

(3) The applicant, Breck Operating Corporation, seeks authority to surface commingle Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pool production, respectively, from its Kutz Government Well No. 7 located 790 feet from the South line and 1650 feet from the West line (Unit N) of Section 3, and its Kutz Government Well No. 7-J located 1840 feet from the South line and 1050 feet from the West line (Unit L) of Section 3, both in Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

(4) The Kutz Government Well No. 7, currently completed in the Basin-Fruitland Coal Gas Pool, is dedicated to the W/2 of Section 3, and the Kutz Government Well No. 7-J, currently completed in the Fulcher Kutz-Pictured Cliffs Gas Pool, is dedicated to the SW/4 of Section 3.

(5) By virtue of different well spacing, the ownership between the Kutz Government Well Nos. 7 and 7-J is not common.

(6) Evidence and testimony presented by the applicant indicates that the Kutz Government Well No. 7 is currently being produced with the aid of a compressor.

(7) Further evidence indicates that the Kutz Government Well No. 7-J is incapable of sustained production due to high pressure within the gas sales line.

(8) The applicant seeks authority to commingle gas production from the Kutz Government Well Nos. 7 and 7-J and thereby utilize existing compression facilities to aid in sustaining Pictured Cliffs production.

(9) Testimony by the applicant indicates that the Pictured Cliffs producing rates from the Kutz Government Well No. 7-J are insufficient to economically justify installation of its own compression facilities.

(10) The applicant proposes to utilize existing sales meters to accurately meter individual well production prior to commingling.

(11) Liquids production from the subject wells is negligible.

(12) The proposed commingling has been approved by the United States Bureau of Land Management (BLM).

(13) No interest owner appeared at the hearing in opposition to the application.

(14) Approval of the proposed surface commingling will allow the applicant the opportunity to recover Pictured Cliffs gas reserves which may otherwise not be

recovered, thereby preventing waste, and will not violate correlative rights provided individual well production is separately metered as proposed by the applicant.

(15) This facility should be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities".

(16) The applicant should be required to notify the supervisor of the Aztec district office of the Division prior to the installation of commingling facilities.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Breck Operating Corporation, is hereby authorized to surface commingle Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pool production, respectively, from its Kutz Government Well No. 7 located 790 feet from the South line and 1650 feet from the West line (Unit N) of Section 3, and its Kutz Government Well No. 7-J located 1840 feet from the South line and 1050 feet from the West line (Unit L) of Section 3, both in Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) Production from the Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pools shall be determined by separately metering the production from each pool prior to commingling.

(3) This facility shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities".

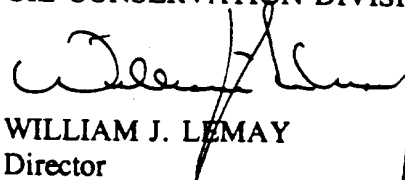
(4) The applicant shall notify the supervisor of the Aztec district office of the Division prior to the installation of commingling facilities.

(5) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 10928
ORDER NO. R-10080
Page 4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L