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BEFORE THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

In the Matter of the Application of Magnolia Petroleum Company to commingle liquid hydrocarbons produced from dually completed gas wells and to produce from separate leases into a common tank battery liquid hydrocarbons produced from three leases from Frank Vigil, Chairman of the Jicarilla Apache Tribal Council, to Magnolia Petroleum Company, one covering Sec. 11, Lots 1, 2, 3 and 4, S/2 S/2 (All fractional), Sec. 12, Lots 1, 2, 3 and 4, S/2 S/2 (All fractional), Secs. 13 and 14, ALL, Sec. 15, S/2; the second covering Secs. 25, 26, 35 and 36 (ALL); and the third covering Secs. 22, 23, 24 and 27 (ALL); all in Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico

Case No. 1726

NOW COMES Magnolia Petroleum Company and would respectfully show:

That by lease agreement dated the 7th day of March, 1952 Frank Vigil, Chairman of the Jicarilla Apache Tribal Council, executed an oil and gas lease to Magnolia Petroleum Company covering Section 11, Lots 1, 2, 3 and 4, S/2 S/2 (All fractional), Section 12, Lots 1, 2, 3 and 4, S/2 S/2 (All fractional), Sections 13 and 14, ALL, Section 15, S/2, in Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. That by lease agreement dated the 7th day of March, 1952 Frank Vigil, Chairman of the Jicarilla Apache Tribal Council, executed an oil and gas lease to Magnolia Petroleum Company covering Sections 25, 26, 35 and 36 (ALL), in Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. That by lease agreement dated the 7th day of March 1952 Frank Vigil, Chairman of the Jicarilla Apache Tribal Council, executed an oil and gas lease to Magnolia Petroleum Company covering Sections 22, 23, 24 and 27 (ALL), in Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. Magnolia now has two producing wells on each of the three leases. That

a portion of said wells are dually completed in the Mesa Verde and Pictured Cliffs formation, all as duly authorized by the Commission.

That the gas produced from said wells has been sold to Pacific Northwest Pipe Line Company. That in connection with the production of gas, liquid hydrocarbons will be produced and separated therefrom at the lease. That said leases are located in the mountainous terrain of Rio Arriba County, New Mexico, and are practically inaccessible. That because of the terrain and the scarcity of roads it is necessary that the tank batteries be located at a point accessible by road so that the liquid hydrocarbons may be trucked therefrom. That it is necessary to locate the tank batteries to serve these three leases in the Southeast 1/4 of Section 26, Township 27 North, Range 3 West. That tank batteries located at this point would serve all of the leases above described and all of the wells now or hereafter located on said leases.

Petitioner requests that it be permitted to produce the three leases into such common tank batteries. This will result in the commingling of the liquid hydrocarbons produced from the three leases. Petitioner further requests that it be permitted to commingle the liquid hydrocarbons produced from the dually completed wells duly authorized by the Commission and completed in the Mesa Verde and Pictured Cliffs formations. Adequate tankage and other equipment will be installed so that production from each well and each formation can be accurately determined at reasonable intervals and the multiple completed wells which have been authorized by the Commission will at

all times be operated, produced and maintained in a manner so that the production from each formation may be accurately determined at reasonable intervals. In this connection Magnolia proposes to test each well periodically to determine the gas fluid ratio attributable to each formation and well. Liquid production will be credited to each lease on the basis of these tests based upon the separately measured gas volume. On the dually completed wells separate separator facilities will be installed for each formation.

Petitioner would further show that the royalty ownership in the three leases and in the two producing formations is identical under all leases, and, because of the terrain and inaccessible nature of the area, costs for the installation of the necessary tankage and gathering lines are tremendous. That no useful purpose would be served by requiring the setting of separate tank batteries for each lease, and production from each formation and each lease is readily determined by the method outlined by Magnolia Petroleum Company as set out above.

WHEREFORE, Magnolia Petroleum Company prays that this application to permit the commingling of liquid hydrocarbons produced from separate formations on the same lease and for commingling of the liquid hydrocarbons produced from separate leases be set for hearing; that due notice thereof be given in the manner required by law and the rules and regulations of the Commission; and that upon a hearing thereon Magnolia Petroleum Company be granted permission to so commingle the liquid hydrocarbons produced from the two formations on the same lease and to commingle the liquid hydrocarbons pro-

duced from separate leases, as an exception to Rules 303, 304, and 309, and such other applicable rules and regulations of the Commission.

Magnolia Petroleum Company further prays for such other and further relief to which it may be entitled.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

By


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