



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 17, 2007

Robert R. Lewis
1680 Esther Lane
Rogers, AR 72756

RCVD SEP 27 '07
OIL CONS. DIV.
DIST. 3

RE: Downhole Commingling Application from Manana Gas, Inc.

Well: Crooked Seams #2 (API No. 30-045-33818)

Unit A, Section 14, Township 30 North, Range 12 West, NMPM

San Juan County, New Mexico

Dear Mr. Lewis:

HT The Division received this application from Mr. Paul Thompson on behalf of Manana Gas, Inc. on April 30, 2007. Internal records show this permit DHC-3878 became effective as approved, after the mandated 20 day suspense period, on May 21, 2007. The date on the approval letter was actually May 7, 2007 – but this is contrary to internal records and considered a typo.

In any event, the Division received your protest letter by certified mail on May 23rd, which was after the 20 day wait period.

Based on supporting documentation sent with the application, Manana was approved to allocate 83% of the gas to the Fruitland owners and 17% of the gas (and 100% of any oil) to the Pictured Cliffs owners. The details of this application and permit are available for your review on the Division web site at:

<http://ocdimage.emnrd.state.nm.us/imaging/AEOrderFileView.aspx?appNo=pCLP0712144841>

If you do not agree with the percentage allocation and wish to put on a case for a differing allocation or wish to show cause why this permit should be terminated, you have the option of initiating an Examiner hearing concerning this matter – please consult with your attorney on how to proceed or read and follow Division Rules at: <http://www.emnrd.state.nm.us/ocd/Rules.htm>

Sincerely,

William V. Jones, P.E.

cc: Oil Conservation Division – Aztec
Manana Gas, Inc. C/o Paul Thompson
File: DHC-3878