

PALMER OIL & GAS COMPANY

P.O. Box 2564
BILLINGS, MONTANA 59103
(406) 248-3151

F. 564

February 1, 1979

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey
Secretary-Director

Re: Federal 1 No. 1 Well
NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 1-T31N-R13W
San Juan County, New Mexico

Gentlemen:

Please accept this letter as our application to request an exception to Rule 303-A to permit surface commingling condensate from the Dakota and Mesa Verde formations produced from the Federal 1 No. 1 well. The gas produced would continue to be metered separately for each formation.

Attached is a tabulation of condensate production from first production through December of 1978, a period of 24 months. The total production of both zones is 1,258 barrels, 305 barrels or 25% from the Dakota and 953 barrels, or 75% from the Mesa Verde. All future production would be allocated on this basis. The price of the condensate is the same on both zones, adjusted for gravity. The Dakota is 58 gravity and the Mesa Verde is 61 gravity. Expected commingled gravity is 60. The price of the condensate will remain the same, adjusted for gravity.

Also attached is a schematic diagram of the proposed installation and a plat showing the location of all wells on this lease.

By copy of this letter, we are furnishing copies of the enclosed material to Mr. Carl Bassett with the U. S. Geological Survey in Durango, Colorado.

Very truly yours,

PALMER OIL & GAS COMPANY

By: Robert D. Ballantyne
Robert D. Ballantyne
Drilling Superintendent

RDB/ah
Encl.
cc: Carl Bassett (U.S.G.S.)

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

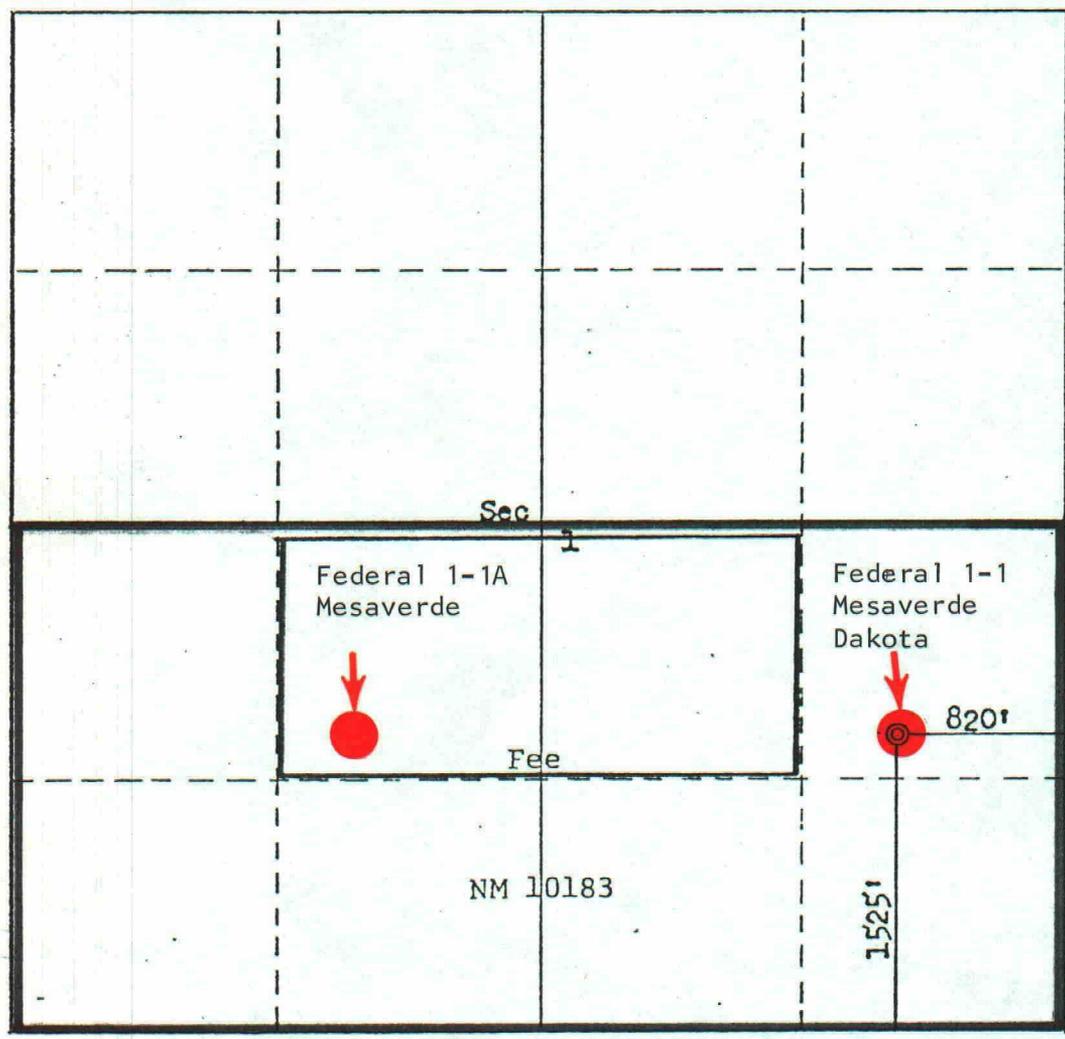
All distances must be from the outer boundaries of the Section.

