

DHC 6/14/99
2357

14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

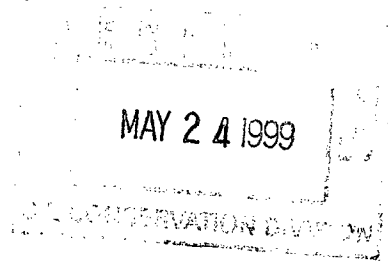
Telephone 405 749-1300
www.ldng.com



Louis Dreyfus Natural Gas

May 20, 1999

Mr. Dave Catanach
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505-6429



Re: LDNGC Federal 30 Well No. 41
A Sec. 30-T27N-R11W
San Juan County, New Mexico

Gentlemen:

Form C-107-A is enclosed for the referenced well. Also enclosed are the following:

1. Forms C-102 for the Basin Fruitland Coal and the Kutz Pictured Cliff, West pools
2. Production curve of actual and projected production from the Kutz Pictured Cliff, West pool and an estimated production curve for the Basin Fruitland Coal pool
3. Notification list of all offset operators of the Federal 30 Well No. 41. Although the spacing unit and acreage dedication are different for these pools, the working, overriding and royalty interests are the same for both zones.

Louis Dreyfus Natural Gas Corp ("LDNGC") began a recompletion of this well to the Basin Fruitland Coal on May 17, 1999. TD of the well is 1860', perforations for the Kutz Pictured Cliff, West are from 1762'-1788'. A CIBP was set at 1750'. The well was then perforated from 1668'-1735', acidized and fracture treated. Difficulty was encountered during the frac job. The decision was made to request permission to remove the bridge plug to provide more rathole for the pump when the sand from the frac job was cleaned out of the well. Removing the plug would cause commingling of production from the Pictured Cliff and Fruitland Coal pools. LDNGC did not intend to commingle the production during this recompletion and had not applied for approval to do so.

I notified both Ernie Busch of the District 3 NMOCD office and Jim Lavato in the Farmington office of the BLM of the situation on Wednesday, May 19th, and requested verbal approval to continue operations on the recompletion. Both consented, subject to immediate receipt of the enclosed in Santa Fe.



May 20, 1999
Mr. Dave Catanach
NMEMNRD
Page 2

Should you need additional information or have any questions concerning the enclosed, please feel free to call me at (405) 749-5287.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Terrye D. Bryant
Regulatory Technician

enc.

cc: NMOCD District 3 Office
BLM Farmington District Office

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

☒ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Parkway, Suite 600, Oklahoma City,

Operator Address OK 73134

Federal 30 41 A Sec. 30-T27N-R11W San Juan

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 025773 Property Code 005953 API NO. 30-045-24769 Federal ☒ State ___ (and/or) Fee ___

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Basin Fruitland Coal 71629 GAS	N/A	Kutz Pictured Cliffs, West, 79680 GAS
2. Top and Bottom of Pay Section (Perforations)	1668'-1735'		1762'-1788'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure	a. (Current) 200	a.	a. 75
Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	b. (Original) 200	b.	b. 302
6. Oil Gravity (°API) or Gas BTU Content			1.222
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	No		Yes
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
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:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

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 ___ No11. 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 ___ No13. Will the value of production be decreased by commingling? ___ Yes ☒ No (If Yes, attach explanation)14. If this well is on, or communized 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(C) 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 Terrye D. Bryant TITLE Regulatory Tech. DATE 5/19/99TYPE OR PRINT NAME Terrye D. Bryant TELEPHONE NO. (405) 749-5287

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-24769	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 005953	⁵ Property Name Federal 30	⁶ Well Number 41
⁷ OGRID No. 025773	⁸ Operator Name Louis Dreyfus Natural Gas Corp.	⁹ Elevation 6173'

¹⁰ Surface Location


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	27N	11W		1120	North	790	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		LDNGC 50% WI Marathon 50% WI 1/8 Royalty - USA	1120' 790'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Original Form C-102 on file with OCD  Signature Terrye D. Bryant Printed Name Regulatory Technician Title May 10, 1999 Date
		LDNGC 50% WI Marathon 50% WI 1/8 Royalty - USA		¹⁸ SURVEYOR CERTIFICATION 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 belief. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

P. O. BOX 2088

Form C-107
Revised 10-1-

OIL AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

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

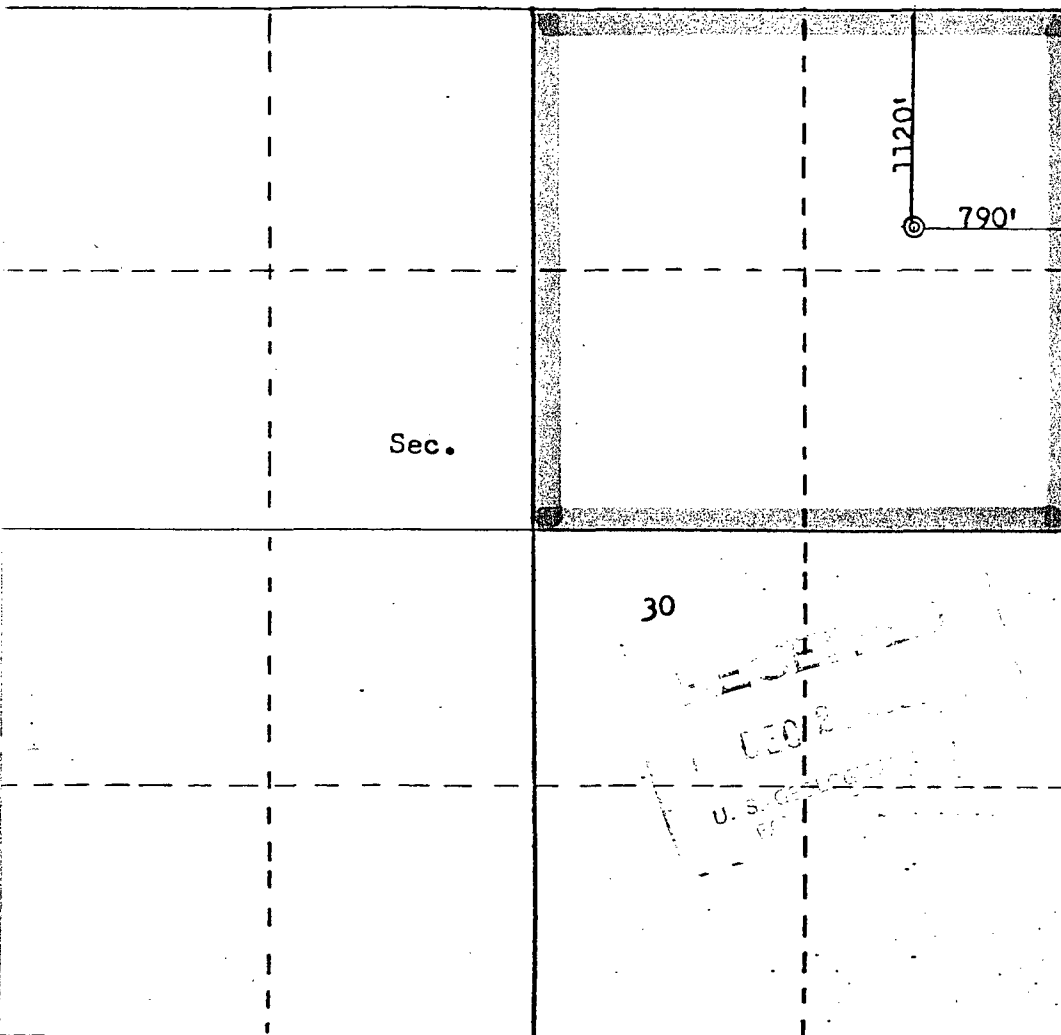
Operator DEPCO, INCORPORATED		Lease FEDERAL 30		Well No. 41
Unit Letter A	Section 30	Township 27N	Range 11W	County San Juan
Actual Footage Location of Wells				
1120 feet from the North line and		790 feet from the East line		
Ground Level Elev. 6173	Producing Formation Pictured Cliffs	Pool West Kutz	Dedicated Acreage 160 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.



Scale: 1"=1000'

CERTIFICATION

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

Name

Position

Prod. Supt - So. Rky Mtn Dist

Company

DEPCO, Inc.

Date

December 16, 1980

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

December 9, 1980

Registered Professional Engineer

and Land Surveyor

2 28

Fred B. Kerr Jr.

