---- COURTERO, MEN MEXICO

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DOCKET MANEO

CASE NO.

7649

APPlication, Transcripts, Small Exhibits,

ETC

For the Applicant:

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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conservation Division was reported by mc; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Suly W. Boyd Core

I do hereby cerits that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7649. negrd by me on

Oll Conservation Division

ALL. BOYD, C.S. Smit Pr. Ben 193-8 Smit Pt. New Mexico #7301 Prone (385) 435-7409 10

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2	EXHIBITS	
3		
4	Applicant Exhibit One, Well History	_
5	Applicant Exhibit Two, Documents	6
6		11
	Applicant Exhibit Three, Documents	11
7	Applicant Exhibit Four, Documents	11
8	Applicant Exhibit Five, Documents	11
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Michael Davies.

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MR. NUTTER: The hearing will come to

The first case on the docket this afternoon will be Case Number 7649.

MR. PEARCE: That is on the application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico.

MR. ADAMS: I'm Mark Adams from Albuquerque, representing the applicant, Southern Union Exploration Company.

I would like to introduce Dennis Morgan, who's a member of the Bars of Texas, Illinois, and Missouri, and house counsel for Southern Union Exploration, who will present the case.

MR. MORGAN: By leave of the Division, Mr. Examiner, I have two witnesses which need to be sworn.

(Witnesses sworn.)

MR. MORGAN: My first witness will be Mr.

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2	MICHAEL L. DAVIES
3	being called as a witness and being duly sworn upon his oath,
4	testified as follows, to-wit:
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6	DIRECT EXAMINATION
7	BY MR. MORGAN:
8	Q Mr. Davies, could you state by whom you
9	are employed and in what capacity?
10	A. I am employed by Southern Union Explora-
11	tion Company. I am Division Manager, San Juan Division, and
12	I reside in Farmington, New Mexico.
13	Q Have you previously testified before this
14	Division as a witness?
15	A. Yes, I have.
16	Q. And have your credentials as an expert
17	been accepted by the Commission?
18	Yes, they have.
19	MR. MORGAN: I offer, Mr. Examiner, Mr.
20	Davies' testimony as an expert.
21	MR. NUTTER: Mr. Davies is so qualified.
22	Mr. DAvies, have you participated in your

company's effort to obtain exemptions for four wells from the

New Mexico Natural Gas Pricing Act, retroactively?

Yes, I have.

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2	And in connection with that participation
3	have you prepared certain exhibits for presentation before
4	the Division?
5	A Yes, sir, I have.
6	Q I refer you to what has been previously
7	marked as Applicant's Exhibit Number One and ask you if you
8	would please identify that and explain to the Division what
9	is contained thereon.
10	A. This is a brief well history of the varie
11	wells that we are requesting exemptions from the Act for, and
12	the primary or first well in the proration units affected.
13	MR. NUTTER: Would you go ahead and name
14	the wells so we can get it straight just what we're talking
15	about here today
16	A. Sure will.
17	MR. NUTTER: and just what we have to
18	get straightened out later?
19	A. Sure will. The first well would be the
20	Newsom 10-R, and that is a replacement well for the Newsom
21	No. 10.
22	MR. NUTTER: Okay, that's the one that
23	was not advertised properly. So we're going to have to make

the record with respect to that well only -- make the record

with respect to that well only -- make the record only with

respect to that well and have this case re-opened later.

So that's a replacement well and it's in the Ballard-Fictured Cliffs, is it not?

A. That is correct.

MR. NUTTER: Okay.

MR. MORGAN: Excuse me, Mr. Examiner, may

I inject something here?

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I have a copy of a Notice of Publication
MR. NUTTER: Right, now before you go too

far, there's two notices of publication.

MR. MORGAN: I see.

MR. NUTTER: A different notice was sent to the San Juan paper as was sent to the Santa Fe paper, and if it's included in the notice in the newspaper, it's the one that was in the Farmington newspaper.

MR. MORGAN: I see.

MR. NUTTER: And it did not appear in the Santa Fe paper. That page had to be retyped when it was sent to the Santa Fe paper and a whole line was left out, which included that well.

MR. MORGAN: I see.

MR. NUTTER: So the two notices that were sent to the newspaper -- It was no fault of the Santa Fe paper, but the notice that was sent to them had a line left

1 out, including that one well. It was properly advertised in 2 3 San Juan County, though. MR. MORGAN: Excuse me. 5 MR. NUTTER: And I notice it's been left off the docket here, too. MR. MORGAN: Yes. MR. NUTTER: So this docket was prepared from that erroneous notice that was sent to the Santa Fe paper. 16 MR. MORGAN: And the docket would be 11 deficient only in that regard, then, that the Newson 10-R was 12 not included. 13 MR. NUTTER: That's correct. The other 14 wells are correct, except you'll probably get to this, the 15 Hodges 15-E --16 That's correct. 17 MR. NUTTER: -- that's included in the 18 notice but I don't think it's one of those subject wells at 19 this hearing, is it? 20 MR. MORGAN: Yes, sir, that's been with-21 drawn. We --22 MR. NUTTER: You want to dismiss it?

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withdrew it.

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MR. NUTTER: So that portion of the case

MR. MORGAN: -- applied for that but we

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will be dismissed relating to the Hodges 15-E.

MR. MORGAN: May we nevertheless present evidence with respect to the Newsom 10-R at this hearing?

MR. NUTTER: Sure. Sure.

A All right, going on to the infill well.

The Jicarilla K-15-E is a well that are requesting exemption from the Act for. The Jicarilla K-15 is the primary well in that proration unit.

The Jicarilla A-10-E is an infill well for which we are asking exemption and the Jicarilla A-10 is the primary well.

The Jicarilla A-13-E, the infill well, and the Jicarilla A-13 is the primary well.

And all those Jicarilla wells are Dakota.

MR. NUTTER: Okay.

And I might add that going across the top of the page there, that I have the type well, primary or first well of the unit, the formation from which it produces, date completed, the date of first sale, and in respect to the Newson No. 10, it's plug and abandonment date, and its last production date.

With regard to those dates of first sale,
Mr. Davies, it is those dates that you're requesting retroactive exemption from the Act to apply to?

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2	A	That is correct.
3		MR. MORGAN: Applicant offers Applicant's
4	Exhibit Number One	into evidence, Mr. Examiner.
5		MR. NUTTER: It will be admitted in evi-
6	dence.	
7	Q	Mr. Davies, on what basis do you believe
8	that your company i	s entitled to an exemption under the Act
9	for these wells?	
10	A.	I believe that these wells were drilled
11	to tap the addition	al reserves unavailable to the primary
12	well, and not to av	oid the application of this Act.
13	Q.	How do you propose to demonstrate that?
14	A.	I'll be using standard reservoir engineering
15	and geological tech	nique. I will show that the primary wells
16	will not, or did no	t, effectively drain the proration units
17	dedicated to those	wells.
18	Q.	How are these techniques applied?
19	А.	Using water saturation and porosity cal-
20	culations, downhole	pressure estimates, and reservoir height,
21	I calculated the ga	s in place estimate per acre.
22		From P/Z plots I determined an estimated
23	recoverable reserve	for each well. Dividing this figure by
24	the gas in place fi	gures yields an acres drained.
25	Q.	Did you apply these techniques to these

four wells?

A. Yes, I did.

Q Was the data upon which your calculations in applying this techniques, these techniques, based -- obtained under your direction and control?

A. Yes, they were.

Q Have you prepared any exhibits showing your calculations, the data upon which they are based, and the results that you've derived therefrom?

A. Yes, I have.

Q I will show you what has been previously marked as Applicant's Exhibits Number Two through Five and ask you if you could please identify them, beginning with Exhibit Number Two?

A. Sure thing. Exhibit Number Two is for the Jicarilla A-10 Well, and the first page is the gas in place calculation I mentioned before.

The second page is a water saturation worksheet where I determined water saturations and porosities for the well, and which we used, of course, for the calculations for gas in place.

The third page is an electric log from which those water saturations were taken from, and I'd like to add that I had to use offset wells in all cases here be-

cause	of	defic	cient	electric	logs	or	poor	quality	of	electric
logs (on 1	the pr	imary	wells.						

- Q Excuse me, are you referring only to Exhibit Number Two?
 - A No, that would be on all of them.
 - Q Thank you.
- A. Page four is a production history map and a map that shows the productive interval, Dakota, or reservoir height of the Dakota.
- Page five is a P/Z plot for the Jicarilla A-10 Well.
- $\mbox{Page Six is an addendum to the P/Z plot} \\ \mbox{from which the data was gathered.}$
- Exhibit Number Three is the same sort of procedure for the Jicarilla K-15 Well. The first page is a gas in place tabulation.
- Second page, again, is a water saturation tabulation.
- Page three is the electric log from which those calculations were taken, and again, this is an offset to the Jicarilla K-15.

Page six is a P/Z plot and page seven agai

1 13 2 is the data sheet. And Exhibit Number Four, is that the same Ω sort of presentation and data for the Jicarilla A-13? That is correct. A. Going now to Exhibit Number Five, is there $\boldsymbol{\sigma}$ 7 any difference between this exhibit and the previous three exhibits that you've just explained? Yes, there is. This Exhibit Number Five 10 is in reference to the Newsom No. 10 Well. In the process 11 of figuring the ultimate reserves for the Jicarilla wells I 12 had to use P/Z plots, but since the Newsom No. 10 Well was 13 plugged, I know exactly how much it produced, and so it did 14 not require a P/Z plot to determine the ultimate recoverable 15 reserves. 16 Were all these exhibits prepared by you? 17 Yes, they were. 18 MR. NUTTER: While we're on Exhibit Five, 19 Mr. Davies, turning to the map here in the back --20 Yes, sir. 21 MR. NUTTER: -- where is this Newsom No. 22 10 Well? 23 It's in the southwest quarter of Section 24 You'll see an N-10-R. 20.

MR. NUTTER:

Okay.

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2	A	And then the that is the replacement
3	well, and then the	primary well, the Newsom 10, is the one
4	just to the north	of it.
5		MR. NUTTER: Okay, and that No. N-10 has
6	been plugged and a	bandoned.
7	A.	Yes, sir.
8		MR. NUTTER: Okay, so this is not a sup-
9	plemental well, it	's a complete replacement well.
10	A.	That is correct.
11		MR. NUTTER: Okay.
12	Q.	Mr. Davies, referring now back to Exhibit
13	Number One in conn	ection with Mr. Nutter's last question,
14	does Exhibit Numbe	r One show the date when the Newsom No. 10
15	Well was plugged a	nd abandoned?
16	A.	Yes. The last production from the Newsom
17	No. 10 Well was in	May of 1968, and it was plugged and aban-
18	doned in November	of 1976.
19		MR. MORGAN: Mr. Nutter, Applicant offers
20	into evidence its	Exhibits Numbers Two through Five.
21		MR. NUTTER: Exhibits Two through Five
22	will be admitted in	n evidence.
23	Ĉ.	Mr. Davies, could you state from your
24	exhibits and from	your work in this matter what the results of
25	your calculations	were with respect to these four wells?

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2	A.	Yes, I can. I've determined from this
3	the acres drained by	each of these wells, that will be drained
4	upon upon abandor	nment.
5		The Newsom No. 10 drained approximately
6	10 acres of reservoi	ir.
7		The Jicarilla K-16, approximately 58.3
8	acres of reservoir.	
9		The Jicarilla A-10, about 2 I mean
10	25.8 acres of reserv	oir.
11		And the Jicarilla A-13, approximately
12	37.6 acres of reserv	oir.
13	ð	Do any of these wells drain the proration
14	unit to which they a	are attached?
15	A.	They do not.
16	Q	Based upon the foregoing, Mr. Davies, do
17	you have an opinion	as to whether the drilling of the four
18	wells which are the	subject matter of this application, will
19	increase recoverable	e reserves under the proration units at-
20	tached to those well	ls?
21	A.	Yes, I do.
22	Q	And what is that opinion?
23	A.	Definitely the drilling of these wells
24	has increased the re	ecoverable reserves from the existing pro-
25	ration units.	

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Mr. Davies, based upon the foregoing, do you have an opinion as to whether the drilling of these wells will result in more efficient use of the reservoir energy?

A. Yes.

Q What is that opinion?

A The drilling of these wells definitely resulted in more efficient use of the reservoir energy.

Q Based upon the foregoing, Mr. Davies, do you have an opinion as to whether the drilling of these wells will tend to insure greater ultimate recovery of gas from the pools?

A. Yes.

Q What's your opinion?

A. The drilling of these wells has definitely assured greater ultimate recovery of gas from the pools.

And finally, Mr. Davies, with respect only to the Newsom 10 and its replacement, the Newsom 10-R, based upon your foregoing analysis, do you have an opinion as to whether the Newsom 10 produced at non-commercial rates before it was plugged?

A Yes.

What's your opinion on that matter?

A. It definitely did not -- was not commercial when it was plugged.

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And the Newsom 10-R, do you have an opinion as to whether or not it was necessary to be drilled in order to produce additional reserves?

A Yes. From the acres drained figure it's obvious that there were additional reserves to be tapped by a well in that proration unit.

MR. MORGAN: Mr. Examiner, I have nothing furter of this witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q Well, Mr. Davies, with all due respect to Exhibits Two through Four, they show that the additional well was necessary; however, we might have an infill finding for the Dakota formation and the Dakota infill wells have been approved.

A. That is correct.

Now, with respect to Exhibit Five, on the Pictured Cliffs, you're showing that the Newsom 10, whatever the number, 10-E, I guess, 10-R, was necessary, because we haven't had an infill finding, and these calculations indicate that the original well only drained 10 acres.

A. That's right. Now then, I -- I should probably qualify that a little bit. The number that I have

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the most problem with is my reservoir height number. What I based that on is just a perforated interval.

Q Uh-huh.

A. Now, that does not mean that that whole interval is open to production into the wellbore, but it's the only thing that I have to go on, and of course, if that reservoir number was halved or even quartered, it's still not draining any significant part of the whole proration unit.

Uh-huh. I don't see the height on here.

Oh, it's --

Q Oh, here it is down here, 30 feet, I guess.

A. Yes, and that -- that's just basically a perforated interval.

Now then, in those older wells, in the Newsom No. 10, those were completed as open hole completions, and that may have been what the problem was with the original well as to why it did not produce effectively.

Q Well, it's an old well completed back in
'55.

A Yes, sir.

Q. And completion techniques weren't as good as they are now.

A They were open hole fraced, which, of course,

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you don't know where anything is going with that.

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Now, how does any of these exhibits relate

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to the necessity for the retroactive exemption?

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I believe we have another -- well, I'm

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not sure.

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MR. MORGAN: Perhaps I could address that,

Right, and the wells have

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Mr. Nutter.

Act.

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We believe that -- that by reason of presenting Mr. Davies' testimony we would demonstrate that the reason for drilling these wells was other than to avoid the

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MR. MORGAN: Yes, sir.

MR. NUTTER:

received an exemption already.

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do have one other witness that would — that will, we hope, demonstrate to the Division that the reason for the failure to file these in a timely manner was due to what we believe were explainable circumstances. Beyond that, we do believe that the Act, when it speaks of exempting a well, it might — would not therefor be unreasonable to exempt that well for its entire history rather than for some period of production prospectively.

