

Entered April 13, 1981

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7207
Order No. R-6648

APPLICATION OF MOBIL PRODUCING INC.
FOR LEASE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of April, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mobil Producing Inc., is the owner and operator of the State J and State II Leases in Section 22, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Vacuum Grayburg-San Andres production from said leases in a common tank battery located on the State J Lease, allocating the production to each well and to each lease on the basis of quarterly well tests.

(4) That the ownership of the two leases is common throughout except that Shell Oil Company holds a one-eighth overriding royalty interest under the State II Lease.

(5) That the Division's "Manual for the Installation and Operation of Commingling Facilities" requires the separate

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metering of production from each lease when leases of varying ownership are commingled.

(6) That Shell Oil Company waived said requirement for separate metering.

(7) That the proposed commingling should result in lower operating costs of the subject leases and should therefore result in the recovery of additional hydrocarbons from the subject leases, thereby preventing waste, and will not violate correlative rights.

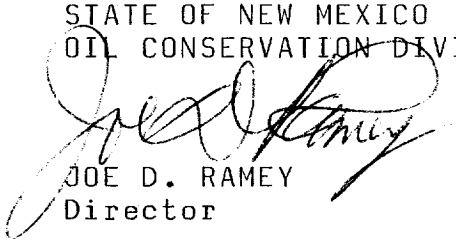
IT IS THEREFORE ORDERED:

(1) That the applicant, Mobil Producing Inc., is hereby authorized to commingle Vacuum Grayburg-San Andres production from the State J and State II Leases, located in Section 22, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, in a common tank battery located on the State J Lease, allocating the production to each well and to each lease on the basis of quarterly well tests.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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