

DHC 6/14/99
2357

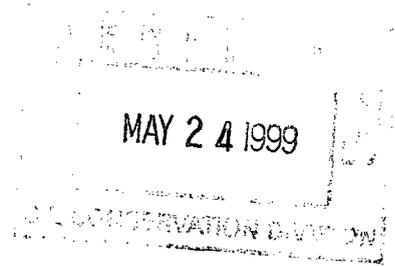
14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

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.



Louis Dreyfus Natural Gas

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

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

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

Operator OK 73134 Address
Federal 30 Well No. 41 A Sec. 30-T27N-R11W San Juan County

Lease 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 Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original | a. (Current) 200 | a. | a. 75 |
| | 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 <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data</small> | Date: Rates: | Date: Rates: | Date: Rates: |
| * 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 ___ 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(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 5/19/99

TYPE 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 | |
| ⁷ OGRID No. 025773 | ⁸ Operator Name Louis Dreyfus Natural Gas Corp. | ⁶ Well Number 41 |
| | | 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. |
|--------------------------------------|-------------------------------|---------------------------------------|-------------------------|

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

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
OIL AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-

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

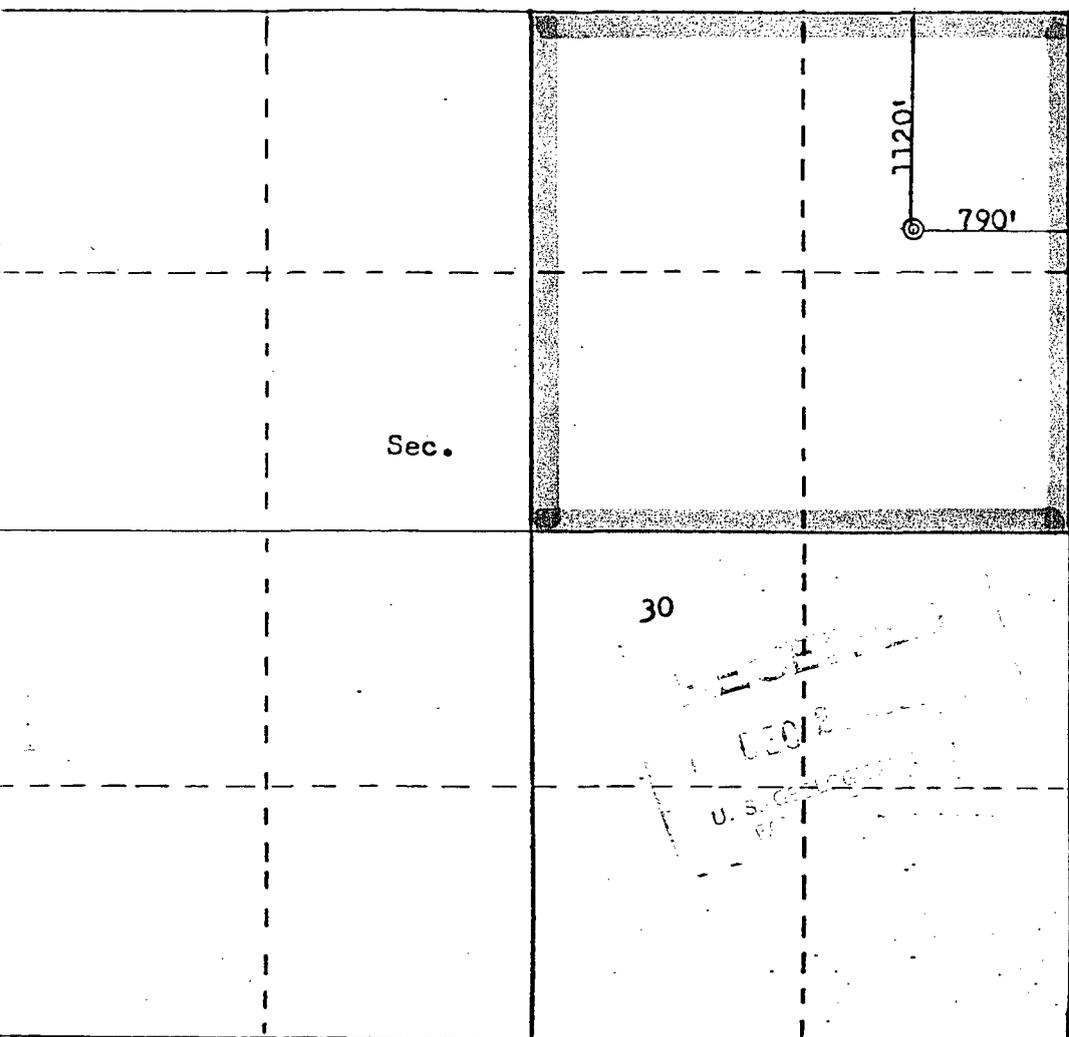
| | | | | |
|--|---|----------------------------|---------------------------------------|--------------------------------|
| Operator DEPCO, INCORPORATED | | Lease FEDERAL 30 | | Well No. 41 |
| Unit Letter A | Section 30 | Township 27N | Range 11W | County San Juan |
| Actual Footage Location of Well: | | | | |
| 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
W. J. Shaw

