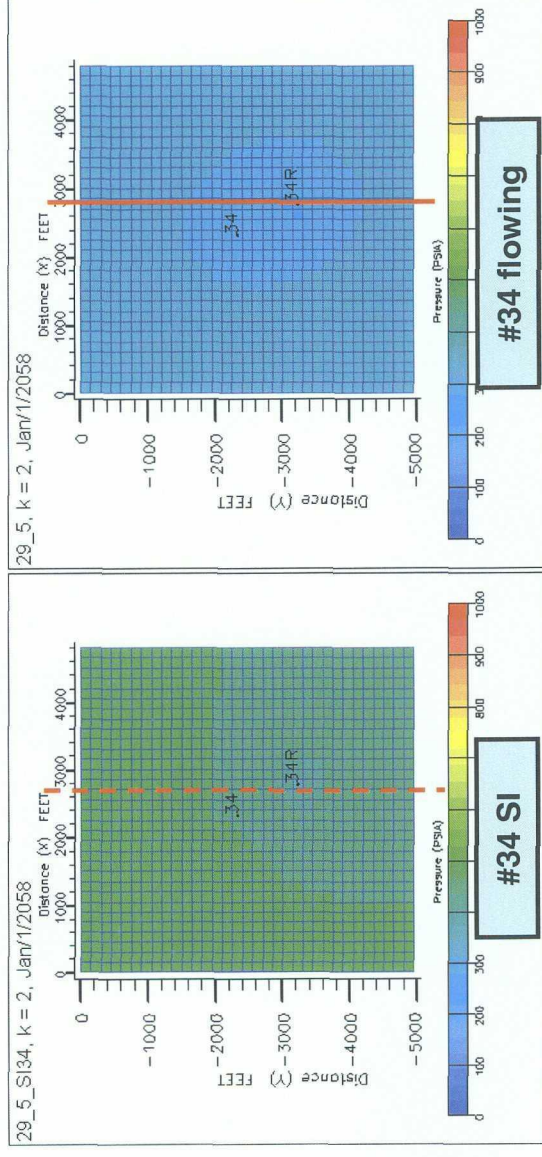
#34 flowing

Incremental recovery

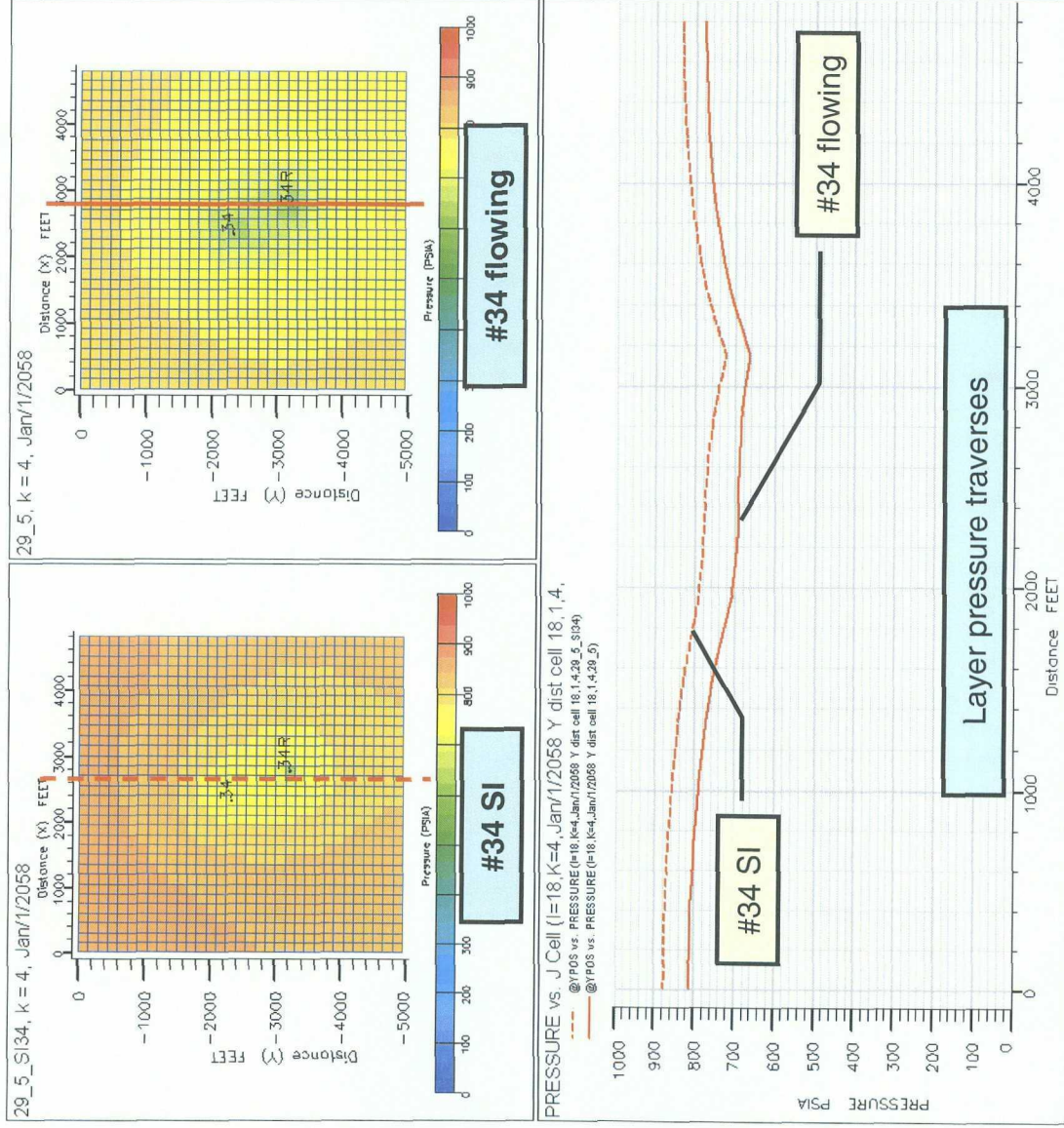
Lewis Layer Pressure 2058



Cliff House Layer Pressure 2058



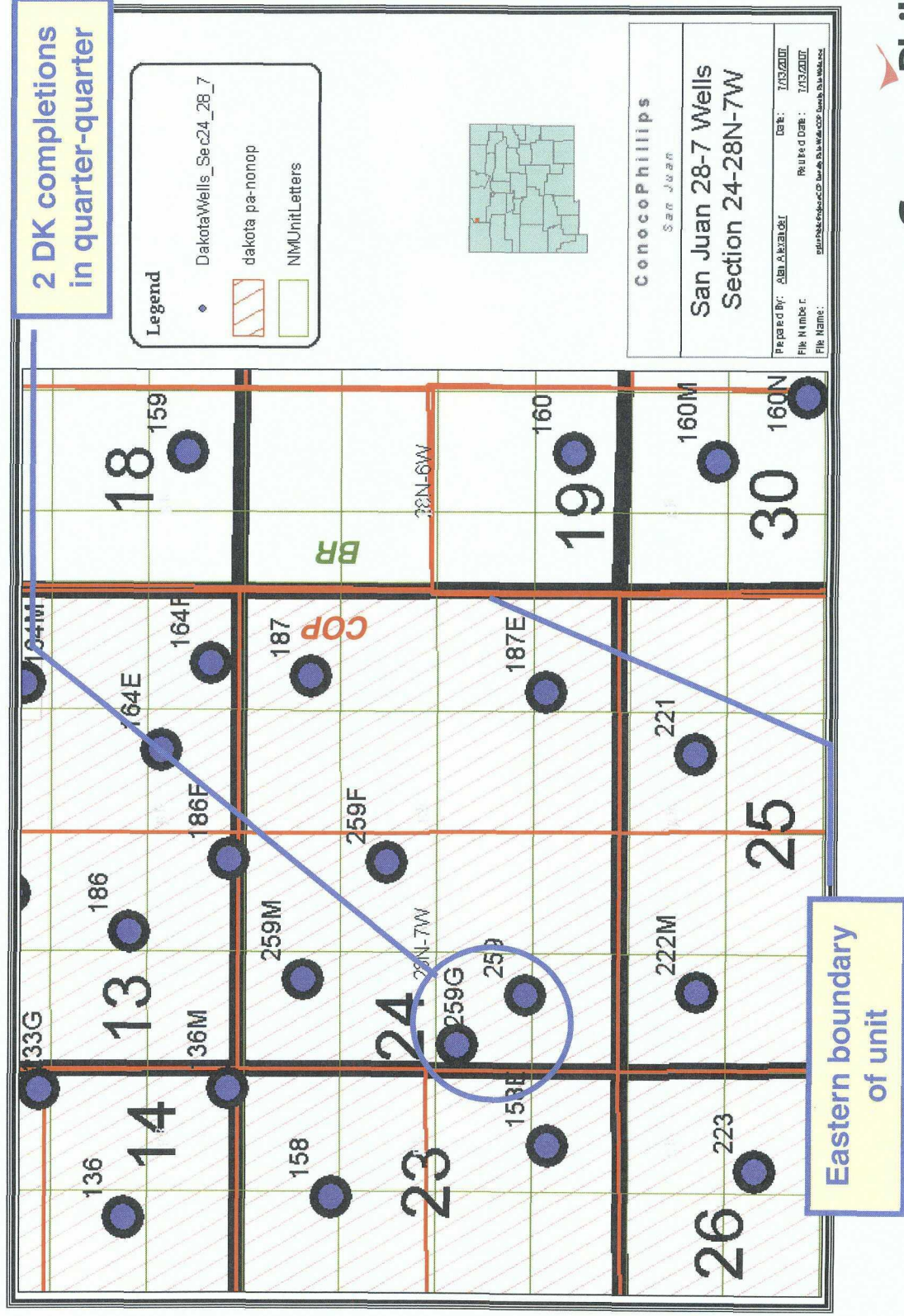
