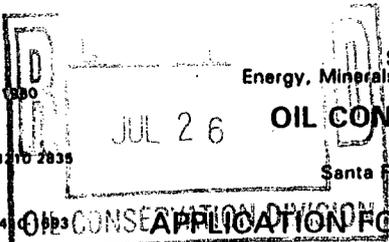


DHC 1344 8/15/96

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-0980  
DISTRICT II  
811 South First St., Artesia, NM 88210-2839  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410-0923

State of New Mexico  
Energy, Minerals and Natural Resources Department

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



OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address 10 Desta Dr, Ste 100W, Midland TX 79705

Gage 3M Well No. C-20-30N-10W County San Juan

OGRID NO. 005073 Property Code 003186 API NO. 30-045-25287 Spacing Unit Lease Types: (check 1 or more)  
Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesaverde 72319		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	5186' - 5200'		7261' - 7355'
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) 504 psia	a.	a. 842 psia
	b. (Original) 1179 psia	b.	b. 2584 psia
6. Oil Gravity (°API) or Gas BTU Content	1260 BTU		1109 BTU
7. Producing or Shut-In?	Producing		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  * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: 1996 mid-yr Rates: 60 mcf/gpd 0 bopd, 0 bwpd	Date: Rates:	Date: 1996 mid-yr Rates: 45 mcf/gpd 0 bopd, 0 bwpd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 45 % Gas: 57 %	Oil: % Gas: %	Oil: 55 % Gas: 43 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones?  Yes  No  
If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No
11. Will cross-flow occur?  Yes  No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable.  Yes  No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other?  Yes  No
13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) \_\_\_\_\_
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 Jerry W. Hoover TITLE Sr. Conservation Coordinator DATE 7/24/96

TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. ( 915 ) 686-6549

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

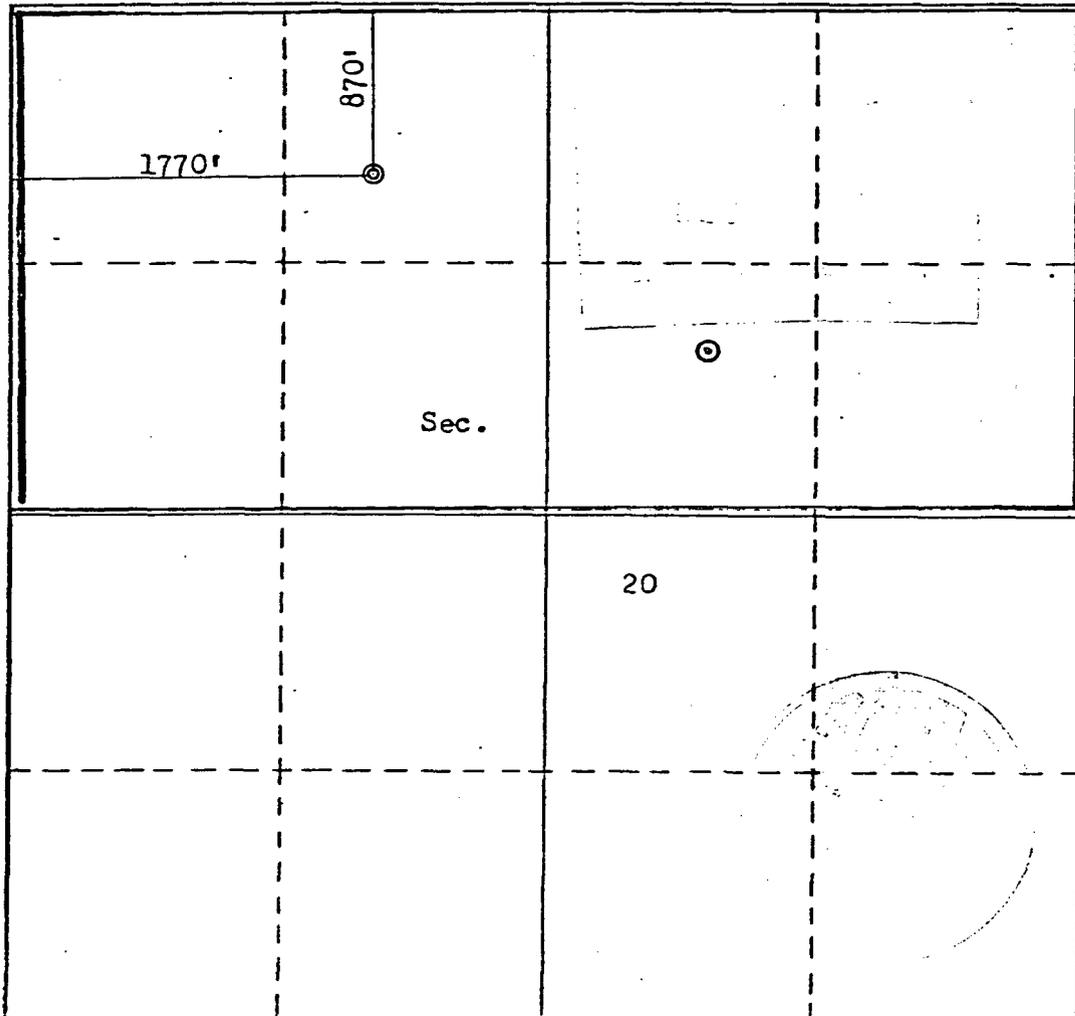
Operator <b>MESA PETROLEUM CO</b>		Lease <b>GAGE</b>		Well No. <b>3M</b>	
Unit Letter <b>C</b>	Section <b>20</b>	Township <b>30N</b>	Range <b>10W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>870</b> feet from the <b>North</b> line and <b>1770</b> feet from the <b>West</b> line					
Ground Level Elev. <b>6325</b>	Producing Formation <b>Dakota-Mesa Verde</b>		Pool <b>Basin Dakota-Blanco MV</b>	Dedicated Acreage: <b>DK 320 MV 320</b> 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 \_\_\_\_\_

