

MEMORANDUM

DATE: November 5, 1996
TO: Steve Webb
FROM: Pamela W. Staley
RE: NMOCD and BLM APPROVAL

**Application for Exception to Rule 303-A
Downhole Commingling
Hamner Well #2A
Unit C Sec 28 - T29N-R9W
Basin Dakota and Blanco Mesaverde Pools
San Juan County, New Mexico**

Please see the attached NMOCD Amended Administrative Order No. DHC-1305 granting approval to Downhole Commingling the above referenced formations in the captioned well. The BLM approval is also attached.

SPECIAL REQUIREMENTS:

1. Note that we must notify the Aztec District Office of the Division upon implementation of the commingling process.
2. The allocations that we submitted were not approved. See comments below.

BLM REQUIREMENTS:

1. The BLM did not approve our allocation method. Rather the allocation was changed to the subtraction method using the base decline of the Dakota formation as the set production in this well with all remaining production to be attributed to the Mesaverde.

NOTE TO STEVE WEBB: PLEASE FORWARD A DAKOTA FUTURE PRODUCTION PROFILE TO DON WALL IN FARMINGTON SO HE CAN SUPPLY IT TO THE NMOCD AND THE BLM. PLEASE SEND ME A COPY AS WELL.

NOTE TO DON WALL : Please contact the Aztec District and let them know that the BLM required us to use the subtraction method and give them a copy of the production projection for the CHACRA formation for their files. The BLM will also needs the projection.


Pam Staley
Attachment

cc: Pat Archuleta
Sheri Bradshaw - Farmington
Don Wall - Farmington
Wellfile
Proration Files all w/ Attachments

Author: Pamela W. Staley at denver,srbuden
Date: 6/25/96 3:26 PM
Priority: Normal
TO: (benstone@emnrdsf.state.nm.us) at unix,out
BCC: Pamela W. Staley at denver,srbuden
Subject: BLM Change of Allocation Method on two DHC Applications

----- Message Contents -----

Hi Ben,

The BLM has requested that we use the subtraction method on two wells which I have already submitted to you for downhole commingling approval. The wells are the Lackey B LS #4 and the Hamner #2A.

The Lackey B LS #4 would be based on the Chacra as an established rate while the Hamner #2A would be based on the stable Dakota rate. We would submit future rate projections to you on these wells if the NMOCD agrees to use the subtraction method as recommended by the BLM.

If you need anything additional to make this change, please let me know.

Thanks,

Pam



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

June 20, 1996

IN REPLY REFER TO:

SF-080245

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 located on Federal lease No. SF-080245:

Hammer #2A
825' FNL, 1660' FWL, Section 28, T-29N, R-9W
San Juan County, New Mexico

Production profiles from both formations for the past twelve months indicate that percentage allocation would not be equitable, because production is not declining at the same rate for both formations. Production rates from the Dakota formation are stable with an established decline rate. Please allocate commingled production from this well based on extrapolated production from the Dakota with the remainder of monthly production allocated to the Mesaverde formation.

Your application to commingle production is hereby approved based on the procedure described above, and will be effective on the date that actual commingling occurs.

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,


Duane Spencer
Team Lead, Petroleum Management



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1305

Amoco Production Company
P.O. Box 800
Denver, Colorado 80201-0800

Attention: Ms. Pamela Staley

*Hamner Well No. 2A
Unit C, Section 28, Township 29 North, Range 9 West, NMPM,
San Juan County, New Mexico.
Blanco Mesaverde (Gas - 72319) and
Basin Dakota (Prorated Gas - 71599) Pools*

Dear Ms. Staley:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the subject well to commingle production from multiple pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the subject zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Blanco Mesaverde Pool	Oil 23% ✓	Gas 70% ✓
Basin Dakota Pool	Oil 77% ✓	Gas 30% ✓

