DHC 4·8·96

RCVD 3·18·96

Southern Rockies Business Unit

March 7, 1996

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-C
Downhole Commingling
Florance #63E & Florance D #10R Well
980 FNL & 1770' FEL, Unit B Section 17-T27N-R8W
Blanco Mesaverde (Pool IDN 72319) and Basin Dakota (Pool IDN 71599) 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 Florance #63E/ Florance D #10R well referenced above. The Florance #63E is currently completed in the Dakota formation. We plan to recomplete the well in the Mesaverde with both the Mesaverde and Dakota formations being downhole commingled in the wellbore. The two zones are expected to produce at a total commingled rate of about 120 MCFD with less than 1BCPD. The ownership (WI, RI,ORI) of these pools is common in this wellbore. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights. Offset operators to this well will receive a copy of this application by certified mail.

The allocation method that we plan to use for this commingled well is as follows. The Dakota formation has been on production for some time while the Mesaverde is a newer formation in this area. We recommend that the Dakota formation gas and condensate be allocated based on current rates while production for the Mesaverde be allocated from offset information. The Dakota is currently producing 49 MCFD with 0.20 BCPD while the Mesaverde offsets are averaging 70 MCFD with 0.25 BCPD. The recommended allocation percentages after downhole commingling would be set as a percentage of the total rate with the Mesaverde attributing 58% of gas production and 50 % of condensate production. The Dakota would be allocated at 42% of gas production and 50 % of condensate production. 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 well and offset wells in the same formation, a historical production plot and a C-102 for each formation. This spacing unit is located on a federal lease (NM-03380) and we will send a copy of the application to the BLM as their notice.

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

Sincerely,

Pamela W. Staley

Enclosures

cc: Mark Rothenberg
Patty Haefele
Wellfile
Proration file

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 and Well Number:	Florance #63E/ Florance D #10R
Well Location:	980' FNL & 1770' FEL Unit B Section 17-T27N-R8W San Juan County, New Mexico
Pools Commingled:	Blanco Mesaverde Pool Basin Dakota Pool

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

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.

The Blanco Mesaverde offsets produced an average stabilized rate of 70 MCFD and 0.25 BCPD over the past 4 months. The Basin Dakota zone produced at an average rate of about 50 MCFD and 0.2 BCPD over the same period.

(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.

Basin Dakota Completion:	Historical production curve attached.
Blanco Mesaverde Completion:	Historical production curve attached.

(6) Estimated bottomhole pressure for each zone. A current (within 30 days) measured bottom hole pressure for each zone capable of flowing.

Bottomhole pressures were estimated from 72 hour shut-in pressures for the Dakota and from similar tests on offset Mesaverde wells for the Mesaverde. Estimated bottomhole pressure in the Dakota formation is 709 PSI while the estimated bottomhole pressure in the Mesaverde is 550 PSI.

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

The two formations do not produce any fluids that are expected to prohibit commingling, or promote the creation of emulsions or scale.

(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:

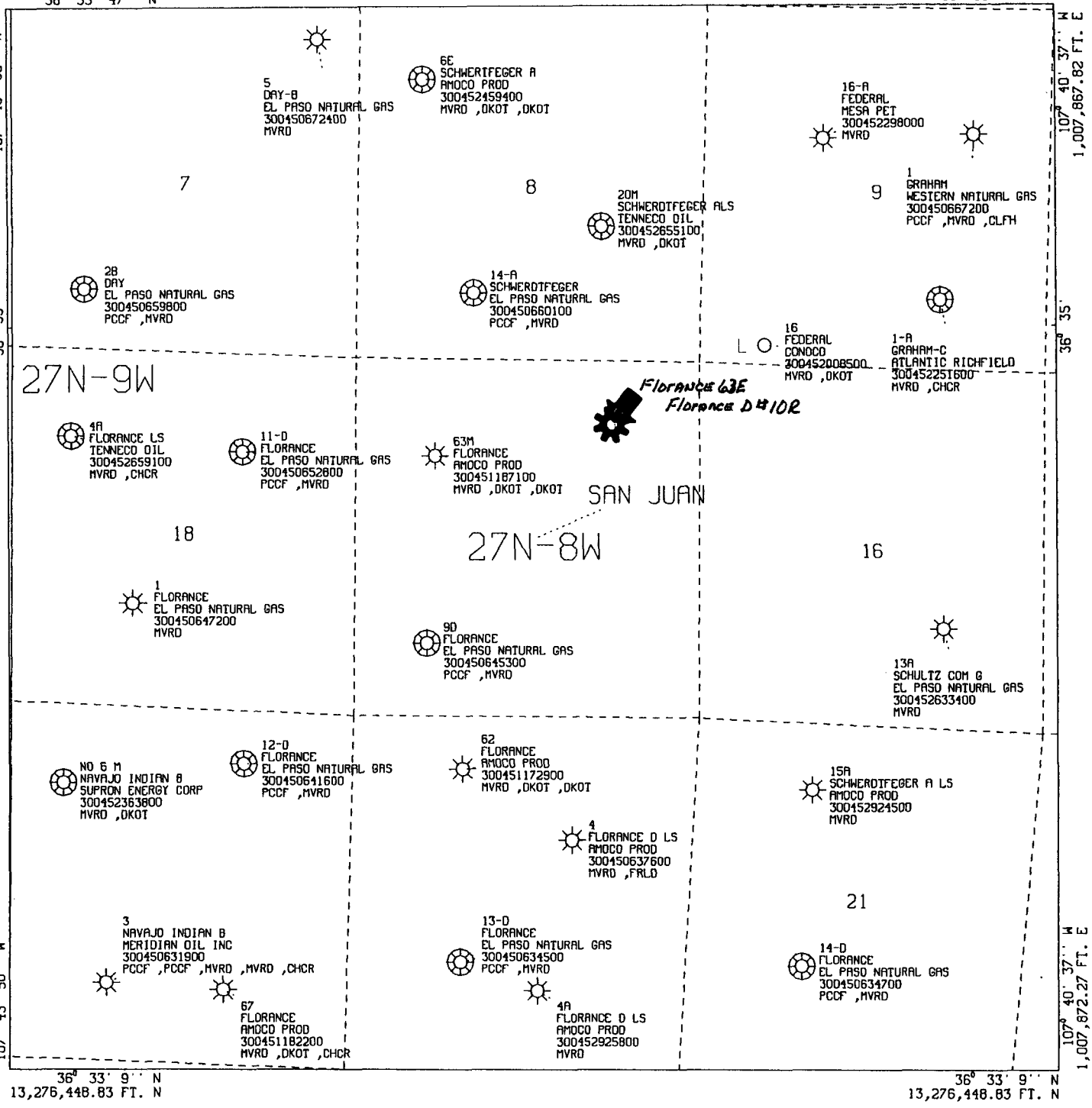
Since the BTU content of the produced gasses are very similar, we would expect the commingled production to have a similar value as the sum of the individual streams.

(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 Dakota formation has been on production for some time while the Mesaverde is a newer formation in this area. We recommend that the Dakota formation gas and condensate be allocated based on current rates while production for the Mesaverde be allocated from offset information. The Dakota is currently producing 49 MCFD with 0.20 BCPD while the Mesaverde offsets are averaging 70 MCFD with 0.25 BCPD. The recommended allocation percentages after downhole commingling would be set as a percentage of the total rate with the Mesaverde attributing 58% of gas production and 50 % of condensate production. The Dakota would be allocated at 42% of gas production and 50 % of condensate production. 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 sheet will receive a copy of this application by certified mail.



