

May 1, 1996

Mr. Ben Stone  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P. O. Box 6429  
Santa Fe, NM 87505

**Downhole Commingling Application - Change of Allocation Method  
Gerk Gas Com B #1M Well  
Unit N Section 19-T29N-R9W  
Blanco Mesaverde (Pool IDN 72319) and Basin Dakota (Pool IDN 71599) Pools  
San Juan County, New Mexico**

I am sending this letter per our recent telephone conversation on how to handle differing allocation methods approved by the NMOCD and the BLM. Amoco Production Company filed an application with you on March 20, 1996 recommending a percentage based allocation method which we thought to be acceptable for the subject well. Since filing that application, the United States Bureau of Land Management has recently approved our application, however a condition of their approval is that we must allocate this production by the subtraction method. The BLM has stipulated that we must extrapolate the production for the current producing horizon (Dakota) through the life of the well and attribute that production to the Dakota. Any production in excess of that curve would be attributed to the Mesaverde formation. Attached you will find a tabulated gas production forecast by month for the remaining life of the Dakota. The allocation for the condensate would be the same ratio used for the gas once that was determined from the production each month.

We are simultaneously transmitting this future production schedule to Ray Hager at the BLM for their files. Should you have questions, please do not hesitate to call me at 303-830-5344.

Sincerely,

Pamela W. Staley

Attachment

cc: Steve Webb - Denver  
Don Wall - Farmington  
Frank Chavez, Supervisor  
NMOCD District III  
1000 Rio Brazos Road  
Aztec, NM 87410

Ray Hager  
Bureau of Land Management  
1235 La Plata Hwy.  
Farmington, NM 87401

wellname	Date	Avg Monthly
GERK GAS COM B 1M	7/1/95	30
GERK GAS COM B 1M	8/1/95	29
GERK GAS COM B 1M	9/1/95	28
GERK GAS COM B 1M	10/1/95	27
GERK GAS COM B 1M	11/1/95	26
GERK GAS COM B 1M	12/1/95	25
GERK GAS COM B 1M	1/1/96	24
GERK GAS COM B 1M	2/1/96	23
GERK GAS COM B 1M	3/1/96	22
GERK GAS COM B 1M	4/1/96	22
GERK GAS COM B 1M	5/1/96	21
GERK GAS COM B 1M	6/1/96	20
GERK GAS COM B 1M	7/1/96	19
GERK GAS COM B 1M	8/1/96	19
GERK GAS COM B 1M	9/1/96	18
GERK GAS COM B 1M	10/1/96	17
GERK GAS COM B 1M	11/1/96	17
GERK GAS COM B 1M	12/1/96	16
GERK GAS COM B 1M	1/1/97	16
GERK GAS COM B 1M	2/1/97	15
GERK GAS COM B 1M	3/1/97	14
GERK GAS COM B 1M	4/1/97	14
GERK GAS COM B 1M	5/1/97	13
GERK GAS COM B 1M	6/1/97	13
GERK GAS COM B 1M	7/1/97	12
GERK GAS COM B 1M	8/1/97	12
GERK GAS COM B 1M	9/1/97	12
GERK GAS COM B 1M	10/1/97	11
GERK GAS COM B 1M	11/1/97	11
GERK GAS COM B 1M	12/1/97	10
GERK GAS COM B 1M	1/1/98	10
GERK GAS COM B 1M	2/1/98	10
GERK GAS COM B 1M	3/1/98	9
GERK GAS COM B 1M	4/1/98	9
GERK GAS COM B 1M	5/1/98	9
GERK GAS COM B 1M	6/1/98	8
GERK GAS COM B 1M	7/1/98	8
GERK GAS COM B 1M	8/1/98	8



OAC 4-29-96

REC'D 4-8-96

Southern

Rockies

Business

Unit

1272

March 20, 1996

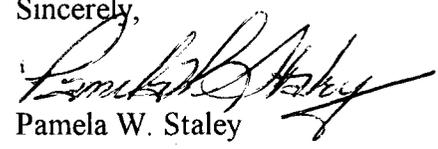
Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P. O. Box 6429  
Santa Fe, NM 87505

**Application for Exception to Rule 303-C**  
**Downhole Commingling**  
**Gerk Gas Com B#1M Well**  
**Unit N Section 19-T29N-R9W**  
**Blanco Mesaverde (Pool IDN 72319) and Basin Dakota (Pool IDN 71599) Pools**  
**San Juan County, New Mexico**

Enclosed please find an administrative application form (Form C-107-A) and attachments for downhole commingling for the captioned well.

