



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

May 10, 1994

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

RE: CASE NO. 10954  
ORDER NO. R-10113

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 - Farmington  
OCD - Aztec  
Tom Kellahin  
Ed Martin



Conoco Inc.

Request for Facsimile Transmission

Date 4/13/94
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From	
Employee Jerry W. Hoover	Ext. (915) 686-6548
City, State, Country Midland, TX 79705	Room No.
Acct. No.	

To	
Name Examiner for April 14th Docket	Phone No. (505) 827-5741
Department	Room No.
City, State, Country	

No. of Pages 1 + Cover
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**Note**

1. Your originals must have good contrast (dark detail on light background).
2. Legible.
3. 1/2-inch margin on all sides of sheet.
4. Number all pages.

**Special Instructions**

Please deliver immediately to the April 14th Docket Examiner & introduce in Case 10954
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Midland Division  
Exploration and Production

Conoco Inc.  
10 Deste Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

April 13, 1994

Oil Conservation Division  
State of New Mexico  
P.O. Box 2088  
Santa Fe, NM 87501-2088

RE: San Juan 28-7 Unit Enhanced Coalbed Methane Recovery Project  
Proposal

Gentlemen:

As the largest working interest owner in the San Juan 28-7 Unit, Conoco, Inc. wishes to go on record as supporting efforts to enhance the profitability of gas production from the Fruitland Coal formation within the Unit. Towards this end, Amoco Production Co. (Amoco), as current Unit operator, has proposed an enhanced coalbed methane recovery (ECBM) project for a portion of the unitized lands.

Although many details still have to be negotiated between Amoco and other working interest owners in the Unit, Conoco does not want to delay the process of obtaining proper authorization for the ECBM project from state and federal regulatory bodies. Negotiations to resolve differences are continuing and expected to be completed in the near future. Conoco hopes that this letter of general support for the concept assists those involved in ruling on the matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim O. Murphy", is written over a horizontal line.

Jim O. Murphy  
Exploitation Supervisor  
Conoco, Inc.

cc: Amoco Production Co.  
Meridian Oil

**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:

APR - 8 1994

APPLICATION OF AMOCO PRODUCTION COMPANY  
FOR A NITROGEN INJECTION PILOT PROJECT,  
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 10954

**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**

**ATTORNEY**

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

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

name, address, phone and  
contact person

**OPPOSITION OR OTHER PARTY**

**ATTORNEY**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

name, address, phone and  
contact person

**STATEMENT OF CASE**

**APPLICANT**

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

Amoco Production Company, applicant, in the above-styled cause, seeks approval of a nitrogen gas injection pilot project within Amoco's San Juan 28-7 Unit in an area comprising portions of Sections 14, 22, and 23, Township 28 North, Range 7 West, by the injection of nitrogen into the Basin-Fruitland Coal (Gas) Pool through three certain wells to be drilled.

**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
Julie Talbot, Land	10 Min.	Approximately 2
Bill Pelzmann, Geologist	10 Min.	Approximately 3
J. W. Hawkins, Petroleum Engineer	10 Min.	Approximately 2

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



Southern

Rockies

Business

Unit

February 23, 1996

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P.O. Box 6429  
Santa Fe, NM 87505

*Handwritten:*  
JAL  
CDE  
ALE  
10954

Mr. Duane W. Spencer, Chief, Branch of Reservoir Management  
Bureau of Land Management  
1235 La Plata highway  
Farmington, NM 87401

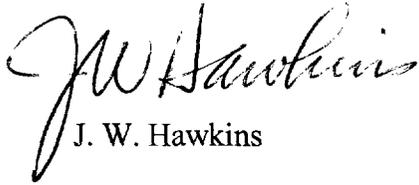
**NMOCD Order No. R-10113**  
**Basin Fruitland Coal Nitrogen Pilot Project**  
**San Juan 28-07 Unit**  
**Basin Fruitland Coal Pool**  
**San Juan County, New Mexico**

Amoco Production Company is notifying you of the current status and some planned changes to our Basin Fruitland Coal Nitrogen Pilot Project in the San Juan 28-07 Unit. Injection began on June 28, 1995 into two injection wells (San Juan 28-07 Unit Wells #428 and #414). A total of 311 MMCF of 95% nitrogen/5% oxygen gas has been injected through January 31, 1996. We anticipate that additional injection will be required before any significant response will be observed. Nitrogen is being produced in varying percentages from six of the Fruitland Coal wells inside the project area. In addition, small volumes of nitrogen are being produced in four nearby Fruitland Coal wells (San Juan 28-07 Unit Wells #402 and #413, and San Juan 29-07 Unit Wells #516 and #531) and in three nearby Pictured Cliff wells (San Juan 28-07 Unit Wells #33A, #74A, and #76). The hydrocarbon gas production from the wells has not been affected.

