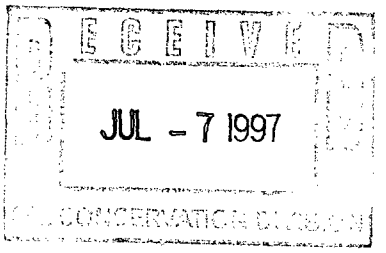
DHC 7/28/97

Chateau Oil and Gas, Inc.

1640



July 3, 1997

William J. LeMay
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Re: **Application for Administrative Approval of Downhole Commingle for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W San Juan County, New Mexico**

Dear Mr. LeMay:

Chateau Oil and Gas, Inc. hereby requests authorization to downhole commingle the Basin Dakota and Blanco Mesaverde formations within the above referenced well. The gas streams are presently completed to produce as a dual completion. Enclosed is the completed Form C-107-A along with the various supporting attachments.

We would propose that the production be allocated with 79.3% of the gas and 73.2% of the oil going to the Dakota formation; 20.7% of the gas and 26.8% of the oil going to the Mesaverde formation. This allocation is based on the cumulative production history. From September 1957 to May 1997 the Dakota has produced 2,814,117 MCF of gas and 23,751 barrels of oil. The Mesaverde has produced 733,329 MCF of gas and 8,689 barrels of oil. Please see the attached fixed percentage allocation formula sheet.

The working interest, royalty and overriding royalty owners are the same for both zones and the percentages of ownership are also the same. All owners have been notified by certified letter of the proposed commingling and have been provided a copy of the Form C-107-A.

The current well bore condition is very complex (see attached well bore diagram) with the Dakota formation presently producing through a Baker Model E cross over by pass seal assembly into a 1 ½" tubing string. The Mesaverde was set up to produce through the casing annulus. There is an overshot grapple and tubing patch in the hole which relates to work done in June 1985. A recent packer leakage test indicated that there is communication between the two zones. With approval of this application, both zones would continue to be produced through the current well bore configuration.

With the above described well bore condition, it was not possible to obtain current bottom hole pressure test information. Therefore, information was obtained on the Williams 1 located in Section 24, T31N, R13W which is in the adjacent section approximately 3500 feet from the subject well. It is anticipated that these pressures are representative of the pressures that would be observed in the Southern Union 1 well.

5950 Berkshire Lane • Suite 275 • Dallas, Texas • 75225 • (214) 891-3350 • Fax (214) 891-3366

In addition, copies of the water analysis information are provided on the Candado 1E which is from water samples on the same producing zones. This information has also been used in determining fluid compatibility on prior commingling applications which have been approved by the Division.

If you have any questions concerning the information provided, please contact me or Dana Dutcher at 214-891-3350.

Sincerely,

John V. Peters
Vice President - Operations

cc: N.M. Oil Conservation Division, Aztec
BLM, Farmington

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:
__ Administrative __ Hearing

EXISTING WELLBORE
__ YES __ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Chateau Oil and Gas, Inc — Operator
5950 Berkshire Ln, Suite 275, Dallas, Tx 75225 — Address

Southern Union — Lease
1 — Well No.
M 19-31N-12W — Unit Ltr. - Sec - Twp - Rge
San Juan — County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 159819 Property Code 010291 API NO. 30-045-1047900 Federal X, State ___, and/or Fee ___

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesaverde 72319	-	Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	4613' - 4819'	-	6747' - 6802'
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) 301 psi (offset - Williams #1) b. (Original) 1067 psi (est) 9/57	a. - b. -	a. 419 psi (offset - Williams #1 b. 2077 psi (est)9/57
6. Oil Gravity (°API) or Gas BTU Content	1210 BTU	-	1261 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: 5/15/91 Rates: Trace	Date: - Rates: -	Date: - Rates: -
* If Producing, give date andoil/gas/ water rates of recent test (within 60 days)	Date: - Rates: -	Date: - Rates: -	Date: 5/97 Rates: Trace
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 26.8 % Gas: 20.7 %	Oil: - % Gas: - %	Oil: 73.2 % Gas: 79.3 %

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? X 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? X Yes ___ No

11. Will cross-flow occur? X Yes ___ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. X Yes ___ No (If No, attach explanation)

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

13. Will the value of production be decreased by commingling? ___ Yes X No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. X Yes ___ No

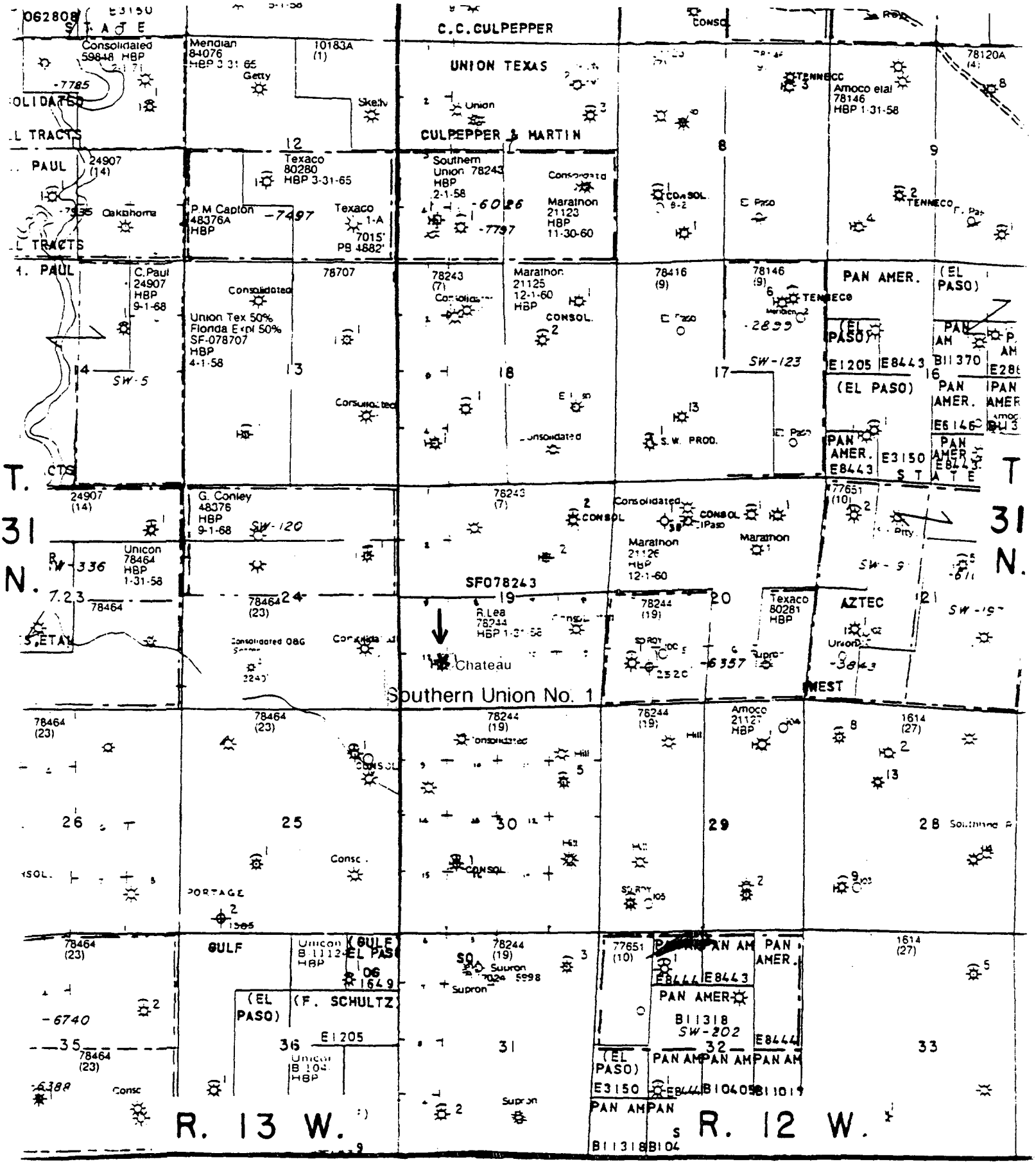
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

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 7/3/97

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



Chateau Oil & Gas, Inc.

Southern Union No. 1

Section 19-T31N-R12W

San Juan County, New Mexico

DISTRIBUTION		
SANTA FE		
FILE		
U.S.G.S.		
LAND OFFICE		
TRANSPORTER	OIL / GAS	
PRORATION OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Revised 5/1/57

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

SECTION A

Operator	Lease	Well No.
CONSOLIDATED OIL AND GAS, INC.	SOUTHERN UNION	1

Unit Letter	Section	Township	Range	County
M	19	31 NORTH	12 WEST	SAN JUAN

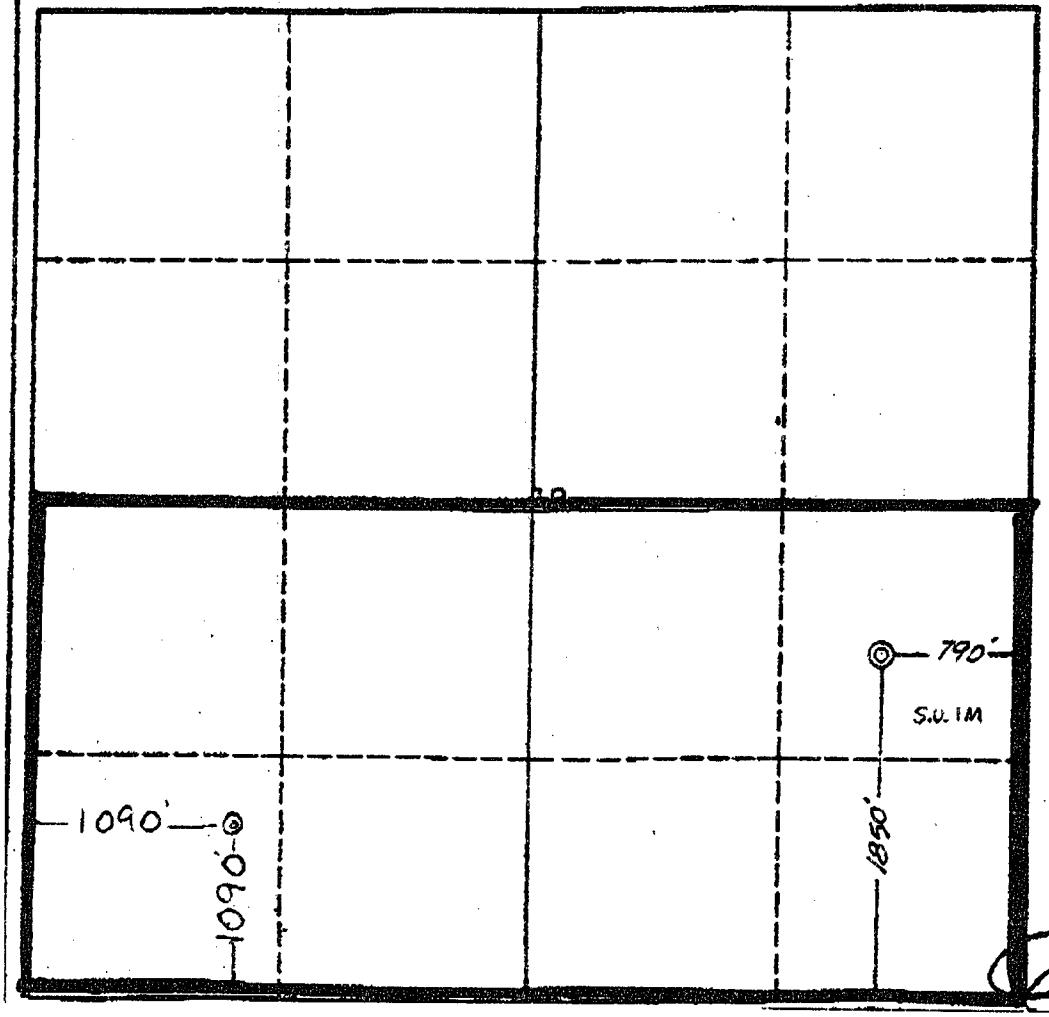
Actual Footage Location of Well: 1090 feet from the SOUTH line and 1090 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5901'	DK & MV	BASIN DK/BLANCO MV	Acres

