



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

June 14, 1990

GARREY CARRUTHERS
GOVERNOR

Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Jim L. Jacobs

Dear Mr. Jacobs:

I have received your letter dated May 24, 1990, requesting authorization to downhole commingle Basin Fruitland Coal and Undesignated Pictured Cliffs gas production within the wellbore of the Blanco Wash Well No. 3 located in Unit L of Section 2, ~~Township 24 North~~, Range 9 West, NMPM, San Juan County, New Mexico. In reviewing Division Order No. R-5359, I have determined that the intent of said order was to authorize the commingling of Fruitland Sand and not Fruitland Coal, therefore, this order would not apply to this well. I have further determined that this well would be subject to Rule No. 13 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, as per Division Order No. R-8768. Rule No. 13 states that commingling may be approved, provided a formal application as per Division Rule No. 303 is filed with the Division.

Please file the required information as outlined in Division Rule No. 303, at which time your request may be properly processed. If you should have any questions, please contact me at (505) 827-5800.

Sincerely,

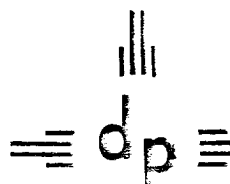
David Catanach
Engineer

xc: OCD-Aztec

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
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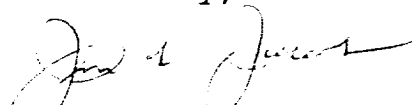
Mr. William LeMay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: Request for Administrative Approval for Downhole Commingling
Dugan Production Corp.
Blanco Wash #3
Navajo Indian Allotted Lease No. 14-20-0603-1406
NW/4 SW/4 Section 2, T24N, R9W, NMPM
San Juan County, New Mexico
Undesignated Pictured Cliffs and
Basin Fruitland Coal

Dear Mr. LeMay:

We are writing to request administrative approval for downhole commingling of the above captioned well. The pools to be commingled are the Basin Fruitland Coal and the Undesignated Pictured Cliffs. We are requesting approval under NMOCD Order No. R-5359, Authorizing Commingling of Fruitland and Pictured Cliffs Production in a Certain Area in San Juan County, New Mexico, January 25, 1977.

Sincerely,



Jim L. Jacobs

/cc: NMOCD - Aztec