

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:

APPLICATION OF BASIN MINERALS
LTD. FOR SURFACE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 10551
Order No. R-9742

RECEIVED

OCT 19 1992

OIL CON. DIV.
DIST. 3

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 17, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of October, 1992, 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, Basin Minerals, Ltd., seeks an exception to Division General Rule No. 303(A) to permit the surface commingling of Blanco-Mesaverde and Blanco-Pictured Cliffs Gas Pool production from its dually completed Atlantic "A" LS Well No. 6-A located 1520 feet from the North line and 1120 feet from the West line (Unit E) of Section 26, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) The applicant further seeks authority to surface commingle production from its Atlantic "A" LS Well No. 6 located 1090 feet from the North line and 1550 feet from the East line (Unit B) of Section 26 and its Atlantic "A" LS Well No. 13 located 900 feet from the North line and 1670 feet from the East line (Unit B) of Section 26, which produce from the Blanco-Mesaverde and Blanco-Pictured Cliffs Gas Pools, respectively.

(3) According to applicant's evidence and testimony, the reservoir pressure in the Blanco-Mesaverde and Blanco-Pictured Cliffs Gas Pools in this area has declined to the point that the subject wells cannot produce into El Paso Natural Gas Company's gathering system.

(4) The applicant proposes to install compressors at each of the above-described facilities in order to effectively gain access into the gas gathering system.

(5) According to applicant's plan of operation, each of the two facilities will be equipped to:

separate, meter and store individual liquid production from each of the gas streams;

separately meter Blanco-Pictured Cliffs Gas Pool production prior to commingling; and,

determine Blanco-Mesaverde Gas Pool production by subtracting the Blanco-Pictured Cliffs Gas Pool production from the total sales volume as determined from the sales meter.

(6) With respect to the Atlantic "A" LS Well No. 6-A, the interest ownership between the two pools is common; however, the percentage of ownership varies between the two pools.

(7) With respect to the Atlantic "A" LS Well Nos. 6 and 13, the interest ownership between the two wells is not common.

(8) The applicant has notified all interest owners in the subject wells of its intent to commingle such production.

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

(10) Approval of the subject application will allow the applicant to efficiently and effectively produce the gas from the subject wells and will not violate correlative rights.

(11) The installations should be installed and operated in accordance with the applicable provisions of Rule Nos. 303 and 309(B) of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities."

(12) The applicant should notify the transporter of the commingling authority granted herein.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Basin Minerals, Ltd., is hereby authorized to surface commingle Blanco-Mesaverde and Blanco-Pictured Cliffs Gas Pool production from its dually completed Atlantic "A" LS Well No. 6-A located 1520 feet from the North line

and 1120 feet from the West line (Unit E) of Section 26, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) The applicant is further authorized to surface commingle production from its Atlantic "A" LS Well No. 6 located 1090 feet from the North line and 1550 feet from the East line (Unit B) of Section 26 and its Atlantic "A" LS Well No. 13 located 900 feet from the North line and 1670 feet from the East line (Unit B) of Section 26, which produce from the Blanco-Mesaverde and Blanco-Pictured Cliffs Gas Pools, respectively.

(3) Each of the two commingled facilities shall be equipped to:

separate, meter and store individual liquid production from each of the gas streams;

separately meter Blanco-Pictured Cliffs Gas Pool production prior to commingling; and,

determine Blanco-Mesaverde Gas Pool production by subtracting the Blanco-Pictured Cliffs Gas Pool production from the total sales volume as determined from the sales meter.

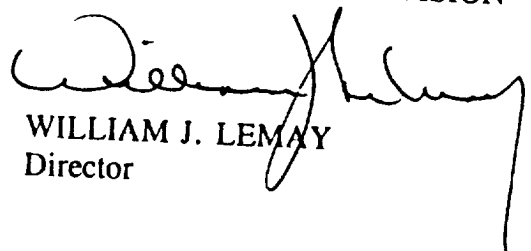
(4) The installations shall be installed and operated in accordance with the applicable provisions of Rule Nos. 303 and 309(B) of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities."

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

(6) 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