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

Sincerely,

  
Pamela W. Staley

Enclosures

cc: Steve Webb  
Gail Jefferson

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

DISTRICT I  
P.O. Box 1980, Hobbs NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-A  
New 3-12-96

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

DISTRICT II  
811 South First St., Artesia, NM 88210-2835

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Administrative  Hearing

DISTRICT III  
1000 Rio Brazos Rd. Aztec, NM 87410-1893

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE  
 YES  NO

Amoco Production Company	P.O. Box 800 Denver, CO 80201
Operator Gerk Gas Com B	Address N-SEC 19-T29N-R9W
Lease #1M	County San Juan
Well No.	Unit Ltr. - Sec Twp - Rge

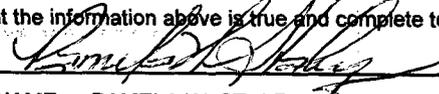
Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 000778 Property Code 000594 API NO. 3004524953 Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	BLANCO MESAERDE 72319		BASIN DAKOTA 71599
2. Top and Bottom of Pay Section (Perforations)	3584' - 4326'		6295' - 6368'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated or Measured Original	a. (Current) 961 PSI	a.	a. 770 PSI
	b. (Original) 1239 PSI	b.	b. 2379 PSI
6. Oil Gravity (° API) or Gas BTU Content	1279 BTU / 49 DEG API		1168 BTU / 59.4 DEG API
7. Producing or Shut-In?	SHUT-IN		PRODUCING
Production Marginal? (yes or no)	YES		YES
<ul style="list-style-type: none"> <li>• If Shut-In, give data and oil/gas/water rates of last production</li> </ul> <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data</small>	Date: 11/93 Rates: 2 MCFD 0 BCPD 3 BWPD	Date: Rates:	Date: Rates:
	<ul style="list-style-type: none"> <li>• If Producing, give date and oil/gas/water rates of recent test (within 60 days)</li> </ul>	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 0 % Gas 2 %	Oil: % Gas %	Oil: 0 % Gas 98 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones?  Yes  No  
 If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
 Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No
11. Will cross-flow occur?  Yes  No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable.  Yes  No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other?  Yes  No
13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No SF-078306 NM-048657
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) \_\_\_\_\_
16. ATTACHMENTS:
- \* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - \* Production curve for each zone for at least one year. (If not available, attach explanation.)
  - \* For zones with no production history, estimated production rates and supporting data.
  - \* Data to support allocation method or formula.
  - \* Notification list of all offset operators.
  - \* Notification list of working, overriding, and royalty interests for uncommon interest cases.
  - \* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE REGULATORY AFFAIRS REP DATE 3/20/96

TYPE OR PRINT NAME PAMELA W. STALEY TELEPHONE NO. ( 303 ) 830-5344

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

WF

Form C-102  
Supersedes C-121  
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

