



United States Department of the Interior

DHC-1607

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

NMSF-079160-A (WF)
3162.7-3 (07400)

August 1, 1997

Mr. John v. Peters
Vice President, Operations
Chateau Oil & Gas, Inc.
5950 Berkshire Lane, Suite 275
Dallas, TX 75225

RE: Downhole Commingling
No. 1E Candado
1993' FSL and 1600' FEL
Section 15-T26N-R7W
Rio Arriba County, New Mexico

Dear Mr. Peters:

We have reviewed your application for downhole commingling of the Blanco Mesaverde and Basin Dakota formations in the referenced well. Estimated bottom hole pressures are estimated at 822 psi for the Mesaverde formation and 649 psi for the Dakota formation. From cumulative production figures, allocation has been determined as shown in the table.

Formation	Oil Allocation	Gas Allocation
Blanco Mesaverde	10.5%	8.0%
Basin Dakota	89.5%	92%

Approval to downhole commingle the Mesaverde and Dakota formations 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,

[Signature]

Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe
Well File (No. 1E Candado, 1993' FSL&1600' FEL, Sec 15-T26N-R7W)
DOMR
Suspense (Brian)
AIRS

07400:BWDavis:08-01-97:x6367:ChateauCandado1E.ltr