

COMMISSIONER'S OFFICE

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January 25, 2002



**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724

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MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

Burlington Resources Oil & Gas Company
P.O. Box 4289
Farmington, New Mexico 87499

Attn: Mr. Bobby Goodwin

Re: Downhole Commingling Application
San Juan 29-7 Well No. 92R
Unit Letter N, Section 16-29N-07W
Blanco Mesaverde and Basin Fruitland Coal Pools
Rio Arriba County, New Mexico

Dear Mr. Goodwin:

Your application to downhole commingle the Blanco Mesaverde and Basin Fruitland Coal production from within the wellbore of the above-captioned well was received on January 22, 2002.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit your \$30.00 dollar filing fee.

Also, please submit a copy of the Oil Conservation Division's approval order.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in dark ink, appearing to read "Jami Bailey".

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure
xc: Reader File

cc: OCD--Attention: David Catanach--



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
SF-077107A, et al. (wc)
3162.7 (07100)

May 10, 2002

Peggy Cole
Burlington Resources
P.O. Box 4289
Farmington, NM 87401

Re: Applications requesting authorization to down hole commingle.

Dear Ms. Cole:

Reference is made to your application requesting authorization to down hole commingle gas and associated liquid hydrocarbons from the wells listed below. After reviewing the production history of these wells, we have determined these formations have similar projected decline rates, pressures, and fluid compatibility for the pool combinations applied for. As such, we hereby approve your request for commingling. Upon completion, please provide allocation methodology.

Well Name	Location	API#	Lease Number	Formation	Formation	Formation
Hancock # 3	M Sec 22 T28N, R9W	30045-07253	SF-077107A	Fruitland coal	Pictured Cliffs ★	Mesaverde ★
San Juan 29-7 Unit # 92R	N Sec 16, T29N, R7W		State Lease	Fruitland Coal		Mesaverde

★ Indicates the PC and MV intervals are producing as a commingled zone.

The Kelly 4M well is located below the Chacra line. Subsequently there are three separate pools to be considered in your request. After review, they were seen as having similar decline rates, pressures and fluid compatibility to be approved as a tri mingled well, Upon completion, please provide allocation methodology.

Well Name	Location	API#	Lease Number	Formation	Formation	Formation
Kelly # 4M	G Sec 35, T30N, R10W	30045-30403	NM - 04240	Chacra	Mesaverde	Dakota