Point Lookout Layer Pressure 2058

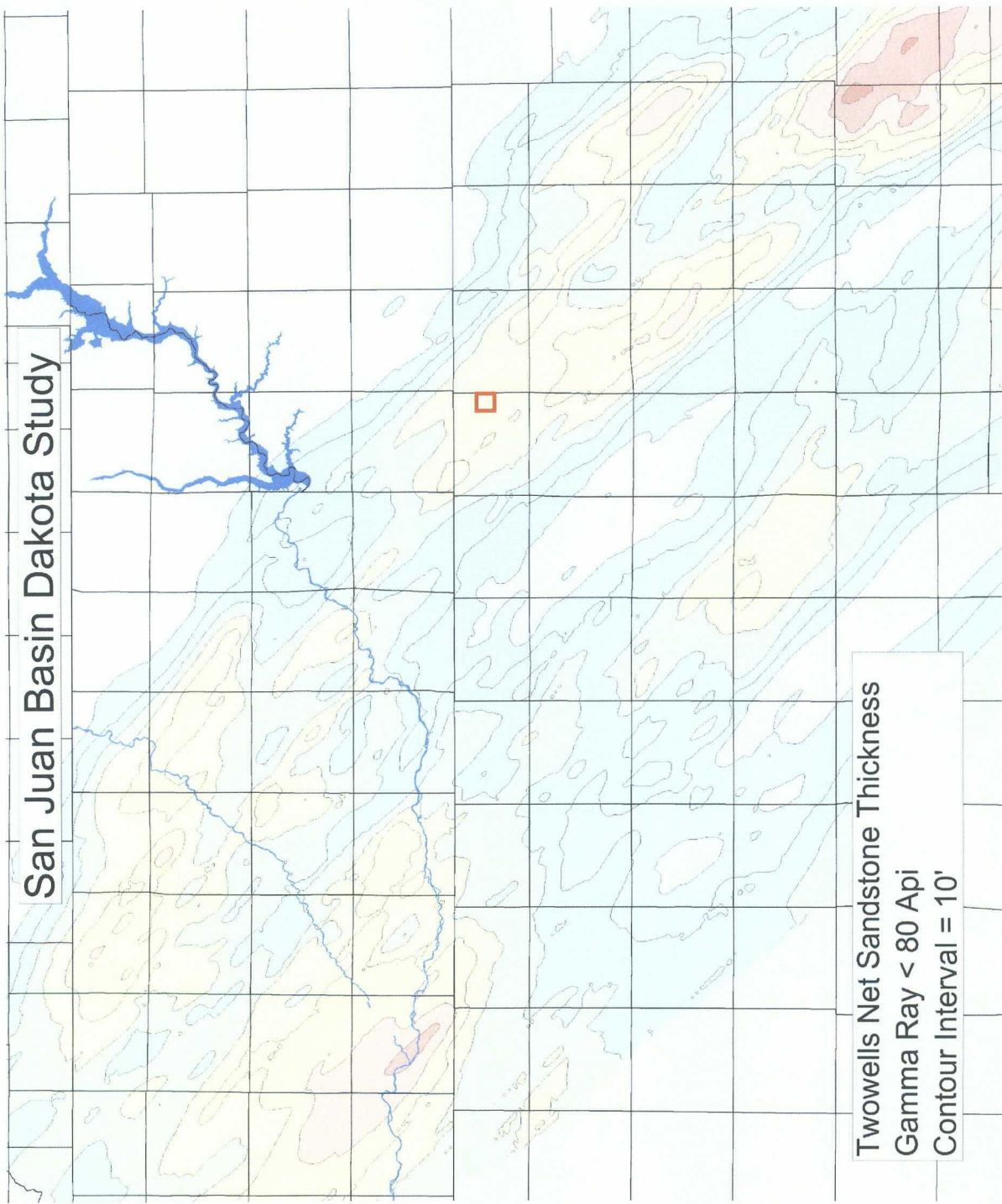


Conclusions/Recommendation

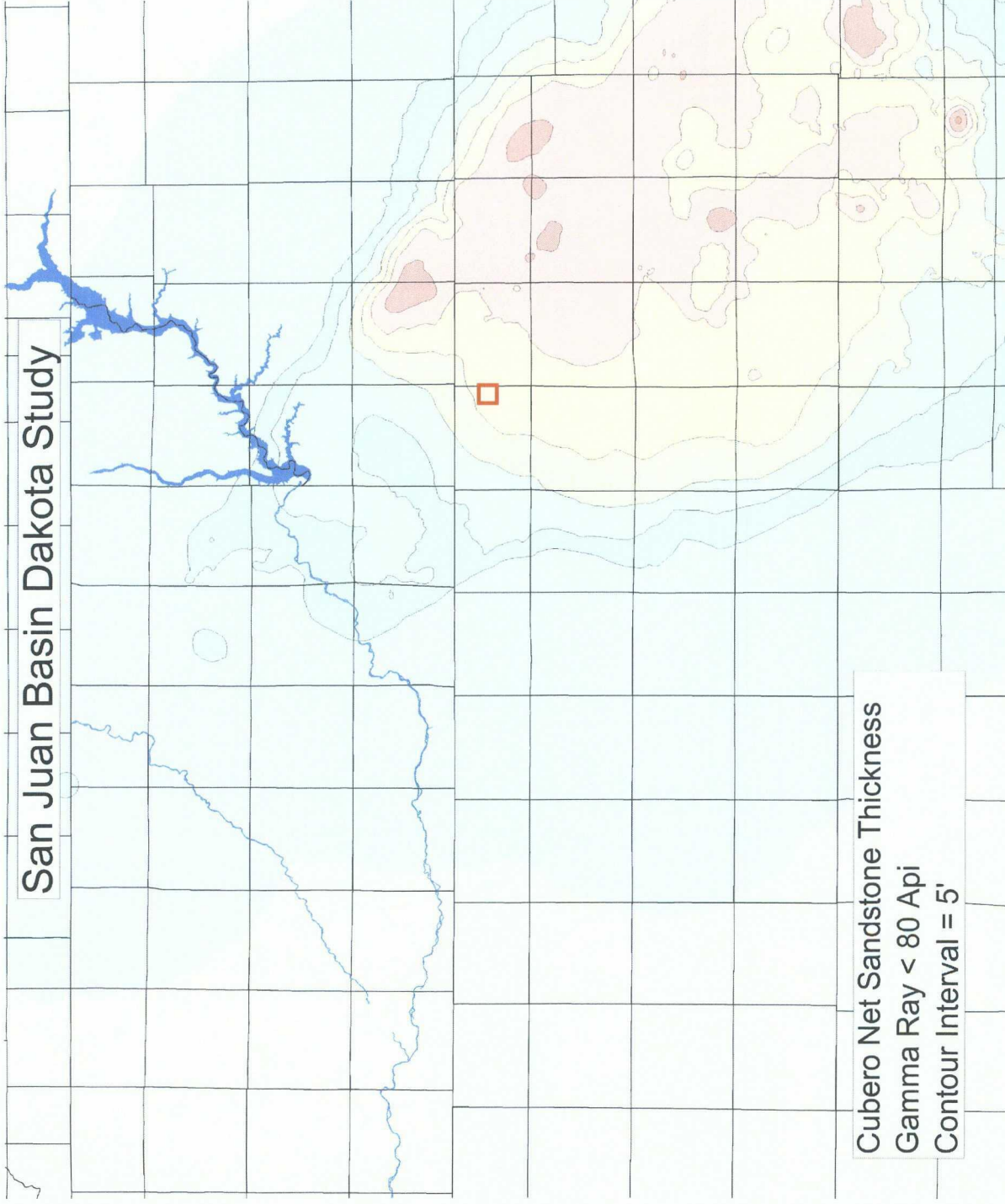
- +/- 550 acre drainage area confirmed through FMB and drainage area mapping
- No correlative rights issues within mapped drainage area
- Abandonment of San Juan 29 5 Unit 34 Mesaverde would result in a loss of reserves (estimate approximately 560 mmscf)
- Request waiver to produce San Juan 29 5 Unit 34