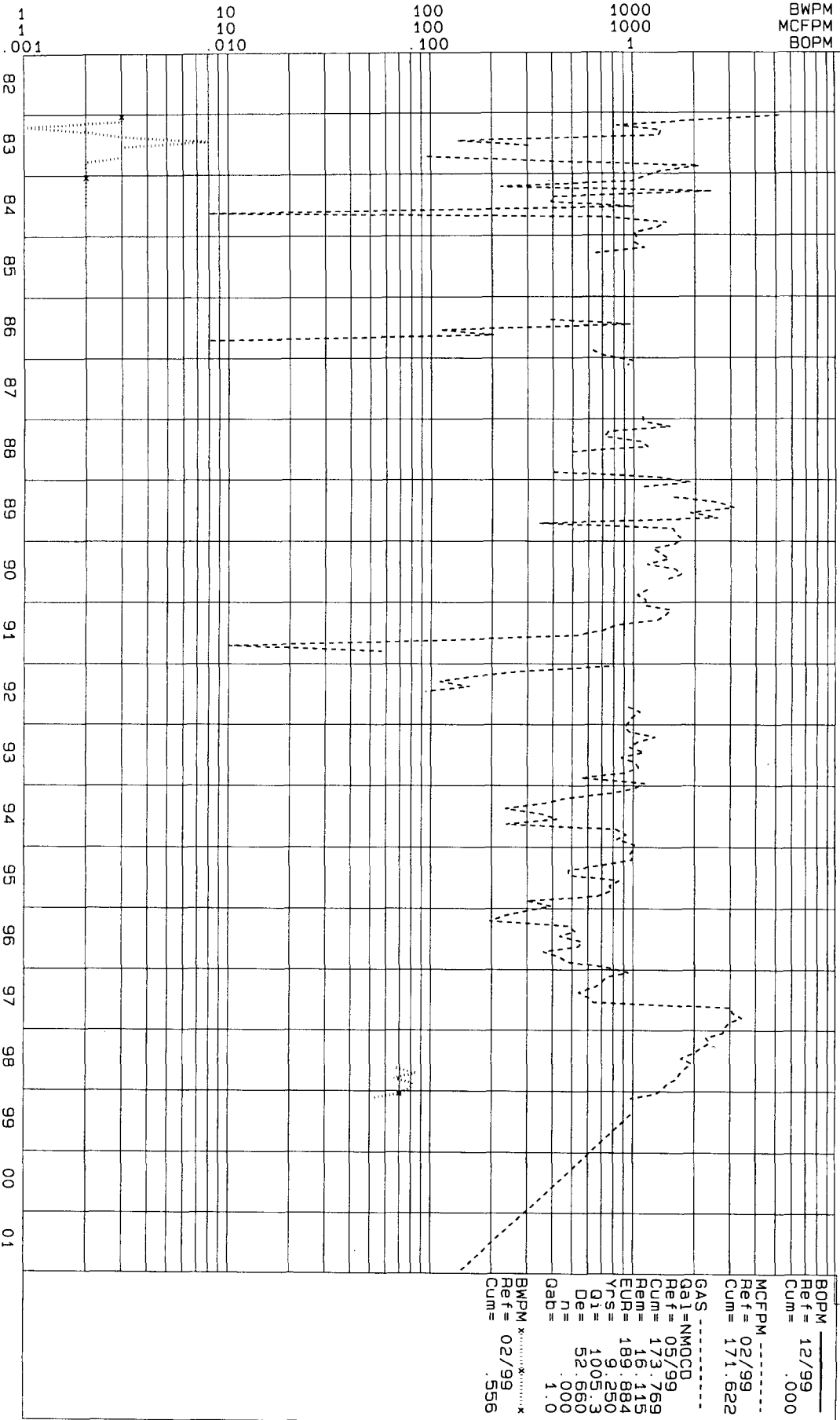
Certificate No.

