



United States Department of the Interior

DHC-1640

BUREAU OF LAND MANAGEMENT

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

August 1, 1997

IN REPLY REFER TO:

NMSF-078244 (WF)
3162.7-3 (07400)

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

RE: Downhole Commingling
No. 1 Southern Union
1090' FSL and 1090' FWL
Section 19-T31N-R12W
San Juan 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 301 ps (from offset) for the Mesaverde formation and 419 psi (from offset) for the Dakota formation. From cumulative production figures, allocation has been determined as shown in the table.

Formation	Oil Allocation	Gas Allocation
Blanco Mesaverde	26.8%	20.7%
Basin Dakota	73.2%	79.3%

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,

/s/ Duané W. Spencer

Duané W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe
Well File (No. 1 Southern Union, 1090' FSL & 1090' FWL, Sec 19-T31N-R12W)
DOMR
Suspense (Brian)
AIRS

07400:BWDavis:08-01-97:x6367:ChateauSouthernUnion1.ltr