SW/4 S24 T28N-R7W Dakota

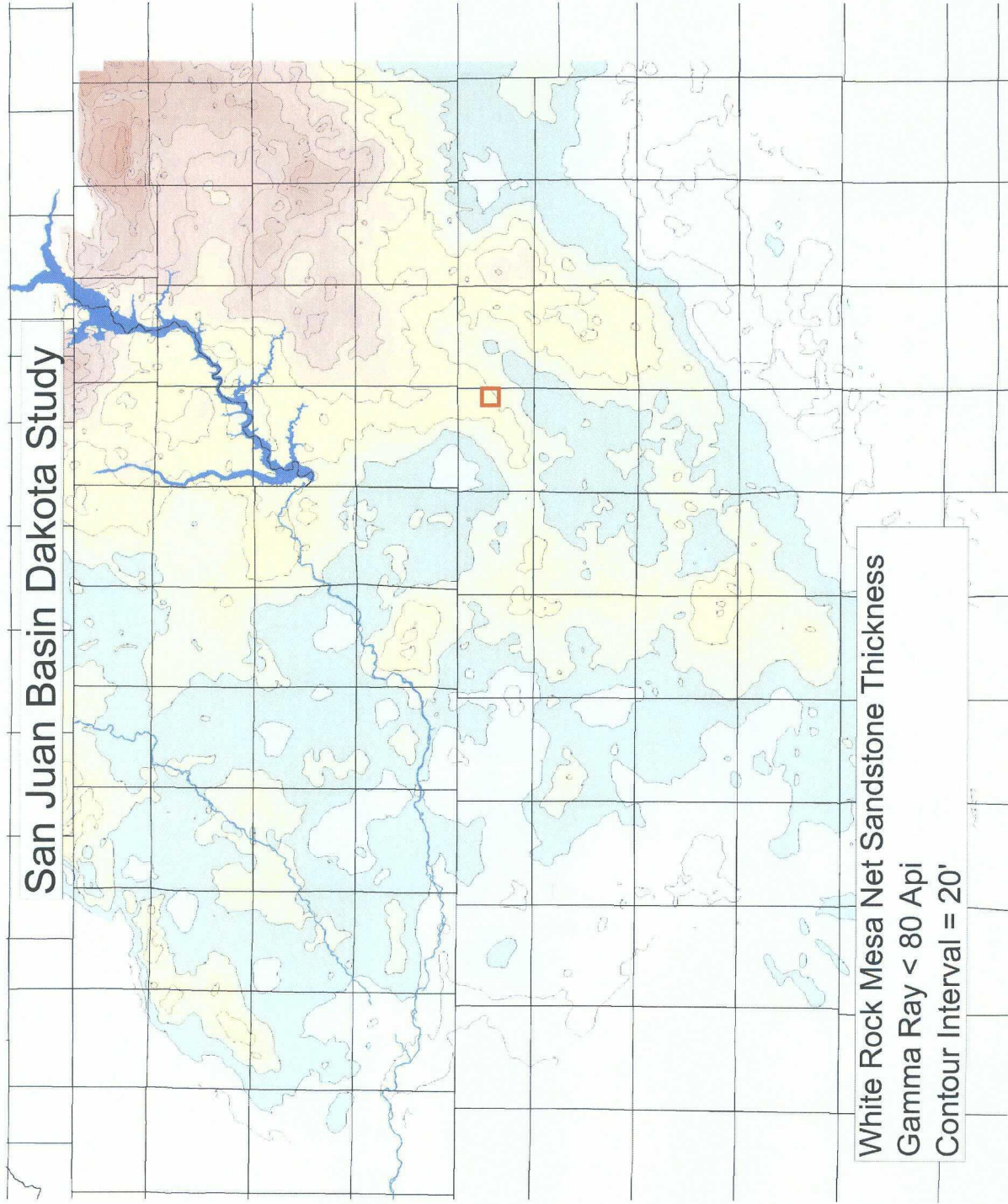




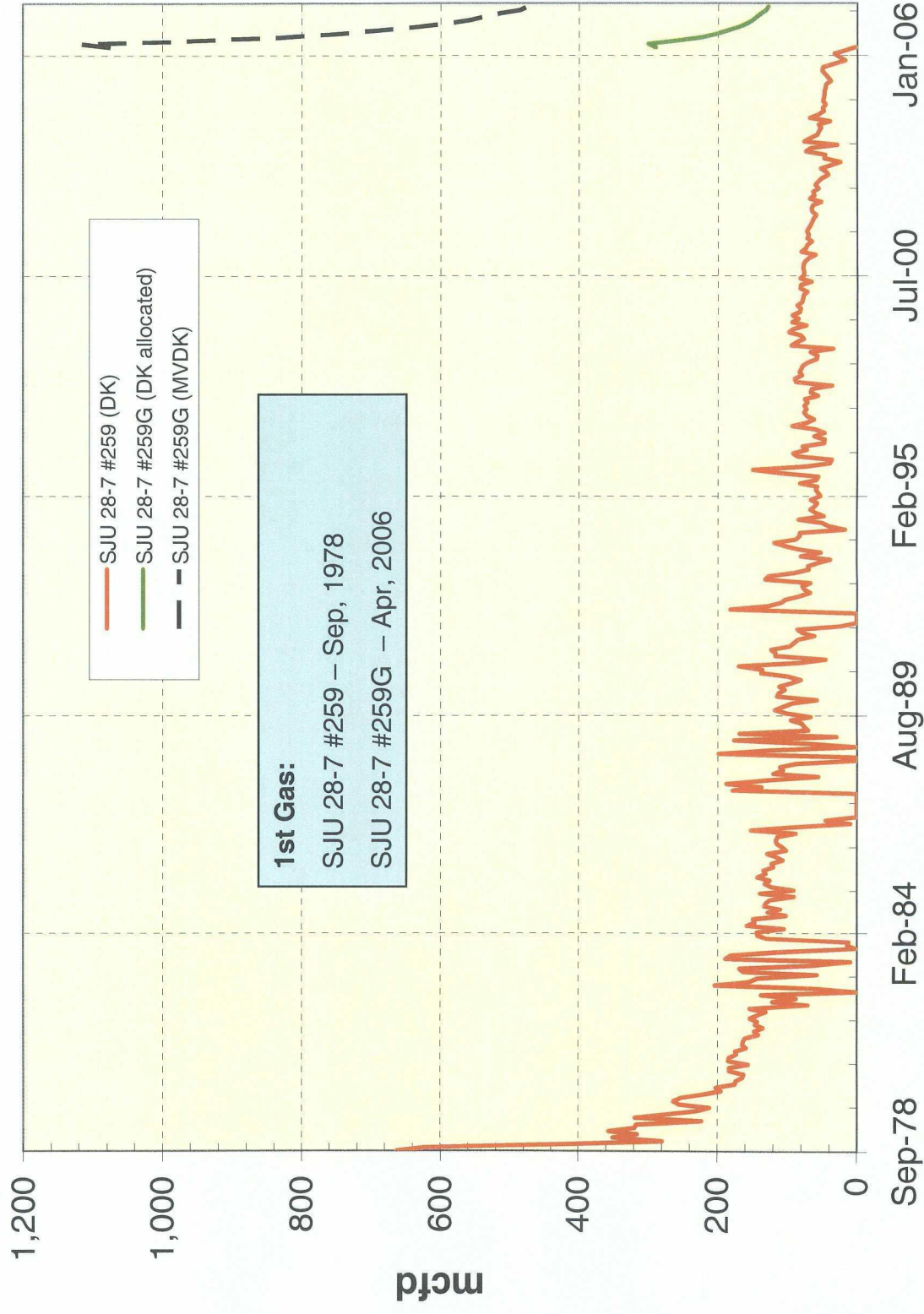
San Juan Basin Dakota Study



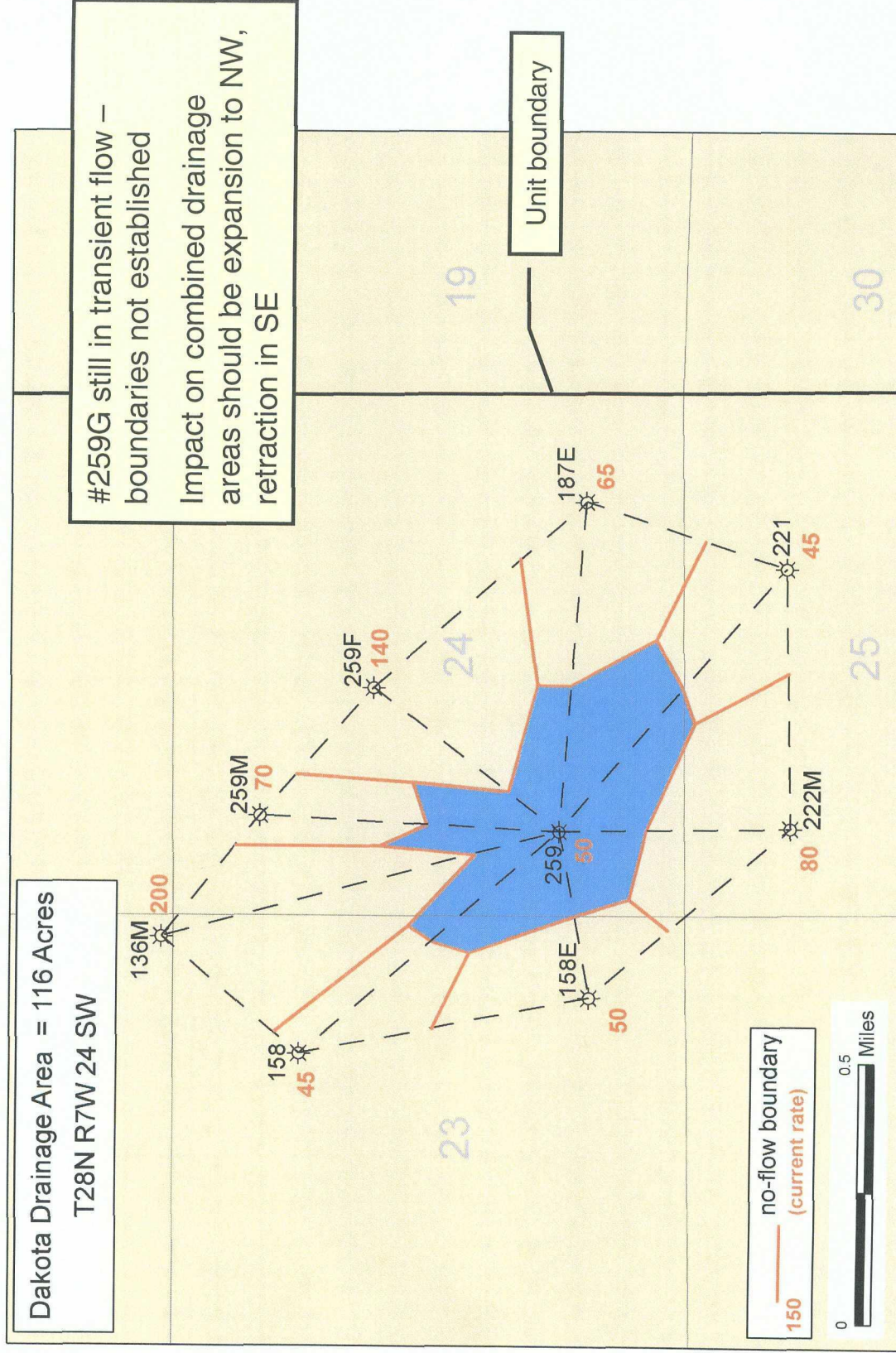