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO _____. *("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)*
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES _____ NO _____. If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

SECTION B



CERTIFICATION

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

Name

Position

Company

Date

I hereby certify that the well location shown on the plat in *SECTION B* 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
23 January 1979

Registered Professional Engineer and/or Land Surveyor

James P. Leese

Southern Union # 1

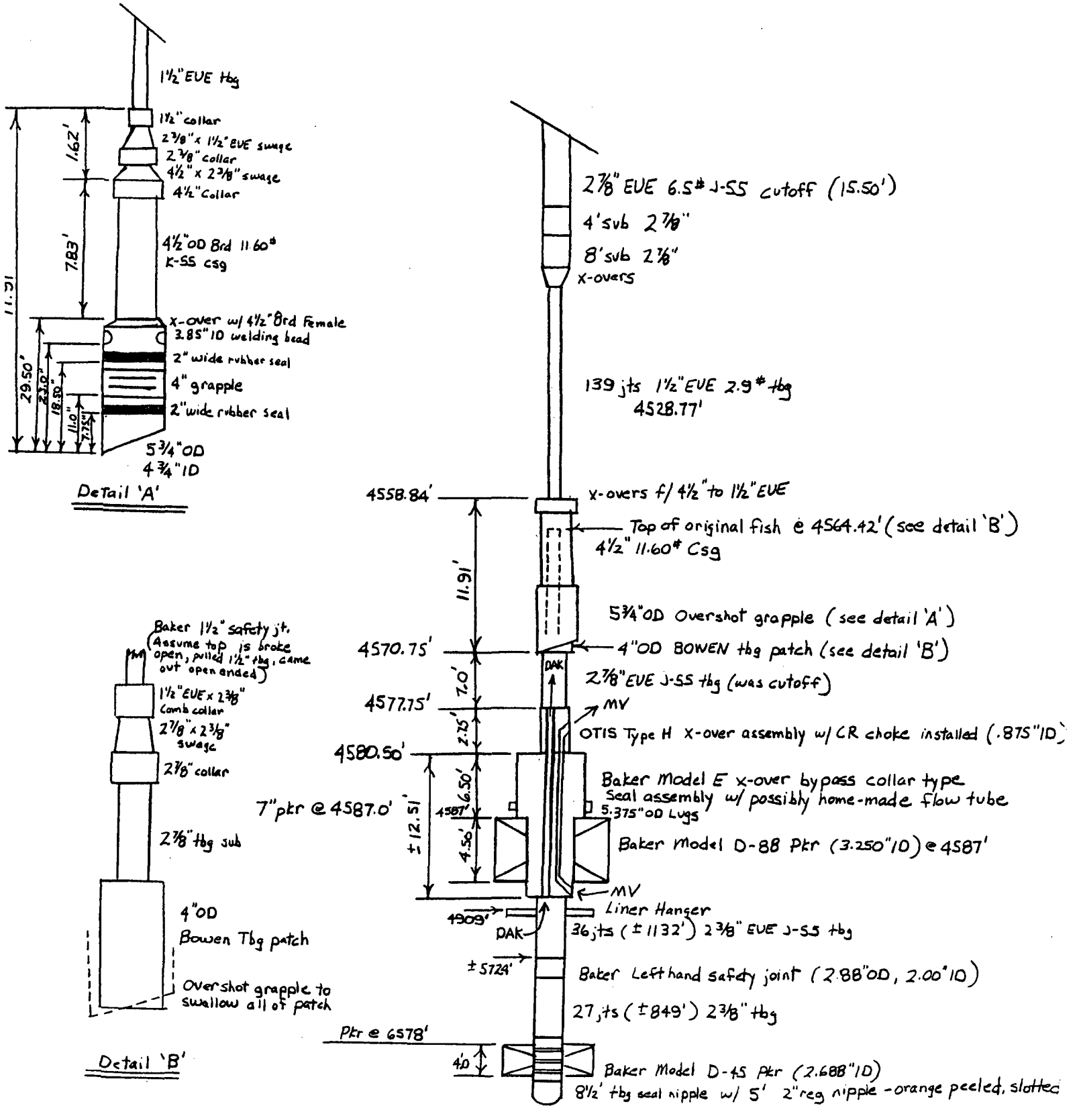
Fixed Percentage Allocation Formula

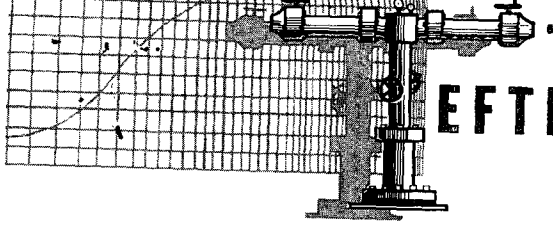
Cumulative Production as of May 1997

	Oil (Barrels)	%	Gas (MCF)	%
Dakota Formation	23751	73.2%	2814117	79.3%
Mesaverde Formation	8689	26.8%	733329	20.7%
TOTAL	32440	100.0%	3547446	100.0%

Well Bore Diagram

Southern Union 1-19 6-7-85





TEFTELLER, INC.

reservoir engineering data

MIDLAND, TEXAS / FARMINGTON, NEW MEXICO
GRAND JUNCTION, COLORADO

P. O. Box 5278
Midland, Texas 79704-5278
(915) 694-0477

Midland Fax (915) 694-7602
Farmington Fax (505) 325-1148
Grand Junction Fax (970) 241-7634

June 20, 1997

Chateau Oil & Gas, Inc.
5802 Highway 64
Farmington, NM 87401

Attn: Mr. Jerry Nelson

Subject: Bottom Hole Pressure Measurements
Williams No. 1
Dakota & Mesa Verde Formations
San Juan County, New Mexico
File No. 2-30272-P

Dear Mr. Nelson:

Attached hereto are the results of bottomhole pressure measurements which were conducted on the above captioned well June 17, 1997.

The data presented are in tabular and graphical form.

It has been our pleasure to have conducted this service for you. If we may be of further assistance, please call us at any time.

Respectfully submitted,

TEFTELLER, INC.

Neil Tefteller

Neil Tefteller

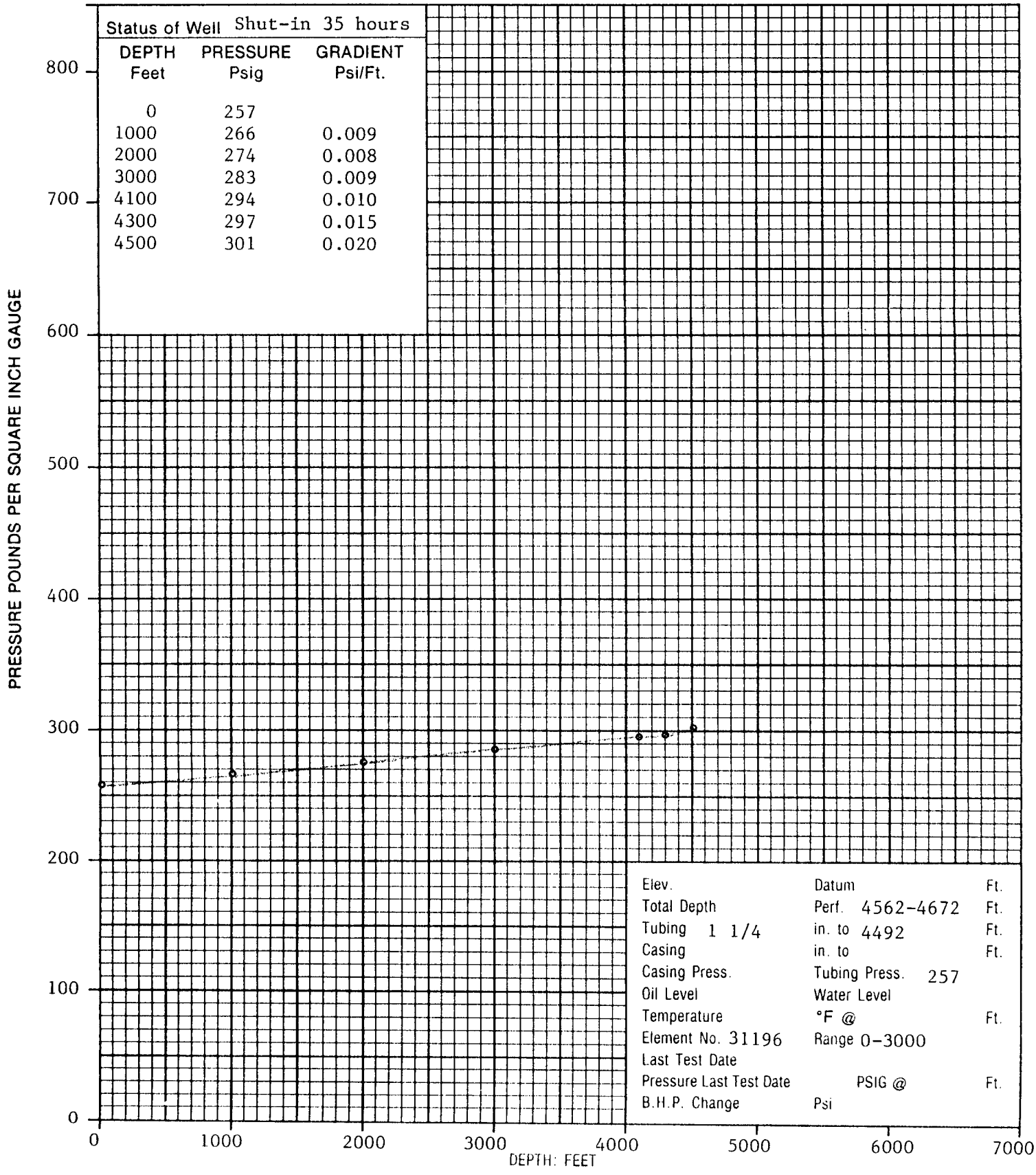
NT/lw

TEFTELLER, INC.
reservoir engineering data
MIDLAND, TEXAS

Company Chateau Oil & Gas, Inc. Lease Williams Well No. 1(MV)
Field _____ County San Juan State New Mexico
Formation Mesa Verde Test Date June 17, 1997

