



Santa Fe Energy Resources, Inc.

OIL CONSERVATION DIVISION
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April 10, 1996

Mr. Benjamin E. Stone
New Mexico Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505-6429

Re: Allocation Method on DHC-1175
Mesa Verde "7" Federal Well No. 2

Dear Mr. Stone:

Per your letter dated January 29, 1996, regarding an allocation method on DHC-1175 - Mesa Verde "7" Federal #2, we are submitting a proposed fixed percentage allocation based on a stabilized production rate after sixty days.

The well is currently producing ± 30 BOPD, 55 MCF/d, and 58 BWPD. Of this production it is projected that the Bone Spring is contributing 9 BOPD, 11 MCF, and 8 BWPD. This represents 30% of the oil, 20% of the gas, and 15% of the water. It is thereby requested to keep these percentages for allocation purposes for the commingled production in the well.

Respectfully,

James Blount
Production Engineer

XC: Volume Management
Well File