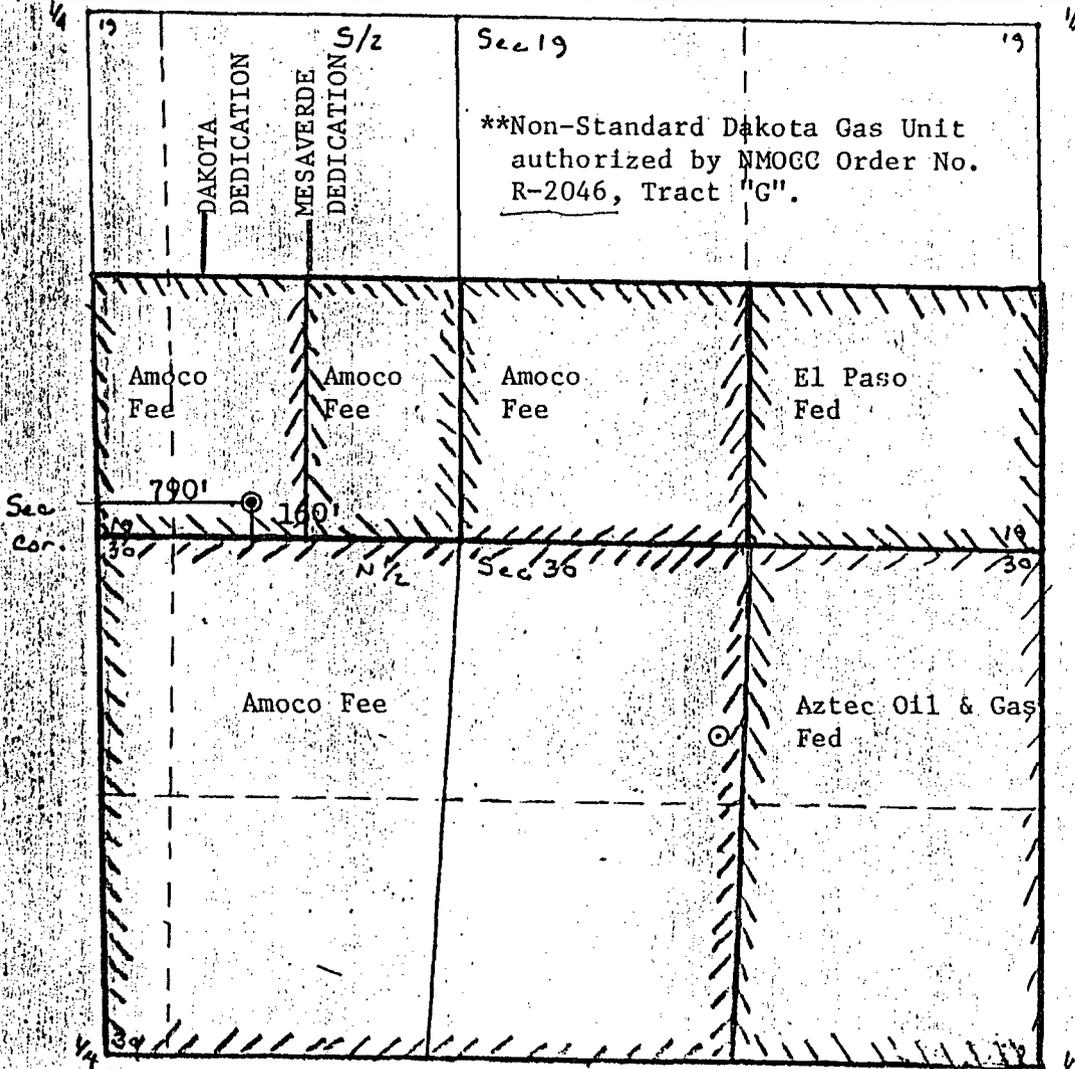
Operator <b>AMOCO PRODUCTION COMPANY</b>		Lease <b>GURK GAS COM "B"</b>			Well No. <b>1 M</b>
Unit Letter <b>N</b>	Section <b>19</b>	Township <b>29N</b>	Range <b>9W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>160</b> feet from the <b>South</b> line and <b>790</b> feet from the <b>West</b> line					
Ground Level Elev: <b>5552</b>	Producing Formation <b>Dakota / Mesaverde</b>		Pool <b>Basin Dakota/Blanco Mesaverde</b>	Dedicated Acreage: <b>407.56/407.56</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*W. L. Peterson*

Name  
**W. L. PETERSON**  
Position  
**DISTRICT ENGINEER**  
Company  
**AMOCO PRODUCTION COMPANY**

Date  
**3/23/81**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date  
**March 19 1981**  
Registered Professional Engineer and Land Surveyor  
*Fred B. Kirk Jr.*  
**Fred B. Kirk Jr.**

