Ernie Busch

From:

Ernie Busch

To:

David Catanach; Ben Stone

Subject:

AMOCO SELLERS FED. LS #2M (DHC)

Date:

Tuesday, July 25, 1995 11:11AM

Priority:

High

SELLERS FEDERAL LS #2M

O-30-30N-10W

RECOMMEND: APPROVAL



Southern

Rockies

Business

Unit

July 17, 1995

Mr. William J. LeMay, Director New Mexico Oil Conservation Division 2040 S. Pacheco Street P. O. Box 6429 Santa Fe, NM 87505

Application for Exception to Rule 303-A **Downhole Commingling** Sellers Federal LS 2M 1170' FSL & 1460' FEL, Unit O Section 30-T30N-R10W Blanco Mesaverde and Basin Dakota Pools San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval to downhole commingle production from the Blanco Mesaverde and Basin Dakota Pools in the Sellers Federal LS 2M well referenced above. The Sellers Federal LS 2M well has been a dual completion in the Mesaverde and Dakota for some time and we believe that downhole commingling will offer an economical method of production from the two zones while protecting against reservoir damage, waste of reserves and violation of correlative rights. The ownership (WI, RI, ORRI) of these pools is identical in this wellbore.

The allocation method that we plan to use for this commingled well is as follows. The Mesaverde is currently producing 260 MCFD on compression and we anticipate that rate to continue after commingling. The Dakota formation is currently not on compression. We propose to put the Dakota on compression prior to combining the two formations to establish its stabilized rate. Based on that testing we will provide our final gas allocations to your Aztec District. These formations produce very limited amounts of condensate (approximately 1 BCPD in total). Based on recent field testing by our technicians, we recommend allocating 25% of condensate production to the Mesaverde and 75% of condensate production to the Dakota. Should our testing of the Dakota suggest different allocations for the liquids we will inform the Aztec District at the time we provide the gas allocations. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

Attached to aid in your review are plats showing the location of the proposed well and offset wells producing from the same formation, historical and recent production information for each formation, and a C-102 for each formation. This spacing unit is on federal lease number SF-078195. A copy of the application will be sent to the BLM requesting their consent.

Should you have questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,

Pamela W. Staley

Enclosures

cc: Mike Kutas

Patty Haefle

Frank Chavez, Supervisor NMOCD District III

1000 Rio Brazos Road

Aztec, NM 87410

Duane Spencer

Bureau of Land Management

1235 La Plata Hwy

Farmington, NM 87401

Application for Exception to Rule 303: SEGREGATION OF PRODUCTION FROM POOLS

Requirements

(1) Name and address of the operator:

Amoco Production Company P.O. Box 800 Denver, CO 80201

(2) Lease name, well number, well location, name of the pools to be commingled:

Lease Name:

Sellers Federal LS

Well Number:

2M

Well Location:

1170' FSL & 1460' FEL

Unit O Section 30-T30N-R10W

San Juan County, New Mexico

Pools Commingled:

Blanco Mesaverde

Basin Dakota

(3) A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases.

Offset Operator Plats and Addresses Attached.

(4) A current (within 30 days) 24-hour productivity test on Division Form C-116 showing the amount of oil, gas and water produced from each zone.

Last two months of production included for each formation

(5) A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed within the case of a newly completed or recently completed well which has little or not production history. However, a complete resume of the well's completion history including description of treating, testing, etc., of each zone, and a prognostication of future production from each zone shall be permitted.)

See attached production decline curves for each formation

Estimated bottomhole pressure for each artificially lifted zone. A current (within 30 days) measured bottom hole pressure for each zone capable of flowing.
 Bottomhole pressures extimated from shut-in pressures taken during June 1995 are as follows:

Mesaverde

1010 PSIG

Dakota

!

1256 PSIG

We do not anticipate any problems due to these pressure differences.

(7) A description of the fluid characteristics of each zone showing that the fluids will not be incompatible in the wellbore.

The fluids are not anticipated to have any abnormal components that would prohibit commingling. API gravities should be comparable and do not suggest potential scale or commingling problems. The API gravity for the Mesaverde is anticipated to be approximately 52 degrees while the Dakota gravity is expected to be 56 degrees.

(8) A computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams:

Since the produced fluids are expected to be very similar, we would anticipate the commingled production to have the same value as the sum of the individual streams.

(9) A formula for the allocation of production to each of the commingled zones and a description of the factors or data used in determining such formula:

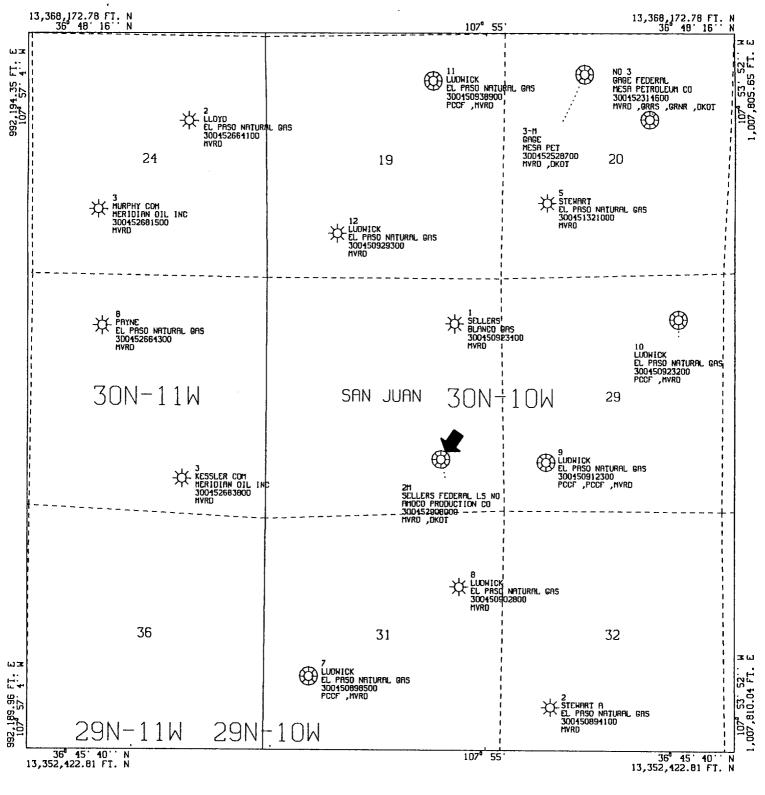
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(10) A statement that all offset operators and, in the case of a well on federal land, the United States Bureau of Land Management, have been notified in writing of the proposed commingling.

BLM will receive a copy of this application by certified mail. The offsetting operators listed on the attached sheets will receive a copy of this application by certified mail.

LIST OF ADDRESSES FOR OFFSET OPERATORS Sellers Federal LS 2M

1 Conoco, Inc.10 Desta Drive WestMidland, Texas 79705



All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

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12 JUN, 1995

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AMOCO PRODUCTION COMPANY
PLAT MAP
Sellers Federal LS 2M
Mesaverde

SCALE 1 IN. = 2,000 FT. JUN 12, 1995

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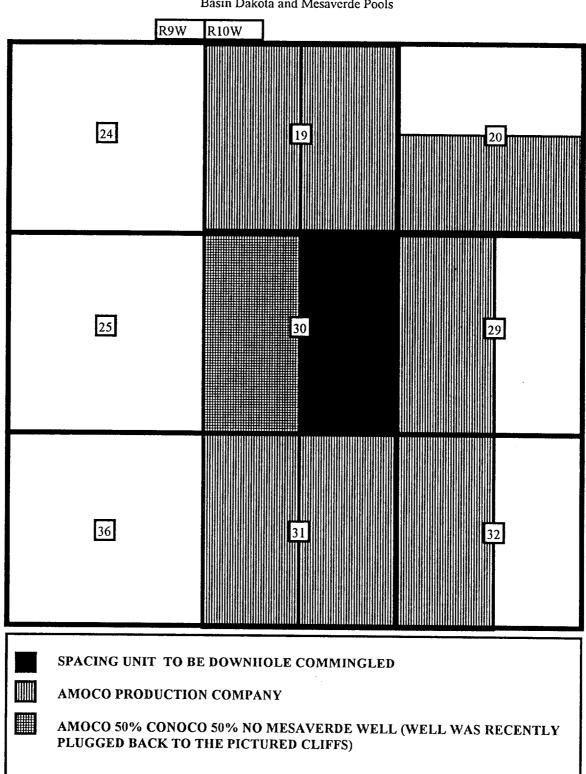
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AMOCO PRODUCTION COMPANY
PLAT MAP
Sellers Federal LS 2M
Dakota

SCALE 1 IN. = 2,000 FT. JUN 12, 1995

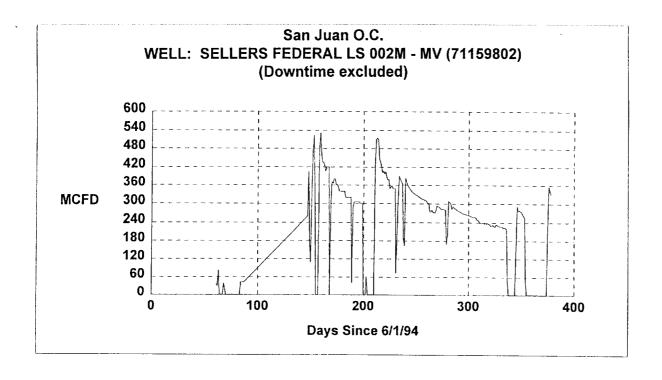
AMOCO PRODUCTION COMPANY OFFSET OPERATOR PLAT

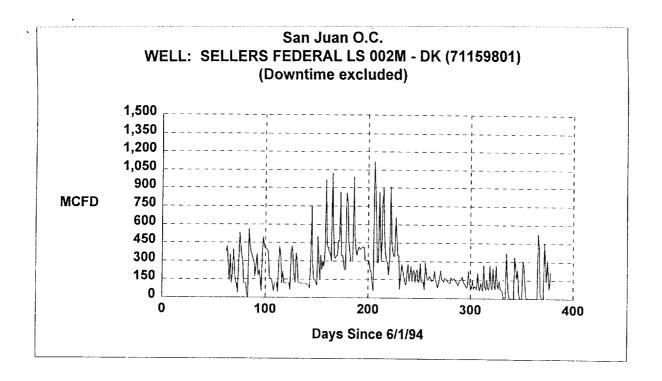
Sellers Federal LS 2M 1170' FSL & 1460' FEL Unit O Section 30-T30N-R10W Basin Dakota and Mesaverde Pools



LIST OF ADDRESSES FOR OFFSET OPERATORS Sellers Federal LS 2M

I Conoco, Inc.10 Desta Drive WestMidland, Texas 79705





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OIL CONSERVATION DI 5 N P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICE II P.O. Drawer DD, Asicala, NM \$8210

DISTRICT III 1000 Rio Diazot Rd., Ande, NM 17410

WELL LOCATION AND ACREAGE DEDICATION PLAT
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OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT.II P.O. Drawer DD, Antesia, NM \$8210

DISTRICT III 1000 Rio Brazos Rd., Arise, NM 17410

WELL LOCATION AND ACHEAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

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