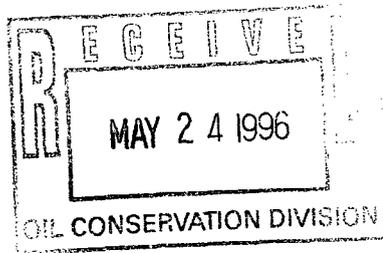


1174



Southern

Rockies

Business

Unit

DIC-1174

May 20, 1996

Mr. Ben Stone
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P. O. Box 6429
Santa Fe, NM 87505

**Allocations for Downhole Commingling
Hughes B #3A Well
Unit O Section 20-T29N-R8W
Blanco Mesaverde and Blanco Pictured Cliffs Pools
San Juan County, New Mexico**

Attached please find a letter to the Bureau of Land Management concerning allocations for the subject well. The BLM requested allocations for this well once they were established as did the NMOCD. Please advise if you do not agree with this method of allocation.

Should you have questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,

Pamela W. Staley

Enclosures



Southern

Rockies

Business

Unit

May 20, 1996

Mr. Brian Davis
U. S. Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87401

**Allocations for Downhole Commingling
Hughes B #3A Well
Federal Lease No SF-078046
Unit O Section 20-T29N-R8W
Blanco Mesaverde and Blanco Pictured Cliffs Pools
San Juan County, New Mexico**

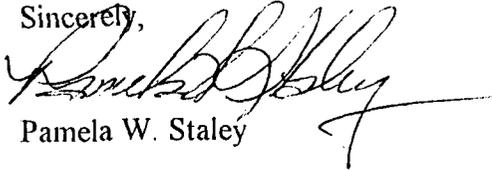
Reference is made to your letter dated December 1, 1995 in which you requested that we supply allocations to you following commingling of this well. In addition, you requested that we confirm that the condensate was being produced from the Mesaverde formation as your records indicated otherwise. We propose using the Pictured Cliffs as the baseline production on this well using the subtraction method to determine Mesaverde production. We have attached a production curve for the Pictured Cliffs for the past year and the future expected production from the Pictured Cliffs formation by month to be used as the base gas production. We confirmed that all condensate production was coming from the Mesaverde formation. Allocation for the liquids would remain as we proposed at 100% to the Mesaverde. We decided not to add compression to this well allowing it to continue producing into the low pressure gathering system.

Amoco began producing this well on April 9, 1996. The well produced a total of 3648 MCF for a total of 456.7 hours on production. Allocations were 17.74% to the Pictured Cliffs and 82.26% to the Mesaverde for gas production. Condensate production was allocated 100% to the Mesaverde.

Please advise if you do not find this a suitable method for allocation for this well.

Should you have questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pamela W. Staley', with a long horizontal flourish extending to the right.