Certificate No.  
**3950**

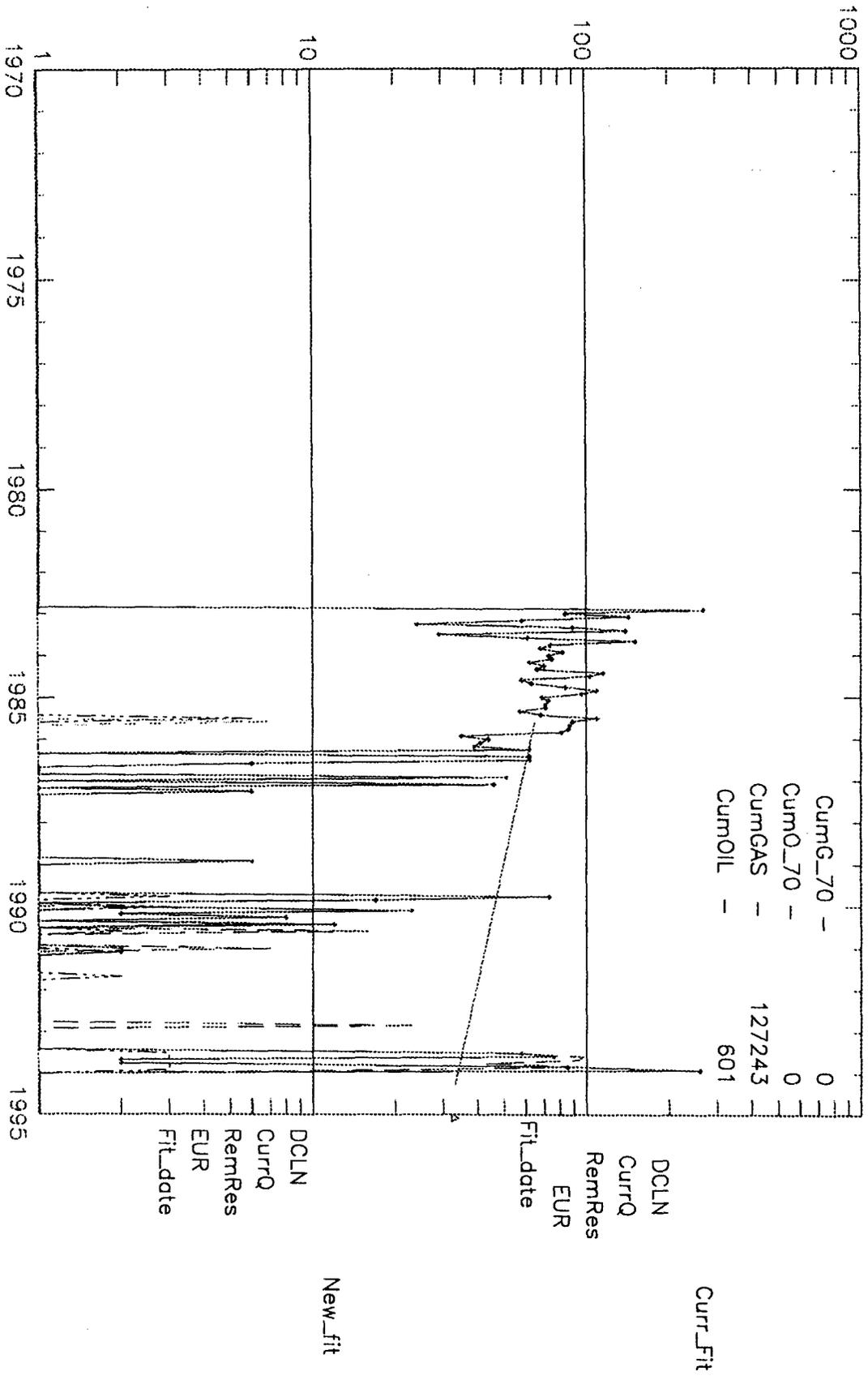
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GERK GAS COM 1M

