



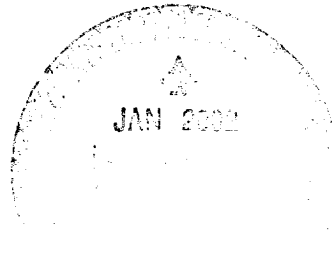
# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

Katy Com 1  
3162.7 (07100)



January 22, 2002

Mr. George Sharpe

Merrion Oil & Gas  
610 Reilly Avenue  
Farmington, NM 87401

RE: Katy Com 1 - Accept downhole commingle applications & allocation factors

Dear Mr. Sharpe:

The Katy Com 1 well was reviewed for downhole commingling of the Fruitland Coal and Pictured Cliffs formations. After reviewing the production history for this well, we concur with the allocation factors established for gas and the associated hydrocarbons in your application. The effective date is the date that downhole commingling actually occurs. The well and the approved allocation factors are listed below.

Well Name	Lease	Location	API#	Formation Allocation	Formation Allocation
Katy Com 1	FEE	sec26, T30N, R12W	3004530084	FC gas 83% oil 0%	PC gas 17% oil 100%

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

Sincerely,

Jim Lovato  
Team Leader, Petroleum Management Team

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

bcc: T&R  
DOMR  
07100:AGarcia:1/24/02:6358:KatyCom