

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1226
Order No. R-984

APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR PERMISSION TO MOVE
DISTILLATE OFF THE LEASE BEFORE
BEING MEASURED, TO PRODUCE MORE
THAN EIGHT WELLS INTO A SINGLE TANK
BATTERY AND FOR PERMISSION TO
COMMINGLE DISTILLATE FROM THE BLANCO
MESAVERDE GAS POOL AND AN UNDESIGNATED
PICTURED CLIFFS GAS AREA IN RIO ARRIBA
COUNTY, NEW MEXICO, IN EXCEPTION TO
RULES 303, 304 AND 309 OF THE NEW
MEXICO OIL CONSERVATION COMMISSION
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on March 20, 1957, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner, duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission", in accordance with Rule 1214 of the Commission's Rules and Regulations.

NOW, on this 29th day of April, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

2. That the applicant, Magnolia Petroleum Company, is the owner of the following oil and gas leases in Rio Arriba County, New Mexico:

Cheney-Federal Lease

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 8: E/2 and SW/4
Section 17: All

Jicarilla "E" Lease

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM
Section 11: All (Fractional)
Section 12: All (Fractional)
Section 13: All
Section 14: All

-2-

Case No. 1226
Order No. R-984

Jicarilla "F" Lease

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM
Section 22: All
Section 23: All
Section 24: All
Section 27: All

Jicarilla "G" Lease

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM
Section 25: All
Section 26: All
Section 35: All
Section 36: All

Jicarilla "H" Lease

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 1: All
Section 2: All
Section 11: All
Section 12: All

Jicarilla "D" Lease

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 13: All
Section 14: All
Section 23: All
Section 24: All

3. That the applicant has presently completed eleven wells on the aforementioned leases which are presently producing from the Mesaverde formation or are dually completed in the Pictured Cliffs or Mesaverde formations and that the applicant expects to drill additional wells on said leases with a reasonable expectation that at least some of said wells will encounter production in both the Mesaverde and Pictured Cliffs formations and may be dually completed.

4. That said leases are located in mountainous terrain and that the scarcity of access roads renders it extremely burdensome to erect separate tank batteries for each of said leases.

5. That the applicant proposes to erect one central tank battery in the SE/4 of Section 26, Township 27 North, Range 3 West, NMPM, to receive the liquid hydrocarbon production from the aforementioned Jicarilla "E", "F" and "G" Leases; and to erect another tank battery in the SE/4 of Section 2, Township 26 North, Range 3 West, to receive the liquid hydrocarbon production from the Jicarilla "H" and "D" Leases; and further, to erect a separate tank battery in the SE/4 of said Section 2, to receive the liquid hydrocarbon production from the Cheney-Federal Lease.

6. That the applicant also proposes to commingle the liquid hydrocarbons produced from the Mesaverde and Pictured Cliffs formations utilizing periodic gas-liquid ratio tests to determine what portion of the production should be attributed to each formation of each well producing into a common battery.

7. That the periodic gas-liquid ratio tests proposed by the applicant provide an accurate and reasonable basis of attributing to the separate formations of each well its allocable portion of the production.

8. That sufficient capacity should be provided in each of the proposed central tank batteries to prevent the waste of the liquid hydrocarbon stored therein.

9. That the gas produced from each well and from each formation should be measured and reported separately.

10. That the dually completed wells should include the formation abbreviation in the well name to indicate the formations from which the well is producing.

11. That the approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Magnolia Petroleum Company for permission to produce all wells presently completed or hereafter drilled on its heretofore described Jicarilla "E", "F" and "G" Leases into a central tank battery located in the SE/4 of Section 26, Township 27 North, Range 3 West, NMPM, and to commingle the liquid hydrocarbons produced from the Pictured Cliffs and the Mesaverde formations underlying said leases be and the same is hereby granted.

(2) That the application of Magnolia Petroleum Company for permission to produce all wells presently completed or hereafter drilled on its heretofore described Jicarilla "H" and "D" Leases into a central tank battery located in the SE/4 of Section 2, Township 26 North, Range 3 West, NMPM, and to commingle the liquid hydrocarbons produced from the Pictured Cliffs and the Mesaverde formations underlying said leases be and the same is hereby granted.

(3) That the application of Magnolia Petroleum Company for permission to produce all wells presently completed or hereafter drilled on its heretofore described Cheney-Federal Lease into a separate central tank battery located in the SE/4 of Section 2, Township 26 North, Range 3 West, NMPM, and to commingle the liquid hydrocarbons produced from the Pictured Cliffs and the Mesaverde formations underlying said leases be and the same is hereby granted.

(4) That periodic gas-liquid ratio tests be conducted for all wells located on the aforementioned leases in order to ascertain the amount of liquid hydrocarbons being produced from each well and from each formation. Said tests shall be conducted for a given 24-hour period each month after the effective date of this order until six such tests have been conducted and then one such test every six months thereafter or as ordered by the Commission.

(5) That sufficient capacity be provided in each of the central tank batteries authorized above to prevent the waste of the liquid hydrocarbons produced from the aforementioned leases.

-4-

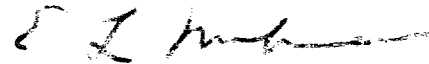
Case No. 1226
Order No. R-984

(6) That the gas produced from each well and each formation of the aforementioned leases be metered and reported separately.

(7) That the abbreviation for the formation or formations from which a well is producing be included in the name of said well. The abbreviation for the Pictured Cliffs formation should be "PC" and the abbreviation for the Mesaverde formation should be "MV".

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary



ir/