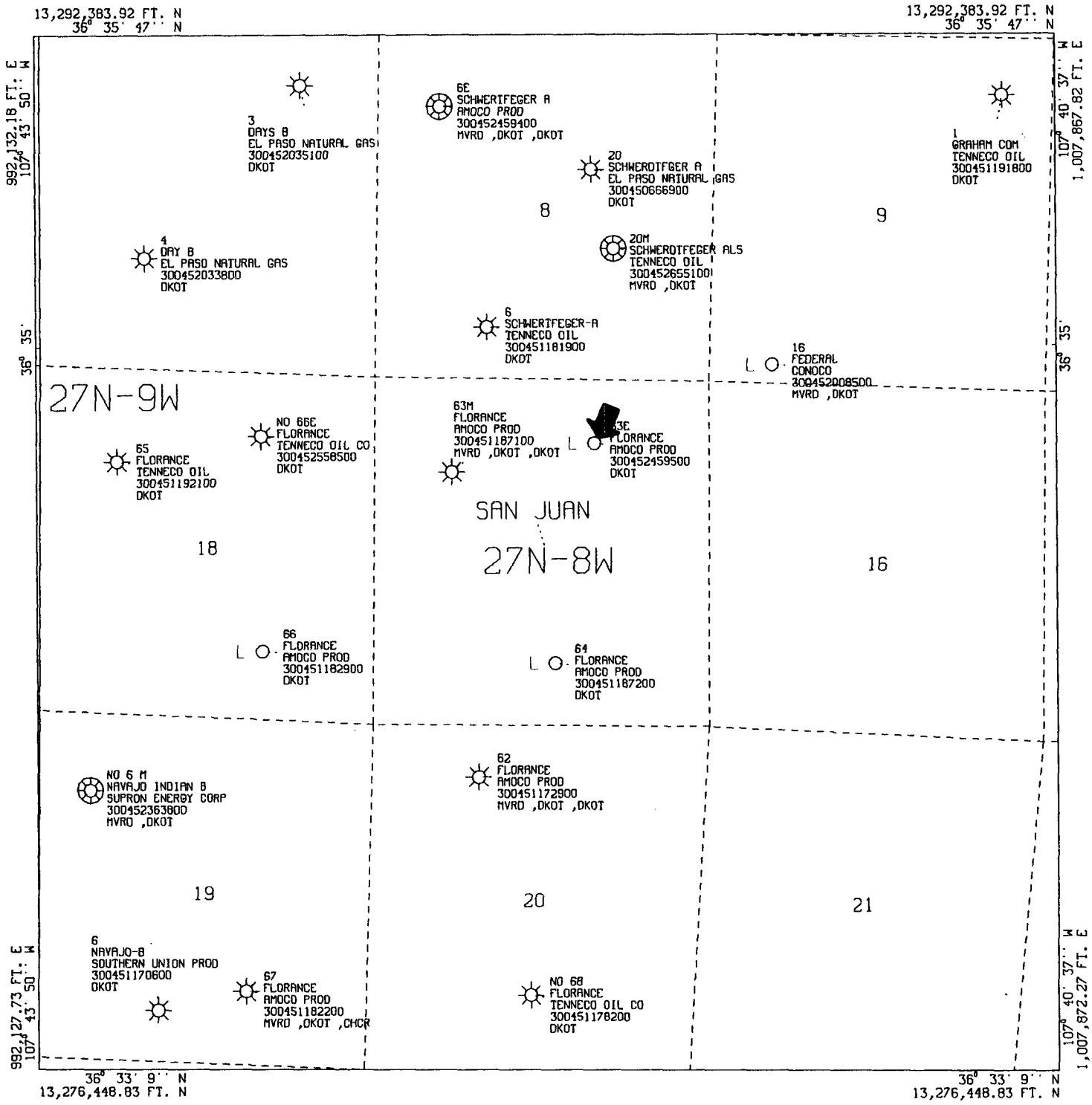
POLYCONIC CENTRAL MERIDIAN - 107° 42' 13" W LON
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
Florance 63E
Mesaverde

SCALE 1 IN. = 2,000 FT. MAR 8, 1996

HORIZONTAL DATUM NAD27

T 1 10.54.05 FRI 8 MAR, 1996 JOB-P0852502, ISSCO DISSPLA 10.0
WH08525--RUN#960681043322



POLYCONIC CENTRAL MERIDIAN - 107° 42' 13" W LON
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
Florance 63E
Dakota

SCALE 1 IN. = 2,000 FT. MAR 8, 1996

HORIZONTAL DATUM NAD27

JT 1 10.54.11 FRI 8 MAR, 1996 JOB-P0853302, ISSCO DISSPLA 10.0
PJH08533--RUN#960681043330

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
TENNECO OIL COMPANY	FLORANCE	63E

Unit Letter	Section	Township	Range	County
B	17	27N	8W	San Juan

Actual Footage Location of Well:
980 feet from the North line and 1770 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6765	Dakota	Basin Dakota	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

