



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

April 22, 1996

IN REPLY REFER TO:

SF-077951-A
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 Angels Peak Gallup and the Basin Dakota Pools in the following well:

Jack Frost "B" #1
1190' FSL, 895' FEL, Section 27, T-27N, R-10W
San Juan County, New Mexico

The acreage dedicated to this well contains portions of Federal Lease SF-077951-A. Amoco plans to commingle production from the Gallup formation which has been shut-in since November 1991 with established Dakota production. Your plan to allocate Gallup production based on percentages is not feasible because there is insufficient Gallup production to determine a decline rate. To allocate properly, Dakota production must be allocated based on extrapolation of the established decline rate, with the remainder of production allocated to the Gallup formation. Allocation based on percentage factors is not equitable until both formations are declining at the same rate. Your application to commingle production is hereby approved effective the date that production is physically commingled. Production must be allocated based on the method described above. Allocation may be changed to percentages when both formations are declining at similar rates. Please notify this office when allocation is converted to percentages.

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,
/s/ Duane Spencer
Duane Spencer
Team Lead, Petroleum Management

bcc:

New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
07327:RHager: 04/22/96 :x366:frost.ltr

AIRS
DOM Reader
Production Accountability (070)

Well File (SF-077951-A, Frost "B" #1, 1190 FSL, 895 FEL, Section 27, T-27N, R-10W) W/Application