



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway - Suite A
Farmington, New Mexico 87401

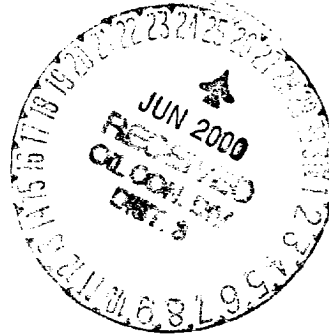
IN REPLY REFER TO:

June 23, 2000

NM-23045
3162.2 (07100)

Mr. Paul Thompson
Edwards Energy
C/O Walsh Engineering & Production Corp.
7415 East Main
Farmington, NM 87401

Re: Application for Downhole Commingling, Schalk 33#2
A, Section 33, T. 31N., R. 4W.



Dear Mr. Thompson:

We are in receipt of your application to commingle the Pictured Cliff (PC) and Fruitland Coal in the Schalk 33 #2 wellbore dated 6/1/2000. Since you are allocating nothing to the PC and you submitted data that indicates there is no change in the well's production decline after completing the PC and also there is no change in the BTU values of the gas stream we see no reason to apply for commingling if the interval is non-productive. If you agree, please file a sundry notice stating that the PC is non-productive and does not contribute to the overall production of the well and hence no commingling approval will be required.

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

Sincerely,

Joe Hewitt

Joe Hewitt
Geologist

cc:
NMOCD Aztec
NMOCD Santa Fe

*Scanned info sent copy to Entanach
6-27-00*