DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
DISTRICT II
811 South First St., Artesia, NM 88210-2835
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

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
New 3-12-96

APPROVAL PROCESS:
XX Administrative __ Hearing

EXISTING WELLBORE
XX YES __ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Chateau Oil and Gas, Inc (Operator) 5950 Berkshire Lane, Suite 275, Dallas, tx 75225 (Address)

Kaufman (Lease) 1E (Well No.) O 33, T31N, R13W (Unit Ltr. - Sec - Twp - Rge) San Juan (County)

OGRID NO. 159819 Property Code 010260 API NO. 30-045-25972 Spacing Unit Lease Types: (check 1 or more) 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	Flora Vista Gallup 76640	-	Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	5356' - 5628'	RECEIVED JUL 24 1997 OIL CON. DIV. DIST. 3	6231' - 6339'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 376 psig 7-11-97	a.	a. 188 psig 7-11-97
	b. (Original) 1194 psig 7-23-84	b.	b. 1758 psig 7-23-84
6. Oil Gravity (°API) or Gas BTU Content	1222 BTU		1234 BTU
7. Producing or Shut-In?	Shut-In		Producing
Production Marginal? (yes or no)	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: 1-31-95 Rates: 1 McFPD	Date: - Rates:	Date: - Rates: -
* If Producing, give date andoil/gas/ water rates of recent test (within 60 days)	Date: - Rates: -	Date: Rates:	Date: May 97 Rates: 77McFpd
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 27.9 % Gas: 23.7 %	Oil: - % Gas: - %	Oil: 72.1% Gas: 76.3%

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? XX Yes ___ No
Have all offset operators been given written notice of the proposed downhole commingling? XX Yes ___ No

11. Will cross-flow occur? ___ Yes X 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? 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. X Yes ___ No

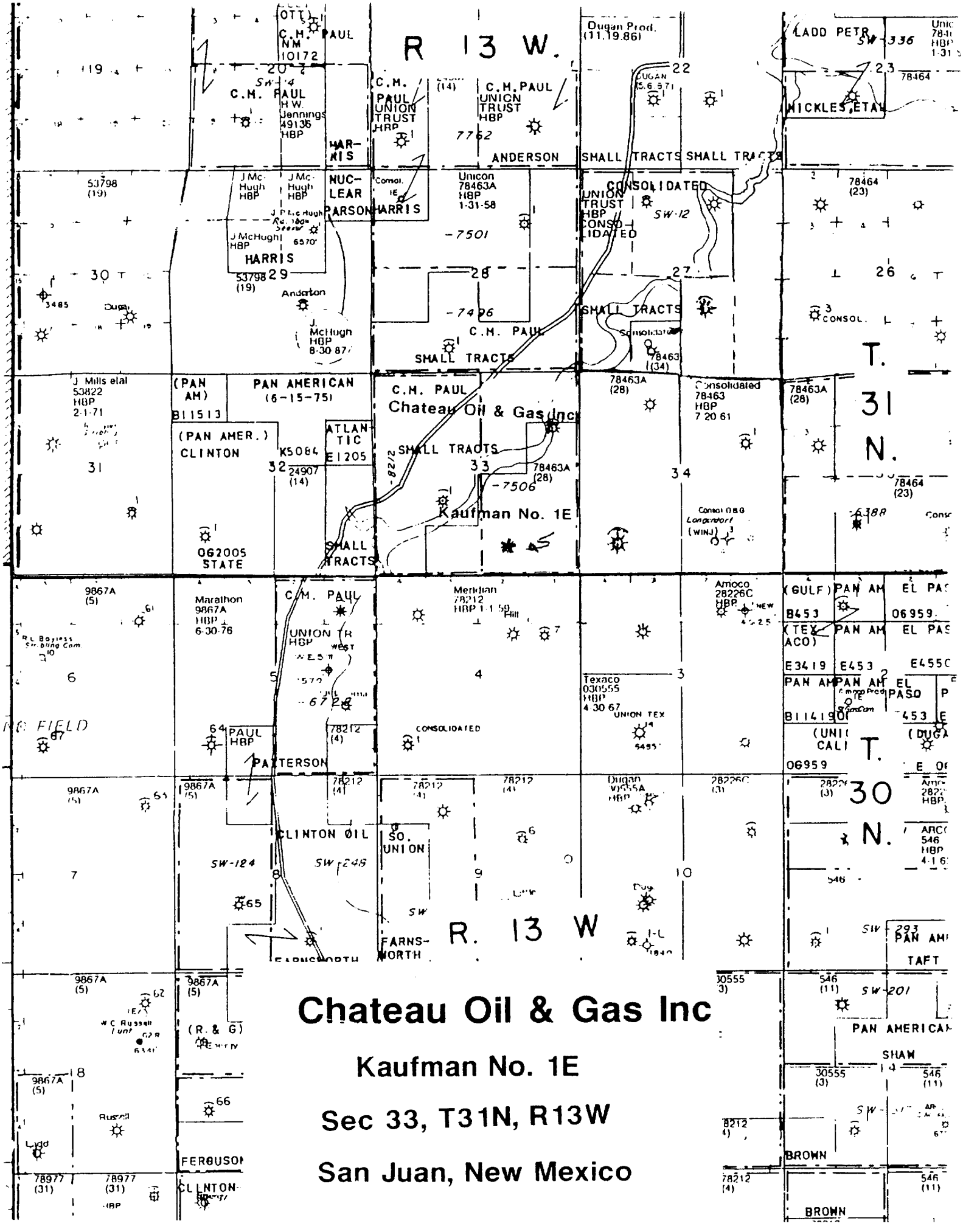
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

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 _____ TITLE Vice President DATE 7/17/97

TYPE OR PRINT NAME John V. Peters TELEPHONE NO. (214) 891-3350



Chateau Oil & Gas Inc

Kaufman No. 1E

Sec 33, T31N, R13W

San Juan, New Mexico

OIL CONSERVATION DIVISION — MINERALS DEPARTMENT — SANTA FE, NEW MEXICO

All distances must be from the outer boundaries of the section.

Operator	Lease	Well No.
CONSOLIDATED OIL & GAS, INC.	KAUFMAN COM	1E

Unit Letter	Section	Township	Range	County
O	33	31 NORTH	13 WEST	SAN JUAN

Actual Footage Location of Well: 857 feet from the SOUTH line and 1827 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5640	Gallup	Flora Vista Gallup	160

