



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1270

Amoco Production Company
P.O. Box 800
Denver, Colorado 80201-0800

Attention: Ms. Pamela Staley

*Storey "D" Well No. 1M
Unit J, Section 26, Township 28 North, Range 8 West, NMPM,
San Juan County, New Mexico.
Otero-Chacra (Gas - 82329) and
Blanco-Mesaverde (Prorated Gas - 72319) Pools*

Dear Ms. Staley:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

The operator shall consult with the supervisor of the Division's Aztec District Office subsequent to the completion and testing of the new zone within the well and prior to producing the well in a downhole commingled configuration in order to establish production allocation percentages or a method of allocation. Methods of allocation may include a fixed percentage allocation based upon an initial flow test, a fixed allocation based upon estimated production from new zones, or the subtraction method utilizing an established rate of decline from a zone currently producing within the well. In determining the allocation method, the Division shall consider which method provides the most accurate allocation of production to each commingled zone within the well.

The allocation method or fixed allocation percentages initially established for the well may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

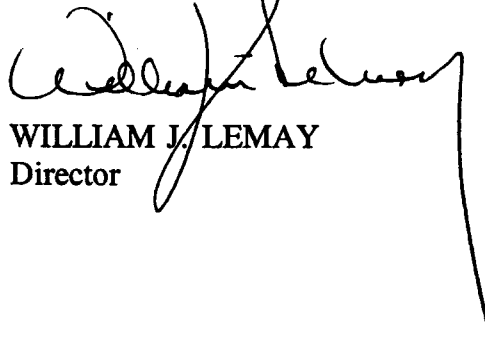
The operator shall notify the Division's Santa Fe Office of the fixed allocation percentages or allocation method approved for the well by the Aztec District Office.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 7th day of June, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington