



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

GCU FRT "C" (PA)
3162.7-3 (07327)

September 6, 1996

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

RE: No. 312 Gallegos Canyon
Fruitland "C" and Pictured Cliffs Participating Areas
790' FNL and 2480' FEL
Section 16, T. 28 N., R. 12 W.
San Juan County, New Mexico

Dear Ms. Staley:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated August 20, 1996, for downhole commingling of the Pinon Fruitland and West Kutz Pictured Cliffs Pools in the above referenced well.

The proposed allocation method is to extrapolate out the Fruitland decline and then attribute any gas production over this amount to the Pictured Cliffs formation. Presently, the Fruitland produces approximately 69 MCFD with no fluid, with an estimated bottom hole pressure of 280 psi and a BTU value of 1000. The Pictured Cliffs formation has estimated production of approximately 17 MCFD and <1 BWPd, with an estimated bottom hole pressure of 277 psi and a BTU value of 1000. The Fruitland formation has continually produced since 1982, while the Pictured Cliffs has been shut-in for most of this period. Since the Fruitland is dry, 100% of liquid production will be attributed to the Pictured Cliffs.

This method of allocation is acceptable for this well and approval for downhole commingling is hereby granted.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

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

Sincerely,

/s/ Brian W. Davis

Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe ✓