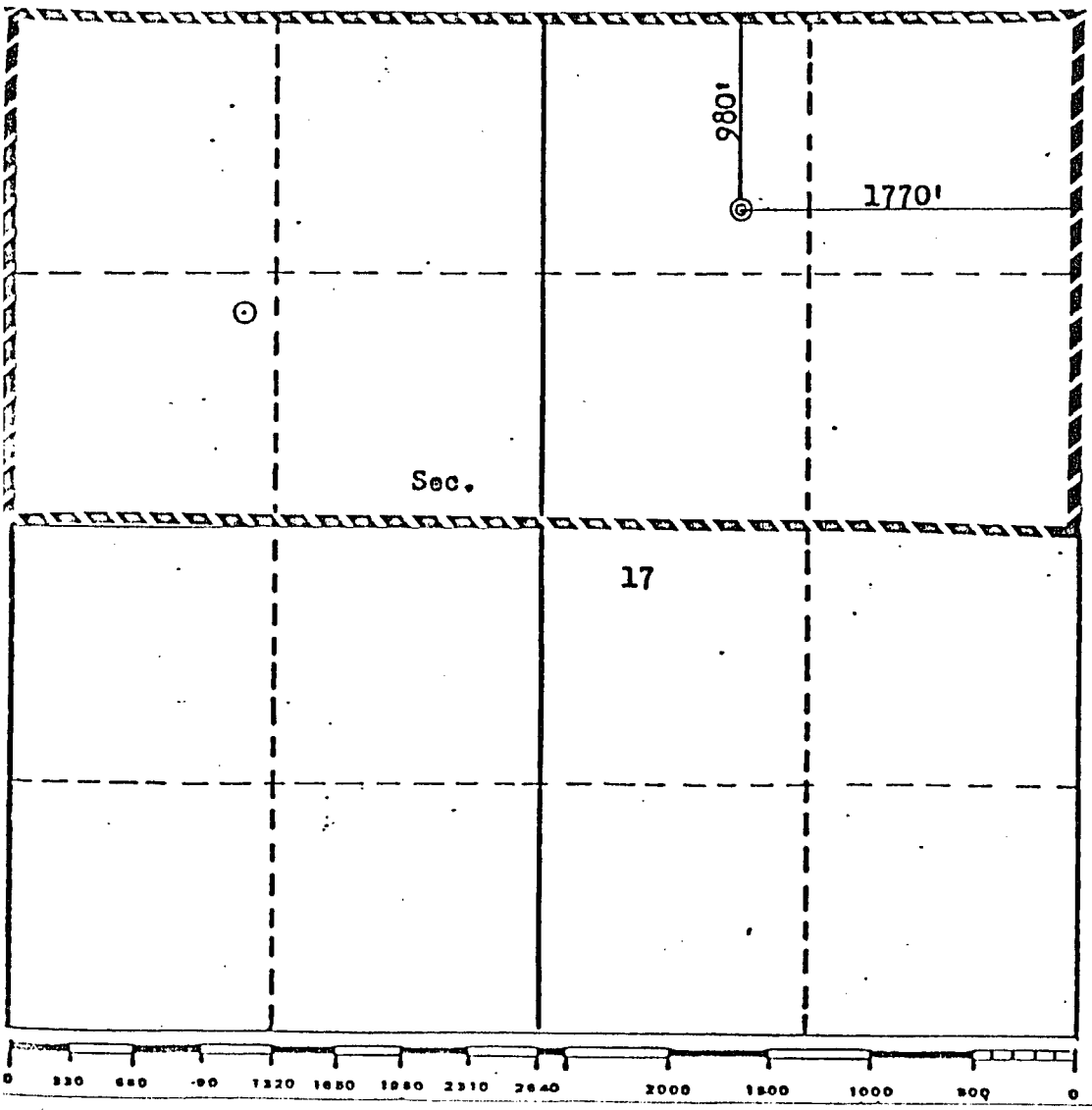
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Commission.



CERTIFICATION

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

R. A. Mishler

Name: R. A. Mishler

Position: Sr. Production Analyst

Company: Tenneco Oil Company

Date: September 11, 1980

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 7, 1980

Registered Professional Engineer and/or Land Surveyor

Fred B. Kerr, Jr.

Certificate No. 3950

Current Production and Estimated Production Based on Offsets

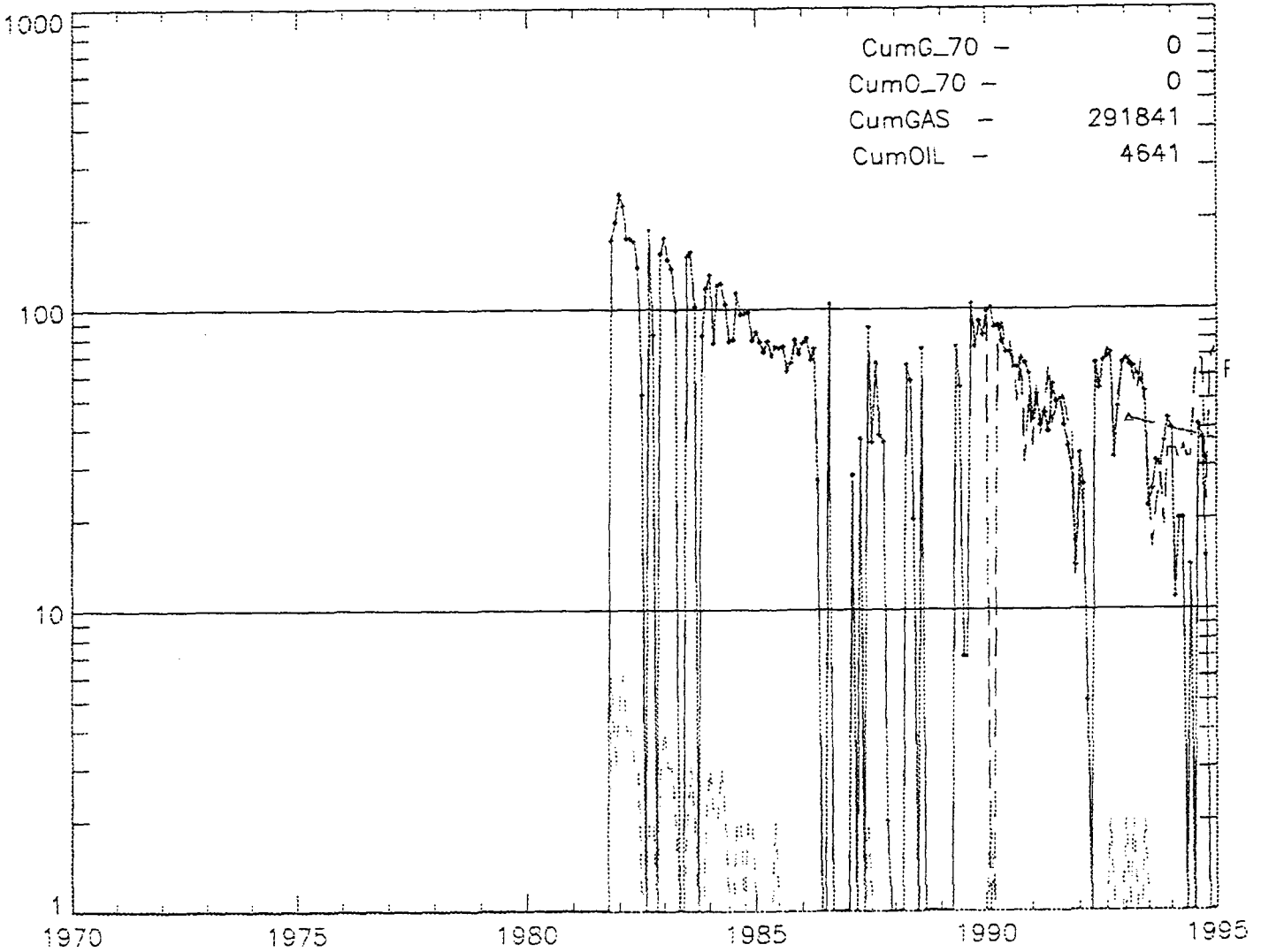
WELLNAME	LOCATION	CURRENT MCFD	LAST 4MO AVE MCFD	CURRENT BOPD
DAKOTA				
FLORANCE 63	B17-27-08	49	50	0.20
OFFSETS IN MESAVERDE				
SCHWERDTFEGER ALS20M	J08-27-08	79	95	0.00
SCHWERDTFEGER ALS14	N08-27-08	30	44	0.25
AVERAGE		55	70	0.12

Engr: zrar06

FLORANCE 63E

Operator- AMOCO PRODUCTION CO

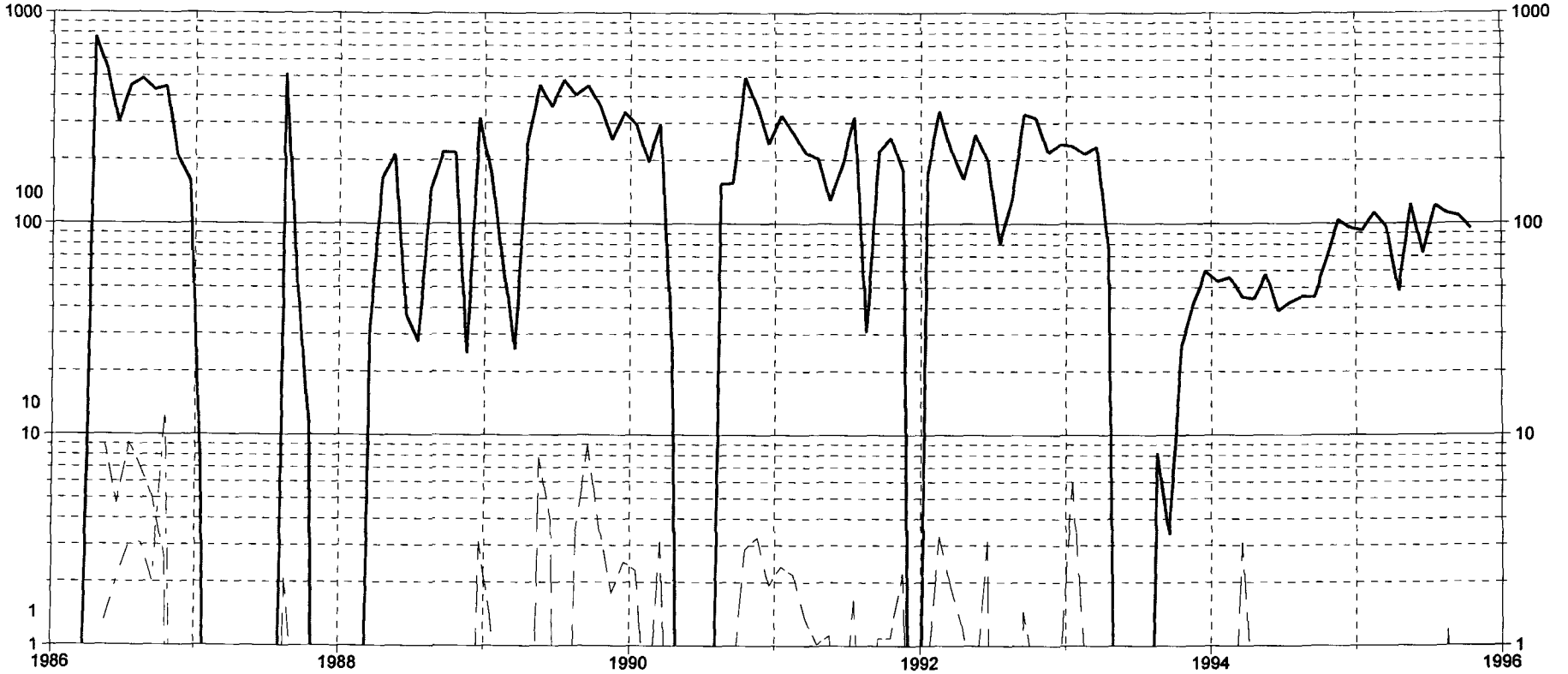
300452459500DK B172708-063EDK APC_WI - 0.50000000



