



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

DHC-1374

IN REPLY REFER TO:

14080017459, 14080016778(CA)
3162.7-3 (07327)

October 15, 1996

Ms Anna M. Griego
Exploration & Production Administrator
McElvain Oil & Gas Properties, Inc.
P.O. Box 2148
Santa Fe, NM 87504-2148

RE: Communitization Agreement 14080017459 (GL)
Communitization Agreement 14080016778 (DK)
Downhole Commingling Application
No. 1 Miller "A"
Sec 13, T. 24 N., R. 7 W.
Rio Arriba County, New Mexico

Dear Ms. Griego:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated September 18, 1996, for downhole commingling of the Devils Fork Gallup and Basin Dakota Pools in the above referenced well.

Presently, the Gallup formation is shut-in, but prior to being shut-in it averaged 7 BOPD, 0 MCFD, and 0 BWPD in June of 1993. The Gallup formation has a bottom hole pressure of 368 Psig and an API gravity of 48 degrees. The Dakota formation had a production rate for July of 1996, of 3 BOPD, 1795 MCFD, and 6 BWPD. The Dakota formation has a bottom hole pressure of 948 Psig, a BTU content of 1180, and an API gravity of 48 degrees. The proposed allocation method for this well is to extrapolate the Dakota production and then attribute excess oil production to the Gallup formation.

This method of allocation is acceptable for this well and approval for downhole commingling is hereby granted.

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

Sincerely,

/s/ Duane W. Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe
Well File (No. 1 Miller "A", Sec 13, T. 24 N., R. 7 W.)
CA Files NMNM68172, NMNM68175
DOMR; Suspense (Brian); AIRS

07237:BWDavis:10/11/96:x6367:McElvainMiller1.let