



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:

NMNM76431

NM30854

3162.7 (07100)

October 16, 2000

Mr. John Roe
Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499-4020

RE: Phillips #1
SE NE Sec. 5, T. 24N., R. 9 W.
30-045-26803



Dear Mr. Roe:

We have received your letter requesting approval of Downhole Commingling of the Pictured Cliffs and Fruitland Coal formations in the Phillips No. 1 well. Because this well was completed before the establishment of the Basin Fruitland Coal Pool on 10-17-88 and you received commingling approval from the NMOCD on 12-21-87 we see no problem in grand-fathering this commingle approval. All of the lands involved are Federal leases and a communitization agreement NMNM-76431 exist covering the NE/4 of section 5 for the Fruitland and Pictured Cliffs. After review, we hereby approve your application for downhole commingling and the submitted allocation factors. The effective date is the date that downhole commingling occurs. The approved allocation factors are:

Pictured Cliffs	N/A% OIL	80% GAS
Fruitland Coal	N/A% OIL	20% GAS

If you have any questions, please contact Joe Hewitt with this office at (505) 599-6365.

Sincerely,

Joe Hewitt
Geologist, Petroleum Management Team

cc: NMOCD, Santa Fe, NM
NMOCD, Aztec, NM