

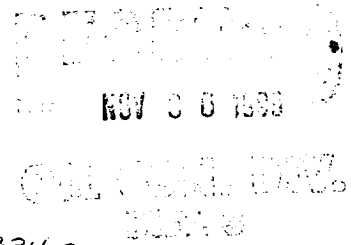


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

NOV 29 1998



IN REPLY REFER TO:

NMSF078416A
3162.3-2 (07100)

Amoco Exploration and Production
Attn.: Mary Corely
P.O. Box 3092
Houston, TX. 77079

Re: Well No. 3 Wilch A
NWNE 23-29N-8W
San Juan Co., NM
Lease No. SF-078416A

Dear Ms. Corley:

Reference is made to your application for down hole commingling of gas and associated liquid hydrocarbons from the Mesaverde and the Dakota Formations in the above referenced well. Since the Mesaverde has not yet been completed, we concur with the use of the subtraction method for allocating production between zones. Production allocation attributable to the Mesaverde Formation will be based on the difference in the forecasted Dakota production and the commingled production of both intervals.

Commingled production from each zone must be reported in accordance with the allocation procedure described above. If 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,

Jim Lovato

Acting Team Leader, Petroleum Management Team

cc:

NMOCD, Santa Fe

NMOCD, Aztec