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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. 10927
Order No. R-10079

APPLICATION OF BRECK OPERATING
CORPORATION FOR SURFACE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 3, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of March, 1994, 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) Division Case Nos. 10927, 10928 and 10929 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Breck Operating Corporation, seeks authority to surface commingle Basin-Fruitland Coal and Fulcher-Kutz Pictured Cliffs Gas Pool production, respectively, from its Kutz Government Well No. 8-J located 930 feet from the South line and 1720 feet from the West line (Unit N) of Section 21, and its Kutz Government Well No. 8 located 990 feet from the South and West lines (Unit M) of Section 21, both in Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

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(4) The Kutz Government Well No. 8-J, currently completed in the Basin-Fruitland Coal Gas Pool, is dedicated to the W/2 of Section 21, and the Kutz Government Well No. 8, currently completed in the Fulcher Kutz-Pictured Cliffs Gas Pool, is dedicated to the SW/4 of Section 21.

(5) By virtue of different well spacing, the ownership between the Kutz Government Well Nos. 8-J and 8 is not common.

(6) Evidence and testimony presented by the applicant indicates that the Kutz Government Well No. 8-J is currently being produced with the aid of a compressor.

(7) Further evidence indicates that the Kutz Government Well No. 8 is incapable of sustained production due to high pressure within the gas sales line.

(8) The applicant seeks authority to commingle gas production from the Kutz Government Well Nos. 8 and 8-J and thereby utilize existing compression facilities to aid in sustaining Pictured Cliffs production.

(9) Testimony by the applicant indicates that the Pictured Cliffs producing rates from the Kutz Government Well No. 8 are insufficient to economically justify installation of its own compression facilities.

(10) The applicant proposes to utilize existing sales meters to accurately meter individual well production prior to commingling.

(11) Liquids production from the subject wells is negligible.

(12) The proposed commingling has been approved by the United States Bureau of Land Management (BLM).

(13) No interest owner appeared at the hearing in opposition to the application.

(14) Approval of the proposed surface commingling will allow the applicant the opportunity to recover Pictured Cliffs gas reserves which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights provided individual well production is separately metered as proposed by the applicant.

(15) This facility should be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities".

(16) The applicant should be required to notify the supervisor of the Aztec district office of the Division prior to the installation of commingling facilities.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Breck Operating Corporation, is hereby authorized to surface commingle Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pool production, respectively, from its Kutz Government Well No. 8-J located 930 feet from the South line and 1720 feet from the West line (Unit N) of Section 21, and its Kutz Government Well No. 8 located 990 feet from the South and West lines (Unit M) of Section 21, both in Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) Production from the Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pools shall be determined by separately metering the production from each pool prior to commingling.

(3) This facility shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities".

(4) The applicant shall notify the supervisor of the Aztec district office of the Division prior to the installation of commingling facilities.

(5) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

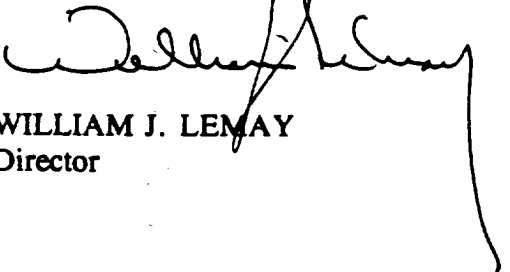
CASE NO. 10927

ORDER NO. R-10079

Page 4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name and title.

WILLIAM J. LEMAY
Director

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