

OIL CONSERVATION DIVISION
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Santa Fe Energy Resources, Inc.

April 10, 1996

Mr. Benjamin E. Stone
New Mexico Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505-6429

Re: Allocation Method on DHC-1175
Mesa Verde "7" Federal Well No. 2

Dear Mr. Stone:

Per your letter dated January 29, 1996, regarding an allocation method on DHC-1175 - Mesa Verde "7" Federal #2, we are submitting a proposed fixed percentage allocation based on a stabilized production rate after sixty days.

The well is currently producing ± 30 BOPD, 55 MCF/d, and 58 BWPD. Of this production it is projected that the Bone Spring is contributing 9 BOPD, 11 MCF, and 8 BWPD. This represents 30% of the oil, 20% of the gas, and 15% of the water. It is thereby requested to keep these percentages for allocation purposes for the commingled production in the well.

Respectfully,

A handwritten signature in cursive script that reads "James Blount".

James Blount
Production Engineer

XC: Volume Management
Well File