



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

May 10, 1994

CAMBELL, CARR, BERGE
& SHERIDAN
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10954
ORDER NO. R-10113

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Farmington
OCD - Aztec
Tom Kellahin
Ed Martin



Conoco Inc.

Request for Facsimile
Transmission

Date	4/13/94
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From

Employee	Jerry W. Hoover	Ext.	(915) 686-6548
City, State, Country	Midland, TX 79705	Room No.	
Acct. No.			

To

Name	Examiner for April 14th Docket	Phone No.	(505) 827-5741
Department		Room No.	
City, State, Country			

No. of Pages	1 + Cover
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Note

1. Your originals must have good contrast (dark detail on light background).
2. Legible.
3. 1/2-inch margin on all sides of sheet.
4. Number all pages.

Special Instructions

Please deliver immediately to the April 14th Docket Examiner & introduce in Case 10954
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Midland Division
Exploration and Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

April 13, 1994

Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87501-2088

RE: San Juan 28-7 Unit Enhanced Coalbed Methane Recovery Project
Proposal

Gentlemen:

As the largest working interest owner in the San Juan 28-7 Unit, Conoco, Inc. wishes to go on record as supporting efforts to enhance the profitability of gas production from the Fruitland Coal formation within the Unit. Towards this end, Amoco Production Co. (Amoco), as current Unit operator, has proposed an enhanced coalbed methane recovery (ECBM) project for a portion of the unitized lands.

Although many details still have to be negotiated between Amoco and other working interest owners in the Unit, Conoco does not want to delay the process of obtaining proper authorization for the ECBM project from state and federal regulatory bodies. Negotiations to resolve differences are continuing and expected to be completed in the near future. Conoco hopes that this letter of general support for the concept assists those involved in ruling on the matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jim O. Murphy", written over a horizontal line.

Jim O. Murphy
Exploitation Supervisor
Conoco, Inc.

cc: Amoco Production Co.
Meridian Oil

**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:

APR - 8 1994

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NITROGEN INJECTION PILOT PROJECT,
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 10954

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Amoco Production Company _____
c/o J. W. Hawkins _____
Post Office Box 800 _____
Denver, Colorado 800201 _____
(303) 830-5072 _____

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A. _____
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Amoco Production Company, applicant, in the above-styled cause, seeks approval of a nitrogen gas injection pilot project within Amoco's San Juan 28-7 Unit in an area comprising portions of Sections 14, 22, and 23, Township 28 North, Range 7 West, by the injection of nitrogen into the Basin-Fruitland Coal (Gas) Pool through three certain wells to be drilled.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

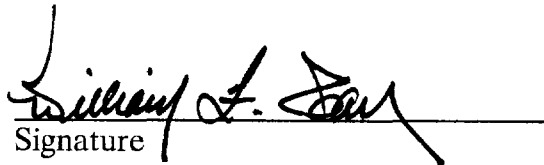
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Julie Talbot, Land	10 Min.	Approximately 2
Bill Pelzmann, Geologist	10 Min.	Approximately 3
J. W. Hawkins, Petroleum Engineer	10 Min.	Approximately 2

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature



Southern

Rockies

Business

Unit

February 23, 1996

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

Handwritten:
JAL
CDE
ALE
10954

Mr. Duane W. Spencer, Chief, Branch of Reservoir Management
Bureau of Land Management
1235 La Plata highway
Farmington, NM 87401

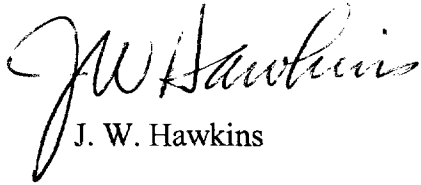
NMOCD Order No. R-10113
Basin Fruitland Coal Nitrogen Pilot Project
San Juan 28-07 Unit
Basin Fruitland Coal Pool
San Juan County, New Mexico

Amoco Production Company is notifying you of the current status and some planned changes to our Basin Fruitland Coal Nitrogen Pilot Project in the San Juan 28-07 Unit. Injection began on June 28, 1995 into two injection wells (San Juan 28-07 Unit Wells #428 and #414). A total of 311 MMCF of 95% nitrogen/5% oxygen gas has been injected through January 31, 1996. We anticipate that additional injection will be required before any significant response will be observed. Nitrogen is being produced in varying percentages from six of the Fruitland Coal wells inside the project area. In addition, small volumes of nitrogen are being produced in four nearby Fruitland Coal wells (San Juan 28-07 Unit Wells #402 and #413, and San Juan 29-07 Unit Wells #516 and #531) and in three nearby Pictured Cliff wells (San Juan 28-07 Unit Wells #33A, #74A, and #76). The hydrocarbon gas production from the wells has not been affected.

In order to investigate the nitrogen production, Amoco reduced the total daily nitrogen injection volumes in half in September, 1995, and subsequently ceased injection into San Juan 28-07 Well #428 in December, 1995. We have run step rate tests in both injection wells and found that all nitrogen injection is entering the Fruitland Coal seams below formation parting pressure. However, spinner surveys run in both injection wells indicate that the vast majority (about 80%) of injected gas is entering the lowermost coal seam which lies directly on top of the Pictured Cliff formation in this area.

Based on our investigation, we are planning to cease injection into the lowermost coal seam by isolating this zone with a bridge plug. We plan to continue nitrogen injection into the upper coal seams. We expect this action will reduce the nitrogen production from the wells outside the project area and still allow us to process 60% to 70% of the total coal thickness inside the project area. We have reviewed this plan with the working interest owners in the project and have a general agreement. If you have any questions regarding the status of the pilot project or our proposed action, please call me at (303) 830-5072.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. W. Hawkins".

cc: Cris Sigdestad

Meridian Oil Inc
P O Box 4289
Farmington NM 87499
Attn: Mrs. Linda Donahue

Conoco Inc.
10 Desta Dr.
Midland TX 79705-4500
Attn: Mr. Andy Ingram



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

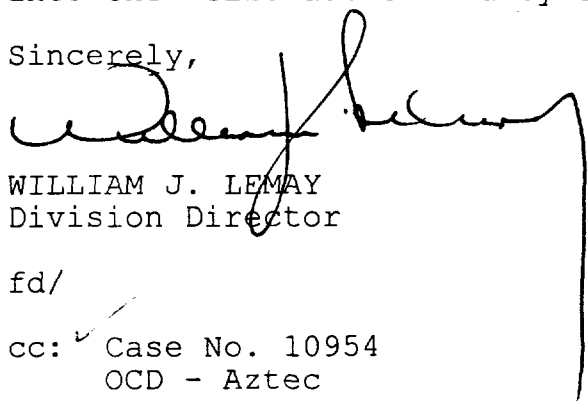
April 27, 1995

Mr. J. W. Hawkins
Amoco Production Company
Post Office Box 800
Denver, Colorado 80201

Dear Mr. Hawkins:

Based upon the reasons stated in your letter of April 4, 1995, and in accordance with the provisions of Division Order No. R-10113, Amoco Production Company is hereby granted an extension of time until November 9, 1995, in which to commence injection operations into the wells authorized by said order.

Sincerely,



WILLIAM J. LEMAY
Division Director

fd/

cc: ✓ Case No. 10954
OCD - Aztec



OIL CONSERVATION DIVISION
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05 APR 1995 PM 8 52

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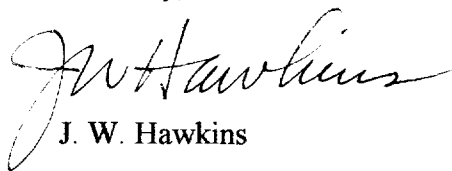
April 4, 1995

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

NMOCD Order No. R-10113
Basin Fruitland Coal Nitrogen Pilot Project
San Juan 28-07 Unit
Basin Fruitland Coal Pool
San Juan County, New Mexico

Amoco Production Co. is hereby requesting an extension of six months for the injection wells for the Basin Fruitland Coal Nitrogen Pilot Project in the San Juan 28-07 Unit approved by NMOCD Order No. R-10113. The order requires commencement of injection operations into the subject wells within one year of the effective date of the order. The order was issued on May 9, 1994. We are planning to take delivery of the nitrogen generation facilities in May or June and plan to start up injection operations in late summer or early fall of 1995.

