

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241 1980

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
811 South First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:
 Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Operator Conoco Inc. Address 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Nassau Well No #3E Unit Ltr Sec Twp Rge Section 23, T-26-N, R-11-W, J County San Juan, NM

OGRID NO. 005073 Property Code 16058 API NO. 30-045-24961 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	Gallegos Gallup (ASSOC - 26980)		Basin Dakota (ASSOC - 671599)
2. TOP and Bottom of Pay Section (Perforations)	5345-5428'		6142-6276'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Expected to Flow		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a (Current) 500	a.	a. 584
	b(Original) 1200	b.	b. 1382
6. Oil Gravity (*API) or Gas BT Content	1300		1275
7. Producing or Shut-In?	To be completed		Shut-in
Production Marginal? (yes or no) • 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, date and oil/gas/water rates of recent test (within 60 days)	Expected Yes		Yes
	Date Rates	Date Rates	Date Rates 2/15/99 2 MCFD, 0 BO, 0 BW
	Date Rates Allocation based on subtraction - see attached chart	Date Rates	Date Rates Allocation based on subtraction - see attached chart
8. Fixed Percentage Allocation Formula - % of 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?
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 others 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

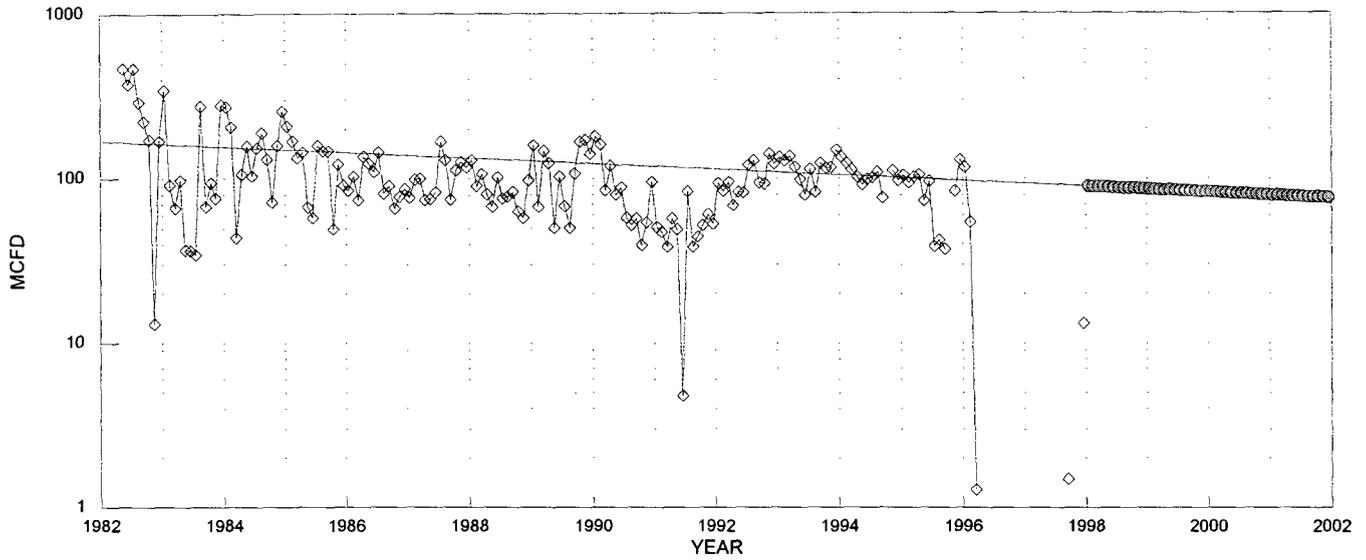
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 Kay Maddox TITLE Regulatory Agent DATE 6/18/99

TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

**NASSAU #3E DAKOTA PRODUCTION
SECTION 23J-26N-11W**



◇ DAKOTA MCFD ● FIT MCFD - Historical Fit

DAKOTA HISTORICAL DATA	1ST PROD: 5/82	DAKOTA PROJECTED DATA	
OIL CUM:	4.5 MBO	1/1/99 Qi:	90 MCFD
GAS CUM:	559.1 MMCF	DECLINE RATE:	4.00% (EXPONENTIAL)
OIL YIELD:	0.0080 BBL/MCF	OIL YIELD:	0.0061 BBL/MCF, LAST 3 YEARS

YEAR	MID-YEAR AVG MCFD	MID-YEAR AVG BOPD
1999	88	0.53
2000	84	0.51
2001	81	0.49
2002	78	0.47
2003	75	0.45
2004	72	0.43
2005	69	0.42
2006	66	0.40
2007	63	0.38
2008	61	0.37
2009	58	0.35
2010	56	0.34
2011	54	0.33
2012	52	0.31
2013	50	0.30
2014	48	0.29
2015	46	0.28
2016	44	0.27
2017	42	0.26
2018	40	0.25
2019	39	0.24
2020	37	0.23
2021	36	0.22
2022	34	0.21
2023	33	0.20
2024	32	0.19
2025	30	0.18
2026	29	0.18
2027	28	0.17
2028	27	0.16

