

ARCO Oil and Gas Company ♦

Western District
600 N. Marhenfeld
Midland, Texas 79701
Post Office Box 1610
Midland, Texas 79702
Telephone 915 688 5200

June 29, 1992

UNOCAL Oil & Gas Division
3300 North Butler Avenue
Suite 200
Farmington, NM 87401
Attn: Mr. Paul T. West

- Barb

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
UNOCAL	EXHIBIT NO. 14
CASE NO.	10521

Dear Mr. West

ARCO has reviewed UNOCAL's letter stating their consideration to file an application to the New Mexico Oil Conservation Division (NMOCD) that would request suspension of proration in the Blanco P.C. South Gas Pool of San Juan and Rio Arriba Counties, NM. ARCO chooses to support such an application to deprorate by a written statement to be attached to the application.

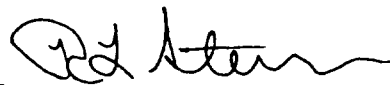
ARCO feels the major points are:

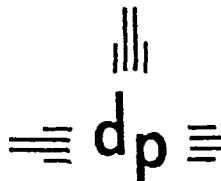
- Overall low productivity of Blanco P.C. South wells means that elimination of gas prorationing will not impair correlative rights (create significant offset draining situations) nor create waste.
- Deprorating the Blanco P.C. South Pool would result in a negligible gas production increase in comparison with overall gas market.
- Deprorating the Blanco P.C. South Pool would eliminate the need for the unnecessary work directly related to proration, reducing operational expenses.

Currently, there are only two ARCO operated wells shut in due to proration. From time to time, the NMOCD notifies ARCO's Farmington Production office that certain wells have been overproduced and orders us to shut in the wells. In general, the proration rules do not drastically affect our operations. However, if the proration rule is repealed it would reduce administrative costs, while not significantly impacting gas price out of the basin.

If you have any questions, please call Jeff Bartlett at (915) 688-5798.

Very truly yours,


For J. Scott Jepsen
Rockies Asset Manager



dugan production corp.



August 4, 1992

Mr. William LeMay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: Application of Union Oil Co. of California (dba UNOCAL)
Proposed Termination of Prorating Production
South Blanco Pictured Cliffs Gas Pool
NMOCD Case #10521
August 6, 1992

Dear Mr. LeMay:

We are writing to support the proposed termination of prorating gas production in the South Blanco Pictured Cliffs gas pool of Rio Arriba, Sandoval and San Juan Counties, New Mexico, as proposed in the subject application.

The South Blanco PC gas pool was discovered in June 1951 and the subject pool rules were established on May 20, 1952. As of January 1, 1992, the pool included 1,675 wells and has produced 1,058,892,824 MCF. This is a large pool and has produced a large amount of gas during the last forty years. Prorating may have been important to the producing of this pool in its early life, however, it is generally recognized among the operators in this pool that we are in the latter stages of pressure depletion and the individual well producing rates are generally low as a result of reservoir pressure that has been substantially depleted.

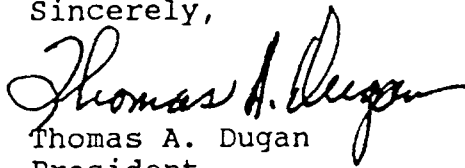
Dugan Production Corp. currently operates 18 wells (17 active and 1 shut-in) in the South Blanco PC pool and during June 1992, produced a total of 9,418 MCF for an overall average of 18.5 MCFD per well. Of the 17 active wells, 10 produced less than 15 MCFD (average 6.0 MCFD per well), and 7 wells produced at rates between 15 and 65 MCFD (averaging 38.5 MCFD per well). Dugan Production firmly believes that the need to prorate within the South Blanco PC gas pool no longer exists, and that in view of the low reservoir pressure and corresponding low well producing rates, the potential for any one well to create a violation of correlative rights is very low.

