

DHC 1345 8/15/96

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 86210 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

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

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease Gage No. 3 Well No. G-20-30N-10W Unit Ltr. - Sec - Twp - Rge San Juan County

OGRID NO. 005073 Property Code 003186 API NO. 30-045-23146 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)	4550' - 5260'		7282' - 7374'
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 472 psi	a.	a. 764 psi
	b. (Original) 1180 psi	b.	b. 2580 psi
6. Oil Gravity (° API) or Gas BTU Content	1258 BTU		1032 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: .0017 bbl/mcf 75 mcf/gpd, 0 bwpd	Date: Rates:	Date: 1996 mid/yr Rates: .0003 bbl/mcf 69 mcf/gpd, 0 bwpd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 85 % Gas: 52 %	Oil: % Gas: %	Oil: 15 % Gas: 48 %

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.

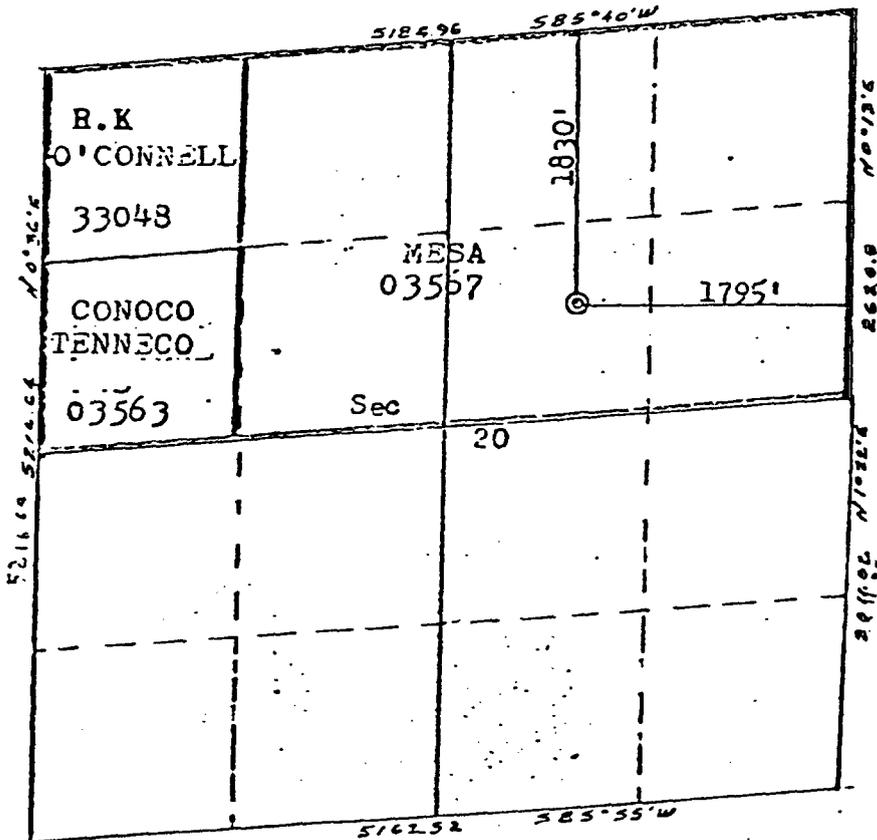
Operator <b>Mesa Petroleum Co.</b>		Lease <b>Gage Federal</b>		Well No. <b>3</b>
Unit Letter <b>G</b>	Section <b>20</b>	Township <b>30N</b>	Range <b>10W</b>	County <b>San Juan</b>
Actual Footage Location of Well: <b>1830</b> feet from the <b>North</b> line and <b>1795</b> feet from the <b>East</b> line				
Ground Level Elev. <b>6385</b>	Producing Formation <b>Mesaverde</b>	Pool <b>Blanco Mesaverde</b>		Dedicated Acreage: <b>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 Communitization

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 Division.



