



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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

September 30, 1996

RECEIVED  
OCT - 6 1996  
OIL CON. DIV.  
DIST. 2

IN REPLY REFER TO:

SF-077974(WC)  
3162.3-2 (07400)commingle

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

Dear Ms Staley:

We have reviewed your application to commingle production downhole from the Basin Fruitland Coal and the Fulcher Kutz Pictured Cliffs pools in the following well: No. 1 Lodewick, SeSe Section 18, T.27N., R.9W.. The dedicated spacing for this well contains portions of Federal lease SF-077974. D

Your application indicates that you intend to sidetrack drill to both formations due to a damaged wellbore, then commingle downhole production and allocate based on a percentage bases. Allocation based on a percentage basis will not be accurate due to the fact that Fruitland Coal production will most likely incline for several months while Pictured Cliffs Production will begin an immediate decline. A review of the Pictured Cliffs producers in Section 18 indicates decline rates vary from 3.8% to 15.7 %, while coalbed methane production has been flat or inclining for the past eight months.

To accurately allocate production, you must first establish a known decline rate from the Pictured Cliffs formation, extrapolate the decline rate to determine future Pictured Cliffs production, then allocate the remainder of each months production to the Fruitland Coal. Please advise this office when you have determined the stabilized decline rate for the Pictured Cliffs formation. Your application to downhole commingle Pictured Cliffs and Fruitland Coal production is hereby approved, contingent upon use of the allocation method described above. The effective date of this approval will be the date that commingling actually occurs.

If you have any questions regarding this correspondence, please direct them to Ray Hager at (970) 454-1173 or Duane Spencer at (505) 599-6350

Sincerely,

/s/ Duane W. Spencer

Duane W. Spencer  
Team Leader, Petroleum Management

bcc:

New Mexico Oil Conservation Division, Santa Fe

New Mexico Oil Conservation Division, Aztec ✓

Well file SF-077974 (Lodewick #1 990' FSL 990' FEL Section 18, T-27N, R-9W)

AIRS

DOM Reader

07400:RHager:09/25/96: (970) 454-1173: Lodwick2