



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

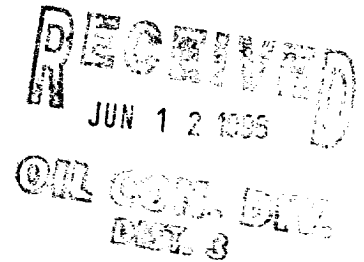
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

AD ✓ (2)

AMENDED ADMINISTRATIVE ORDER DHC-1174

Amoco Production Company
P.O. Box 800
Denver, Colorado 80201-0800

Attention: Ms. Pamela Staley



*Hughes "B" Well No. 3A
Unit O, Section 20, Township 29 North, Range 8 West, NMPM,
San Juan County, New Mexico.
Blanco-Pictured Cliffs (Gas - 72359) and
Blanco-Mesaverde (Prorated Gas - 72319) Pools*

Dear Ms. Staley:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas production from the Blanco-Pictured Cliffs Gas Pool shall be determined utilizing the monthly production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Blanco-Pictured Cliffs Gas Pool production from the well's total monthly gas production.

Condensate production shall be allocated 100 percent to the Blanco-Mesaverde Gas Pool.

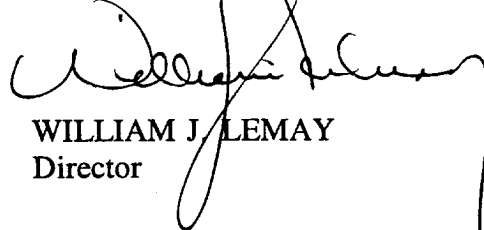
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 7th day of June, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec ✓
Bureau of Land Management - Farmington



Southern

Rockies

Business

Unit

May 20, 1996

Mr. Brian Davis
U. S. Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87401

Allocations for Downhole Commingling
Hughes B #3A Well
Federal Lease No SF-078046
Unit O Section 20-T29N-R8W
Blanco Mesaverde and Blanco Pictured Cliffs Pools
San Juan County, New Mexico

RECEIVED
MAY 24 1996

OIL CON. DIV.
DIST. 3

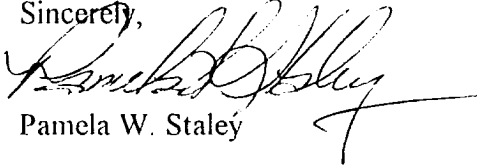
Reference is made to your letter dated December 1, 1995 in which you requested that we supply allocations to you following commingling of this well. In addition, you requested that we confirm that the condensate was being produced from the Mesaverde formation as your records indicated otherwise. We propose using the Pictured Cliffs as the baseline production on this well using the subtraction method to determine Mesaverde production. We have attached a production curve for the Pictured Cliffs for the past year and the future expected production from the Pictured Cliffs formation by month to be used as the base gas production. We confirmed that all condensate production was coming from the Mesaverde formation. Allocation for the liquids would remain as we proposed at 100% to the Mesaverde. We decided not to add compression to this well allowing it to continue producing into the low pressure gathering system.

Amoco began producing this well on April 9, 1996. The well produced a total of 3648 MCF for a total of 456.7 hours on production. Allocations were 17.74% to the Pictured Cliffs and 82.26% to the Mesaverde for gas production. Condensate production was allocated 100% to the Mesaverde.

Please advise if you do not find this a suitable method for allocation for this well.