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 Commission.



CERTIFICATION

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

*John Alexander*  
Name

John Alexander

Position  
Agent

Company  
MESA PETROLEUM CO.

Date  
November 24, 1981

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

November 24, 1981  
Registered Professional Engineer and/or Land Surveyor  
*Fred B. Kerr*  
Fred B. Kerr

# Dwights

Lease: GAGE 00003M

06/03/96

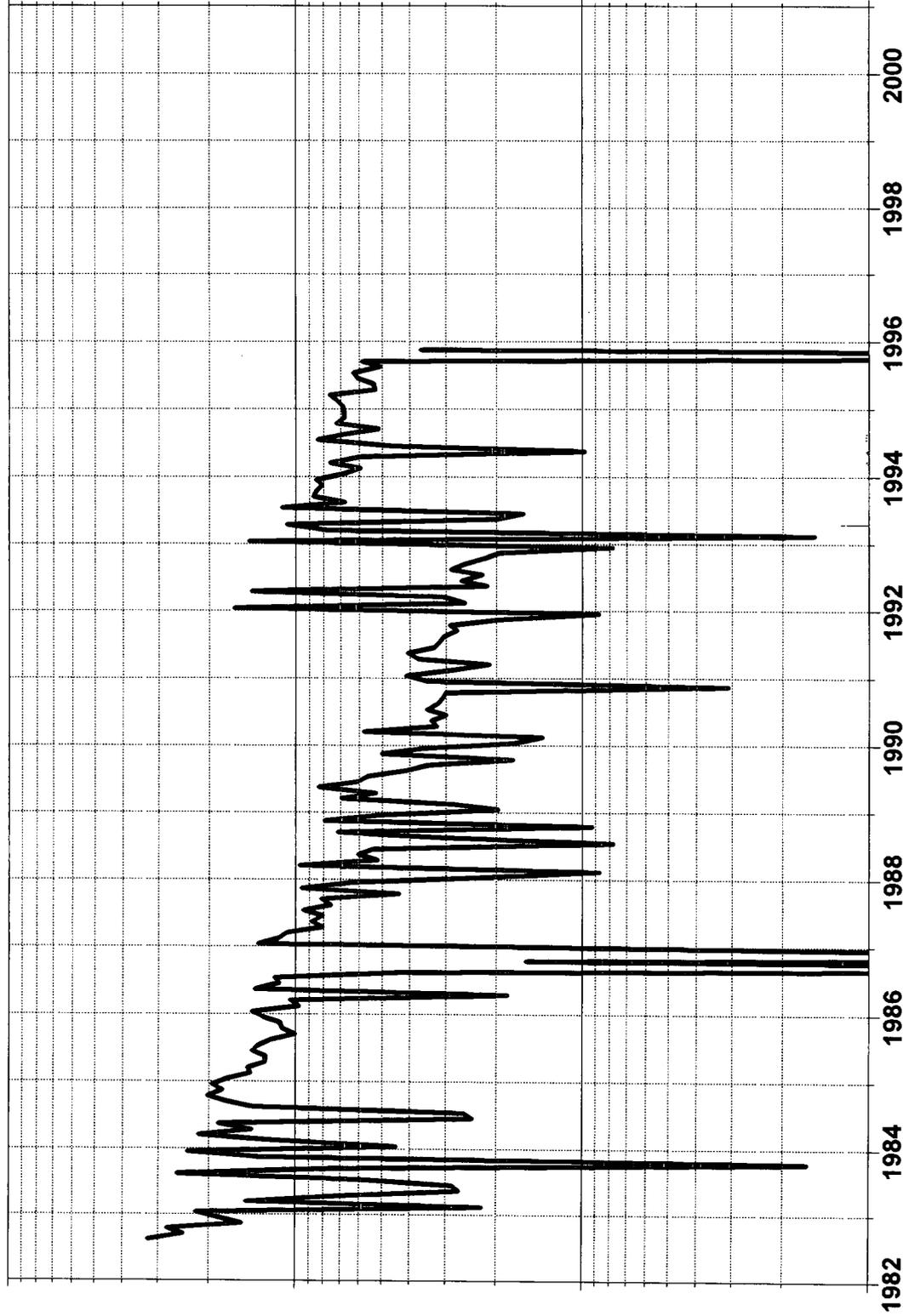
Retrieval Code: 251,045,30N10W20C00MV

$10^3$   
 $10^3$

$10^2$   
 $10^2$

10  
10

1  
1



Gas (mcf/day)

Water (bbl/day)

Oil (bbl/day)

Well Count

County: SAN JUAN, NM	F.P. Date: 08/82
Field: BLANCO (MESAVERDE) MV	Oil Cum: 131 bbl
Reservoir: MESAVERDE	Gas Cum: 367.0 mmcf
Operator: CONOCO INC	Location: 20C 30N 10W

# Dwights

Lease: GAGE 00003M

06/03/96

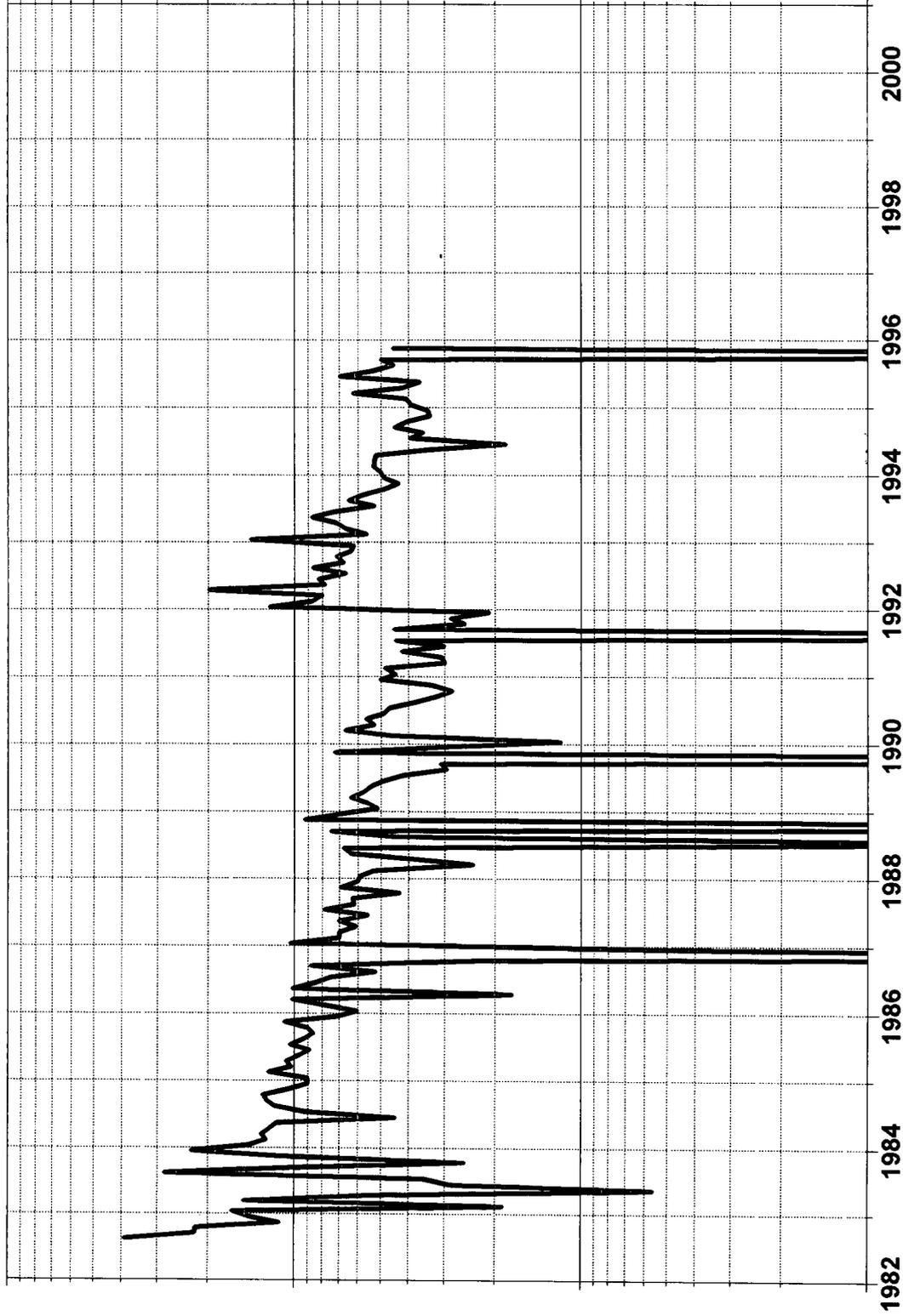