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

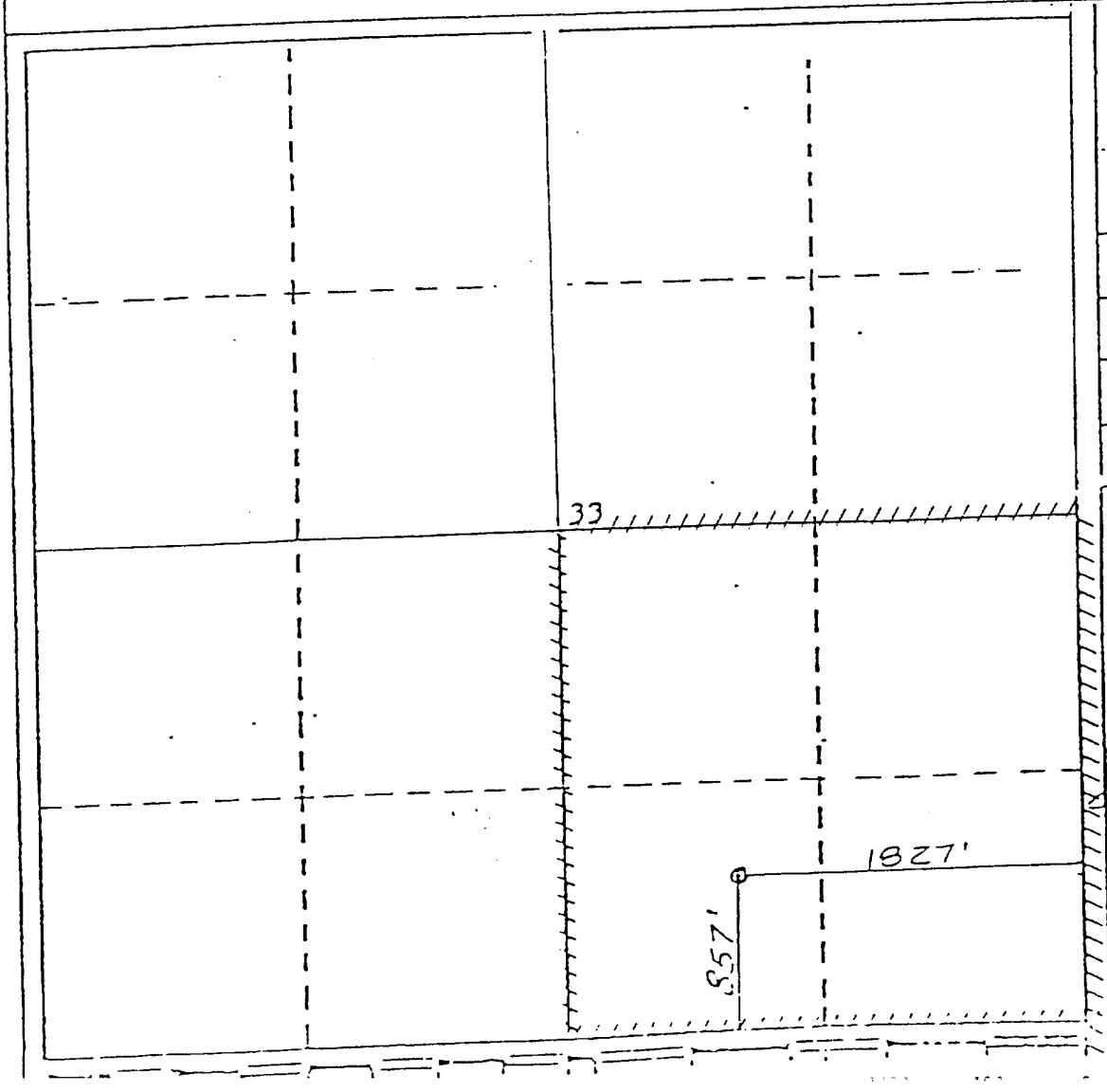
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to w interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been c dated by communitization, unitization, force-pooling. etc?

[X] Yes [ ] No If answer is "yes," type of consolidation communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, uniti forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Di



CERTIFICATION

I hereby certify that the informat tained herein is true and comple best of my knowledge and belief.

Barney Jones

Name: Barney Jones

Position: Drilling Foreman

Company: Consolidated Oil & Gas.

Date: April 20, 1984

I hereby certify that the well shown on this plat was plotted i notes of actual surveys made under my supervision, and that true and correct to the best of my knowledge and belief.

Date Surveyed: April 23, 1984

Registered Professional Engineer and/or Land Surveyor

Michael Daly

Certificate No. 5992

ENERGY AND MINERALS DEPARTMENT SANTA FE, NEW MEXICO 87501 Revised 10-1-

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
CONSOLIDATED OIL & GAS, INC.	KAUFMAN [illegible]	1E

Unit Letter	Section	Township	Range	County
O	33	31 NORTH	13 WEST	SAN JUAN

Actual Footage Location of Well:
857 feet from the SOUTH line and 1827 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5640	Dakota	Basin Dakota	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

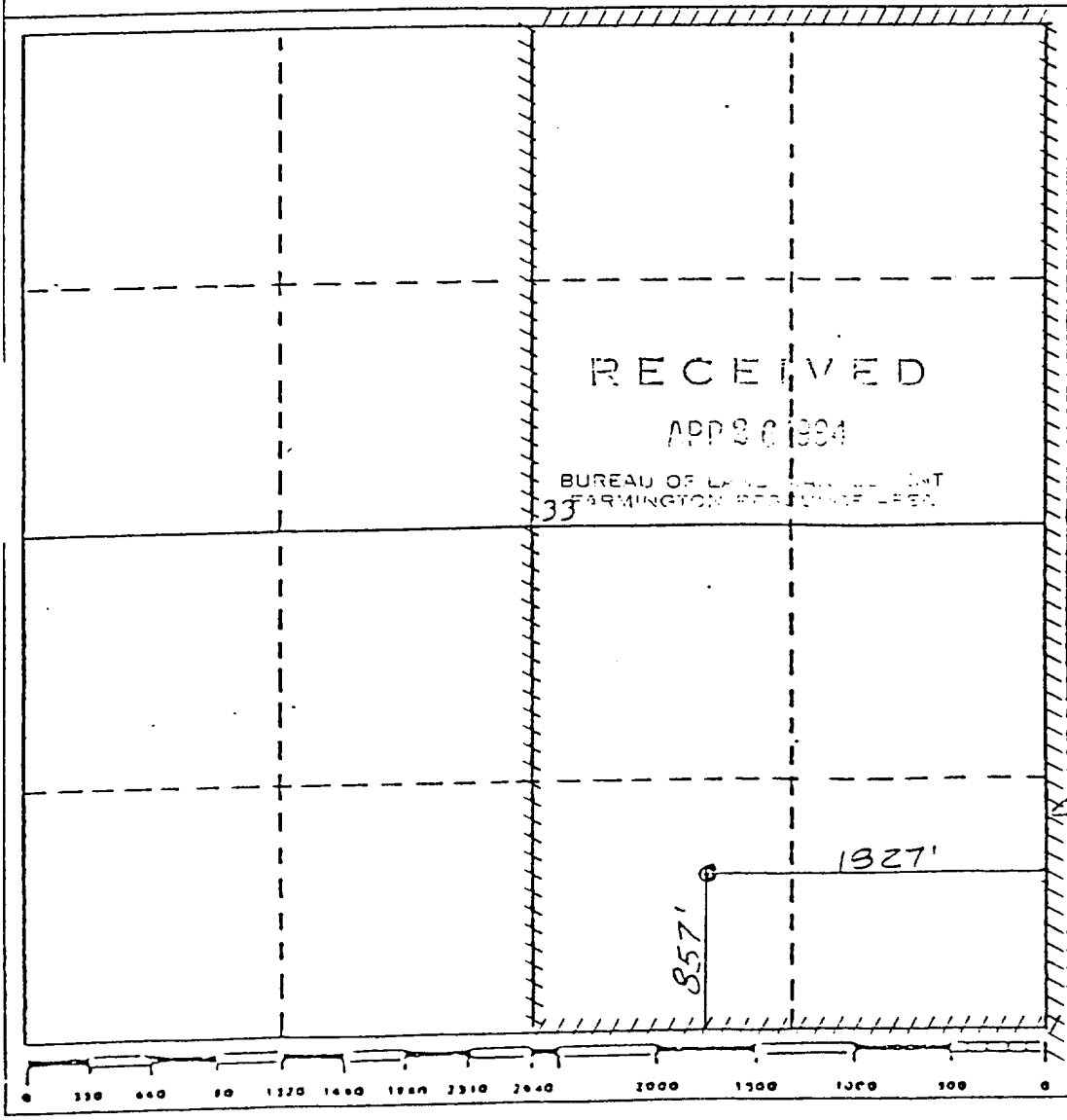
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☒ Yes ☐ No If answer is "yes," type of consolidation communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division



CERTIFICATION

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

Name: Barney Jones

Position: Drilling Foreman

Company: Consolidated Oil & Gas, Inc.

