



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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

SEP 21 1998

IN REPLY REFER TO:

NMNM98140  
3162.3-2 (07100)

Merrion Oil and Gas  
Attn.: George Sharp  
610 Reilly Avenue  
Farmington NM 87401

Re: Well No. 1E Fifield Com  
SENW 5-29-11W  
San Juan Co., NM  
Lease No. NM-98140

Dear Mr. Sharp:

Reference is made to your application for down hole commingling of gas and associated liquid hydrocarbons from the Dakota, Chacra, and Pictured Cliffs formations in the above referenced well. After reviewing your application, we concur with the use of the subtraction method for allocation of production between the previously commingled Dakota and Chacra formations and the proposed Pictured Cliffs completion. Production allocation attributable to the Pictured Cliffs Formation will be based on the difference in the current commingled Dakota and Chacra production and the combined gas stream of all three intervals.

Commingled production from each zone must be reported in accordance with the allocation procedure described above. The effective date will be the date down hole commingling actually occurs.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

Wayne Townsend  
Acting Team Leader, Petroleum Management Team

cc:

— NMOCD, Santa Fe  
NMOCD, Aztec

