



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
SF-079319 (WF)
3162.7-3 (07327)

May 31, 1996

Ms. Pamela W. Staley
Amoco Production Company
P.O. Box 800
Denver, CO 80201

RE: Federal Lease SF-079319
Downhole Commingling Application
No. 5 Schwerdtfeger "A"
1190' FSL and 1530' FEL Section 33-T27N-R8W
Otero Chacra, Blanco Mesaverde, and Basin Dakota
San Juan County, New Mexico

Dear Ms. Staley:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated May 14, 1996, for downhole commingling of the Otero Chacra, Blanco Mesaverde, and Basin Dakota Pools in the above referenced well.

Your application stated that historical data for the Dakota formation and offset data for the Chacra and Mesaverde formations will be used in determining the allocation percentage for each formation. Presently, the Dakota formation is producing 70 Mcfpd and 2.0 Bcpd, with a bottom hole pressure of 467 psi. The Chacra formation is estimated to produce 22 Mcfpd and 0 Bcpd, with an estimated bottom hole pressure of 520 psi. The Mesaverde formation is estimated to produce 52 Mcfpd and .5 Bcpd, with an estimated bottom hole pressure of 595 psi. Using these values, the fixed percentage for allocating production to each formation has been determined as shown below.

FORMATION	GAS PRODUCTION	OIL PRODUCTION
Otero Chacra	15%	0%
Blanco Mesaverde	36%	20%
Basin Dakota	49%	80%

Approval to downhole commingle the Blanco Mesaverde and Basin Dakota formations for the above referenced well is hereby granted.

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

/s/ Duane Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe