

**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. 11532
Order No. R-10604**

**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 May 16, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 29th day of May, 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 Blanco-Pictured Cliffs Gas Pool production from its Sammons Gas Com "D" Well No. 1 (API No. 30-045-21005) located 130 feet from the South line and 1425 feet from the West line (Unit N) and Basin-Dakota Gas Pool production from its Sammons Gas Com "C" Well No. 1 (API No. 30-045-08429) located 270 feet from the South line and 1450 feet from the West line (Unit N) and Blanco-Mesaverde Gas Pool production from its Sammons Gas Com "B" Well No. 1A (API No. 30-045-25021) located 230 feet from the South line and 790 feet from the West line (Unit N), all in Section 7, Township 29 North, Range 9 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 the case taken under advisement in the absence of objection.

(4) The Sammons Gas Com "C" Well No. 1 and the Sammons Gas Com "B" Well No. 1A are currently dedicated in the Basin-Dakota and Blanco-Mesaverde Gas Pools, respectively, to a previously approved non-standard 331.68-acre gas spacing and proration unit comprising the S/2 S/2 of Section 7 and the N/2 N/2, and N/2 S/2 N/2 of Section 18, Township 29 North, Range 9 West. The Sammons Gas Com "D" Well No. 1 is currently dedicated in the Blanco-Pictured Cliffs Gas Pool to a non-standard 177.18-acre gas spacing and proration unit comprising Lot 8 and the SE/4 SW/4 of Section 7 and Lot 1 and the E/2 NW/4 of Section 18, Township 29 North, Range 9 West.

(5) The ownership between the Sammons Gas Com "C" Well No. 1, Sammons Gas Com "B" Well No. 1A and the Sammons Gas Com "D" Well No. 1 is not common.

(6) Division records indicate that the Sammons Gas Com "B" Well No. 1A was drilled by the applicant in December, 1981, and was completed in the Blanco-Mesaverde Gas Pool at an initial producing rate of approximately 2,387 MCF gas per day.

(7) Division records further indicate that the Sammons Gas Com "C" Well No. 1 was drilled by Pan American Petroleum Corporation in July, 1964, and was completed in the Basin-Dakota Gas Pool at an initial producing rate of approximately 3,693 MCF gas per day.

(8) Division records further indicate that the Sammons Gas Com "D" Well No. 1 was drilled by the applicant in December, 1972, and was completed in the Blanco-Pictured Cliffs Gas Pool at an initial producing rate of approximately 816 MCF gas per day.

(9) Current producing rates for the subject wells are as follows:

<u>WELL NAME</u>	<u>POOL</u>	<u>CURRENT RATE/MCFGD</u>
Sammons Gas Com "B" No. 1A	Blanco-Mesaverde	165
Sammons Gas Com "C" No. 1	Basin-Dakota	94
Sammons Gas Com "D" No. 1	Blanco-Pictured Cliffs	26 *

* (Well has been shut in since March, 1994. 26 MCFGD indicates producing rate as of date of last production)

(10) Applicant seeks authority to surface commingle the subject wells in order to utilize a single train of production equipment, including compression, which would allow for the economic recovery of remaining gas reserves from the subject pools.

(11) Applicant estimates that upon commingling, the subject wells will produce at a combined rate of at least 285 MCFGD.

(12) 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 Sammons Gas Com "B" Well No. 1A, Sammons Gas Com "C" Well No. 1 and Sammons Gas Com "D" Well No. 1 in order to obtain current data in which to adjust the production allocation percentages.

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

(14) All interest owners of the Sammons Gas Com "B" Well No. 1A, Sammons Gas Com "C" Well No. 1 and Sammons Gas Com "D" Well No. 1 were notified of the proposed commingling, and, no interest owner appeared at the hearing in opposition to the application.

(15) Approval of the subject application will allow the applicant to reduce operating expenses on the Sammons Gas Com "B" Well No. 1A, Sammons Gas Com "C" Well No. 1 and Sammons Gas Com "D" 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.

(16) 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.

(17) 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 Sammons Gas Com "B" Well No. 1A, Sammons Gas Com "C" Well No. 1 and Sammons Gas Com "D" 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 Blanco-Pictured Cliffs Gas Pool production from its Sammons Gas Com "D" Well No. 1 (API No. 30-045-21005) located 130 feet from the South line and 1425 feet from the West line (Unit N) and Basin-Dakota Gas Pool production from its Sammons Gas Com "C" Well No. 1 (API No. 30-045-08429) located 270 feet from the South line and 1450 feet from the West line (Unit N) and Blanco-Mesaverde Gas Pool production from its Sammons Gas Com "B" Well No. 1A (API No. 30-045-25021) located 230 feet from the South line and 790 feet from the West line (Unit N), all in Section 7, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

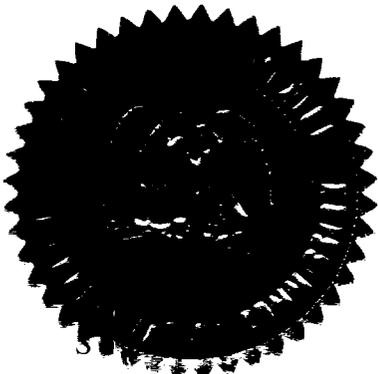
(2) The applicant shall conduct an initial and an annual production test on the Sammons Gas Com "B" Well No. 1A, Sammons Gas Com "C" Well No. 1 and Sammons Gas Com "D" Well No. 1 in order to obtain current data in which to base the production allocation percentages.

(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.

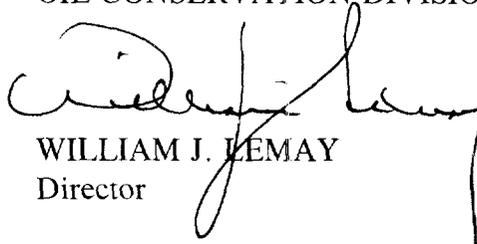
(4) The applicant shall notify the supervisor of the Division's Aztec District Office of the date and time of the conductance of all well tests on the Sammons Gas Com "B" Well No. 1A, Sammons Gas Com "C" Well No. 1 and Sammons Gas Com "D" Well No. 1 in order that the tests may be witnessed.

(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