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# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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

JUN 17 1999

IN REPLY REFER TO:

NMSF078896  
3162.3-2 (07100)

Louis Dreyfus Natural Gas Corporation  
Attn.: Jay Gabbard  
14000 Quail Springs Parkway, Suite 600  
Oklahoma City, Oklahoma 73134-2600

**RECEIVED**  
JUN 17 1999

Re: Well No. 41 Federal 30 #41  
NENE 30-27N-11W  
San Juan Co., NM

**OIL CON. DIV.**  
LEASE NO. SF-078896  
DIST. 3

Dear Mr. Gabbard:

Reference is made to your application for down hole commingling of natural gas from the Pictured Cliffs and the Fruitland Coal formations in the above referenced well. After reviewing your application and the forecasted production from the Pictured Cliffs formation, you are hereby authorized to use the subtraction method for allocation on an interim basis. Production allocation attributable to the Fruitland Coal Formation will be based on the difference in your established production forecast for the Pictured Cliffs and the commingled gas stream of both intervals.

Commingled production from each zone must be reported in accordance with the allocation procedure described above. Once stabilized production is established, please file your application for fixed allocation factors for the Pictured Cliffs and the Fruitland Coal formations. The effective date will be the date down hole commingling actually occurs.

In addition, a communitization agreement will be required for the East half of section 30 in the Fruitland Coal formation. Please file an original and three copies for our review and consideration.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

**/S/ Duane W. Spencer**

Duane Spencer  
Team Leader, Petroleum Management Team

cc:  
NMOCD, Santa Fe ✓  
NMOCD, Aztec



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3162.3-2 (07100)

Louis Dreyfus Natural Gas Corporation  
Attn.: Jay Gabbard  
14000 Quail Springs Parkway, Suite 600  
Oklahoma City, Oklahoma 73134-2600

JUN 11 1999  
**RECEIVED**  
JUN 17 1999

**OIL CON. DIV.**  
**DIST. 3**

Re: Well No. 41 Federal 30  
NENE 30-27N-11W  
San Juan Co., NM  
Lease No. SF-078896

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Sincerely,

**/S/ Duane W. Spencer**

Duane Spencer  
Team Leader, Petroleum Management Team

cc:  
NMOCD, Santa Fe  
NMOCD, Aztec ✓



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

ADMINISTRATIVE ORDER DHC-2357

Louis Dreyfus Natural Gas Corp.  
14000 Quail Springs Parkway, Suite 600  
Oklahoma City, Oklahoma 73134-2600

Attention: Terrye D. Bryant

RECEIVED  
JUN 21 1999

OIL CON. DIV.  
DIST. 3

*Federal 30 No. 41  
API No. 30-045-24769  
Unit A, Section 30, Township 27 North, Range 11 West, NMPM,  
San Juan County, New Mexico.  
Basin-Fruitland Coal (Gas - 71629) and  
Kutz-Pictured Cliffs (Gas - 79680) Pools*

Dear Terrye D. Bryant:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the well shall be allocated as follows:

Oil and gas production from the Kutz-Pictured Cliffs Gas Pool shall be determined by utilizing the production forecast submitted as an attachment to the downhole commingling application. Oil and gas production from the Blanco-Fruitland Coal Gas Pool shall be determined by subtracting Kutz-Pictured Cliffs Gas Pool production from the well's total monthly oil and gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

*Administrative Order DHC-2357*

*Louis Dreyfus Natural Gas Corp.*

*June 14, 1999*

*Page 2*

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REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 14th day of June, 1999.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



LORI WROTENBERY  
Director

S E A L

LW/MWA/kv

cc: Oil Conservation Division - Aztec /  
Bureau of Land Management-Farmington