

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. 11153
ORDER NO. R-10315*

**APPLICATION OF AMOCO PRODUCTION
COMPANY 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 January 19, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of February, 1995, the Division Director, having considered 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) The applicant, Amoco Production Company ("Amoco"), is the owner and operator of the Martinez Gas Com "G" Well No. 1 (API No. 30-045-12172), located 1190 feet from the North line and 790 feet from the East line (Unit A) of Section 24, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico. Said well was drilled in 1965 and was dually completed in both the Basin-Dakota and Blanco-Mesaverde Pools in a conventional manner with two strings of tubing and a packer separating the two gas streams. Both zones were dedicated to the N/2 of said Section 24 forming standard 320-acre gas spacing and proration units for both intervals.

(3) The applicant now seeks authority to commingle gas production from the Basin-Dakota and Blanco-Mesaverde Pools in a common gas sales line and to determine the production from each zone by semiannual well tests.

(4) The N/2 of said Section 24 is "fee" minerals with very diverse and extensive ownership. According to the evidence presented by the applicant at the time of the hearing

"royalty interests" and "working interests" are common in both the Mesaverde and Dakota producing intervals, however a very small difference exists in the "overriding royalty" interests between the two producing horizons.

(5) Amoco is currently producing the Mesaverde gas interval on compression at a rate of approximately 140 MCFPD. The Dakota zone, not on compression, is averaging approximately 30 MCF of gas per day. In placing the Dakota gas stream on compression production is expected to increase up to 100 MCFPD. FURTHER, approval of surface commingling of the two gas streams will allow the use of a single train of production equipment, such as a separator, a dehydration facility, sales meter, production pit, including a single compressor, resulting in the reduction of operating costs in both intervals.

(6) Evidence indicates that the total value of the commingled gas stream will not be reduced.

(7) Produced liquids from the subject well are negligible.

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

(9) Approval of the proposed surface commingling is in the best interest of conservation, will allow the applicant the opportunity to recover additional Dakota gas reserves which may otherwise not be recovered, thereby preventing waste, and should not impair correlative rights.

(10) 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"*.

(11) The applicant should be required to notify the supervisor of the Aztec district office of the Division prior to the implementation of the commingling process.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to commingle gas production from Basin-Dakota and Blanco-Mesaverde Pools from its Martinez Gas Com "G" Well No. 1 (API No. 30-045-12172), located 1190 feet from the North line and 790 feet from the East line (Unit A) of Section 24, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, into a common sales line.

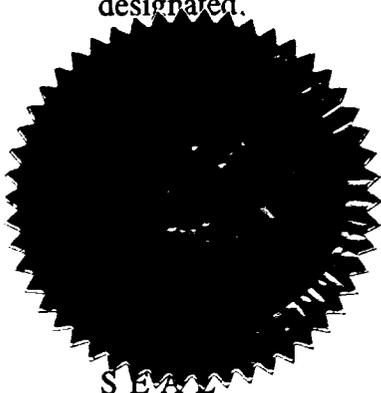
(2) The allocation for production from both Basin-Dakota and Blanco-Mesaverde Pools shall be determined by semiannual well tests.

(3) The commingling facility at the well site 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*".

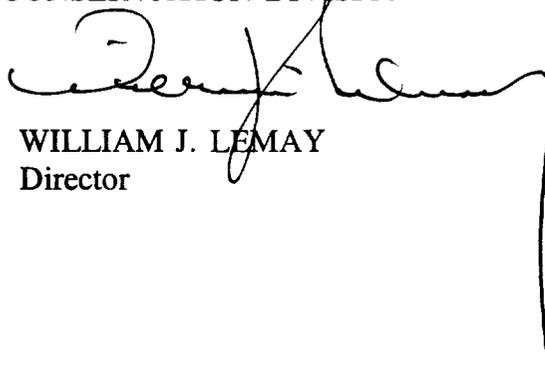
(4) The applicant shall notify the supervisor of the Aztec district office of the Division prior to the implementation of the commingling process.

(5) Jurisdiction 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director