Pamela W. Staley

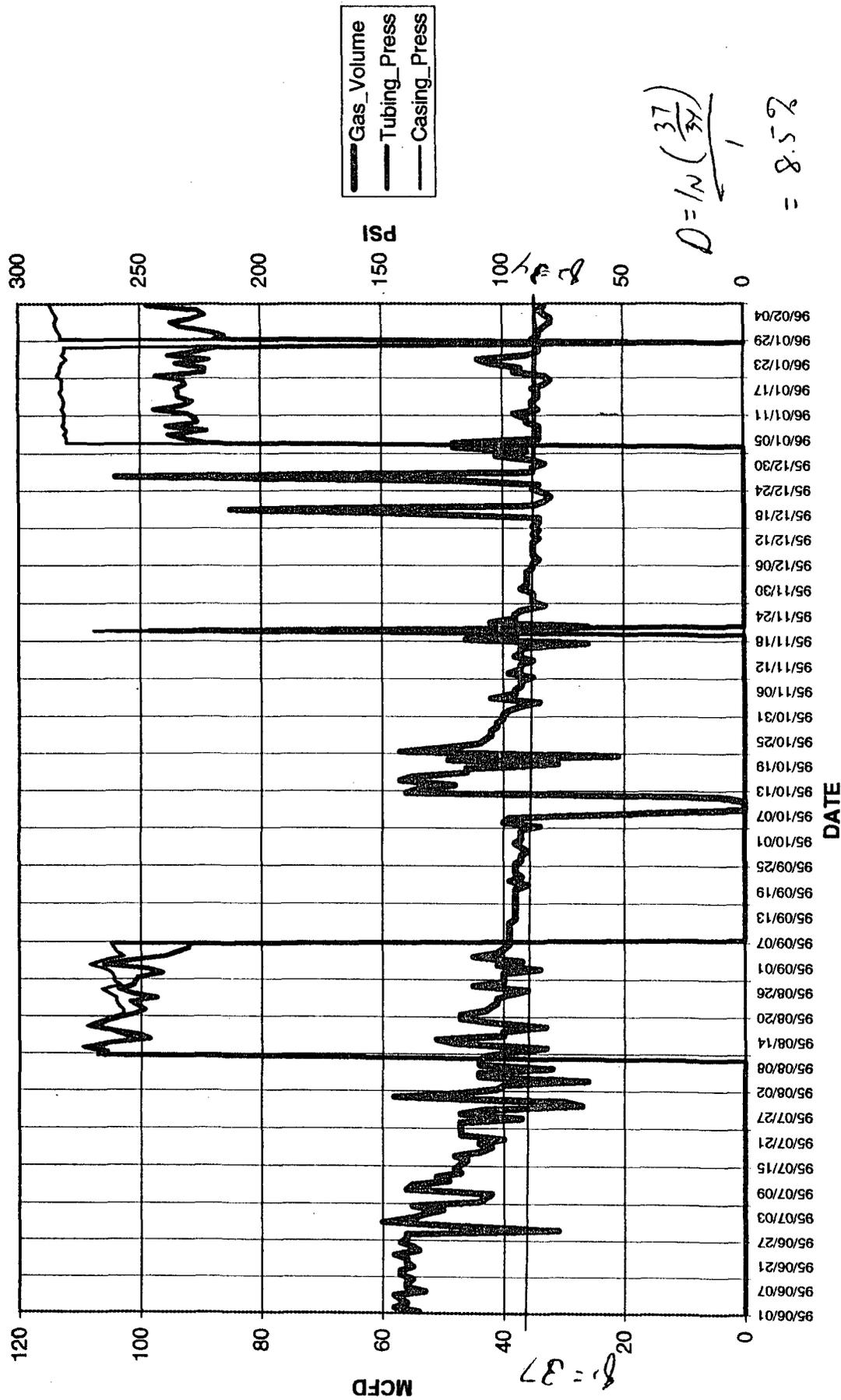
Enclosures

cc: Stan Kolodzie
Gail Jefferson
Jim Shaheen - Farmington
Sheri Bradshaw - Farmington
Wellfile
Proration file

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

Chart1

Well: HUGHES B 003A-PC (97939101)



Hughes B 3A - Commingling Application						
Extrapolated Profile of Pictured Cliffs for Future Production						
Period used for extrapolation = 11/15/95 thru 2/4/96						
Exponential D = 0.085 per year						
Estimated economic limit = 25 MCFD						
Month	Rate					
May-96	34.0					
Jun-96	33.8					
Jul-96	33.5					
Aug-96	33.3					
Sep-96	33.1					
Oct-96	32.8					
Nov-96	32.6					
Dec-96	32.4					
Jan-97	32.1					
Feb-97	31.9					
Mar-97	31.7					
Apr-97	31.5					
May-97	31.2					
Jun-97	31.0					
Jul-97	30.8					
Aug-97	30.6					
Sep-97	30.4					
Oct-97	30.1					
Nov-97	29.9					
Dec-97	29.7					
Jan-98	29.5					
Feb-98	29.3					
Mar-98	29.1					
Apr-98	28.9					
May-98	28.7					
Jun-98	28.5					
Jul-98	28.3					
Aug-98	28.1					
Sep-98	27.9					
Oct-98	27.7					
Nov-98	27.5					
Dec-98	27.3					
Jan-99	27.1					
Feb-99	26.9					
Mar-99	26.7					
Apr-99	26.5					
May-99	26.3					
Jun-99	26.2					
Jul-99	26.0					
Aug-99	25.8					
Sep-99	25.6					

Oct-99		25.4				
Nov-99		25.3				
Dec-99		25.1				
Jan-00		24.9				
Feb-00		24.7				
Mar-00		24.5				
Apr-00		24.4				
May-00		24.2				
Jun-00		24.0				
Jul-00		23.9				
Aug-00		23.7				
Sep-00		23.5				
Oct-00		23.4				
Nov-00		23.2				
Dec-00		23.0				
Jan-01		22.9				
Feb-01		22.7				
Mar-01		22.5				
Apr-01		22.4				
May-01		22.2				
Jun-01		22.1				
Jul-01		21.9				
Aug-01		21.8				
Sep-01		21.6				
Oct-01		21.5				
Nov-01		21.3				
Dec-01		21.2				
Jan-02		21.0				
Feb-02		20.9				
Mar-02		20.7				
Apr-02		20.6				
May-02		20.4				
Jun-02		20.3				
Jul-02		20.1				
Aug-02		20.0				
Sep-02		19.8				
Oct-02		19.7				
Nov-02		19.6				
Dec-02		19.4				
Jan-03		19.3				
Feb-03		19.2				
Mar-03		19.0				
Apr-03		18.9				
May-03		18.8				
Jun-03		18.6				
Jul-03		18.5				
Aug-03		18.4				
Sep-03		18.2				
Oct-03		18.1				

Nov-03		18.0					
Dec-03		17.8					
Jan-04		17.7					
Feb-04		17.6					
Mar-04		17.5					
Apr-04		17.3					
May-04		17.2					
Jun-04		17.1					
Jul-04		17.0					
Aug-04		16.9					
Sep-04		16.7					
Oct-04		16.6					
Nov-04		16.5					
Dec-04		16.4					
Jan-05		16.3					
Feb-05		16.2					
Mar-05		16.0					
Apr-05		15.9					
May-05		15.8					
Jun-05		15.7					
Jul-05		15.6					
Aug-05		15.5					
Sep-05		15.4					
Oct-05		15.3					
Nov-05		15.2					
Dec-05		15.1					
Jan-06		14.9					
Feb-06		14.8					
Mar-06		14.7					
Apr-06		14.6					
May-06		14.5					
Jun-06		14.4					
Jul-06		14.3					
Aug-06		14.2					
Sep-06		14.1					
Oct-06		14.0					
Nov-06		13.9					
Dec-06		13.8					
Jan-07		13.7					
Feb-07		13.6					
Mar-07		13.5					
Apr-07		13.4					
May-07		13.3					
Jun-07		13.3					
Jul-07		13.2					
Aug-07		13.1					
Sep-07		13.0					
Oct-07		12.9					
Nov-07		12.8					

Dec-07		12.7					
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