Date: April 20, 1984

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 knowledge and belief.

Date Surveyed: April 23, 1984

Registered Professional Engineer and/or Land Surveyor

Michael Daly

Certificate No. 5992

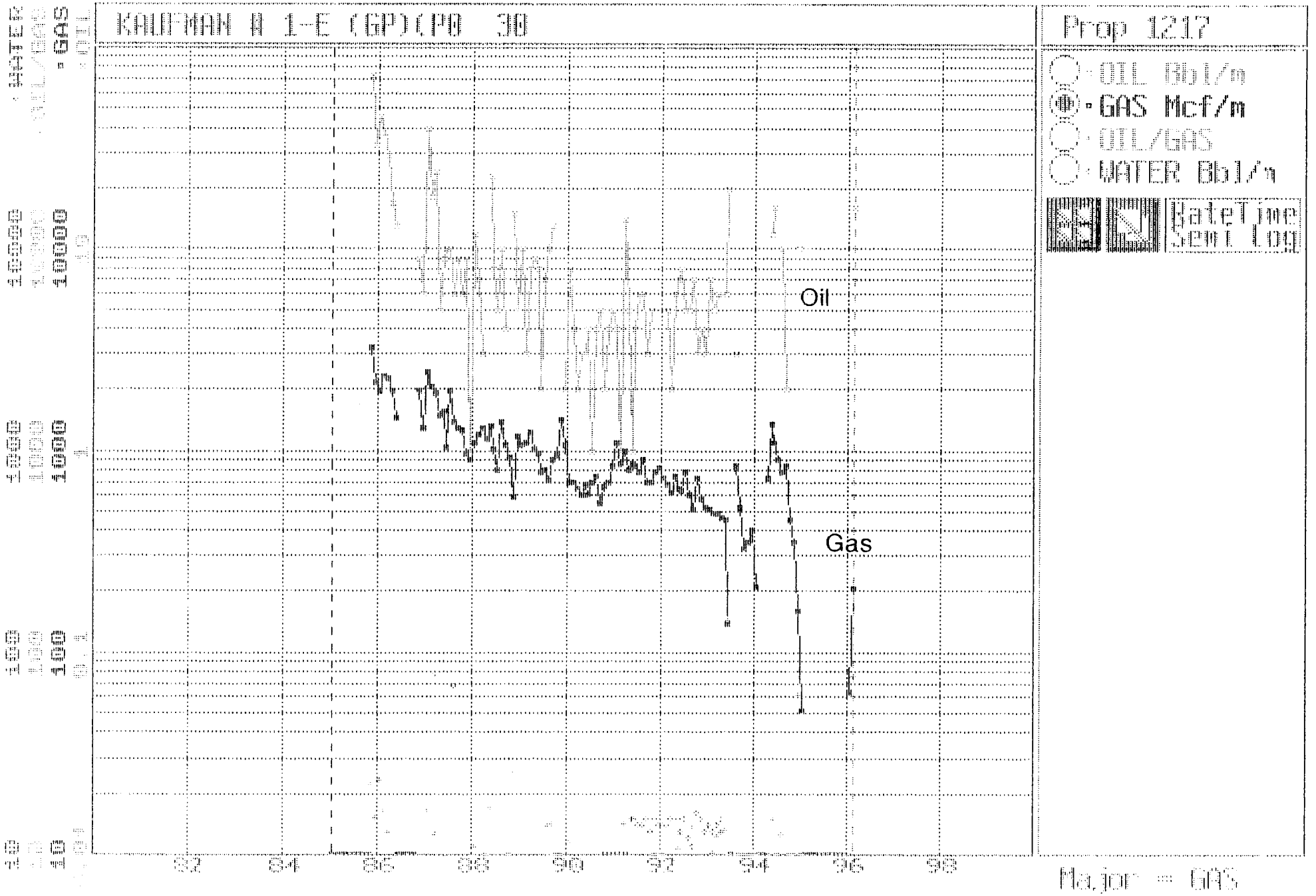
Kaufman #1E

Fixed Percentage Allocation Formula

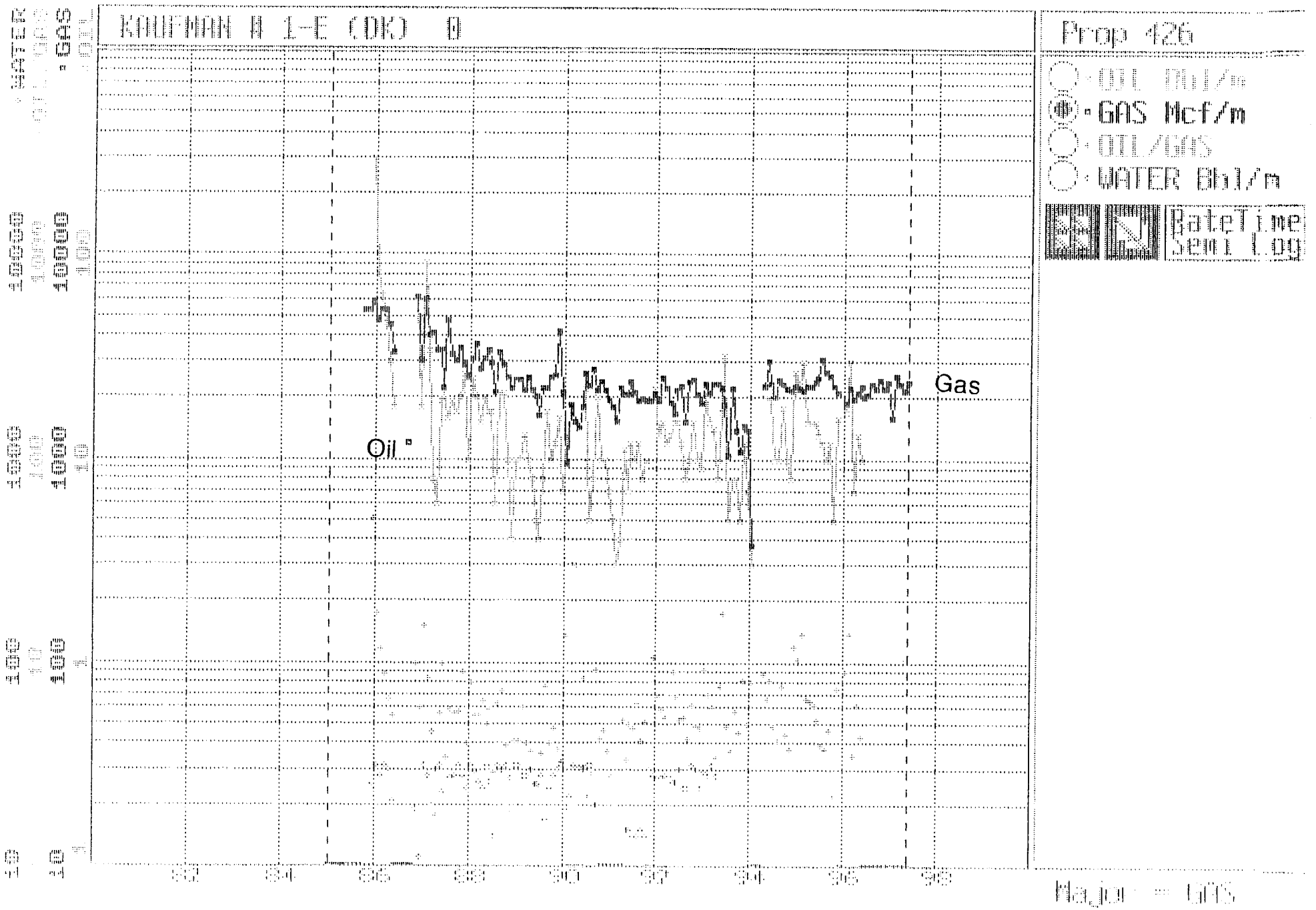
Cumulative Production as of May 1997

	Oil (Barrels)	%	Gas (MCF)	%
Dakota Formation	2,183	72.1%	321,871	76.3%
Gallup Formation	843	27.9%	99,726	23.7%
TOTAL	3,026	100.0%	421,597	100.0%