3958 KERR, JR.

LOUIS DREYFUS NATURAL GAS CORP

WELL : FEDERAL 30-41 (PCCF)
 OPER : LDNGC
 ZONE : PICTURED CLIFFS
 CO : SAN JUAN
 RCAT : PDP

LOC : 30-27N-11W
 API : 30045247690000
 FIELD : KUTZ W.
 STATE : NM
 PERFS : / 7628 - 8 / 788

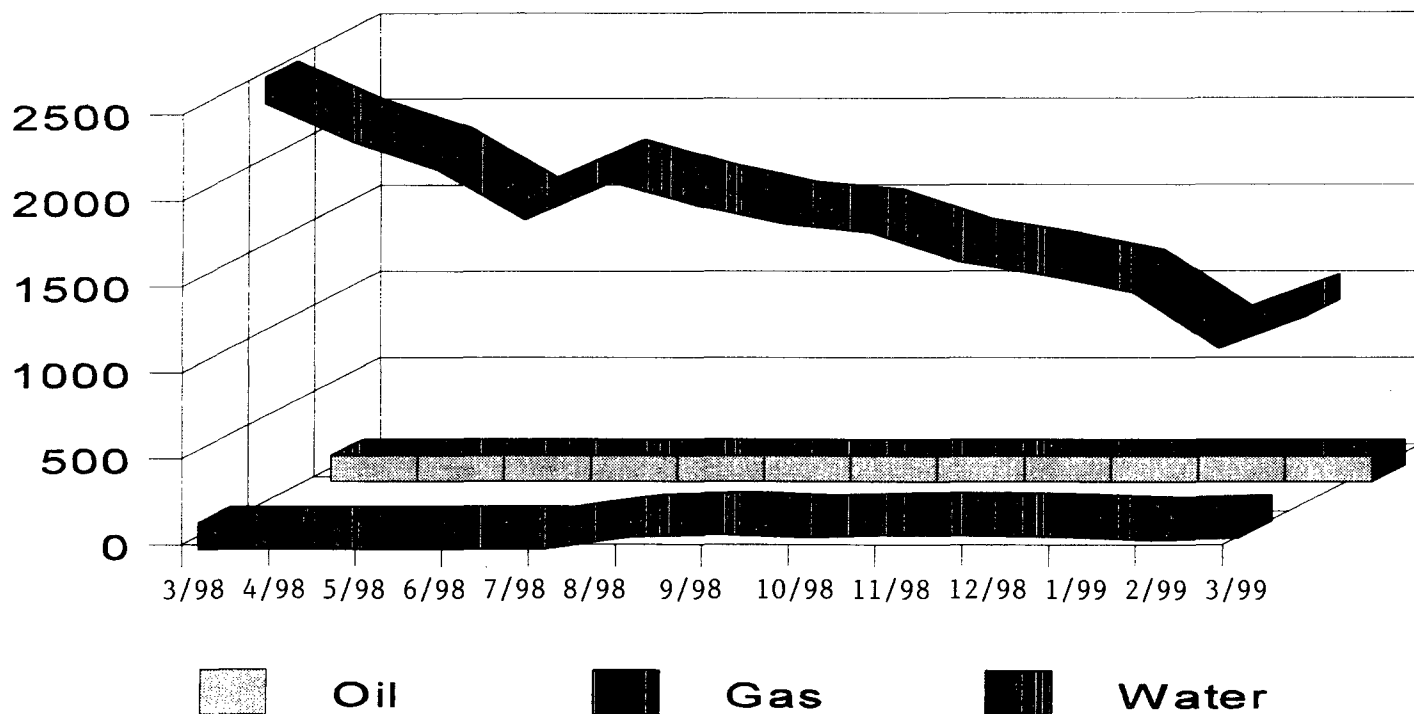


BOPM 12/99
 Ref = .000
 Cum = .000
 MCFPM
 Ref = 02/99
 Cum = 171.622
 GAS
 Ga1 = NMOC
 Ref = 03/99
 Cum = 173.769
 Rem = 16.115
 EUR = 189.884
 Yrs = 9.250
 Q1 = 1005.3
 De = 52.660
 n = .000
 Qab = 1.0
 BOPM
 Ref = 02/99
 Cum = .556

FEDERAL 30-41KUTZ PICTURED CLIFF, WEST PRODUCTION RATES

Month	Oil		Gas		Water Produced
	Produced	Sold	Produced	Sold	
3/98	0	0	2393	2393	
4/98	0	0	2168	2168	
5/98	0	0	2001	2001	
6/98	0	0	1716	1716	
7/98	0	0	1934	1934	
8/98	0	0	1795	1795	68
9/98	0	0	1688	1688	84
10/98	0	0	1642	1642	66
11/98	0	0	1473	1473	81
12/98	0	0	1393	1393	79
1/99	0	0	1294	1294	70
2/99	0	0	971	971	52
3/99	0	0	1154	1154	67