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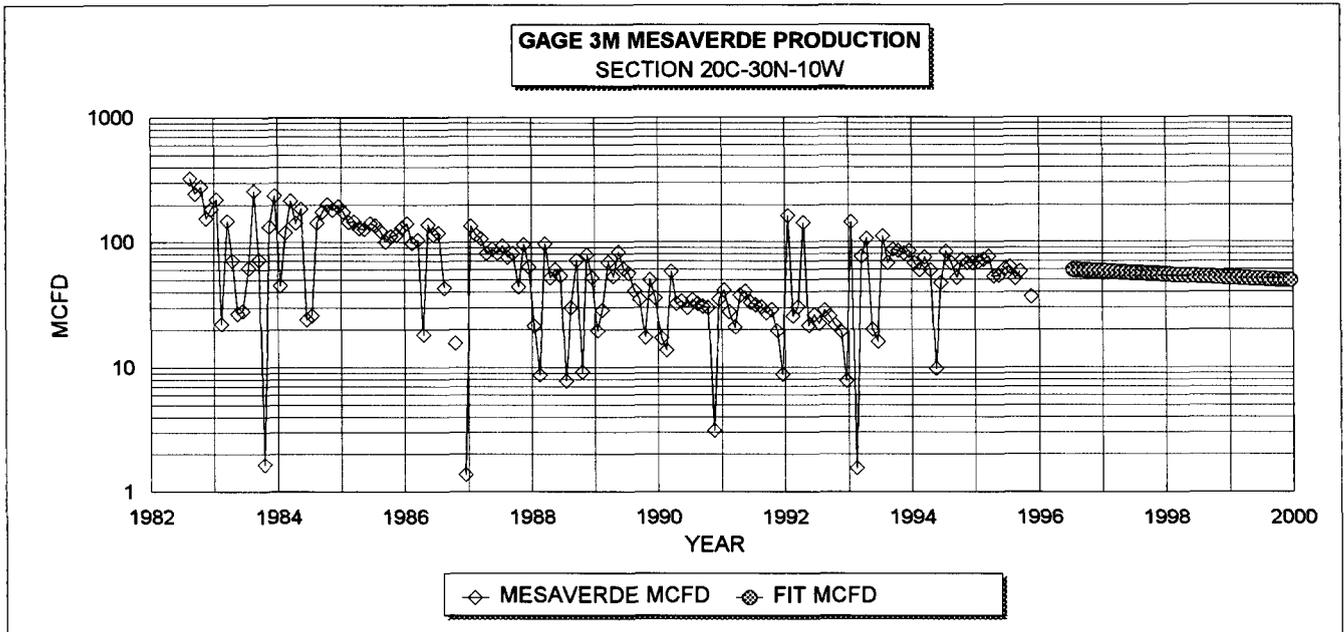
Gas (mcf/day)

Water (bbl/day)

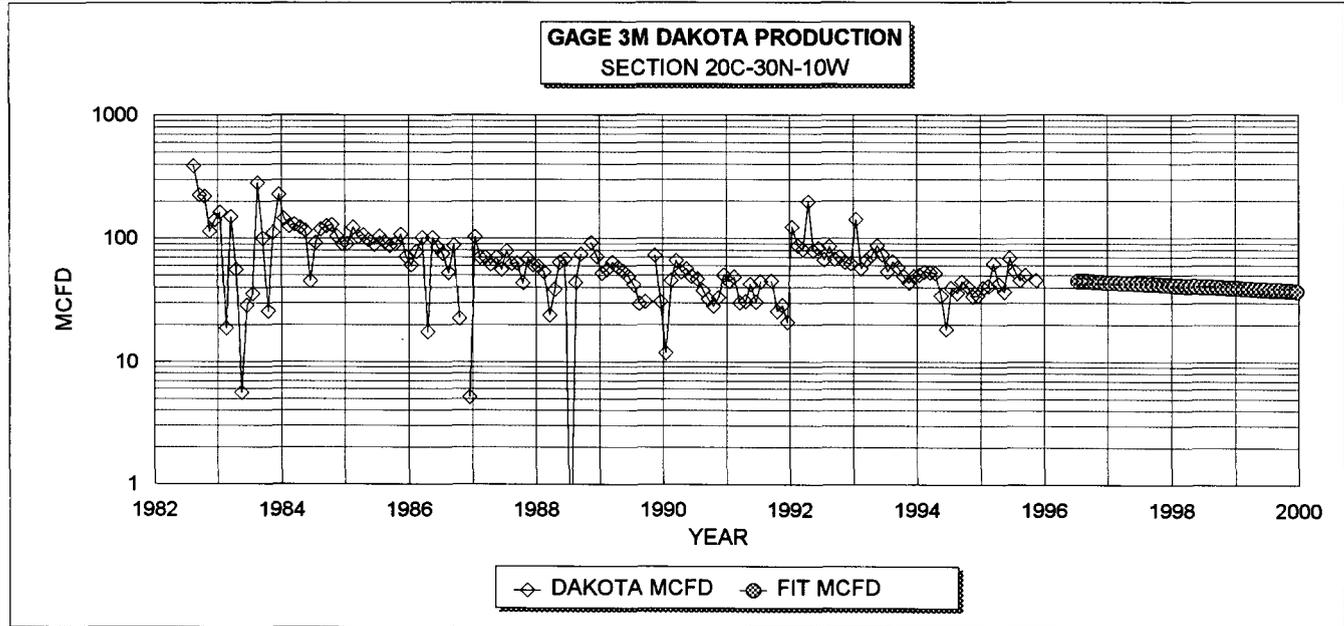
Oil (bbl/day)

Well Count

County: SAN JUAN, NM	F.P. Date: 08/82
Field: BASIN (DAKOTA) DK	Oil Cum: 198 bbl
Reservoir: DAKOTA	Gas Cum: 339.0 mmcf
Operator: CONOCO INC	Location: 20C 30N 10W



<b>MESAVERDE HISTORICAL DATA: 1ST PROD: 8/82</b>		<b>MESAVERDE PROJECTED DATA</b>	
OIL CUM:	0.13 MBO	7/1/96 QI:	60 MCFD
GAS CUM:	367.0 MMCF	DECLINE RATE:	5.5% (EXPONENTIAL)
OIL YIELD:	0.0004 BBL/MCF		



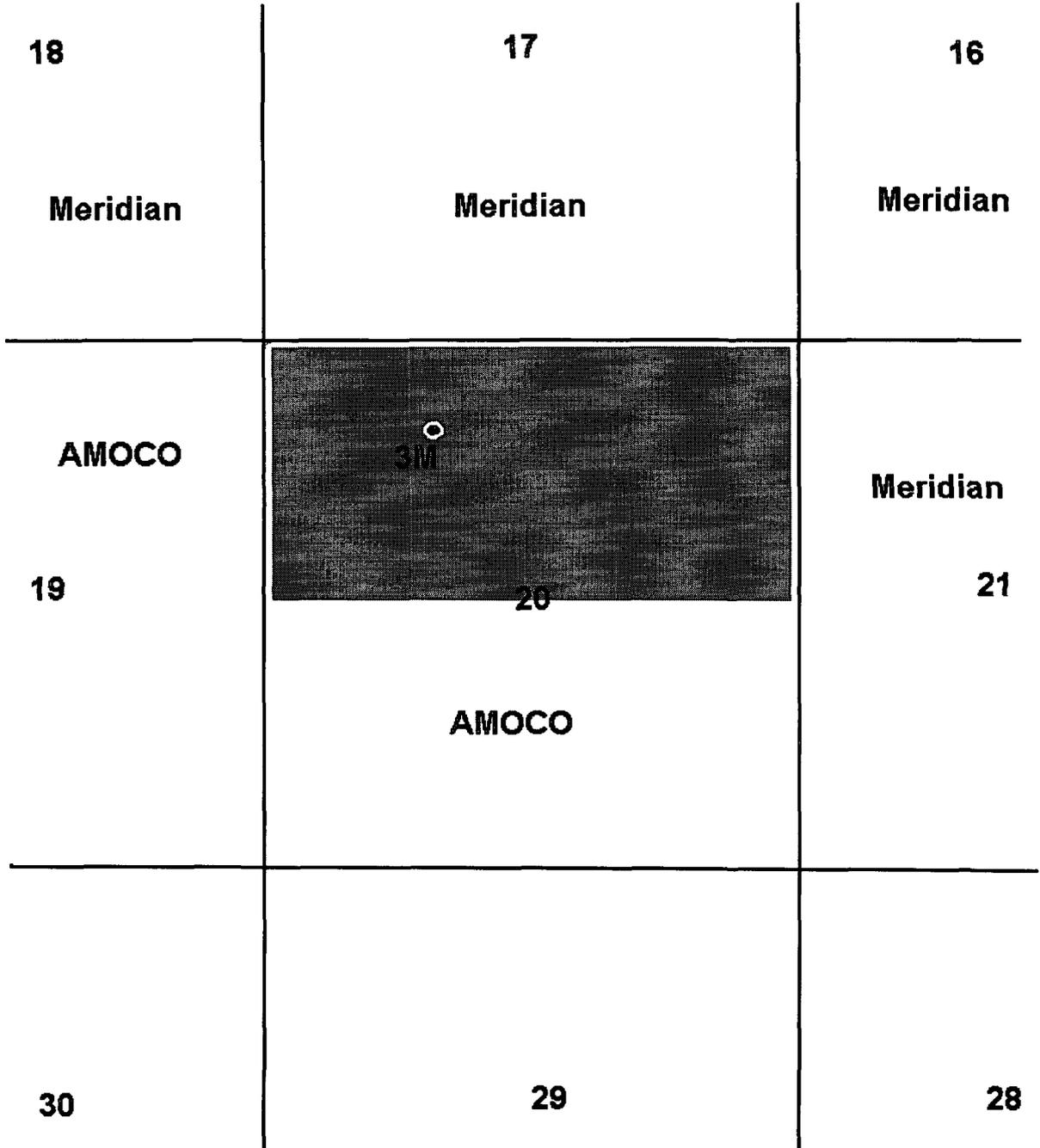
<b>DAKOTA HISTORICAL DATA 1ST PROD: 8/82</b>		<b>DAKOTA PROJECTED DATA</b>	
OIL CUM:	0.2 MBO	7/1/96 QI:	45 MCFD
GAS CUM:	339.0 MMCF	DECLINE RATE:	5.5% (EXPONENTIAL)
OIL YIELD:	0.0006 BBL/MCF		

<b>FIXED COMMINGLE ALLOCATION FACTORS:</b>		
	GAS	OIL
MESAVERDE:	57%	45%
DAKOTA	43%	55%

GAS ALLOCATION BASED ON PROJECTED 1996 RATES  
 OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS  
 NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

# GAGE NO. 3M

## OFFSET OPERATORS



Township 30N --- Range 10W

## GAGE NO. 3M

### Net Working Interests and Carried Working Interests Royalty Interest and Overriding Royalty Interests

Name & Address	Interest Type	Mesverde % Interest	Dakota % Interest
Conono Inc. 10 Desta Drive West Ste. 100W Midland, TX 79705	Working	66.31795	66.38119
R. K. O'Connell P.O. Box 2003 Casper, WY 82602	Working	11.6964	11.06964
Conoco Inc. 10 Desta Drive West Ste. 100W Midland, TX 79705	Carried Working	.06200	.06200
Bureau of Land Management 1235 La Plata Highway Farmington, NM 87401	Royalty	12.50000	12.50000
Charles Saunders 501 Camino Real El Paso, Tx 79922	Overriding Royalty	.03163	.00000
Ronald Keohane 13408 Cloudview St. Albuquerque, NM 87123	Overriding Royalty	.37085	.37085
Stephen Keohane 9304 Alta Monte NE Albuquerque, NM 87111	Overriding Royalty	.37085	.37085
Katherine Clamer Kay Diane Bowles Trustee 5336 Falmouth Road Bethesda, MD 20816	Overriding Royalty	.37953	.37953
Norma Highsmith 243 Merrymont Road Cheektowaga, NY 14225	Overriding Royalty	.37014	.37014
Betty Joe Highsmith 633 Cedar Street NE Albuquerque, NM 87106	Overriding Royalty	1.88184	1.88184
Undetermined Suspense		.28465	.00000

September 3, 1996

Note to DHC File:

Conoco failed to complete Item No. 10, specifically the question of whether the interest owners were notified of the application. Ben Stone contacted Mr. Jerry Hoover on 9/3/96 who assured us that it was just a technical glitch, and that in fact, these interest owners were notified. We will proceed processing the application on the assurance of Mr. Hoover.

DRC