

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. 9423  
ORDER NO. R-8803

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, and on August 31, 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 9422 for purposes of testimony.

(3) The applicant, Meridian Oil, Inc., seeks approval to install a central point meter run at the end of El Paso Natural Gas Company's pipeline laterals 2C-18 and 2C-151, which are looped together, thereby allowing 23 South Blanco-Pictured Cliffs producing wells in the Lindrith Unit to be commingled on the surface and their combined volumes to be metered at one point in the SW/4 of Section 13, Township 24 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

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

- (a) Of the 26 wells currently connected to laterals 2C-18 and 2C-151 and individually metered, three wells, the Lindrith Unit "NP" Well No. 38, which is not in the unit's participating area, and the Lindrith Unit Well Nos. 88 and 91, which are only partially participating wells; and the remaining 23 wells set forth in Exhibit "A" attached hereto and made a part hereof are all in the same participating area of the Lindrith Unit and are all South Blanco-Pictured Cliffs (prorated) gas wells.
  - (b) The aforementioned Lindrith Unit "NP" Well No. 38 and Lindrith Unit Well Nos. 88 and 91 will continue to have their production metered and measured separately at the wellhead for each well;
  - (c) The meters currently installed on each of the remaining 23 wells will remain in place.
- (5) For the 23 wells on lateral 2C-18 and 2C-151 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 shall allocate the production to each well on the basis of well tests conducted annually and at any additional time the Division deems it necessary;

- (d) Should any of the above-described wells' production be classified as non-marginal at any time subsequent to the date of this order for any reason, such well will be required to resume independent metering of its production until such time as the Gas Proration Section of the Division in Santa Fe issues a directive to resume commingling.
- (e) 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;
- (f) 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.

(6) 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 meter run at the end of El Paso Natural Gas Company's pipeline laterals 2C-18 and 2C-151, which are looped together, to measure and meter the surface-commingled South Blanco-Pictured Cliffs production from 23 wells located on laterals 2C-18 and 2C-151, 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 23 wells on the basis of well tests conducted annually and at any additional time the Division deems necessary.

(3) The Lindrith Unit "NP" Well No. 38 and Lindrith Unit Well Nos. 88 and 91 shall continue to be measured at the wellhead and the production therefrom reported separately for each well.

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(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 by applicant as operator of the unit and as transporter from the wells involved herein.

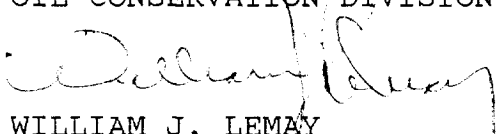
(5) Should any of the subject wells' production be classified as non-marginal at any time subsequent to the date of this order for any reason, such well shall be metered separately until such time as the Gas Proration Section of the Division in Santa Fe issues a directive to resume commingling.

(6) 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.

(7) 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

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EXHIBIT "A"  
CASE NO. 9422  
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Well Name and Number

Location (U-S-T-R)

Lindrith Unit No. 64	P-30-24N-2W
Lindrith Unit No. 66	F-30-24N-2W
Lindrith Unit No. 47	N-30-24N-2W
Lindrith Unit No. 57	G-31-24N-2W
Lindrith Unit No. 59	E-32-24N-2W
Lindrith Unit No. 43	E-31-24N-2W
Lindrith Unit No. 56	I-31-24N-2W
Lindrith Unit No. 54	K-31-24N-2W
Lindrith Unit No. 84	I-36-24N-3W
Lindrith Unit No. 26	A-36-24N-3W
Lindrith Unit No. 60	P-25-24N-3W
Lindrith Unit No. 34	B-25-24N-3W
Lindrith Unit No. 72	C-25-24N-3W
Lindrith Unit No. 71	O-24-24N-3W
Lindrith Unit No. 25	K-24-24N-3W
Lindrith Unit No. 36	I-23-24N-3W
Lindrith Unit No. 70	G-23-24N-3W
Lindrith Unit No. 31	E-24-24N-3W
Lindrith Unit No. 2	N-13-24N-3W
Lindrith Unit No. 45	O-14-24N-3W
Lindrith Unit No. 76	K-25-24N-3W
Lindrith Unit No. 112	P-26-24N-3W
Lindrith Unit No. 113	K-36-24N-3W