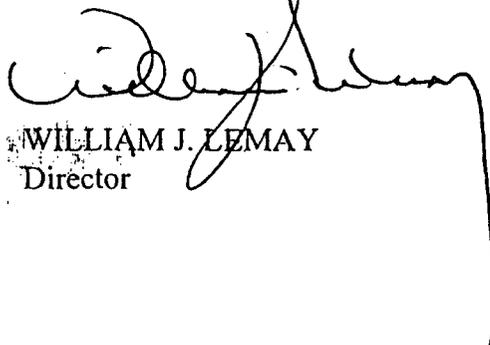
REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Administrative Order DHC-1305
Amoco Production Company
July 29, 1996
Page 2

Pursuant to Rule 303.H., the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 25th day of July, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

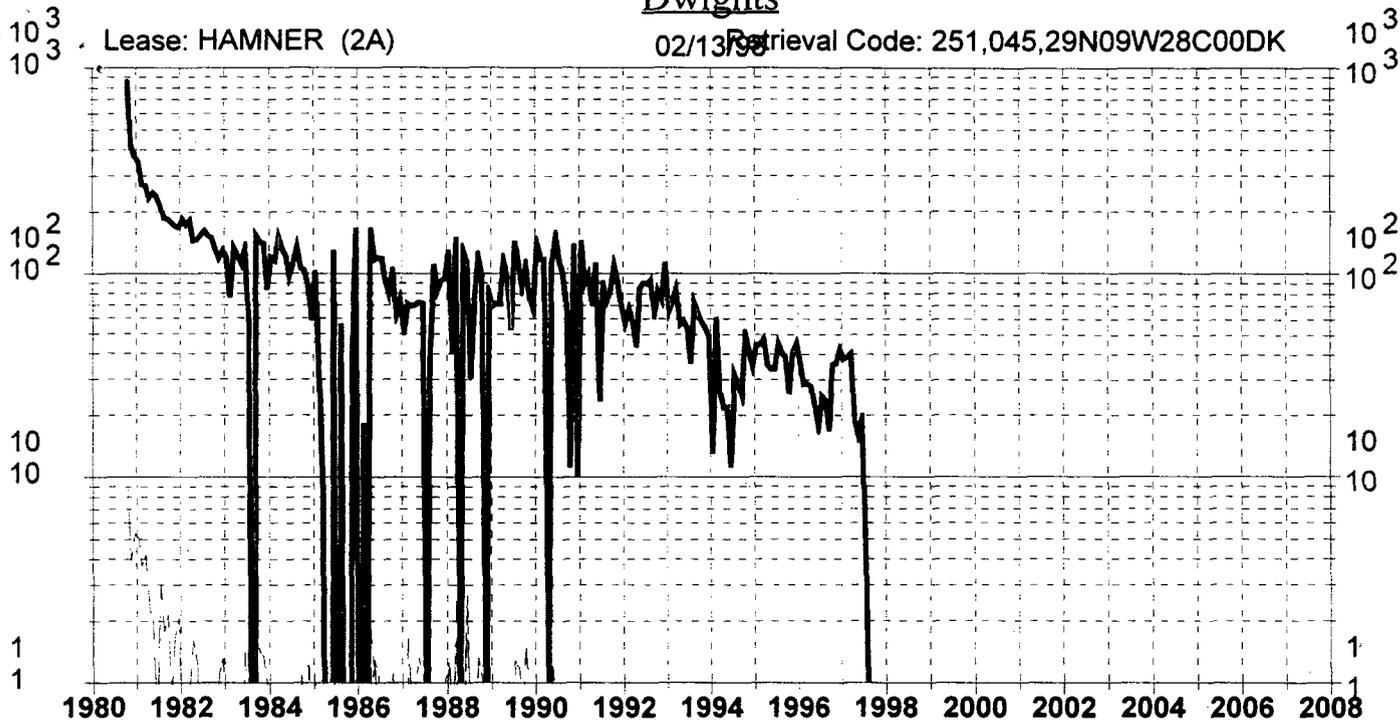
WJL/BES

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington

Dwights

Lease: HAMNER (2A)

02/13/98 Retrieval Code: 251,045,29N09W28C00DK



Gas (mcf/day)
Water (bbl/day)

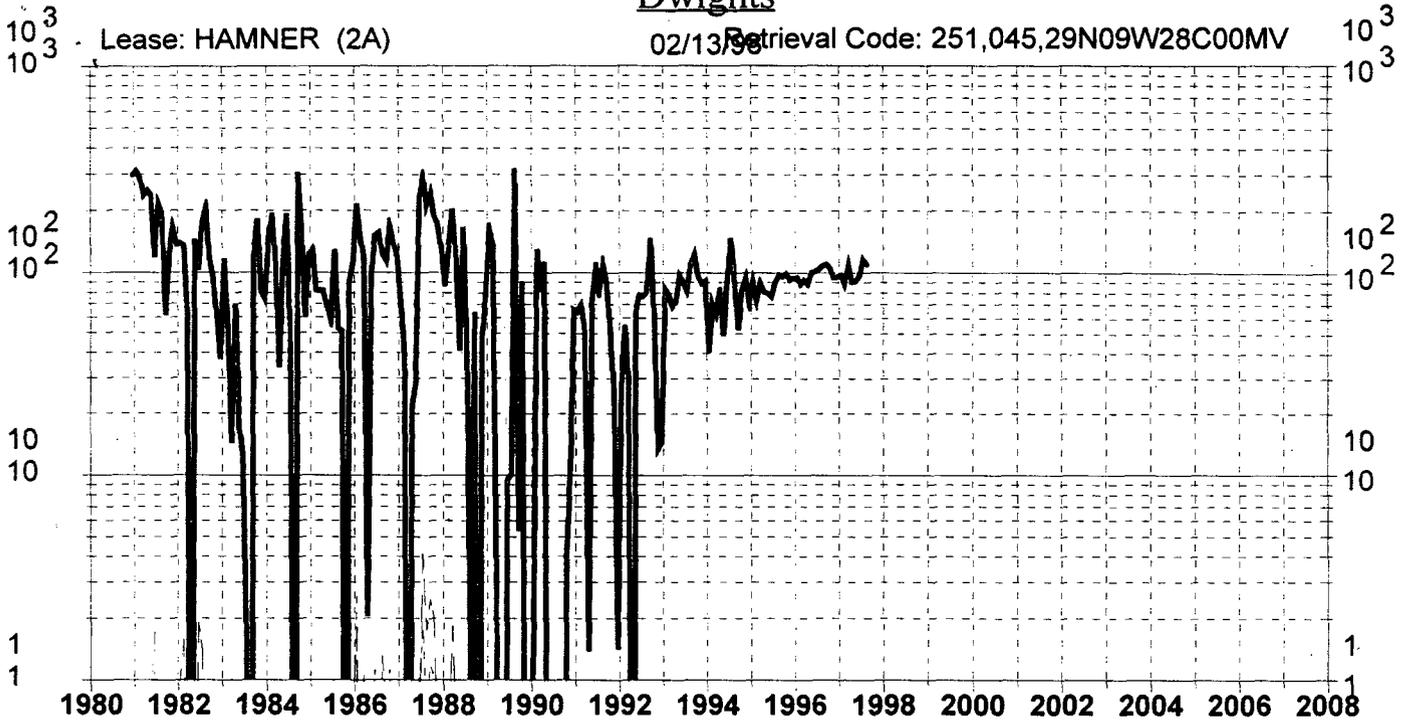
County: SAN JUAN, NM	F.P. Date: 10/80
Field: BASIN (DAKOTA) DK	Oil Cum: 4107 bbl
Reservoir: DAKOTA	Gas Cum: 554.4 mmcf
Operator: AMOCO PRODUCTIO	Location: 28C 29N 9W

Oil (bbl/day)
Well Count

Dwights

Lease: HAMNER (2A)

02/13/96 Retrieval Code: 251,045,29N09W28C00MV



Gas (mcf/day)
Water (bbl/day)

County: SAN JUAN, NM	F.P. Date: 12/80
Field: BLANCO (MESAVERDE)	Oil Cum: 1816 bbl
Reservoir: MESAVERDE	Gas Cum: 570.3 mmcf
Operator: AMOCO PRODUCTIO	Location: 28C 29N 9W

Oil (bbl/day)
Well Count