Position
Prod. Supt - So. Rky Mtn Dist

Company
DEPCO, Inc.

Date
December 16, 1980

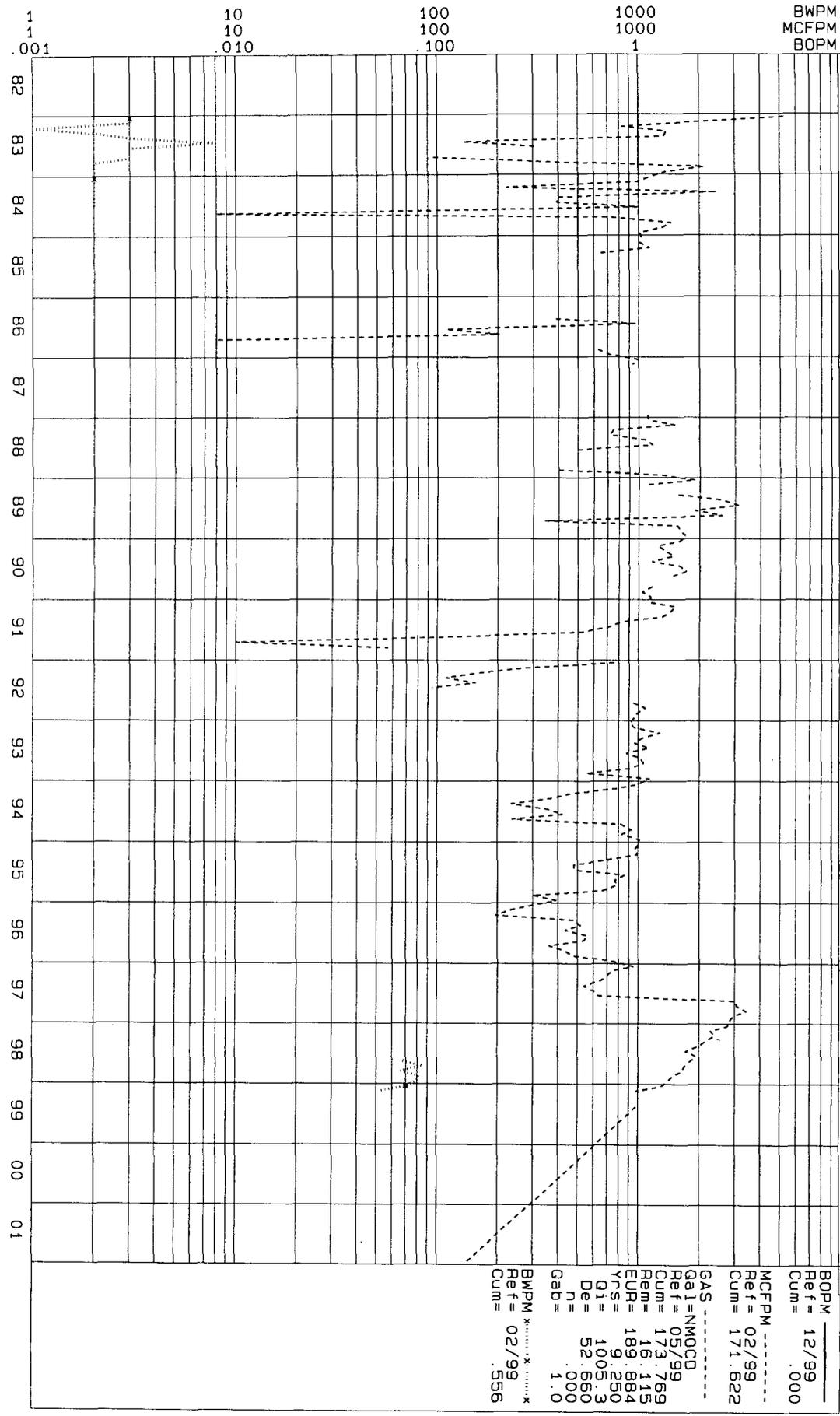
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
December 14, 1980
Registered Professional Engineer and Land Surveyor
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 : /7620- 0/788

