

**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. 14318
Order No. R-10604-A**

**APPLICATION OF BP AMERICA PRODUCTION COMPANY TO AMEND
DIVISION ORDER NO. R-10604 FOR SURFACE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 am on May 14, 2009 at Santa Fe, New Mexico, before Examiner Richard Ezeanyim.

NOW, on this 30th day of June, 2009, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) By Division Order No. R-10604 issued in Case No. 11532, Amoco Production Company was authorized to surface commingle Blanco-Pictured Cliffs Gas Pool production from its Sammons Gas Com "D" Well No 1 (API No. 30-045-21005) located 130 feet from the South line and 1425 feet from the West line (Unit N), Basin-Dakota Gas Pool production from its Sammons Gas Com "C" Well No. 1 (API No. 30-045-08429) located 270 feet from the South line and 1450 feet from the West line (Unit N), and Blanco-Mesaverde Gas Pool production from its Sammons Gas Com "B" Well No. 1A (API No. 30-045-25021) located 230 feet from the South line and 790 feet from the West line (Unit M), all in Section 7, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

(3) In 1998, Amoco Production Company and British Petroleum Company (BP) merged to form BP America Production Company.

(4) Now BP America Production Company ("BP" or "Applicant") seeks to amend Division Order No. R-10604 to surface commingle Basin-Fruitland Coal Gas Pool production from its Sammons Gas Com "F" Well No. 1S (API No. 30-045-33104) located 175 feet from the South line and 695 feet from the West line (Unit M) of Section 7, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, with the wells previously approved under Order No. R-10604 as described in Finding Paragraph (2) above.

(5) This case was advertised in such a manner that in the absence of objection, this case will be taken under advisement. This case was also presented by affidavit. The affiant testified to the following:

(a) The addition of the Sammons Gas Com "F" Well No. 1S to the previously commingled wells will enable the Applicant to utilize the same production and compression equipment, which would allow for the economic recovery of the remaining gas reserves that would otherwise not be recovered.

(b) The production from each well will be separately metered prior to commingling with production from other wells because of the diversity of ownership in the wells.

(c) The commingling will not decrease the value of the overall commingled production.

(d) Since production from each well will be metered prior to being commingled, then the difference between what is measured prior to commingling and what is sold through the sales meter is the fuel usage. This fuel usage is allocated back to each well based on the well production.

(6) The Applicant's proposed allocation method allocates production to each well on a fair and reasonable basis and should be adopted.

(7) The Applicant provided notice of this application to all interest owners. No interest owner appeared at the hearing to oppose this application. All lands in this case are fee; therefore notice was not given to the Bureau of Land Management (BLM) or State Land Office (SLO).

(8) This application should be approved to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Division Order No. R-10604 is hereby amended, and BP America Production Company is authorized to surface commingle Blanco-Pictured Cliffs Gas Pool

production from its Sammons Gas Com "D" Well No 1 (API No. 30-045-21005) located 130 feet from the South line and 1425 feet from the West line (Unit N), Basin-Dakota Gas Pool production from its Sammons Gas Com "C" Well No. 1 (API No. 30-045-08429) located 270 feet from the South line and 1450 feet from the West line (Unit N), Blanco-Mesaverde Gas Pool production from its Sammons Gas Com "B" Well No. 1A (API No. 30-045-25021) located 230 feet from the South line and 790 feet from the West line (Unit M) , and Basin-Fruitland Coal Gas Pool production from its Sammons Gas Com "F" Well No. 1S (API No. 30-045-33104) located 175 feet from the South line and 695 feet from the West line (Unit M), all in Section 7, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

(2) The production from each well shall be separately metered prior to commingling with production from other wells. The allocation meters shall be calibrated semi-annually.

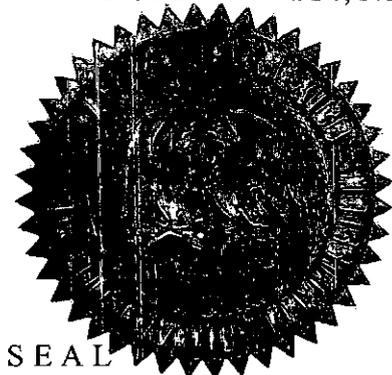
(3) The Applicant's proposed allocation method back to each well is fair and reasonable and is hereby adopted.

(4) It is the responsibility of the producer to notify the transporter of this commingling authority. The Applicant shall notify the supervisor of the Division's Aztec District Office of the date and time of commencement of the commingling operations.

(5) This Order supersedes Order No. R-10604.

(6) Jurisdiction of this case is hereby 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.



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OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director