San Juan Basin Dakota Study



SW/4 S24 T28N-R7W Dakota

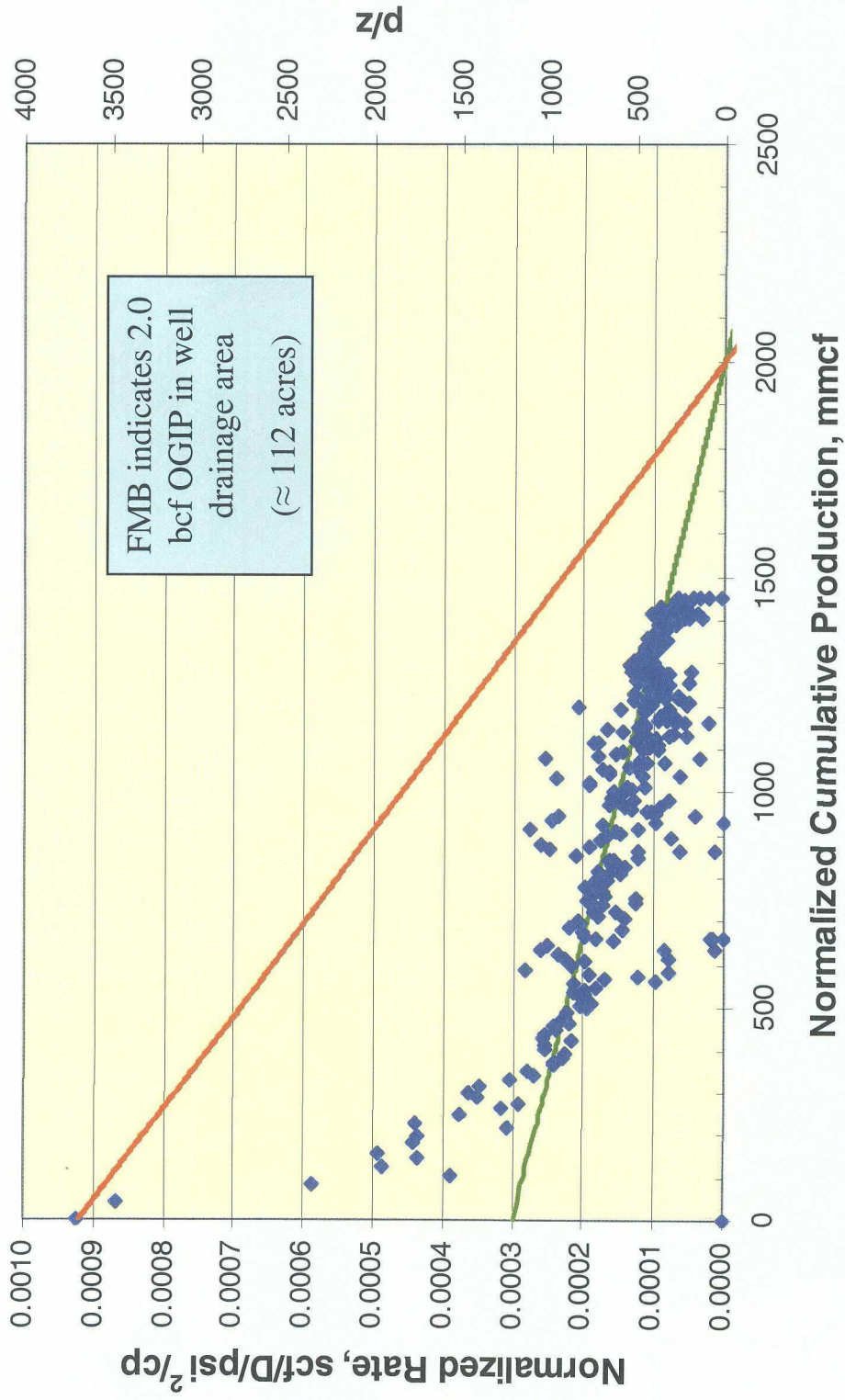


Drainage Area Map

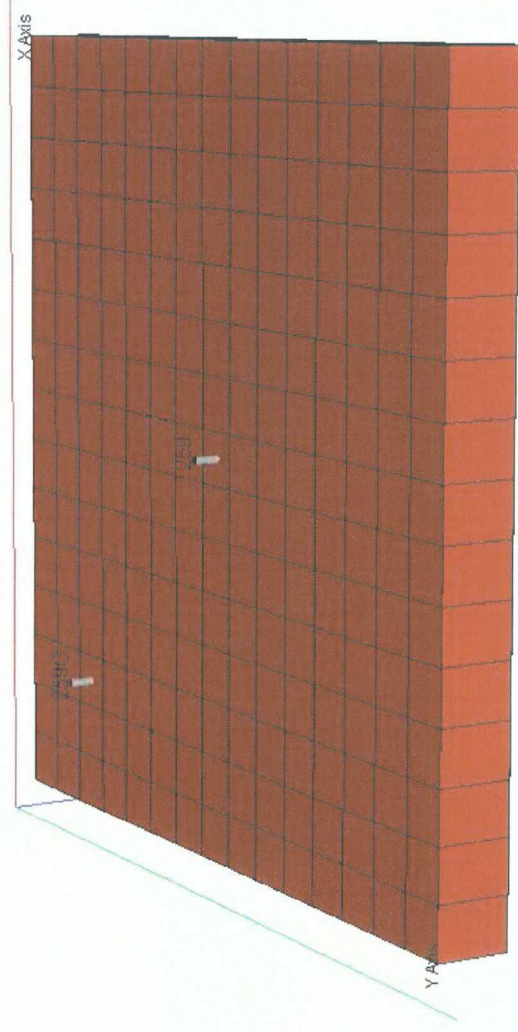


Flowing Material Balance

