



FEB 29 1996

Southern

Rockies

Business

Unit

February 21, 1996

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

**Application for Exception to Rule 303-A
Surface Commingling**

**State Gas Com BY #1 Well - Otero Chacra Pool
1850' FSL & 1080' FEL, Unit I Section 32-T29N-R10W
State Gas Com BZ #1 Well - Armenta Gallup Pool
1850' FSL & 1080' FEL, Unit I Section 32-T29N-R10W
San Juan County, New Mexico**

Amoco Production Company hereby requests administrative approval to surface commingle production from the Otero Chacra and Armenta Gallup Pools in the State Gas Com BY #1 and State Gas Com BZ #1 wells referenced above. These two wells have been producing for some time and combining the production streams at the surface will offer an economical method of production using a single train of production equipment. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

The ownership (WI, RI, ORRI) of the pools to be commingled is identical. Currently, the Chacra is producing 105 MCFD with no associated condensate. The Gallup is producing 32 MCFD with 3 BCPD. Based on historical production we recommend allocating gas production at 23% to the Chacra formation and 77% to the Gallup formation. Condensate production would be attributed 100% to the Gallup formation in the State Gas Com BZ #1 as the Chacra does not produce any liquids.

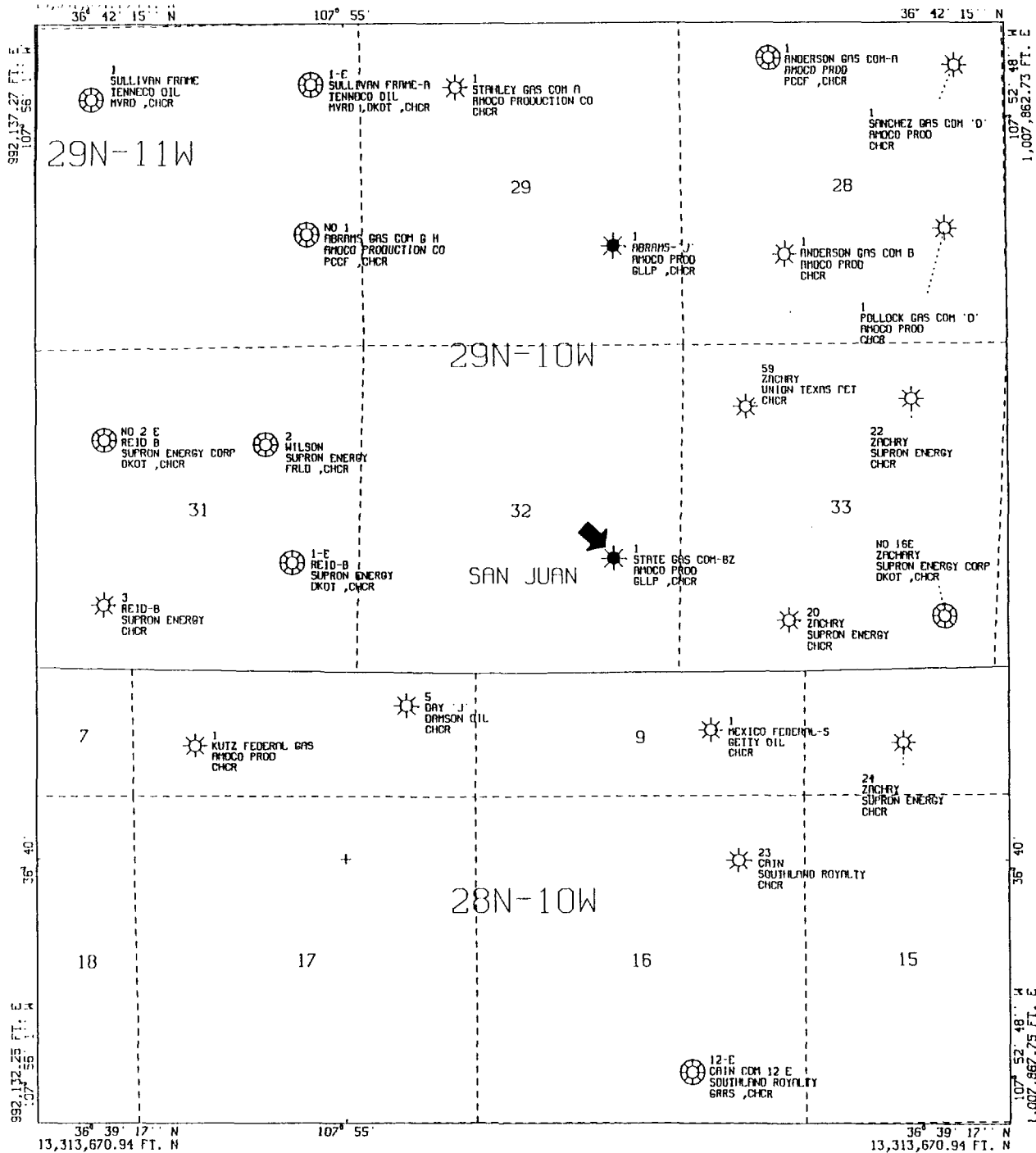
Attached to aid in your review are plats showing the location and acreage dedicated to the well, a historical production plot for each formation and a schematic of the proposed commingling installation. This spacing unit involves State of New Mexico lease numbers E-03149, B-10644 and E-09668 and an application will be sent to them for their approval.

Sincerely,

Pamela W. Staley

cc: Steve Webb
Gail Jefferson

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410



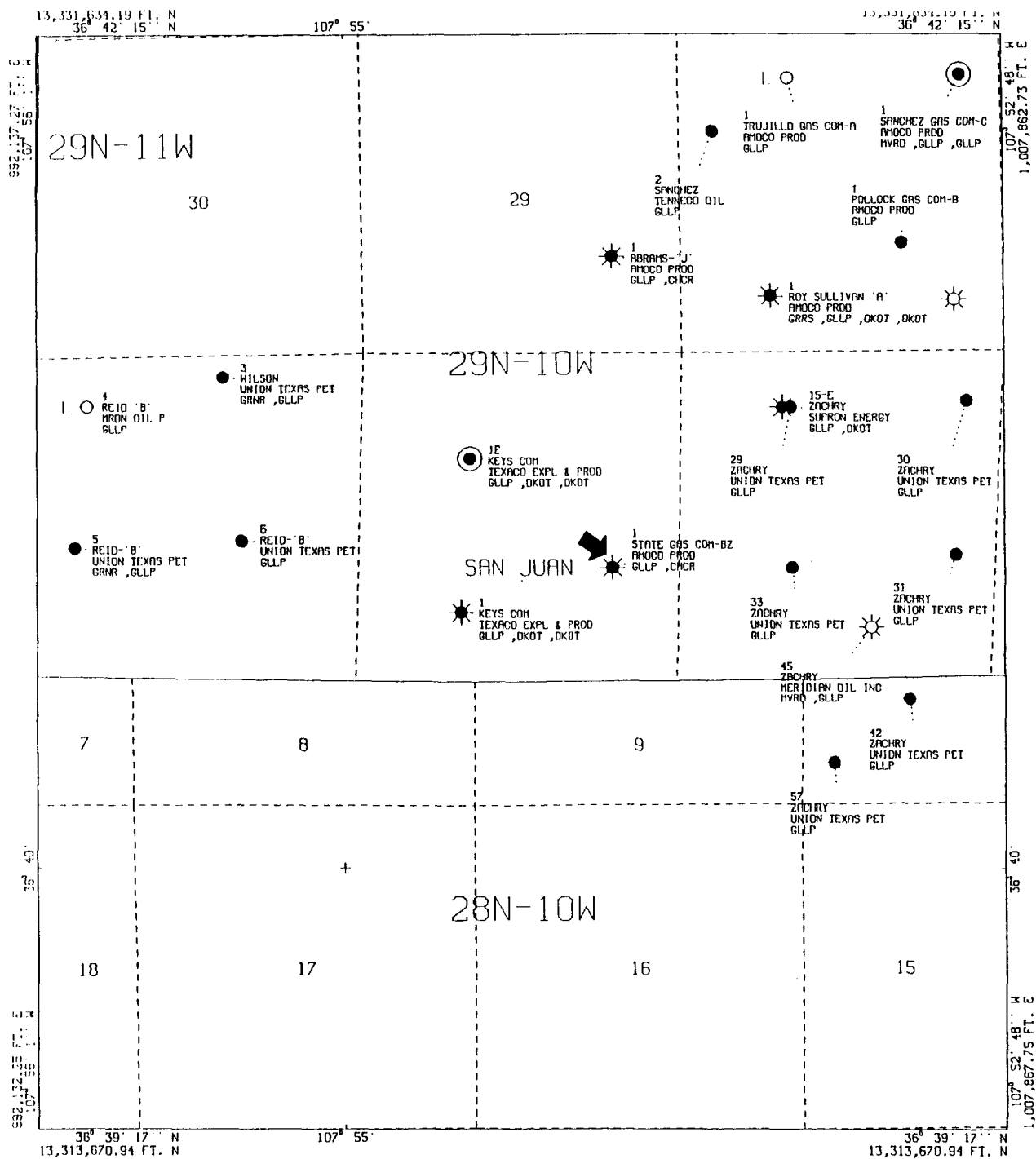
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POLYCONIC CENTRAL MERIDIAN - 107° 54' 24" W LONG
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
State Gas Com BY 1
Chacra Formation

SCALE 1 IN. = 2,000 FT. OCT 6, 1995

HORIZONTAL DATUM NAD27



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POLYCONIC, CENTRAL MERIDIAN - 107° 54' 24" W LOW SPHEROID - 6

AMOCO PRODUCTION COMPANY PLAT MAP

State Gas Com BZ 1
Gallup Formation

SCALE 1 IN. = 2,000 FT. OCT 6, 1995

HORIZONTAL DATUM NAD27