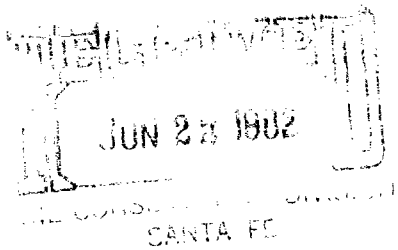
Amoco Production Company (USA)

Petroleum Center Building
501 Airport Drive
Farmington, New Mexico 87401
505-325-8841

R. W. Schroeder
District Superintendent

June 18, 1982



New Mexico Oil Conservation Division
Box 2088
Santa Fe, NM 87501

File: DHS-256-986.511

Gentlemen:

Application to Combine Production of Jicarilla Apache Tribal 124 and 125 Lease

As required by Rule 309-B, Amoco Production Company is submitting a formal application for administrative approval to commingle production from the Jicarilla Apache Tribal 124 and 125 leases. Approval to commingle production from these two leases was granted by the Minerals Management Service on December 16, 1980. At that time, Amoco inadvertently failed to submit an application to your office for approval to commingle production from the two leases. We regret any inconvenience this oversight has caused the New Mexico Oil Conservation Division. Your understanding in this matter is appreciated.

The following information is provided in accordance with Rule 309-B:

1) Amoco Production Company presently operates 17 Gallup/Dakota wells on the Jicarilla Apache Tribal 124 and 125 leases with a 100 percent working interest. Each well is artificially lifted by either beam lift or plunger lift. Production from each well is carried down a three phase 3" flowline into a production header at one of the four test satellites. The oil, water and gas rates are measured coming out of the separator with a Halliburton gas meter and a Barton Net Oil Computer. Each well is individually tested at least once a month for apportionment purposes. Production from both leases is commingled at the central tank battery and treated together in a two-phase separator and a heater treater. The gas is compressed into Gas Company of New Mexico's sales line and the oil is stored in four 1000 barrel storage tanks. The oil is sold to Plateau through a LACT unit. We have already filed a form C-106 and received approval to operate our LACT unit.

2) Attachment 1 is a lease plat for both leases and outlines the pipeline network used in our gathering system. Each of the 17 wells are commingled Gallup/Dakota wells.

3) A schematic of the central tank battery is shown in Attachment 2. Attachment 3 details the piping used to transport production from each well to a test satellite and then on to the central tank battery. A schematic of the test satellites used to obtain individual well tests is presented in Attachment 4.

4) Well tests are obtained monthly for each well to apportion production back to the separate leases and wells. Production from both leases is measured together daily at the central tank battery.

5) Both the oil and gas purchaser, Plateau and Gas Company of New Mexico, respectively, have consented to the commingling of production from the separate leases.

6) Amoco operates the Gallup/Dakota wells on the two leases with a 100 percent working interest. The royalty and overriding royalty ownership is identical for both leases.

An additional investment of $200,000 would have been required to measure production from each lease separately. This additional cost includes two separators, one heater treater, one LACT unit, miscellaneous metering equipment, and labor to install the equipment.

These additional and unnecessary measurement requirements would have also increased our operating costs and gas usage on these leases resulting in a reduction in economic life of the wells.

If there are any questions regarding this application please contact Richard Volz.

