

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. 10990
ORDER NO. R-10144

**APPLICATION OF AMOCO PRODUCTION COMPANY FOR EXCEPTION TO
DELIVERABILITY TESTING FOR CERTAIN WELLS IN THE SOUTH BLANCO-
PICTURED CLIFFS POOL, RIO ARRIBA, SAN JUAN, AND SANDOVAL
COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 9, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 5th day of July, 1994, 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 an exception to the deliverability testing requirements for certain wells in the South Blanco-Pictured Cliffs Pool, pursuant to Rule 9(c) of the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170-H, as amended. In accordance with said rules the applicant requests exception from the deliverability testing requirements for its wells on marginal proration units in said pool which are not capable of producing the assigned 100 MCFPD allowable.

(3) Division Order No. R-8170-L-1 dated March 15, 1994, made permanent the rule authorizing a minimum gas allowable of 100 MCF of gas per day for gas proration units having an acreage factor of 1.0 in the South Blanco-Pictured Cliffs Pool.

(4) Amoco's witness submitted data showing that Amoco operates 268 of 1502 producing wells in the pool. Only 10 Amoco and 36 total pool wells produce more than the minimum allowable of 100 MCF per day or 3000 MCF per month. Under current testing rules, Amoco will be required to test 190 wells in 1994. If their proposal is approved, they will be required to test only 30 wells.

(5) Applicant's data shows that Amoco produced 253,806 MCF per month or 947 MCF per well per month from the pool during the October 1992 through March, 1993 period; total pool production was 1,398,247 MCF per month or 930 MCF per well per month during the same period.

(6) Based on Amoco's testimony each well test will cost approximately \$250.00; total cost for testing its wells in the pool would be approximately \$50,000.

(7) Because of the relatively low volume of production from the wells for which the exception is sought and because of the minimum allowable which has been approved for the pool, it does not appear that approval of this application would cause waste or harm correlative rights and therefore should be approved.

(8) No operator or interest owner in the pool appeared at the hearing to oppose the application.

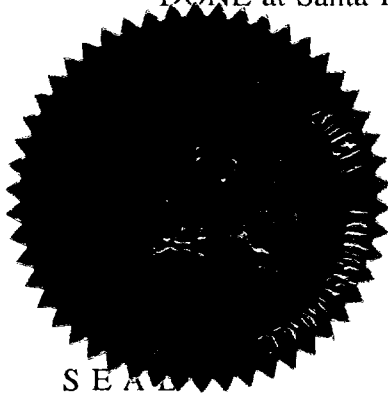
IT IS THEREFORE ORDERED THAT:

(1) Pursuant to Rule 9(c) of the General Rules for the Prorated Gas Pools of New Mexico (Exhibit B, Order No. R-8170-H), Amoco Production Company is granted an exception to the deliverability testing requirements for its wells in the South Blanco-Pictured Cliffs Pool on marginal proration units which are not capable of producing the assigned 100 MCF per day minimum allowable.

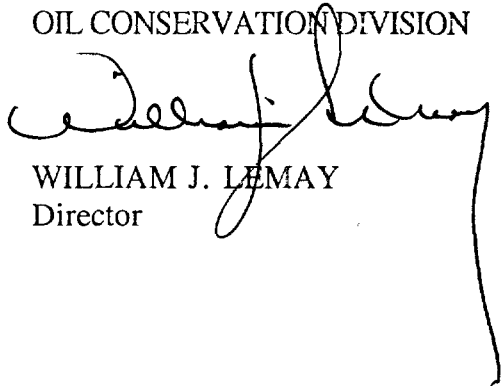
PROVIDED HOWEVER, said exception may be revoked by the Division Director at any time by requesting the wells to be scheduled and tested in accordance with the current "Gas Well Testing Rules and Procedures".

(2) Jurisdiction of this cause is 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