Southern
Rockies
Business
Unit

May 1, 1996

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

Downhole Commingling Application - Change of Allocation Method
Vandewart B#3 Well
Unit N Section 11-T29N-R8W
Basin Fruitland Coal and Blanco Pictured Cliffs Pools
San Juan County, New Mexico

I am sending this letter per our recent telephone conversation on how to handle differing allocation methods approved by the NMOCD and the BLM. Amoco Production Company filed an application with you on April 10, 1996 recommending a percentage based allocation method which we thought to be acceptable for the subject well. Since filing that application, the United States Bureau of Land Management has recently approved our application, however a condition of their approval is that we must allocate this production by the subtraction method. The BLM has stipulated that we must extrapolate the production for the current producing horizon (Pictured Cliffs) through the life of the well and attribute that production to the Pictured Cliffs. Any production in excess of that curve would be attributed to the Fruitland Coal formation. Attached you will find a tabulated gas production forecast by month for the remaining life of the Pictured Cliffs. The allocation for the condensate would be the same ratio used for the gas once that was determined from the production each month.

We are simultaneously transmitting this future production schedule to Ray Hager at the BLM for their files. Should you have questions, please do not hesitate to call me at 303-830-5344.

Sincerely,

Pamela W. Staley
Attachment
cc: Stan Kolodzie - Denver
        Jim Shaheen - Farmington
        Frank Chavez, Supervisor   Ray Hager
        NMOCD District III   Bureau of Land Management
        1000 Rio Brazos Road   1235 La Plata Hwy.
        Aztec, NM 87410   Farmington, NM 87401

Vandewart B 3 - Commingling Application

Extrapolated Profile of Pictured Cliffs for Future Production

Period used for extrapolation = Average rates 4/1/95 thru 4/1/96

Exponential D = 0.2801 per year

Estimated economic limit = 25 MCFD

Month	Rate
May-96	110.0
Jun-96	107.5
Jul-96	105.0
Aug-96	102.6
Sep-96	100.2
Oct-96	97.9
Nov-96	95.6
Dec-96	93.4
Jan-97	91.3
Feb-97	89.2
Mar-97	87.1
Apr-97	85.1
May-97	83.1
Jun-97	81.2
Jul-97	79.3
Aug-97	77.5
Sep-97	75.7
Oct-97	74.0
Nov-97	72.3
Dec-97	70.6
Jan-98	69.0
Feb-98	67.4
Mar-98	65.8
Apr-98	64.3
May-98	62.8
Jun-98	61.4
Jul-98	60.0
Aug-98	58.6
Sep-98	57.2
Oct-98	55.9
Nov-98	54.6
Dec-98	53.4
Jan-99	52.1
Feb-99	50.9
Mar-99	49.7
Apr-99	48.6
May-99	47.5
Jun-99	46.4
Jul-99	45.3
Aug-99	44.3
Sep-99	43.2

Oct-99		42.2				
Nov-99		41.3				
Dec-99		40.3				
Jan-00		39.4				
Feb-00		38.5				
Mar-00		37.6				
Apr-00		36.7				
May-00		35.9				
Jun-00		35.0				
Jul-00		34.2				
Aug-00		33.5				
Sep-00		32.7				
Oct-00		31.9				
Nov-00		31.2				
Dec-00		30.5				
Jan-01		29.8				
Feb-01		29.1				
Mar-01		28.4				
Apr-01		27.8				
May-01		27.1				
Jun-01		26.5				
Jul-01		25.9				
Aug-01		25.3				
Sep-01		24.7				