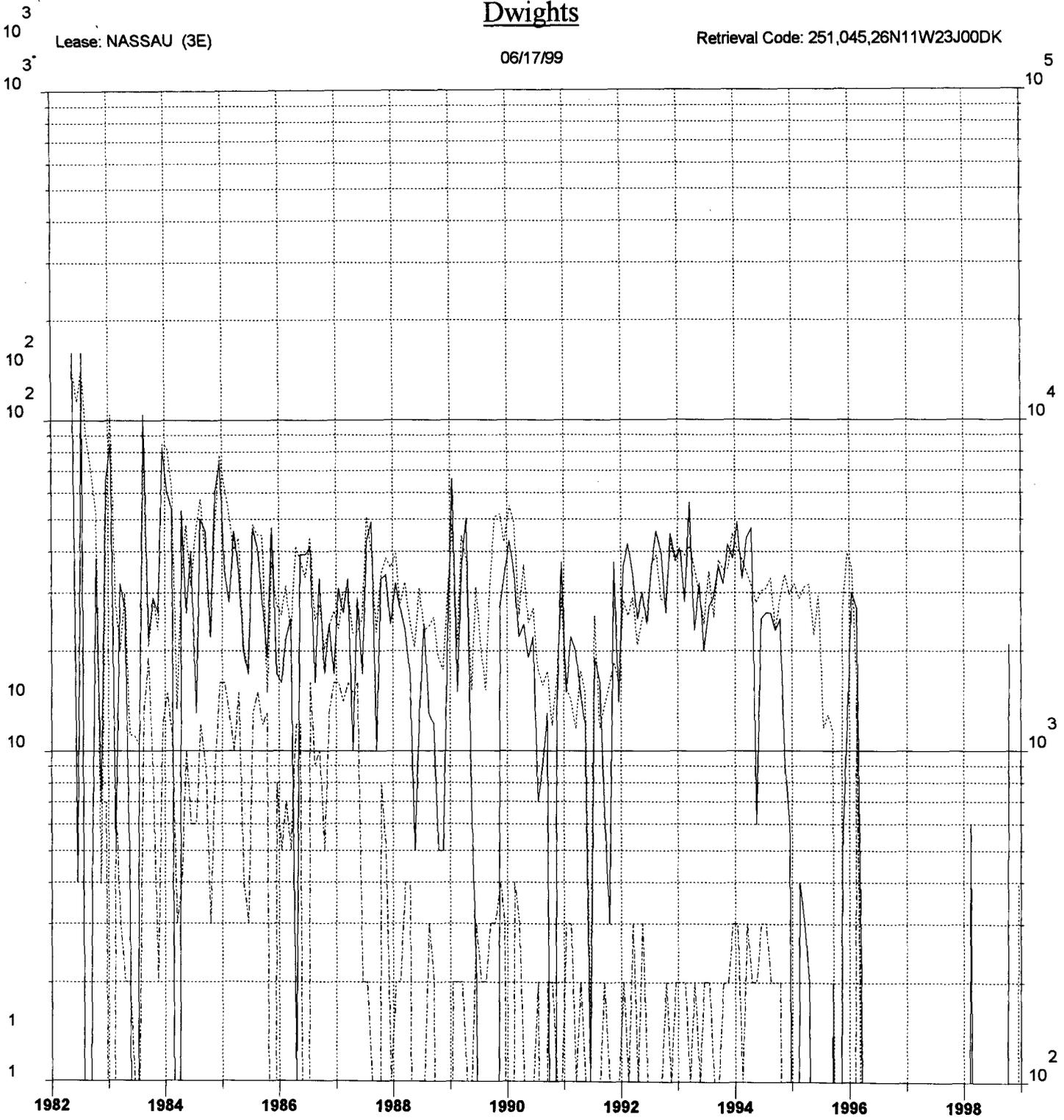
PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

Dwights

Lease: NASSAU (3E)

Retrieval Code: 251,045,26N11W23J00DK

06/17/99



Oil (bbl/mo)

County: SAN JUAN, NM

F.P. Date: 05/82

Gas (mcf/mo)

Water (bbl/mo)

Field: BASIN (DAKOTA) DK

Oil Cum: 4488 bbl

Reservoir: DAKOTA

Gas Cum: 559.1 mmcf

Operator: CONOCO INC

Location: 23J 26N 11W

District I
 PO Box 1980, Hobbs, NM 88241-198
 District II
 PO Drawer DD, Artesia, NM 88211-071
 District III
 1000 Rio Brazos Rd. Aztec, NM 8741
 District IV
 PO Box 2088, Santa Fe, NM 87504-208

