



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

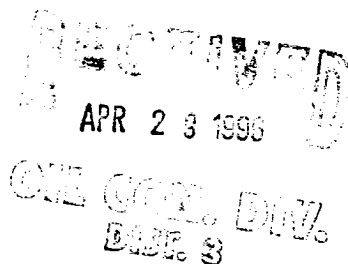
Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

April 26, 1996

IN REPLY REFER TO:

San Juan 27-5 Unit(WC)
3162.3-2 (07327)

Peggy Bradfield
Meridian Oil
P.O. Box 4289
Farmington, New Mexico 87499-4289



Dear Ms. Bradfield:

We have completed our review of your application to downhole commingle Blanco Mesaverde and Blanco Pictured Cliffs production in the following well, located on a State lease, in the referenced unit.

San Juan 27-5 Unit Well #24A
1580' FSL 1125' FEL Section 32, T-27N, R-5W
Rio Arriba County, New Mexico

Production from both formations is allocated to their respective Participating Areas (PA). Your application indicated that Meridian intends to allocate production based on fixed percentages derived from known productive rates for both formations. The Pictured Cliffs formation has been shut-in since October 1992. Returning the formation to production will, initially, result in higher rates than the well exhibited when it was shut-in. To compensate for the "flush" production from the PC, please extrapolate Mesaverde production (based on the decline curve) and allocate the remainder of the production to the PC for the first month after the formations are commingled. After the first month, you may convert to the proposed fixed percentages of:

Formation	Gas	Condensate
Blanco Pictured Cliffs	15%	-0- %
Blanco Mesaverde	85%	100%

Your application, revised to allocate production based on the procedure outlined above is hereby approved effective the date that the formations are physically commingled.

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

For Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

bcc:
NMOCD, Santa Fe
NMOCD, Aztec
07327:RHager:04/26/96:X366:SJ27-5#24A

AIRS
DOM Reader
Township and Range file (W/Application)