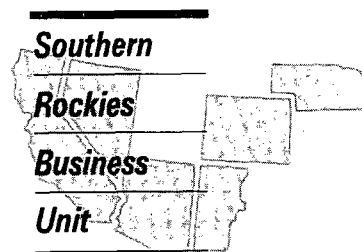




OIL CONSERVATION DIVISION
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DHC 8-14-95
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July 17, 1995

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-A
Downhole Commingling
Sellers Federal LS 2M
1170' FSL & 1460' FEL, Unit O Section 30-T30N-R10W
Blanco Mesaverde and Basin Dakota Pools
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval to downhole commingle production from the Blanco Mesaverde and Basin Dakota Pools in the Sellers Federal LS 2M well referenced above. The Sellers Federal LS 2M well has been a dual completion in the Mesaverde and Dakota for some time and we believe that downhole commingling will offer an economical method of production from the two zones while protecting against reservoir damage, waste of reserves and violation of correlative rights. The ownership (WI, RI, ORRI) of these pools is identical in this wellbore.

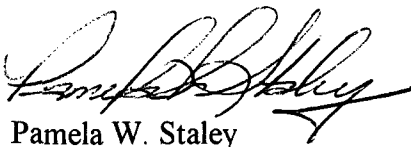
The allocation method that we plan to use for this commingled well is as follows. The Mesaverde is currently producing 260 MCFD on compression and we anticipate that rate to continue after commingling. The Dakota formation is currently not on compression. We propose to put the Dakota on compression prior to combining the two formations to establish its stabilized rate. Based on that testing we will provide our final gas allocations to your Aztec District. These formations produce very limited amounts of condensate (approximately 1 BCPD in total). Based on recent field testing by our technicians, we recommend allocating 25% of condensate production to the Mesaverde and 75% of condensate production to the Dakota. Should our testing of the Dakota suggest different allocations for the liquids we will inform the Aztec District at the time we provide the gas allocations. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

Attached to aid in your review are plats showing the location of the proposed well and offset wells producing from the same formation, historical and recent production information for each formation,

and a C-102 for each formation. This spacing unit is on federal lease number SF-078195. A copy of the application will be sent to the BLM requesting their consent.

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

Sincerely,



Pamela W. Staley

Enclosures

cc: Mike Kutas
Patty Haefle

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

Duane Spencer
Bureau of Land Management
1235 La Plata Hwy
Farmington, NM 87401

Application for Exception to Rule 303: SEGREGATION OF PRODUCTION FROM POOLS

Requirements

- (1) Name and address of the operator:

Amoco Production Company
P.O. Box 800
Denver, CO 80201

- (2) Lease name, well number, well location, name of the pools to be commingled:

Lease Name: **Sellers Federal LS**

Well Number: **2M**
Well Location: **1170' FSL & 1460' FEL**
Unit O Section 30-T30N-R10W
San Juan County, New Mexico
Pools Commingled: **Blanco Mesaverde**
Basin Dakota

- (3) A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases.

Offset Operator Plats and Addresses Attached.

- (4) A current (within 30 days) 24-hour productivity test on Division Form C-116 showing the amount of oil, gas and water produced from each zone.

Last two months of production included for each formation

- (5) A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed within the case of a newly completed or recently completed well which has little or not production history. However, a complete resume of the well's completion history including description of treating, testing, etc., of each zone, and a prognostication of future production from each zone shall be permitted.)

See attached production decline curves for each formation

- (6) Estimated bottomhole pressure for each artificially lifted zone. A current (within 30 days) measured bottom hole pressure for each zone capable of flowing.
Bottomhole pressures estimated from shut-in pressures taken during June 1995 are as follows:

Mesaverde	1010 PSIG
Dakota	1256 PSIG

We do not anticipate any problems due to these pressure differences.

- (7) A description of the fluid characteristics of each zone showing that the fluids will not be incompatible in the wellbore.