Dwights

1000 **Lease: SCHWERDTFEGER A LS 00020M**

Retrieval Code: 251,045,27N08W08J00M

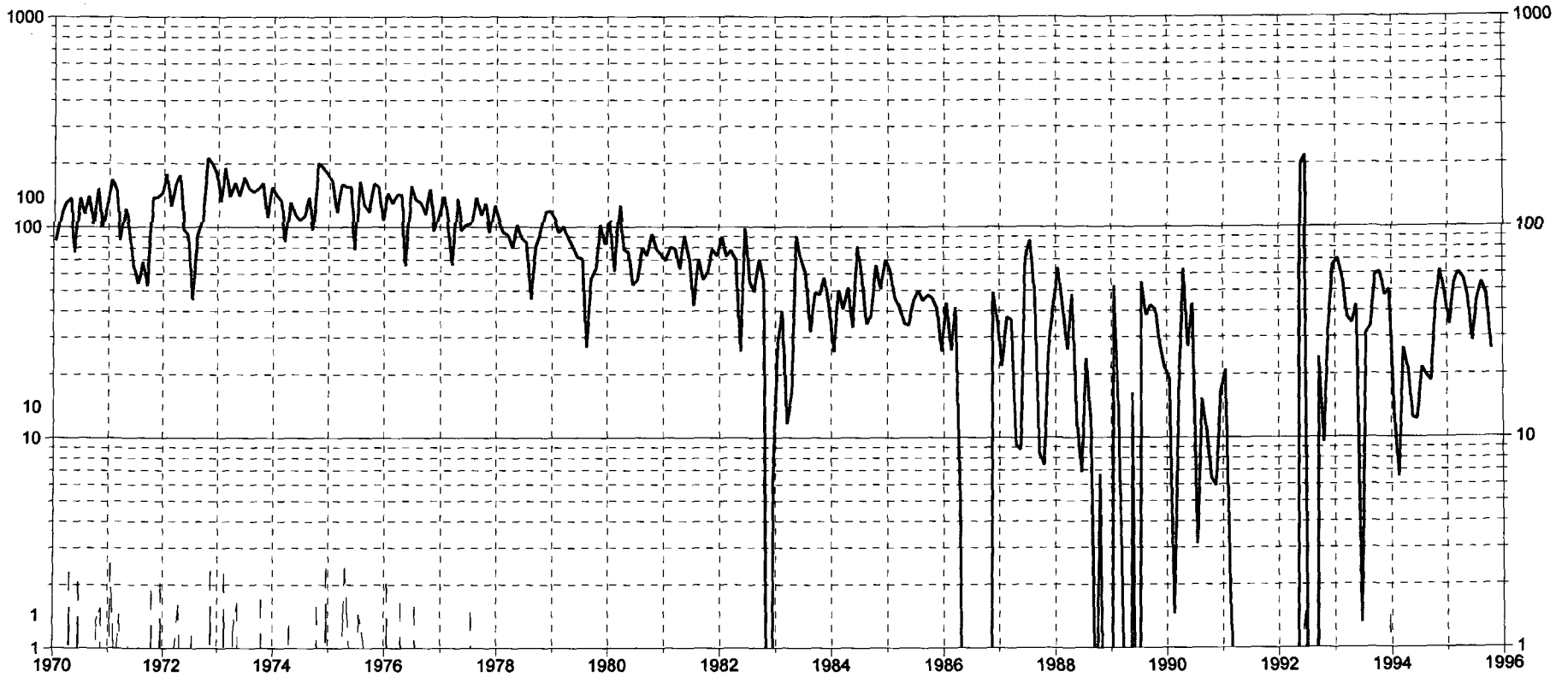


County: SAN JUAN	**State: NM**	**F.P. Date: 03/86**		**Date: 03/07/96**
Field: BLANCO (MESAVERDE) MV	**Oil Cum: 4214 bbl**			
Reservoir: MESAVERDE	**Gas Cum: 578854 mcf**	Water (bbl/day)	— -	
Operator: AMOCO PRODUCTION CO	**Location: 8J 27N 8W**	Oil (bbl/day)	— —	Gas (mcf/day) ———

