



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

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March 28, 1996

IN REPLY REFER TO:
SF-077112
3162.3-2 (07327)

Pamela W. Staley

Amoco Production Company
P.O. Box 800 1670 Broadway
Denver, Colorado 80201

Dear Ms. Staley:

We have reviewed your application to commingle production downhole from the Blanco Mesaverde and the Basin Dakota Pools in the following well:

Lackey #1E
1540' FSL, 940' FEL, Section 23, T-28N, R-9W
San Juan County, New Mexico

Amoco plans to complete the referenced well in the Mesaverde formation and commingle production with established Dakota production. Your plan to allocate Mesaverde production based on percentages derived from offset Mesaverde production is not feasible because initial Mesaverde production will be affected by "flush" production rates. To allocate properly, Dakota production must be allocated based on extrapolation of the established decline rate, with the remainder of production allocated to the Mesaverde formation. Allocation based on percentage factors is not equitable until both formations are declining at the same rate. Your application to commingle production is hereby approved effective the date that production is physically commingled. Production must be allocated based on the method described above. Allocation must be accurate due to diverse ownership in the well.

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 any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

/s/ Duane Spencer

Duane Spencer
Chief, Branch of Reservoir Management

bcc:

New Mexico Oil Conservation Division, Santa Fe

New Mexico Oil Conservation Division, Aztec

Well File (SF-077112, Lackey #1E, 1540 FSL, 940 FEL, Section 23, T-28N, R-9W) W/Application

AIRS

DOM Reader

Suspense: RHager (070)

07327:RHager: 328/96 :x366:lackey.ltr