STATE OF NEW MEXICO



BRUCE KING

GOVERNOR

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

ANITA LOCKWOOD CABINET SECRETARY



1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-6178

November 15, 1994

Mr. P. M. Pippin Sr. Production Engineer Meridian Oil Inc. P.O. Box 4289 Farmington, NM 87499-4289

Re: Huerfano Unit #258 M-36-27N-10W FTC / PC

Dear Mike:

Your recommended allocation of commingled production to the referenced well is hereby accepted as follows:

Fruitland Coal 77%
Pictured Cliffs 23%

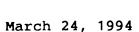
Sincerely,

Ærnie Busch

District Geologist

EB:eb

xc: Well File



Mr. Frank Chavez N. M. Oil Conservation Division 1000 Rio Brazos Road Aztec, New Mexico 87410

> Re: Commingling Allocation Huerfano Unit #258 990' FSL 990' FEL Sec. 36, T27N R10W San Juan County, N. M.

Dear Frank,

We have reviewed the gas tests on our Huerfano Unit #258 FRTC-Pc which is a commingled Basin Fruitland Coal - Fulcher Kutz Pictured Cliffs well, as per N.M.O.C.D. order #DHC-974. Based on tests taken during completion operations from both the Fruitland Coal and Pictured Cliffs we feel that the following gas production allocation on the subject well's commingled zones would be reasonably accurate:

Fruitland Coal 77%
Pictured Cliffs 23%

Please let us know if this percentage allocation meets with your approval.

Sincerely,

P. M. Pippin

Sr. Production Engineer

PMP:pmp attachment

CALCULATIONS FOR HUERFANO UNIT #258

Commingled Fulcher Kutz Pictured Cliffs Basin Fruitland Coal

Pitot gauges were taken during completion operations while the rig was on location.

GAS

| Pitot Gauge | FRTC Only | (2-17-94): | | MCF/D |
|-------------|-----------|------------|-----|-------|
| Pitot Gauge | FRTC + PC | (2-18-94): | 254 | MCF/D |

GAS ALLOCATION

$$FRTC = \frac{196}{254} = 77\%$$

Pictured Cliffs =
$$\frac{254 - 196}{254}$$
 = 23%