The fluids are not anticipated to have any abnormal components that would prohibit commingling. API gravities should be comparable and do not suggest potential scale or commingling problems. The API gravity for the Mesaverde is anticipated to be approximately 52 degrees while the Dakota gravity is expected to be 56 degrees.

- (8) A computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams:

Since the produced fluids are expected to be very similar, we would anticipate the commingled production to have the same value as the sum of the individual streams.

- (9) A formula for the allocation of production to each of the commingled zones and a description of the factors or data used in determining such formula:

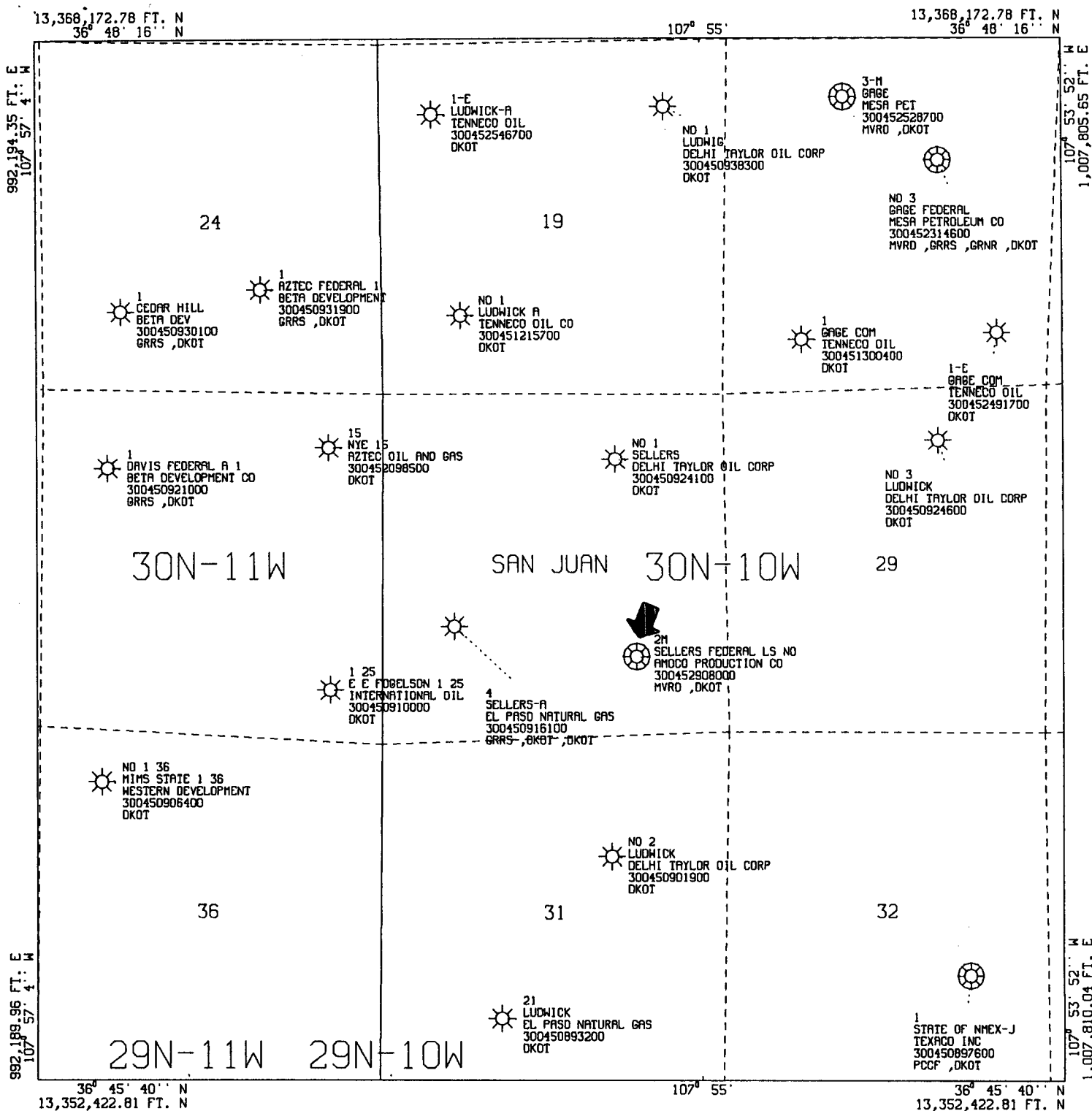
The allocation method that we plan to use for this commingled well is as follows. The Mesaverde is currently producing 260 MCFD on compression and we anticipate that rate to continue after commingling. The Dakota formation is currently not on compression. We propose to put the Dakota on compression prior to combining the two formations to establish its stabilized rate. Based on that testing we will provide our final gas allocations to your Aztec District. These formations produce very limited amounts of condensate (approximately 1 BCPD in total). Based on recent field testing by our technicians, we recommend allocating 25% of condensate production to the Mesaverde and 75% of condensate production to the Dakota. Should our testing of the Dakota suggest different allocations for the liquids we will inform the Aztec District at the time we provide the gas allocations. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

