

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:

CASE NO. 11378
ORDER NO. R-1817-A

**APPLICATION OF TAMARACK PETROLEUM COMPANY, INC. FOR LEASE
COMMINGLING, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 5, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of October, 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 applicant in this matter, Tamarack Petroleum Company, Inc. ("Tamarack"), is the lessor of the following described State lands in Township 14 South, Range 33 East, NMPM, Lea County, New Mexico and operates the following described wells:

(a) the Lion State lease (No. E-08334) comprising the NW/4 SE/4 of Section 9;

1. Well No. 1 (API No. 30-025-01119), located
1980 feet from the South and East lines (Unit J);

(b) the Lion "A" State lease (No. E-07353) comprising the SE/4 SE/4 of Section 9;

1. Well No. 2 (API No. 30-025-01120), located
660 feet from the South and East lines (Unit P);

(c) the Saunders State lease (No. E-07353) comprising the S/2 SW/4 and SW/4 SE/4 of Section 9 and the W/2 NW/4 of Section 16;

1. Well No. 1 (**API No. 30-025-28205**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 9;
2. Well No. 2 (**API No. 30-025-28622**), located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 16; and,
3. Well No. 3 (**API No. 30-025-28631**), located 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 9.

(3) By Division Order No. R-1817, issued in Case 2115 and dated November 9, 1960, James G. Brown & Associates was authorized to commingle into a common tank battery Saunders Permo-Upper Pennsylvanian Pool production from that portion of two State leases contained in the NW/4 SE/4 and SE/4 SE/4 of said Section 9. Allocation of production from wells between leases would be permitted based on monthly well tests.

(4) By Division Administrative Order CTB-411, dated July 24, 1995, Tamarack was granted an exception to Division General Rule 309.A and was permitted to commingle Saunders Permo-Upper Pennsylvanian Pool production from the aforementioned leases and wells. Said Administrative Order CTB-411 provided however the production be allocated to each well by separately metering the production from each lease prior to commingling.

(5) At this time the applicant seeks to extend that exception to Rule 309.A granted by the two previous orders and permit the surface commingling of production from said leases to be allocated to each well by individual 24-hour tests taken on a monthly basis.

(6) Royalty interest on all three leases comprises one-eighth and belongs to the State of New Mexico; however, working interest and overriding royalty interest varies between the Saunders State lease and the Lion State and Lion "A" State leases.

(7) There are currently two separate surface facilities servicing these five wells, one in Unit "J" of said Section 9 services the two "Lion" wells and the other battery in Unit "N" of said Section 9 services the three Saunders wells. Tamarack proposes to abandon and dismantle the "Saunders" battery in Unit "N" and increase the capacity of the facility in Unit "J".

(8) Testimony presented contends that the consolidation of batteries will allow the Lion State, Lion "A" State, and Saunders State wells to produce more economically and reduce operating costs such that it will extend the life of these leases and increase ultimate recovery from these properties.

(9) Additional costs saving can be incurred by eliminating the metering requirements contained in said Administrative Order CTB-411 and allow each well to be tested on a monthly basis.

(10) No interested party entered an appearance in this matter at the time of the hearing, in fact all mineral interests affected provided signed waivers.

(11) Both Division Order No. R-1817 and Division Administrative Order CTB-411 should be placed in abeyance at this time.

(12) Approval of this application will neither cause waste nor impair correlative rights and is in the best interests of conservation.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Tamarack Petroleum Company, Inc., is hereby authorized to commingle Saunders Permo-Upper Pennsylvanian Pool production from the following leases in Township 14 South, Range 33 East, NMPM, Lea County, New Mexico:

- (a) the Lion State lease (No. E-08334) comprising the NW/4 SE/4 of Section 9;
- (b) the Lion "A" State lease (No. E-07353) comprising the SE/4 SE/4 of Section 9; and,
- (c) the Saunders State lease (No. E-07353) comprising the S/2 SW/4 and SW/4 SE/4 of Section 9 and the W/2 NW/4 of Section 16.

(2) Production from each well completed in the Saunders Permo-Upper Pennsylvanian Pool within the above-described areas shall be allocated based upon monthly well tests.

(3) The applicant shall up-grade its storage facility located in Unit "J" of said Section 9 such that it is capable of handling the total production from said wells during the maximum unattended hours of operation.

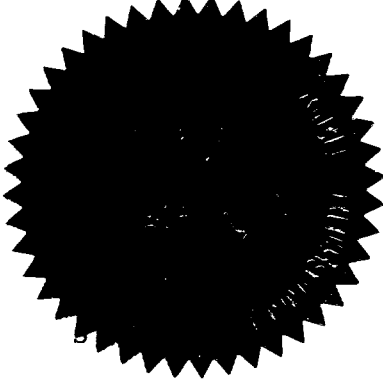
(4) The aforementioned installation shall be installed and operated in accordance with the applicable provisions of General Rule 303 of the Division and the Division's "*Manual for the Installation and Operation of Commingling Facilities*".

(5) It will be the responsibility of the producer to notify the transporter of this commingling authority.

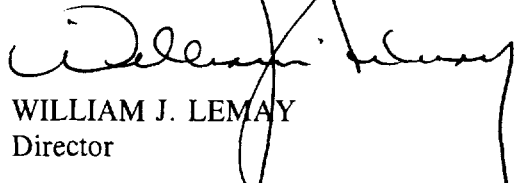
(6) Both Division Order No. R-1817, dated November 9, 1960, and Division Administrative Order CTB-411, dated July 24, 1995, shall be placed in abeyance until further notice.

(7) 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


WILLIAM J. LEMAY
Director