



# 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:

NM-23048  
3162.3-2 (07100)

Dugan Production Company  
Attn.: John Roe  
P.O. Box 420  
Farmington, New Mexico 87499-0420

RECEIVED  
JUN 22 1999

OIL CON. DIST.  
DIST. 3

Re: Well No. 2B, Sherman Edward  
SWSE 3-29N-05W  
Lease No. NM-23048  
Rio Arriba County, NM

30-039-21411

Dear Mr. Roe:

Reference is made to your application dated May 28, 1999, requesting authorization to down hole commingle gas and associated liquid hydrocarbons from the Mesaverde and Pictured Cliffs formations in the above referenced well. After reviewing the production characteristics in both formations, we concur with the fixed allocation factors established in your application. Authorization is hereby given to allocate production in accordance with the factors outlined below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Mesaverde	55%	0.0%
Pictured Cliffs	45%	100.0%

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs.

Please be advised that a Sundry Notice of Intent (Form 3160-5) will be required prior to commencing down hole commingling operations. That notice must include a detailed procedure for down hole commingling the well and describe any surface disturbing activities necessary to complete the work.

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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