

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 14, 1992

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

JUL 14 1992

OIL CONSERVATION DIVISION

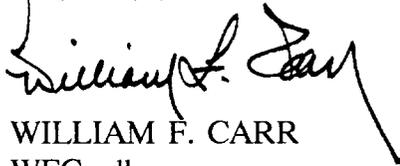
10521

Re: In the Matter of the Application of Union Oil Company of California d/b/a Unocal, for Termination of Prorating in South Blanco-Pictured Cliffs Gas Pool, Rio Arriba, Sandoval and San Juan Counties, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Union Oil Company of California d/b/a Unocal in the above-referenced case. Union Oil Company of California d/b/a Unocal respectfully requests that this matter be placed on the docket for the August 6, 1992 Examiner hearings.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosures

cc w/enclosures: Mr. William L. Irwin
District Petroleum Engineer
Union Oil Company of California
3300 North Butler Avenue, Suite 200
Farmington, New Mexico 87401

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF UNION OIL COMPANY OF CALIFORNIA
d/b/a UNOCAL, FOR TERMINATION OF
PRORATIONING IN SOUTH BLANCO-
PICTURED CLIFFS GAS POOL,
RIO ARRIBA, SANDOVAL AND
SAN JUAN COUNTIES, NEW MEXICO.

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OIL CONSERVATION DIVISION

CASE NO. 10521

APPLICATION

UNION OIL COMPANY OF CALIFORNIA d/b/a UNOCAL, through its undersigned attorneys, hereby applies to the New Mexico Oil Conservation Division for an Order terminating prorationing in the South Blanco-Pictured Cliffs Gas Pool, Rio Arriba, Sandoval and San Juan Counties, New Mexico, and in support thereof would show:

1. Applicant is an operator and working interest owner in the South Blanco-Pictured Cliffs Gas Pool ("the Pool").
2. The Pool was established by Division Order No. R-156 and made effective May 20, 1952. The current Pool is described on Exhibit A to this application which is incorporated herein.
3. Prorationing has been instituted in the Pool by the Division and is subject to the provisions of Order R-8170, as amended, the General Rules and Regulations for the Prorated Gas Pools of New Mexico.
4. Prorationing was originally instituted because the total delivery capacity of the wells in the Pool exceeded the market demand for gas produced from the Pool.

5. Productivity from the Pool had declined with wells in the Pool currently producing at an average rate of less than 30 mcf per day and with over 95% of the wells producing less than 100 mcf per day.

6. Currently and for the remaining life of the Pool, the total deliverability of the wells in the Pool is not expected to exceed market demand for gas produced from the Pool.

7. The production limitations imposed by the prorated allowables are unnecessary and have caused and will continue to discourage further development drilling, attempted workovers of existing wells, or the installation of compression equipment.

8. Termination of prorationing for the Pool will not result in waste nor impair correlative rights.

9. In addition to the decline in Pool production, changes in gas purchasing and marketing practices, and other factors affecting the oil and gas industry make prorationing of the Pool unnecessary.

10. Applicant proposes that prorationing for the Pool be terminated effective September 1, 1992.

11. Applicant has contacted the operators in the Pool concerning this matter and is not aware of any opposition to this Application.

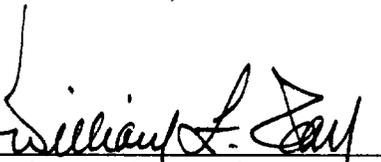
12. Applicant requests that this matter be set for hearing on the Examiner's docket now scheduled for August 6, 1992.

13. Notice of this application has been provided in accordance with Division rules.

WHEREFORE, Union Oil Company of California d/b/a Unocal requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law and the rules of the Division, the Division enter its order terminating prorationing for the South Blanco-Pictured Cliffs Gas Pool.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR UNION OIL
COMPANY OF CALIFORNIA
d/b/a UNOCAL

EXHIBIT A

SOUTH BLANCO-PICTURED CLIFFS GAS POOL

Township 23 North, Range 1 West, N.M.P.M.

Section 2: NW/4
Section 3: NE/4
Section 4: W/2
Sections 5 through 8: All
Section 17: NW/4
Sections 18 and 19: All
Section 30: All
Section 31: N/2
Section 32: NW/4

Township 23 North, Range 2 West, N.M.P.M.

Sections 1 through 18: All
Section 19: N/2
Section 20: N/2
Sections 21 through 24: All
Section 26: NE/4
Section 28: NW/4

Township 23 North, Range 3 West, N.M.P.M.

Sections 1 through 4: All
Section 9: NE/4
Section 10: N/2, SE/4
Section 11: N/2
Sections 12 and 13: All

Township 24 North, Range 1 West, N.M.P.M.