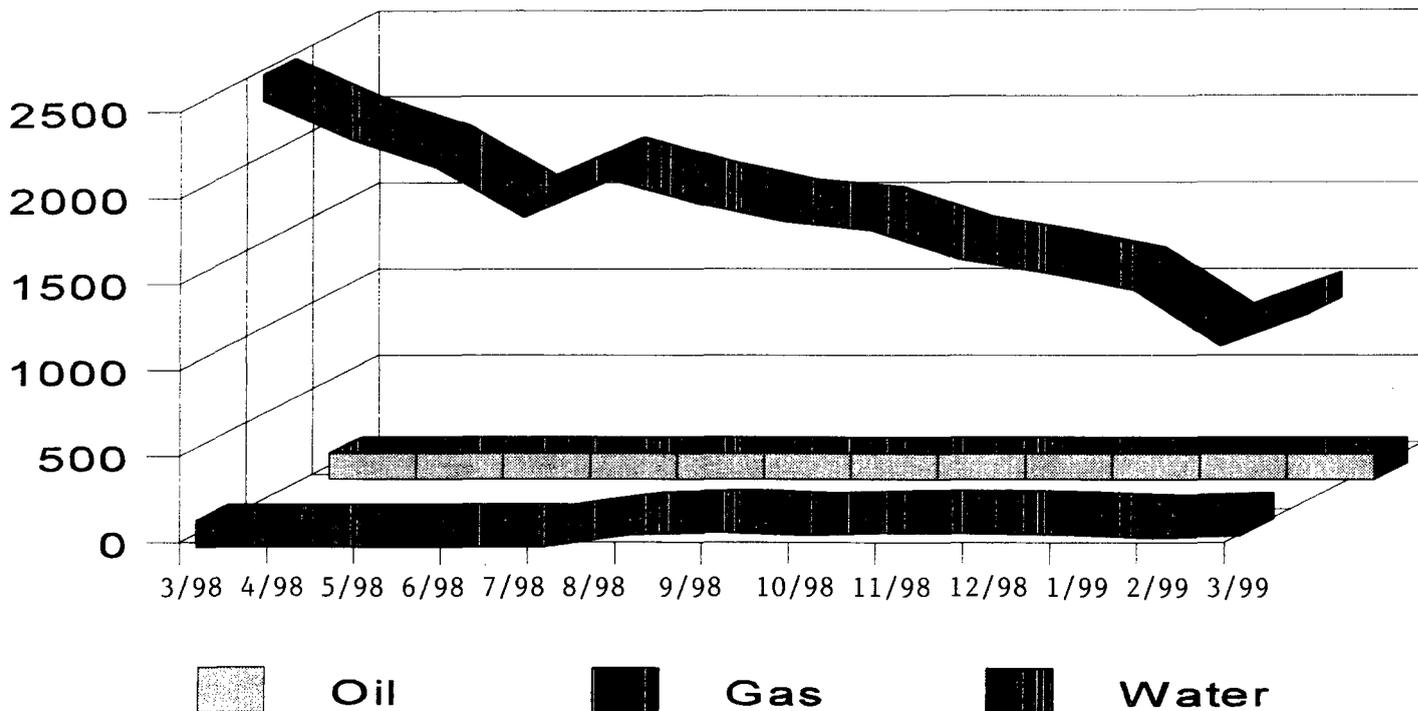


BOPM 12/99
 Ref = .000
 Cum = .000
 MCFPM 02/99
 Ref = 171.622
 Cum = 171.622
 GAS -----
 Ga1 = NMOCD
 Ref = 09/99
 Cum = 173.769
 Rem = 16.115
 EUR = 189.884
 Yrs = 9.250
 Q1 = 1003.3
 De = 52.660
 n = .000
 Gab = 1.0
 BOPM x.....x
 Ref = 02/99
 Cum = .556