And in that regard, after we've had oppor-

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2	tunity to present the next witness' testimony, if the Commis-
3	sion has additional reservations about it, we would certainly
4	seek the Division's leave to file a legal memorandum to that
5	effect in support of our position.
6	MR. NUTTER: Are there any further ques-
7	tions, then, of Mr. Davies?
8	MR. MORGAN: No, sir, there are not.
9	MR. NUTTER: All right, he may be excused
10	And your next witness, please?
11	MR. MORGAN: Our next witness is Mrs.
12	Susan Reno.
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14	SUSAN RENO
15	being called as a witness and being duly sworn upon her oath
16	testified as follows, to-wit:
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18	DIRECT EXAMINATION
19	BY MR. MORGAN:
20	Q Mrs. Reno, would you please state your
2 í	name. You stated your name. Would you please tell us where
22	you're employed and in what capacity?
23	A. I work for Southern Union Exploration
24	Company as Director of Administrative Operations.
25	0 As Director of Administrative Operations

what are your responsibilities?

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A Under my supervision there are three departments: The Marketing Department, which encompasses marketing our oil and gas; the Regulatory Section, Contract Administration, and Regulation Compliance; also the Production Department, which encompasses reporting, administrative reporting of the wells production to the regulatory agency and general office administration.

And then I have the Purchasing Department under my supervision.

There are three managers with a combined staff of ten people.

- Now, that constitutes the present makeup of your department, does it not?
 - A. Uh-huh.
- Q Can you tell me whether or not the making of filings for exemptions under the New Mexico Gas Pricing

 Act would be one of your responsibilities?
 - A. Yes, sir, it would be under my supervision.
- Q Were the filings that were made in this particular matter made under your direction and control?
 - A. Yes, they were.
- Q Could you tell me when they were made?
- 25 A They were made on June 7th of 1982, the

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24 25 letter and applications went out from Dallas on June 7th.

Okay, and that, of course, is not the same time at which -- at which first production was obtained from any of these -- and sale was obtained from any of the four wells which are the subject matter --

- A. That's right.
- -- of this hearing. Q.

Could you explain to the Division why these filings were not made on a more timely basis?

In order to respond to this question, I'll A. have to give you a little bit of history about SX.

Q. Excuse me, when you say "SX" you mean Southern Union --

- A. Southern Union Exploration.
- -- Exploration Company?

On December 30th, 1980, our company had an interest in approximately 100 wells of which about 50 were in the State of New Mexico, with us operating five in the San Juan Basin. None of the five wells were infill nor replacement wells.

On December 31st, through a corporate reorganization, we acquired an interest in approximately 700 wells, of which we took over operations of 250, with the majority of those wells being in the San Juan Basin.

At that time we copied over a million pieces of paper pertaining to the 700 properties, and took physical possession of about 250 files, being the ones that we were operating.

I made a search of these files, looking for information pertaining to regulatory filings and came upon none pertaining to the New Mexico Pricing Act, to which I had very limited exposure.

We incorporated that information into our files and still at this time had no references to the New Mexico Pricing Act.

It was not until April of '82 that we became aware of the need to make a filing for infill or replacement wells under the New Mexico Pricing Act, and at that time we proceeded with filing for (inaudible). And that basically was just an oversight on our part and that's why we're asking for retroactive exemption.

Q You don't believe that the rights or prerogatives of any individuals or organizations will be prejudiced by the granting of this retroactive exemption, do you?

No, sir, I don't.

MR. MORGAN: I have no further questions of this witness, Mr. Examiner.

BY MR. NUTTER:

In other words, Mrs. Reno, Southern Union Exploration was not operating these wells at the time they were completed, is that correct?

CROSS EXAMINATION

A. The wells in question, at the time they were completed, we were not operating the Newsom 10-R.

Now Exhibit One of Mr. Davies gives what,

I believe, is the date of first sale from the wells and the

dates of completion.

A. We were operating the Jicarilla K-15-E and the Jicarilla A-10-E, and the Jicarilla A-13-E. The Newsom 10-R, we were not operating at the time it was completed, and the others, we were.

We had taken over operation of the -the wells were in the process of being drilled. We did not
actually take over operation of those wells until the wells
were down.

And who was drilling the wells?

A. John Hill.

Q Oh, these weren't Southern Union wells or Supron's or anything?

- I		
2	A.	They were Supron's and it came over in
3	the corporate reo	rganization from Supron; however, it was a
4	farmout from Supro	on to John Hill, and John Hill was actuall
5	drilled the wells	; however, at the time the wells were com-
6	pleted and ready	to be put on production, then we took over
7	operation.	
8		But the application to drill were made in
9	the name of John	Hill and Supron Energy.
10	Õ	I see, and Southern Union Exploration
11	didn't take them	over until they were completed.
12	A.	Yes, sir.
13	Q.	So what was the date of the transfer of
14	all these propert	ies, the 250 wells?
15	A.	The property transfer became effective
16	December 31st of	1980.
17	Q.	But you still didn't take over operation
18	of the wells that	
19	A	That's right. You're right.
20	õ	were drilled by Hill.
21	A.	You'r right. Right, if they were not
22	completed until 5	of '81 we did not take over as operator
23	until 5 of '81.	
24	Ō	Why didn't you file them in 5 of '81?
25	They were your we	lls them.

2 Yes, sir. It was -- I had had very limited exposure to the New Mexico Pricing Act and although 3 having reviewed it, I was just unaware of the need to file an exemption under the New Mexico Pricing Act for the infill 5 wells and the replacement wells. I see. At the time of the reorganization I went through my staff as it is now but on December the 31st of 10 1980, handling these reponsibilities, it was myself and two 11 clerks, and it was the magnitude of the paper work and just 12 not knowing about the need for filing. 13 Q. Well, you all were shuffling paper awful 14 fast if you shuffled a million pieces of paper between two

A. It took us about six months to copy all of that and I have just recently, within the past six months, filled the positions under my supervision. It went on for about a year and three months before I received any help.

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clerks.

Q Have you had any new wells completed as infill wells recently?

A. We just completed and we have filed.

Q. You've already filed for it?

We have filed. Yes, sir, we have filed.

Q. Okay. Are there any further questions

1 2 of Ms. Reno? 3 MR. MORGAN: No, sir, there are not. MR. NUTTER: Does any -- do you have any-5 thing further to offer? MR. MORGAN: Nothing further. 7 MR. NUTTER: Does anyone have anything 8 they wish to offer in Case Number 7649? We'll take the case under advisement, and 10 Mr. Morgan? 11 MR. MORGAN: Yes, sir. 12 MR. NUTTER: Mr. Morgan, if you would 13 prepare a brief or something describing the legalities of 14 retroactive exemption at any particular date, you say you 15 don't feel that there's any requirement that some particular 16 date must be complied with --17 MR. MORGAN: Be glad to do that, sir. 18 MR. NUTTER: That it should be to date 19 of first production regardless of when the exemption is made,

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MR. MORGAN: I'll do that.

MR. NUTTER: Is there anything further from anybody in Case Number 7549?

if you would explain that on paper, I'd appreciate it.

We'll take the case under advisement and the hearing is adjourned.

CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HERDBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by mc; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Daving W. Boyd COR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 19.82.

Oil Conservation Division

MALL. BOYD, C.S. Len 191-9

Sens Pt. New Mexico 17361

Those (305) 455-7409

ARRY KEHOE

Mr. Mark K. Adams

Akin & Robb Attorneys at Law

Rodey, Dickason, Sloan,

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

November 8, 1932

Re: CASE NO.

7649

ORDER NO. R-7122

POST OFFICE BOX 2008 STATE LAND OFFICE BLICOING SANTA FE, NEW MEXICO \$7901 19061 027-8434

P. O. Box 1888 Albuquerque, New Mexico 87103	Applicant:
	Southern Union Exploration Company
Dear Sir:	
Enclosed herewith are two copies Division order recently entered	
Yours very truly, JOE D. RAMEY Director	
JDR/fd	
Copy of order also sent to:	
Hobbs OCD X Artesia OCD X Aztec OCD X Other Dennis K, Morgan	

STATE OF NEW MEXICO ENERGY AND MINERAL DEPARTMENT OIL CONSERVATION DIVISION

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

CASE NO. 7649 Order No. R-7122

APPLICATION OF SOUTHERN UNION EXPLORATION COMPANY FOR RETROACTIVE EXEMPTION, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18 and September 1, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of November, 1982, 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, Southern Union Exploration Company, is the owner and operator of certain wells in Rio Arriba County, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act", unless exempted therefrom, and has requested retroactive exemption from said Act for such wells, described as follows:

LEASE NAME	NO.	LOCATION	POOL
Jicarilla A	13-E	N-13-26N-4W	Basin-Dakota
Jicarilla A	10-E	G-23-26N-4W	Basin-Dakota
Jicarilla K	15-E	A-01-25N-5W	Basin-Dakota
Hodges	15-E	J-27-26N-8W	Basin-Dakota
Newsom	10-R	M-20-26N-8W	Ballard-P.C.

(3) That the applicant has requested dismissal from further consideration in this case the aforesaid Hodges Well No. 15-E, and such dismissal should be approved.

-2-Case No. 7649 Order No. R-7122

(4) That the remaining four wells under consideration were completed on the date indicated and made first delivery into the pipeline as shown:

WELL	COMPLETION DATE	FIRST DELIVERY
Jicarilla A 13-E	January 8, 1981	June 15, 1981
Jicarilla A 10-E	June S, 1981	June 15, 1981
Jicarilla K 15-E	May 15, 1981	Jan. 11, 1982
Newsom 10-R	Sept. 24, 1980	Dec. 24, 1980

- (5) That the Act is not applicable to wells the drilling or first intrastate sale of gas of which commenced on or after January 1, 1975, provided however, that said Act shall apply to any well if it is drilled on an established proration unit which was producing gas or capable of producing gas prior to January 1, 1975, from the same reservoir unless the Cil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application of the Act.
- (6) That it is incumbent upon the owner and operator of any well subject to the Act to seek exemption from the Act from the Oil Conservation Division if such well qualifies for such exemption.
- (7) That each of the wells listed in Finding No. (4) above qualifies for such exemption, the three Jicarilla wells being infill wells in the Basin Dakota Pool drilled pursuant to the Basin Dakota infill drilling Order No. R-1670-V, and the Newsom well being a replacement well in the Ballard-Pictured Cliffs Pool drilled to replace the original well on the proration unit which was plugged and abandoned in 1976.
- (8) That the applicant on June 7, 1982, requested exemption from the Act for the aforesaid four wells and such exemption was granted by the Director by Administrative Orders NGPA-29 through NGPA-32, effective July 22, 1982.
- (9) That the applicant seeks to have said exemption made retroactive to the date of first delivery into the pipeline by each of the subject wells, said date of first delivery being as indicated in Finding No. (4) above.
- (10) That the applicant, through clerical error and as the result of confusion resulting from corporate reorganization, failed to make timely application for the exemption from the Act for the subject wells.

-3-Case No. 7649 Order No. R-7122

- (11) That to not make the exemptions retroactive would impose an undue hardship on the applicant resulting from clerical error, whereas to make the exemption retroactive would not impair correlative rights nor cause waste.
 - (12) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the following wells, operated by Southern Union Exploration Company, are hereby exempted from the provisions of the New Mexico Natural Gas Pricing Act effective on the dates shown for each well:

LEASE NAME	NO.	LOCATION	EFFECTIVE DATE
Jicarilla A Jicarilla A	13-E 10-E	N-13-26N-4W G-23-26N-4W	June 15, 1981 June 15, 1981
Jicarilla K	15-E	A-01-25N-5W	Jan. 11, 1982
Newsom	10-R	M-20-26N-8W	Dec. 24, 1980

- (2) That that portion of this case concerning applicant's Hodges Well No. 15-E, located in Unit J of Section 27, Township 26 North, Range 8 West, NMPM, San Juan County, New Mexico, is hereby dismissed.
- (3) 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 hereinalder designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY, Director WILLIAM A. SLOAM JACKSON. J. ARIMN JPHNY B. ROSES CHARLES S. ARTCHIE JOHN B. S. SCHOOL C. SCHOOL C. SCHOOL C. SCHOOL C. SCHOOL C. SCHOOL RAY H. RODEY H. ST. JOHN JOSEPH J. MILLINS DHAME C. SCHOOL C. SCHOOL

RICHAMO R. BARLOW
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ANAME C. RELIGIONES
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CANADOR
JOS. L. RECLAMONE STY
JAMES S. STARTYWAN
TATHERME T. GOLDBER
REMETH J. TERGUSON
STAMLEY M. HATCH
DAMPE TSHAFE
M. RICHARD SETTLE, JR
DOMALD S. MOCHMICHES
TOMALS S. MOCHMICHES
TOMALS S. MOCHMICHES
JAMON A. SEDEROUST
JOSANTON BRAYER
EDMAND MICHAEL
EDM

RODEY, DICKASON, SLOAN, AKIN & ROBB, P. A.

COUNSELLORS AND ATTORNEYS AT LAW 20 FIRST PLAZA, SUITE 700 P. O. BOX 1886

ALBUQUERQUE, NEW MEXICO 87103

OF COUNSEL

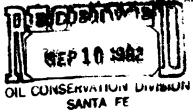
PEARCE C. RODEY

TELECOPIER 765-5903

TELEX 660401

September 9, 1982

TELEPHONE 765-5900



Mr. Daniel S. Nutter Examiner Oil Conservation Division Post Office Drawer 2088 Santa Fe, New Mexico 87501

Re: Case 7649

Dear Mr. Nutter:

Enclosed are the original and two copies of the Memorandum of Law of Southern Union Exploration Company supporting its application to the Oil Conservation Division for retroactive exemption of certain wells in San Juan and Rio Arriba counties from Section 5 of the New Mexico Natural Gas Pricing Act.

Very truly yours,

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

Bv Mark K. Adams

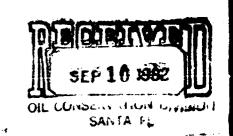
MKA:pb Enclosure

cc: Dennis K.Morgan, Esq. (W/ enclosure)
 Paul M. Zeis, Esq. (W/ enclosure)



Southern Union Exploration Company

State 400 Texas Federa: Building 1217 Main Street Dallas, Texas 75202 214/742-6051



September 1, 1982

Daniel S. Nutter, Examiner
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, NM 8750!

Re: Case No. 7649, Application of Southern Union Exploration Company ("SX") for Retroactive Exemption of Certain Wells in San Juan and Rio Arriba Counties from Section 5 of the New Mexico Natural Gas Pricing Act

Dear Mr. Nutter:

In accordance with your request at the August 18, 1982 hearing on this matter, we submit the following points and authorities in support of SX's position that the New Mexico Oil Conservation Division ("Division") is empowered to grant the relief requested.

I. Statutory Authority

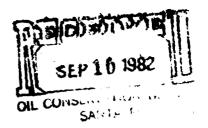
As pointed out at the August 18 hearing, we believe that the Natural Gas Pricing Act (62-7-1 NMSA 1978, et seq, the "Act") provides for exemption on the basis of an entire well or wells rather than on the basis of certain amounts or periods of production from such a well. The terms of the Act apply to any well covered thereby "unless the oil conservation commission exempts such well upon a finding that such new well was justified for reasons other than avoiding the application of the Natural Gas Pricing Act" (62-7-5 NMSA 1978). Two terms in this statutory provision are significant. First, exemption for a well, not severable amounts of production therefrom, is specifically provided for. Secondly, the use of the term "was justified" rather than "will be justified" contemplates an after-the-fact review by the Commission (now Division) that would require retroactive application when "such well" is exempted.

