



BP Received 8-2-01

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

July 26, 2001

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

Attention: Ms. Cherry Hlava

Re: Form C-107-A
Jicarilla Apache 102 No. 7

Dear Ms. Hlava:

This letter acknowledges the receipt of your administrative application dated July 23, 2001, to downhole commingle the Mesaverde, Gallup and Dakota formations in the Jicarilla Apache 102 No. 7 located in Section 3, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. The Division received your application on July 25, 2001.

Our preliminary review indicates that the information provided in the application is not sufficient to process the administrative order. The following information is necessary:

- a) **Production Allocation---How is the production going to be allocated to each of the commingled zones and, is the Blanco-Mesaverde going to be production tested prior to commingling.**

Since the submitted information is insufficient to review, the application was **Ruled Incomplete** on July 26, 2001. Please submit the above stated information by August 2, 2001.

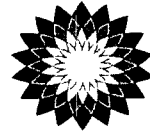
The Division cannot proceed with your application until the required information is submitted. Upon receipt, the division will continue to process your application. The additional information can be faxed, or mailed to the Division. If the necessary information is not submitted, your application will be returned to you.

If you have any questions, please contact me in Santa Fe, at (505) 476-3466.

Sincerely,

A handwritten signature in dark ink, appearing to read "David Catanach".

David Catanach
Petroleum Engineer



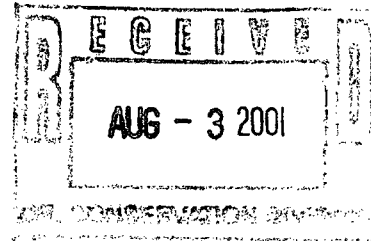
David
Sorry I left out
how allocation would
take place
Thanks for the
letter. Cherry

BP America Inc.
501 WestLake Park Blvd.
P.O. Box 3092 (77253-3092)
Houston, TX 77079-3092
Phone: 281-366-2000

August 2, 2001

Mr. David Catanach, Petroleum Engineer
New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Jicarilla Apache 102 No. 7
Section 3-T26N-R04W
Rio Arriba County, New Mexico



RE: PRODUCTION ALLOCATION ALLOCATION

Reference your letter dated July 26, 2001

Production is proposed to be allocated based on the subtraction method using the future projection of production from the BS Mesa Gallup and the Basin Dakota. That production shall serve as a base for production subtracted from total production for the commingled well. The balance of the production will be attributed to the Blanco Mesaverde. The Blanco Mesaverde will be production tested prior to down hole commingling.

Please reference previously submitted future production decline estimates for the Dakota and the BS Mesa Gallup sands.

If you have any other questions, please contact me at 281-366-4081.

Sincerely,

Cherry Hlava

Cherry Hlava
Permitting Analyst