Should you have questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,



Pamela W. Staley

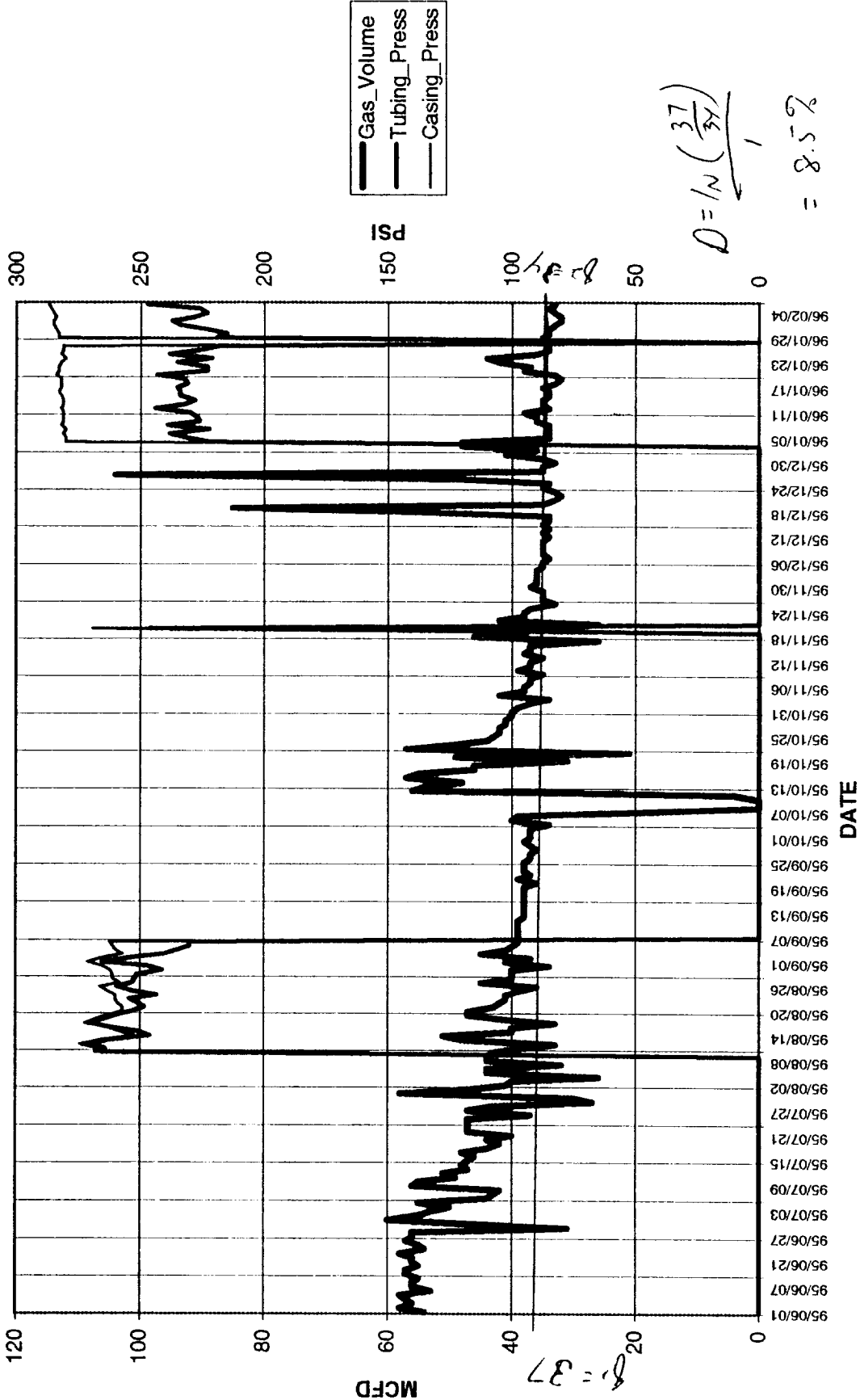
Enclosures

cc: Stan Kolodzie
Gail Jefferson
Jim Shaheen - Farmington
Sheri Bradshaw - Farmington
Wellfile
Proration file

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

Chart1

Well: HUGHES B 003A-PC (97939101)



Hughes B 3A - Commingling Application						
Extrapolated Profile of Pictured Cliffs for Future Production						
Period used for extrapolation = 11/15/95 thru 2/4/96						
		Exponential D = 0.085 per year				
		Estimated economic limit = 25 MCFD				
Month		Rate				
May-96		34.0				
Jun-96		33.8				
Jul-96		33.5				
Aug-96		33.3				
Sep-96		33.1				
Oct-96		32.8				
Nov-96		32.6				
Dec-96		32.4				
Jan-97		32.1				
Feb-97		31.9				
Mar-97		31.7				
Apr-97		31.5				
May-97		31.2				
Jun-97		31.0				
Jul-97		30.8				
Aug-97		30.6				
Sep-97		30.4				
Oct-97		30.1				
Nov-97		29.9				
Dec-97		29.7				
Jan-98		29.5				
Feb-98		29.3				
Mar-98		29.1				
Apr-98		28.9				
May-98		28.7				
Jun-98		28.5				
Jul-98		28.3				
Aug-98		28.1				
Sep-98		27.9				
Oct-98		27.7				
Nov-98		27.5				
Dec-98		27.3				
Jan-99		27.1				
Feb-99		26.9				
Mar-99		26.7				
Apr-99		26.5				
May-99		26.3				
Jun-99		26.2				
Jul-99		26.0				
Aug-99		25.8				
Sep-99		25.6				

Oct-99		25.4					
Nov-99		25.3					
Dec-99		25.1					
Jan-00		24.9					
Feb-00		24.7					
Mar-00		24.5					
Apr-00		24.4					
May-00		24.2					
Jun-00		24.0					
Jul-00		23.9					
Aug-00		23.7					
Sep-00		23.5					
Oct-00		23.4					
Nov-00		23.2					
Dec-00		23.0					
Jan-01		22.9					
Feb-01		22.7					
Mar-01		22.5					
Apr-01		22.4					
May-01		22.2					
Jun-01		22.1					
Jul-01		21.9					
Aug-01		21.8					
Sep-01		21.6					
Oct-01		21.5					
Nov-01		21.3					
Dec-01		21.2					
Jan-02		21.0					
Feb-02		20.9					
Mar-02		20.7					
Apr-02		20.6					
May-02		20.4					
Jun-02		20.3					
Jul-02		20.1					
Aug-02		20.0					
Sep-02		19.8					
Oct-02		19.7					
Nov-02		19.6					
Dec-02		19.4					
Jan-03		19.3					
Feb-03		19.2					
Mar-03		19.0					
Apr-03		18.9					
May-03		18.8					
Jun-03		18.6					
Jul-03		18.5					
Aug-03		18.4					
Sep-03		18.2					
Oct-03		18.1					

Nov-03		18.0					
Dec-03		17.8					
Jan-04		17.7					
Feb-04		17.6					
Mar-04		17.5					
Apr-04		17.3					
May-04		17.2					
Jun-04		17.1					
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Dec-05		15.1					
Jan-06		14.9					
Feb-06		14.8					
Mar-06		14.7					
Apr-06		14.6					
May-06		14.5					
Jun-06		14.4					
Jul-06		14.3					
Aug-06		14.2					
Sep-06		14.1					
Oct-06		14.0					
Nov-06		13.9					
Dec-06		13.8					
Jan-07		13.7					
Feb-07		13.6					
Mar-07		13.5					
Apr-07		13.4					
May-07		13.3					
Jun-07		13.3					
Jul-07		13.2					
Aug-07		13.1					
Sep-07		13.0					
Oct-07		12.9					
Nov-07		12.8					

Dec-07		12.7					
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