



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

CONSERVATION DIVISION
RECEIVED
95 DEC 11 AM 8 52

IN REPLY REFER TO:

SF-078046
3162.7-3 (07327)

December 1, 1995

Ms. Pamela W. Staley
Amoco Production Company
P.O. Box 800
Denver, CO 80201

RE: Federal Lease SF-078046
Downhole Commingling Application
Blanco Mesaverde and Blanco Pictured Cliffs Pools
No. 3A Hughes B
800' FSL & 1700' FEL
Section 20, T. 29 N., R. 8 W.

Dear Ms. Staley:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated November 2, 1995, for downhole commingling of the Blanco Mesaverde and Blanco Pictured Cliffs Pools in the above referenced well.

You stated in your application that historical data will be used in determining the allocation percentage for each formation. Your application indicated that presently the Mesaverde formation is producing 320 Mcfd with compression, and once this well is commingled the Pictured Cliffs will also benefit from compression. This will result in an increase for the Pictured Cliffs production which is not presently compressed.

Also, in your application, you are attributing 100% of the condensate production to the Mesaverde formation. Production history was verified using the Monthly Report of Operations (MRO) for this well. This review showed that from reports dated March 1991 through April 1994 all of the condensate production attributed to the Pictured Cliffs while the Mesaverde reported zero (0) condensate production. For the period of February 1995 through July 1995, all condensate production is reported for the Mesaverde formation while the Pictured Cliffs reported zero (0) condensate production.

Please make sure that condensate production is addressed when you submit the allocation formulas for this well since you have not proven that 100% of condensate production is attributed to the Mesaverde formation. If the MRO reporting has been done incorrectly in the past, corrected reports must be submitted.

Approval to downhole commingle is granted with a stipulation that the discrepancy in the condensate production be addressed within thirty (30) days of receipt of this letter. Once determined, the allocation factors for this well must be submitted.

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

/s/ Duane Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe;