

DHC 1920



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



AUG 17 1998

IN REPLY REFER TO:

NMNM-99002 (WF)
3162.3-2 (07400)

Dugan Production Company
Attn.: John Alexander
P.O. Box 420
Farmington, New Mexico 87499-0420

Re: Mona Lisa No. 2
NWSE 14-26N-7W
Lease No. NM-99002

Dear Mr. Alexander

Reference is made to your letter dated August 7, 1998 requesting concurrence with your interpretation that the referenced well has demonstrated stabilized production characteristics. A review of the well's performance since its completion in May does suggest that the well has stabilized at approximately 600 MCFD. As such, you are hereby authorized to use fixed allocation factors established under DHC Order 1920. These factors are reiterated below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Dakota	45%	45%
Gallup	25%	25%
Mesaverde	30%	30%

In addition, you are also authorized to report production utilizing these fixed allocation factors effective the date of first production from this well.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/S/ Duane W. Spencer

Duane Spencer
Team Lead, Petroleum Management

cc:

- NMOCD, Santa Fe
- NMOCD, Aztec