



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 17, 2007

Robert R. Lewis
1680 Esther Lane
Rogers, AR 72756

RE: Downhole Commingling Application from Manana Gas, Inc.

Well: Crooked Seams #2 (API No. 30-045-33818)

Unit A, Section 14, Township 30 North, Range 12 West, NMPM
San Juan County, New Mexico

Dear Mr. Lewis:

The Division received this application from Mr. Paul Thompson on behalf of Manana Gas, Inc. on April 30, 2007. Internal records show this permit DHC-3878 became effective as approved, after the mandated 20 day suspense period, on May 21, 2007. The date on the approval letter was actually May 7, 2007 – but this is contrary to internal records and considered a typo.

In any event, the Division received your protest letter by certified mail on May 23rd, which was after the 20 day wait period.

Based on supporting documentation sent with the application, Manana was approved to allocate 83% of the gas to the Fruitland owners and 17% of the gas (and 100% of any oil) to the Pictured Cliffs owners. The details of this application and permit are available for your review on the Division web site at:

<http://ocdimage.emnrd.state.nm.us/imaging/AEOrderFileView.aspx?appNo=pCLP0712144841>

If you do not agree with the percentage allocation and wish to put on a case for a differing allocation or wish to show cause why this permit should be terminated, you have the option of initiating an Examiner hearing concerning this matter – please consult with your attorney on how to proceed or read and follow Division Rules at: <http://www.emnrd.state.nm.us/ocd/Rules.htm>

Sincerely,

William V. Jones, P.E.

cc: Oil Conservation Division – Aztec
Manana Gas, Inc. C/o Paul Thompson
File: DHC-3878

CERTIFIED RETURN RECEIPT

2007 MAY 23 PM 1 11

New Mexico Oil Conservation Division
1220 S. St. Francis Drive, Santa Fe
New Mexico 87505-4000

Re: Downhole Commingling Application
Manana Gas, Inc.
Crooked Seams #2
Section 14, T30N R12W
San Juan County, NM
Aztec Pictured Cliffs/Basin Fruitland Coal

Dear Sirs,

In response to a cryptic certified letter from Paul C. Thompson, a Petroleum Engineering Consultant, regarding the permit Manana Gas is seeking for a downholing and commingling permit, I do not know the exact process involved should this permit be issued or what it means regarding my mineral rights to Crooked Seams. Perhaps you could give me details in layman's language that tell me specifically how this downholing and commingling process will impact the well's production.

I do know that Manana Gas tried to buy my mineral rights recently and I did not sell them. If they are attempting to increase the production of the well and therefore my profits as well, I have no objections to the permit. If, on the other hand, their purpose is to somehow bypass my interest in this venture by some backdoor extraction from another point or other means, I object to it.

I have sent a letter to Mr. Thompson and to you within the twenty day deadline he set forth for doing so.

Sincerely,



Robert R. Lewis

Attachment: Letter of April 24th, received May 5th, 2007 from Mr. Thompson

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

April 24, 2007

Robert Ray Lewis
1680 Esther Lane
Rogers, AR 72756Re: Downhole Commingling Application
Manana Gas, Inc.
Crooked Seams #2
Section 14, T30N R12W
San Juan County, NM
Aztec Pictured Cliffs/Basin Fruitland Coal

Dear Mr. Robert Ray Lewis,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to downhole commingle the gas production from the Aztec Pictured Cliffs and Basin Fruitland Coal pools in the Crooked Seams #2. Based on offset production, Manana proposes to allocate 17% of the gas production to the Pictured Cliffs and 83% to the Fruitland Coal. As an interest owner in one or both of these pools, you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to the New Mexico Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.