

DHC-1090

OIL CONSERVATION DIVISION
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SCR-I-6 (CA)
3162.7-3 (07327)

JAN 31 1995

Mr. Paul C. Thompson
Thompson Engineering & Production Corporation
7415 East Main
Farmington, NM 87402

Re: **Downhole Commingling Application**
Communitization Agreement (CA) SCR-I-6
No. 10 Canyon
790' FNL and 790' FEL
Sec. 22, T. 25 N., R. 11 W.
San Juan County, New Mexico

Dear Mr Thompson:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated November 21, 1994, for downhole commingling of the Basin Dakota and Bisti Gallup Formations in the above referenced well.

We have reviewed your application and hereby grant the approval of this commingling application. The allocation for the Basin Dakota Formation will be calculated using the standard equation for exponential decline.

$$Q_t = Q_0 e^{(-Dt)}$$

Where:

Q	=	Production rate at time t [Mcf/month].
Q ₀	=	Production rate at time 0.
D ₀	=	Exponential Decline Rate [6.5% per year]
t	=	Time since time 0, in months.

Production for the Basin Dakota will continue to be reported under the CA SCR-I-6, but the Bisti Gallup production will be reported under Indian Lease NOO-C-14-20-5248.

This approval is only for the allocation factors, not for operational approval for the completion of the Bisti Gallup Formation. As I indicated in our telephone conversation of January 5, 1994, you need to submit a separate Sundry Notice for the completion of the Gallup interval. If your plans change and you do not commingle the zones, please notify us so this approval can be rescinded.

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
Chief, Branch of Reservoir Management

1 Enclosure

1 - Sundry Notice

bcc:

Bureau of Indian Affairs (w/o enclosure)

Navajo Area Office

P. O. Box 1060

Gallup, NM 87305-1060

The Navajo Nation (w/o enclosure)

Minerals Department

P. O. Box 1910

Window Rock, AZ 86515

NMOCD, Santa Fe, NM (w/o enclosure) ✓