CERTIFICATION

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

Name  
**Alex Nash, Jr.**

Position  
**Div. Drlg. Super.**

Company  
**Mesa Petroleum Co.**

Date  
**October 20, 1980**

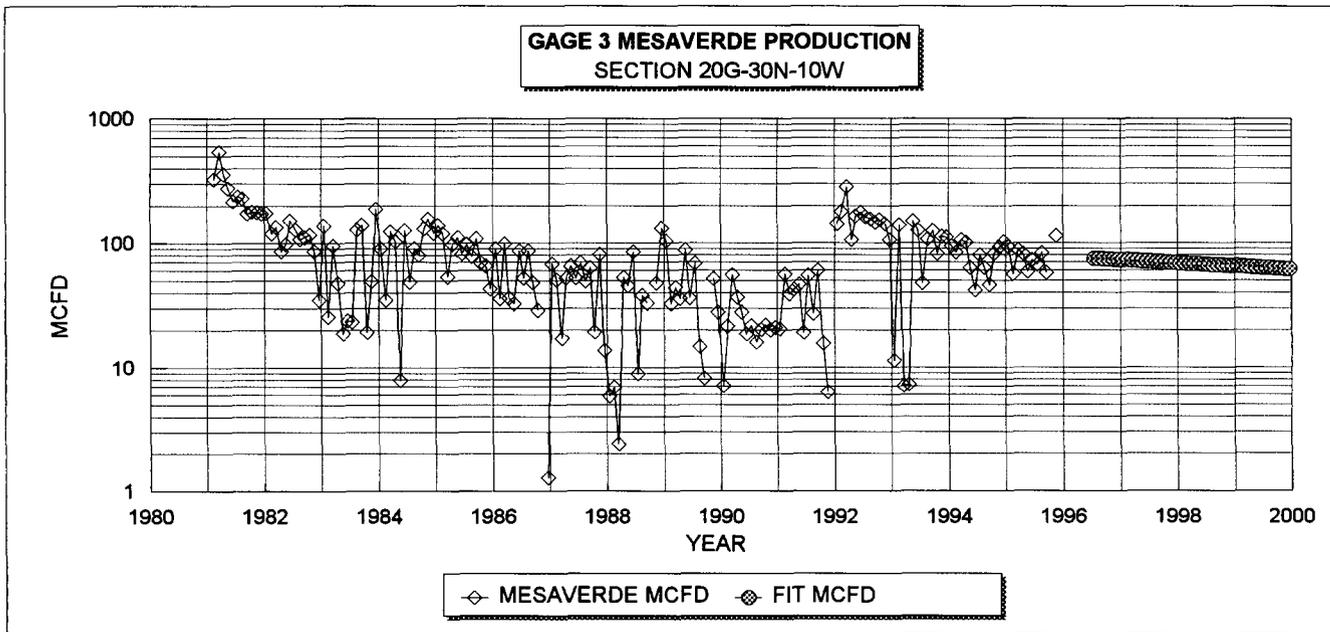
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Please see attached

