

OIL CONSERVATION DIVISION
RECEIVED

ALPINE OIL & GAS CORPORATION

P. O. BOX 2567

DURANGO, COLORADO 81302

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Thomas B. Grandin, Jr.
President

Phone (303) 247-5386
Fax (303) 247-5388

August 16, 1994

Texaco Exploration and Production, Inc.
3300 N. Butler
Farmington, NM 87401

11100

RE: Downhole Commingling
H.J. Loe Federal B No. 2E
1700' FNL & 1050' FWL
Sec. 23-T29N-R12W Unit E NMPM
San Juan County, New Mexico

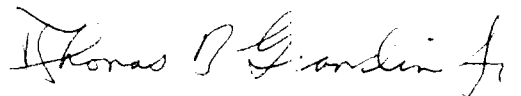
Attention: Ted A. Tipton, Area Manager

Alpine Oil & Gas Corporation is an offset operator to the above referenced well, and has received your letter of August 8, 1994 concerning your proposal to commingle the Fulcher Kutz Pictured Cliffs and Basin Dakota formations.

Alpine Oil & Gas Corporation **OBJECTS** to your proposal. We feel that the reservoir characteristics of the Pictured Cliffs and Dakota formations are so different that commingling may result in injury to the offsetting operators. The purpose of Rule 303- Segregation of Production from pools is to prevent such injury from occurring. We feel that due to the differences in the producing formations that an exception to Rule 303 should not be granted.

We are sending a copy of this letter to Ernie Busch of the New Mexico Oil Conservation Division in Aztec.

Sincerely yours,



Thomas B. Grandin, Jr.
President

Certified Mail
Return Receipt Requested

cc: Ernie Busch ✓
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

TG/sg

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OIL CON. DIV.
DIST. 3