

APPLICATION FOR DOWNHOLE COMMINGLING,
AND MEASUREMENT APPROVAL

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To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Santa Fe Energy Resources, Inc. is requesting approval for downhole commingling of hydrocarbon production from the Bone Spring and Delaware formations in the Mesa Verde "7" Federal Well No. 2 on Federal Lease No. 68084.

Production from the two zones is as follows:

	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BWPD</u>
Delaware	38	42 deg	48	106
Bone Spring	10	40 deg	5	15

A map is enclosed showing the lease numbers and location of the surrounding leases.

A schematic diagram of the wellbore is also attached.

The storage and measuring facility is located in Unit Letter B, Sec. 7, T-24S, R-32E, on Lease No. 68084, Lea County, New Mexico. The BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Production will be allocated by formula based on constant exponential decline of 61% from the Bone Spring.

$$P_{BS} = P_{BSI} \times .92$$

$$P_{DEL} = P_{TOTAL} - P_{BSI} \quad (\text{Initial BS rate} = 324 \text{ BOPM})$$

Continued...