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Revised February 21, 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

API Number 30-045-24961		2 Pool Code 26980		3 Pool Name Gallegos Gallup	
4 Property Code 16058		5 Property Name Nassau			6 Well Number #3E
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

10 Surface Location

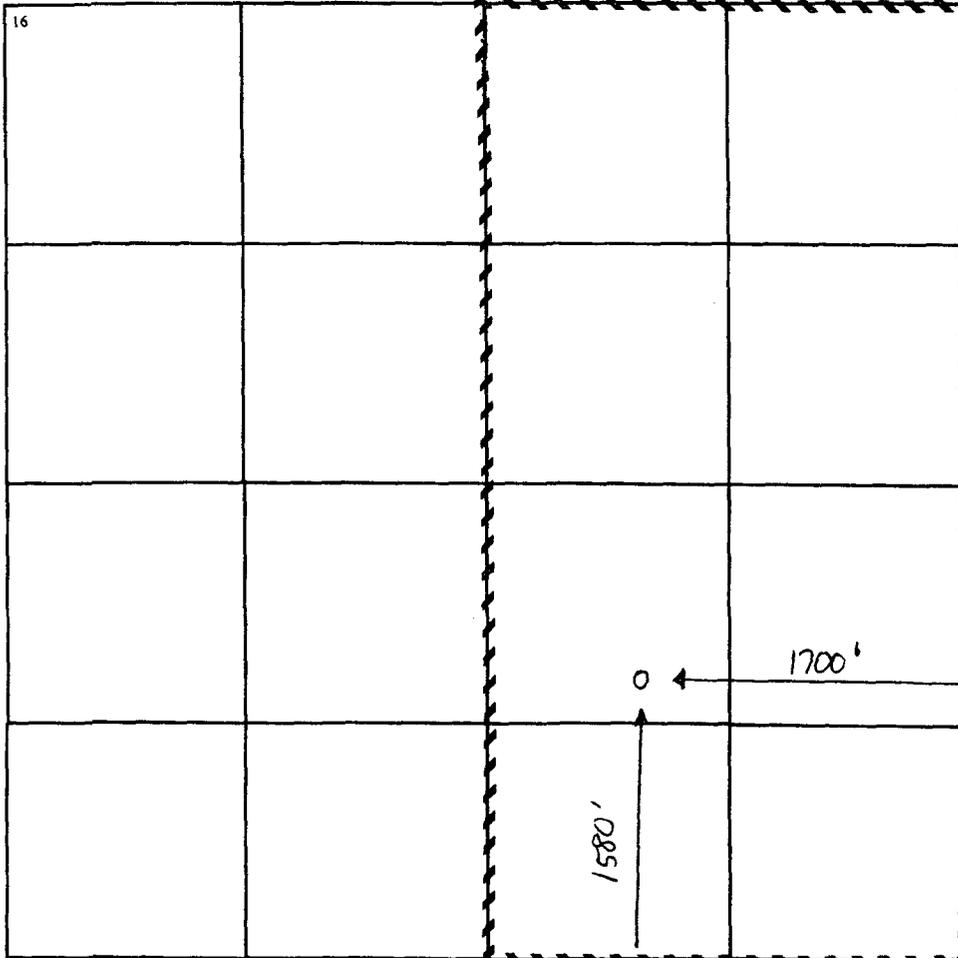
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	23	26N	11W		1580'	South	1700'	East	San Juan

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	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



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

Signature: *Kay Maddox*
 Printed Name: Kay Maddox
 Title: Regulatory Agent
 Date: 6/18/99

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 Surveyor:
 Certificate Number

District I
 PO Box 1980, Hobbs, NM 88241-198
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 PO Drawer DD, Artesia, NM 88211-071
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 Energy, Minerals & Natural Resources Department

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Form C-102
 Revised February 21, 1994
 instructions on back
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 Fee Lease - 3 Copies
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-24961		2 Pool Code 71599		3 Pool Name Basin Dakota	
4 Property Code 16058		5 Property Name Nassau			6 Well Number #3E
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

