

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**CASE NO. 12120**

**APPLICATION OF UNIVERSAL RESOURCES  
CORPORATION FOR SURFACE COMMINGLING  
RIO ARRIBA AND SAN JUAN COUNTIES, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Universal Resources Corporation as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Universal Resources Corporation  
1331 17th Ste 300  
Denver, Colorado 80202  
(303) 672-6900  
attn: Dennis Beccue

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
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(505) 982-4285

**STATEMENT OF CASE**

Universal Resources Corporation ("URC") seeks approval for the surface commingling, off-lease measurement and storage for its South Lybrook Gathering System which includes some 38 wells in Sandoval and San Juan Counties, New Mexico located on 6 federal and 2 State of New Mexico oil & gas leases.

The proposed surface commingling and off-lease measurement method will maximize royalties paid and will protect the rights of all interest owners.

The BLM has already approved this request and has agreed with URC that measurement at a central delivery point is necessary to operate the wells effectively and prevent premature abandonment of these low volume wells due to excessive operating costs.

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A majority of the wells produce with a gas lift (plunger) system which maximizes recovery through a more cost effective operation, thus extending the economic life of the wells. However, gas lift operations can create inaccuracies in volumes measured on charts on conventional gas flow measurement equipment. To obtain more reliable daily gas volumes, URC uses a formula which calculates the volume of gas produced during each cycling of the plunger lift. This formula is based on the individual wells' tubing volume and tubing pressure.

The daily gas volumes are then used to determine each well's share of the total gas sales to El Paso Natural Gas Company. The liquids associated with gas production which are captured at the gas sales point are also sold and allocated to each well based upon these same daily gas volumes.

**PROPOSED EVIDENCE****APPLICANT:****WITNESSES****EST. TIME****EXHIBITS**

Dennis Beccue (petroleum engineer)

30 Min

@ 13 exhibits

**PROCEDURAL MATTERS**

None anticipated at this time

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By: 

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