



United States Department of the Interior

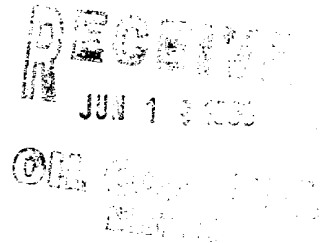
BUREAU OF LAND MANAGEMENT

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

June 14, 1996

IN REPLY REFER TO:
SF-079232(WC)
3162.3-2 (07327)

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



Dear Ms. Staley:

We have completed our review of your application to downhole commingle Basin Dakota and Blanco Mesaverde production in the following well located on Federal lease No. SF-079232:

**Bolack "B" #5
1850' FSL 1625' FEL, SECTION 31, T-27N, R-8W
SAN JUAN COUNTY, NEW MEXICO**

Your application indicated that Amoco intends to allocate production based on existing Dakota production, and average production from offset Mesaverde wells converted to percentage factors. The Dakota formation has been producing over 20 years and has established a known decline rate. Initial rates from the Mesaverde formation will be affected by flush production from the virgin reservoir and will decline at a higher rate until the formation is stabilized. To compensate for the flush production from the Mesaverde formation, allocation must be based on extrapolation of Dakota production (at the known decline rate), with the remainder of the combined production allocated to the Mesaverde.

The allocation method described above can be converted to a percentage factor as soon as it can be demonstrated that Mesaverde decline rates have stabilized and both formations are declining at equal rates. Please notify this office when allocation is converted.

Your application, revised to allocate production based on the formula outlined above is hereby approved effective the date that the formations are physically commingled.

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/ Ken Townsend~~

Duane Spencer
Team Lead, Petroleum Management

bcc:

NMOCD, Santa FE

NMOCD, Aztec

Well File (SF-079232) Bolack "B" #5, 1850 FSL, 1625 FEL, Sec 31, T-27N, R-8W (with original application.)

AIRS

DOM Reader

07327:RHager:06/14/96:X366:Bolack.ltr