



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:
NMNM0338690
3162.7 (07100)

November 27, 2000

Mr. Thompson
Coleman Oil & Gas Company
C/O Walsh Engineering & Production Company
7415 East Main
Farmington, NM 87402

RE: Federal 11 #3R
I, Sec. 11, T. 28N., R. 13 W.
30-045-29952

Dear Mr. Thompson:

We have received your Application for Downhole Commingling of the Fruitland Coal and Pictured Cliffs formations in the Federal 11#3R well. After review, we hereby approve your application for downhole commingling using your method of allocation based on average cumulative production of adjacent wells. The effective date is the date that downhole commingling occurs. The approved allocation factors are:

| | | |
|------------------------|-----------------|----------------|
| Fruitland Coal | OIL - NA | 47% GAS |
| Pictured Cliffs | OIL - NA | 53% 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