Operator - AMOCO PRODUCTION CO

300452495300MV N192909-001MMV

APC\_WI - 0.71862000

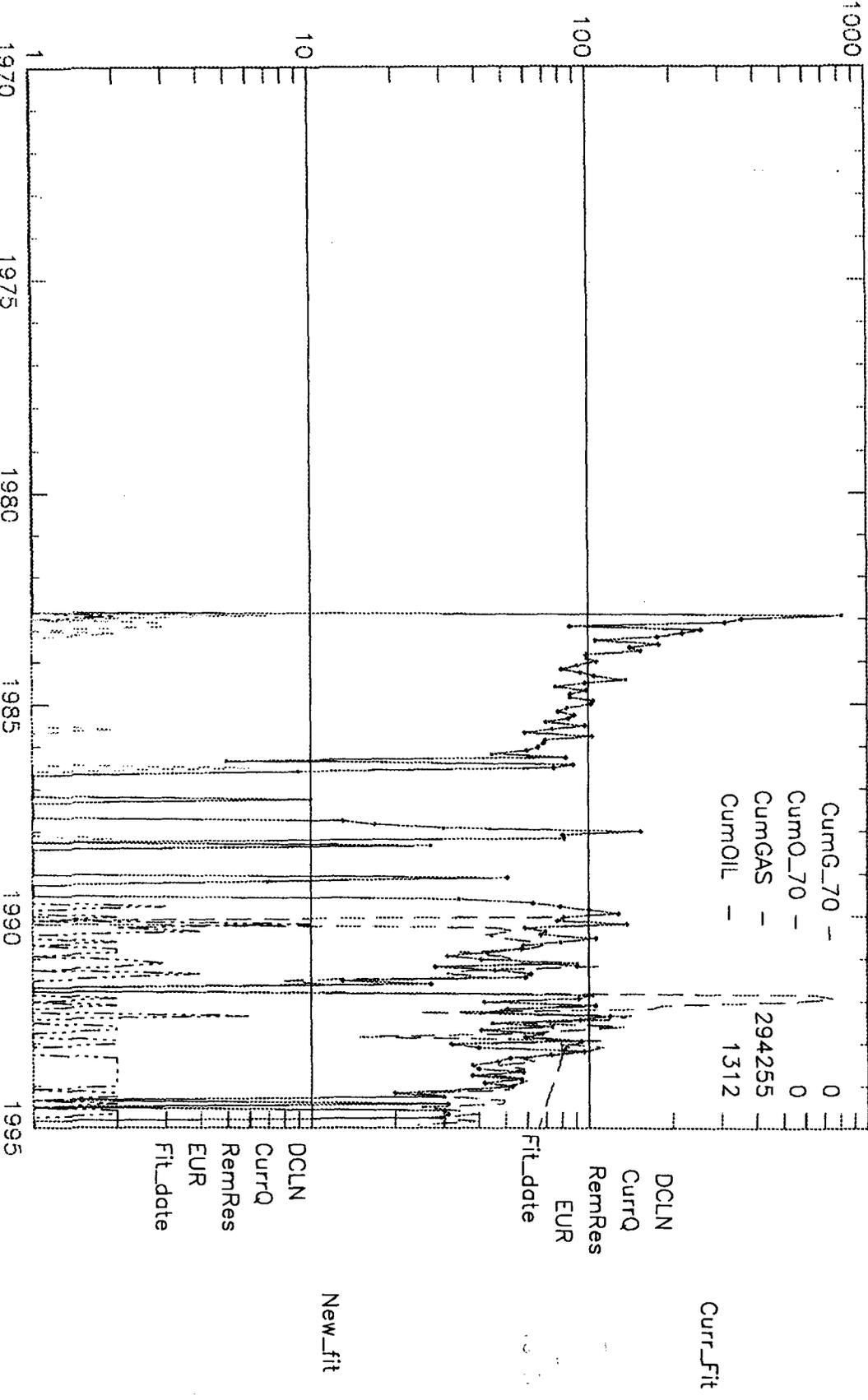


GERK GAS COM B 1M

Operator- AMOCO PRODUCTION CO

300452495300DK N192909-001MDK

APC\_WI - 0.71862000



**LIST OF ADDRESSES FOR OFFSET OPERATORS  
GERK GAS COM B #1M**

Meridian Oil, Inc.  
P.O. Box 4289  
Farmington, NM 87499

Conoco, Inc.  
10 Desta Drive West  
Midland, Texas 79705