DHC-1217

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

May 7, 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:

In correspondence dated March 28, 1996, we approved 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

The acreage dedicated to this well contains portions of Federal Lease SF-077112. On April 30, 1996, you submitted an amended application to include commingling the Otero Chacra pool in addition to the previously approved Blanco Mesaverde and Basin Dakota pools. Your Application and allocation method, for all three formations is hereby approved as submitted, effective the date that actual commingling occurs. Approved allocation factors are: (Natural Gas) Basin Dakota volumes based on extrapolated historical production with the remainder of the gas produced each month allocated 90% to the Mesaverde and 10% to the Chacra. (Condensate) Basin Dakota volumes based on the percentage of gas allocated with the remainder of the condensate allocated to the Mesaverde. There will be no condensate allocation to the Chacra pool since offset Chacra producers have demonstrated that no liquids are associated with gas production from the Chacra producers in the area.

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

Sincerely,

/s/ Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

Attachment: Initial approval to commingle Basin Dakota And Blanco Mesaverde.

bcc:
New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
07327:RHager: 05/07/96 :x366:Lackey#1E.ltr

AIRS
DOM Reader

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