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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. 11496
Order No. R-10578

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 March 21, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of April, 1996, 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, Amoco Production Company, seeks approval to surface commingle Fulcher Kutz-Pictured Cliffs Gas Pool production from its Bolack "F" Well No. 1 (API No. 30-045-29233) located 1570 feet from the North line and 1510 feet from the West line (Unit F) of Section 2, Township 27 North, Range 11 West, NMPM, with Basin-Dakota Gas Pool production from its Bolack "A" Well No. 1E (API No. 30-045-25747) located 1700 feet from the North line and 1520 feet from the West line (Unit F) of Section 2, both in San Juan County, New Mexico.

(3) The subject application was advertised in such a manner that the application and supplemental data provided the Division would be considered and the case taken under advisement in the absence of objection.

(4) The N/2 of Section 2 is currently dedicated to the Bolack "A" Well No. 1E in the Basin-Dakota Gas Pool. The NW/4 of Section 2 is currently dedicated to the Bolack "F" Well No. 1 in the Fulcher Kutz-Pictured Cliffs Gas Pool.

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(5) The ownership between the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 is not common.

(6) Division records indicate that the Bolack "A" Well No. 1E was drilled by Tenneco Oil Company in October, 1983, and was completed in the Basin-Dakota Gas Pool at an initial producing rate of approximately 1,649 MCF gas per day.

(7) Division records further indicate that the Bolack "F" Well No. 1 was drilled by Amoco Production Company in June, 1995, and was completed in the Fulcher Kutz-Pictured Cliffs Gas Pool at an initial producing rate of approximately 200 MCF gas per day.

(8) Applicant estimates that upon commingling, the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 will produce at rates of approximately 225 MCFGD and 190 MCFGD, respectively.

(9) According to the application, the applicant seeks to utilize a single train of production equipment, including compression, to reduce operating expenses for both wells.

(10) The applicant proposed that each well be initially tested prior to commingling to determine production allocation percentages. In addition, the applicant proposed that an annual production test be conducted on the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 in order to obtain current data in which to adjust the production allocation percentages.

(11) Applicant's proposed allocation method allocates production to each respective well on a fair and reasonable basis and should be adopted.

(12) All interest owners of the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 were notified of the proposed commingling, and, no interest owner appeared at the hearing in opposition to the application.

(13) Approval of the subject application will allow the applicant to reduce operating expenses on the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1, thereby extending the economic life of each well which may result in the recovery of additional gas reserves from the subject proration units, thereby preventing waste.

(14) All test data and recommended allocation percentages should be reported to the supervisor of the Division's Aztec District Office and to the United States Bureau of Land Management.

(15) The applicant should notify the supervisor of the Division's Aztec District Office of the date and time of the conductance of any well tests on the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 in order that the tests may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to surface commingle Fulcher Kutz-Pictured Cliffs Gas Pool production from its Bolack "F" Well No. 1 (API No. 30-045-29233) located 1570 feet from the North line and 1510 feet from the West line (Unit F) of Section 2, Township 27 North, Range 11 West, NMPM, with Basin-Dakota Gas Pool production from its Bolack "A" Well No. 1E (API No. 30-045-25747) located 1700 feet from the North line and 1520 feet from the West line (Unit F) of Section 2, both in San Juan County, New Mexico.

(2) The applicant shall conduct an initial and an annual production test on the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 in order to obtain current data in which to base the production allocation percentages.

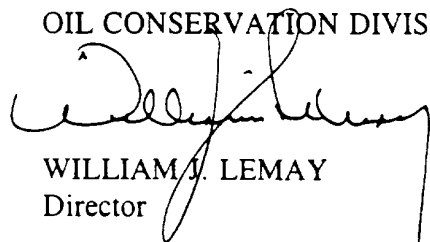
(3) All test data and recommended allocation percentages shall be reported to the supervisor of the Division's Aztec District Office and to the United States Bureau of Land Management.

(4) The applicant shall notify the supervisor of the Division's Aztec District Office of the date and time of the conductance of all well tests on the Bolack "A" Well No. 1E and the Bolack "F" Well No. 1 in order that the tests may be witnessed.

(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

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