- (10) A statement that all offset operators and, in the case of a well on federal land, the United States Bureau of Land Management, have been notified in writing of the proposed commingling.

BLM will receive a copy of this application by certified mail. The offsetting operators listed on the attached sheets will receive a copy of this application by certified mail.

LIST OF ADDRESSES FOR OFFSET OPERATORS
Sellers Federal LS 2M

1 Conoco, Inc.
10 Desta Drive West
Midland, Texas 79705



All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

AMOCO PRODUCTION COMPANY
PLAT MAP
Sellers Federal LS 2M
Dakota

POLYCONIC CENTRAL MERIDIAN - 107° 55' 28" W LON
SPHEROID - 6

SCALE 1 IN. = 2,000 FT. JUN 12, 1995

HORIZONTAL DATUM NAD27

15235--RUN=95163163747

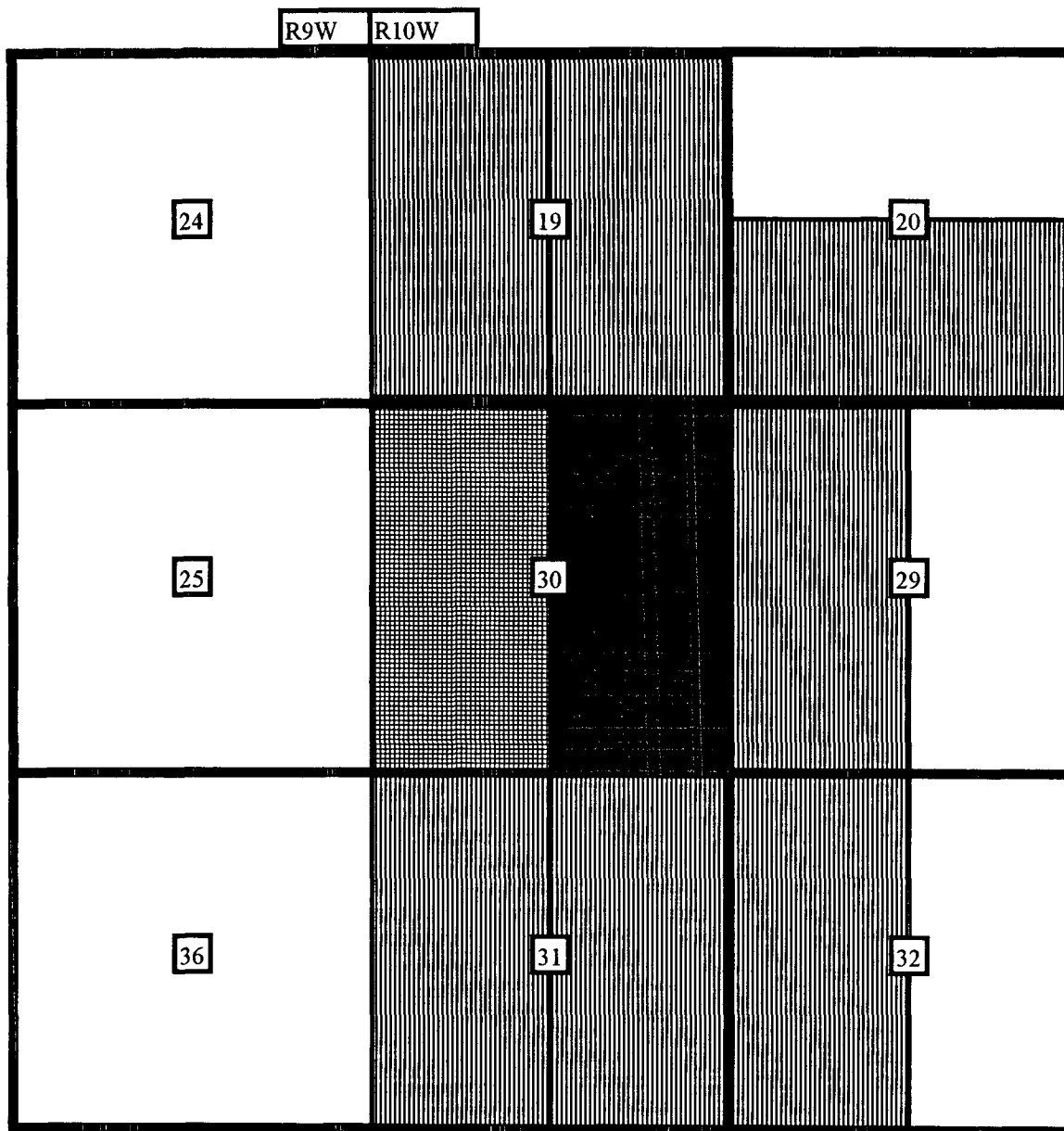
AMOCO PRODUCTION COMPANY OFFSET OPERATOR PLAT

Sellers Federal LS 2M

1170' FSL & 1460' FEL

Unit O Section 30-T30N-R10W

Basin Dakota and Mesaverde Pools



SPACING UNIT TO BE DOWNHOLE COMMINGLED



AMOCO PRODUCTION COMPANY

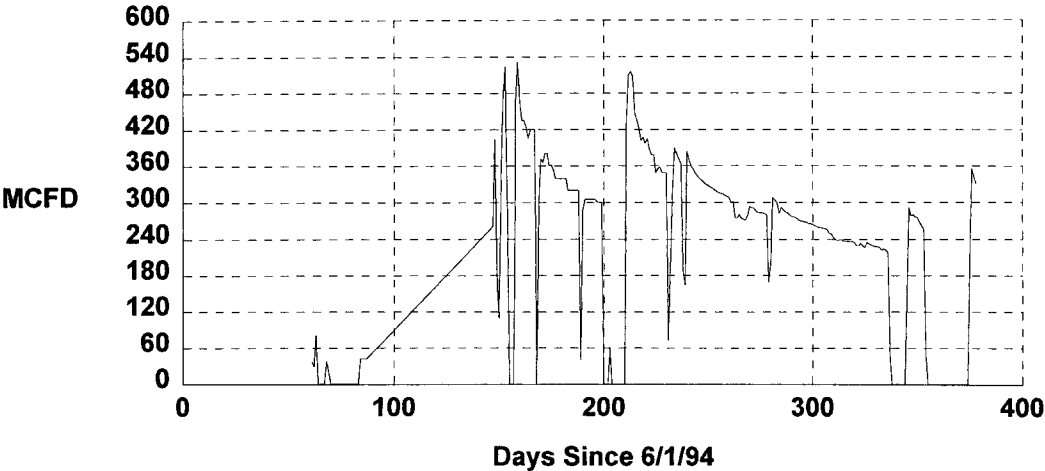


AMOCO 50% CONOCO 50% NO MESAVERDE WELL (WELL WAS RECENTLY PLUGGED BACK TO THE PICTURED CLIFFS)

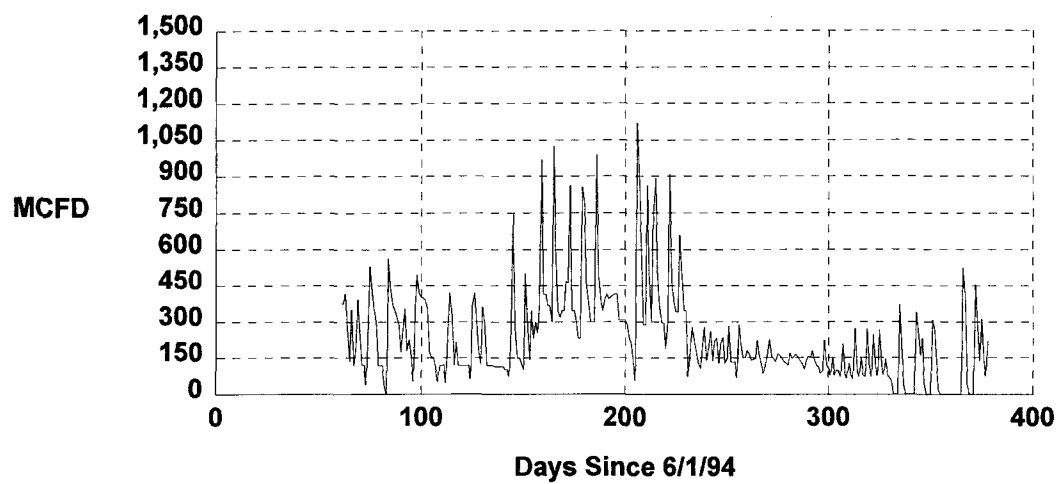
LIST OF ADDRESSES FOR OFFSET OPERATORS
Sellers Federal LS 2M

- 1 Conoco, Inc.
10 Desta Drive West
Midland, Texas 79705

San Juan O.C.
WELL: SELLERS FEDERAL LS 002M - MV (71159802)
(Downtime excluded)



San Juan O.C.
WELL: SELLERS FEDERAL LS 002M - DK (71159801)
(Downtime excluded)



State Lease - 4 copies
Fed Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

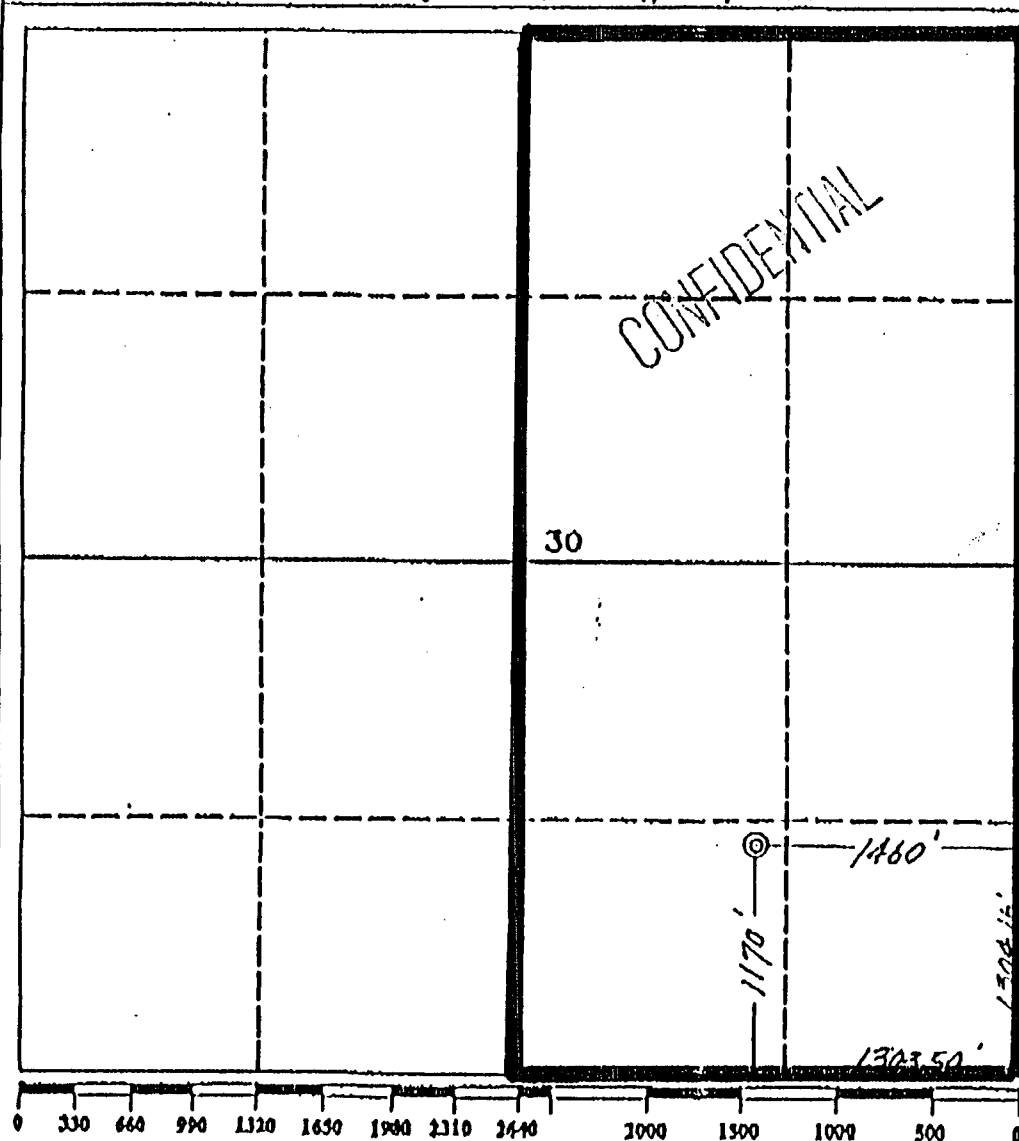
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator AMOCO PRODUCTION COMPANY			Lease SELLERS FEDERAL LS		Well No. 2M
Unit Letter D	Section 30	Township 30 NORTH	Range 10 WEST	County NMPM	SAN JUAN
Actual Footage Location of Well: 1170 feet from the SOUTH line and 1460 feet from the EAST line					
Ground level Elev. 6065	Producing Formation Blanco Mesaverde		Pool Blanco Mesaverde		Dedicated Acreage: E/2 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *Julie L. Acevedo*
Printed Name **Julie-L. Acevedo**
Position **Sr. Staff Assistant**
Company **Amoco Production Company**
Date **2/2/94**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **August 21, 1972**
Signature & Seal of Professional Surveyor **GARY D. VANN**
Professional Surveyor **7016**
Date **2016**
Professional Surveyor **7016**