Kaufman 1E Gallup



Kaufman #1E Dakota

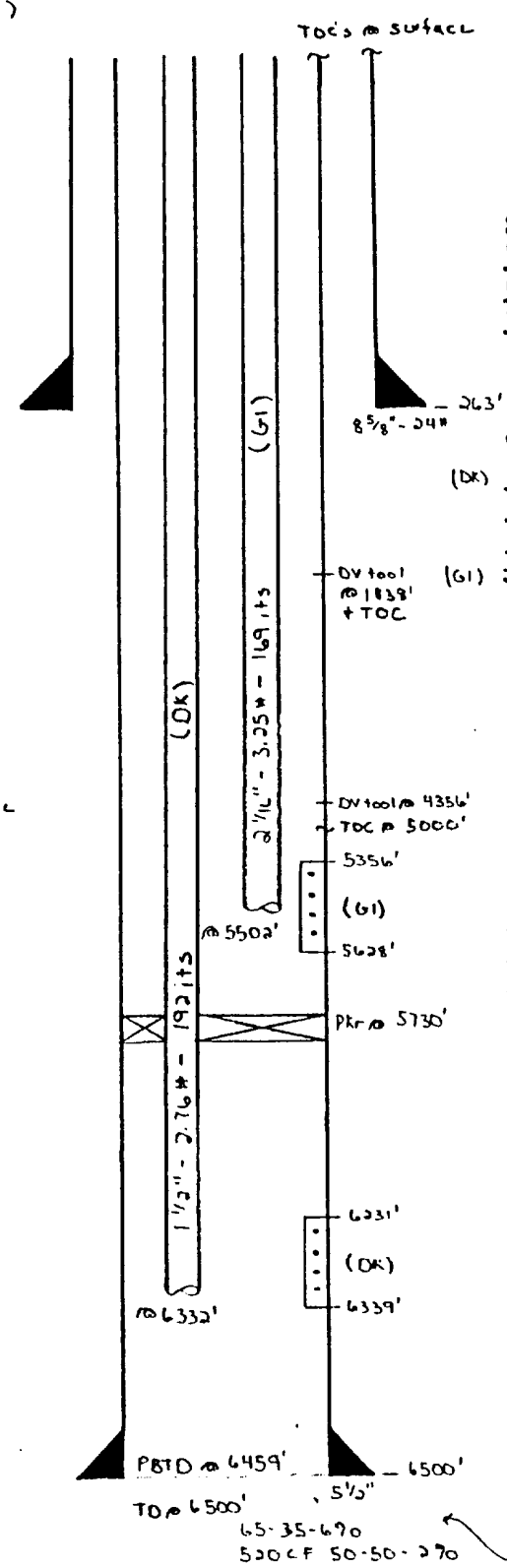


S33-T31N-R13W

WELLBORE DIAGRAM

WELL NAME: Kaufman No. 1E
LOCATION: 857' FSL & 1827' FEL
COUNTY, STATE: San Juan, NM
GL Elevation: 5640'
KB Elevation: 5653'
TD: 6485' (Logger) 6500' (Driller)
PBTD: 6440' (CO) 6459' (FC)

BY: MCO
DATE: 8-6-91



Surface Csg: 12 1/4" bit
8 5/8" - 24# cmt'd @ 263'
w/ 250 sx Cl "B" w/ 2% CaCl2
1/4# celloflake/sk

Tubing:
(DK) 1 1/2" IJ 2.76# J-55 192 jts landed
thru pkr @ 6332' (KB) w/ 1.375"
ID SN 1 jt off btm

(GI) 2 7/16" - IJ 3.25# J-55 169 jts landed
@ 5502' (KB) w/ 1.50" SN 1 jt off btm

Cement top(s):
8 5/8" from shoe to surface
5 1/2" From shoe to 5000'
From DV tool @ 4356' to 1838'
From DV tool @ 1838' to surface

Packer:
5 1/2" Baker Model retriev-a-D
set TOF @ 5730'

Perfs (Formation):
GI 5356' - 5628'
DK 6231' - 6339'

Production Csg: 7 7/8" bit
5 1/2" - 10 jts 17# N-80 (375.02')
153 jts 15.5# J-55 (6118.18')
Landed @ 6500'
1st stage cmt thru shoe w/ 446 CF 50-50-2%
2nd stage cmt thru DV tool @ 4356' w/ 590 CF
65-35-6%, 533 CF 50-50-2%
3rd stage cmt thru DV tool @ 1838' w/ 340 CF

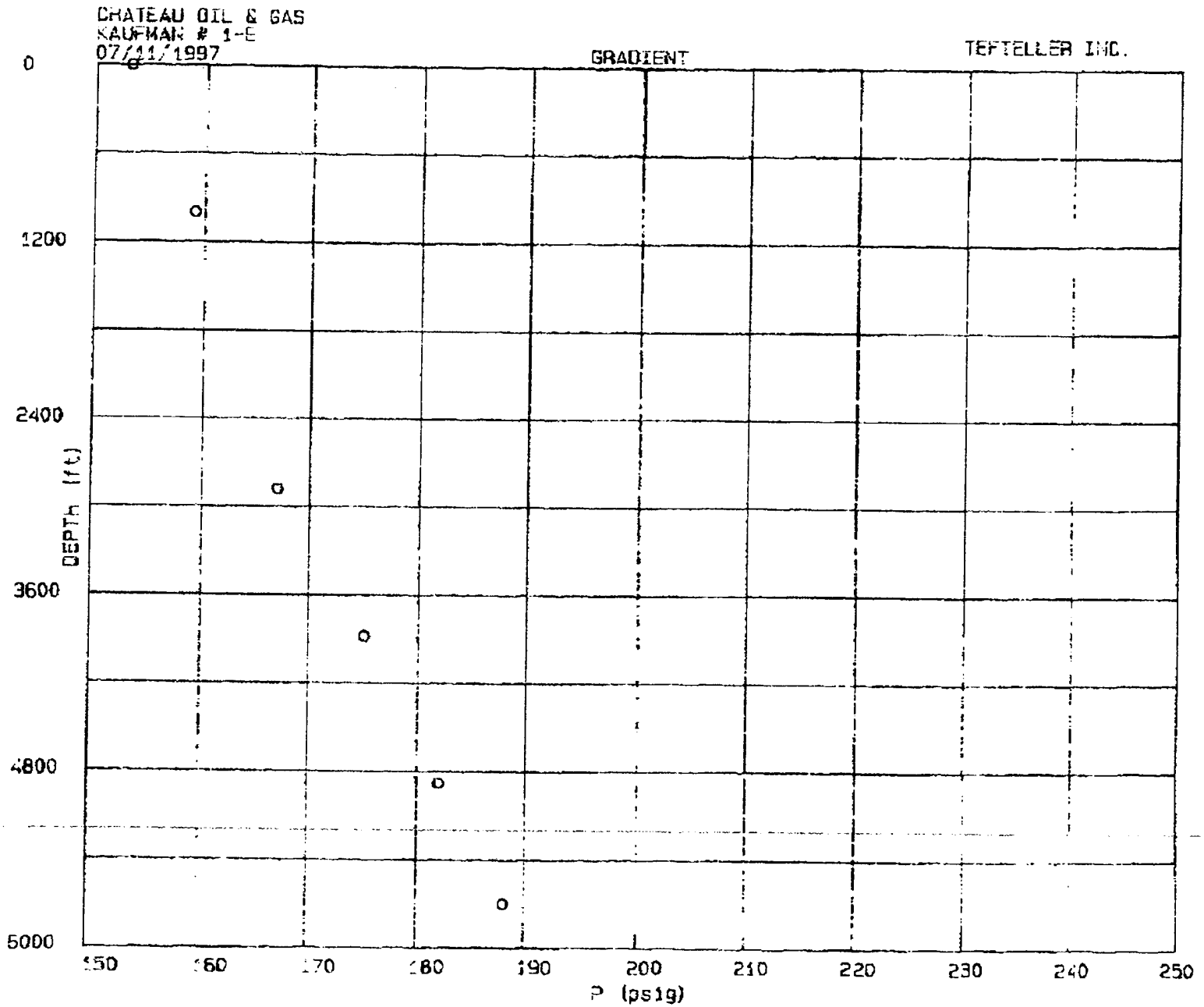
TEFTELLER INC

Pressure Gradient Report

COMP : CHATEAU OIL & GAS		WELL : KAUFMAN # 1-E		T :	0.0
FIELD :		RES : DAKOTA		DATUM :	5700.0
DATE : 07/11/1997		STATUS : S.I.		HRS :	0.0
TBG : 1-1/2 DPTH :		END : 6287	PKR :	S N :	
CSG : DPTH :		PERFS :	GRAD : 0.007000	T D :	

Depth (ft)	Pressure (psig)	Delta P (psi)	Gradient (psi/ft)
0	153.0		
1000	159.0	6.0	0.0060
2880	167.0	8.0	0.0043
3880	175.0	8.0	0.0080
4880	182.0	7.0	0.0070
5700	188.0	6.0	0.0073
5700	188.0	0.0	

REMARKS : CASING PRESSURE PAKER TUBING PRESSURE: 153


CHATEAU OIL & GAS
KAUFMAN # 1-E
07/11/1997
GRADIENT
TEFTELLER INC.
0
1200
2400
3600
4800
5000
DEPTH (ft)
150
160
170
180
190
200
210
220
230
240
250
P (psig)

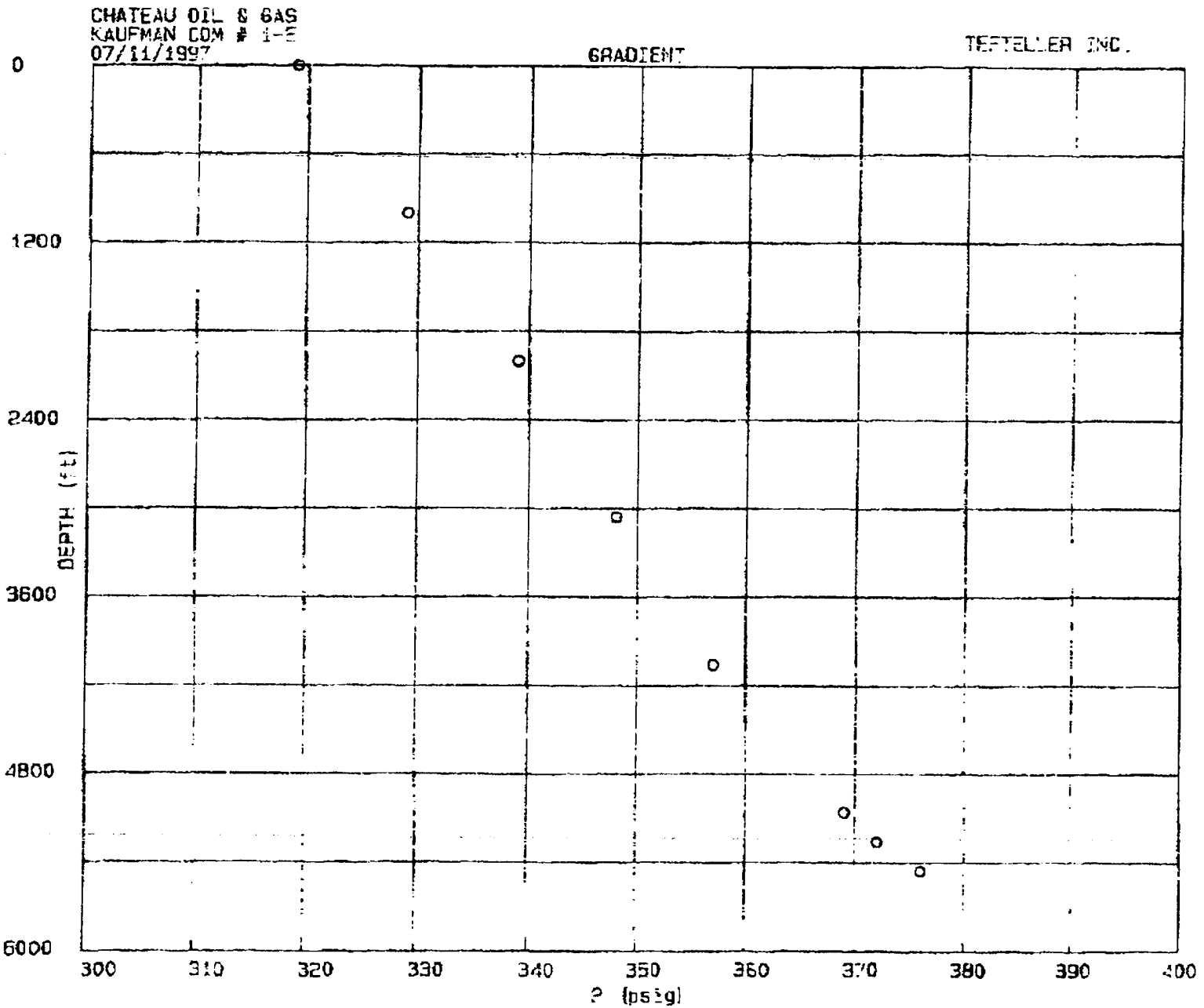
TEFTELLER INC

Pressure Gradient Report

COMP : CHATEAU OIL & GAS	WELL : KAUFMAN COM # 1-E			T :	0.0
FIELD :	RES : GALLUP			DATUM :	5460.0
DATE : 07/11/1997	STATUS : S.I.			HRS :	0.0
TBG : 2-1/16 DPTH :	END : 5463	PKR :		S N :	
CSG : DPTH :	PERFS :	GRAD :	0.015000	T D :	

Depth (ft)	Pressure (psig)	Delta P (psi)	Gradient (psi/ft)
0	319.0		
1000	329.0	10.0	0.0100
2000	339.0	10.0	0.0100
3060	348.0	9.0	0.0085
4060	357.0	9.0	0.0090
5060	369.0	12.0	0.0120
5260	372.0	3.0	0.0150
5460	376.0	4.0	0.0200
5460	376.0	0.0	

REMARKS : CASING PRESSURE 350 TUBING PRESSURE 319


CHATEAU OIL & GAS
KAUFMAN COM # 1-E
07/11/1997
GRADIENT
TEFTELLER INC.
0
1200
2400
3600
4800
6000
DEPTH (ft)
300
310
320
330
340
350
360
370
380
390
400
P (psig)

WATER ANALYSIS TESTING ENVIRONMENTAL REPORTS

1115 Farmington Avenue - Farmington, NM
(505) 325-1085

RECEIVED
DEC 30 1993

Lab Number: W93-542

Standard A.P.I. Water Analysis Report

Company:	SNYDER OIL CORPORATION	Date Collected:	12/23/93
Well Name:	CON HALE 2-E; DAKOTA	Date Received:	12/27/93
Formation:	Basin Dakota	Date Analyzed:	12/27/93
Location:	M SEC.1S-T26N-R8W	County:	San Juan State: New Mexico
Collected By:	SOCO	Analyst:	Sheila Feltman

Remarks:

Attention:

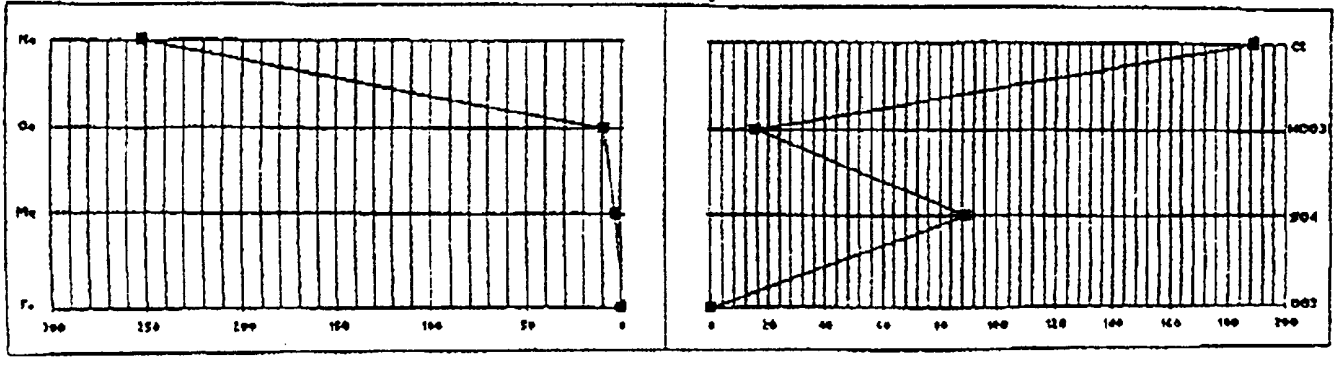
PARAMETER	AS ION		COMMENT
Sodium, Na	5,800	mg/l	
Potassium, K	82	mg/l	
Calcium, Ca	180	mg/l	
Magnesium, Mg	36	mg/l	
Iron, Fe (Total)	0	mg/l	NOT RUN
Sulfide	0	mg/l	<0.5 mg/L
pH	7.2	units	
Total Dissolved Solids	18,600	mg/l	

PARAMETER	AS ION		COMMENT
Chloride, Cl	6,700	mg/l	
Sulfate, SO4	4,300	mg/l	
Hydroxide, OH	0	mg/l	
Carbonate, CO3	0	mg/l	
Bicarbonate, HCO3	950	mg/l	
Resistivity (@25 Degrees C)	0.382	ohm-m	
Conductivity	26,200	us	
Specific Gravity (@ 60 Degrees F)	1.017		

Remarks: Sample received was approximately 50% water and 50% organic - the latter had two layers of liquid - one black and one green, and a large amount of solids; water only used in analyses

Anion/Cation: 110%

Stiff Diagram



GAS ANALYSIS SERVICE

1115 FARMINGTON AVENUE - FARMINGTON, NM 87401

(505) 325-6622

ANALYSIS NO. SNY30003

WELL/LEASE INFORMATION

COMPANY: SNYDER OIL CORPORATION

WELL NAME: CON. HALE 2-E

LOCATION: (M) SEC. 15-T26N-R8W

LSE/CNTY: SAN JUAN, NM

FORMATION: DAKOTA

METER NO.:

REMARKS:

PRESSURE: 125 PSIG

SAMPLE TEMP.: DEG.F

WELL FLOWING:

DATE SAMPLED: 12/16/93

SAMPLED BY: A.P.

ANALYSIS

COMPONENT	MOLE%	GPM
NITROGEN	0.707	0.0000
CO2	0.806	0.0000
METHANE	78.336	0.0000
ETHANE	11.590	3.1003
PROPANE	5.680	1.5654
I-BUTANE	0.773	0.2528
N-BUTANE	1.453	0.4581
I-PENTANE	0.297	0.1087
N-PENTANE	0.227	0.0822
HEXANE+	0.131	0.0571
TOTAL	100.000	5.6247
COMPRESSIBILITY FACTOR (1/Z)		1.0035
BTU/CU.FT. (DRY) CORRECTED FOR (1/Z)		1246.6
BTU/CU.FT. (WET) CORRECTED FOR (1/Z)		1224.9
REAL SPECIFIC GRAVITY		0.7240

ANALYSIS RUN AT 14.73 PSIA & 60 DEGREES F

CYLINDER PRESSURE: 330 PSI

DATE RUN: 12/17/93

ANALYSIS RUN BY: SHEILA FELTMAN

WATER ANALYSIS TESTING ENVIRONMENTAL REPORTS

1115 Farmington Avenue - Farmington, NM 87401
(505) 325-1085

Lab Number: W93-524

Standard A.P.I. Water Analysis Report

Company:	SNYDER OIL CORPORATION	Date Collected:	12/16/93
Well Name:	CON HALE 2-E; GALLUP	Date Received:	12/16/93
Formation:	Gallup	Date Analyzed:	12/17; 12/20/93
Location:	M SEC.15-T26N-R8W	County:	San Juan State: New Mexico
Collected By:	AP	Analyst:	Sheila Feltman

Remarks:

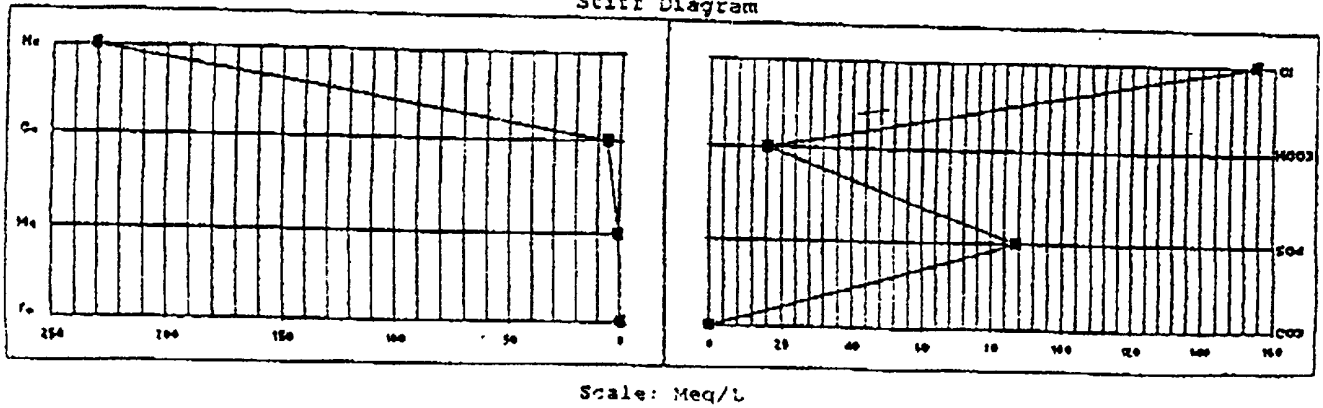
Attention:

PARAMETER	As Ion		Comments	PARAMETER	As Ion		Comments
Sodium, Na	5,300	mg/l		Chloride, Cl	5,500	mg/l	
Potassium, K	55	mg/l		Sulfate, SO4	4,200	mg/l	
Calcium, Ca	120	mg/l		Hydroxide, OH	0	mg/l	
Magnesium, Mg	14	mg/l		Carbonate, CO3	0	mg/l	
Iron, Fe (Total)	0	mg/l	NOT RUN	Bicarbonate, HCO3	980	mg/l	
Sulfide	0	mg/l	<0.1 mg/L	Resistivity (@25 Degrees C)	0.450	ohm-m	
pH	8.0	units		Conductivity	22,200	uS	
Total Dissolved Solids	14,520	mg/l		Specific Gravity (@ 60 Degrees F)	1.015		

Remarks: A small amount of condensate was present in this sample.