Even if the statute were not so clear, the authority of a New Mexico administrative agency such as the Division is not limited to powers expressly granted by statute but includes all powers that may fairly be implied from that statute. Wimberly v State Police Board, 83 NM 757, 758-59, 497 P2d 968 (1972); Winston v State Police Board, 90 NM 310, 311, 454 P2d 967 (1969); Brininstool v State Board of Education, 81 NM 319, 322-23, 466 P2d 885 (1979). Accordingly, statutory authority for the relief requested is ample.

II. Administrative Procedure

Pursuant to Section 6 of the Act (a portion of which has been previously quoted), the Commission by Order R-5436 (the "Order") established "an administrative procedure" whereby "gas wells . . . may be exempted from the provisions

Daniel S. Nutter, Examiner September 1, 1982 Page 2



of Section 6 of the Natural Gas Pricing Act." Express limitations upon that procedure were set forth in Section D thereof. Only two were established: First, that "(n)o more than any one proration unit may be approved as a justified infill well," and second, "(t)hat jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary."

Other than the first above stated limitation, the Order contains no language that would limit the Commission's authority previously granted it by statute. Significantly, the Order, like the Act, contemplates the exemption of wells rather than certain amounts or periods of production therefrom. Further the Order nowhere requires the filing of an application for a well sought to be justified prior to the drilling of such well. Naturally, an operator would be prudent to file before rather than after the fact if an adverse decision by the Division would cause him to have elected not to have drilled the well in the first place. Nevertheless, the Order contemplates application by an operator who either willingly or unwittingly drills before application and takes the risk of having the entire well declared unjustified. Finally as previously noted, the Order contains no limitations upon the Division's jurisdiction in this matter other than the restriction of one infill well per proration unit. To the contrary, jurisdiction over matters beyond the scope of the Order is retained.

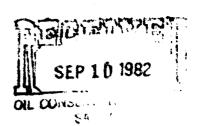
III. Judicial Authority

Assuming, solely for the purpose of arugment, that the Order is impliedly limited to prospective exemption of production rather than total exemption by well, the Division is nevertheless empowered to grant the requested relief. The United States Supreme Court has found as a "general principle" that "(i)t is always within the discretion of a court or an administrative agency to relax or modify its procedural rules . . . " American Farm Lines v Black Ball Freight Service, 90 S.Ct. 1288, 1292, 397 U.S. 532, 539 (1970). The Order, by Its very terms, is a procedural rule. When the right of the Federal Power Commission to abrogate a formal procedural rule made pursuant to the Natural Gas Act by an ad hoc ruling was challenged, the Fifth Circult Court of Appeals had this to say:

(A)n administrative agency is not a slave of its rules. National Labor Relations Board v Grace Co., 8 Cir., 1950, 184 F2d 126. Ad hoc changes may be made and, in proper cases, may be applied retroactively. National Labor Relations Board v National Container Corp., 2 Cir., 1954, 211 F2d 525. In a particular case an administrative agency may relax or modify its procedural rules and its action in so doing will not be subjected to judicial interference in the absence of a showing of injury or substantial prejudice. National Labor Relations Board v Monsanto Chemical Co., 8 Cir., 1953, 205 F2d 763.

See also 73 CJS, Public Administrative Bodies and Procedure, §107.

Daniel S. Nutter, Examiner September 1, 1982 Page 3



There has been no showing of injury or substantial prejudice in the instant case. There has in fact been a total absence of any interest adverse to SX, both at the August 18 hearing and again at the September 1 hearing. To the contrary the only testimony produced on the matter was that no party would be prejudiced by the requested relief. Accordingly, even when assuming an interpretation of the Order most unfavorable to SX's position, the Division would be safely within its discretionary authority to grant the exemption as requested.

IV. The Facts

The facts warrant the requested relief. As brought out in the August 18 hearing, all of the four wells for which exemption under the Act is sought were drilled for reasons other than to avoid the application of the Act. The replacement well could not have been drilled to avoid the Act since the well which it replaced was pluyged and abandoned long before the enactment of the Act. The three infill wells are already covered by the Division's Order No. R-1670-V, and further substantial evidence was adduced at the hearing supporting the fact that they too were drilled for reasons previously sanctioned for justification under the Order. Finally, the circumstances surrounding SX's take over of operation of these wells presents a justifiable basis for the exercise of the Division's discretion.

The granting of the relief sought herein would be entirely in harmony with the spirit and letter of the Act. It would not be inconsistent with the Division's own rules. It would be firmly grounded in legal precedent. It would be warranted by the facts. Accordingly, SX respectfully requests that its application for exemption be granted as requested.

Respectfully submitted,

Dennis K. Morgan

Southern Union Exploration Company

dark K. Adams

Rođey, Dickason, Akin, Sloan & Robb, P.A.

WELL HISTORY

WELL NAME	TIPE	FORMATION	COMPLETED	FTRAT SALE	<u> 184</u>	LAST 150).
Newson #10	Primary	Picture! Cliffs	5/55	\' 4	11/26	5/68
Newson #10R	Replacement	Pictured Cliffs	9/80	12/80		••
Jicarilla Kl5	Primary)akota	10/71	NA		
Jicarilla K15 E	Infill	akota	5/81	1/82		••
Jicarilla A 10	Primary)akota	9/68	NA		
Jicarilla & 10 E	Infill	Dakota	6/81	6/81	**	<u>.</u>
Jicarilla A 13	Primary	Dakota	10/71	NA		
Jicarilla A 13 E	Infill	Dakota	1/81	6/81		

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

___EXHIBIT NO___/

CASE NO. 7549

Farm - 18/2

CIME NO

32

EL MATER SAS

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION

CASE NO. 7549

Southern Union Exploration Co.

Jicarilla A #10, Rio Arriba Co., New Mexico

Formation Dakota

Formation Dakota

Formation Dakota

43,560 × 100 ×

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Symbol	Quantity	Units	Item	Remarks
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C#	52	%	Connects Water in percent of pore volume	er e
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Žι			Deviation Captor for Initial Pressure	;
Pb	14.35	psic	Stes5 ng 9350	-
-∓o Fh	520	Оp	Temperature hase absolute (ECOT)	•
Ts	. 616	• oR	Perers of Temperature, absolute (460° + 156, 91)	•
Ĺ	7785.	i , Faet	Copth to Mapoint of Reservoir	
G	.067	1	Specific Gravity of Gas (Air = 10)	
Pwh,	1869	psic	Initial Wallhood Shulin Pressure	
		!		
i Pe	669	psie	r seprio Critical Prossure	
Te	382	OR	Passide Critical Temporatura	inglika da sa
Pri	3.74	!	Pseudo Reduced Pressure - Initial	· · · · · · · · · · · · · · · · · · ·
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Tr	1.71	• •	Pseuda Andizied Temperature at 156 of	
		-	and the second s	

31 Gas in Place in MCF per Acre = MCF/Att X Thickness in tt = 332.21 x 60 = 19933 MCF/Acre

33 Area Drained (Acres) = GIP(MCF) = 515000 = 25.8 _____Acre

Dale: 8 / 12 /82 By Nichael L. Davies. LINE NO

2

3

ESTIMATED GAS REBERVÉS

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
SERVES

CASE NO. 7546

Southern Union Exploration Co.

Jicarilla K #15, Rio Arriba Co., New Mexico

Formation

Dakota

4 Gas in Place in

Cubic feet per Acre-foot = 43,560
$$\times \frac{P_0}{100} \times \frac{(100-Cw)}{100} \times \left(\frac{P}{Z}\right) \times \frac{1}{P_b} \times \frac{T_b}{T_c}$$

= 43,560
$$\times \frac{8.5}{100} \times \frac{(100-44)}{100} \times \left(\frac{2500}{.828} \right) \times \frac{1}{14.65} \times \frac{520}{622}$$

A	9	C	0	E
Symbol	Quantity	Units	Item	Remarks
43,560	43,560	Sq.ft.	Number of square feet in one ocre	
Po	8.5	%	Porosity in percent of rock volume	
Cw	44	%	Connate Water in percent of pare volume	
P,	2500	pela	Initial Reservoir Pressure	
,	3	,		
₹,	828	.}	Deviation Factor for Initial Pressure	ļ
		-		
Pb	14.65	pslo	Pressura Bose	
To	520	°R	Temperature base, absolute (60°1)	
Ts	622	°R	Reservoir Temperature, absolute (460° + 162° of)	1
	7.00		Bark to Maria A Barra N	-
C	7488	Fact	Depth to Midpoint of Reservoir	
G Pwh ₁	.067	1:-	Specific Grovity of Gos (Alr = 1.0)	
1	2196	psiq	Initial Wellhood Shut-in Pressure	
; I Pe:	669	psia	Pseudo Critical Pressure	
Tc	382	o _R	Pseudo Critical Temperature	
Pri	3.74	1 "	Pseudo Reduced Pressure - Initial	
' ' '		1	Lando vennced Lidazais - Imiidi	
Te	1.63]	Pseudo Reduced Temperature at	
1	1	1	The state of the s	
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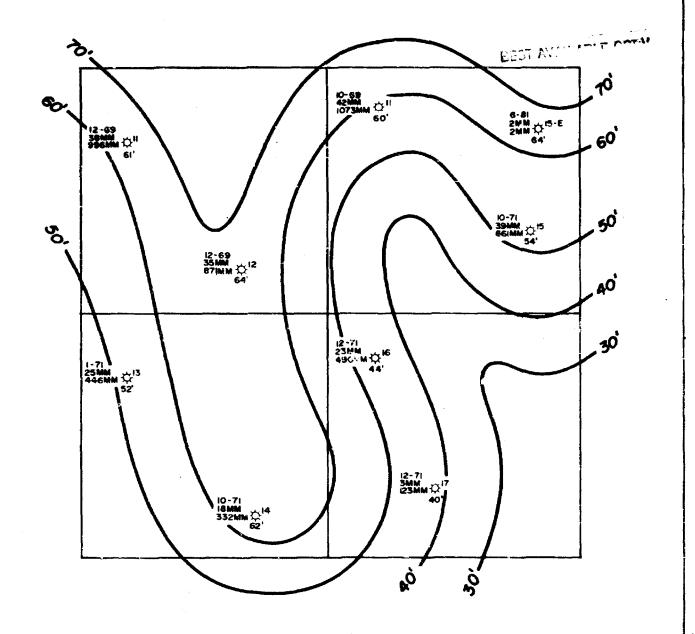
31 Gas in Place in MCF per Acre = MCF/A.ff. X Thickness in fl. = 352.26 X 60 = 21435 MCF/Acre

32

Dote 8 / 12 / 82 By Michael L. Davies

	•		· may											_i_ of _2_
CON	COMPANY Southern Union Exploration Co. WELL Jicarilla "K" 15-E													
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LEVEL	DEPTI	1			MAY	mt.Y	M+	Bum	i.	R +	Rw	POR.	SW %	REMARKS
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	7386	88			4	100	1	.040		25	.07	4	100	
	7388	90			4	100	1	• 040		35	.07	4	100	
	7390	92			5	88		, 044		36	.07	5	88	
-	7392	94			5	84		.042		40	.07	5	84	
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	7400	02			63	189	7	.024		130	.07	9	27	
·	7402	04			56	210	7	.024		120	.07	8	30	
												· 		
	7520	22			77	238	2	.037		50	.07	11	34	
	7522	24			84	217	7	.037		50	.07	12	31	
	7524	26			56_	364	7	.042		40	.07	8	52	· · · · · · · · · · · · · · · · · · ·
	7526	28			12	166	2	.050		28	.07	6	83	
	7528	30				154	1	.054		24	.07	7	77	
	7530	32		İ	63	420	7	.054		124	.07	9	60	<u></u>

COMPANY Southern Union Exploration Co Jicarilla "K" 15-E FIELD Basin Dalcota STATE Hexico Rio Arriba Rw= .33@100° Rmf=___ BHT= 162 _ @ _ DEPTH RT POR. mig wis wt BUW Rw SW REMARKS . LEVEL FROM T 1 TO Sw Jacker 56 483 7531 34 .055 .07 69 158 .055 .07 7534 .07 7536 38 100 040 100 .07 20 7538 40 100 040 100 Weight factor 12 198 20 .07 -99 7552 54 .059 70% of prod. come: from > 79/ 1, 20% pm 63 70 .07 7560 .032 56 196 .07 7562 140 of prod comes from 64 .022 7% to 6% & and 133 280 .07 7564 66 019 10 that 10% prod 56 224 8 7566 68 220، 110 07 56 252 25 .07 8 comes from 4 62%. 7568 .029 36 70 63 245 9 7570 72. .032 70 .07 35 56 74 .07 7572 70 280 .032 40 44 986 5129 117 8.5 Averages



LEGEND

WELL No	10
WELL SYMBOLS	;₩
DATE COMP	12-71
1981 PROD	
CUM PROD	40MM

SOUTHERN UNION EXPLORATION COMPANY

8/12/82 REVISED

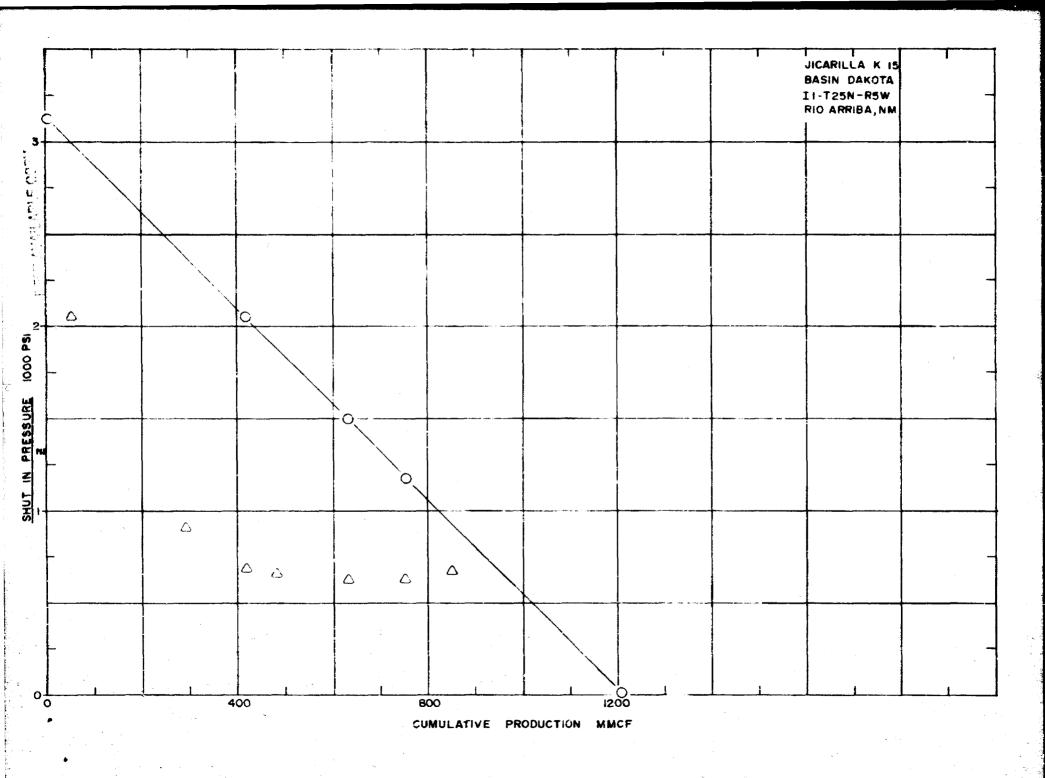
JICARILLA"K" LEASE ISOPACH MAP SHOWING THE PRODUCTIVE INTERVAL. DAKOTA SANDSTONE

SCALE . 1" = 2000"

GEOLOGY BY MICHAEL L. DAVIES

C L: 10'

DRAFTING BY TWOFEATHERS



JICARILLA K #15
BASIN DAKOTA
I-1-T25N-R5W
RIO ARRIBA CO., NM

TEST DATE	SURFACE SHUT-IN PRESS. PSIA	P/Z	FLOWING PRESS. PSIA	DAILY RATE MCFD	CUM VOL
Initial	2196	3038	0	0	0
1-72	1553	2059	424	1086	55.0
6-73	781	906	297	400	287.0
8-74	612	68 6	210	298	418.6
5-75	595	664	181	143	483.9
5-77	568	630	208	181	630.5
6-79	573	637	247	129	755.9
11-81	597	660	295	114	855.8

LINE NO

ESTABLIBLE GAS

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION EXHIBIT NO. CASE NO

Southern Union Exploration Co.

Jicarilla A #13 2

T.

6

Dakota Formation

Gas in Place in 43,560 X PQ X (100-CW) X 2 X X X Cubic feet per Acre foot 3

43,560 $\times \frac{8}{100} \times \frac{(100-53)}{100} \times \frac{2550}{0.836} \times \frac{1}{14.55} \times \frac{1}{632}$

275.09MCF per Acre ft., Use _ 275.09 MCF/A.11

A	1 8	C	<u> </u>	Ε
Symbol	Quantily	Units	: Itom	Remarks
43,560	43,550	Se ft.	Number of equare feet in one acre	
Po	8	.; % 	!Parasity in percent of rock valume	
C*	53	%	Connata Water in percent of pare volume	1-
Pi	2500_	pela	Initial Reservoir Pressure	
Z i	0.836	7	Deviation Factor for Initial Pressure	
~ i		-1	president and the filling excession	•
Pb	14.35	pslo	, Pressure Base	4 · · · · -
Tb	52C	Óβ	Temperature base, absolute (60°f)	•
Ts	632	°R	Reservoir Temperature, absolute (460° + 172 °f)	The state of the s
	8125	Fee!	Cooth to 11 decist of Becomin	and the second of the second of
G	·		Depth to Midpoint of Reservoir Specific Gravity of Gas (Air = 1.0)	
Pwh,	0.670 , 2083		Initial Westmood Shutin Pressure	
	, 21103	7 23.0	- tung or and Subtite visages	· · · · · · · · · · · · · · · · · · ·
Pt	. 669	Dela	Aseudo Critical Pressure	
Tc	382	1 "	Pseudo Critical Temperature	
Pri	3.74		Pseudo Reduced Pressure - Initial	1
	1			
Tr	1.65	1	Pseudo Reduced Temperature at172 of	
		. *		i

Gas in Place in MCF per Acre = MCF/A ft. X Thickness in ft. = 275.09 X 65 = 17881 MCF/Acre 31

32

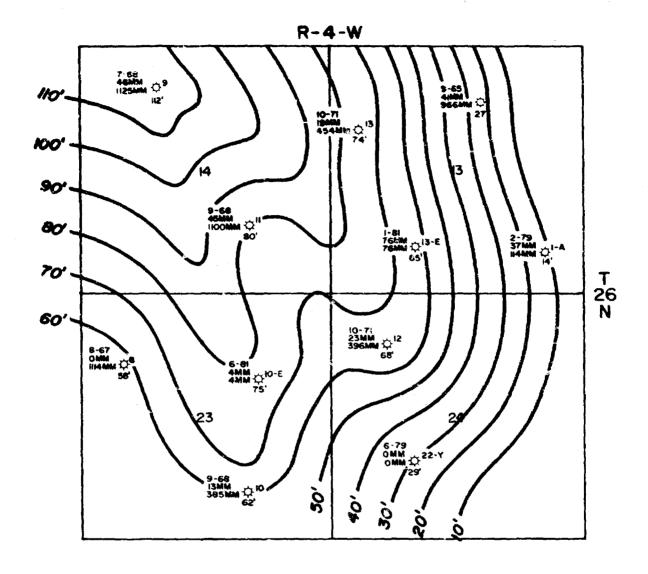
33 Area Drained (Acres) = 573,000 17,881

> Data - 8 / 12 /82 By Michael L. Davies

	La	7 1	rnaug									of 3_
CON	APANY S	ou th	ina fanco	Friore	tion			WELL Time!	114 4	4 13	3 E	
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	2040	48		56	280	. 7_	.032	55	.07	8	40	1)
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	8050	52		70	196	7_	.030	6.5	.07	10	28	11
	8052	54	į	70	203	7_	.029	<u> </u>	.07	10	29	11
	8054	56		70	224	7	.032	35	.07	10	32	11
	8056	58		70	252	7_	.536	195	.07	10	36	<u> </u>
	8074	76		12	156	2	.048	25	.07	6	78	
	8080	82		12_	146	2	.044	30	.07	6	73	
	8082	84		5_	87	Ĩ.	,044	30	.07	5	87	5
	8084	86		4	100		.040	25	.07	Ч	100	
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	3085	90		Ÿ	100	1	5'.'^	1 25	1.7	4	.50	

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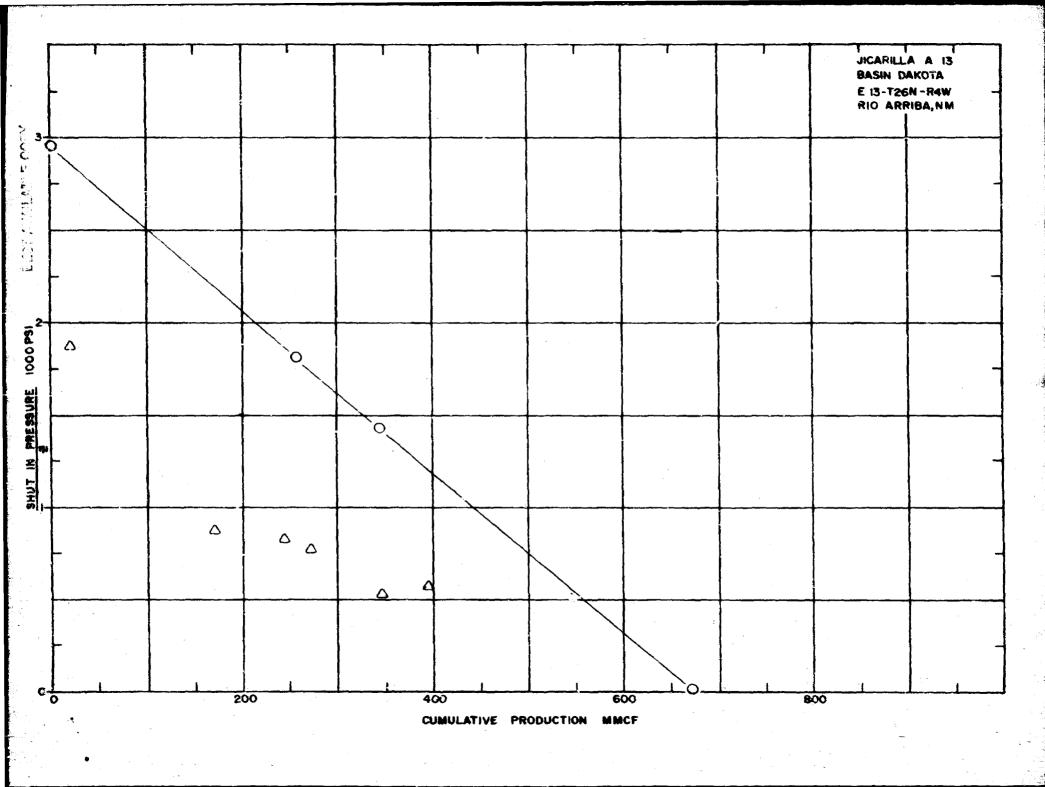
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DRAFTING BY TWOFEATHERS

SCALE 1"= 2000"

GEOLOGY BY MICHAEL L. DAVIES



JICARILLA A #13
BASIN DAKOTA
E-13-T26N-R4W
RIO ARRIBA CO., NM

TEST DATE	SURFACE SHUT-IN PRESS. PSIA	<u>P/Z</u>	FLOWING PRESS. PSIA	DAILY RATE MCFD	CUM VOL
Initial	2083	2877	0	0	.0
1-72	1430	1866	453	757	21.6
5~73	760	876	347	110	171.8
8-74	720	823	216	98	246.4
4-75	679	770	259	177	273.6
5-77	495	540	252	63	345.2
579	518	568	282	62	397.9

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BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION

1.5	. ' \ \ \	·		_
-		_EXHI	RIT	40.5
^-				10. <u>~~</u>
CASE	NO.	75	110	
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Southern Union Exploration Co.

Newsom #10, San Juan Co., New Mexico

Pictured Cliffs

Formation Gas in Place in $43,560 \times \frac{P_0}{100} \times \frac{(100-Cw)}{100} \times \left(\begin{array}{c} P \\ Z \end{array}\right) \times \frac{1}{P_0} \times \frac{7}{P_0}$ Cubic feat per Acre foot 43, 560 $\times \frac{15}{100} \times \frac{(100-63)}{100} \times \frac{850}{.862} \times \frac{1}{14.65} \times \frac{553}{553}$ 153-01 MCF per Acre ft., Use 153.01 MCF/A.ft.

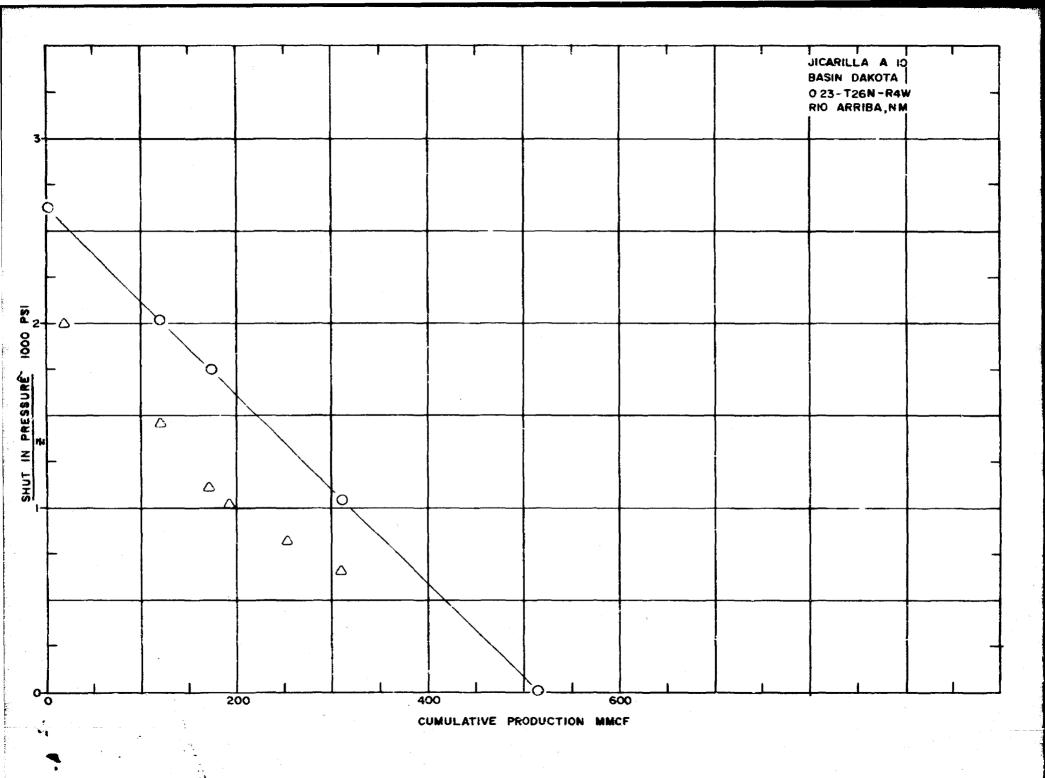
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Pri	1.27	-1	Pseudo Reduced Pressure - Initial	
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Tr	1.45		Pseudo Reduced Temperature at 93 of	
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Gas in Place in MCF per Acre : MCF/A.tt X Thickness in It = 153.01 X _ 30' = 4590 _ MCF/Acre

GIP (MCF) 45.868 Area Drained (Acres) =

> Date - 8 / 12 / 82 By Michael L. Davies

COI	JPANY مک	athern U	linion Ec	oloration	STATE Mexico	WELL	m_1	JR(Du	usem 1	8) TO. ?
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JICARILLA A #10 BASIN DAKOTA O-23-T26N-R4W RIO ARRIBA CO., NM

TEST DATE	SURFACE SHUT-IN PRESS. PSIA	<u>P/Z</u>	FLOWING PRESS. PSIA	DAILY RATE MCFD	CUM VOL
Initial	1869	2773	0	0	0
1-69	1516	1992	526	307	16.1
6-71	939	1456	442	108	122.7
5-72	924	1100	354	90	170.6
6-73	863	1015	269	50	190.8
5-75	718	821	220	89	255. 5
4-77	588	655	207	47	309.4
5-79	758	874	231	50	348.3

HISTORY

33rd Legislature passed the Natural Gas Pricing Act regulating the price producers may charge for gas delivered into intrastate gas pipelines from wells first connected before January 1, 1975.

Specific exclusions to the Act are contained in its Section 6 which reads as follows:

"--The provisions of the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling or first intrastate sale of which commenced on or after January 1, 1975. However, the Natural Gas Pricing Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975 from the same reservoir unless the oil conservation commission exempts such well upon a finding that such new well was justified for reasons other than avoiding the application of the Natural Gas Pricing Act."

It is this latter exclusion, for wells drilled on existing proration units, that we are considering here today.

There is no state-wide Commission rule or regulation that prohibits the drilling of additional wells on proration units. In oil pools it is not uncommon to have 2 or more wells on

a 40-acre proration unit. In some gas pools, such as the Jalmat and Eumont Pools in Lea County, it is more common to find multiple well standard proration units than units with a single well completed thereon. A few gas pools have rules limiting the location of the well on the proration unit in such a manner as to essentially preclude the drilling of a second well without a hearing before the Commission.

It is recognized that the completion of additional wells on proration units often contributes to better reservoir drainage and increases the potential for contacting discontinuous reservoir segments thereby resulting in greater ultimate recovery.

Primarily the drilling of additional wells on proration units has been a matter of economics. If the operator of the unit believed that additional drilling would bring in enough added production to pay for the well plus return a profit, the well would be drilled. Obviously, if the potential exists for a greater rate of return from the second well on a proration unit then the economics of infill drilling improve.

As the Pricing Act did not include a definition of the word "justified" or the phase "justified for reasons other than avoiding the application of the Natural Gas Pricing Act" the questions to be addressed at this hearing today are what types of wells drilled on existing gas proration units should the Commission justify and what factors should be considered in making such determinations.

experience in the field and

There appear to me to be two general categories of justifiable wells to be considered replacement wells and infill wells.

Replacement Well

This would be the situation where the <u>original well</u> on a proration unit is to be replaced by a well commenced or first connected on or after 1-1-75 because the original well(s) on the proration unit cannot be physically or economically restored to production.

The following are some of the factors which could cause this situation and which could be considered by the Commission in justifying such wells.

- tubing-packer-cement or other downhole equipment)

 Reasonable proof requirements would include at

 least a presentation of evidence as to the nature

 of mechanical failure, how the same was

 determined, an estimate of the cost of repair,

 including any Auttempts made, an estimate of the

 likelihood of the success of any repair, and

 the cost of drilling and completing a replace
 ment well.
- (2) Damage to the producing formation such as to render the well non-producible or non-commercial.

 (Formation damage during completion, workover, drowning or from any other cause) Reasonable

mund fluid workower fling clay swelling proof requirements would include at least a presentation of evidence as to the nature of any damage to the producing formation and its cause, how the same was determined, steps taken to correct the condition and the results.

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A third condition for replacement could be production at non-commercial rates. (Gulf Ex. Cerf Well) Reasonable proof requirements could include a presentation of production and pressure data for the last 24 months of production with a showing of gross revenues, costs of operation, royalties, and profit or loss figures.

No replacement well should be justified unless the original well on the proration unit has been plugged and abandoned or will be plugged and abandoned within 60 days following the date of connection of the replacement well.

Infill Well

The infill well represents the situation where the original well on a proration unit is to be supplemented by the drilling or first connection of an additional well, thereon, on or after 1-1-75.

The following are some of the reasons for infill drilling and some of the factors or evidence which could be considered in justifying such wells:

- cause a significant increase in the ultimate recovery of gas. Reasonable proof requirements would include the citing of findings by the Commission, after notice and hearing, that infill drilling will substantially increase recoverable reserves under the various proration units in the pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool.
- (2) A second reason for infill drilling would be for the protection of correlative rights. Protection of correlative rights may be simply defined as affording "...to the owner of each property in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in the pool,..."

In providing the opportunity to produce the Commission protects the correlative rights of the owners in the pool.

Some possible causes for the drilling of infill wells to protect correlative rights are as follows:

(1) To increase the rate of production from the proration unit when it is offset by units with higher producing rates. For example, one proration unit might be

producing at a rate of 500 MCFD while the offset tracts produced an average of 1,000 MCFD. The operator here might wish to drill an additional well to prevent the higher producing units from draining gas out from under his tract. Reasonable proof could include a presentation of production and pressure data for the last 24 months of production, and a plat showing direct and diagonal offset proration units in the same pool with the unit classification and average monthly production for the latest 12-month period.

- (2) A second reason for drilling an infill well would be to protect the proration unit from drainage from wells on offsetting proration units draining producing zones not subject to drainage by the existing well or wells on the proration unit in question. Reasonable proof could include a presentation of geologic maps, logs, crosssections, and pressure data, to demonstrate that the proration unit is being drained by offset wells in zones within the producing formation not producible from any existing well on the proration unit.
- (3) A third reason for drilling an infill well would be to permit a well to be drilled at a location

within the proration unit which by its geologic nature would permit more efficient and economic drainage of the proration unit.

Exs. 3

Reasonable proof could include a presentation of geologic maps, logs, cores, cross-sections, pressure and or other data to demonstrate that existing wells on the proration unit have contacted the producing formation at a location such that the proration unit will not be efficiently or economically drained therethrough.

In the cases of (2)(a), (2)(b), and (2)(c), there should be assurances that the original well(s) on the proration unit will not have its ability to produce restricted in any way. This might take the form of certification by the operator of his intent to produce both wells so long as it is economical to do so.

Dockets Nos. 29-62 and 30-62 are tentatively set for September 15 and September 29, 1982. Applications for bearing Meet be filed at least 22 days in advance of hearing date.

DOCKET: CONNESSION NEARING - THURSDAY - AUGUST 26, 1982

OTL COMMENSATION COMMISSION - 9 A.M. MONGAM MALL, STATE LAND OFFICE BUILDING SANTA FE, MEN MEXICO

CASE 7656: Application of Cities Service Company for determination of reasonable well costs, Lea County, New Hexico.

Applicant, in the above-styled cause, pursuant to the provisions of Section 70-2-17 C, NNSA, 1978 Comp., and Puragraph (5) of Division Order No. A-6781, seeks a determination of reasonable well costs for two wells drilled under the provisions of said Order No. 2-6781 by Doyle Hartman on lands pooled by said order.

CASE 7657: Application of Harvey S. Fates Company for non-rescission of Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, stake the non-rescission of Order No. R-6873, which order pooled certain lands to be dedicated to a proposed Orderician test well to be drilled thereon, being the W/2 of Section 18, Township 9 South, Range 27 East. Said order provided that should the unit well not be drilled to completion, or abandonment, within 120 days after commencement thereof, operator shall appear and show cause why the pooling order should not be rescinded.

CASE 7658:

Application of Harvey E. Tates Company for a dual completion and downhole commingling, Chaves County, New Maxico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Seymour State 51 located in Section 18, Townighip 9 South, Range 27 East, in such a menner that Abo perforations from 4912 Seet to 4929 feet would be commingled with Opper Atoka perforations from 5926 feet to 5952 feet and the aforesaid intervals dually completed with Lower Atoka perforations from 6008 feet to 6048 feet and produced through parallel strings of tubing.

Docket No. 28-82

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1982

OIL COMMENSATION DIVISION - 9 A.M., MONGAM HALL, STATE LAND OFFICE BUILDING, SANTA FE, MEN MEXICO

the following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Mutter, Alternate Examiner:

TAGE 7635: (Continued from August 18, 1962, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO2-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J. Section 25, Township 15 North, Funge 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit 2 of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Application of Sun Emploration and Production Company for an unorthodox gas well location, Chaves County,
New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a
Pennsylvanian gas well drilled 660 feet from the North and West lines of Section 21, Township 7 South,
Range 26 East, the N/2 of said Section 21 to be dedicated to the well.

TASE 7660: Application of Pauley Petroleum, Inc. for salt water disposal, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced zalt water into the San Andres formation in the perforated interval from 3862 feet to 3874 feet in its State Well No. 1 located in Unit 8 of Section 16, Township 7 South, Range 33 East.

TANKE 7661: Application of George Sardella and Gary Plemans for an oil treating plant permit, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the MM/4 MM/4 of Section 33, Township 16 South, Range 33 East.

TASE 7630: (Continued from August 4, 1982, Examiner Hearing)

Application of Ralph Mix for an oil treating plant permit, Eddy when Mexico.

Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SM/4 ME/4 of Section 18, Township 19 South, Range 26 East.

Application of Carter Foundation Production Company for a waterflood project, Lea County, New Hexico. Applicant, in the above-etyled cause, seeks authority to expand its Sline-Cade Materflood Project by converting its Mattix Federal Mells Nos. 2, 5, 6, located in Units C, E, and D, respectively, in Section 3, Township 24 South, Range 37 East, by the injection of water into the Queen formation.

MASE 7639: (Continued from Assgust 18, 1982 Exeminer Hearing)

Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approved for the downhole commingling of Wants Abo,

Drinkard and Blinehry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2,

located in Onit B of Section 26, Township 21 South, Range 37 East.

Application of Dugan Production Corporation for compulsory pooling, San Juni County, New Maxico.

Applicant, in the above-styled cames, seeks an order pooling all mineral interests in the Dakotz formation underlying the S/2 of Section 18, Township 30 North, Range 14 Nest, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7568: (Continued and Readvertised)

Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico.
Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal
Well No. 6 located in Unit N of Section 6, Township 20 South, Range 29 East, East Burton Flat Field,
to produce oil from the Strawn formation through the casing-tubing annulus and gas from the Morrow
forms, on through tubing.

TASE 7651: (Continued from August 18, 1982, Examiner Hearing)

Application of Nortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.

Application of Yatas Petroleum Corporation for a unit agreement, Chaves County, New Maxico.

Applicant, in the above-styled cause, seeks approval for the Little Cusvo Unit Area, comprising 13,407 acres, more or less, of State and Fee lands in Township 17 South, Range 18 East.

CASE 7655: (Continued from August 18, 1982 Examiner Hearing)

Application of Yates Petroleus Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

ZASE 7665: Application of Nervey E. Yates Company for compulsory pooling, Lea County, New Mexico.
Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the M/2 of Section 35, Township 13 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

TASES 7666, 7667, 7668, and 7669: Application of Yates Petroleum Corporation for compulsory pooling, Chawes County,

New Mexico. Applicant, in each of the four following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7666: SW/4 Section 3;

CASE 7667: WM/4 Section 4:

CASE 7668: 184/4 Section 14;

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All of the above being in Township 5 South, Range 24 East and

CASE 7669: WW/4 Section 2, Township 9 South, Range 25 East

hage 3 of 6 Meminer Mearing - SEPTEMBER 1, 1982

CASE 7670: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-etyled cause, seeks an order pooling all mineral interests in the Mcrrow formation underlying the H/2 of Section 26, Township 14 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof is wall as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7648:

(Continued from Assust 18, 1982 Examiner Searing)

Application of Rio Pecos Corporation for compulsory pooling, Eddy County, Hew Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top
of the Wolfcomp to the base of the Pennsylvanian formation underlying the W/2 of Section 35,
Township 16 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling

CASE 7642: Application of Doyle Hartman for compulsory pooling, Lee County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard provation unit comprising the S/2 ME/4 and ME/4 ME/4 of Section 20, Township 25 South, Range 37 East, to be dedicaused to a well to be drilled at a previously approved unorthoom location. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7671:

Application of Texas Eastern Developments, Inc. for an exception to Rule 307, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 307 of the Division Rules and Regulations to permit it to draw a vacuum on the Shiprock Gallup Oil Pool reservoir through 16 wells in Sections 16 and 17, Township 29 Morth, Range 18 West. Applicant further seeks an administrative procedure whereby it could extend the proposed vacuum system to include additional wells in the same reservoir.

ASS 7649:

Application of Southern Union Exploration Company for retroactive exception, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exception from Section 5 of the New Mexico Matural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit N of Section 13 and Jicsrilla A No. 10-E in Unit G of Section 23, both in Township 26 Morth, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West in San Juan County. Also the following Ballard-Pictured Cliffs replacement well in San Juan County: Hewson No. 10-R in Unit N of Section 20, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until excepted from same by the Division on July 23, 1982, and applicant seeks the retroactive exception of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

ASE 7672: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning discovery allowable, contracting, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexicos

> (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the Brushy Draw-Brushy Canyon Pool. Further, to assign approximately 25,410 barrels of discovery allowable to the discovery well, the J. C. Williamson OCESSEM Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, MMSM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, HMPM Section 25: SW/4

(b) CHEATE a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Bobbs Channel-San Andres Pool. The discovery well is the Bass Enterprises Production Company Bumble City Unit Well No. 1 located in Unit D of Section 36, Township 17 South, Range 37 East, HEFM. Said pool would comprise:

TOWNSHIP 17 SOUTH, MANGE 37 EAST, MMPH Section 36: HM/4

ned Hearing - September 1, 1983

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Rumphreys Mill-Morrow Gas Pool. The discovery well is the Florida Exploration Company Beno Com Well No. 1 located in Unit D of Section 11, Township 25 South, Range 35 East, MRM. Said pool would comprise.

TORREST 25 SOUTH, RANGE 35 EAST, MICH. Section 11: N/2

(d) CMEATE a new pool in Lee County, New Mexico, classified as an oil pool for Abo production and designated as the Justis-Abo Pool. The discovery well is the Sents Fe Energy Company Carlson 8-25 Federal Hell No. 3 located in Unit O of Section 25, Township 25 South, Range 37 East, NEPH. Said pool would comprise:

TORRESTS 25 SOUTH, NAMES 37 EAST, MARY! Section 25: 82/4

(e) CHENTE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McMillan-Upper Pennsylvanian Gas Pool. The discovery well is the Southland Boyalty Company Pecce River Pederal 20 Com Well Ho. 1 located in Unit J of Section 20, Township 19 South, Hange 27 East, MARM. Said pool would comprise:

TORREST 19 SOUTH, DANGE 27 EAST, MARK Section 20: 2/2

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Hosley Canyon-Strawn Gas Pool. The discovery well is W. A. Honcrief, Jr., Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, MEDM. Said pool would comprise:

TORREST 24 SOUTH, RANGE 25 EAST, KNPM Section 8: $\pi/2$

(g) CHRATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Nest Hadine-Tubb Pool. The discovery wall is the Tataurack Petroleum Company, Inc. Kornegay & Well No. 1 located in Unit F of Section 9, Township 20 South, Renge 38 East, 1989M. Said pool would comprise:

Section 9: MM/4

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pitchfork Ranch-Morrow Gas Pool. The discovery well is the HMG Oil Company Madera 32 State Com Well No. 1 located in Unit C The discovery of Section 32, Township 24 South, Range 34 East, MAPH. Said pool would comprise:

TORRISHIP 24 SCOTH, REAGE 34 EAST, HMPH Section 32: W/2

(i) CHEATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production and designated as the Seven Rivers-Yeso Pool. The discovery well is Chama Petroleum Corporation Irami Federal Well No. 1 located in Unit W of Section 34, Township 19 South, Range 25 East, NMEN. Said pool would comprise:

TOMESHIP 19 SOUTH, RANGE 25 EAS!, NORTH Section 34: SW/4

(j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Skaggs-Abo Pool. The discovery well is the Texaco Inc. C. H. Weix A Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, NEPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, MMPM Section 12: HE/4

(k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Taague-Tubb Pool. The discovery well is the Alpha Twenty-One Production Company Lea Well No. 2 located in Unit A of Section 17, Townshp 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, HMPM Section 17: ME/4

(1) CREATE a new pool in Lea County, New Maxico, classified as an oil pool for Devenian production and designated as the Townsend-Devonian Pool. The discovery well is the Kimbark Dil and Gas Company New Mexico 1-4 State Com Well No. 1 located in Unit N of Section 4, Township 16 South, Hange 35 East, MEM. Said pool would comprise:

TOWNSHIP 16 SOUTH, NAMES 35 EACT, WHEN Section 4: Lots 11, 12, 13, and 14

(m) CHEATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Welch-Bone Spring Pool. The discovery well is the Quench Petroleum, Inc. Bay B Federal Com Well No. 1 located in Unit K of Section 9, Township 26 South, Range 27 East, PM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, MARKET Section 9: SW/4

(n) CONTRACT the horizontal limits of the Buckeye-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, MANGE 35 EAST, MARK Section 3: W/2 MM/4

(o) CONTRACT the horizontal limits of the Vacuum-abo Reef Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, MINOR Section 3: E/2 MW/4

(p) EXTERD the Antelope Sink-Opper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TORRISHIP 19 SOUTH, RANGE 23 EAST, HAPM Section 13: M/2 Section 14: M/2

(g) EXTERN the Most Augustion-Sen Andrew Pool in Lea County, New Mexico, to include therein:

TORREST 18 SOUTH, RANGE 36 EAST, HEPH Section 20: MW/4

(r) FRITHD the Atoka-Year Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 BAST, HREPH Section 26: E/2

(s) EXTERD the Bilbrey-Horrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, HMPN Saction 5: MW/4 Section 6: E/2

(t) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

> TOWNSHIP 16 SOUTH, RANGE 31 EAST, HHPM Section 14: M/2 S/2 and ME/4

(u) EXTEND the Cametery-Horrow Gas Pool in Eddy County, New Mexico, to include thermin:

> TOWNSHIP 20 SOUTH, RANGE 25 EAST, MMPH Section 3: S/2 Section 4: All

(v) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers-Queen Fool in Lea County, New Mexico, to include therein:

TOMMSHIP 26 SOUTH, RANGE 36 EAST, MMPM

Section 26: NH/4 Section 27: NE/4 and E/2 NH/4

(w) EXTEND the South Empire-Horrow Gas Pool in Eddy County, New Mexico to include therein:

TORREST 17 SOUTH, BLACE 28 EAST, WERE Section 15: 8/2 Section 36: N/2

(x) EXTEND the South Empire-Molfcasp Pool in Eddy County, New Mexico, to include therein:

TOWNSELD 17 SOUTH, NAMES 26 SAST, MCW Section 36: B/2 WE/4

TORREST 17 SOUTH, RANGE 29 EAST, WHEN Section 31: WE/4 and 5/2 WE/4

(y) EXTEND the Forty Winer Ridge-Bone Spring Pool in Rddy County, New Mexico, to include therein:

TORRESTS 23 SOUTH, RANGE 30 EAST, MICH. Section 16: SE/4

(z) EXTEND the Bardy-Tubb Pool in Lee County, New Mexico, to include therein:

TORRESTO 21 SOUTH, MANGE 35 MAST, MARM Section 2: Lots 11, 12, 13, 14, and 5/2 Section 11: WH/4

(aa) EXTERD the Mortheast Lovington-Pennsylvanian Fool in Lee County, New Mexico, to include therein:

TORREST? 16 SCUTE, MANGE 37 MAST, MASK Section 20: WM/4

(bb) EXTEMD the West Milnesend-Pennsylvanian Fool in Rosewelt County, New Newico, to include therein:

TORRESTO 8 SOUTH, RANGE 34 EAST, MARKE Section 19: W/2

(cc) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, PANCE 33 PAST, MARK Section 30: SE/4 Section 31: 18/2 ME/4

TOMBSHIP 6 SOUTH, RANGE 33 EAST, IMPN Section 15: S/2

(dd) EXESSO the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TORRESTP 10 SOUTH, RANGE 28 EAST, MRPM Section 18: WE/4 and S/2 SE/4

(ee) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to

TOWNSHIP 26 SOUTH, RANGE 30 EAST, MMPM Section 23: \$/2 Section 26: W/2

(ff) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, HMFM Section 17: 5/2 Section 20: All

(gg) EXTERO the Saunders Permo-Opper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NAPH Section 21: ME/4

Dockets Nos. 27-82 and 28-82 are tentatively set for September 1 and September 15, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 18, 1982

9 A.M. - OIL CONSERVATION DIVISION - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Mutter, Examiner, or Richard L. Stagets, Alternate Examiner:

- ALLOMABLE: (1) Consideration of the allomable production of gas for September, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the aliquable production of gas for September, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7635: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO2-In-Action, Travalers Indomnity and all other interested parties to appear and show cause why the Trigg Hell No. 3 located in Unit J. Section 25, Township 15 North, Range 28 East, San Niguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7636: In the matter of the hearing called by the 0:1 Conservation Division on its own motion to permit CO2-In-Action, Travelers Indomn'ty and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7637: In the matter of the hearing called by the Cil Conservation Division on its own motion to permit R.A.F. Enterprises, Fireman's Fund Insurance Company and all other interested parties to appear and show cause why the Shaw Hell No. 1, located in Unit N. Section 18, Township 4 North, Range 8 East, Torrance County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7638: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cibola Energy Corporation, Mid-Continent Casualty Company, and all other interested parties to appear and show cause why the Simms Ranch Well No. 1, located in Unit N, Section 9, the Clyde Berlier Well No. 1, located in Unit K and the Clyde Berlier Well No. 2, located in Unit F, both in Section 21, the Mora Ranch Well No. 3 located in Unit N and the Mora Ranch Well No. 4, located in Unit N, both in Section 5, all in Township 21-North, Range 21 East, Mora County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7639: Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mantz Abo,

 Drinkard and Blinebry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2,
 located in Unit B of Section 26, Township 21 South, Range 37 East.
- CASE 7640: Application of Morris R. Antwell for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7641: Application of Reading & Bates Petroleum Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NM/4 SE/4 of Section 33, Township 14 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual sperating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 7643: Application of Texaco, Inc. for compulsory pooling, Lea County, New Mexico.
 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the W/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, to be dedicated to a well to be drilled at a standard location thereon.
 Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 765G: Application of Texaco Inc. for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the E/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7644: Application of Rault Petroleum Corporation & McKay Petroleum Corporation for compulsory pooling.

 De Baca County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SM/4 of Section 33, Township 3 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7645: Application of Stevens Operating Corporation for compulsory pooling, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to the base of the Abo formation underlying the NE/4 of Section 29, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7652: Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico.

 Applicant, in the above-styled cause; seeks an order pooling all mineral interests in the Cisco formation underlying all of partial Sections 34 and 35, Township 20 1/2 South, Range 23 East, underlying a previously approved 688-acre non-standard proration unit, to be dedicated to a well at a previously approved unorthodox location which is to be re-entered. Also to be considered will be the cost of re-entering said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entering said well.
- CASE 7646: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Hexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well to be drilled 1855 feet from the North line and 660 feet from the East line of Section 25, Township 16 South, Range 33 East, the N/2 of said Section 25 to be dedicated to the well.
- CASE 7651: Application of Nortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.
- CASE 7647: Application of Guest Energy Corporation for salt water disposal, Lea County, New Hexico.

 Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open hole interval from 4150 feet to 5600 feet in its State A Hell No. 2, located in Unit L of Section 26, Township 14 South, Range 33 East.
- CASE 7653: Application of Rio Pecos Corporation for a unit agreement, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Chaverlea-North Federal Unit Area, comprising 1,920 acres, more or less, of Federal and Fee lands in Township 8 South, Range 31 East.
- Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Molfcamp to the base of the Pennsylvanian formation, underlying the M/2 of Section 35, Township 18 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Page 3 of 3 EXAMINER HEARING - MEDNESDAY - AUGUST 18, 1982

CASE 7654: Application of Rault Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for an undesignated Pennsylvanian gas well to be drilled 60G feet from the South line and 66O feet from the Mest line of Section 13, Township 8 South, Range 27 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7306: (Reopened)

In the matter of Case 7306 being reopened pursuant to the provisions of Order No. R-6769 which promulgated temporary pool rules for Naders-Lower Penn Gas Pool in Lea County, including provision for 640-acre specing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre specing.

CASE 7655: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NM/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASES 7528 and 7529: (Continued from July 7, 1982, Examiner Hearing)

Application of Jack J. Grymberg for compulsory pooling, Chaves County, New Mexico.
Applicant, in each of the following two cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas specimy and provation unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7528: NM/4 Section 4, Township 5 South, Range 24 East
CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties. New Nexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Nexico Natural Section 2 of the following Basin Dukota infill wells:

Jicarilla A No. 13-E in Unit N of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 Nest, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 Nest, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 Nest. Each of the aforesaid wells was subject to the New Nexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7594: (Continued from July 21, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

NEW MEXICO OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

EXEMPTION FROM THE NATURAL GAS PRICING ACT PURSUANT TO SECTION 62-7-5, KNSA 1978, AND DIVISION ORDER NO. R-5436

Tase 7649 port 18:31

Jee D. Ramey, Director

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25	MEREFORE ORDERED:	- <i>.</i>						-
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Southern Union Exploration Company

Suite 400 Texas Federal Bulloing 1217 Main Street Dallas, Texas 75202 214/742-6051

June 7, 1982



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

Re: Hodges #15E

Basin Dakota Field San Juan County, NM

Gentlemen:

Pursuant to the provisions of the New Mexico Oil Conservation Commission's Order No. R-5436 and pursuant to Section 62-7-5 NMSA 1978, Southern Union Exploration Company respectfully requests an exemption for the above referenced infill gas well from the provisions of the State of New Mexico's Natural Gas Pricing Act.

Attached for your consideration is a copy of an area plat showing the referenced proration unit, the location of all wells thereon, and the ownership and location of all wells offsetting it. Also please find enclosed a notarized certification pursuant to Rule 7 (c) contained in Order No. R-5436; and USGA Forms 9-331C and 9-330.

The Oil Conservation Commission had found that infill drilling would substantially increase recoverable reserves, would result in more efficient use of reservoir energy, and would tend to ensure greater ultimate recovery of gas from the Basin Dakota pool in Order No. R-1670-V. The above referenced well is completed and producing from this pool.

Southern Union Exploration Company also respectfully requests that this exemption be approved retroactive to the date of initial deliveries from this well (8/13/81). We had sincerely believed that these exemptions were automatic and no application was required to exempt this well. We applicate for any inconvenience this may have caused.

If you require any additional information, please let us know.

ery truly yours,

Director, Administrative Operations

SBR:tf

Attachment

CERTIFICATION

I hereby certify that the Jicarilla K Well No. 15, being the existing well on the referenced proration unit, shall not have its ability to produce into the pipeline restricted in any manner.

SOUTHERN UNION EXPLORATION COMPANY

y overco

Drilling and Production

Engineer

Subscribed in my presence and duly sworn to before me, this eighth day of June, 1982.

Notary Public in and for Dallas County, Texas

My Commission Expires

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INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and tog on all types of lands and leases to either a Federal agency or a State agency. This form is designed for submitted applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments

should be fisted on this form, see item 35.

item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Pederal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Hem 29: "Nocks Cement"; Attached supplemental receives for this well should show the details of any multiple stage cementing and the location of the comenting tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 21 above.)

FORMATION	TOP	DUTTON		PESCRIPTIO	I, CONTRACTS, STC.		 17)r	
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Kirkland	2070		Hater	Sand					
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WELL CHATION AND ACREAGE DEDICATION CHAT EXHIBIT "A" - Location a Elevation Plat All distances work to from the enter boundaries of the Section Hodges #15 Energy Corporation SF-078432 g Hest San Juan Actual I cottope [oculton of Well: 1530 from the East Inet from the South 1770 Ground Lyvel Elav. Producing Formation Basin Dakota 6752 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both up to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc? If enswer is "yes," type of consolidation If answer is "no." list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.). No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commis-CERTIFICATION Hodges 1 #15 JUN 1 4 1982 President Powers Elevation OIL CON COM DIST. 3 Agent Consultant for Supron Energy Corporation July 11, 1980 1530' Hodges knowledge and ballof. SANTA FE 1340 1400 1000 2310 2003

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Seuthern Union Exploration Company Suite 490 Texas Federal Building 1217 Main Street Dellas, Texas 75202 214/742-6051



July 12, 1982

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

Attention: Michael E. Stogner Petroleum Engineer

Re: Application for Exemption from the New Mexico Natural Gas

Pricing Act Hodges #15E

Gentlemen:

As requested by Mr. Stogner's letter dated July 8, 1982, the purchaser for the above referenced well is as follows:

Gas Company of New Mexico 1800 First International Bldg. Dallas, Texas 75270

Please advise if you require any additional information.

Very truly yours,

Betsy J. McMahon

Regulatory Affairs Coordinator

Beton Minchen

BJM:tf

cc: Susan Reno

Chuck Wilson Dennis Morgan

NEW MEXICO OIL CONSERVATION DIVISION P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

EXEMPTION FROM THE NATURAL GAS PRICING ACT PURSUANT TO SECTION 62-7-5, NMSA 1978, AND DIVISION ORDER NO. R-5436

MGPA-29 /

ADMINISTRATIVE ORDER

,	Car.	, (, , , , , , , , , , , , , , , , , ,	Care 76	19
	Carl	A2 7		
OPERATION_	Southern Union Exola		Newsom Well N	lo. 10-R
CATION:	untr M sac. 20	. 26N	8W county San	Juan
THE DIRE	ECTOR OF THE DIVISION PINDS:			
Gas Pric of or fi to such natural upon a i Pricing		production and sale of nature menced on or after January in established proration united the same reservoir unlessettified for reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons other to the same reasons of the same reasons other to the same reasons of the same reasons o	ral gas in intrastate commerce 1, 1975, provided however, the it which was producing or cap- is the Oil Conservation Divis- than avoiding the application	e from a well the drilling hat the Act shall apply able of producing ion exempts such well fo the Natural Gas
Director the Matu	st by Order No. 2-5425, dated Jum r of the Division is empowered to ural Gas Pricing Act provided eai blich were producing or capable of	act for the Division and o	exempt gas wells from the pro- after January 1, 1975, within	visions of Section 5 of n established proration
(3) That will on a	it to qualify for such exemption, as an <u>infill</u> well.	under said Order No. R-543	6, a gas well must be classif	ied either as a replacement
(4) That memors o	it pursuant to Order No. R-5436, 1 other than avoiding the pricing p	the Director of the Divisio rovisions of the Natural Ga	n may find that a <u>replacement</u> a Pricing Act upon a showing	well is justified for by the operator that:
(4)	The well was necessary to replace or formation damage; or that	ce a wall lost due to econo	mically irreparable down-hole	mechanical failure
(P)	the well was necessary to replace	os a well producing at non-	commercial rates; or that	
(c)	the drilling of the well commen	oed prior to January 18, 19	77.	
	at pursuant to Order No. R-5436, on evoiding the pricing provision			
(a)	the well was drilled in a pool of that infill drilling in such po- in such pool, will result in mo recovery of gas from the pool;	ol will increase the recover we efficient use of reserve	rable reserves under the vari	ious proration units
(D)	the well is necessary to protect rights; or that	t the promation unit from u	incompensated drainage or to p	rotect correlative
(c)	the drilling of the well commen	oed prior to January 18, 19	177.	
	at the applicant herein South Gas Pricing Act pursuant to Sect			
وتعتودن	at all the requirements of said O on from the provisions of the Nat g the application of said act, bu	ural Gas Pricing Act inasm	emplied with, and that said with as said well was not drill	well is justified for led for the purpose of
90				
	() necessary to replace a well formation damage. () necessary to replace a well () a well the drilling of whi	Ll producing at non-commerce	ial rates.	ical failure or
()	An Infill Well			•
	() drilled in a pool where the drilling in such pool will will result in more efficient of gas from the pool, said	l increase the recoverable : ient use of reservoir energ	nd hearing, has issued an order reserves under the various party, and will tend to ensure gray, and will tend to ensure gray.	Oration units to the rool
	and the order being Divisi	ion Order No. R-	•	- root
IT IS	() necessary to protect the p () a well the drilling of who THEREFORE ORDERED:		nsated drainage or to protect ary 18, 1977.	correlative rights.

(1) That the above-named well is hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10) MMSA 1978). effective this date.

(2) That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.

DONE at Santa Fe, New Mexico on this 22nd day of July



Southern Union Exploration Company

Jur e 7, 1982

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

Re: Newsom #10-R

Ballard Pictured Cliffs San Juan County, New Mexico

Gentlemen:

Pursuant to the provisions of the New Mexico Oil Conservation Commission's Order No. R-5436 and pursuant to Section 62-7-5 NMSA 1978, Southern Union Exploration Company respectfully requests an exemption for the above referenced replacement well from the provisions of the State of New Mexico's Natural Gas Pricing Act.

Attached for your consideration is a copy of an area plat showing the referenced proration unit, the location of all wells thereon, and the ownership and location of all wells offsetting it. Also please find: enclosed a monthly production summary for the last 24 months for the Newsom #10 (the original well on the proration unit), USGS Form 9-331 for abandonment of the Newsom #10, and USGS Forms 9-331C and 9-330 for the Newsom #10-R,

The Newsom #10 last produced in May of 1968, and the Newsom #10-R was spud in June of 1980. Southern Union Exploration Company subsequently acquired this lease and did not assume operations on it until January of 1981. The records received from the original operator were incomplete; therefore, we do not have readily available to us the information contained in Rule 6 (a) and (c) of Order No. R-5436 (Authorization for Expenditure for the #10-R; tabulation of monthly gross revenues, operating expenses, and royalties and taxes paid during the last 24 months of production for the Newsom #10).

Southern Union Exploration Company also respectfully requests that this exemption be approved retroactive to the date of initial deliveries from this well (12/24/80). We had sincerely believed that these exemptions were automatic and no application was required to exempt this well. We apologize for any inconvenience this may have caused.



Newsom #10-R Page 2

If you require any additional information, or if you have any questions, please let us know.

Very truly yours,

Susan B. Reno
Director, Administrative Operations

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INSTRUCTIONS

versi: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a rederal agency or a State agency, both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be smitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal 1/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

not filed prior to the time this summary record is submitted, copies of all currently available logs (drifters, geologists, sample and core analysis, all types electric, etc.), format and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments and be listed on this form, see item 35.

a 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State Sederal office for specific instructions.

: 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

is 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing rval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, each additional interval to be separately produced, showing the additional data perturent to such interval.

a 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

• 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

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WELL LOCATION AND ACREAGE DEDICATION PLAT

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Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas, Texas 75202 214/742-6051



July 12, 1982

State of New Mexico Cil Conservation Division P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Michael E. Stogner Petroleum Engineer

> Re: Application for Exemption from the New Mexico Natural Gas Pricing Act Newsom #10R

Gentlemen:

As requested by Mr. Stogner's letter dated July 8, 1982, the purchaser for the above referenced well is as follows:

Gas Company of New Mexico 1800 First International Bldg. Dallas, Texas 75270

Please advise if you require any additional information.

Very truly yours,

Betsy J. McKahon Regulatory Affairs Coordinator

BJM:tf

cc: Susan Reno Chuck Wilson Tennis Morgan

MEN MEXICO OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

EXEMPTION FROM THE NATURAL GAS PRICING ACT PURSUANT TO SECTION 62-7-5, NMSA 1978, AND

DIVISION ORDER NO. R-5436

Case 7649

ACRESTRATIVE ORDER

WCPA-30

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(2) That jurisdiction of this cause is hereby retained, and that this exemption is subject to re samply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other go

July

BOR at Santa Pe, Nor Hexico on this 22nd day of

, ₁₅ 82



Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas, Texas 75202 214/742-6051

June 7, 1982

State of New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501 JUN I 4 1982 OIL CON. COM. DISI. 3

Re: Jicarilla "A" #13E Basin Dakota Field Río Arriba County, NM

Gentlemen:

Pursuant to the provisions of the New Mexico Oil Conservation Commission's Order No. R-5436 and pursuant to Section 62-7-5 NMSA 1978, Southern Union Exploration Company respectfully requests an exemption for the above referenced infill gas well from the provisions of the State of New Mexico's Natural Gas Pricing Act.

Attached for your consideration is a copy of an area plat showing the referenced proration unit, the location of all wells thereon, and the ownership and location of all wells offsetting it. Also please find enclosed a notarized certification pursuant to Rule 7 (c) contained in Order No. R-5436; and USGS Forms 9-331C and 9-330.

The Oil Conservation Commission had found that infill drilling would substantially increase recoverable reserves, would result in more efficient use of reservoir energy, and would tend to ensure greater ultimate recovery of gas from the Basin Dakota pool in Order No. R-1670-V. The above referenced well is completed and producing from this pool.

Southern Union Exploration Company also respectfully requests that this exemption be approved retroactive to the date of initial deliveries from this well (6/15/82). We had sincerely believed that these exemptions were automatic and no application as required to exempt this well. We application inconvenience this may have caused.

If you require any additional information, please let us know.

y truly yours

Director, Administrative Operations

SBR: tf

Attachment

CERTIFICATION

I hereby certify that the Jicarilla A Well No. 13, being the existing well on the referenced proration unit, shall not have its ability to produce into the pipeline restricted in any manner.

SOUTHERN UNION EXPLORATION COMPANY

Bonald M Sont

Drilling and Production

Engineer

Subscribed in my presence and duly sworn to before me, this eighth day of June, '982.

Notary Public in and for Dallas County, Texas

My Commission Expires

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INSTRUCTIONS

General: This form is desi, ned for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency. or both, pursuant to apply be Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Full-rail and/or State office. See in tructions on items 22 and 24, and 33, below recording apparate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Pederal and/or State laws and regulations. All attachments

should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

item 18: Indicate which elevation is used as reference (where not otherwise shows) for depth measurements given in other spaces on this form and in any attachments. frems 22 and 24: If this will is completed for separate production from more than one interval sone (multiple completion), so state in item 22, and in item 24 show the producing Interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item \$5. Submit a separate report (page) on this form, adequately identified. for each additional interval, so be separately produced, showing the additional data pertinent to such interval.

Item 21: "Sucks Cement"—Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

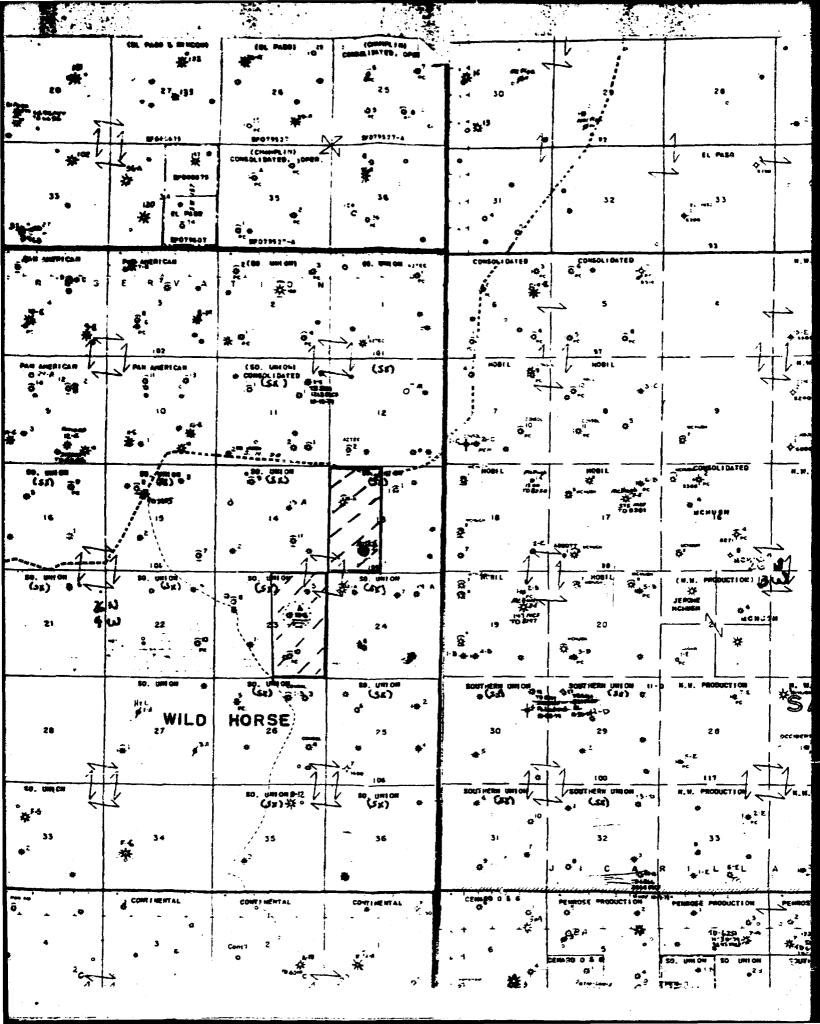
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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

June 29, 1982

POST OFFICE SCH 2008 STATE LAND OFFICE SULDING SANTA RE, NEW MEXICO 67801 (2008 687-3404

Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas. Texas 75202

Attention: Susan B. Reno, Administrative

Operations Director

Re: Applications for Exemption

from the New Mexico Natural

Gas Pricing Act

Dear Ms. Reno:

In regards to a telephone conversation with Ms. Betsy McMahon on Monday, June 28, 1982, I am unable to approve administratively your request to exempt the subject wells from the provisions of the New Mexico Natural Gas Policy Act and that those exemptions be retroactive to the date of initial deliveries for each well. May I suggest that Southern Union Exploration Company set these cases for hearing before a Division Examiner.

Enclosed are your applications for these wells. If I may be of any assistance in this matter please call.

Sincerely,

MICHAEL E. STOGNER Petroleum Engineer

MES/fd enc.

CC: W. Perry Pearce, General Counsel New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

> Ms. Betsy McMahon Southern Union Exploration Company Suite 400, Texas Federal Building 1217 Main Street Dallas, Texas 75202



Southern Union Exploration Company

July 1, 1982

1000 - Problès Angl 2014, Obeen 2014, Problès 214, 142-6081

State of New Mexico Energy & Minerals Department Oil Conservation Division P. O. Box 2088 Santa Fe. New Mexico 87501

Attention: Mr. Perry Pearce

General Counsel

Re: Applications for Exemption

from the New Mexico Natural

Gas Pricing Act

Dear Mr. Pearce:

Pursuant to our telephone conversation of this morning, I am returning herewith the above referenced applications which were returned to SX by the OCD's Mr. Michael E. Stogner.

Southern Union Exploration Company hereby requests the Oil Conservation Division to set for hearing before the OCD these Applications for Exemption from the New Mexico Natural Gas Pricing Act and the exemptions be approved retroactive to the date of initial deliveries from the wells.

Should you have any questions or need further information, please advise.

Very truly yours,

Ms. Susan B. Reno

Director-Administrative Operations

SBR:klt

Attachments

cc: Paul Zeis Marketing JIL CONS . SANTA FE

JUL OF 1982



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

July 8, 1982

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MERCO 87501 (305) 827-2434

Scuthern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas, Texas 75202

Attention: Susan B. Reno, Administrative

Operations Director

Re: Applications for Exemption from the New Mexico Natural

Gas Pricing Act

Dear Ms. Reno:

Please submit for each application the name and address of the gas purchaser.

Thank you.

Sincerely,

Michael E. Stogner Petroleum Engineer

MES/ms





Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Delfas, Texas 75202 214/742-6051

July 12, 1982

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

Attention: Michael E. Stogner

Petroleum Engineer

Re: Application for Exemption from

the New Mexico Natural Gas

Pricing Act

Jicarilla "A" #13E

Gentlemen:

As requested by Mr. Stogner's letter dated July 8, 1982, the purchaser for the above referenced well is as follows:

Gas Company of New Mexico 1800 First International Edg. Dallas, Texas 75270

Please advise if you require any additional information.

Very truly yours,

Betsy J. McMahon

Regulatory Affairs Coordinator

BIM:tf

oc: Susan Reno

Chuck Wilson

Dennis Morgan

NEW MEXICO OIL CONSERVATION DIVISION P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

EXEMPTION FROM THE NATURAL GAS PRICING ACT PURSUANT TO SECTION 62-7-5, NMSA 1978, AND DIVISION ORDER NO. R-5436

euse 7649

ADMINISTRATIVE ORDER

frat seelingery

OF THE STATE OF	<u>iouthern Union</u>	Exploration Co.	ezl ine no ic	Jicarilla	"K" Well No.	15-E
100M304:	unt A sec.	1 DP. 25N	REG. <u>5W</u>	COUNTY _	Rio Arriba	
THE DIRE	CTOR OF THE DIVISION	FINOS:				
Gos Price of or fit to such a natural ; upon a fit Pricing a	ing Act shell not appret intrastate sale of a well if it is drill gas prior to January inding that such new Act.	sturel Gas Pricing Act (being bly to the production and said which commenced on or after the within an established price 1, 1975, from the same reservell was justified for reasons.	le of matural gas in mr.January 1, 1975, pration unit which rvoir unless the Oi one other than avoi	n intrastate com provided howeve was producing or 1 Conservation D ding the applica	merce from a well ther, that the Act share capable of production sion exampts such the lacural	he drilling apply ng h well Gan
Director the Notes units whi	of the Division is e ral Gas Pricing Act p ich were producing or	o, dated June 8, 1977, the Dispovered to act for the Dis- provided said wells were drill capable of producing mature	ision and exempt ga- iled on or after Ja- il gas from the sam	s wells from the nuary 1, 1975, w a reservoir prio	provisions of Sectivithin established provided p	ion 5 of roration 5.
(3) That	to qualify for such an <u>infill</u> well.	exception, under said Order	No. R-5436, a gas	well must be cla	msified either 🐸 🖣	reclacement
(4) That	pursuant to Order N her than avoiding th	o. R-5436, the Director of t a pricing provisions of the	he Division say fir Natural Gas Pricing	d that a <u>replace</u> Act upon a sho	ment well is justif wing by the operator	ied for that:
	The well was necessar or formation damage:	ry to replace a well lost do or that	e to economically i	rreparable down	-hole mechanical fai	lure
(b)	the well was necessa	ry to replace a wall produci	ng at non-commercia	il rates; or the	t	
		well commenced prior to Janu				
(5) That other than	pursuant to Order N a avoiding the pricin	o. R-5436, the Director of t g provisions of the Natural	he Division may fir Gas Pricing Act upo	nd that an <u>infil</u> on a showing by	l well is justified the operator that:	for reasons
. (a)	that infill drilling	in a pool where the Division in such pool will increase esult in more efficient use the pool; or that	the recoverable res	serves under the	various progration u	mits
(P)	the well is necessar rights; or that	y to protect the procession of	mit from uncompensa	ited drainage or	to protect correlat	ive
(a)	the drilling of the	well commenced prior to Janu	mary 18, 1977.	* .	-	
(6) The Metural	t the applicant herei Gas Pricing Act pursu	m · Southern Union E	XD]. has requesta 1978, and Division	ed exemption fro n Order No. R-54	m the provisions of 36 for the above-name	the med well.
energtic	n from the provisions	s of said Order No. R-5436 h of the Natural Gas Pricing aid act, but was in fact:	have been complied was actinessuch as sau	with, and that s id well was not	aid well is justifie drilled for the purp	d for xose of
\sim \sim	A Replacement Well	•	•			
	formation damag () necessary to re	place a well lost due to exec. place a well producing at me commenced price.	n-comercial rates	•	chanical failure or	
(3)	An Infill Well				,	
	(x) drilled in a podrilling in sur will result in	ol where the Division, after th pool will increase the rec more efficient use of reserv pool, said pool being the	coverable reserves voir energy, and wil	inder the variou Ll tend to ensur	s procession units in	the pool.
	and the order b	eing Division Order No. R-	1670-V	003		
	() necessary to pr	rotect the proration unit fro ling of which commenced prin	was uncompensated dra	sinage or to pro	tect correlative riq	phts.
IT IS T	MEREFORE ONDERED:	Tink or witch commerced bere	ar to January 18, 1)/i.		
(1) Th. 62-7-10	et the above-maned we , MISA 1978). effe	oll is hereby exempted from a ctive this date	lection 5 of the Ma	tural Gas Pricin	g Act (Secs. 62-7-1	i to
· (2) 10s	st jurisdiction of th	his cause is becaby retained, of Pule 6(d) or Rule 7(c) of	, and that this east Division Order No.	option is subject	t to rescission upor	failure to

July

DONE at Santa Fe, New Mexico on this 22nd day of





Southern Union Exploration Company

Suite 402 Tekas Federa: Building 1217 Main Street Dalias Texas 75202 214/742-6051

June 7, 1982

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



Re: Jicarilla "K" #15E Basin Dakota Field Rio Arriba County, NM

Gentlemen:

Pursuant to the provisions of the New Mexico Oil Conservation Commission's Order No. R-5436 and pursuant to Section 62-7-5 NMSA 1978, Southern Union Exploration Company respectfully requests an exemption for the above referenced infill gas well from the provisions of the State of New Mexico's Natural Gas Pricing Act.