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

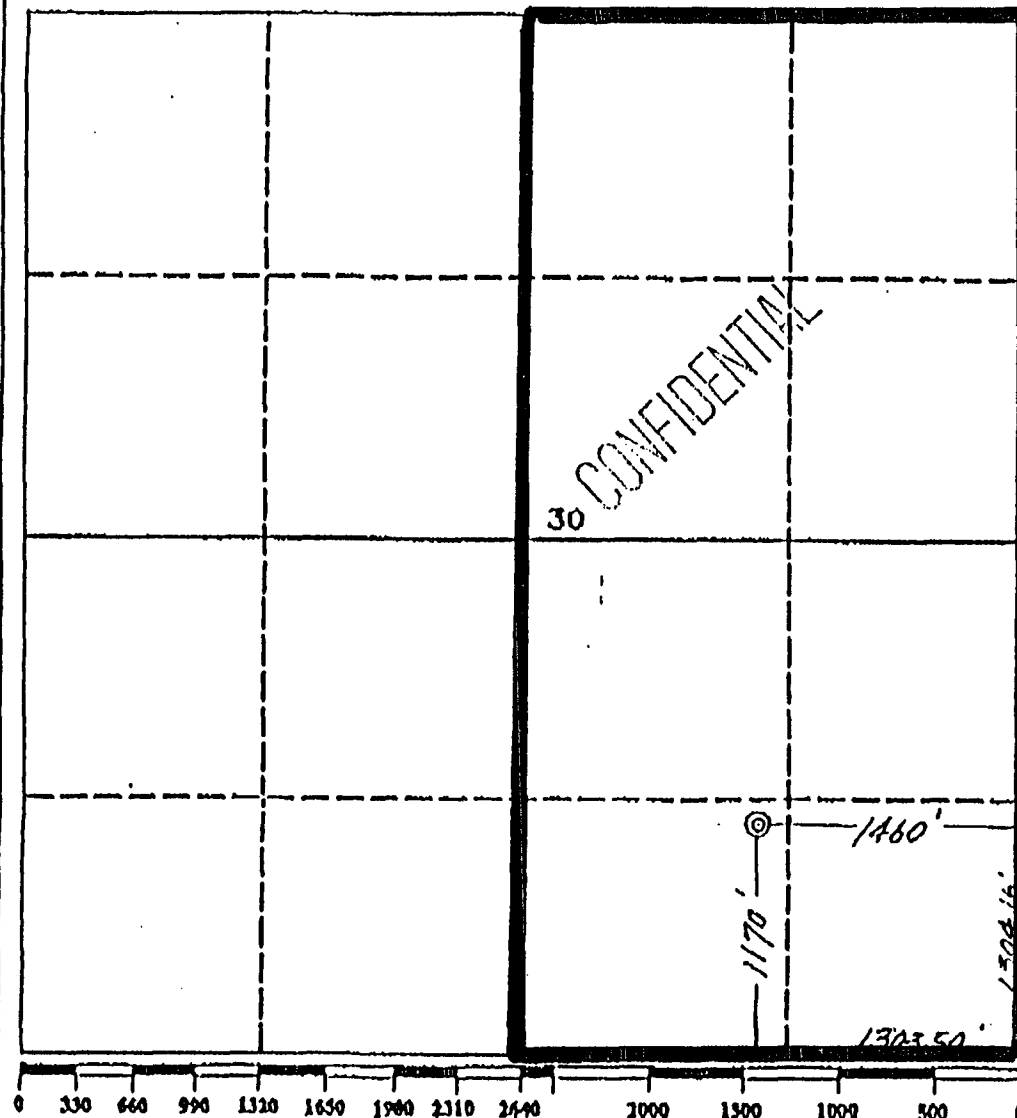
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

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Unit Letter Q	Section 30	Township 30 NORTH	Range 10 WEST	County NMPM	SAN JUAN
Actual Footage Location of Well: 1170 feet from the SOUTH line and 1460 feet from the EAST line					
Ground level Elev. 6065	Producing Formation Basin Dakota		Pool Basin Dakota		Dedicated Acreage: E/2 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
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☐ Yes ☐ No If answer is "yes" type of consolidation _____
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Signature *Julie L. Acevedo*
Printed Name **Julie L. Acevedo**
Position **Sr. Staff Assistant**
Company **Amoco Production Company**
Date **2/2/94**

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I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **August 21, 1992**

Signature & Seal of Professional Surveyor **GARY D. VANN**
Professional No. **7016**
Date **7016**