Dwights

Lease: SCHWERDTFEGER A LS 000014

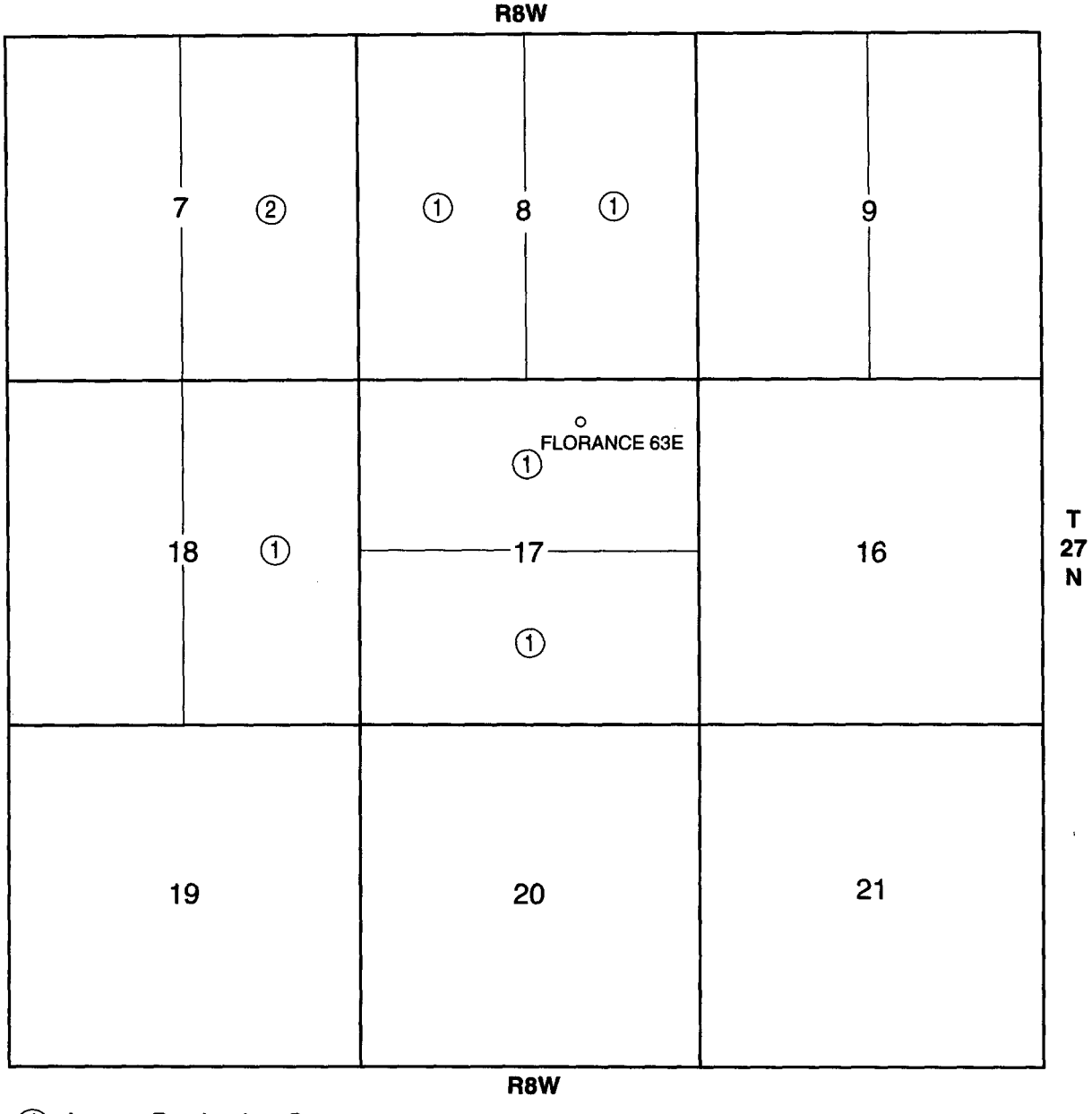
Retrieval Code: 251,045,27N08W08N00M



County: SAN JUAN	**State: NM**	**F.P. Date: 08/58**	**Date: 03/07/96**
Field: BLANCO (MESAVERDE) MV	**Oil Cum: 8019 bbl**		
Reservoir: MESAVERDE	**Gas Cum: 1327 mmcf**	Water (bbl/day)	— -
Operator: AMOCO PRODUCTION CO	**Location: 8N 27N 8W**	Oil (bbl/day)	— — Gas (mcf/day) ———

