

UNITED STATES

December 30, 1993

**OIL CON. DIV. J
DIST. 3**

New Mexico Oil Conservation Division
Attn.: Mr. Frank T. Chavez
1000 Rio Brazos Road
Aztec, New Mexico 87410

RE:

Reuter # 2

Unit L, Section 34, T27N, R06W
Rio Arriba County, New Mexico
Commingle Allocation of Production

Dear Mr. Chavez:

As per our phone conversation on December 20, 1993 in regards to the commingled production allocation formula for the South Blanco-Tocito and Basin Dakota; Meridian Oil requests an extended flow period of ninety (90) days in order to more accurately determine the oil production allocation for this well.

Approval was requested of the following allocation dated November 23, 1993.

South Blanco Tocito Pool:	Oil	25 %*	Gas	14 %
Basin Dakota Pool:	Oil	75 %*	Gas	86 %

* Oil Allocation is based upon the best information available, and should be reasonably accurate.

The deliverability test was performed on August 13, 1993, although the well has yet to be first delivered to El Paso Natural Gas. Since the Dakota has an extended production history of over thirty (30) years, since 1963, the oil allocation formula will be more accurately determined from a production test. Meridian Oil has submitted a recent C-104, and upon its approval would like to commence with sales of both gas and oil. In summary Meridian Oil requests the above Gas production allocation be approved at this time and the above Oil allocation be verified/finalized within ninety (90) days. Commingled production will occur upon Meridian's receipt of the approved C-104.

TEM

cc: Peggy Bradfield
Well File
Accounting

Thomas E. Mullins
Production Engineer

Approved Frank Chavez
1-2-1-94