



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

November 18, 1996

IN REPLY REFER TO:

NMA-0048 (WF)
3162.7-3 (07327)

Mr. Michael Scates
Administrative Manager
Koch Exploration Company
P.O. Box 2256
Wichita, KS 67201-2256

RE: Application for Downhole Commingling
No. 1 Federal Blancett Com
1820' FNL and 1740' FEL
E/2 Section 27-T32N-R9W
San Juan County, New Mexico

Dear Mr. Scates:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letters dated August 26, 1996 and November 6, 1996, for downhole commingling of the Blanco Pictured Cliffs and Blanco Mesaverde Pools in the above referenced well.

The Pictured Cliffs formation has a bottom hole pressure of 652 psi and is estimated to produce 1342 Mcfpd from the flow test conducted in December 1995 when this zone was completed. The Mesaverde formation has a bottom hole pressure of 523 psi and averaged 85 Mcfpd and .5 Bcpd, with a BTU value of 1030 and an API gravity of 46 degrees.

The estimated allocation method is to extrapolate out the Mesaverde decline and then attribute any gas production over this amount to the Pictured Cliffs formation. Condensate production will be allocated at 100% to the Mesaverde formation.

This method of allocation is acceptable for this well and approval for downhole commingling is hereby granted.

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

/s/ Duane W. Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe