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DATE-11/29

May 2, 1995

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



Additional Requested Information
Downhole Commingling Applications
Storey "C" #2M Well and Florance #67 Well
Blanco Mesaverde and Basin Dakota and Otero Chacra Pools
San Juan County, New Mexico

Referencing our conversation last week concerning the supporting data for our proposed gas allocation and the allocation split for liquid production from the subject wells I am hereby submitting this information for your consideration prior to approving our application. Please refer to the attached spreadsheet showing the nearby wells used in the analysis for each allocation. In addition you can see how we arrived at both the gas and oil allocation for each of the two wells.

Storey "C" #2M Well
1890' FNL, 655' FWL, Section 35-T28N-R9W

We recommend that the oil allocation for this well be set at 80% to the Dakota formation, 20% to the Mesaverde-formation and no production to the Chacra formation as it does not produce oil in this area. Attached you will find a listing of our net oil stock for 1995 for each of the offset wells in their respective producing formations. This was the information used to determine these allocations.

As we proposed in our March 31, 1995 letter of application for downhole commingling of this well, we would allocate 20% of the gas production to the Dakota formation, 45% of the gas production to the Chacra formation and 35% of the gas production to the Mesaverde formation. We have based this on the attached information from surrounding wells which indicates how we reached these numbers.

Florance #67 Well
1135' FSL, 1850' FEL, Section 19-T27N-R8W

We recommend that the oil allocation for this well be set at 75% from the Dakota formation, 25% from the Mesaverde formation and no production from the Chacra formation as this formation does

not produce liquids in the surrounding wells. As for the previous well, the net oil stock information from which our recommendation was reached is attached.

In our application dated March 31, 1995 for downhole commingling of this well, we proposed to allocate 10% of the gas production to the Dakota formation, 36% of the gas production to the Chacra formation, and 54% of the gas production to the Mesaverde formation. As in the cases above, the data supporting this recommendation is on the attached sheet.

In our discussion last week you also indicated that you would like us to consult with Mr. Frank Chavez of the Aztec District office of the NMOCD in planning the stabilized rate tests during the recompletions on these wells. We will incorporate that into our procedure for these two wells to make sure Mr. Chavez is consulted. I have copied Mr. Chavez on this letter to make sure he is aware of our proposal.

Should you have questions concerning our methods used here, please do not hesitate to contact me at (303) 830-5344.

Sincerely,



Pamela W. Staley
Enclosure

cc: Lara Kwartin
Gail Jefferson

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

OIL AND GAS ALLOCATION

WELLNAME	FM	MCFD	NET STOCK OIL '95
Storey C 2E	DK	80	81.8
Schwerdfeger A LS 11	MV	150	20.3
Florance D LS 17	CK	100	---
Bolack C LS 14A	CK	300	---
Florance 67	DK	40	103
Florance D LS 13	MV	200	69
Florance D LS 9	MV	250	1
Florance D LS 17	CK	90	---
Bolack C LS 14A	CK	200	---

Storey C 2E Gas Allocation:

DK-80 MCFD	20%
MV-150 MCFD	35%
CK-200 MCFD (avg. of 100,300)	45%

430 MCFD total

Florance 67 Gas Allocation:

DK-40 MCFD	10%
MV-225 MCFD (avg. of 200,250)	54%
CK-150 MCFD (avg. of 250,90)	36%

415 MCFD total

Storey C 2E Oil Allocation:

DK-81.8 BBL	80%
MV-20.3 BBL	20%
CK-0 BBL	0%

102.1 total

Florance 67 Oil Allocation:

DK-103 BBL	75%
MV-35 BBL (avg. of 69.1)	25%
CK-0 BBL	0%

138 total