Anion/Cation: 1088

Stiff Diagram



Scale: Meq/L

GAS ANALYSIS SERVICE

1115 FARMINGTON AVENUE - FARMINGTON, NM 87401

(505) 325-6622

DEC 2 1 1993

ANALYSIS NO. SNY30004

WELL/LEASE INFORMATION

COMPANY: SNYDER OIL CORPORATION

WELL NAME: CON. HALE 2-E

LOCATION: (M) SEC. 15-T26N-R8W

LSE/CNTY: SAN JUAN, NM

FORMATION: GALLUP

METER NO.:

REMARKS:

PRESSURE: 125 PSIG

SAMPLE TEMP.: DEG.F

WELL FLOWING:

DATE SAMPLED: 12/16/93

SAMPLED BY: A.P.

ANALYSIS

COMPONENT	MOLE%	GPM
NITROGEN	0.682	0.0000
CO2	0.772	0.0000
METHANE	78.902	0.0000
ETHANE	11.178	2.9901
PROPANE	5.136	1.4155
I-BUTANE	0.590	0.1930
N-BUTANE	1.431	0.4512
I-PENTANE	0.376	0.1376
N-PENTANE	0.363	0.1315
HEXANE+	0.570	0.2486
TOTAL	100.000	5.5675

COMPRESSIBILITY FACTOR	(1/Z)	1.0036
BTU/CU.FT. (DRY) CORRECTED FOR (1/Z)		1256.0
BTU/CU.FT. (WET) CORRECTED FOR (1/Z)		1234.2
REAL SPECIFIC GRAVITY		0.7292

ANALYSIS RUN AT 14.73 PSIA & 60 DEGREES F

CYLINDER PRESSURE: 111 PSI

DATE RUN: 12/17/93

ANALYSIS RUN BY:

NMOCD Examiner Hearing
February 17, 1994
Application of Snyder Oil Corporation
Case NO. 10908
Exhibit NO. 4

GAS ANALYSIS SERVICE

SNYDER OIL CORPORATION

WELL ANALYSIS COMPARISON

LEASE: CON. HALE 2-E

DECEMBER 20, 1993

DATE:	12/16/93	12/16/93
NO.:	30003 DAKOTA	30004 GALLUP
	MOLE %	MOLE %
NITROGEN	0.707	0.682
CO2	0.806	0.772
METHANE	78.336	78.902
ETHANE	11.590	11.178
PROPANE	5.680	5.136
I-BUTANE	0.773	0.590
N-BUTANE	1.453	1.431
I-PENTANE	0.297	0.376
N-PENTANE	0.227	0.363
HEXANE+	0.131	0.570
BTU'S	1246.6	1256.0
GPM	5.6247	5.5675
SPEC GRAV	0.7240	0.7292

UNICHEM INTERNATIONAL

1215 Basin Road

P.O. Box 421

FARMINGTON, N.M. 87401

COMPANY: COLUMBUS ENERGY

DATE: 4-9-86

FIELD, LEASE AND WELL: CANDADO IE MESA VERDE

SAMPLING POINT: WELLHEAD

DATE SAMPLED: 3-27-86

SPECIFIC GRAVITY: 1.009

TOTAL DISSOLVED SOLIDS: 14,335

PH = 7.04

		ME/L	MG/L
CATIONS			
CALCIUM	(CA)+2	5.6	112.0
MAGNESIUM	(MG)+2	4.4	53.4
SODIUM	(NA),CALC.	221.0	5101.0
ANIONS			
BICARBONATE	(C)3)-1	13.4	817.0
CARBONATE	(CO3)-2		
HYDROXIDE	(OH)-1		
SULFATE	(SO4)-2	38.5	1850.0
CHLORIDES	(CL)-1	180.0	6400.0
DISSOLVED GASES			
CARBON DIOXIDE	(CO2)		
HYDROGEN SULFIDE	(H2S)		
OXYGEN	(O2)		
IRON	(FE)		61.0
BARIUM	(BA)+2		0.2
MANGANESE	(MN)		

IONIC STRENGTH = 0.26

SCALING INDEX	TEMP 86°F 30°C	120°F 48.8°C
CARBONATE INDEX	-0.25	0.142
CALCIUM CARBONATE SCALING	UNLIKELY	LIKELY
SULFATE INDEX	-27.0	-28.0
CALCIUM SULFATE SCALING	UNLIKELY	UNLIKELY

UNICHEM INTERNATIONAL

1215 Basin Road P.O. Box 421
FARMINGTON, N.M. 87401

COMPANY: COLUMBUS ENERGY

DATE: 4-9-86

FIELD, LEASE AND WELL: CANDADO 1E DAKOTA

SAMPLING POINT: WELLHEAD

DATE SAMPLED: 3-27-86

SPECIFIC GRAVITY: 1.009

TOTAL DISSOLVED SOLIDS: 15,092

PH = 7.95

		ME/L	MG/L
CATIONS			
CALCIUM	(CA)+2	1.6	32.0
MAGNESIUM	(MG)+2	2.4	29.1
SODIUM	(NA),CALC.	245.0	5632.0
ANIONS			
BICARBONATE	(C)3)-1	21.0	1281.0
CARBONATE	(CO3)-2		
HYDROXIDE	(OH)-1		
SULFATE	(SO4)-2	0	0
CHLORIDES	(CL)-1	228.0	8100.0
DISSOLVED GASES			
CARBON DIOXIDE	(CO2)		
HYDROGEN SULFIDE	(H2S)		
OXYGEN	(O2)		
IRON	(FE)		35.1
BARIUM	(BA)+2	0.25	17.3
MANGANESE	(MN)		

IONIC STRENGTH = 0.255

SCALING INDEX	TEMP. 86°F 30°C	120°F 48.8°C
CARBONATE INDEX	0.310	0.711
CALCIUM CARBONATE SCALING	LIKELY	LIKELY
SULFATE INDEX	-45.0	-46.0
CALCIUM SULFATE SCALING	UNLIKELY	UNLIKELY

UNICHEM INTERNATIONAL

1215 Basin Road P.O. Box 421
FARMINGTON, N.M. 87401

COMPANY: COLUMBUS ENERGY

DATE: 4-9-86

FIELD, LEASE AND WELL: 50%CANDADO 1E MESA VERDE/50%CANDADO 1E DAKOTA

SAMPLING POINT: WELLHEAD

DATE SAMPLED: 3-27-86

SPECIFIC GRAVITY: 1.009

TOTAL DISSOLVED SOLIDS: 14,764

PH = 7.495

		ME/L	MG/L
CATIONS			
CALCIUM	(CA)+2	3.6	72.1
MAGNESIUM	(MG)+2	3.4	41.4
SODIUM	(NA),CALC.	233.0	5367.0
ANIONS			
BICARBONATE	(C)3)-1	17.2	1049.0
CARBONATE	(CO3)-2		
HYDROXIDE	(OH)-1		
SULFATE	(SO4)-2	19.2	925.0
CHLORIDES	(CL)-1	204.0	7300.0
DISSOLVED GASES			
CARBON DIOXIDE	(CO2)		
HYDROGEN SULFIDE	(H2S)		
OXYGEN	(O2)		
IRON	(FE)		48.0
BARIUM	(BA)+2	0.12	8.7
MANGANESE	(MN)		

IONIC STRENGTH 0.258

SCALING INDEX	TEMP. 86°F 30°C	120°F 48.8°C
CARBONATE INDEX	0.115	0.517
CALCIUM CARBONATE SCALING	LIKELY	LIKELY
SULFATE INDEX	-36.0	-36.0
CALCIUM SULFATE SCALING	UNLIKELY	UNLIKELY

Kaufman 1E Offset Operators

P-R-O- Management 9400 N. Central Exprwy #1313 LB 158 Dallas, Tx 75231	Sec 5-30N-13W
Burlington Resources P.O. Box 840656 Dallas, Tx 75284-0656	Sec 34-31N-13W Sec 3- 30N-13W
Chateau Oil & Gas, Inc 5950 Berkshire Lane Suite 275 Dallas, Tx 75225	Sec 28-31N-13W Sec 27-31N-13W Sec 34-31N-13W Sec 4 30N-13W
Robert Click Roddy Production 8340 Meadow Rd, Suite 230 Dallas, Tx 75231	Sec 4-30N-13W
Fuller Petroleum P.O. Box 11327 Midland, tx 79702	Sec 28-31N-13W Sec 5-30N-13W Sec 33-31N-13W
Bruce Anderson 1000 Louisiana St. Suite 900 Houston, Tx 77002	Sec 29-31N-13W
Denver American Petroleum 1775 Sherman St., Suite 1450 Denver, Co. 80203	Sec 32-31N-13W

KAUFMAN 1E

Working Interest Owners - Gallup/Dakota

Chateau Oil and Gas, Inc.
5950 Berkshire Lane
Suite 275
Dallas, Tx 75225

General Motors NPA
c/o RPI Institutional Services
808 Travis, Suite 916
Houston, Tx 77002

Hugoton Energy Corp.
Mr Kurt F. Schweigent
301 N. Main
Suite 1900
Wichita, Ks 67202

Calico Investments, Inc
4429 Central Expressway
Dallas, Tx 75205

Margaret Allinson Laycock
1511 West 31st Street
Austin, Tx 78703

Kelley A. Murrell
3512 Cornell
Dallas, Tx 75205

John B. Allinson, Jr
2013 Douglas Drive
San Angelo, Tx 76904-5025

Estate of Marie F. Laverty
13131 Hughes Lane
Dallas, Tx 75240

P-R-O- Management, Inc
9400 N. Central Exprwy
Suite 1313, LB 158
Dallas, Tx 75231

Arthur Alsberg
3816 Longridge
Sherman Oaks, Ca 91423

Sanford Becker
27 Chester Drive
Rye, N.Y. 10580

Marjorie A. Bachman
20 Old Mamaroneck Road
White Plains, N.Y. 10605

Addie Guttag
575 Park Avenue, Apt 1603
New York, N.Y. 10021

Susan K. Baker
40 East 88th Street
New York, N.Y. 10128

John V. Guttag
273 Emerson Road
Lexington, Ma. 02713

Richard S. Becker
44 Graham Road
Scarsdale, N.Y. 10583

Thomas Kaufman
39 Princeton Ave.
Princeton, N.J. 08540

Ann K. Bower, Trustee
James R. Bower, Jr Test. Trust
P.O. Box 25069
Dallas, Tx 75225

John T., Thomas R., Kerry C.
and Vivian D. Laverty
14421 Overview Drive
Dallas, Tx 75240

Robert A. Leach
488 Hillbrook Drive
Ballwin, Mo. 63011

Ell McComb
McComb Associates
2321 Chimney Hill Drive
Arlington, Tx 76012

Segal Oil and Gas, Inc
c/o Andrew Segal
6 Peter Cooper Road #11E
New York, N.Y. 10010

Unclaimed Property Division
f/a/o Neil F. Toler
Texas State Treasury
Austin, Tx 78760

Chateau Energy, Inc.
5950 Berkshire Lane
Suite 275
Dallas, Tx. 75225

Royalty Owners - Gallup/Dakota

Barnett Properties, Inc
c/o John Barnett
4564 West Detroit Street
Chandler, Az 85226

Marcia Fuller French
P.O. Box 11327
Midland, Tx 79702

July 22, 1997

Working Interest and Royalty Owners

Re: **Administrative Approval of Downhole Commingling for**
Chateau Oil & Gas, Inc. Kaufman 1E, Basin Dakota & Flora Vista Gallup
Dual, 857' FSL & 1827' FEL, Sec 33, T31N, R13W
San Juan County, New Mexico

Gentlemen:

Chateau Oil and Gas, Inc. is applying to the New Mexico Oil Conservation Division, as outlined in the NMOCD Rule 303C, for administrative commingle of the Dakota and Gallup zones in the subject well. These zones have already been approved by the Commission for the downhole commingling in the area. We are therefore notifying you of our intent to commingle the same zones in the referenced well. Enclosed for your information is a copy of the Application for Downhole Commingling Form C-107-A. Shown on the Form is the Fixed Percentage Allocation Formula -% for each zone which has been calculated based on the historical cumulative production.

If you have any objection to this application, you may contact John V. Peters or Dana M. Dutcher at Chateau Oil and Gas, Inc., 5950 Berkshire lane, Suite 275, Dallas, Texas 75225. You may also contact Mr. William J. LeMay at the New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505-6249.

If you have any questions concerning this request, please contact John V. Peters or Dana M. Dutcher at 214-891-3350.

Sincerely,

CHATEAU OIL AND GAS, INC.

John V. Peters
Vice President - Operations
JVP/jw

Enclosures

cc: N.M. Conservation Division, Santa Fe
N. M. Conservation Division, Aztec
BLM, Farmington

Irene Lanier
411 Animas
Aztec, N.M. 74100

Opal McDonnell Lowell
407 North Ave F
Olney, Tx 76374

Thelma Nickles
P.O. Box 266
La Plata, N.M. 74180

Kathryn B. Richardson
c/o Paula Kaufman
P.O. Box 91
Glorietta, N.M. 87535

American Red Cross - Pennsylvania
Southern Pennsylvania Chpt
23rd & Chestnut Street
Philadelphia, Pa 19103

Delaware State Escheator
F/A/O Calvin Buckner &
Mary Sue Buckner
P.O. Box 8931
Wilmington, De 19899

Horace F. McKay, Jr &
Elmyra K. McKay
Trust Dtd 12/19/88
P.O. Box 14738
Albuquerque, N. M. 87191

Delaware State Escheator
F/A/O William Delaney &
Bernice Delaney
P.O. Box 8931
Wilmington, De 19899

Dan Miles
Box 856
Los Alamos, N.M. 87544

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Denver, Co. 80237

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302 South Pinto Place
Tuscon, Az 85749-6902

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1965 Mt Zion Drive
Golden, Co 80401

Jane K. Beard
4104 Lovers Lane
Dallas, Tx 75225

W. Thomas Beard III
P.O. Box 668
Alpine, Texas 79830

Herbert Kokernot Lea
434 Chemin St. Andre'
13120 Gardanne
France

Michael Scott Lea
4251 So. Allison Street
Lakewood, Co. 80235

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Alpine, Tx. 79831

Dan Christensen Jr &
Kathryn Christensen
751 Morningside Drive, NE1
Albuquerque, N.M. 87110

Mildred P. Corkum
7617 - 112th Street S.W.
Tacoma, Wa 98498