



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

JUL 20 1999

RECEIVED
JUL 22 1999
OIL CON. DIV.
DIST. 3

IN REPLY REFER TO:

3162.7-3
SF-078132

Amoco Production Company
Attn.: Bill Hawkins
P.O. Box 3092
Houston, TX 77253-3092

Dear Mr. Hawkins:

Reference is made to your application for surface commingling of gas and associated liquid hydrocarbons from the following wells on Federal lease No. SF-078132:

- 1) A.L. Elliott D #3, located 1850' FNL and 1650' FWL in section 12, T. 29N., R. 9W.,
- 2) A.L. Elliott D #1A, located 1710' FNL and 1590' FWL section 12, T. 29N., R. 9W.,
- 3) A.L. Elliott G #1, located 1710' FNL and 1510' FWL section 12, T. 29N., R. 9W.

The referenced wells are located in the Blanco Pictured Cliffs, Blanco Mesaverde, and the Basin Dakota Pools respectively in San Juan County, New Mexico.

Your application indicates that measurement at a common on lease facility is necessary to economically operate these wells and extend the economic life of the properties. We have reviewed your application and concur with your findings. As such, you are hereby authorized to measure gas and oil from these wells at a common facility and allocate production back to the individual wells based on isolated well tests. The following are conditions of this approval:

- Measurement of gas and oil at the common facility must be conducted in accordance with the requirements outlined in Onshore Orders No. 3 Site Security, No. 4 Oil Measurement, and No. 5 Gas Measurement.
- No other wells can be added to this system of measurement without the prior approval of this office.
- Allocated sales must be made on an MMBTU adjusted basis using weight averaging to account for any differences in gas quality.
- File the well test information and your proposed allocation factors within 30 days of conducting these tests. Also, provide the meter identification number and subsequent well test schedule.

This office reserves the right to rescind this approval should future evaluation of this method of measurement indicate that the federal royalties would be reduced. If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/s/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management Team

cc:
NMOCD: Aztec
NMOCD: Santa Fe ✓