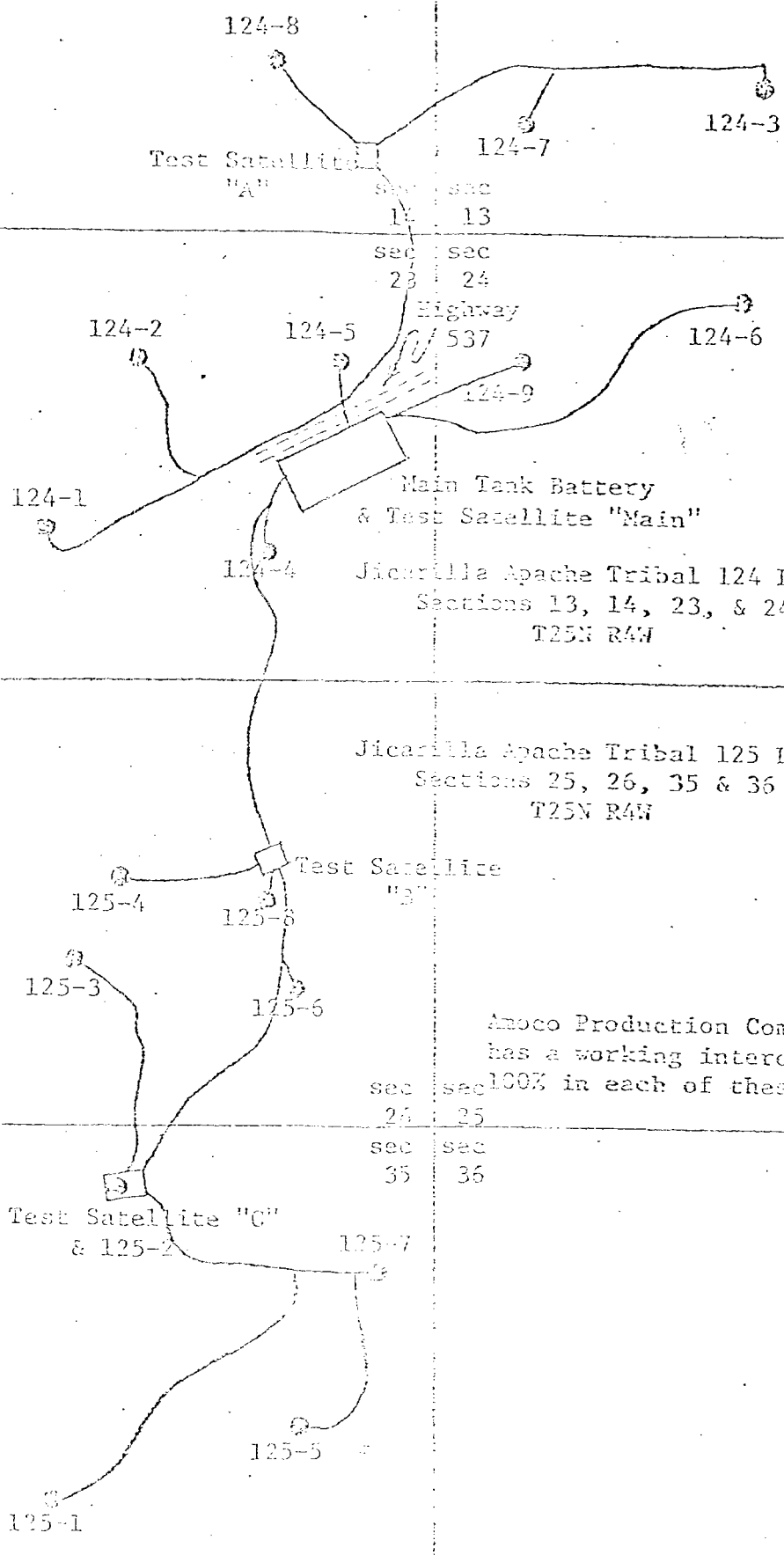
Very truly yours,

R. W. Schroeder

RFV/mp

Attachments

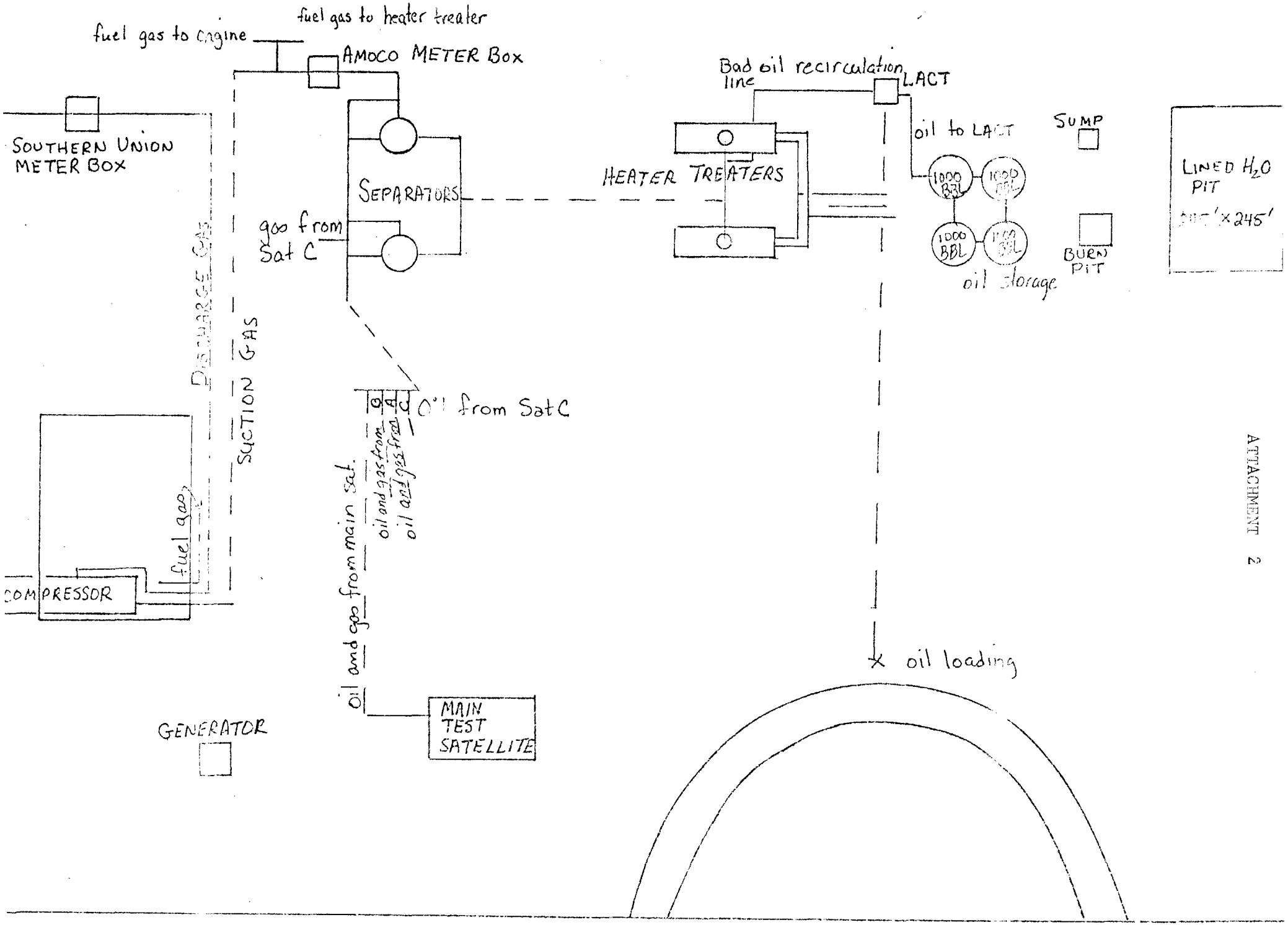
Attachment No. 1



Amoco Production Company

SCALE: NONE

PROPOSED PIPELINE SYSTEM FOR



ATTACHMENT 2

WEST LINDRITH TANK BATTERY

