

Entered February 8, 1980  
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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6706  
Order No. R-5878-A

APPLICATION OF CONSOLIDATED OIL & GAS,  
INC. FOR ALTERNATE FILING REQUIREMENTS  
UNDER THE NATURAL GAS POLICY ACT OF  
1978, SAN JUAN, RIO ARRIBA, AND SANDOVAL  
COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 31, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 8th day of February, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., seeks an order adopting alternate filing requirements under the Natural Gas Policy Act of 1978 whereby infill wells drilled in the Blanco Mesaverde and Basin-Dakota Pools pursuant to the pool-wide infill drilling findings and rules promulgated for said pools by Division Orders Nos. R-1670-T and R-1670-V, respectively, would qualify as new onshore production wells.

(3) That by its Order No. R-5878, entered December 14, 1978, the Division adopted Special Rules for Applications for Wellhead Price Ceiling Category Determinations filed pursuant to regulations of the Federal Energy Regulatory Commission adopted under provisions of the Natural Gas Policy Act of 1978, P.L. 95-621, 92 Stat. 3350.

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(4) That by its Order No. R-1670-T, entered November 14, 1974, in Case No. 5264, and its Order No. R-1670-V, entered May 22, 1979, in Case No. 6533, the Division authorized the drilling of infill wells on the undrilled quarter-section constituting one-half of an existing 320-acre gas proration unit in the Blanco Mesaverde Pool and Basin-Dakota Pool, respectively, in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(5) That in each of said cases it was found that the subject reservoir was not being efficiently and economically drained by the existing wells on the proration units therein.

(6) That in each of said cases it was found that the infill drilling was necessary to increase the recovery of gas from the subject pool and from each proration unit within the pool.

(7) That infill wells drilled within said Blanco Mesaverde Pool and the Basin-Dakota Pool pursuant to said Orders Nos. R-1670-T and R-1670-V should qualify for Section 103, New Onshore Production Well, price category determinations under regulations of the Federal Energy Regulatory Commission.

(8) That the Special Rules for Applications for Wellhead Price Ceiling Category Determinations adopted by the Division by its Order No. R-5878 on December 14, 1978, are not sufficient to permit approval by the Federal Energy Regulatory Commission of applications filed thereunder.

(9) That to rectify this insufficiency said Special Rules should be amended by redesignating existing Rule 15 as Rule 15 A and adopting new Rule 15 B as embodied in Exhibit A attached hereto.

(10) That Section 3 of said Rule 15 A should be amended to read in its entirety as follows:

"3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well under Section 271.305 of the FERC NGPA Regulations. (For infill wells in the Blanco Mesaverde or Basin-Dakota Pools, see Rule 15 B.)"

(11) That the first paragraph of Section 6 of the aforesaid Rule 15 A should be amended to read in its entirety as follows:

- "6. If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit (except in the Blanco Mesaverde or Basin-Dakota Pools) pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, the applicant must, in addition to the filing requirements listed in Sections 1 through 4 of Rule 15 A, file:"

IT IS THEREFORE ORDERED:

(1) That Rule 15 of the Special Rules for Applications for Wellhead Price Ceiling Determinations as shown on Exhibit A attached to Division Order No. R-5878 is hereby redesignated Rule 15 A.

(2) That Section 3 of said Rule 15 A is hereby amended to read in its entirety as follows:

- "3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well under Section 271.305 of the FERC NGPA Regulations. (For infill wells in the Blanco Mesaverde or Basin-Dakota Pools, see Rule 15 B.)"

(3) That the first paragraph of Section 6 of the afore-said Rule 15 A is hereby amended to read in its entirety as follows:

- "6. If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit (except in the Blanco Mesaverde or Basin-Dakota Pools) pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, the applicant must, in addition to the filing requirements listed in Sections 1 through 4 of Rule 15 A, file:"

(4) That a new Rule 15 B as set out on Exhibit A attached hereto is hereby adopted and made a part of said special rules.

(5) That the effective date of this order and of the changes and additions made hereby is February 8, 1980.

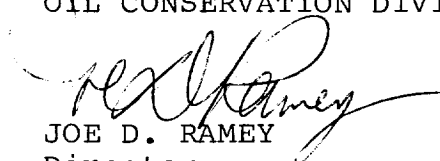
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(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

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RULE 15 B. An application for a new onshore production well (NGPA Section 103) for an infill well in the Blanco Mesaverde Pool or the Basin-Dakota Pool, San Juan, Rio Arriba, and Sandoval Counties, drilled pursuant to Division Order No. R-1670-T or R-1670-V, respectively, shall include:

1. FERC Form No. 121
2. Division Form C-132 and the required attachments.
3. The Form C-102 attached to Form C-132 shall locate and identify the proration unit dedicated to the well in accordance with the appropriate Division rules and shall also give the location and identification of all wells within such proration unit and the name of the pool from which each well produces.
4. A statement by the applicant, under oath:
  - (a) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (b) that the well satisfies any applicable Federal or State well spacing requirements;
  - (c) that the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and
  - (d) that the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion.
5. A statement referencing the New Mexico Oil Conservation Division order under which the infill well was drilled: Order No. R-1670-T if the well is located in the Blanco Mesaverde Pool, or Order No. R-1670-V if the well is located in the Basin-Dakota Pool.

Exhibit A - Order No. R-5878-A