

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. 9551
Order No. R-8810

APPLICATION OF TEXACO, USA FOR
AN EXCEPTION TO GENERAL RULE
303.A, SURFACE COMMINGLING, LEA
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 7, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of December, 1988, 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) The applicant, Texaco USA, seeks an exception to General Rule 303 (A) of the Division Rules and Regulations authorizing surface commingling of Lovington-Grayburg-San Andres and Lovington-Abo Pool production from the State "P" Lease, consisting of 480 acres, more or less, and comprising the S/2, S/2 NW/4, and the NW/4 NW/4 of Section 32, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The applicant is the operator of the State "P" Well Nos. 3 and 4 located respectively in Units M and N of said Section 32, which both currently produce from the Lovington-Abo Pool.

(4) The applicant is also the operator of the State "P" Well No. 13 located in Unit J of said Section 32, which currently produces from the Lovington-Grayburg-San Andres Pool.

(5) The applicant proposes to surface commingle the production from the above described wells without separately metering the production from each pool prior to commingling, and further proposes to allocate production to each well by means of monthly individual well tests.

(6) General Rule 303 (A) provides that commingling between pools without separate metering may be accomplished provided that the interest ownership, including working, royalty, and overriding royalty interest is common.

(7) The evidence presented indicates that the working interest ownership between the State "P" Well No. 13 and the State "P" Well Nos 3 and 4 is not common.

(8) The evidence presented further indicates, however, that the applicant has notified and has obtained waivers of objection to the proposed commingling from all interest owners owning an interest in the above described wells.

(9) The applicant further presented a letter of consent to the proposed commingling from the Commissioner of Public Lands for the State of New Mexico, the royalty interest owner underlying the subject acreage.

(10) The evidence presented further indicates that due to the low producing rates from the State "P" Well No. 13, it will be uneconomical to construct a separate tank battery for this well.

(11) Approval of the subject application will protect correlative rights inasmuch as all interest owners have consented to the proposed commingling and will allow the applicant to economically produce its State "P" Well No. 13, thereby preventing waste.

(12) Production from each respective pool should be allocated on the basis of individual monthly well tests.

(13) The installation should be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities"; the applicant should further be required to notify the transporter of the commingling authority granted herein.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco USA, is hereby authorized to surface commingle Lovington-Abo and Lovington-Grayburg-San Andres Pool production from the State "P" Lease, comprising the S/2, S/2 NW/4, and the NW/4 NW/4 of Section 32, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

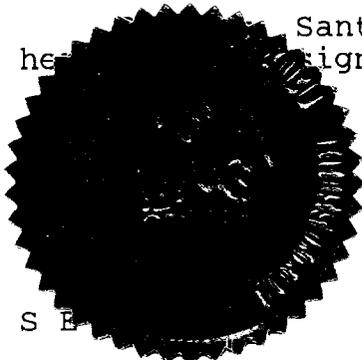
(2) Production from each respective pool shall be determined by individual monthly well tests.

(3) The installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities".

(4) The applicant shall notify the transporter of the commingling authority granted herein.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY, Director