

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. 10306
Order No. R-9522

APPLICATION OF CONOCO INC. FOR
SURFACE COMMINGLING, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 16, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of June, 1991, 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) By Division Administrative Order Nos. CTB-332, CTB-338 and CTB-346, Conoco Inc. was authorized to surface commingle North Dagger Draw-Upper Pennsylvanian Pool production from various State, Federal and Fee leases in Township 19 South, Ranges 24 and 25 East, NMPM, Eddy County, New Mexico.

(3) Due to an active drilling program currently underway in this area, and in order to eliminate the administrative burden of amending said orders on a frequent basis, the applicant, Conoco Inc., seeks an order authorizing the surface commingling of North Dagger Draw-Upper Pennsylvanian Pool production from existing wells and subsequently drilled wells in three central tank batteries in the following manner:

LODEWICK FACILITY

The Lodewick Facility, located in Unit C of Section 19, Township 19 South, Range 25 East, NMPM, shall receive production from the following leases all located in said Township 19 South, Range 25 East, NMPM:

Lodewick "A" Lease: NW/4 Section 19
Lehman Federal Lease: SW/4 Section 18
Barbara Federal Lease: S/2 Section 17, E/2 and NW/4,
Section 18
Jenny Com Lease: NW/4 Section 17
Julie Com Lease: NE/4 Section 17

DAGGER DRAW FACILITY

The Dagger Draw Facility, located in Unit L of Section 19, Township 19 South, Range 25 East, NMPM, shall receive production from the following leases all located in said Township 19 South, Range 25 East, NMPM:

Dagger Draw Federal Lease: NW/4 and E/2, Section 30
Dagger Draw Fee Lease: SW/4 Section 19

DEE STATE FACILITY

The Dee State Facility, located in Unit M of Section 36, Township 19 South, Range 24 East, NMPM, shall receive production from the following leases all located in said Township 19 South, Range 24 East, NMPM:

Dee State Lease (K-6385): SE/4 Section 36
Dee State Lease (LG-1525): SW/4 Section 36

(4) According to applicant's testimony, the royalty interest among the various subject leases, with the exception of the Dee State Leases, is not common.

(5) In order to correctly allocate production to each lease, the applicant proposes to separately meter the production from each well prior to commingling.

(6) Further testimony indicates that the proposed commingling will result in substantial savings of capital outlay and operating costs which will extend the economic life of the subject wells, thereby allowing additional oil recovery, thereby preventing waste.

(7) The applicant has notified each interest owner in the subject leases of its proposal including the United States Bureau of Land Management (BLM) and the Commissioner of Public Lands for the State of New Mexico.

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

(9) Subsequent to the hearing, the Division was informed that both the BLM and the Commissioner of Public Lands have tentatively approved the proposed commingling.

(10) Approval of the proposed application is in the best interest of conservation, prevention of waste and protection of correlative rights.

(11) The proposed installations 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".

(12) Division Administrative Order Nos. CTB-332, CTB-338 and CTB-346 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Conoco Inc., is hereby authorized to surface commingle North Dagger Draw-Upper Pennsylvanian Pool production from existing wells and subsequently drilled wells in three central tank batteries located in Township 19 South, Ranges 24 and 25 East, NMPM, Eddy County, New Mexico, in the following described manner:

LODEWICK FACILITY

The Lodewick Facility, located in Unit C of Section 19, Township 19 South, Range 25 East, NMPM, shall receive production from the following leases all located in said Township 19 South, Range 25 East, NMPM:

Lodewick "A" Lease: NW/4 Section 19
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Dagger Draw Federal Lease: NW/4 and E/2, Section 30
Dagger Draw Fee Lease: SW/4 Section 19

DEE STATE FACILITY

The Dee State Facility, located in Unit M of Section 36, Township 19 South, Range 24 East, NMPM, shall receive production from the following leases all located in said Township 19 South, Range 24 East, NMPM:

Dee State Lease (K-6385): SE/4 Section 36
Dee State Lease (LG-1525): SW/4 Section 36

(2) In order to correctly allocate production to each lease, the applicant shall separately meter the production from each well prior to commingling.

(3) The installations 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".

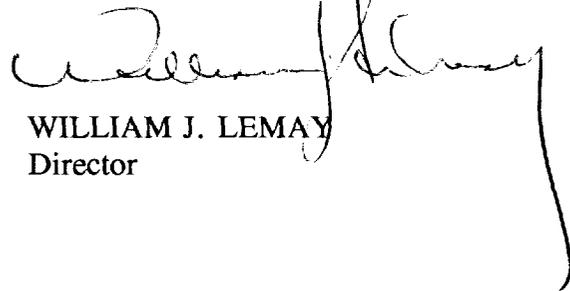
(4) Division Administrative Order Nos. CTB-332, CTB-338 and CTB-346 are hereby superseded by this order.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

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