

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. 13983
ORDER NO. R-12800

APPLICATION OF RANGE OPERATING NEW MEXICO, INC. FOR
EMERGENCY PERMISSION FOR SURFACE COMMINGLING AND OFF-
LEASE SALES, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case was filed as an emergency on August 10, 2007, and considered at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 13th day of August, 2007, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) The Division has jurisdiction of this case and its subject matter, without notice, pursuant to NMSA 1978, Section 70-2-23.

(2) The applicant, Range Operating New Mexico, Inc. ("Range"), seeks emergency temporary approval authorizing surface commingling and off-lease measurement and sale of produced gas from forty-six (46) oil wells that were shut-in because of gathering system pipeline repairs being conducted by Southern Union. Applicant's Exhibit 3 attached to this order details a list of all leases and wells involved in this commingle and the pools being produced in those wells. The separate leases are listed below and are all located in Township 22 South, Range 37 East of Lea County, New Mexico:

(a) The Greenwood lease located on the S/2 of Section 9 contains 10 wells all producing from the Southwest Eunice-San Andres Pool (24180);

(b) The Penrose lease located in the SW/4 NW/4 of Section 9 contains 4 wells that produce from the Southwest Eunice-San Andres Pool (24180), the Paddock Pool (49210), and the Drinkard Pool (19190);

(c) The Grizzell lease located in the SW/4 SE/4 and the NW/4 SE/4 of Section 5 contains 6 wells that produce from the Penrose Skelly-Grayburg Pool (50350), the Southwest Eunice-San Andres Pool (24180), the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (19190);

(d) The Grizzell A lease is located in the SE/4 SE/4 of Section 6 contains 3 wells that produce from the Southwest Eunice-San Andres Pool (24180), the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (19190);

(e) The Grizzell B lease located in the S/2 NE/4 of Section 8 contains 6 wells that produce from the Blinebry Oil & Gas Pool (Oil 6660), the Drinkard Pool (19190), the Wantz-Abo Pool (62700), the Paddock Pool (49210), and the Southwest Eunice-San Andres Pool (24180); and

(f) The Elliott B Federal lease is located in the NE/4 of Section 7 and the SE/4 of Section 6 and contains 17 wells that produce from the Eumont-Yates Seven Rivers Queen Pool (Oil 22800), Penrose Skelly-Grayburg Pool (50350), the Southwest Eunice-San Andres Pool (24180), the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (19190).

These wells are located approximately 2-1/2 miles south of Eunice, New Mexico.

(3) All pools involved in this commingle are oil pools, and all are spaced on 40-acre spacing and proration units. This order concerns associated gas produced from such pools.

(4) It is our understanding that each lease has identical ownership vertically through all producing pools and each lease or separate division of interest will be measured separately and constantly with allocation gas meters prior to transporting the gas off-lease for commingling and sales.

(5) The applicant is not seeking to transport off-lease or commingle oil production from any of these pools or leases.

(6) The applicant needs this relief in order to maintain production from these wells while a major repair is underway on the normal sales pipeline.

(7) Because of the uncertainty of when the pipeline will be replaced, and the likely need to extend this commingling beyond the 15 day deadline of an Emergency Order, the applicant should be allowed to appear at the next available Division docket hearing, without the normal 30 day hearing notice requirement, and request an extension to this order.

(8) The time requirements of this order preclude giving normal hearing notices, and accordingly the notice period should be shortened pursuant to 19.15.14.1225 NMAC.

(9) The proposed method of measurement and allocation of production between the subject leases is reasonable and sufficiently reliable to protect the correlative rights of owners of separate interests.

(10) The proposed emergency commingling and off-lease sales of gas from these aforementioned leases and pools will allow oil and gas production to continue from these leases in the interim while the normally used pipeline is being repaired and will prevent waste and protect correlative rights.

(11) This application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Range Operating New Mexico, Inc. ("Range"), is hereby granted emergency relief, and allowed to commingle and sell off-lease gas production from six leases and forty-six (46) oil wells, for 15 days from the date of issuance of this order. The separate leases are listed below and on the attached Exhibit to this order and are all located in Township 22 South, Range 37 East of Lea County, New Mexico:

(a) The Greenwood lease located on the S/2 of Section 9 contains 10 wells all producing from the Southwest Eunice-San Andres Pool (24180);

(b) The Penrose lease located in the SW/4 NW/4 of Section 9 contains 4 wells that produce from the Southwest Eunice-San Andres Pool (24180), the Paddock Pool (49210), and the Drinkard Pool (19190);

(c) The Grizzell lease located in the SW/4 SE/4 and the NW/4 SE/4 of Section 5 contains 6 wells that produce from the Penrose Skelly-Grayburg Pool (50350), the Southwest Eunice-San Andres Pool (24180), the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (19190);

(d) The Grizzell A lease is located in the SE/4 SE/4 of Section 6 contains 3 wells that produce from the Southwest Eunice-San Andres Pool (24180), the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (19190);

(e) The Grizzell B lease located in the S/2 NE/4 of Section 8 contains 6 wells that produce from the Blinebry Oil & Gas Pool (Oil 6660), the Drinkard Pool (19190), the Wantz-Abo Pool (62700), the Paddock Pool (49210), and the Southwest Eunice-San Andres Pool (24180); and

(f) The Elliott B Federal lease is located in the NE/4 of Section 7 and the SE/4 of Section 6 and contains 17 wells that produce from the Eumont-Yates Seven Rivers Queen Pool (Oil 22800), Penrose Skelly-Grayburg Pool (50350), the Southwest Eunice-San Andres Pool (24180), the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (19190).

(2) Each lease or separate division of interest shall be measured separately and constantly with allocation gas meters prior to transporting the gas off-lease for commingling and sales.

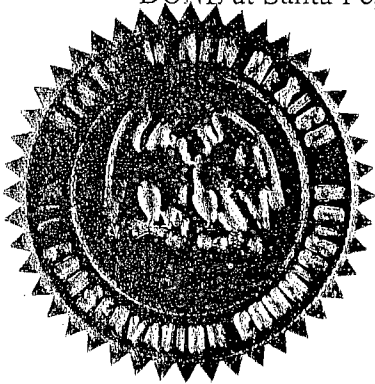
(3) No oil shall be commingled by this order.

(4) In the event the normal sales pipeline is repaired prior to expiration of the 15-day life of this emergency order, the gas production shall be diverted back to the normal sales points and this order shall no longer have force and effect.

(5) The applicant shall be allowed to provide notice as soon as possible after issuance of this order, and present its application for extension of this order at the next available Division docket hearing, and shall not be required to post the normal 30-day hearing notice prior to this matter being heard by the Division.

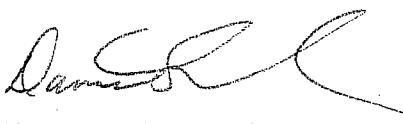
(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


for MARK E. FESMIRE, P.E.
Director