



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

June 21, 1996

IN REPLY REFER TO:

SF-079394

3162.3-2 (07327)

Peggy Bradfield

Meridian Oil

P.O. Box 4289

Farmington, New Mexico 87499-4289

Dear Ms. Bradfield:

We have reviewed your application to commingle production downhole/ from the Blanco Mesaverde and the Basin Dakota Pools in the following well located on Federal lease No. SF-079394: Note: Both formations are included in their respective Participating Areas (PA).

San Juan 27-5 Unit #125E
1560' FSL, 840' FEL, Section 21, T-27N, R-5W
Rio Arriba County, New Mexico

Your application indicated that Meridian intends to complete the well in the Mesaverde formation, then combine production with existing Dakota production. The Dakota formation has been producing since 1986 and has established a known decline rate. Initial rates from the Mesaverde formation will be affected by flush production from the virgin reservoir and will decline at a higher rate until the formation is stabilized. Allocation must be based on extrapolation of Dakota production at the established decline rate. The remaining production for the month would then be allocated to the Mesaverde. The allocation method described above can be converted to a percentage factor as soon as it can be demonstrated that both formations are declining at equal rates. Please notify this office when allocation is converted.

Your application to commingle is hereby approved with the condition that allocation is based on extrapolation of existing Dakota production and will become effective on the date that actual commingling occurs.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,
Ja Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

bcc:

New Mexico Oil Conservation Division, Santa Fe

New Mexico Oil Conservation Division, Aztec

AIRS

San Juan 27-5 unit file (Dakota PA) Reporting No. 8910009500

San Juan 27-5 unit file (Mesaverde PA) Reporting No. 891000950-A

DOM Reader

07327:RHager: 06/20/96 :x366:125.ltr

Well File (SF-079394, SJ 27-5 #125E, 1560 FSL, 840 FEL, Section 21, T-27N, R-5W) W/Application