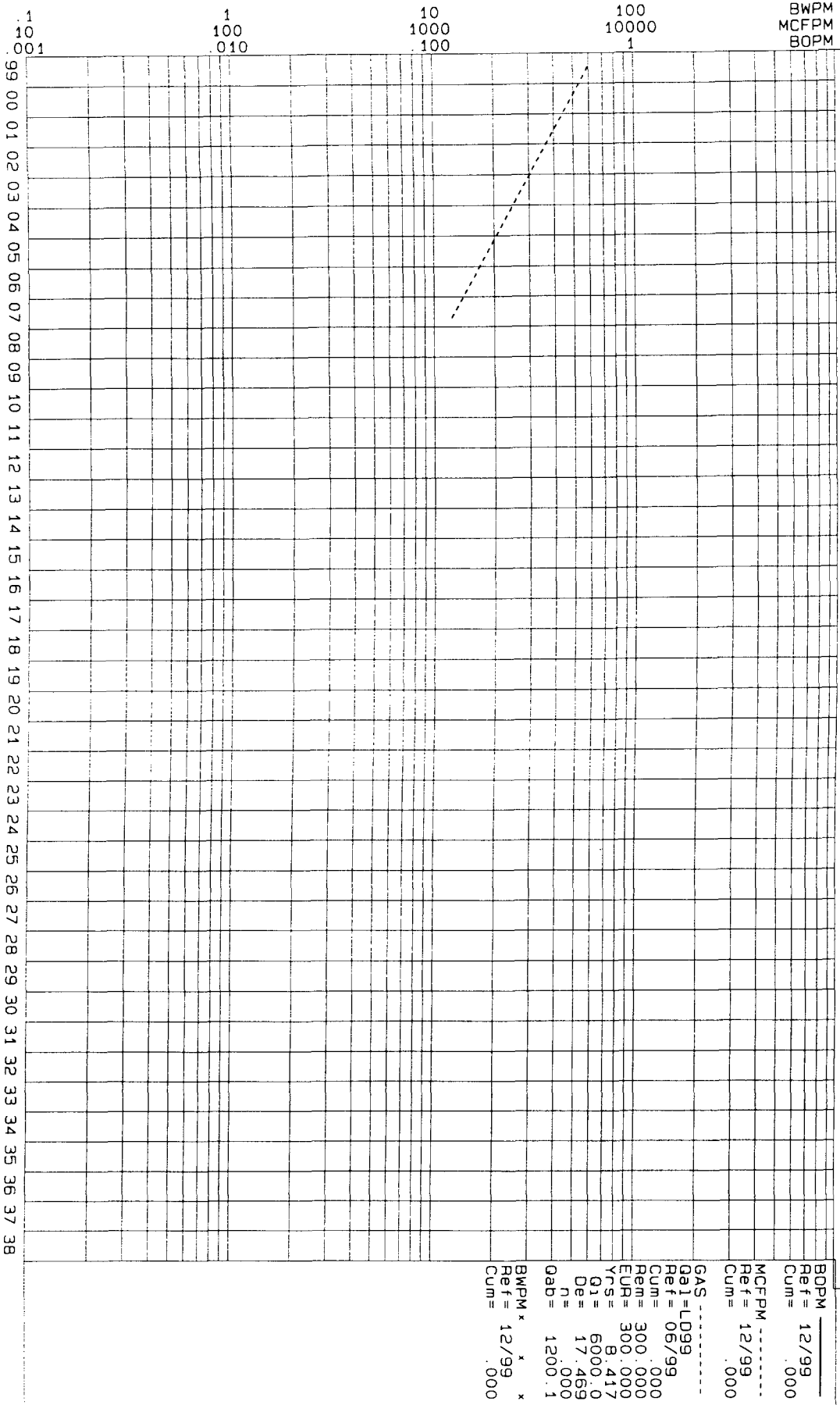
**LOUIS DREYFUS NATURAL GAS CORP. WILL ALLOCATE
INCREASED PRODUCTION TO THE BASIN FRUITLAND COAL.**



LOUIS DREYFUS NATURAL GAS CORP

WELL : FEDERAL 30-41 (FC)
 OPER : LDNGC
 ZONE : FRUITLAND COAL
 CO : SAN JUAN
 RCAT : PNPB

LOC : 30-27N-11W
 API : 30045247690000
 FIELD : BASIN
 STATE : NM
 PERFS : 1668 - 1735



Federal 30-41
Offset Operator Address List

Section 20

Taurus Exploration USA, Inc.
2106 6th Avenue N.
Birmingham, AL 35203-2784

Roddy Production Company, Inc.
P.O. Box 2221
Farmington, NM 87499-2221

Section 19

Pro Management, Inc.
no address available

Fuller Production, Inc.
P.O. Box 11327
Midland, TX 79702

Four Star Oil & Gas, Inc.
3300 N. Butler
Farmington, NM 87401

Section 32 and Section 30

Louis Dreyfus Natural Gas Corp. (applicant)

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705

Section 29 and Section 31

Louis Dreyfus Natural Gas Corp. (applicant)