

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**REOPENED
CASE NO. 11209
Order No. R-10316-A**

**APPLICATION OF AMOCO PRODUCTION
COMPANY FOR SURFACE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 6, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of April, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The subject matter was advertised in such a manner that the application and supplemental data provided the Division would be considered and taken under advisement in the absence of objection.

(3) The applicant, Amoco Production Company (Amoco), is the owner and operator of the Jones "A LS" Well No. 1A (API No. 30-045-22747), located 1460 feet from the South line and 1750 feet from the East line (Lot 2/Unit J) of Irregular Section 10, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico. Said well was drilled in 1978 and was dually completed in the South Blanco-Pictured Cliffs and Blanco-Mesaverde Gas Pools in a conventional manner with two strings of tubing and a packer separating the two gas streams.

(4) South Blanco-Pictured Cliffs Gas Pool production from the Jones "A LS" Well No. 1A is currently dedicated to a 146.24-acre gas spacing and proration unit comprising Lots 1 and 2 and the S/2 SE/4 (SE/4 equivalent) of Irregular Section 10, and Blanco-Mesaverde Gas Pool production is currently dedicated to a 293.84-acre gas spacing and proration unit comprising all of Irregular Section 10.

(5) The applicant seeks authority to surface commingle South Blanco-Pictured Cliffs and Blanco-Mesaverde Gas Pool production from the Jones "A LS" Well No. 1A.

(6) This case was originally heard February 16, 1995 and Division Order No. R-10316 was issued February 20, 1995 as a result of that hearing. Division Order No. R-10316 denied Amoco's application on the basis that insufficient evidence was presented to show how production volumes from each pool would be determined.

(7) According to information contained within the application, the working, royalty and overriding royalty interest ownership between the two producing horizons is not common.

(8) According to further information, applicant seeks to utilize a single train of production equipment, including a single compressor, to reduce operating expenses from both formations.

(9) The applicant has provided the Division additional information regarding the allocation of production from the wellbore. Applicant proposes that it be allowed to conduct annual well tests to determine production from the two producing horizons within the subject well. In addition, the applicant proposes to consult with the supervisor of the Division's Aztec District Office regarding the conductance and implementation of such well tests.

(10) All interest owners of the Jones "A LS" Well No. 1A were notified of the proposed commingling, and no interest owner appeared at the hearing in opposition to the application.

(11) Approval of the subject application will allow the applicant to reduce operating expenses on the Jones "A LS" Well No. 1A, thereby extending the economic life of the well which may result in the recovery of additional gas reserves from the subject proration units, thereby preventing waste.

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IT IS THEREFORE ORDERED THAT:

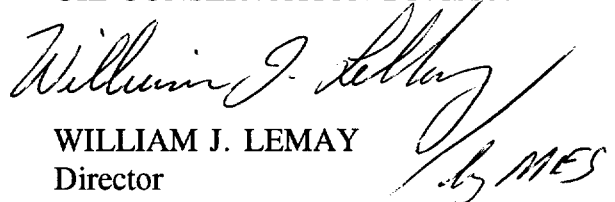
(1) The applicant, Amoco Production Company, is hereby authorized to surface commingle South Blanco-Pictured Cliffs and Blanco-Mesaverde Gas Pool production from its Jones "A LS" Well No. 1A (API No. 30-045-22747), located 1460 feet from the South line and 1750 feet from the East line (Lot 2/Unit J) of Irregular Section 10, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) Production from the subject well shall be allocated on the basis of annual well tests. The applicant shall notify the supervisor of the Division's Aztec District Office of the date and time of conductance of such annual production tests in order that they may be witnessed.

(3) Jurisdiction is hereby 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


WILLIAM J. LEMAY
Director

S E A L



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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April 20, 1995


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& SHERIDAN
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P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10209
ORDER NO. R-10316-A

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Farmington
OCD - Aztec Office
Taxation & Revenue Dept.