Section 17: SW/4
Section 18: W/2
Sections 19 through 22: All
Section 26: W/2
Sections 27 through 34: All
Section 35: N/2, SW/4

Township 24 North, Range 2 West, N.M.P.M.

Section 5: S/2
Section 6: S/2
Sections 7 through 9: All
Section 14: W/2, SE/4
Sections 15 through 36: All

Township 24 North, Range 3 West, N.M.P.M.

Section 2: S/2
Section 3: W/2, SE/4
Sections 4 through 18: All
Section 20: E/2, NW/4
Sections 21 through 27: All
Section 28: E/2, NW/4
Section 33: E/2
Sections 34 through 36: All

Township 24 North, Range 4 West, N.M.P.M.

Sections 1 through 13: All
Section 14: N/2
Section 16: All
Section 21: N/2
Section 23: SE/4
Section 24: All

Township 24 North, Range 5 West, N.M.P.M.

Section 1: N/2
Section 2: E/2
Section 3: W/2
Section 11: NE/4

Township 25 North, Range 3 West, N.M.P.M.

Section 7: All
Section 17: W/2, SE/4
Sections 18 through 22: All
Section 26: N/2, SW/4
Sections 27 through 33: All
Section 34: NW/4

Township 25 North, Range 4 West, N.M.P.M.

Section 1: NW/4, S/2
Sections 2 through 36: All

Township 25 North, Range 5 West, N.M.P.M.

Sections 1 through 36: All

Township 25 North, Range 6 West, N.M.P.M.

Sections 1 through 5: All
Section 6: E/2
Section 7: E/2, SW/4
Section 9: E/2, NW/4
Sections 10 through 16: All
Section 21: NE/4
Sections 22 through 25: All
Section 26: E/2, NW/4
Section 27: N/2

Township 26 North, Range 4 West, N.M.P.M.

Section 19: W/2, SE/4
Sections 29 through 32: All
Section 33: S/2
Section 34: SW/4
Section 35: SW/4

Township 26 North, Range 5 West, N.M.P.M.

Section 3: SW/4
Sections 4 through 10: All
Sections 13 through 36: All

Township 26 North, Range 6 West, N.M.P.M.

Sections 1 through 36: All

Township 26 North, Range 7 West, N.M.P.M.

Sections 1 through 18: All
Sections 21 through 25: All
Section 26: SE/4, N/2

Township 26 North, Range 8 West, N.M.P.M.

Sections 1 through 3: All
Section 4: SE/4

Township 27 North, Range 5 West, N.M.P.M.

Section 6: W/2
Section 7: All
Sections 18 and 19: All
Section 28: SW/4
Section 29: S/2
Section 30: W/2, SE/4
Sections 31 through 33: All
Section 34: W/2

Township 27 North, Range 6 West, N.M.P.M.

Sections 1 and 2: All
Section 8: SE/4
Section 9: S/2
Sections 11 through 16: All
Section 17: S/2, NE/4
Section 18: S/2
Sections 19 through 36: All

Township 27 North, Range 7 West, N.M.P.M.

Section 2: W/2
Sections 3 through 11: All
Section 12: S/2
Sections 13 through 36: All

Township 27 North, Range 8 West, N.M.P.M.

Sections 1 through 30: All
Section 31: N/2
Section 32: N/2
Sections 33 through 36: All

Township 27 North, Range 9 West, N.M.P.M.

Sections 1 through 5: All
Section 6: E/2
Sections 8 through 15: All
Section 22: E/2
Sections 23 through 25: All
Section 26: NE/4
Section 36: NE/4

Township 28 North, Range 6 West, N.M.P.M.

Sections 7 and 8: All
Sections 17 and 18: All
Section 19: N/2
Section 20: N/2
Section 25: SE/4
Section 26: SW/4
Section 27: E/2
Section 34: NE/4
Sections 35 and 36: All

Township 28 North, Range 7 West, N.M.P.M.

Sections 10 through 15:	All
Section 16:	E/2
Section 19:	All
Section 21:	SE/4
Sections 22 through 24:	All
Sections 27 and 28:	All
Sections 30 through 34:	All
Section 35:	SW/4

Township 28 North, Range 8 West, N.M.P.M.

Section 8:	Partial
Section 9:	Partial
Sections 10 through 17:	All
Section 18:	E/2
Sections 19 through 36:	All

Township 28 North, Range 9 West, N.M.P.M.

Sections 25 and 26:	All
Sections 33 through 36:	All

Township 29 North, Range 7 West, N.M.P.M.

Section 25:	All
Section 36:	All