

DHC-1251

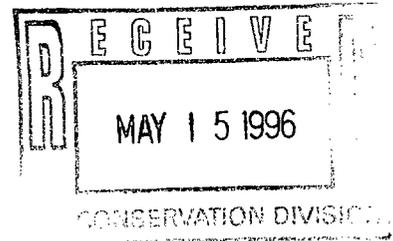


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

May 13, 1996



IN REPLY REFER TO:
NM-03380
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 Otero Chacra, Blanco Mesaverde and the Basin Dakota Pools in the following well:

Florance #66
1060' FSL, 1710' FEL, Section 18, T-27N, R-8W
San Juan County, New Mexico

The acreage dedicated to this well contains portions of Federal Lease NM-03380. Your intent to allocate based on fixed percentages would not be equitable because the Dakota formation has been producing for several years and the Chacra and Mesaverde formations will be new completions. Approved allocation factors are: (Natural Gas) Basin Dakota volumes based on extrapolated historical production with the remainder of the gas produced each month allocated 80% to the Mesaverde and 20% to the Chacra (based on data furnished from offset production). (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,

Handwritten signature: Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

bcc:
New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
07327:RHager: 05/13/96 :x366:Florance66.ltr

AIRS
DOM Reader

Well File (NM-03380, Florance #66, 1060 FSL 1710 FEL, Section 18, T-27N, R-8W) W/Application