

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. 11413
Order No. R-10524

**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 November 16, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of December, 1995, 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 Blanco-Mesaverde and Basin-Dakota Gas Pool production from its dually completed Blanco Com "1" Well No. 1A located at a standard gas well location 1120 feet from the South line and 950 feet from the East line (Unit P) of Irregular Section 2, Township 30 North, Range 11 West, NMPM, 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 taken under advisement in the absence of objection.

(4) Division records indicate that the Blanco Com "1" Well No. 1A was drilled by Tenneco Oil Company in December, 1983, and was dually completed in the Blanco-Mesaverde and Basin-Dakota Gas Pools at initial producing rates of approximately 4,561 and 889 MCF gas per day, respectively.

(5) Both Blanco-Mesaverde and Basin-Dakota Gas Pool production from the Blanco Com "1" Well No. 1A are currently dedicated to a standard 320-acre gas spacing and proration unit comprising the E/2 of Section 2.

(6) According to information contained within the application, the working, royalty and overriding royalty interest ownership between the two producing horizons in the Blanco Com "1" Well No. 1A is not common.

(7) Both of the producing horizons are currently producing at rates of less than 100 MCF gas per day.

(8) According to the application, the applicant seeks to utilize a single train of production equipment to reduce operating expenses from both formations.

(9) Based upon established decline rates, the applicant proposed that production from the subject well be allocated as follows:

<u>PRODUCING HORIZON</u>	<u>% GAS</u>	<u>% CONDENSATE</u>
Mesaverde	51%	75%
Dakota	49%	25%

(10) In addition, the applicant proposed that an annual production test be conducted on the Blanco Com "1" Well No. 1A in order to obtain current data in which to adjust the allocation percentages described above.

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

(12) All interest owners of the Blanco Com "1" Well No. 1A 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 Blanco Com "1" Well No. 1A, thereby extending the economic life of the 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 Blanco Com "1" Well No. 1A in order that the test may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to surface commingle Blanco-Mesaverde and Basin-Dakota Gas Pool production from its dually completed Blanco Com "1" Well No. 1A located at a standard gas well location 1120 feet from the South line and 950 feet from the East line (Unit P) of Irregular Section 2, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) Production from each of the producing horizons within the Blanco Com "1" Well No. 1A shall be allocated as follows:

<u>PRODUCING HORIZON</u>	<u>% GAS</u>	<u>% CONDENSATE</u>
Mesaverde	51%	75%
Dakota	49%	25%

(3) The applicant shall conduct an annual production test on the Blanco Com "1" Well No. 1A in order to obtain current data in which to adjust the allocation percentages described above.

(4) 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.

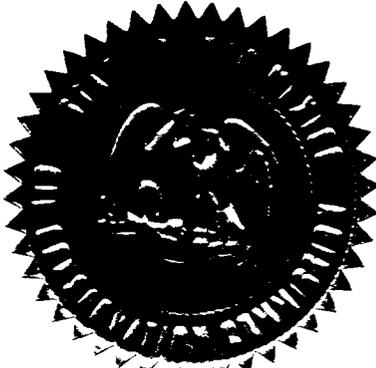
(5) The applicant shall notify the supervisor of the Division's Aztec District Office of the date and time of the conductance of all well tests on the Blanco Com "1" Well No. 1A in order that the test may be witnessed.

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

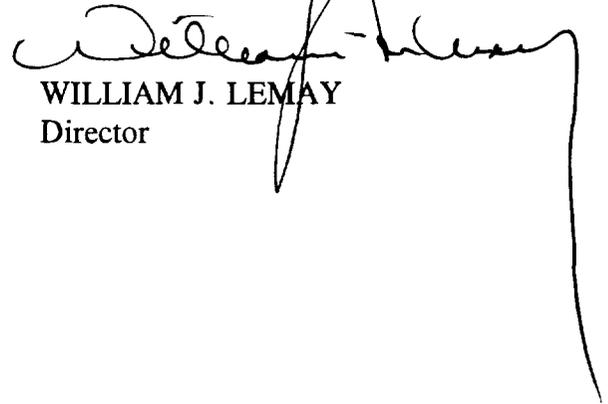
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



S E A L



WILLIAM J. LEMAY
Director