



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
Federal 28 No. 2E
3162.7 (07100)

January 7, 2002

Merrion Oil & Gas
Attn: George F. Sharpe
610 Reilly Avenue
Farmington, NM 87401



Re: Federal 28 No. 2E
28-25N-9W
Lease No. SF 078309
San Juan Co., NM

Dear Mr. Sharpe:

Reference is made to your application requesting authorization to downhole commingle gas and associated liquid hydrocarbons from the White Wash Gallup-Mancos and Basin Dakota formations in the above referenced well. After reviewing the production history of the White Wash Gallup-Mancos and Basin Dakota formations, we have determined that these intervals have similar projected decline rates, pressures, and fluid characteristics. As such, we hereby approve your request for commingling. Upon completion, please provide allocation methodology.

If you have any questions, please contact Adrienne Garcia at (505) 599-6358 or the undersigned with this office at (505) 599-6367.

Sincerely,

/s/ Jim Lovato
Jim Lovato

Team Leader, Petroleum Management Team

cc: NMOCD, Santa Fe, NM
NMOCD, Aztec, NM

bcc: Federal 28 No. 2E
DOMR
07100:AGarcia:1/7/02:6358:Federal28No.2E