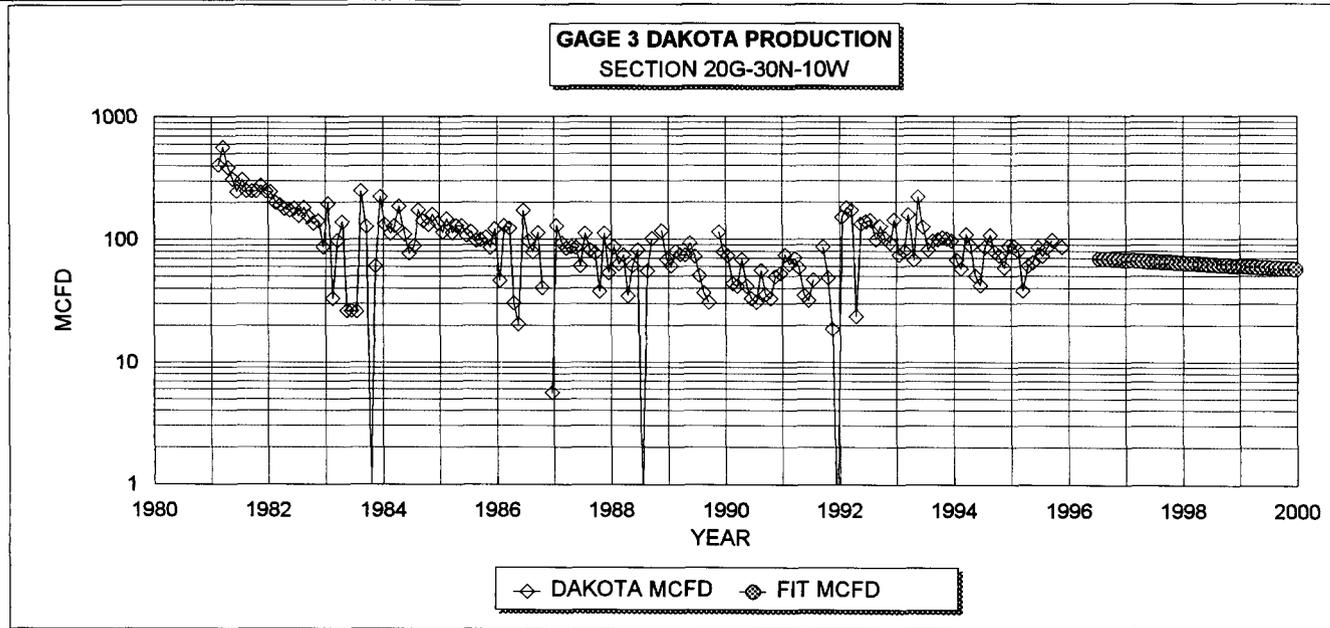
Date Surveyed \_\_\_\_\_

Registered Professional Engineer and/or Land Surveyor \_\_\_\_\_

Certificate No. \_\_\_\_\_



<b>MESAVERDE HISTORICAL DATA:</b> 1ST PROD: 8/82		<b>MESAVERDE PROJECTED DATA</b>	
OIL CUM:	0.77 MBO	7/1/96 Qi:	75 MCFD
GAS CUM:	450.8 MMCF	DECLINE RATE:	5.5% (EXPONENTIAL)
OIL YIELD:	0.0017 BBL/MCF		



<b>DAKOTA HISTORICAL DATA</b> 1ST PROD: 8/82		<b>DAKOTA PROJECTED DATA</b>	
OIL CUM:	0.2 MBO	7/1/96 Qi:	69 MCFD
GAS CUM:	564.1 MMCF	DECLINE RATE:	5.5% (EXPONENTIAL)
OIL YIELD:	0.0003 BBL/MCF		