Status of Well Shut-in 35 hours

DEPTH Feet	PRESSURE Psig	GRADIENT Psi/Ft.
0	257	
1000	266	0.009
2000	274	0.008
3000	283	0.009
4100	294	0.010
4300	297	0.015
4500	301	0.020



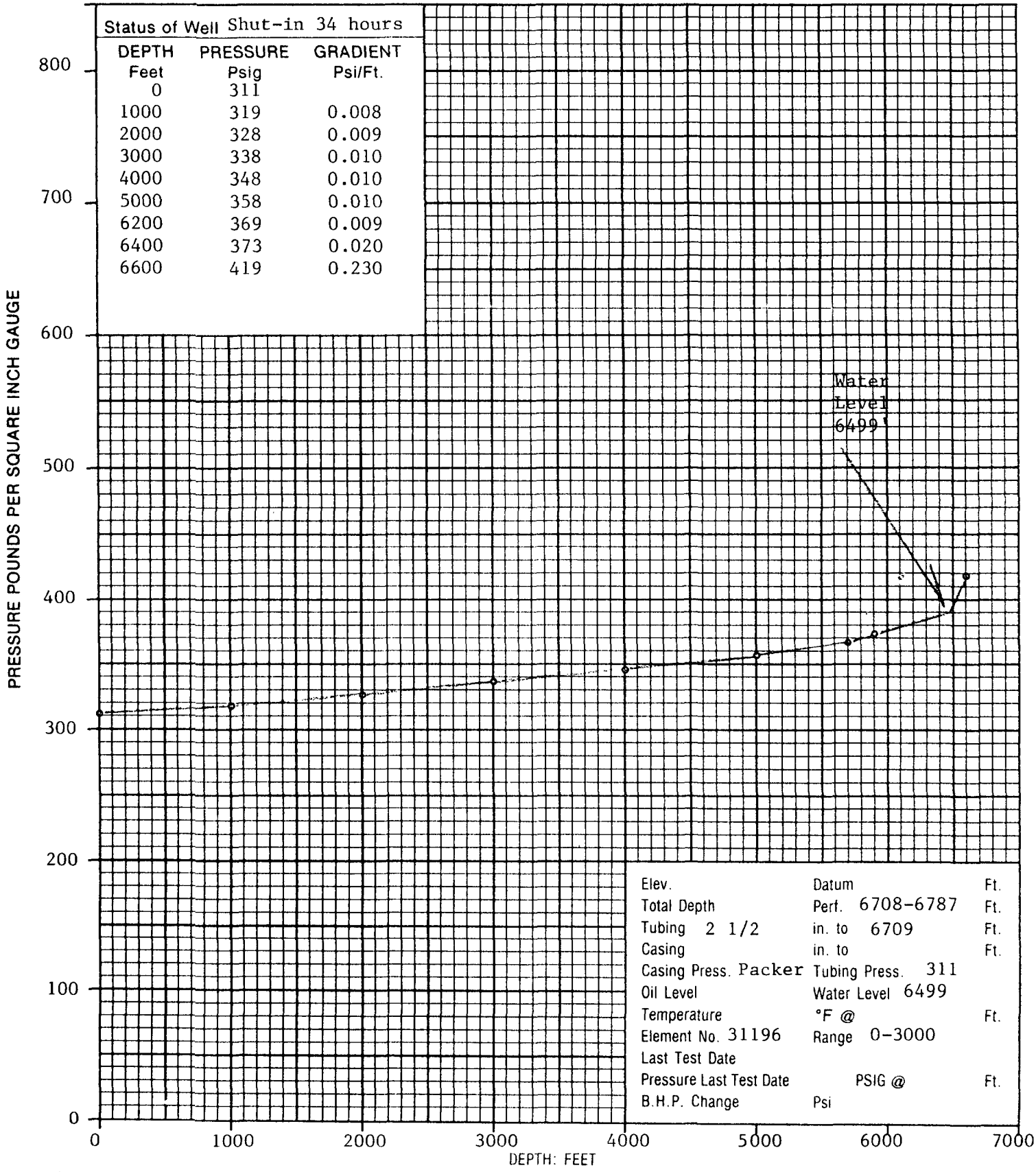
Elev.	Datum	Ft.
Total Depth	Perf. 4562-4672	Ft.
Tubing 1 1/4	in. to 4492	Ft.
Casing	in. to	Ft.
Casing Press.	Tubing Press. 257	
Oil Level	Water Level	
Temperature	°F @	Ft.
Element No. 31196	Range 0-3000	
Last Test Date		
Pressure Last Test Date	PSIG @	Ft.
B.H.P. Change	Psi	

EFTELLER, INC.
reservoir engineering data
MIDLAND, TEXAS

Company Chateau Oil & Gas, Inc. Lease Williams Well No. 1
Field _____ County San Juan State New Mexico
Formation Dakota Test Date June 17, 1997

