



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

February 16, 2004

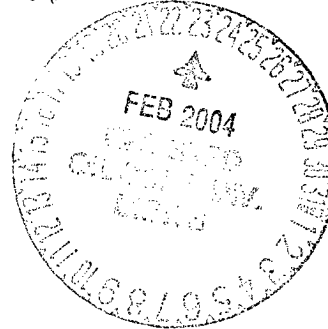
Lori Wrotenbery
Director

Oil Conservation Division

Thompson Engineering
c/o Walsh Engineering
7415 East Main Street
Farmington, New Mexico 87402

30-045-32022
30-045-07826

Re: Surface Commingling Application
Thomas Wells No. 1, 1E
Section 30, T-29 North, R-11 West, NMPM,
San Juan County, New Mexico



Dear Mr. Thompson:

I have received and reviewed your application dated January 23, 2004 to surface commingle Basin-Dakota Gas Pool production from the Thomas Wells No. 1 and 1E. It is my understanding that both of the wells are located on the same lease, both wells are producing from the same pool (Basin-Dakota Pool), and that the interest ownership between the wells is common throughout, including working, royalty and overriding royalty. It does not appear that a surface commingling permit is necessary for these wells. Surface commingling permits are only necessary when: i) more than one pool is commingled (pool commingling); ii) more than one lease is commingled (lease commingling); or when a combination of separate pools and leases are involved (pool/lease commingling.)

If there is something that I have overlooked, please advise, and I will re-consider your application, however, in view of the data presented, I am returning your application to you unprocessed.

If you have any questions, please contact me at (505) 476-3466.

Sincerely,

David Catanach
Engineer

Xc: OCD-Aztec
BLM-Farmington