

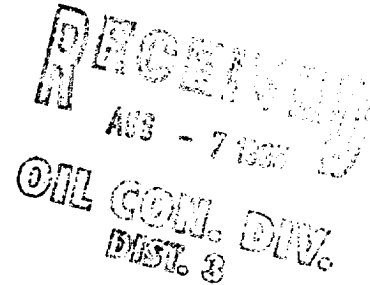


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

August 3, 1995



IN REPLY REFER TO:

Jicarilla Contract 155
3162.3-2 (07327)

Pamela W. Staley
Amoco Production Company
1670 Broadway, P. O. Box 800
Denver, Colorado 80201

Dear Ms. Staley

We have reviewed your application to downhole commingle production from the Basin Dakota and Otero Chacra pools in the following well:

Jicarilla Gas Com B #1
1450' FNL, 1850' FEL, Section 31, T-26N, R-5W
Rio Arriba County, New Mexico

Commingle production from the two pools in the same wellbore will allow installation of a plunger lift system to assist in removal of produced fluids from the wellbore. Keeping the wellbore relatively free of fluids will increase natural gas production from both formations by an estimated 40%. This will result in immediate and long term economic benefits to working interest entities and the Jicarilla Tribe. The following allocation factors, based on sound engineering practices, will be used to allocate future production from each formation.

| | <u>Gas</u> | <u>Oil</u> |
|--------|------------|------------|
| Dakota | 85% | 100% |
| Chacra | 15% | -0-% |

Your application is hereby approved as submitted, effective the date that production is actually combined.

Please be advised that operational approvals for Jicarilla production are normally processed through the Rio Puerco Resource Area in Albuquerque, NM. Please notify the Rio Puerco Resource Area when the actual commingling takes place.

If you have any questions regarding this correspondence, please contact Robert Kent in the Rio Puerco Office at (505) 761-8762.

Sincerely,

/s/ Duane Spencer

Duane Spencer
Chief, Branch of Reservoir Management

bcc:

Jicarilla Minerals Department, Dulce NM

New Mexico Oil Conservation Division, Santa Fe

New Mexico Oil Conservation Division, Aztec

Well File (Jic Gas Com B #1 1450' FNL, 1850 FEL Sec 31, T-26N, R-5W) With application & Eng. report

CA file (I-4110)

CA file (I-4062)

AIRS (Cuba)

DOM Reader

Suspense: RHager (070)

07327:RHager: date 8/02/95 :x366:JicB1.ltr