In order to investigate the nitrogen production, Amoco reduced the total daily nitrogen injection volumes in half in September, 1995, and subsequently ceased injection into San Juan 28-07 Well #428 in December, 1995. We have run step rate tests in both injection wells and found that all nitrogen injection is entering the Fruitland Coal seams below formation parting pressure. However, spinner surveys run in both injection wells indicate that the vast majority (about 80%) of injected gas is entering the lowermost coal seam which lies directly on top of the Pictured Cliff formation in this area.

Based on our investigation, we are planning to cease injection into the lowermost coal seam by isolating this zone with a bridge plug. We plan to continue nitrogen injection into the upper coal seams. We expect this action will reduce the nitrogen production from the wells outside the project area and still allow us to process 60% to 70% of the total coal thickness inside the project area. We have reviewed this plan with the working interest owners in the project and have a general agreement. If you have any questions regarding the status of the pilot project or our proposed action, please call me at (303) 830-5072.

Sincerely,



J. W. Hawkins

cc: Cris Sigdestad

Meridian Oil Inc  
P O Box 4289  
Farmington NM 87499  
Attn: Mrs. Linda Donahue

Conoco Inc.  
10 Desta Dr.  
Midland TX 79705-4500  
Attn: Mr. Andy Ingram



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

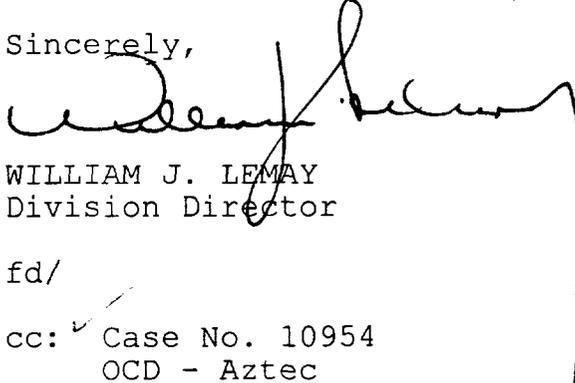
April 27, 1995

Mr. J. W. Hawkins  
Amoco Production Company  
Post Office Box 800  
Denver, Colorado 80201

Dear Mr. Hawkins:

Based upon the reasons stated in your letter of April 4, 1995, and in accordance with the provisions of Division Order No. R-10113, Amoco Production Company is hereby granted an extension of time until November 9, 1995, in which to commence injection operations into the wells authorized by said order.

Sincerely,



WILLIAM J. LEMAY  
Division Director

fd/

cc: ✓ Case No. 10954  
OCD - Aztec



OIL CONSERVATION DIVISION  
RECEIVED  
05 APR 1995 PM 8 52

Southern

Rockies

Business

Unit

April 4, 1995

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P.O. Box 6429  
Santa Fe, NM 87505

**NMOCD Order No. R-10113**  
**Basin Fruitland Coal Nitrogen Pilot Project**  
**San Juan 28-07 Unit**  
**Basin Fruitland Coal Pool**  
**San Juan County, New Mexico**

Amoco Production Co. is hereby requesting an extension of six months for the injection wells for the Basin Fruitland Coal Nitrogen Pilot Project in the San Juan 28-07 Unit approved by NMOCD Order No. R-10113. The order requires commencement of injection operations into the subject wells within one year of the effective date of the order. The order was issued on May 9, 1994. We are planning to take delivery of the nitrogen generation facilities in May or June and plan to start up injection operations in late summer or early fall of 1995.

Sincerely,



J. W. Hawkins

cc: Cris Zogorski

AMOCO PRODUCTION COMPANY  
WAYNE BRANAM, ROOM 1948  
BOX 800  
DENVER, COLORADO 80201

APRIL 18, 1995

NEW MEXICO OIL CONSERVATION DIVISION  
ATTENTION: WILLIAM J. LEMAY  
BOX 2088  
SANTA FE, NEW MEXICO 87504

SAN JUAN 28-7 FRUTLAND, NITROGEN INJECTION PROJECT

PER THE REQUEST OF FRANK CHAVEZ AT OUR MEETING OF 040495, ATTACHED IS A COPY OF AN OVERHEAD WITH SOME GENERAL INFORMATION ABOUT THE ABOVE PROJECT.

A. WAYNE BRANAM  
BUSINESS ANALYST  
AMOCO PRODUCTION COMPANY

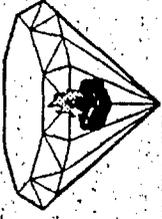
ATTACHMENT

DOCUMENT NMOCDLTR

NEW MEXICO OIL CONSERVATION DIVISION  
RECEIVED  
85 APR 18 1995

*File* *WT*  
*Answer*  
*Project*

*Case 10954*



On the Cutting Edge

# San Juan 28-7 Nitrogen Project

- Project Scope: 2 Injectors with 8 Producers (1 Swing Well)  
3 New Drills  
Area = 3,200 Acres  
2 Year Minimum Equipment Lease

- Bottom Hole Injection Pressure..... (up to) 2,000 psig
- Total Injection Rate..... 3.0 - 4.5 mmcf
- Enhanced Recovery Area Base Production..... 700 mcf
- Total Incremental Methane Production..... 3.0 - 4.0 mmcf
- Percent N2 in Produced Gas..... 5 - 50 %
- Duration of Injection..... 2 - 4 yrs
- Total Impact Period..... 5 - 10 yrs
- Injected Gas, 95% N2 and 5% O2



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

December 20, 1994

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

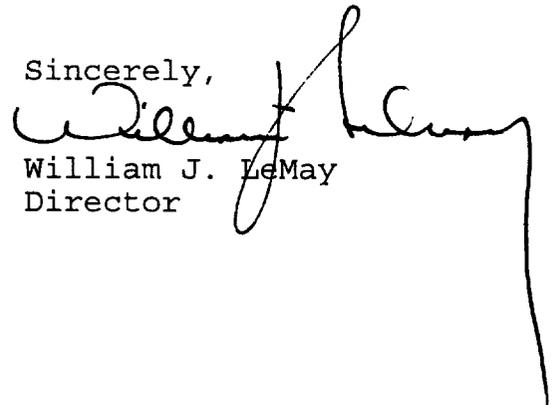
Attention: J. W. Hawkins

Dear Mr. Hawkins:

Reference is made to your request dated December 6, 1994, for an exception to Ordering Paragraph No. (3) of Division Order No. R-10113, to utilize non-lined tubing within the Basin Fruitland Coal Nitrogen Pilot Project. It is our understanding that the injected fluid, which is composed of 95% nitrogen and 5% oxygen, is not corrosive in nature.

You are hereby authorized to utilize non-lined tubing within the subject pilot project, provided however, that if the composition of the injected fluid significantly changes, you may be subsequently required to utilize plastic-lined tubing.

Sincerely,

  
William J. LeMay  
Director

xc: OCD-Aztec  
Case File-10954



Southern

Rockies

Business

Unit

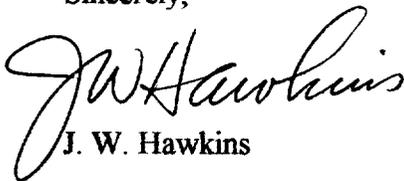
December 6, 1994

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P.O. Box 6429  
Santa Fe, NM 87505

**NMOCD Order No. R-10113**  
**Basin Fruitland Coal Nitrogen Pilot Project**  
**San Juan 28-07 Unit**  
**Basin Fruitland Coal Pool**  
**San Juan County, New Mexico**

Per my telephone conversation with David Catanach, Amoco hereby requests relief from provision (3) of NMOCD Order No. R-10113 requiring the use of plastic lined tubing in the proposed injection wells in the Basin Fruitland Coal Nitrogen Pilot Project in the San Juan 28-07 Unit. We are planning to inject a gas with composition of 95% nitrogen and 5% oxygen which will be dehydrated in the compression process. The injection gas will not be corrosive and will not require any special treatment to protect the tubulars in the injection wells .

Sincerely,

  
J. W. Hawkins

cc: Cris Zogorski



10954  
12/8/96

**Southern**  
**Rockies**  
**Business**  
**Unit**

*DJC*

*Catanach*

*Case 10954*

December 4, 1996

US Department of the Interior  
Bureau of Land Management  
1235 La Plate Highway  
Farmington, NM 87401  
Attn: Mr. Duane W. Spencer  
Chief, Branch of Reservoir Management

New Mexico Oil Conservation Division  
2040 South Pacheco Street  
P.O. Box 6429  
Santa Fe, NM 87505  
Attn: Mr. William J. LeMay  
Director

Re: San Juan 28-7 Unit  
Fruitland Coal Nitrogen Injection Project (NMOCD Order No. R-10113)  
San Juan County, New Mexico

Please be advised that Amoco Exploration and Production Company, as operator of the Fruitland Coal Nitrogen Injection Project, will permanently cease injection on December 21, 1996. Monitoring of the production rates, pressures and compositions will continue for approximately six months.

If you need additional information, please contact Cristina Sigdestad, at (303) 830-4118.

Sincerely,

David J. Mankiewicz  
Resource Manager

DJM/cas

cc: Simmons Family  
Bill Hawkins, Denver  
Julie Jenkins, Denver  
28-7 Project File