Sincerely,


J. W. Hawkins

cc: Cris Zogorski

AMOCO PRODUCTION COMPANY
WAYNE BRANAM, ROOM 1948
BOX 800
DENVER, COLORADO 80201

NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED
85 APR 18 11 08 52

File - w/ Answer Project

APRIL 18, 1995

Case 10954

NEW MEXICO OIL CONSERVATION DIVISION
ATTENTION: WILLIAM J. LEMAY
BOX 2088
SANTA FE, NEW MEXICO 87504

SAN JUAN 28-7 FRUTLAND, NITROGEN INJECTION PROJECT

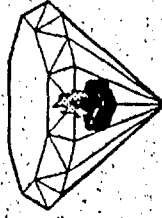
PER THE REQUEST OF FRANK CHAVEZ AT OUR MEETING OF 040495, ATTACHED IS A COPY OF AN OVERHEAD WITH SOME GENERAL INFORMATION ABOUT THE ABOVE PROJECT.

A. WAYNE BRANAM
BUSINESS ANALYST
AMOCO PRODUCTION COMPANY

ATTACHMENT

DOCUMENT NMOCDLTR

San Juan 28-7 Nitrogen Project



"On the Cutting Edge"

• Project Scope: 2 Injectors with 8 Producers (1-Swing Well)

3 New Drills

Area = 3,200 Acres

2 Year Minimum Equipment Lease

- Bottom Hole Injection Pressure..... (up to) 2,000 psig
- Total Injection Rate..... 3.0 - 4.5 mmcf
- Enhanced Recovery Area Base Production..... 700 mcf
- Total Incremental Methane Production..... 3.0 - 4.0 mmcf
- Percent N₂ in Produced Gas..... 5 - 50 %
- Duration of Injection..... 2 - 4 yrs
- Total Impact Period..... 5 - 10 yrs
- Injected Gas, 95% N₂ and 5% O₂



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 20, 1994

Amoco Production Company
P.O. Box 800
Denver, Colorado 80201

Attention: J. W. Hawkins

Dear Mr. Hawkins:

Reference is made to your request dated December 6, 1994, for an exception to Ordering Paragraph No. (3) of Division Order No. R-10113, to utilize non-lined tubing within the Basin Fruitland Coal Nitrogen Pilot Project. It is our understanding that the injected fluid, which is composed of 95% nitrogen and 5% oxygen, is not corrosive in nature.

You are hereby authorized to utilize non-lined tubing within the subject pilot project, provided however, that if the composition of the injected fluid significantly changes, you may be subsequently required to utilize plastic-lined tubing.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

xc: OCD-Aztec
Case File-10954



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December 6, 1994

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

NMOCD Order No. R-10113
Basin Fruitland Coal Nitrogen Pilot Project
San Juan 28-07 Unit
Basin Fruitland Coal Pool
San Juan County, New Mexico

Per my telephone conversation with David Catanach, Amoco hereby requests relief from provision (3) of NMOCD Order No. R-10113 requiring the use of plastic lined tubing in the proposed injection wells in the Basin Fruitland Coal Nitrogen Pilot Project in the San Juan 28-07 Unit. We are planning to inject a gas with composition of 95% nitrogen and 5% oxygen which will be dehydrated in the compression process. The injection gas will not be corrosive and will not require any special treatment to protect the tubulars in the injection wells .

Sincerely,

A handwritten signature in cursive script that reads "J. W. Hawkins".
J. W. Hawkins

cc: Cris Zogorski



December 4, 1996

Southern

Rockies

Business

Unit

Catanach

Case 10954

US Department of the Interior
Bureau of Land Management
1235 La Plate Highway
Farmington, NM 87401
Attn: Mr. Duane W. Spencer
Chief, Branch of Reservoir Management

New Mexico Oil Conservation Division
2040 South Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505
Attn: Mr. William J. LeMay
Director

Re: San Juan 28-7 Unit
Fruitland Coal Nitrogen Injection Project (NMOCD Order No. R-10113)
San Juan County, New Mexico

Please be advised that Amoco Exploration and Production Company, as operator of the Fruitland Coal Nitrogen Injection Project, will permanently cease injection on December 21, 1996. Monitoring of the production rates, pressures and compositions will continue for approximately six months.

If you need additional information, please contact Cristina Sigdestad, at (303) 830-4118.

Sincerely,

David J. Mankiewicz
Resource Manager

DJM/cas

cc: Simmons Family
Bill Hawkins, Denver
Julie Jenkins, Denver
28-7 Project File