

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1358
Order No. R-1117

APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR AN ORDER CANCELLING
ORDER NO. R-984, AND GRANTING
AUTHORITY TO COMMINGLE THE
HYDROCARBONS PRODUCED FROM THE
PICTURED CLIFFS AND MESAVERDE
FORMATIONS INTO CENTRAL TANK
BATTERIES LOCATED ON CERTAIN
LEASES IN THE BLANCO MESAVERDE
GAS POOL, TAPACITO-PICTURED CLIFFS
POOL, AND CERTAIN UNDESIGNATED
PICTURED CLIFFS AND MESAVERDE GAS
POOLS IN RIO ARRIBA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 7, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of January, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Order No. R-984 was issued by the Commission on April 29, 1957, authorizing the applicant, Magnolia Petroleum Company to commingle the liquid hydrocarbons produced from several of the leases involved in the subject application, but that subsequent development on said leases and the acquisition of additional leases in the area has made it impractical for the applicant to exercise the authority granted in said order.

(3) That the applicant has requested by this application that the above-referenced Order No. R-984 be cancelled.

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(4) That the applicant is the operator of four federal leases and ten Indian leases located in Township 26 North, Range 2 West; Township 26 North, Range 3 West; Township 27 North, Range 2 West, and Township 27 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(5) That the applicant further requests authority to commingle the liquid hydrocarbons produced from both the Pictured Cliffs and Mesaverde formations underlying the above-referenced leases and to store said liquid hydrocarbons in central tank batteries located on certain of said leases.

(6) That the ownership of the working interests and the royalty interests is common in the ten Indian leases referred to above, but that the ownership of the working interests and royalty interests is diverse in the four federal leases.

(7) That the above-referenced leases are located in mountainous terrain and that the scarcity of access roads renders it extremely burdensome to erect separate tank batteries for each of said leases.

(8) That the applicant should be permitted to commingle the liquid hydrocarbon production from all of the ten Indian leases referred to above since the ownership thereof is common throughout, but that the applicant should be required to measure the production from each of the aforementioned federal leases prior to commingling it with production from other leases due to the diversity of ownership of said federal leases.

(9) That the applicant should be permitted to measure the production from the aforementioned federal leases by means of positive displacement meters or dump-type meters rather than measuring the production in tanks, if it desires to do so; provided however, that if the production is measured by means of meters, said meters should be periodically checked for accuracy.

(10) That periodic gas-liquid ratio tests should be made to determine what proportion of the production is attributable to each formation of each well producing into a common tank battery.

(11) That sufficient capacity should be provided in each of the proposed central tank batteries to prevent the waste of the liquid hydrocarbons produced from the above-referenced leases.

(12) That the gas produced from each completion in each well should be measured and reported separately.

IT IS THEREFORE ORDERED:

(1) That Order No. R-984, dated April 29, 1957, be and the same is hereby cancelled.

(2) That the applicant, Magnolia Petroleum Company, be and the same is hereby authorized to commingle the liquid hydrocarbons produced from both the Pictured Cliffs and Mesaverde formations underlying all the following described leases into central tank batteries located on certain of said leases:

Jicarilla "B" Lease:
Township 26 North, Range 3 West, NMPM
Sec. 17: All
Sec. 18: All
Sec. 19: All
Sec. 20: All

Jicarilla "C" Lease:
Township 26 North, Range 3 West, NMPM
Sec. 5: All
Sec. 6: All
Sec. 7: All
Sec. 8: All

Jicarilla "D" Lease:
Township 26 North, Range 3 West, NMPM
Sec. 13: All
Sec. 14: All
Sec. 23: All
Sec. 24: All

Jicarilla "E" Lease:
Township 27 North, Range 3 West, NMPM
Sec. 11: All
Sec. 12: All
Sec. 13: All
Sec. 14: All
Sec. 15: S/2

Jicarilla "F" Lease:
Township 27 North, Range 3 West, NMPM
Sec. 22: All
Sec. 23: All
Sec. 24: All
Sec. 27: All

Jicarilla "G" Lease:
Township 27 North, Range 3 West, NMPM
Sec. 25: All
Sec. 26: All
Sec. 35: All
Sec. 36: All

Jicarilla "H" Lease:
Township 26 North, Range 3 West, NMPM
Sec. 1: All
Sec. 2: All
Sec. 11: All
Sec. 12: All

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Jicarilla "I" Lease:
Township 27 North, Range 2 West, NMPM
Sec. 19: All
Sec. 20: All
Sec. 29: All
Sec. 30: All

Jicarilla "J" Lease:
Township 27 North, Range 2 West, NMPM
Sec. 21: All
Sec. 22: All
Sec. 27: All
Sec. 28: All

Jicarilla "K" Lease:
Township 27 North, Range 2 West, NMPM
Sec. 7: All
Sec. 8: All
Sec. 17: All
Sec. 18: All

(3) That the applicant be and the same is hereby authorized to transport the liquid hydrocarbon production from the Pictured Cliffs and Mesaverde formations underlying each of the following described leases from the leases prior to measurement thereof and to commingle said liquid hydrocarbon production in common storage facilities, provided however, that the total liquid hydrocarbon production from each of said leases shall be measured separately prior to commingling, to-wit:

Boring-Cheney-Fed. Unit:
Township 26 North, Range 2 West, NMPM
Sec. 8: N/2

Cheney-Federal Lease:
Township 26 North, Range 2 West, NMPM
Sec. 8: S/2
Sec. 17: All

Featherstone-Federal Unit
Township 26 North, Range 2 West, NMPM
Sec. 18: All
Sec. 19: All

Rueckhaus Unit:
Township 26 North, Range 2 West, NMPM
Sec. 6: All
Sec. 7: All

(4) That the measurements required by paragraph 3 above may be made by means of positive displacement meter or dump-type meters or in tanks; provided however, that if the production is measured by means of meters, said meters shall be checked for accuracy at intervals in any manner satisfactory to the Commission.

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(5) That the applicant be and the same is hereby authorized to produce more than eight wells into any of the central tank batteries hereinabove authorized; provided however, that periodic gas-liquid ratio tests shall be conducted for all wells from which the liquid hydrocarbon production is being commingled in order to determine the amount of liquid hydrocarbon production that is attributable to each completion in each of said wells. Said tests shall be conducted for a given 24-hour period each month after the effective date of this order until six such tests have been conducted on each well and then one such test shall be conducted every six months thereafter, unless otherwise order by the Commission.

(6) That sufficient capacity should be provided in each of the central tank batteries authorized above in order to prevent waste of the liquid hydrocarbons produced from the above-referenced leases.

(7) That the gas produced from each completion in each well be metered and reported separately.

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

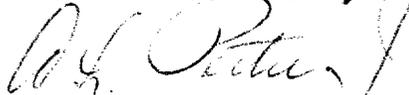
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary

