

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  
DAVID B. LAWRENZ

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

September 16, 1993

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

*Case 10849*

*6/10/93*

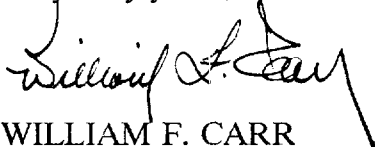
Re: In the Matter of the Application of Amoco Production Company for  
Amendment of the Deliverability Testing Rules for the Prorated Gas pools of  
Northwest New Mexico, Rio Arriba, Sandoval and San Juan Counties, New  
Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Amoco Production Company in the above-referenced case as well as a draft of a legal advertisement for the October 14, 1993 Commission docket.

Amoco Production Company respectfully requests that this application be placed on the docket for the October 14, 1993 Commission hearings.

Very truly yours,



WILLIAM F. CARR  
WFC:mlh

Enclosures

cc: Mr. J. W. Hawkins (w/enclosures)

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

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

CASE NO. 10849

APPLICATION OF AMOCO PRODUCTION COMPANY  
FOR AMENDMENT OF THE DELIVERABILITY TESTING  
RULES FOR THE PRORATED GAS POOLS OF NORTH-  
WEST NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MERIDIAN OIL  
INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Amoco Production Company

ATTORNEY

William F. Carr, Esq.

OTHER INTERESTED PARTIES

Meridian Oil Inc.  
P. O. Box 4289  
Farmington, N.M. 87402  
Attn: Jim Frazer  
(505) 326-9803

ATTORNEY

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

Pre-Hearing Statement  
Case No. 10849  
Page 2

**STATEMENT OF CASE**

**OTHER PARTY**

Meridian Oil Inc. appears in support of Amoco  
Production Company's application in this case.

**PROPOSED EVIDENCE**

**WITNESSES**

**EST. TIME**

**EXHIBITS**

None anticipated at this time

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

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

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

CASE NO. 10849

APPLICATION OF AMOCO PRODUCTION COMPANY  
FOR AMENDMENT OF THE DELIVERABILITY  
TESTING RULES FOR THE PRORATED GAS POOLS  
OF NORTHWEST NEW MEXICO, (BLANCO-MESAVERDE,  
BASIN-DAKOTA, TAPACITO-PICTURED CLIFFS,  
AND SOUTH BLANCO-PICTURED CLIFFS POOLS),  
RIO ARRIBA, SANDOVAL AND SAN JUAN  
COUNTIES, NEW MEXICO.

8/1993

**PRE-HEARING STATEMENT**

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,  
as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Amoco Production Company \_\_\_\_\_  
c/o J. W. Hawkins \_\_\_\_\_  
Post Office Box 800 \_\_\_\_\_  
Denver, Colorado 800201 \_\_\_\_\_  
(303) 830-5072 \_\_\_\_\_

name, address, phone and  
contact person

**ATTORNEY**

William F. Carr, Esq. \_\_\_\_\_  
Campbell, Carr, Berge & Sheridan, P.A.  
Post Office Box 2208 \_\_\_\_\_  
Santa Fe, New Mexico 87504 \_\_\_\_\_  
(505) 988-4421 \_\_\_\_\_

**OPPOSITION OR OTHER PARTY**

Pro New Mexico \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

name, address, phone and  
contact person

**ATTORNEY**

J.E. Gallegos, Esq. \_\_\_\_\_  
Gallegos Law Firm \_\_\_\_\_  
141 E. Palace Avenue \_\_\_\_\_  
Santa Fe, New Mexico 87501 \_\_\_\_\_  
(505) 983-6686

**STATEMENT OF CASE**

**APPLICANT**

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Applicant seeks an order amending the General Rules for the Prorated Gas Pools of New Mexico (Order No. R-8170-H) and the Rules of Procedures for Northwest New Mexico (Order No. R-333-i) to exempt from deliverability testing those wells in marginal gas proration units which cannot produce the acreage portion of the monthly gas allowable assigned by the Division to the gas proration unit.

**OPPOSITION OR OTHER PARTY**

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

**PROPOSED EVIDENCE**

APPLICANT

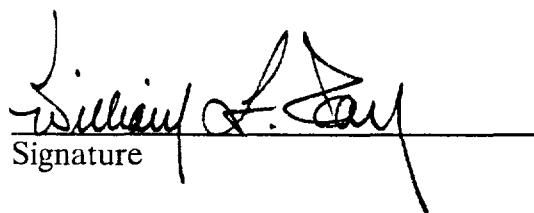
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
J. W. Hawkins, Petroleum Engineer	25 Min.	Approximately 6

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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**PROCEDURAL MATTERS**

(Please identify any procedural matters which need to be resolved prior to hearing)

  
Signature

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. 10849

THE APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR AMENDMENT OF THE DELIVERABILITY  
TESTING RULES FOR THE PRORATED GAS POOLS  
OF NORTHWEST NEW MEXICO, RIO ARRIBA,  
SANDOVAL AND SAN JUAN COUNTIES, NEW MEXICO.  
FOR NON-STANDARD PRORATION UNIT,

JUL 8 1986  
OIL CONSERVATION DIVISION

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Pro New Mexico, Inc., as required  
by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Amoco Production Company  
1670 Broadway  
Post Office Box 800  
Denver, CO 80201

**ATTORNEYS**

William F. Carr  
Campbell, Carr, Berge  
& Sheridan, P.A.  
Post Office Box 2208  
Santa Fe, NM 87501

**OPPOSITION OR OTHER PARTY**

Pro New Mexico, Inc.  
141 E. Palace Avenue  
Santa Fe, NM 87501  
Contact: Jolene Dicks  
(505) 988-4171

No other party has entered an appearance or filed opposition in this matter.

## **PROPOSED EVIDENCE**

### **APPLICANT**

The applicant, Amoco Production Company, has not yet filed its Prehearing Statement.

### **OPPOSITION OR OTHER PARTY**

Pro New Mexico, Inc., an interested party, intends to present the following in support of Amoco's application:

	<b><u>EST. TIME</u></b>	<b><u>EXHIBITS</u></b>
Jolene Dicks, contract representative for Pro New Mexico, Inc.	2 minutes	None.

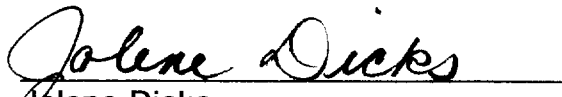
As stated above, no party has filed opposition to this application.

## **STATEMENT OF THE CASE**

Pro New Mexico, Inc. supports the application of Amoco Production Company for an order amending the General Rules for the Prorated Gas Pools of New Mexico and the Rules of Procedure for Northwest New Mexico to eliminate the requirement for deliverability testing of certain wells capable of low producing rates in the prorated pools of Northwest New Mexico. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

## **PROCEDURAL MATTERS**

None.

  
Jolene Dicks  
for Pro New Mexico, Inc.  
141 E. Palace Avenue  
Santa Fe, NM 87501  
(505) 988-4171





STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

November 10, 1993

CAMBELL, CARR, BERGE  
& SHERIDAN  
Attorneys at Law  
P. O. Box 2208  
Santa Fe, New Mexico 87504

RE: CASE NO. 10849  
ORDER NO. R-8170-11  
and R-333-J

Dear Sir:

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

Sincerely,

*Sally E. Martinez*  
Sally E. Martinez  
Administrative Secretary

cc: BLM Carlsbad Office  
Tom Kellahin  
OCD Aztec Office

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

September 23, 1993

Amoco Production Company  
P.O. Box 800  
Denver, Colorado 80201

Attn: Mr. J.W. Hawkins

Re: Revision to Deliverability Testing Rules  
San Juan Basin

Gentlemen:

Bonneville Fuels Corporation is in receipt of Amoco's proposed application to be filed with the New Mexico Oil Conservation Division (NMOCD), requesting revisions to Rule 9 (d) of Order R-8170-H, General Rules for the Prorated Gas Pools of New Mexico, and to Order R-333-I, Rules of Procedure for Northwest New Mexico, regarding exemptions from deliverability testing.

Please be advised that Bonneville Fuels supports Amoco's proposed application and is agreeable to your recommended language to be submitted to the NMOCD.

