



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

NMSF078278
3162.3-2 (07100)

NOV 17 1999

Phillips Petroleum Company
Attn.: Mark Stodola
5525 Hwy., 64 NBU 3004
Farmington NM 87401

Re: Well No. 86 SJ 29-6 Unit
SESW 27-29N-6W
Rio Arriba Co., NM
Lease No. NM-03040A

Dear Mr. Stodola:

Reference is made to your application for down hole commingling of gas from the Mesaverde and the Dakota Formations in the above referenced well. After reviewing your application we concur with the interim use of the subtraction method for allocation of production between zones. Production allocation attributable to the Mesaverde Formation will be based on the difference in the forecasted Dakota production and the commingled gas stream of both intervals.

Commingled production from each zone must be reported in accordance with the allocation procedure described above. Once stabilized production is established, please file your application for fixed allocation factors for both the Mesaverde and Dakota Formations. The effective date will be the date down hole commingling actually occurs.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/s/ Joe Hewitt

Joe Hewitt
Acting Team Leader, Petroleum Management Team

cc:
NMOCD, Santa Fe
NMOCD, Aztec

RECEIVED
NOV 19 1999
OIL CON. DIV.
MAIL 3