



United States Department of the Interior

DHC-1607

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:  
NMSF-079160-A (WF)  
3162.7-3 (07400)

August 1, 1997

Mr. John v. Peters  
Vice President, Operations  
Chateau Oil & Gas, Inc.  
5950 Berkshire Lane, Suite 275  
Dallas, TX 75225

RE: Downhole Commingling  
No. 1E Candado  
1993' FSL and 1600' FEL  
Section 15-T26N-R7W  
Rio Arriba County, New Mexico

Dear Mr. Peters:

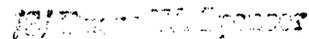
We have reviewed your application for downhole commingling of the Blanco Mesaverde and Basin Dakota formations in the referenced well. Estimated bottom hole pressures are estimated at 822 psi for the Mesaverde formation and 649 psi for the Dakota formation. From cumulative production figures, allocation has been determined as shown in the table.

Formation	Oil Allocation	Gas Allocation
Blanco Mesaverde	10.5%	8.0%
Basin Dakota	89.5%	92%

Approval to downhole commingle the Mesaverde and Dakota formations 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,



Duane W. Spencer  
Team Leader, Petroleum Management

bcc:  
NMOCD, Santa Fe  
Well File (No. 1E Candado, 1993' FSL&1600' FEL, Sec 15-T26N-R7W)  
DOMR  
Suspense (Brian)  
AIRS

07400:BWDavis:08-01-97:x6367:ChateauCandado1E.ltr