



Southern

Rockies

Business

Unit

August 23, 1994

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87501

**Application of Amoco Production Company
For Downhole Commingling
L.C. Kelly #3E Well, Section 4, T30N-R12W
San Juan County, New Mexico**

AMOCO PRODUCTION COMPANY ("Amoco") hereby makes application for exception to NMOCD general rule 303 (c) to downhole commingle Dakota and Gallup production in the L.C. Kelly #3E well. The well is located 1710' FNL and 880' FEL, Section 4, T30N-R12W, San Juan County, New Mexico. In support of this application, Amoco states the following:

1. Amoco is the operator of the Gallup formation, Flora Vista Gallup Pool underlying the NE/4 Section 4, T30N-R12W, San Juan County, New Mexico, currently dedicated to the L.C. Kelly #3E well.
2. Amoco is the operator of the Dakota formation, Basin Dakota Pool underlying the N/2 Section 4, T30N-R12W currently dedicated to the L. C. Kelly #3E well.
3. The ownership of the Dakota Formation and Gallup formation which are proposed for commingling are not common.
4. The L. C. Kelly #3E well has been dually completed but because of mechanical conditions downhole commingling is necessary to economically produce liquid hydrocarbons from the Gallup formation.
5. Downhold commingling will allow the use of a single compressor to improve recovery from both teh Dakota and Gallup formations.
6. Approval of this application will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

Amoco Production Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 15, 1994. A copy of this application will be sent to each of the operators of spacing units offsetting the well and to each of the owners in the well (working interest, royalty interest and overriding royalty interest) by certified mail, return receipt requested.

Sincerely,


J. W. Hawkins