

COST SAVINGS  
SURFACE FACILITY COMMINGLING  
SHARP SHOOTER 2 STATE NOS. 1, 2, & 3  
I, H, & J, SEC. 2, T18S, R32E  
LEASE: LG-6977

I. COST OF SEPARATE FACILITIES

Sharp Shooter 2 State No. 2	\$ 72,000
Sharp Shooter 2 State No. 3	72,000
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Total	\$144,000

II. COST OF COMMINGLE FACILITIES

Flowlines 2310' @ \$6.5/ft (installed)	\$ 15,000
Test Facility	
Three Phase Separator w/Meters	9,000
Valves and Fittings	6,000
Installation and Supervision	8,000
Miscellaneous	6,000
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Total	\$ 44,000

III. SAVINGS	<u>\$100,000</u>
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IV. ADDITIONAL AND POTENTIAL SAVINGS

1. Reduced pumper cost of \$2400 per well per year.
2. Two additional wells may be drilled and tied into the commingled battery. Savings of \$63,000 per well or \$126,000 total.

CRW:dw-2153

BEFORE EXAMINER STOGNER
Oil Conservation Division
<i>Santa Fe</i> Exhibit No. <u>8</u>
Case No. <u>9923</u>

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. 9923  
ORDER NO. R-9183

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. FOR  
SURFACE COMMINGLING, LEA COUNTY,  
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 16, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of May, 1990, 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, Santa Fe Energy Operating Partners, L.P., is the operator of the Sharp Shooter "2" State Well Nos. 1, 2, and 3 located in Units I, H, and J, respectively, of Section 2, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, which are producing liquid hydrocarbons from the North Young-Bone Spring Pool.

(3) Although all three of the subject wells are on a single state lease, the interest ownership of the No. 1 well varies from that of both the Nos. 2 and 3 wells.

(4) The applicant now seeks authority to commingle said liquid production from these wells utilizing a common tank battery and to determine the production from each well by periodic well tests.

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- (5) No interested party appeared and/or objected to this application.
- (6) Approval of the 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, Santa Fe Energy Operating Partners, L.P., is hereby authorized to commingle North Young Bone-Spring Pool production from its Sharp Shooter "2" State Well Nos. 1, 2, and 3 located in Units I, H, and J, respectively, of Section 2, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER THAT the applicant shall provide adequate facilities and procedures to permit the testing of all wells described above on at least an annual basis and after a workover to determine individual production from each well.

PROVIDED FURTHER THAT the applicant shall install storage facilities capable of handling the total production from said wells during the maximum unattended hours of operation.

(2) 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."


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

(4) 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