

BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF BASIN MINERALS, LTD. FOR  
SURFACE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED

AUG 25 1992

OIL CONSERVATION DIVISION

CASE NO. 10551

APPLICATION

BASIN MINERALS, LTD., through its undersigned attorneys, makes application for an order authorizing the surface commingling of natural gas produced from the Blanco Mesaverde Gas Pool and the Blanco Pictured Cliffs Gas Pool and in support of its application states:

1. Basin Minerals, Ltd. is the operator and a mineral interest owner in its Atlantic "A" LS #6A Well which is located 1520 feet from the North line and 1120 feet from the West line of Section 26, Township 31 North, Range 10 West, which is dually completed in the Blanco Mesaverde Gas Pool (N/2 dedication) and in the Blanco Pictured Cliffs Gas Pool (NW/4 dedication).

2. Basin Minerals, Ltd. also operates and is a mineral interest owner in its Atlantic "A" LS #6 Well located 1090 feet from the North line and 1550 feet from the East line of said Section 26 and produces from the Blanco Mesaverde Gas Pool and its Atlantic "A" LS #13 Well located 900 feet from the North line and 1670 feet from the East line of said Section 26 and produces from the Blanco Pictured Cliffs Gas Pool.

3. Although all production from these wells is owned by the same operators, the percentage ownership of each operator in the Mesaverde and Pictured Cliffs formations is different.

4. Basin Minerals, Ltd. seeks an exception to the provisions of Division Rule 303 to permit the surface commingling of natural gas produced from the Blanco Mesaverde Gas Pool and the Blanco Pictured Cliffs Gas Pool in its Atlantic "A" LS #6A Well.

5. Basin Minerals, Ltd. also seeks an exception to the provisions of Division Rule 303 to permit the surface commingling of natural gas produced from the Blanco Mesaverde Gas Pool in its Atlantic "A" LS #6 Well and natural gas produced from the Blanco Pictured Cliffs Gas Pool in its Atlantic "A" LS #13 Well.

6. Basin Minerals, Ltd. also states:

- a. the facilities to be utilized for commingling are commonly owned;
- b. all production will be accurately measured or determined prior to commingling;
- c. no problems with the compatibility of any fluids will result from commingling; and
- d. the commercial value of the commingled production will exceed the value of the production from each source of supply for the Pictured Cliffs formation in both Pictured Cliffs wells has insufficient reservoir pressure to produce into El Paso Natural Gas Company's gathering

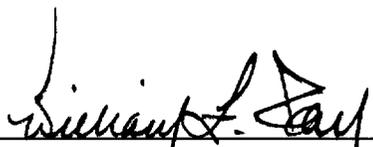
system. Therefore, approval of this application will permit the Pictured Cliffs formation to produce while utilizing existing measurement and compressor equipment.

7. Approval of this application will result in the increased recovery of hydrocarbons, thereby preventing waste, and is otherwise in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Basin Minerals, Ltd. requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 17, 1992 and, after notice and hearing as required by law, the Division enter its order approving this application.

Respectfully submitted,

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