Amoco Production Company

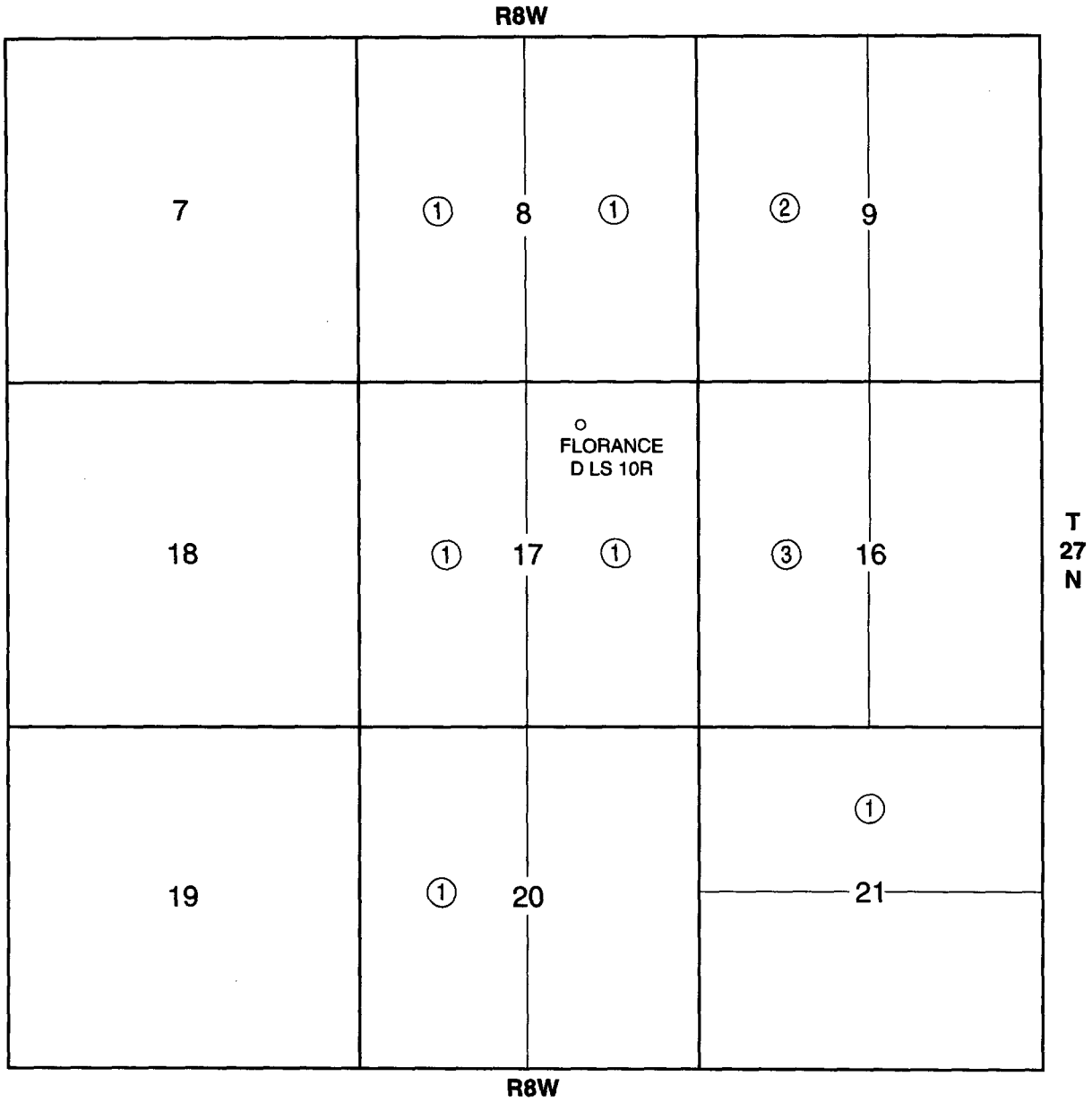
Offset Operator Plat
Florance 63E
T27N-R8W Sec. 17
Dakota Formation



(1) Amoco Production Company
(2) Meridian Oil Production Inc.

Amoco Production Company

Offset Operator Plat
Florance D LS 10R
T27N-R8W Sec. 17
Mesaverde Formation



① Amoco Production Company
② Conoco Inc.
③ Meridian Oil Production Inc.

LIST OF ADDRESSES FOR OFFSET OPERATORS

Florance #63E/ Florance D #10R

1 Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499

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