



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

June 7, 1996

IN REPLY REFER TO:

NM-080289 (WF)
91-00-7497 (CA)
3162.7-3 (07327)

Mr. Gary W. Brink
Petroleum Engineer
Dugan Petroleum Company
P.O. Box 420
Farmington, NM 87499-0420

RE: Downhole Commingling Application
Federal Lease NM-080280
Communitization Agreement 91-00-7497 (CRS# NM-73634)
No. 1 Mexico Federal "M"
1850' FSL and 1850' FWL Section 12-T31N-R13W
San Juan County, New Mexico

Dear Mr. Brink:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated May 31, 1996, for downhole commingling of the Blanco Mesaverde and Basin Dakota Pools in the above referenced well.

Your application states that average daily production rates for the Mesaverde formation are 0 BOPD and 64 MCFPD and for the Dakota formation they are .5 BOPD and 37 MCFPD. Estimated bottom hole pressure are 616 PSI and 956 PSI for the Mesaverde and Dakota formations, respectively. The determined fixed percentage allocation factors for this well are shown below:

FORMATION	OIL PRODUCTION	GAS PRODUCTION
MESAVERDE	0%	63%
DAKOTA	100%	37%

Approval to downhole commingle is hereby granted.

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe
Well File (No. 1 Mexico Federal "M", 1850' FSL and 1850' FWL Section 12-T31N-R13W)
CA NM-73634
DOMR, Suspense (Brian), AIRS
07237:BWDavis:06-06-96:x6367:duganmexicofederalm1.ltr