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 |

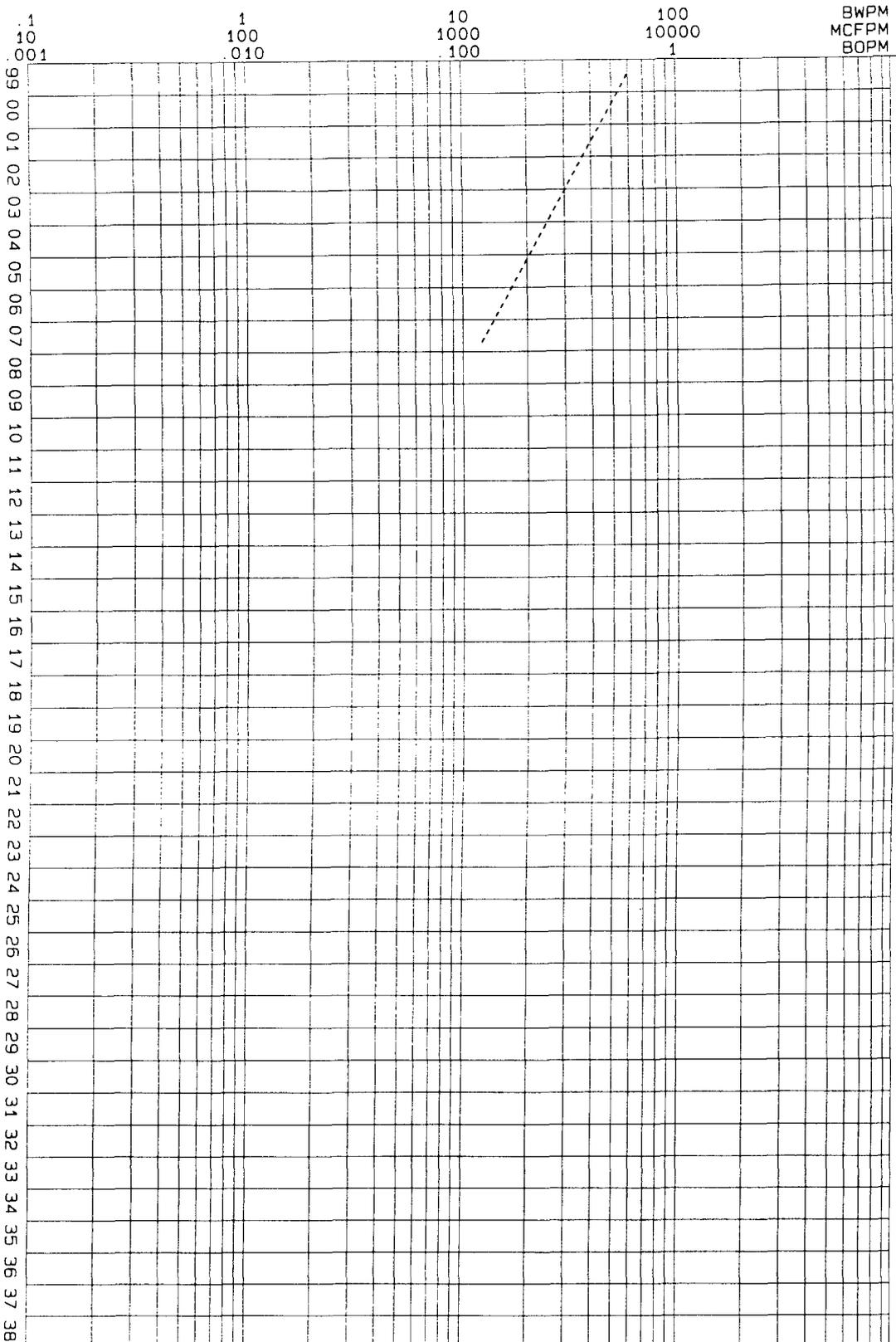
LOUIS DREYFUS NATURAL GAS CORP. WILL ALLOCATE INCREASED PRODUCTION TO THE BASIN FRUITLAND COAL.



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



BWPM
MCFPM
BOPM

BOPM
Ref= 12/99
Cum= .000
MCFPM
Ref= 12/99
Cum= .000
GAS
Gd1=LD99
Ref= 06/99
Cum= .000
Rem= 300.000
EUR= 300.000
YRS= 8.417
G1= 6000.0
De= 17.469
N= .000
Qab= 1200.1
BWPM * *
Ref= 12/99 *
Cum= .000

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)