Very truly yours,



L. D. Lillo  
Land Manager

cc: Jim O. Cable

FILE: AMOCO923.LDL

CINCO GENERAL PARTNERSHIP

*Oil & Gas Exploration and Production*

P. O. Box 451

Albuquerque, New Mexico 87103-0451

Frank D. Gorham III  
Managing Partner

E. C. Usinger  
Financial Manager

Orin C. Crane  
Land Manager

Telephone  
(505) 843-6149

Fax  
(505) 843-8741

September 27, 1993

Mr. J. W. Hawkins  
Amoco Production Company  
P O Box 800  
Denver CO 80201-0800

Dear Mr. Hawkins:

Cinco General Partnership (Cinco) has reviewed your proposal and generally supports your efforts. All producers need to work with the existing regulatory bodies to reduce needless paperwork that is plaguing our industry.

We would however recommend a slight modification to your proposal which would reinstate required deliverability testing if the well in question were ever to produce an amount in excess of the acreage portion of the monthly allowable. This modification would insure deliverability testing for those wells which exceed the required amount.

Again, Cinco supports your proposal but urges you to modify your language requiring testing for wells that subsequently become economic producers as defined in your proposal. Your effort on behalf of the producers is both warranted and appreciated.

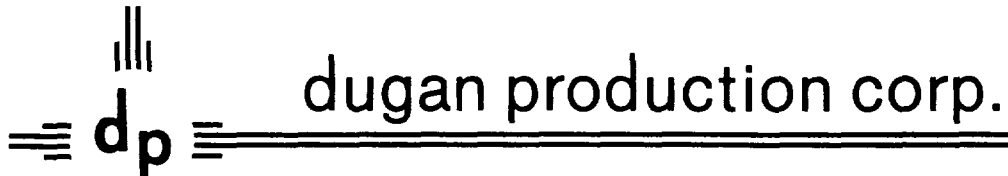
Very truly yours,



Frank D. Gorham III  
Managing Partner

FDGIII/ch

c: Buddy Knight, Parker Parsley



September 27, 1993

J.W. Hawkins  
Amoco Production Company  
P.O. Box 800  
Denver, CO 80201

**Re: Amoco's Proposed Revision to Deliverability Testing Rules  
Prorated Gas Pools - Northwest New Mexico**

Dear Mr. Hawkins:

Dugan Production operates wells in all 4 prorated gas pools of northwest New Mexico and currently has the following active completions:

Basin Dakota Gas Pool. . . . .	.73
Blanco Mesaverde Gas Pool. . . . .	.11
South Blanco Pictured Cliffs Gas Pool. . . . .	.29
Tapacitos Gas Pool . . . . .	6

We have reviewed Amoco's proposal as set forth in your letter dated September 15, 1993 and understand Amoco intends to bring the proposed testing modifications before the NMOCD at a hearing on October 14, 1993.

Dugan Production Corp. supports the changes proposed by Amoco. At this time we do not plan to present testimony in this matter, however, have no objection to Amoco providing a copy of this letter to the NMOCD as evidence of our support of Amoco's proposed changes to the testing rules.

Should you have questions or if we can provide additional support, please feel free to contact me.

Sincerely,

John D. Roe  
Manager of Engineering

JDR/cg

attach.

Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

October 8, 1993

Amoco Production Company  
P. O. Box 800  
Denver, Colorado 80201

Attn: Mr. J. W. Hawkins

Dear Mr. Hawkins,

Marathon has received your proposal to revise the deliverability testing rules for wells in prorated gas pools in the San Juan Basin of New Mexico. Marathon fully supports the proposed revision as outlined in your letter. This proposal will definitely benefit all parties by eliminating deliverability testing on low rate wells while still providing the NMOCD with sufficient information to manage the gas proration system.

Sincerely,

A handwritten signature in cursive script, appearing to read 'T. N. Tipton', followed by a horizontal line.

T. N. Tipton  
Engineering Manager

# MERIDIAN OIL

September 29, 1993

Mr. William J. LeMay  
Director - New Mexico Oil Conservation Division  
Box 2088  
Santa Fe, NM 87504-2088

**RE: NORTHWEST NEW MEXICO PRORATED POOLS  
REVISION TO DELIVERABILITY TESTING RULES  
SUPPORT OF AMOCO PRODUCTION COMPANY APPLICATION  
OCTOBER 14, 1993 HEARING**

Dear Mr. LeMay:

