



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington District Office  
1235 La Plata Highway  
Farmington, New Mexico 87401

May 7, 1996

IN REPLY REFER TO:

SF-077112

3162.3-2 (07327)

Pamela W. Staley  
Amoco Production Company  
P.O. Box 800, 1670 Broadway  
Denver, Colorado 80201

RECEIVED  
MAY 10 1996  
OIL CON. DIV.  
DIST. 3

Dear Ms. Staley:

In correspondence dated March 28, 1996, we approved your application to commingle production downhole from the Blanco Mesaverde and the Basin Dakota Pools in the following well:

**Lackey #1E**  
**1540' FSL, 940 FEL, Section 23, T-28N, R-9W**  
**San Juan County, New Mexico**

The acreage dedicated to this well contains portions of Federal Lease SF-077112. On April 30, 1996, you submitted an amended application to include commingling the Otero Chacra pool in addition to the previously approved Blanco Mesaverde and Basin Dakota pools. Your Application and allocation method, for all three formations is hereby approved as submitted, effective the date that actual commingling occurs. Approved allocation factors are: (Natural Gas) Basin Dakota volumes based on extrapolated historical production with the remainder of the gas produced each month allocated 90% to the Mesaverde and 10% to the Chacra. (Condensate) Basin Dakota volumes based on the percentage of gas allocated with the remainder of the condensate allocated to the Mesaverde. There will be no condensate allocation to the Chacra pool since offset Chacra producers have demonstrated that no liquids are associated with gas production from the Chacra producers in the area.

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

*Duane Spencer*

Duane Spencer  
Team Lead, Petroleum Management

Attachment: Initial approval to commingle Basin Dakota And Blanco Mesaverde.

bcc:

New Mexico Oil Conservation Division, Santa Fe  
New Mexico Oil Conservation Division, Aztec  
07327:RHager: 05/07/96 :x366:Lackey#1E.ltr

AIRS  
DOM Reader

Well File ( SF-077112, Lackey #1E, 1540 FSL 940 FEL, Section 23, T-28N, R-9W) W/Application



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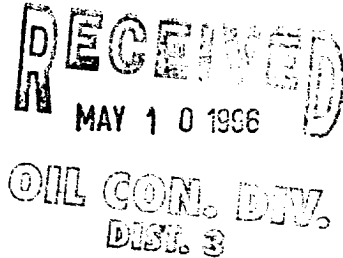
March 28, 1996

IN REPLY REFER TO:

SF-077112

3162.3-2 (07327)

Pamela W. Staley  
Amoco Production Company  
P.O. Box 800 1670 Broadway  
Denver, Colorado 80201



Dear Ms. Staley:

We have reviewed your application to commingle production downhole from the Blanco Mesaverde and the Basin Dakota Pools in the following well:

**Lackey #1E  
1540' FSL, 940' FEL, Section 23, T-28N, R-9W  
San Juan County, New Mexico**

Amoco plans to complete the referenced well in the Mesaverde formation and commingle production with established Dakota production. Your plan to allocate Mesaverde production based on percentages derived from offset Mesaverde production is not feasible because initial Mesaverde production will be affected by "flush" production rates. To allocate properly, Dakota production must be allocated based on extrapolation of the established decline rate, with the remainder of production allocated to the Mesaverde formation. Allocation based on percentage factors is not equitable until both formations are declining at the same rate. Your application to commingle production is hereby approved effective the date that production is physically commingled. Production must be allocated based on the method described above. Allocation must be accurate due to diverse ownership in the well.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

/s/ Duane Spencer

Duane Spencer  
Chief, Branch of Reservoir Management