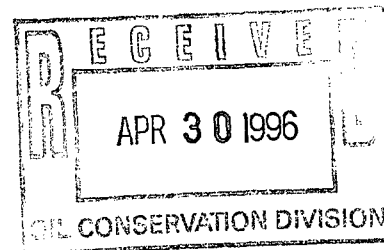


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

April 26, 1996



IN REPLY REFER TO:

San Juan 27-5 Unit(WC)
3162.3-2 (07327)

Peggy Bradfield
Meridian Oil
P.O. Box 4289
Farmington, New Mexico 87499-4289

Dear Ms. Bradfield:

We have completed our review of your application to downhole commingle Blanco Mesaverde and Basin Dakota production in the following well, located on a State lease, in the referenced unit.

**San Juan 27-5 Unit Well #146
890' FSL 840' FWL Section 36, T-27N, R-5W
Rio Arriba County, New Mexico**

Production from both formations will be allocated to their respective Participating Areas (PA). Your application indicated that Meridian intends to allocate production based on the known decline rate from the Dakota with the remainder of each months production allocated to the (new completion) Mesaverde. You may change your allocation to fixed percentages when both formations begin to decline at equal rates. Please notify this office if allocation procedures are converted.

Your application, is hereby approved effective the date that the formations are physically commingled.

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

/s/ Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

bcc:

NMOCD, Santa Fe
NMOCD, Aztec
07327:RHager:04/26/96:X366:SJ27-5#146

AIRS
DOM Reader
Township and Range file (W/Application)