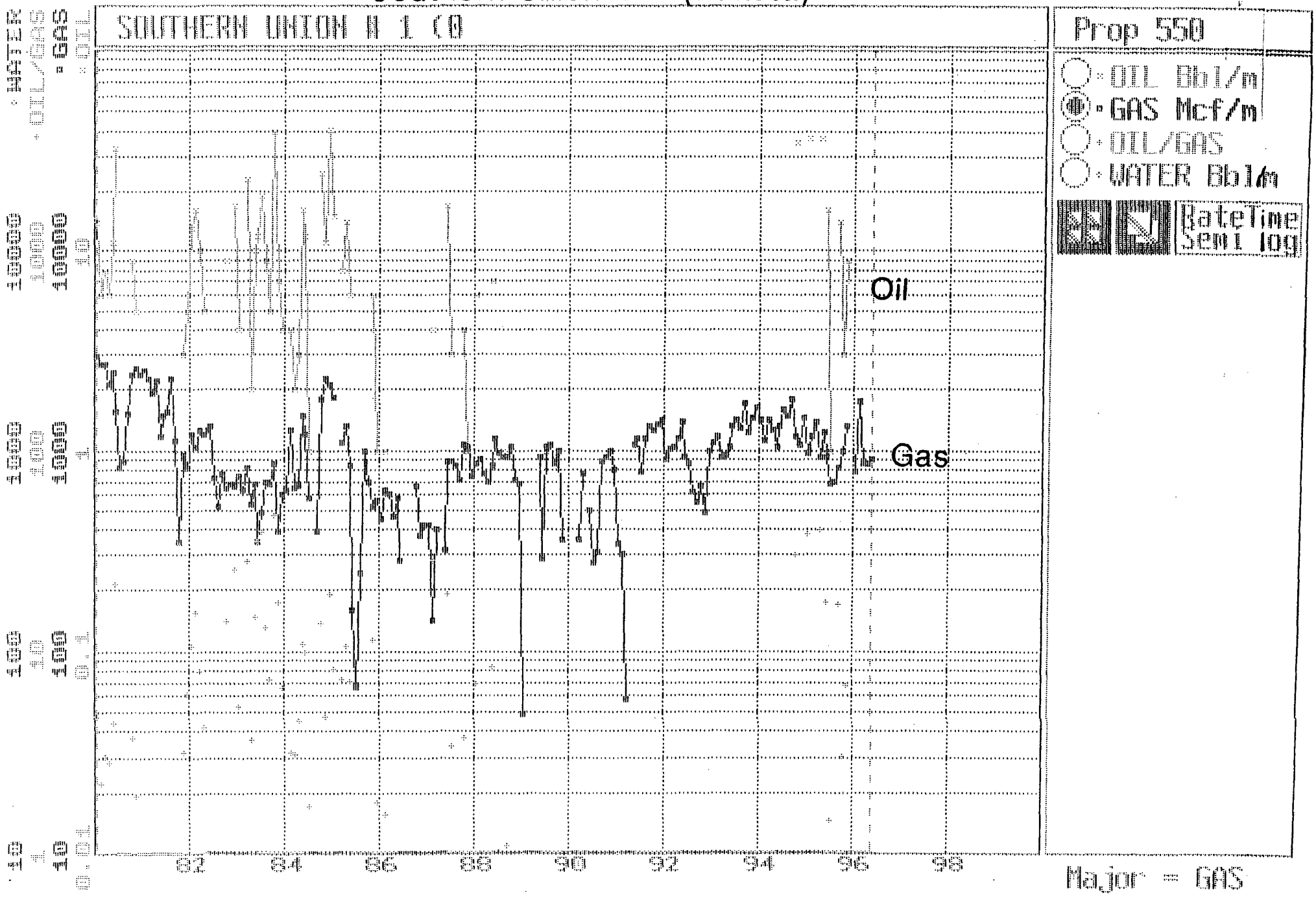
Status of Well Shut-in 34 hours

DEPTH Feet	PRESSURE Psig	GRADIENT Psi/Ft.
0	311	
1000	319	0.008
2000	328	0.009
3000	338	0.010
4000	348	0.010
5000	358	0.010
6200	369	0.009
6400	373	0.020
6600	419	0.230

