



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:

March 27, 1996

SF-078566
3162.7-3 (07327)

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

RE: Federal Lease SF-078566
Surface Commingling Application
Storey LS #8, South Blanco Pictured Cliffs
1840' FNL & 900' FWL
Storey LS #1A, Blanco Mesaverde
1850' FNL & 920' FWL
Section 27, T. 28 N., R. 8 W.
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 February 7, 1996, for surface commingling of the above referenced wells.

You stated in your application that test data will be used in determining the allocation percentage for each formation. Your application indicated that the Storey LS #8 is presently producing 42 MCFPD with 0 BCPD and the Storey LS #1A is expected to produce 155 MCFPD and .7 BCPD. Allocation will be determined for the Mesaverde using quarterly testing for the first year, and annual testing for the Pictured Cliffs. Subsequent to the first year, annual production test will be conducted for each well.

To surface commingle two wells located on the same Federal lease, no prior approval is necessary unless the lease is communitized or unitized with other leases. Approval to surface commingle is granted, however we would appreciate that once determined, that you submit allocation factors for these wells.

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

Sincerely,

[Signature]

Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe
Well File (No. 8 Storey LS, 1840' FNL & 900' FNL, 27-28N-8W)
Well File (No. 1A Storey LS, 1850' FNL & 920' FWL, 27-28N-8W)
DOMR
Suspense (Brian)
AIRS

07237:BWDavis:03/26/96:x6367:staleystorey.ltr