Operator Palmer Oil Company		Lease Federal 1		Well No. #1
Unit Letter I	Section 1	Township 31N	Range 13W	County San Juan
Actual Footage Location of Well: 1525 feet from the South line and 820 feet from the East line				
Ground Level Elev. 5785	Producing Formation Dakota	Pool Basin	Dedicated Acreage: 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 _____

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



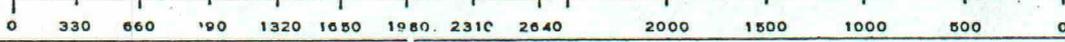
CERTIFICATION

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

J. A. Dugan
Name
Thomas A. Dugan
Position
Consulting Engineer
Company
Palmer Oil Company
Date
6-16-76

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
May 26, 1976
Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr Jr.
Fred B. Kerr Jr.
Certificate No.
3950



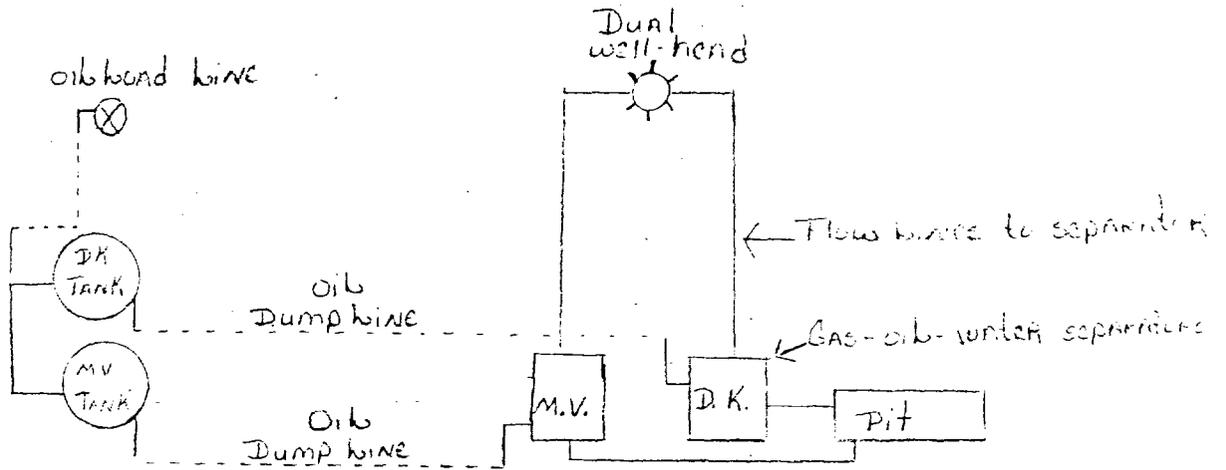
MONTHLY OIL PRODUCTION

Federal 1 No. 1
NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 1-T31N-R13W
San Juan County, New Mexico

<u>Date</u>	<u>Dakota Formation</u>	<u>Mesa Verde Formation</u>
Dec. 1978	0	37
Nov. 1978	35	32
Oct. 1978	11	42
Sept. 1978	0	40
Aug. 1978	2	37
July 1978	43	45
June 1978	11	57
May 1978	10	30
Apr. 1978	3	40
Mar. 1978	13	45
Feb. 1978	11	42
Jan. 1978	2	53
Dec. 1977	7	18
Nov. 1977	12	30
Oct. 1977	12	37
Sept. 1977	22	25
Aug. 1977	0	38
July 1977	3	32
June 1977	3	40
May 1977	8	48
Apr. 1977	8	53
Mar. 1977	29	46
Feb. 1977	23	38
Jan. 1977 (1st production)	<u>37</u>	<u>48</u>
Total Bbls. Produced:	305	953

FALMER OIL AND GAS COMPANY
Federal #1
Mesa Verde - Dakota Dual
I-1-31N-13W

Present Hookup



Oil Commingled
At Surface
Proposed Modification

