



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

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**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
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

Ray Hager
Bureau of Land Management
1235 La Plata Hwy.
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					