



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

June 3, 1996

IN REPLY REFER TO:

SF-078868
3162.7-3 (07327)

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

RE: Federal Lease SF-078868
Downhole Commingling Application
No. 2 Sapp
2240' FNL and 543' FEL
SENE Section 28-T24N-R8W
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 21, 1996, for downhole commingling of the Cuervo Mesaverde and Lybrook Gallup Pools in the above referenced well.

Your application states that the Gallup formation has an average daily production of 10 BOPD and 100 MCFPD, with an estimated bottom hole pressure of 330 Psi. Also, the Mesaverde formation is to be completed and tested for sixty (60) days to establish a stabilized rate prior to determining the allocation formula for each producing horizon.

Approval to downhole commingle is granted with a stipulation that allocation factors for this well must be submitted in a timely fashion.

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

Sincerely,

~~for Duane Spencer~~

Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe; Well File (No. 2 Sapp, 2240'FNL&543'FEL,28-24N-8W)