



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

October 16, 1997

IN REPLY REFER TO:
NMNM-99002 (WF)
3162.7-3 (07400)

Mr. John D. Roe
Engineer Manager
Dugan Petroleum Company
P.O. Box 420
Farmington, NM 87499-0420

RE: No. 1 Mona Lisa
920' FSL and 790' FEL
SESE Section 14-T26N-R7W
Rio Arriba County, New Mexico

Dear Mr. Roe:

We have received your application for downhole commingling the South Blanco Pictured Cliffs and the Otero Chacra formations in the above referenced well. From offset production, you have estimated the bottom hole pressure to 916 Psia for the Pictured Cliffs and 1254 Psia for the Chacra. Estimated daily production rates for each zone respectively are 68 Mcfd and 29 Mcfd. Your application is approved using the fixed percentage allocation rates shown in the table below.

FORMATION	GAS ALLOCATION
South Blanco Pictured Cliffs	70.00%
Otero Chacra	30.00%

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

/s/ Duane W. Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe
Well File (No. 1 Mona Lisa, 920'FSL&790'FEL, Sect 14-26N-7W)
DOMR
Suspense (Brian)

0740:BWDavis:10-16-97:x6367:duganMonaLisa1.ltr