

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. 9422
ORDER NO. R-8802

APPLICATION OF MERIDIAN OIL, INC.
FOR CENTRAL-POINT GAS MEASUREMENT,
RIO ARRIBA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 3, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of December, 1988, 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) At the time of the hearing this case was consolidated with Case 9423 for purposes of testimony.

(3) The applicant, Meridian Oil, Inc., seeks approval to install a central meter run at the end of El Paso Natural Gas Company's pipeline lateral 2C-90, thereby allowing 16 Ballard-Pictured Cliffs producing wells in the Canyon Largo Unit to be commingled on the surface and their combined volumes to be metered at one central point located in the NE/4 SE/4 of Section 4, Township 25 North, Range 7 West (Unit I), NMPPM, Rio Arriba County, New Mexico.

(4) Applicant provided the evidence at the hearing which established that:

- (a) Of the 18 wells currently connected to lateral 2C-90 and individually metered, two wells, Canyon Largo Unit Well No. 256 which is a Dakota gas well and Canyon Largo Unit Well No. 172 which is not in the participating area, will continue to be metered separately; and the remaining 16 wells set forth on Exhibit "A" to this order are all in the same participating area of the Canyon Largo Unit, are all Ballard-Pictured Cliffs gas wells and will be metered at a central point;
 - (b) The meters currently installed on each of the 18 wells will remain in place.
- (5) For the 16 wells on lateral 2C-90 for which the applicant proposes central point metering, the applicant has provided evidence which established that:
- (a) The pipeline purchaser for the production is in support of the application;
 - (b) Because of unit production, the working interest and royalty ownership share proceeds on a unit participation basis rather than on an individual well basis and therefore will not be adversely affected by granting of this application.
 - (c) The applicant should allocate the production to each well on the basis of well tests conducted annually or at any time the Division deems it necessary;
 - (d) The use of central point metering with the installation of compression will afford the operator and the unit owners a better opportunity to prolong the economic producing life of the subject wells, thereby recovering additional volumes of gas that might not otherwise be recovered;

- (e) Use of central point metering will allow the operator to more efficiently measure and produce these wells and the installation of lateral compression should increase the gas production from the subject wells.

(5) The Division should be empowered to administratively rescind any portion of this order or require that a particular well or wells be metered individually if it should appear necessary to prevent waste or protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil, Inc., is hereby authorized to install a central point metering run at a point in the NE/4 SE/4 (Unit I), Section 4, Township 25 North, Range 7 West, NMPM, Rio Arriba County, New Mexico at which lateral 2C-90 meets pipeline 2C-89 to measure and meter the surface-commingled Ballard-Pictured Cliffs production from sixteen wells located on lateral 2C-90 as further described in Exhibit "A" attached hereto and made a part hereof.

(2) The unit operator shall allocate the production from each of the aforementioned sixteen wells on the basis of annual well tests conducted annually and at any additional times the Division deems it necessary.

(3) Canyon Largo Unit Well Nos. 172 and 256 shall continue to be measured at the wellhead and the production therefrom reported separately for each well.

(4) Applicant shall file with the Division OCD Form C-111 and comply with Rule 1111 in addition to any other report or form required to be filed as operator of the unit and as transporter for the wells involved herein.

(5) The Division may administratively rescind any portion of this order or require that a particular well or wells be metered individually if it should appear necessary to prevent waste and protect correlative rights.

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(6) 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

S E A L

EXHIBIT "A"
CASE NO. 9422
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| <u>Well Name and Number</u> | <u>Location (U-S-T-R)</u> |
|-----------------------------|---------------------------|
| Canyon Largo Unit No. 9 | A- 4-24N-7W |
| Canyon Largo Unit No. 221 | E- 3-24N-7W |
| Canyon Largo Unit No. 81 | K-34-25N-7W |
| Canyon Largo Unit No. 197 | G-34-25N-7W |
| Canyon Largo Unit No. 173 | P-28-25N-7W |
| Canyon Largo Unit No. 277 | A-28-25N-7W |
| Canyon Largo Unit No. 248 | E-36-25N-7W |
| Canyon Largo Unit No. 196 | P-33-25N-7W |
| Canyon Largo Unit No. 198 | F-34-25N-7W |
| Canyon Largo Unit No. 114 | A-33-25N-7W |
| Canyon Largo Unit No. 276 | F-27-25N-7W |
| Canyon Largo Unit No. 181 | M-26-25N-7W |
| Canyon Largo Unit No. 200 | E-35-25N-7W |
| Canyon Largo Unit No. 246 | O-26-25N-7W |
| Canyon Largo Unit No. 157 | O-27-25N-7W |
| Canyon Largo Unit No. 199 | G-35-25N-7W |