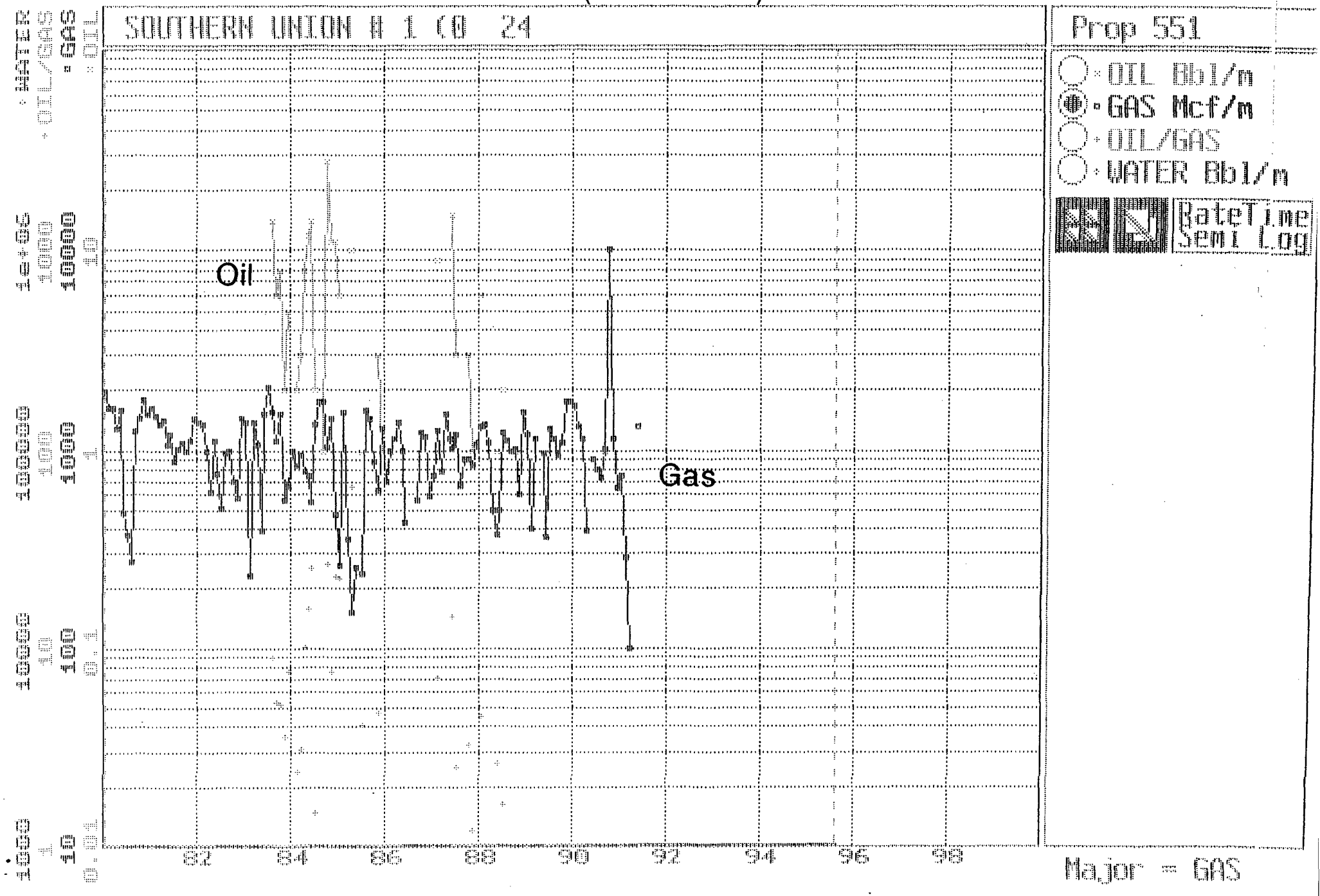


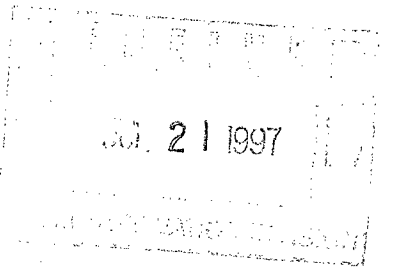
Elev.	Datum	Ft.
Total Depth	Perf. 6708-6787	Ft.
Tubing 2 1/2	in. to 6709	Ft.
Casing	in. to	Ft.
Casing Press. Packer	Tubing Press. 311	
Oil Level	Water Level 6499	
Temperature	°F @	Ft.
Element No. 31196	Range 0-3000	
Last Test Date		
Pressure Last Test Date	PSIG @	Ft.
B.H.P. Change	Psi	

Southern Union 1 (Dakota)



Southern Union #1 (Mesaverde)





WAIVER OF OBJECTION AND
CONSENT TO COMMINGLE THE
DUAL COMPLETION

For Chateau Oil and Gas, Inc.

The undersigned, as an offset operator/lease holder of a lease near:

Southern Union #1, DK/MV Dual
1090' FSL & 1090' FWL
Sec 19, T31N, R12W
San Juan, New Mexico

Does hereby acknowledge receipt of the letter requesting approval of commingling of the above captioned well.

The undersigned hereby waives any objection to this application and voluntarily consents to the commingling of the above captioned well.

SIGNED: Kurt F. Schweigert

NAME: Kurt F. Schweigert

TITLE: Senior Landman

FIRM: Hugoton Energy Corporation

DATE: July 10, 1997

Please find enclosed self addressed envelopes. Mail one copy to William J. LeMay New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505-6429 and John V. Peters, Chateau Oil and Gas, Inc., 5950 Berkshire Lane, Suite 275, Dallas, Texas 75225

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

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 CASES			
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: CANDADO 1E 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

Southern Union 1 Offset Operators

Dugan Production Corp. P.O. Box 420 Farmington, N.M. 87499-0420	Sec 29-31N-13W Dakota/Mesaverde
Great Western Drilling P.O. Box 1659 Midland, Tx. 79702	Sec 17-31N-12W Dakota
Marathon Oil Co. P.O. Box 3128 Houston, Tx 77253	Sec 20-31N-12W Mesaverde Sec 18-31N-12W Mesaverde
Bruce Anderson 1000 Louisianna St. Suite 900 Houston, Tx 77002	Sec 29-31N-13W Dakota
Burlington Resources P.O. Box 840656 Dallas, Tx 75284-0656	Sec 29-31N-12W Dakota/Mesaverde Sec 20-31N-12W Dakota/Mesaverde Sec 17-31N-12W Mesaverde
Amoco Production P.O. Box 841521 Dallas, Tx 75284-1868	Sec 17-31N-12W Dakota/Mesaverde Sec 29-31N-12W Dakota/Mesaverde
Chateau Oil and Gas, Inc. 5950 Berkshire Lane Suite 275 Dallas, Tx 75225	Sec 13-31N-13W Dakota/Mesaverde Sec 24-31N-13W Dakota/Mesaverde Sec 30-31N-12W Dakota/Mesaverde Sec 20-31N-12W Dakota Sec 18-31N-12W Dakota/Mesaverde
Robert R. Click Roddy Production 8340 Meadow Road Suite 230 Dallas, Tx 75231	Sec 30-31N-12W Dakota/Mesaverde
Hugoton Energy Corp. Mr. Randy Click 301 N. Main, Suite 1900	Sec 30-31N-12W Mesaverde

Chateau Oil and Gas, Inc.

June 30, 1997

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499-0420

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W 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 approval to commingle production from the Dakota and Mesaverde zones in the subject well. These zones have already been approved by the Commission for downhole commingling in the area. We are therefore notifying your office of our intent to commingle the same zones in the referenced well, and would like you to sign and return one copy of the Waiver of Objection in each of the self addressed envelopes.

Please mail the waivers to William J. LeMay, New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505-6249 and John V. Peters, Chateau Oil and Gas, Inc., 5950 Berkshire Lane, Suite 275, Dallas, Texas 75225.

If you have any questions concerning this request, please contact John V. Peters 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

5950 Berkshire Lane • Suite 275 • Dallas, Texas • 75225 • (214) 891-3350 • Fax (214) 891-3366

Chateau Oil and Gas, Inc.

June 30, 1997

Great Western Drilling
P.O. Box 1659
Midland, Tx 79702

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W San Juan County, New Mexico**

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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

5950 Berkshire Lane • Suite 275 • Dallas, Texas • 75225 • (214) 891-3350 • Fax (214) 891-3366

Chateau Oil and Gas, Inc.

June 30, 1997

Marathon Oil Co.
P.O. Box 3128
Houston, Tx 77253

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W 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 approval to commingle production from the Dakota and Mesaverde zones in the subject well. These zones have already been approved by the Commission for downhole commingling in the area. We are therefore notifying your office of our intent to commingle the same zones in the referenced well, and would like you to sign and return one copy of the Waiver of Objection in each of the self addressed envelopes.

Please mail the waivers to William J. LeMay, New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505-6249 and John V. Peters, Chateau Oil and Gas, Inc., 5950 Berkshire Lane, Suite 275, Dallas, Texas 75225.

If you have any questions concerning this request, please contact John V. Peters 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

5950 Berkshire Lane • Suite 275 • Dallas, Texas • 75225 • (214) 891-3350 • Fax (214) 891-3366

Chateau Oil and Gas, Inc.

June 30, 1997

Bruce Anderson
1000 Louisiana Street
Suite 900
Houston, Tx 77002

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W San Juan County, New Mexico**

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CHATEAU OIL AND GAS, INC.

John V. Peters
Vice President - Operations

JVP/jw

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N.M. Conservation Division, Aztec
BLM, Farmington

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Chateau Oil and Gas, Inc.

June 30, 1997

Burlington Resources
P.O. Box 840656
Dallas, Tx 75284-0656

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W San Juan County, New Mexico**

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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

Chateau Oil and Gas, Inc.

June 30, 1997

Amoco Production
P.O. Box 841521
Dallas, Tx 75284-1868

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W San Juan County, New Mexico**

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CHATEAU OIL AND GAS, INC.

John V. Peters
Vice President - Operations

JVP/jw

Enclosures
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N.M. Conservation Division, Aztec
BLM, Farmington

5950 Berkshire Lane • Suite 275 • Dallas, Texas • 75225 • (214) 891-3350 • Fax (214) 891-3366

Chateau Oil and Gas, Inc.

June 30, 1997

Robert R. Click
Roddy Production
8340 Meadow Road, Suite 230
Dallas, Texas 75231

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W San Juan County, New Mexico**

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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

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Chateau Oil and Gas, Inc.

June 30, 1997

Hugoton Energy Corporation
Mr. Randy Click
301 N. Main, Suite 1900
Wichita, Ks 67202

Re: **Waiver for administrative Approval of Downhole commingling for Chateau Oil and Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W 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 approval to commingle production from the Dakota and Mesaverde zones in the subject well. These zones have already been approved by the Commission for downhole commingling in the area. We are therefore notifying your office of our intent to commingle the same zones in the referenced well, and would like you to sign and return one copy of the Waiver of Objection in each of the self addressed envelopes.

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If you have any questions concerning this request, please contact John V. Peters 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

5950 Berkshire Lane • Suite 275 • Dallas, Texas • 75225 • (214) 891-3350 • Fax (214) 891-3366

Southern Union 1

Working Interest Owners - Dakota/Mesaverde

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

Hugoton Energy Corp.
Mr. Randy Click
301 N. Main
Suite 1900
Wichita, Ks 67202

Geodyne Resources, Inc.
c/o Samson Production Serv. Co.
P.O. Box 94339
Tulsa, Ok 74194

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

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

Royalty Owners - Dakota/Mesaverde

Minerals Management Service
Royalty Management Program
P.O. Box 5810
Denver, Co. 80217-5810

Hugoton Energy Corp.
301 N. Main
Wichita, Ks 67202

Burke Healey
Trustee of the Burke Healey
Trust DTD 1/2/85
P.O. Box 100
Davis, Ok 30300

Barren Healey
Trustee for the Barren Healey
1988 Trust U/A/D 4-25-88
P.O. Box 888
Davis, Ok 30300

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

Elizabeth Beard Tanksley
P.O. Box 628
Alpine, Tx. 79831

Miriam Bartlett
Trustee of the Miriam L.
Bartlett Trust
156 Sandpiper Ave.
Royal Palm Beach, Fl 33411

Trueblood Resources, Inc.
1720 South Belaire, Suite 908
Denver, Co. 80222

Burlington Resources Oil & Gas
P.O. Box 840656
Dallas, Tx 75284-0656

Chateau Oil and Gas, Inc.

June 30,1997

Working Interest and Royalty Owners

Re: **Administrative Approval of Downhole Commingling for Chateau Oil & Gas, Inc. Southern Union 1, Basin Dakota & Blanco Mesaverde Dual, 1090' FSL & 1090' FWL, Sec 19, T31N, R12W 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 Mesaverde 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 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 at 214-891-3350.

Sincerely,

CHATEAU OIL AND GAS, INC.

John V. Peters
Vice President - Operations

JVP/jw

Enclosures
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BLM, Farmington

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