

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. 10310
ORDER NO. R-9547

**APPLICATION OF AMOCO PRODUCTION COMPANY
FOR SURFACE COMMINGLING, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 13, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 5th day of July, 1991 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 in this matter, Amoco Production Company, is the operator of the following described four wells all located in the S/2 of Section 22, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico as further described in Exhibit "A" attached hereto and made a part hereof.
- (3) The mineral interests in the S/2 of said Section 22 are divided in nature among nine different working interest owners and approximately eighteen royalty interest owners. Also, none of the above-described spacing units have common ownership with the other.
- (4) The applicant now seeks an exception to Division General Rules 303.A. and 309.A. authorizing the commingling of Delaware and Morrow liquid hydrocarbon production from the aforementioned four wells utilizing a common tank battery located in Unit I of said Section 22.

(5) This matter was originally applied for administratively, however, several of the mineral interest owners filed objections, therefore this application was set to hearing.

(6) At the time of the hearing, no interested party entered an appearance in this matter.

(7) Production from each of the four subject wells is of marginal nature.

(8) The applicant proposes to separately meter gas production from each of the four wells up-stream of the gas sales line. Further, the applicant proposes to accurately track oil production from each of the four wells separately by means of net oil computers.

(9) The applicant testified as to the economic savings for having one surface production facility serving these four wells as opposed to operating four separate surface facilities, one serving each well.

(10) The applicant also testified that the commercial value of the commingled production will not be reduced when compared to the sum of the individual products.

(11) Approval of this application will neither cause waste nor impair correlative rights and is in the best interests of conservation.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to commingle liquid hydrocarbon production from the four wells shown on Exhibit "A" attached hereto and made a part hereof.

(2) Production from each of the four wells shall be metered separately prior to commingling.

(3) The applicant shall install storage facilities capable of handling the total production from said wells during the maximum unattended hours of operation.

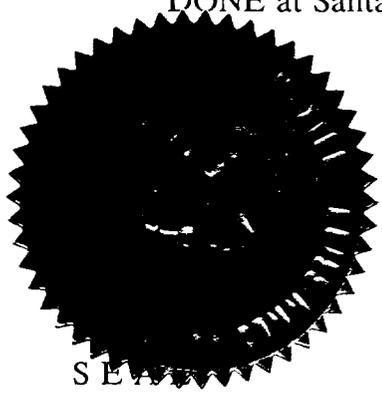
(4) The aforementioned installation shall be installed and operated in accordance with the applicable provisions of General Rule 303 of the Division and the Division "Manual for the Installation and Operation of Commingling Facilities."

Case No. 10310
Order No. R-9547
Page No. 3

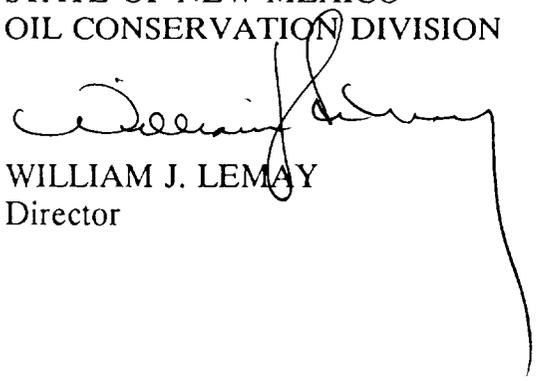
(5) It will be the responsibility of the producer to notify the transporter of this commingling authority.

(6) 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

Handwritten signature of William J. Lemay

WILLIAM J. LEMAY
Director

EXHIBIT "A"
 AMOCO PRODUCTION COMPANY
 CASE NO. 10310
 ORDER NO. R-9547

Well Name & No.	Footage Location	Unit	Producing Horizon	Dedicated Acreage	
				Size	Description
Brantley Gas Com Well No. 1	1880' FSL - 2080' FWL	K	North Loving-Morrow Gas Pool	320 acres	S/2
Brantley Well No. 2	1872' FSL - 1653' FEL	J	East Loving-Delaware Pool	40 acres	NW/4 SE/4
McClary Well No. 1	2074' FSL - 444' FWL	L	Undesignated East Loving-Delaware Pool	40 acres	NW/4 SW/4
Jasso Unit Well No. 1	1864' FSL - 350' FEL	I	East Loving-Delaware Pool	40 acres	NE/4 SE/4