



United States Department of the Interior

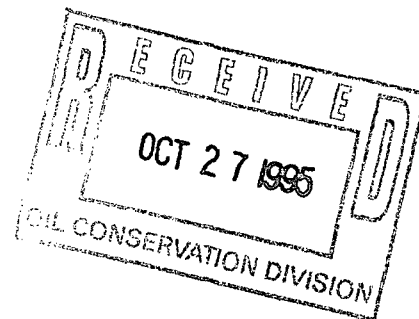
BUREAU OF LAND MANAGEMENT

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

October 23, 1994

IN REPLY REFER TO:

SF079161
3162.7-3 (07327)



Mr. Thomas W. DeLong
Superintendent/Engineer
Central Resources, Inc.
2600 Mellon Center
1775 Sherman Street
Denver, CO 80203-4313

RE: Federal Lease SF-079161
Downhole Commingling Application
No. 24 Candado
1070' FSL and 830' FWL
Section 9, T. 26 N., R. 7 W.
Rio Arriba County, New Mexico

Dear Mr. DeLong

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated October 11, 1995 for downhole commingling of the Otero Chacra and Blanco Mesaverde Formations in the above referenced well.

Your application has been reviewed and approval is hereby granted. Allocated production for the Chacra formation will continued to be reported on a lease basis and production from the Mesaverde formation will continued to be reported on communitization agreement SCR 53. Production from each formation will be allocated as follows:

Chacra Formation Gas Production:	Q_{CH}	=	$26\% \cdot Q_{t(gas)}$
Chacra Formation Oil Production:	Q_{CH}	=	$0\% \cdot Q_{t(oil)}$
Mesaverde Formation Gas Production:	Q_{MV}	=	$74\% \cdot Q_{t(gas)}$
Mesaverde Formation Oil Production:	Q_{MV}	=	$100\% \cdot Q_{t(oil)}$
$Q_{t(gas)}$	=	Total monthly production (Mcf/month)	
$Q_{t(oil)}$	=	Total Monthly production (BO/month)	

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

Sincerely,

/s/ Duane Spencer

Duane W. Spencer
Team Leader, Petroleum Management Team

bcc:
NMOO, Santa Fe, NM