<b>FIXED COMMINGLE ALLOCATION FACTORS:</b>		
	GAS	OIL
MESAVERDE:	52%	85%
DAKOTA	48%	15%

GAS ALLOCATION BASED ON PROJECTED 1996 RATES  
OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS

*NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGY DATA*

# Dwights

Lease: GAGE 000003

06/03/96

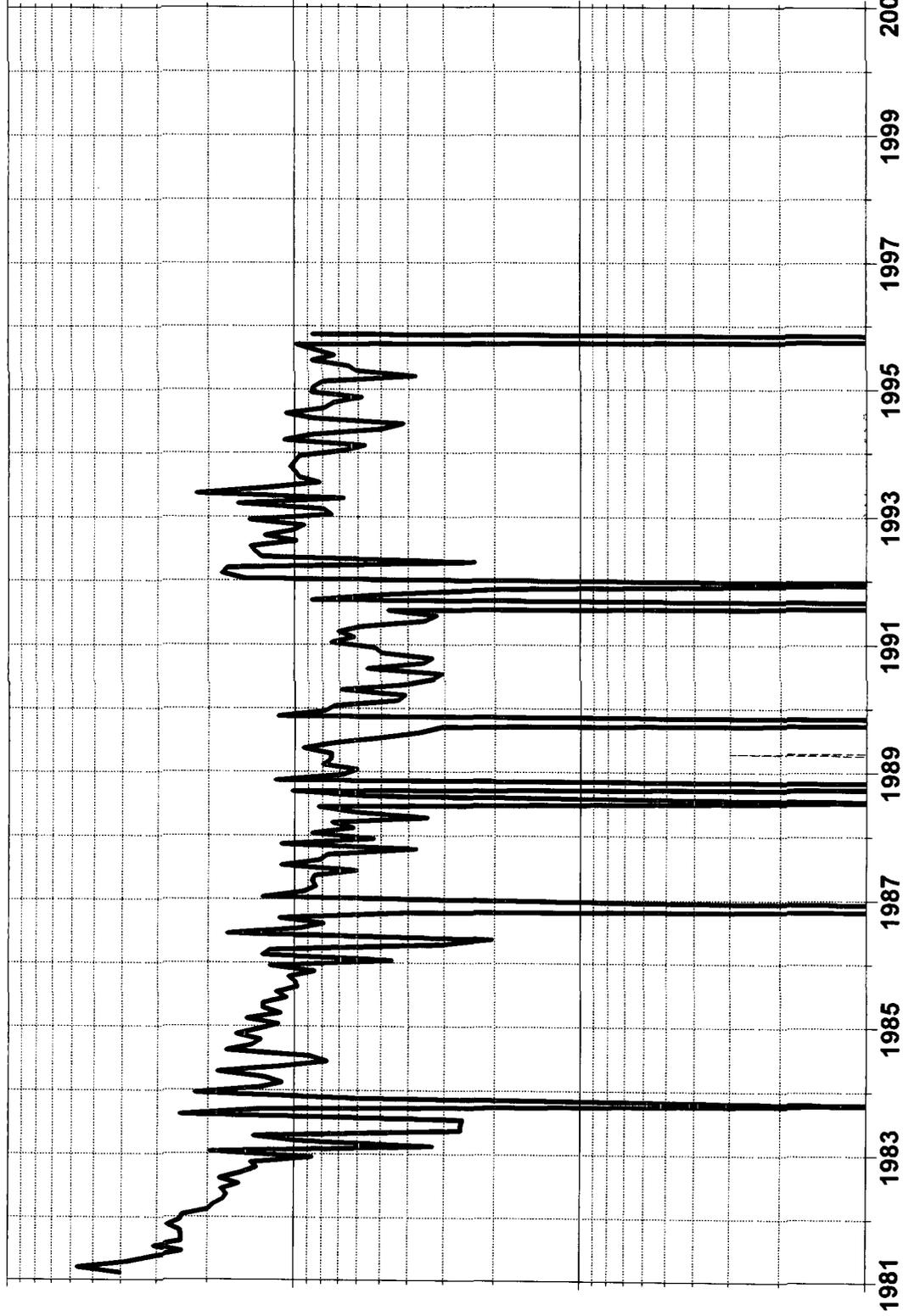
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$10^3$   
 $10^3$

$10^2$   
 $10^2$

10  
10

1  
1



Gas (mcf/day)

Water (bbl/day)

Oil (bbl/day)

Well Count

County: SAN JUAN, NM	F.P. Date: 02/81
Field: BASIN (DAKOTA) DK	Oil Cum: 184 bbl
Reservoir: DAKOTA	Gas Cum: 564.1 mmcf
Operator: CONOCO INC	Location: 20G 30N 10W

