



United States Department of the Interior

DFC-1666

BUREAU OF LAND MANAGEMENT

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

August 1, 1997

IN REPLY REFER TO:
NMSF-078707(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 Duke
1850' FNL and 1180' FEL
Section 13-T31N-R13W
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 psi (offset well) for the Mesaverde formation and 524 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	38.9%	18.3%
Basin Dakota	61.1%	81.7%

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/ Duane W. Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe
Well File (No. 1 Duke, 1850' FNL & 1180' FEL, Sec 13-T31N-R13W)
DOMR
Suspense (Brian)
AIRS

07400:BWDavis:08-01-97:x6367:ChateauDuke1ltr