



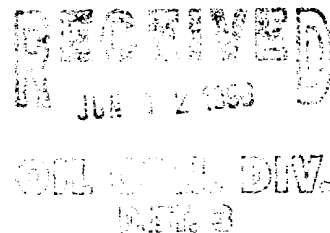
NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

AMENDED ADMINISTRATIVE ORDER DHC-1173

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

Attention: Ms. Pamela Staley



*Hughes "B" Well No. 7A  
Unit F, Section 29, 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 50 percent to the Blanco-Pictured Cliffs Gas Pool and 50 percent to the Blanco-Mesaverde Gas Pool.



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~~Amoco Administrative Order~~  
~~Amoco Production Company~~

June 7, 1996

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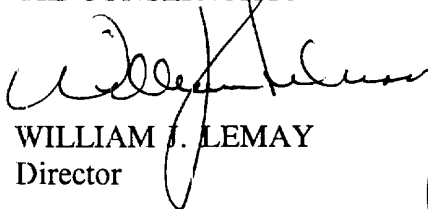
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

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. Ray Hager  
U. S. Bureau of Land Management  
1235 La Plata Hwy.  
Farmington, NM 87401

**Allocations for Downhole Commingling**  
**Hughes B #7A Well**  
**Federal Lease No SF-078046**  
**Unit F Section 29-T29N-R8W**  
**Blanco Mesaverde and Blanco Pictured Cliffs Pools**  
**San Juan County, New Mexico**

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MAY 24 1996

ORL GONG. DPL  
PAC. 1

Reference is made to your letter dated November 27, 1995 in which you proposed an alternative allocation method for the referenced well. We had proposed a percentage allocation for this well. Your reasons for preferring a different method were twofold; we were proposing adding compression for the Pictured Cliffs formation which might change the character of the decline for that formation, and you felt that the Pictured Cliffs formation was somewhat erratic in its production. Since that time, some factors have changed which we believe bear a change in allocation. We decided not to add compression to the Pictured Cliffs formation allowing it to continue producing into the low pressure gathering system. In fact, we removed the compressor from this well altogether. As a result, we believe that the use of the Pictured Cliffs future decline would be more accurate to use as the baseline production on this well. We have attached a production curve for the Pictured Cliffs for the past year and it appears to be stable for that period.

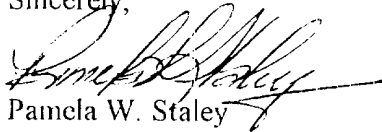
Therefore, we now propose using the subtraction method on this well using the Pictured Cliffs for base production with the rest of the production being attributed to the Mesaverde formation. Attached is the future expected production from the Pictured Cliffs formation by month to be used as the base gas production. Allocation for the liquids would remain as we proposed and as accepted by you at 50% to each formation.

Amoco began producing this well in April. The well produced a total of 6565 MCF for a total of 225.6 hours on production. Allocations were 3.58% to the Pictured Cliffs and 96.42% to the Mesaverde for gas production. Condensate production was split at 50% to each formation.

Per our telephone conversation of May 20, 1996 you felt that this would most likely be a reasonable allocation method. 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,

A handwritten signature in black ink, appearing to read 'Pamela W. Staley', written over the printed name.

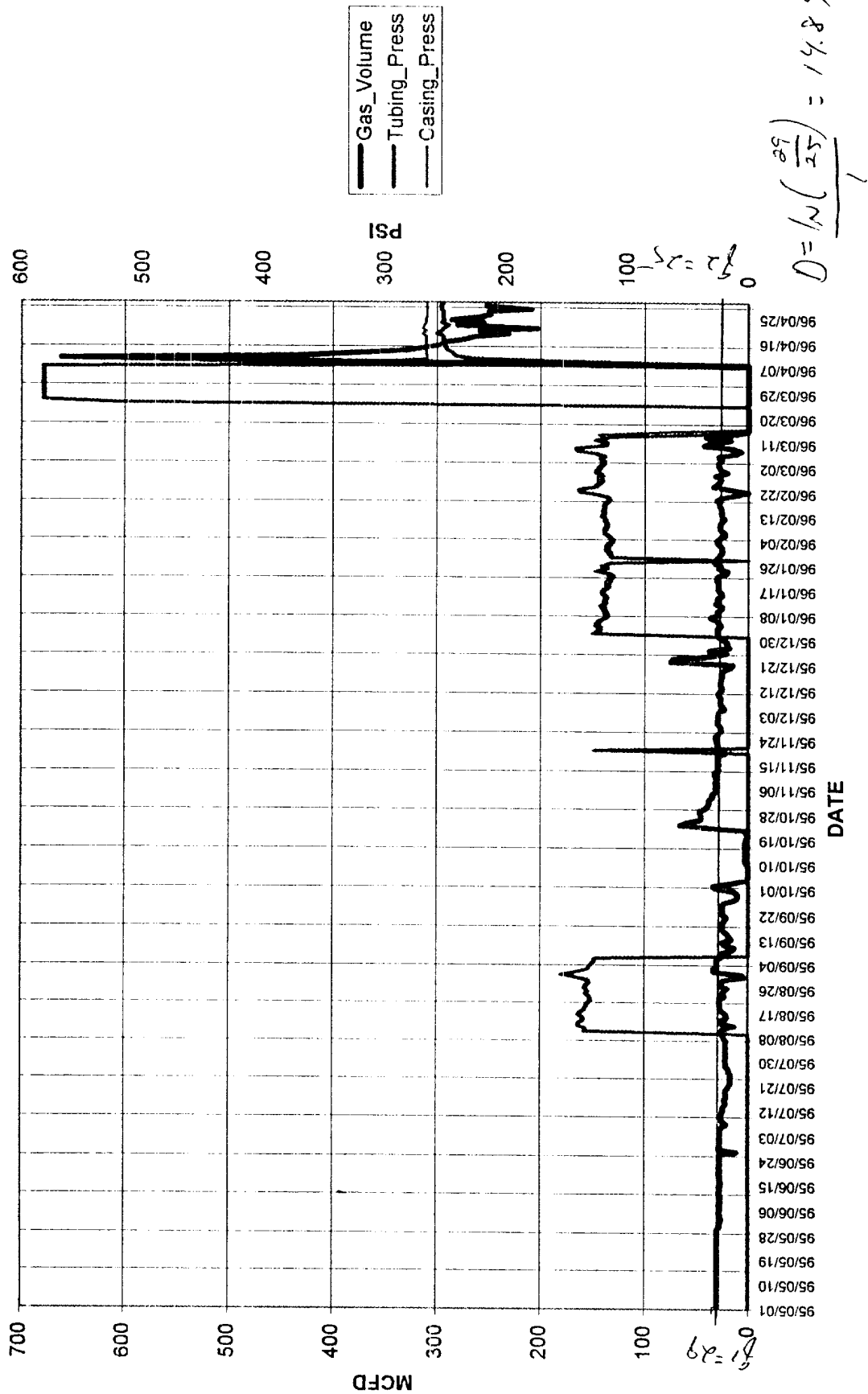
Enclosures

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 007A-PC/MV COMG (97941903)



Hughes B 7A - Commingling Application						
Extrapolated Profile of Pictured Cliffs for Future Production						
Period used for extrapolation = 9/11/95 thru 3/15/96						
		Exponential D = 0.148 per year				
		Estimated economic limit = 25 MCFD				
Month		Rate				
May-96		25.0				
Jun-96		24.7				
Jul-96		24.4				
Aug-96		24.1				
Sep-96		23.8				
Oct-96		23.5				
Nov-96		23.2				
Dec-96		22.9				
Jan-97		22.7				
Feb-97		22.4				
Mar-97		22.1				
Apr-97		21.8				
May-97		21.6				
Jun-97		21.3				
Jul-97		21.0				
Aug-97		20.8				
Sep-97		20.5				
Oct-97		20.3				
Nov-97		20.0				
Dec-97		19.8				
Jan-98		19.5				
Feb-98		19.3				
Mar-98		19.1				
Apr-98		18.8				
May-98		18.6				
Jun-98		18.4				
Jul-98		18.1				
Aug-98		17.9				
Sep-98		17.7				
Oct-98		17.5				
Nov-98		17.3				
Dec-98		17.1				
Jan-99		16.8				
Feb-99		16.6				
Mar-99		16.4				
Apr-99		16.2				
May-99		16.0				
Jun-99		15.8				
Jul-99		15.6				
Aug-99		15.5				
Sep-99		15.3				

Sheet1

Oct-99		15.1					
Nov-99		14.9					
Dec-99		14.7					
Jan-00		14.5					
Feb-00		14.4					
Mar-00		14.2					
Apr-00		14.0					
May-00		13.8					
Jun-00		13.7					
Jul-00		13.5					
Aug-00		13.3					
Sep-00		13.2					
Oct-00		13.0					
Nov-00		12.8					
Dec-00		12.7					
Jan-01		12.5					
Feb-01		12.4					
Mar-01		12.2					
Apr-01		12.1					
May-01		11.9					
Jun-01		11.8					
Jul-01		11.6					
Aug-01		11.5					
Sep-01		11.4					
Oct-01		11.2					
Nov-01		11.1					
Dec-01		10.9					
Jan-02		10.8					
Feb-02		10.7					
Mar-02		10.5					
Apr-02		10.4					
May-02		10.3					
Jun-02		10.2					
Jul-02		10.0					
Aug-02		9.9					
Sep-02		9.8					
Oct-02		9.7					
Nov-02		9.6					
Dec-02		9.4					
Jan-03		9.3					
Feb-03		9.2					
Mar-03		9.1					
Apr-03		9.0					
May-03		8.9					
Jun-03		8.8					
Jul-03		8.7					
Aug-03		8.5					
Sep-03		8.4					
Oct-03		8.3					

Nov-03	8.2					
Dec-03	8.1					
Jan-04	8.0					
Feb-04	7.9					
Mar-04	7.8					
Apr-04	7.7					
May-04	7.7					
Jun-04	7.6					
Jul-04	7.5					
Aug-04	7.4					
Sep-04	7.3					
Oct-04	7.2					
Nov-04	7.1					
Dec-04	7.0					
Jan-05	6.9					
Feb-05	6.8					
Mar-05	6.8					
Apr-05	6.7					
May-05	6.6					
Jun-05	6.5					
Jul-05	6.4					
Aug-05	6.4					
Sep-05	6.3					
Oct-05	6.2					
Nov-05	6.1					
Dec-05	6.1					
Jan-06	6.0					
Feb-06	5.9					
Mar-06	5.8					
Apr-06	5.8					
May-06	5.7					
Jun-06	5.6					
Jul-06	5.6					
Aug-06	5.5					
Sep-06	5.4					
Oct-06	5.4					
Nov-06	5.3					
Dec-06	5.2					
Jan-07	5.2					
Feb-07	5.1					
Mar-07	5.0					
Apr-07	5.0					
May-07	4.9					
Jun-07	4.8					
Jul-07	4.8					
Aug-07	4.7					
Sep-07	4.7					
Oct-07	4.6					
Nov-07	4.6					



Dec-07		4.5				
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