ATTACHMENT 3

Amoco Production Company

ENGINEERING CHART

SHEET NO ____ OF ____

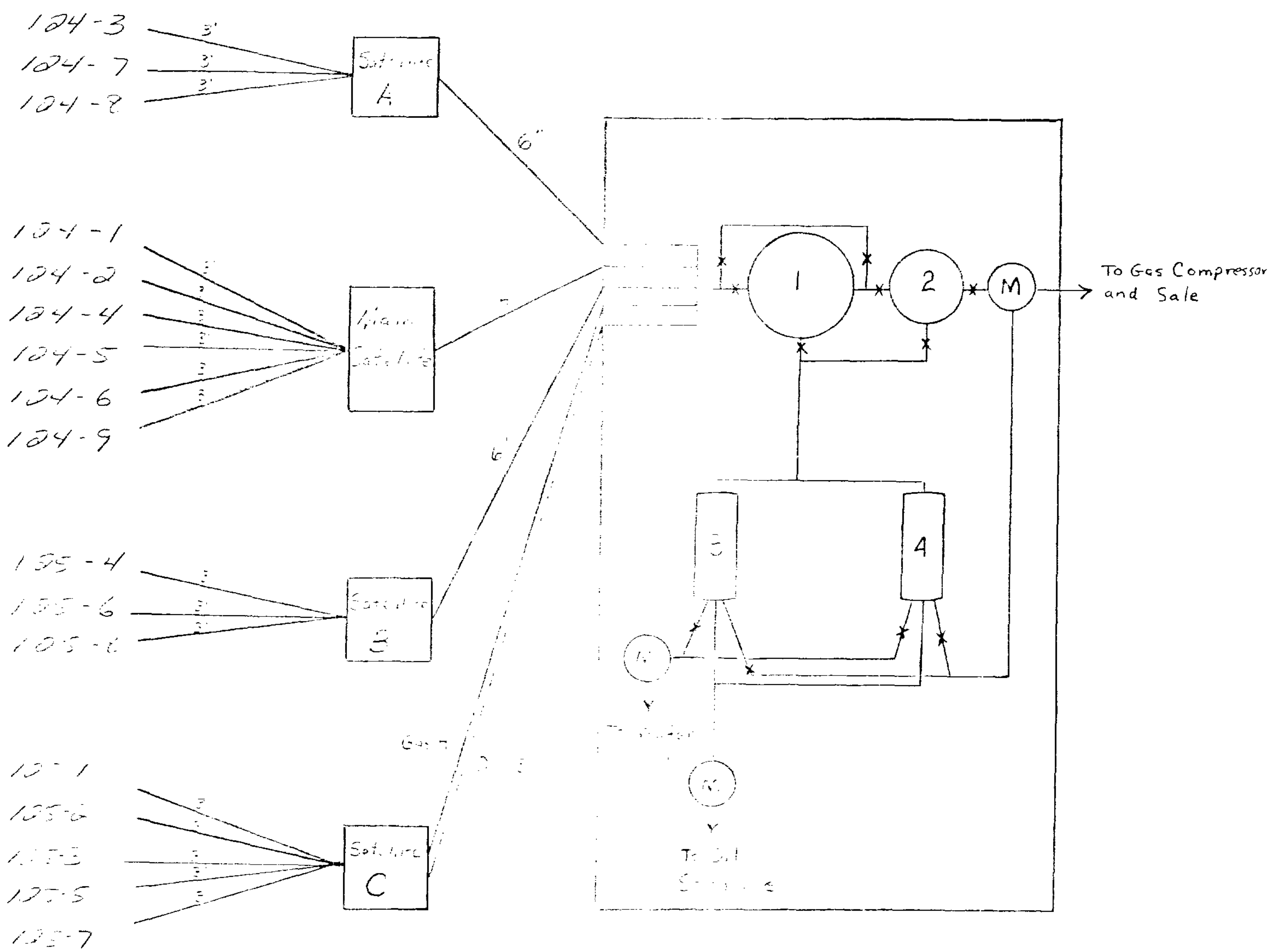
FILE ____

APPN ____

DATE ____

BY ____

SUBJECT ____



1 - 48" ... 3-phase vertical separator

2 - 24" x 10' 2-phase vertical separator for test production and Backup

3 - 10' x 27.5' horizontal heater-treater (Primary)

4 - 10' x 27.5' horizontal heater-treater (Backup)

(M) - metering station

X - valve

Attachment No. 4

Amoco Production Company

Equipment Layout Test Satellites A, B and Main

Scale: None

DR: SAC 22: