

Mirage Energy, Inc.  
7915 N. Llewellyn  
Hobbs, N.M. 88242  
August 11, 1997

New Mexico Oil Conservation Division  
P.O. Box 1980  
Hobbs, N.M. 88241-1980

RE: SIMS "35" STATE #1 -- ATTACHMENT TO FORM C-140

Sir:


Enron originally drilled and completed the Sims "35" in the Osudo Morrow with first production 12/10/81. The well flowed into a high pressure sales line until December 1985 when it was shut in due to insufficient pressure to produce into the high pressure sales line. The Osudo Morrow was plugged and abandoned and the well re completed in the Southeast Lea Wolfcamp in October 1991. On March 30, 1996, MNA Enterprises had the well connected to Warren Petroleum's low pressure sales line. MNA attempts to flow the Wolfcamp zone into the low pressure sales line failed so they installed artificial lift equipment. On 3/5/97 Mirage obtained a 24 hour stabilized well test which indicated 4 BO, 0 BW, and 20 MCFG PD. NMOCD approved a down hole commingle permit for this well and work over procedures were completed July 9, 1997, opening both zones (Morrow and Wolfcamp) for production. A 30 day test after re-entry in the Morrow on August 7, 1997, indicated this well produced 17 BO, 0 BW, and 1,000 MCFG PD.

The following attachments are being submitted with this application:

Osudo Morrow production January 1984 through December 1985 prior to P & A  
Southeast Lea Wolfcamp production May 1995 through February 1997  
Administrative order DHC-1557  
C-103 intention to downhole commingle 5/31/97  
C-103 subsequent report -- ready to produce 7/21/97  
C-103 allocation for downhole commingle 8/10/97  
Daily production report July 2, 1997 through August 7, 1997

If you have any questions please call me at (505)392-7095.

Sincerely Yours,

  
James D. Cogburn  
Operation Coordinator