San Juan 28-7 Unit 259

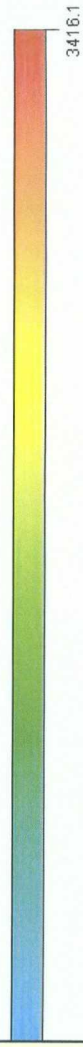


Numerical Simulation

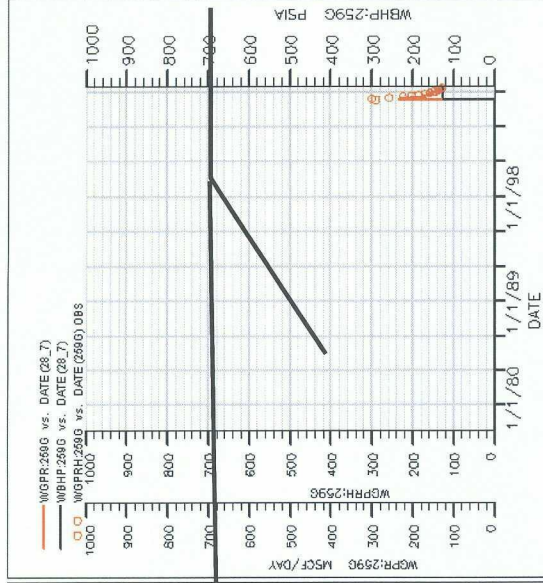
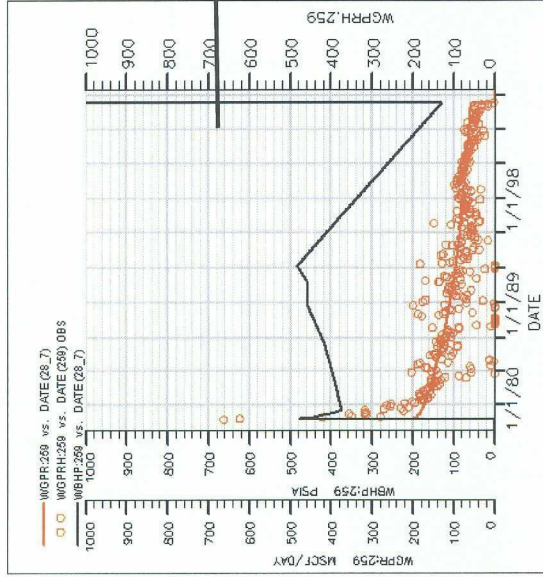


Pressure (PSIA)

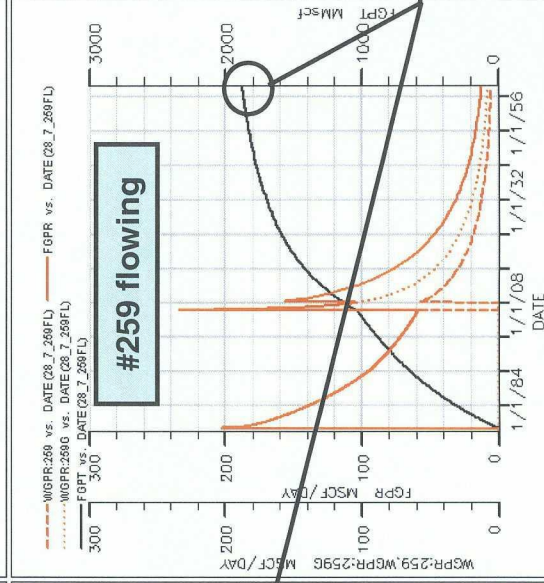
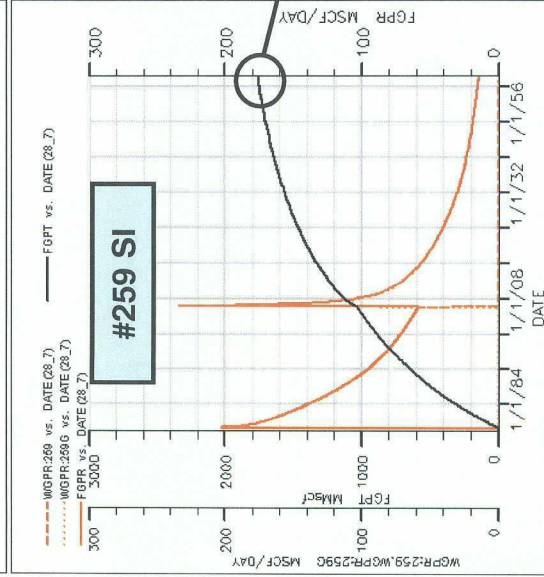
- 1 layer
- Same input as FMB analysis
- 116 acres
- Assume constant drainage area



Numerical Simulation



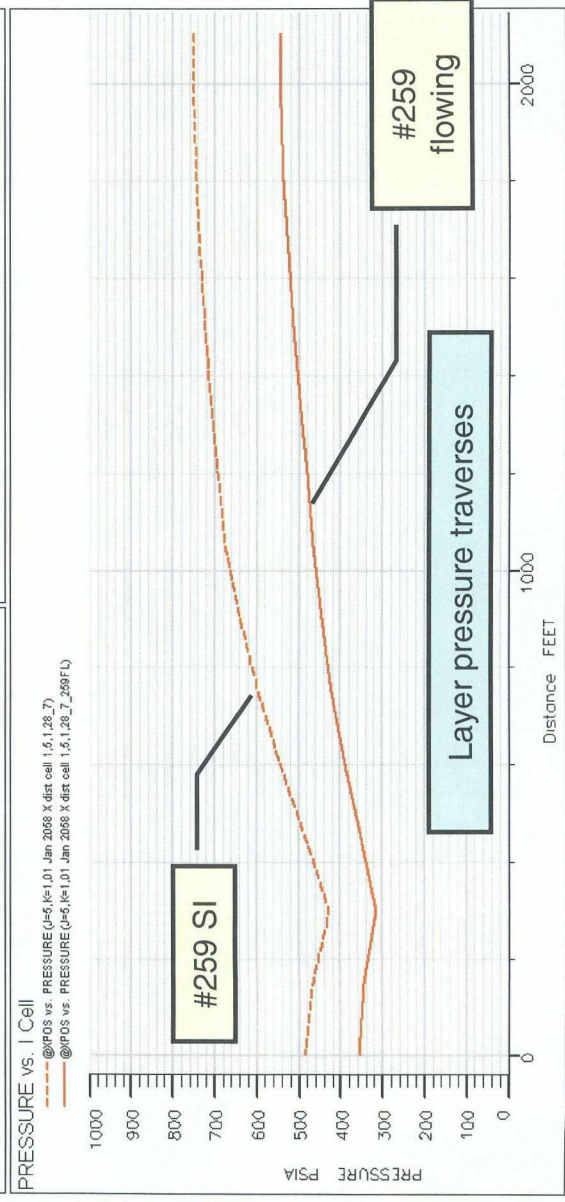
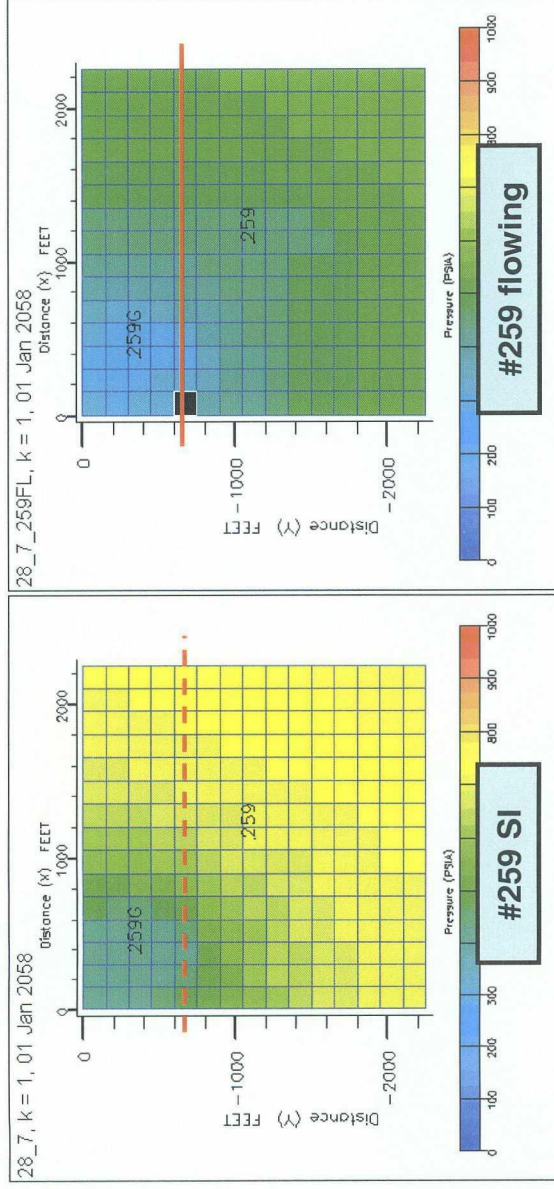
Wells are reasonably matched (on BHP control)



#259 flowing

Incremental recovery

Dakota Pressure 2058



Conclusions/Recommendation

- 259G still in transient flow (drainage area not established)
- +/- 115 acre drainage area confirmed for 259 through FMB and drainage area mapping
- New well 259G will further reduce 259 drainage area
- No correlative rights issues within mapped or expected drainage areas
- Abandonment of San Juan 28 7 Unit 259 Dakota would result in a loss of reserves (estimate approximately 120 mmscf)
- Request waiver to produce San Juan 28 7 Unit 259