# Dwights

Lease: GAGE 000003

06/03/96

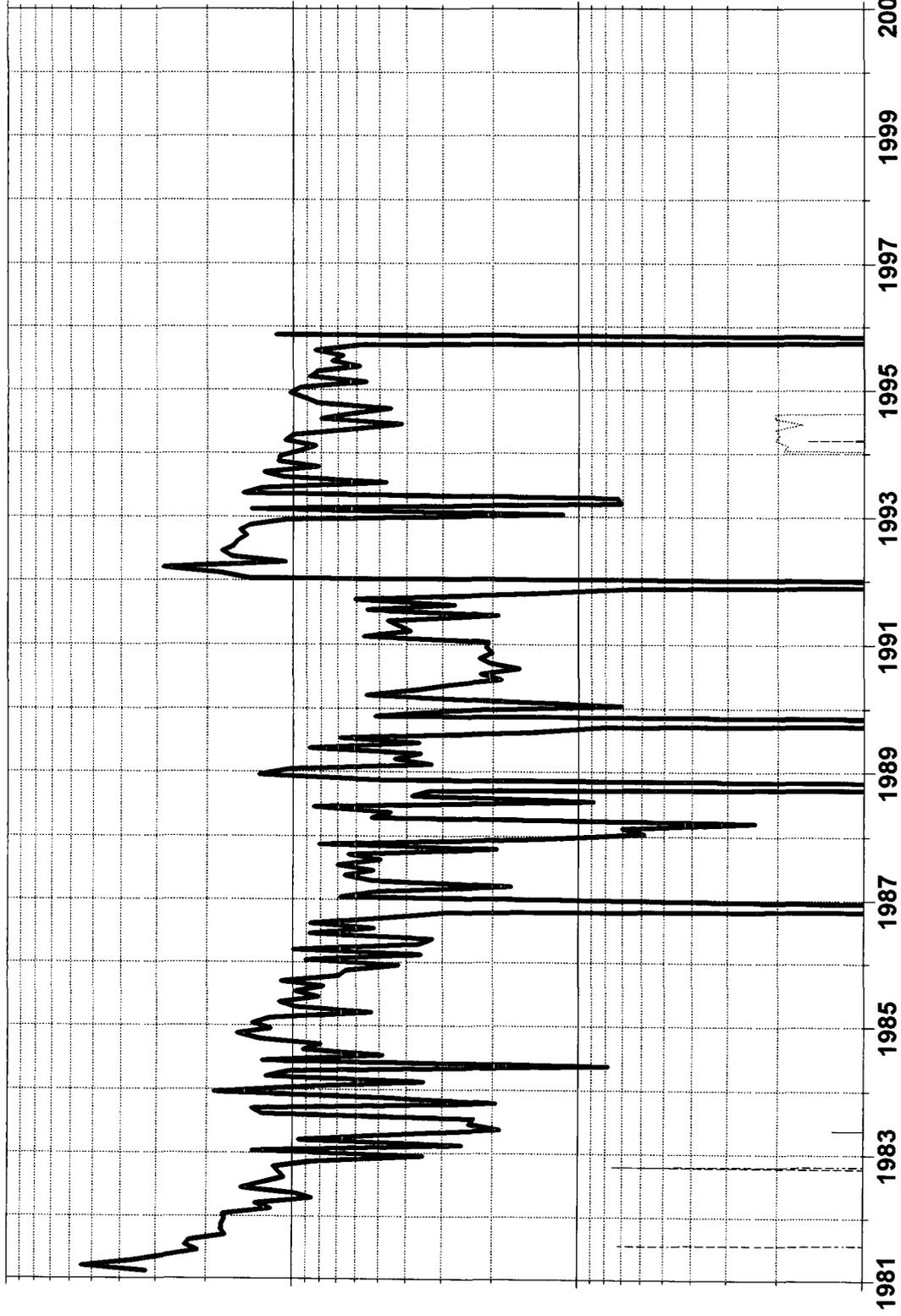
Retrieval Code: 251,045,30N10W20G00MV

$10^3$   
 $10^3$

$10^2$   
 $10^2$

10  
10

1  
1



Oil (bbl/day)  
Well Count

F.P. Date: 02/81

Oil Cum: 765 bbl

Gas Cum: 450.8 mmcf