Letter to William LeMay
August 4, 1992
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Thus, in the interest of extending the economic life of the South Blanco PC gas pool and to minimize the administrative burdens associated with prorating gas production (both on the part of the operators and the NMOCD), with no anticipated negative repercussions, Dugan Production supports the termination of gas prorationing in the South Blanco PC gas pool.

We request that you make this letter a part of the record in this case.

Sincerely,

A handwritten signature in cursive script, reading "Thomas A. Dugan". The signature is written in dark ink and is positioned above the printed name and title.

Thomas A. Dugan
President

TAD/JDR/cg

cc: William L. Irwin - UNOCAL
William F. Carr - Campbell, Carr, Berge & Sheridan

KIMBELL OIL COMPANY
OF TEXAS

FAX: 817-338-1355

500 THROCKMORTON STREET SUITE 3000
FORT WORTH, TEXAS 76102

PHONE: 817-338-2891

August 3, 1992

UNOCAL
3300 North Butler Avenue
Suite 200
Farmington, N.M. 87401
Attn: Mr. Paul West

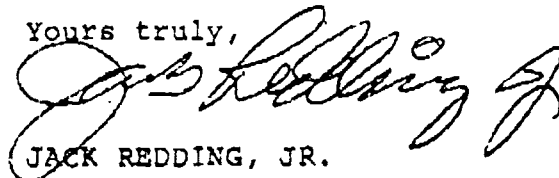
Dear Mr. West,

Kimbell Oil Company supports your application for the deproration of the South Blanco Pictured Cliffs Pool.

This pool appears to be in an advanced stage of depletion. Due to the overall low productivity of the wells in this pool, deprorationing should not impair correlative rights, create waste, or affect market demand.

If we can be of further assistance in this matter please advise.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Redding Jr.", written over the typed name.

JACK REDDING, JR.

JWR:ac

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

July 27, 1992

Mr. William J. LeMay, Director
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Application of UNOCAL
For Termination of Prorationing
in the South Blanco-Pictured Cliffs Gas Pool
Rio Arriba and San Juan Counties, New Mexico

Dear Mr. LeMay,

Marathon Oil Company supports the application of UNOCAL for termination of prorationing in the South Blanco-Pictured Cliffs Gas Pool. Because of low reservoir pressure and permeability, correlative rights will not be threatened by drainage due to the minor increase in production which will be seen as a result of the granting of the application. Also, de-prorating the pool will be in line with previous actions which eliminated prorationing in four Pictured Cliffs pools in 1974 due to low productivity of the wells in those fields.

It is Marathon's opinion that termination of prorationing in the South Blanco-Pictured Cliffs Gas Pool will be beneficial to all parties, and encourages the Oil Conservation Division to grant this application.

Yours very truly,

MARATHON OIL COMPANY

T. N. Tipton
Engineering Manager
Midland Operations

xc: Mr. William F. Carr
Campbell, Carr, Berge and Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Mr. Paul T. West
District Production Manager
UNOCAL
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401

TNT/CTK002.274

MERIDIAN OIL

July 29, 1992

New Mexico Oil Conservation Division
Attn: Mr. W.J. LaMay
P.O. Box 1148
Santa Fe, NM 87504

RE: NMOCD Case #10521
Union Oil Company of California
Application for Termination of
Prorationing in the South Blanco
Pictured Cliffs Gas Pool
Rio Arriba, Sandoval and
San Juan Counties, New Mexico

Gentlemen:

Meridian Oil Inc. supports the Union Oil Company of California's application to terminate prorationing of the South Blanco-Pictured Cliffs Gas Pool. Meridian currently operates approximately 500 completions in this pool. Our records indicate that 404 or 80% of these completions are currently classified as marginal or underproduced. Approximately two percent (2%) of these operated wells are capable of producing in excess of 100 MCFPD. We concur with Union's statement that this pool is characterized as a low permeability gas sand and there should be no concern with correlative rights or waste issues if the pool is depronated.

Very truly yours,



Louis Jones
Production Manager

cc: Paul West - UNOCAL
William Carr - Campbell, Carr, Berge & Sheridan, P.A.
R. Pralogn K. Boers - Meridian