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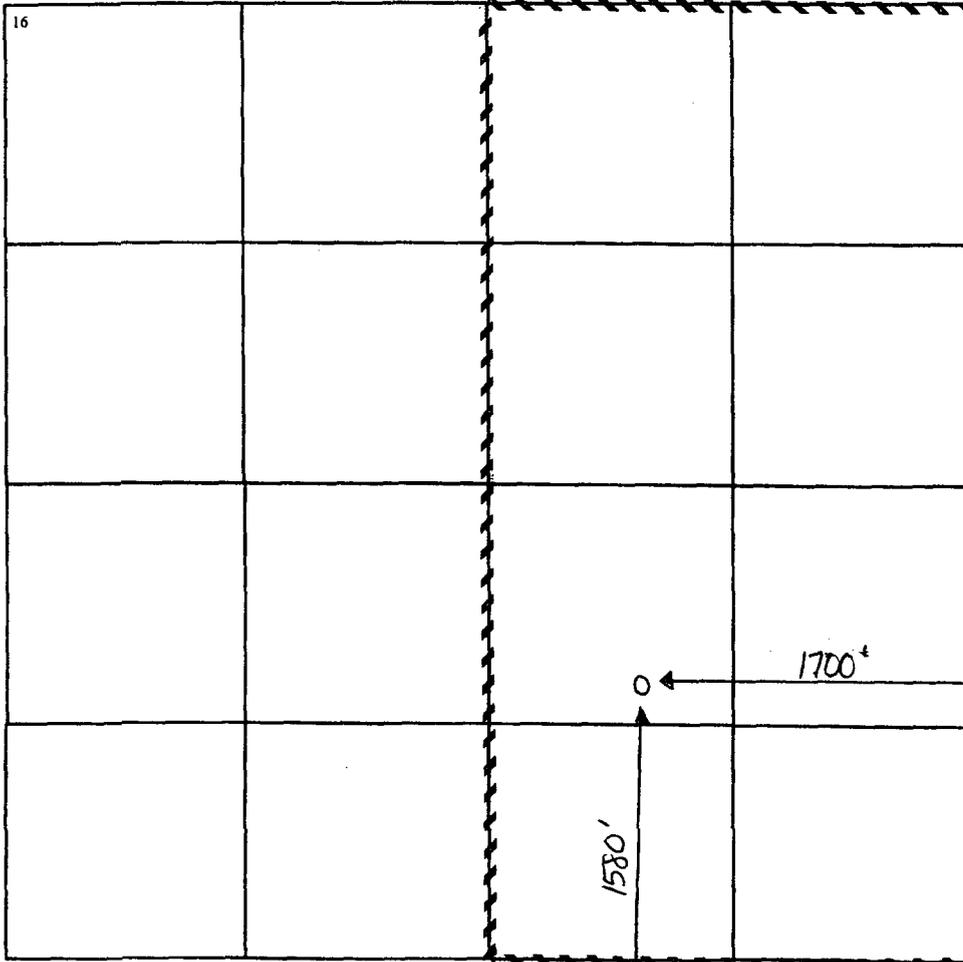
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 6/18/99
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Date of Survey
 Signature and Seal of Professional Surveyor:
 Certificate Number

Nassau #3E
Section 23, T-26-N, R-11-W, J
API # 30-045-24961
San Juan, NM

RE: Application for Downhole Commingle (C 107-A)

Notification of Offset Operators:

Cross Timbers
6001 Hwy 64
Farmington, NM 82401

Four Star Oil & Gas
3300 N Butler Ave STE 100
Farmington, NM 87401

Dugan Production Co,
PO Box 420
Farmington, NM 87499-0420

Taurus Exploration
2101 6th Ave
Birmingham, AL 35203-2784

A copy of the C107A application has been sent to the above listed parties.

The following Working, Override, and Royalty Interest owners have been sent a copy of the C 1707A Application by Certified mail.

Z 137 529 199

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Jerome P. McHugh Jr
Street & Number	942 S. Franklin St
Post Office, State, & ZIP Code	Denver, CO 80209-4507

Z 137 529 198

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Malcolm Burke McHugh
Street & Number	#1225 650 S. Cherry
Post Office, State, & ZIP Code	Denver, CO 80246-1827

Z 137 529 200

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Jane McHugh 1992 Trust
Street & Number	STE 115 8400 E. Prentiss Ave
Post Office, State, & ZIP Code	Englewood, CO 80111-2923

P 497 376 010

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Mineral Maint. NDO C14-20-322
Street & Number	1235 LA PLATA Hwy STE B
Post Office, State, & ZIP Code	Farmington, NM 87401
Postage	\$ 1805
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	

1995

P 497 376 007

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Christopher L. McHugh
Street & Number	STE 1225 650 S. Cherry ST
Post Office, State, & ZIP Code	Denver, CO 80246-1827

P 497 376 008

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Erin McHugh Gogulak
Street & Number	6248 E. Montecito Ave
Post Office, State, & ZIP Code	Scottsdale, AZ 85251-1938

P 497 376 009

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Najia Nelson (Minerals Maint Sec)
Street & Number	PO Box 52543
Post Office, State, & ZIP Code	Phoenix, AZ 85072-2543

Z 137 529 197

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Thomas A Dugan
Street & Number	PO Box 420
Post Office, State, & ZIP Code	Farmington, Nm 87499
Postage	\$ 0420
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	

April 1995