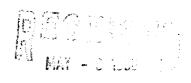


Southern Rockies Business

Unit

May 1, 1996

Mr. Ben Stone
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P. O. Box 6429
Santa Fe, NM 87505



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. Staleý

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

	wart B 3 - Com lated Profile of Pi				on
	ed for extrapolation = A				
	Exponential D = 0.28				
,	Estimated economic		D		
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	t I			
Dec-96	93.4				
Jan-97	91.3	i			
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	1			
Nov-98	54.6				
Dec-98	53.4				
Jan-99	52.1				
Feb-99	50.9				
Mar-99	49.7				
Apr-99	48.6		-		<u> </u>
May-99	47.5				
Jun-99	46.4				
Jul-99	45.3				
Aug-99	44.3				
Sep-99	43.2				

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