Location: 20G 30N 10W

County: SAN JUAN, NM

Field: BLANCO (MESAVERDE) MV

Reservoir: MESAVERDE

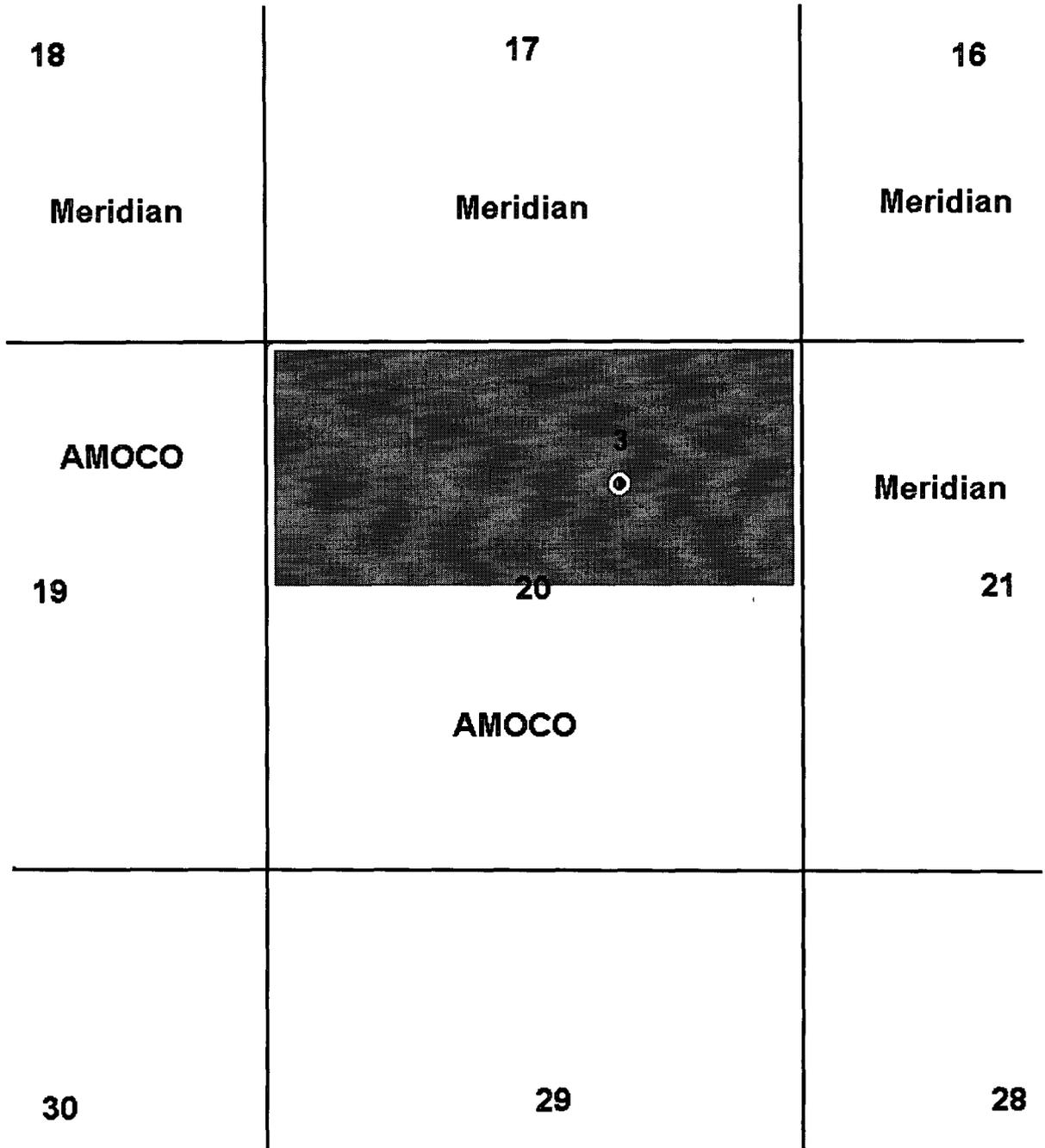
Operator: CONOCO INC

Gas (mcf/day)

Water (bbl/day)

# GAGE NO. 3

## OFFSET OPERATORS



Township 30N — Range 10W