

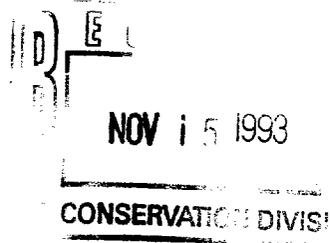


Southern

Rockies

Business

Unit



November 3, 1994

New Mexico Oil Conservation Division
2040 S. Pacheco St.
Sante Fe, New Mexico 87504
Attn: David Catanach

*DAC
CASE FILE
11095*

Case No. 11095
Order No. R-12018
Bolack No. 2E
Sec 19-T28N-R8W
San Juan County, New Mexico

Pursuant to our telephone conversation today, Amoco Production Company will implement an alternate method of determining an allocation formula for the above referenced well. We plan to determine the stabilized rate from the Dakota formation measured prior to the recompletion of the Mesaverde. After recompletion of the Mesaverde formation, we will allow a 30 - 60 day production period to stabilize rates from the Mesaverde and Dakota commingled zones. The allocation percentages would then be fixed at the Dakota stabilized rate as a percentage of the total stabilized rate. This will satisfy the intent of the order to have a good stabilized rate from the Mesaverde for the allocation formula.

After this test period, we will coordinate the allocation factors with your Aztec district. If you have any questions regarding this letter, please contact me at (303) 830-5072.

Sincerely,

J. W. Hawkins

JWK/sh

cc: Frank Chavez
NMOCD District III
1000 Rio Brazos Road
Aztec, New Mexico 87410

Peter Mueller
Operations Engineering Team
Administrative Team