

KOCH EXPLORATION COMPANY

August 26, 1996

Mr. William LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

RECEIVED
AUG 30 1996
OIL CON. DIV.
DIST. 3

Re: **Federal Blancett Com #1**
1,820 FNL, 1,740 FEL Sec. 27-T32N-R9W, San Juan County, NM
API# 30-045-25575 **G**

Dear Mr. LeMay:

Administrative approval is requested for downhole commingling the Blanco Mesaverde and the Blanco Pictured Cliffs pools in the subject well. The Federal Blancett Com #1 is currently producing from the Blanco Mesaverde over the interval 5,460' - 5,886.. Koch proposes to add Pictured Cliffs production over the interval 3,471 - 3,482.

The Pictured Cliffs zone in the Blancett Com #1 well was completed during December 1995. It was originally Koch's intent to complete the well as a dual Mesaverde/Pictured Cliffs well and produce the zones separately. However, because of the marginal nature of the Mesaverde zone Koch requests permission to commingle the Mesaverde and the Pictured Cliffs in this well. A plot of the production history from the Mesaverde is attached.

Ownership under the East half (E/2) is not common in that NM-013642 covering the NE/4NE/4, and the SE/4 is owned Koch 87.5% and BLM 12.5% and the fee lease covering the W/2NE/4, SE/4NE/4 has fourteen (14) owners under the royalty and overriding royalty interests, and the working interest is owned by Koch and Amoco Production Company. All owners have been notified by certified mail as to this application.

All offset operators, Meridian Oil, Inc. and Phillips Petroleum Company have received written notice of this application.

To comply with the New Mexico Oil Conservation Division rules, Koch is submitting the following attachments for your approval.

1. Form C-107-A, Application for Downhole Commingling.
2. Forms C-102 for each zone showing its spacing unit and acreage dedication.
3. A production curve showing the Blancett Com #1 Blanco Mesaverde production.