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SEC. - TREAS.

105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

December 16, 1987

Mr. David Catanach  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

RE: Request for Administrative Approval for Downhole Commingling:  
Hoover "ADR" State #6, M-1-17S-33E, Lea County, NM

Dear Mr. Catanach:

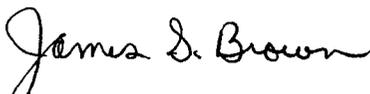
In response to our telephone conversation on December 15, 1987, I am submitting supplemental information to establish a gas allocation procedure for the subject commingling request.

During the well test of the Grayburg-San Andres formations from July 25, 1987 through October 7, 1987, the gas-oil-ratio (GOR) averaged 800 SCF/BO. The Queen formation was then tested from 10-8-87 to date, and the GOR is also about 800 SCF/BO.

I therefore propose that gas be allocated between the Queen formation and the Grayburg-San Andres formations based on equal GOR's. Thus, both oil and gas will be allocated 50/50 between the Queen and the Grayburg-San Andres.

Please call me if you have any questions or if you need more information.

Sincerely yours,

  
James S. Brown

Engineer

JSB/cvg