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August 23, 1994

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

*APT No. 30-045-24554*

*1/100*

Re: Application of Texaco Exploration and Production Inc. for downhole commingling, San Juan County, New Mexico

Dear Mr. LeMay:

By application dated August 19, 1994, Texaco Exploration and Production Inc. ("Texaco") sought administrative approval to downhole commingle production from the Fulcher Kutz Pictured Cliffs Gas Pool and the Basin Dakota Gas Pool in its H.J. Loe Federal B No. 2E Well located 1700 feet from the North line and 1050 feet from the West line of Section 23, Township 29 North, Range 12 West (Unit E) NMPM, San Juan County, New Mexico.

Texaco has received an objection to this application from Alpine Oil & Gas Corporation and a copy of this objection has been sent to the Division's District Office in Aztec. Alpine Oil & Gas Corporation's letter is attached hereto.

Texaco desires to proceed with downhole commingling in this well in the near future and therefore requests that this application be set for hearing before a Division Examiner on September 15, 1994. A proposed legal advertisement for this case is enclosed.

**ALPINE OIL & GAS CORPORATION**  
**P. O. BOX 2567**  
**DURANGO, COLORADO 81302**

**Thomas B. Grandin, Jr.**  
**President**

**Phone (303) 247-5386**  
**Fax (303) 247-5388**

August 16, 1994

Texaco Exploration and Production, Inc.  
3300 N. Butler  
Farmington, NM 87401

RE: Downhole Commingle  
H.J. Loe Federal B No. 2E  
1700' FNL & 1050' FWL  
Sec. 23-T29N-R12W Unit E NMPM  
San Juan County, New Mexico

Attention: Ted A. Tipton, Area Manager

Alpine Oil & Gas Corporation is an offset operator to the above referenced well, and has received your letter of August 8, 1994 concerning your proposal to commingle the Fulcher Kutz Pictured Cliffs and Basin Dakota formations.

Alpine Oil & Gas Corporation **OBJECTS** to your proposal. We feel that the reservoir characteristics of the Pictured Cliffs and Dakota formations are so different that commingling may result in injury to the offsetting operators. The purpose of Rule 303- Segregation of Production from pools is to prevent such injury from occurring. We feel that due to the differences in the producing formations that an exception to Rule 303 should not be granted.

We are sending a copy of this letter to Ernie Busch of the New Mexico Oil Conservation Division in Aztec.

Sincerely yours,

*Thomas B. Grandin, Jr.*  
Thomas B. Grandin, Jr.  
President

Certified Mail  
Return Receipt Requested

cc: Ernie Busch  
New Mexico Oil Conservation Division  
1000 Rio Brazos Rd.  
Aztec, NM 87410

TG/sg

FARMINGTON AREA			
SEARCHED	INDEXED	FILED	DATE
✓	✓	✓	AUG 17 1994
FILED	INDEXED	SEARCHED	DATE
✓	✓	✓	AUG 17 1994
FILED	INDEXED	SEARCHED	DATE
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FILED	INDEXED	SEARCHED	DATE
✓	✓	✓	AUG 17 1994

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CASE \_\_\_\_\_: Application of Texaco Exploration and Production Inc. for downhole commingling, San Juan County, New Mexico. Applicant in the above-styled cause, seeks exception from Division General Rule 303(A) for authorization for downhole commingling of production from the Fulcher Kutz-Pictured Cliffs Gas Pool and the Basin Dakota Gas Pool in the wellbore of its H.J. Loe Federal B No. 2E Well, located 1700 feet from the North line and 1050 feet from the West line (Unit E) of Section 23, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico. Said well is located approximately \_\_\_ miles \_\_\_\_\_ of \_\_\_\_\_, New Mexico.