



Southern

Rockies

Business

Unit

November 2, 1995

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P. O. Box 6429
Santa Fe, NM 87505

Application for Exception to Rule 303-C
Downhole Commingling
Hughes B #2A Well
875' FSL & 1610' FEL, Unit O Section 19-T29N-R8W
Blanco Mesaverde and Blanco Pictured Cliffs Pools
San Juan County, New Mexico

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Amoco Production Company hereby requests administrative approval to downhole commingle production from the Blanco Mesaverde and Blanco Pictured Cliffs Pools in the Hughes B #2A well referenced above. The Hughes B #2A is currently a dual completion in the Mesaverde and Pictured Cliffs formations. We plan to complete the well with both the Mesaverde and Pictured Cliffs formations being downhole commingled in the wellbore. The Pictured Cliffs zone has been producing against line pressure while the Mesaverde has been on compression. This commingling will allow both the Mesaverde and the Pictured Cliffs formations to be produced through the compressor and should result in additional Pictured Cliffs production. The two zones are expected to produce at a total commingled rate of about 650 MCFD with no condensate. The ownership (WI, RI, ORI) of these pools is common in this wellbore. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights. Offset operators to this well will receive a copy of this application by certified mail.

The allocation method that we plan to use for this commingled well is as follows. Since the Mesaverde formation has been producing on compression for some time and the Pictured Cliffs formation has not, we recommend that once total commingled production rates are established that the Pictured Cliffs be allocated the percent difference between the stabilized Mesaverde producing rate and total stabilized commingled production. The Mesaverde is currently producing 400 MCFD. The allocation percentages would then be set as a percentage of the total rate attributing 400 MCFD as the rate from the Mesaverde and the rest to the Pictured Cliffs. We would notify your Aztec District office when the testing was complete and report the allocation percentages for gas at that time for approval. Neither of these zones have produced condensate, and therefore, no recommended allocation for condensate is being made. The actual commercial value of the