

04C/1407



CONSERVATION DIVISION
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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

Gallegos Canyon (GC)
3162.7-3 (07327)

December 27, 1996

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

RE: Downhole Commingling Application
No. 331 Gallegos Canyon Unit
1875' FNL & 640' FWL
Section 29, T. 29 N., R. 12 W.
San Juan County, New Mexico

Dear Ms. Staley:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated October 21, 1996, applying for downhole commingling approval for the Pinon Fruitland Sand and the West Kutz Pictured Cliffs formation in the above referenced well.

Allocation for this well will use the subtraction method. Future gas production will be projected for the Fruitland Sand formation using a 5.7% annual decline rate from an initial rate of 58 Mcfd. The production will be allocated by taking the difference of the total production and the forecasted Fruitland Sand production to determine the Pictured Cliffs production. No liquid production is anticipated from either of these zones.

Approval to downhole commingle the Pinon Fruitland Sand and the West Kutz Pictured Cliffs formations for the above referenced well is hereby granted.

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

/s/ Joe Hewitt

FOR Duane W. Spencer
Team Leader, Petroleum Management

bcc:
NMOCD, Santa Fe