Meridian Oil, Inc., as the largest operator in the San Juan Basin, would like to express our support for Amoco Production Company's application for revision of Rule 9(d) of Order R-8170-H, General Rules for the Prorated Gas Pools of New Mexico, and to Order R-333-I, Rules of Procedures for Northwest New Mexico, regarding exemptions from deliverability testing. Specifically, Amoco's recommendation is to expand the automatic exemption from deliverability testing to include all Gas Proration Units (GPU's) that cannot produce the acreage portion of the monthly allowable. This acreage factor will not change based on deliverability and if the well cannot produce even the acreage factor, deliverability testing serves no purpose whatsoever. In an effort to maintain New Mexico's competitive edge in the marketplace for natural gas, any cost-saving and efficiency-generating ideas should be implemented. Of the 4,332 operated wells that Meridian deliverability tests over a two-year period, approximately 2,600 would not have to be tested based on the recommended revision. We estimate this would result in a cost savings of about \$1 million over the same time frame. These savings can then be utilized for more constructive activities such as drilling new wells or re-completing existing wells. These projects increase natural gas production and provide additional revenues for all parties involved -- operating companies, royalty owners, and Federal and State governments.

It should also be noted that the primary purpose for proration -- that of correlative rights -- is not encumbered in any fashion by the proposed rule revision. These lower rate, marginal GPU's that cannot produce even that acreage portion of the proration equation are certainly not violating anyone's correlative rights.

Finally, we applaud Amoco Production Company's efforts in spearheading the much-needed rule revision. Forward-thinking, co-operative efforts by all parties in New Mexico's natural gas industry are needed for continued growth and strength.

Sincerely,



Mark E. Ellis  
Production Manager

MEE/JBF/cf

xc: R. E. Fraley  
A. L. Walker  
J. B. Fraser

# **PRO** NEW MEXICO INC.

OIL & GAS PRODUCTION AND PROPERTIES

(505) 988-4171 • FAX (505) 988-4548 • 141 E. Palace Ave. • Santa Fe, NM 87501

**September 24, 1993**

**J.W. Hawkins  
Amoco Production Company  
Southern Rockies Business Unit  
Amoco Building  
1670 Broadway  
Post Office Box 800  
Denver, CO 80201**

**Re: Revision to Deliverability Testing Rules  
San Juan Basin**

**Dear Mr. Hawkins:**

**This letter is to advise you that Pro New Mexico supports Amoco's application with the New Mexico Oil Conservation Division requesting a revision to Rule 9 (d) of Order R-8170-H, General Rules for the Prorated Gas Pools of New Mexico, and to Order R-333-I, Rules of Procedures for Northwest New Mexico regarding exemptions from deliverability testing. We intend to file a Pre-Hearing Statement and appear at the hearing in this matter.**

**Very truly yours,**

**PRO NEW MEXICO, INC.**

**By**



**Jolene Dicks  
Contract Representative**

Unocal Oil & Gas Division  
Unocal Corporation  
3300 North Butler Avenue  
Suite 200  
Farmington, New Mexico 87401  
Telephone (505) 326-7600  
Fax: (505) 326-6145



Farmington District

September 21, 1993

Amoco Production Company  
Southern Rockies Business Unit  
P O Box 800  
Denver, CO 80201  
Attn: J. W. Hawkins

Re:  
Revision to Deliverability  
Testing Rules (NMOCD)  
Prorated Gas Pools  
San Juan Basin, New Mexico

Union Oil Company of California, dba UNOCAL, fully supports Amoco Production Company's proposal to revise the New Mexico Oil Conservation Division's Rule 9(d) of Order R-8170-H and Order R-333-I, regarding exemptions to well deliverability testing from prorated pools. Under the State of New Mexico's current gas proration system, Amoco's recommendation to use the product of the Monthly Acreage Allocation Factor (F1), and the GPU Acreage Factor (A), appears to be a solution that both the State and producers can agree on. The revised language to the Orders, as proposed by Amoco, is simple, concise, unambiguous and therefore is agreeable to UNOCAL in its current form.

I will be unable to attend the hearing of this matter before the State. However, please feel free to enter this letter into testimony, should I be of any further assistance to this effort, please feel free to contact me at the above letterhead address. UNOCAL applauds Amoco's efforts to eliminate work for low volume producers that have little effect on the overall proration effort.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA  
dba UNOCAL

A handwritten signature in dark ink, appearing to read "Glen O. Papp".

Glen O. Papp  
Production Superintendent