Attached for your consideration is a copy of an area plat showing the referenced proration unit, the location of all wells thereon, and the ownership and location of all wells offsetting it. Also please find enclosed a notarized certification pursuant to Rule 7 (c) contained in Order No. R-5436; and USGS Forms 9-331C and 9-330.

The Oil Conservation Commission had found that infill drilling would substantially increase recoverable reserves, would result in more efficient use of reservoir energy, and would tend to ensure greater ultimate recovery of gas from the Basin Dakota pool in Order No. R-1670-V. The above referenced well is completed and producing from this pool.

Southern Union Exploration Company also respectfully requests that this exemption be approved retroactive to the date of initial deliveries from this well (1/11/82). We had sincerely believed that these exemptions were automatic and no application was required to exempt this well. We apologize for any inconvenience this may have caused.

If you require any additional information, please let us know.

Very truly yours

Director, Administrative Operations

SBR:tf

Attachment

CERTIFICATION

I hereby certify that the Hodges Well No. 15, being the existing well on the referenced provation unit, shall not have its ability to produce into the pipeline restricted in any manner.

SOUTHERN UNION EXPLORATION COMPANY

Populd M Sonta

Drilling and Production

Engineer

Subscribed in my presence and duly sworn to before me, this eighth day of June, 1982.

Notary Public in and for Dallas County, Texas

My Commission Expires

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INSTRUCTIONS

General: This form is designed for submitting a complete and correct well coincided not log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions expersing the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core assigns, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached bereto, to the extent required by applicable Frideral and/or State laws and regulations. All attachments should be listed on this form, see item 25.

Ham 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific functions.

them 18: Inclinate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. How 22 and 24x if this well in manufacture production from more than one interval some (multiple completion), so state in item 22, and in item 24 above the preducing interval, or intervals, top(n), bestom(n) and name(n) (if any) for only the interval reported in item 32. Submit a separate report (page) on this form, adequately identified, for each additional interval to be apparately produced, showing the additional data pertinent to such interval.

liem 27: "Each's Demont": Atterned supplemental records for this well should show the details of any multiple stage comesting and the location of the comenting tool.

Hem 33: Submit's sejarate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

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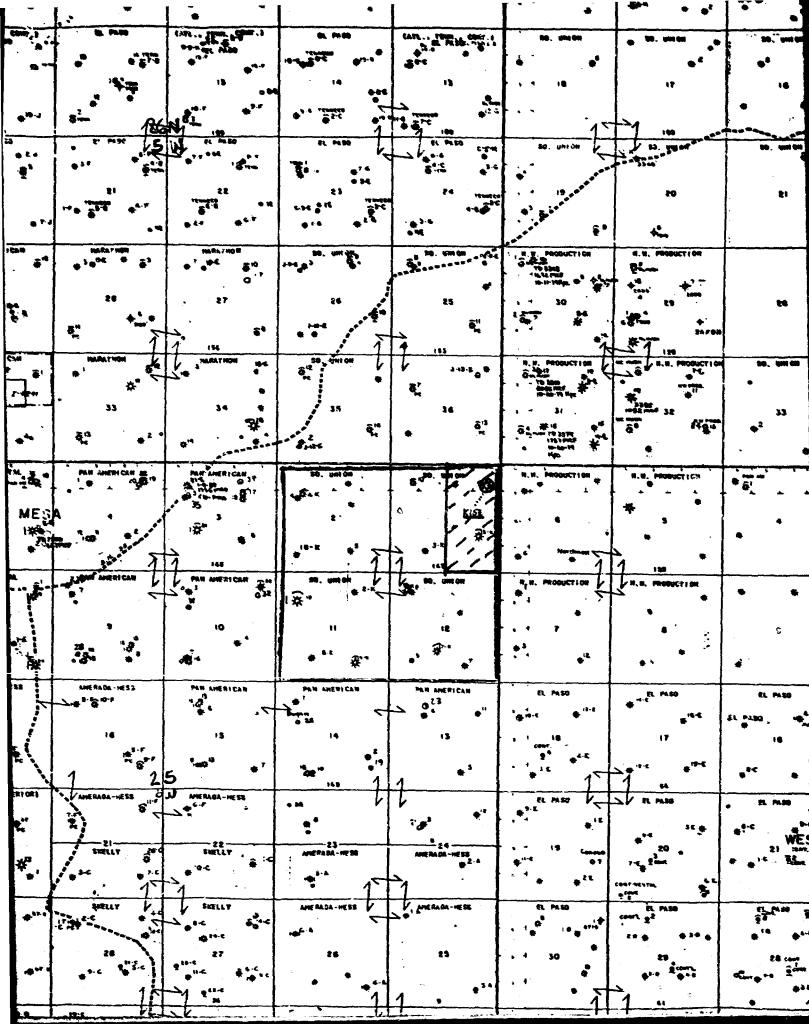
UNITED STATES DEPARTMENT OF THE INTERIOR

	OGICAL SURVEY				5. LEADS BEHICKATION CONTract No.	145
APPLICATION FOR PERMIT	TO DRILL, DE	EPEN, OR	PLUG BA	CK	6. W INDIAN, ALLOTTE	
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P.O. Box 808, Farmington,	New Mexico	87401			16. PIELD AND POOL,	DE WILDCAT
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S. DISTANCE FROM PROPOSED LOCATIONS TO MEAREST WELL, DRILLING, COMPLETED.	13	.	ru :	20. MOTAE	F OR CABLE TOOLS	
OR APPLIED PER, DN TIES LEASE, FT.	305 ft.	7560	1		Rotary	
?1. ELEVATIONS (Show whether DF, RT, GR, etc.)					22. APPERE. EATE TO	DOX MET BLYEL.
	6716 Gr.				August	18, 1980
23.	PROPOSED CASING	AND CEMENT	ING PROCRAM			
SIZE OF HOLE - SIZE OF CASING	WEIGHT PER FOOT	SETTIN	C DEPTH		QUARTITY OF CRMS	44

The surface hole will be drilled to +250 ft. Casing will be run and cemented with the cement being circulated back to the surface. The surface casing will be pressure tested. The well will be drilled to T.D. of approx. 7560 ft. using a starch base mud as the circulating medium. Pipe will be run and cemented in three stages as follows: First stage 400 sx of 50-50 POZ mix, Second stage 400 sx of 50-50 POZ mix followed by 50 sx of class "B" cement and the Third stage 100 sx of BOWCO Lite followed by 50 sx of class "B" with the estimated cement top to be at 2,300 ft. The pipe will be pressure tested and the Dakota zone will be perforated and fractured to stimulate production. The well will be cleaned up and tubing run and landed above the Dakota zone. The wellhead will be nippled down and the well tested.

__ 24.00___

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HOVE SPACE DESCRIBE PRODUCTS PROGRAM: If proposed is to deepen . If proposed is to drill or deepen directionally, give pertinent d		
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Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas, Texas 75202 214/742-6051



July 12, 1982

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

Attention: Michael E. Stogner

Petroleum Engineer

Re: Application for Exemption from

the New Mexico Natural Gas

Pricing Act

Jicarilla "K" #15E

Gentlemen:

As requested by Mr. Stogner's letter dated July 8, 1982, the purchaser for the above referenced well is as follows:

> Gas Company of New Mexico 1800 First International Bldg. Dallas, Texas 75270

Please advise if you require any additional information.

Very truly yours,

Betsy J. McMahon

Regulatory Affairs Coordinator

BJM: tr

cc: Susan Reno

Chuck Wilson Dennis Morgan

WEW MEXICO OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

EXEMPTION FROM THE NATURAL GAS PRICING ACT PUBSUANT TO SECTION 62-7-5, NMSA 1978, AND DIVISION ORDER NO. R-5436

GAS PRICING ACT, NMSA 1978, AND R-5436

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(1) That the above-maned well is hereby exempted from Section 5 of the Matural Gas Pricing Act (Secs. 62-7-1 to

(2) That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.

BORE at Santa Fe, New Mexicon on this 23rd day of July, 19 82

62-7-10, misa 1978). effective this date

CERTIFICATION

I hereby certify that the Jicarilla A Well No. 10, being the existing well on the referenced proration unit, shall not have its ability to produce into the pipeline restricted in any manner.

SOUTHERN UNION EXPLORATION COMPANY

1: 1 6 100

Drilling and Production

Engineer

Subscribed in my presence and duly sworn to before me, this eighth day of June, 1982.

Notary Public in and for Dallas County, Texas

My Commission Expires



Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas, Texas 75202 214/742-6051

June 7, 1982

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



Re: Jicarilla "A" #10E Basin Dakota Field Rio Arriba County, NM

Gentlemen:

Pursuant to the provisions of the New Mexico Oil Conservation Commission's Order No. R-5436 and pursuant to Section 62-7-5 NMSA 1978, Southern Union Exploration Company respectfully requests an exemption for the above referenced infill gas well from the provisions of the State of New Mexico's Natural Gas Pricing Act.

Attached for your consideration is a copy of an area plat showing the referenced proration unit, the location of all wells thereon, and the ownership and location of all wells offsetting it. Also please find enclosed a notarized certification pursuant to Rule 7 (c) contained in Order No. R-5436; and USGS Forms 9-331C and 9-330.

The Oil Conservation Commission had found that infill drilling would substantially increase recoverable reserves, would result in more efficient use of reservoir energy, and would tend to ensure greater ultimate recovery of gas from the Basin Dakota pool in Order No. R-1670-V. The above referenced well is completed and producing from this pool.

Southern Union Exploration Company also respectfully requests that this exemption be approved retroactive to the date of initial deliveries from this well (6/15/81). We had sincerely believed that these exemptions were automatic and no application was required to exempt this well. We apologize for any inconvenience this may have caused.

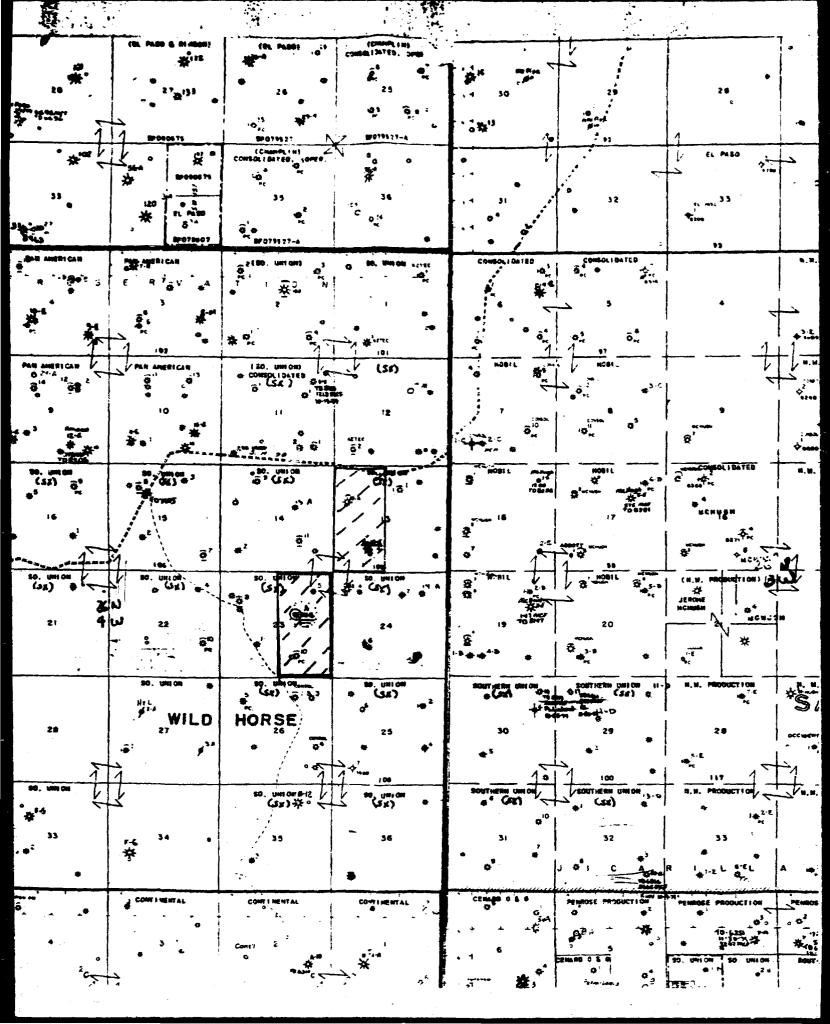
If you require any additional information, please let us know.

very truly yours

Director, Administrative Operations

SBR:tf

Attachment





Southern Union Exploration Company Suite 400 Texas Federal Building 1217 Main Street Dallas, Texas 75202 214/742-6051

July 12, 1982

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

Attention: Michael E. Stogner Petroleum Engineer

Re: Application for Exemption from the New Mexico Natural Gas

Pricing Act Jicarilla "A" #10E

Gentlemen:

As requested by Mr. Stogner's letter dated July 8, 1982, the purchaser for the above referenced well is as follows:

> Gas Company of New Mexico 1800 First International Bldg. Dallas, Texas 75270

Please advise if you require any additional information.

Very truly yours,

Betsy J. McMahon

Regulatory Affairs Coordinator

BJM:tf

cc: Susan Reno

Chuck Wilson Dennis Morgan

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INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leaves to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be insued by, or may be obtained from the local Federal and/or State office. See instructions on items 22 and 24, and 23, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, peologists, sample and core analysis, all types electric, etc.), forma-

If not filed prior to the time this summary record is submitted, copies of all currently available logs (defliers, geologists, nample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached bereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments

should be listed on this form, see item 3%.

item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State

or Federal office for specific lestructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. Items 22 and 24: If this well is completed for separate production from more than one interval some (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

item 27: "Nacks Coment": Attached supplemental records for this well should show the details of any multiple stage comenting and the location of the comenting tool.

item 33: Submit a agregate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

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STATE OF NEW MEXICO ENERGY AND MINERAL DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING

CALLED BY THE OIL CONSERVATION

DIVISION FOR THE PURPOSE OF

CONSIDERING:

CASE NO. 7649

Grder No. R-7/22

APPLICATION OF SOUTHERN UNION

EXPLORATION COMPANY FOR

RETROACTIVE EXEMPTION, SAN JUAN

AND RIO ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18 and September 1, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this ______day of November, 1982, 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, Southern Union Exploration Company, is the owner and operator of certain wells in Rio Arriba County, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act", unless exempted therefrom, and has requested retroactive exemption from said Act for such wells, described as follows:

LEASE NAME	NO.	LOCATION	POOL
Jicarilla A	13-E	N-13-26N-4W	Basin-Dakota
Jicarilla A	10-E	G-23-26N-4W	Basin-Dakota
Jicarilla K	15-E	A-01-25N-5W	Basin-Dakota
Hodges	15-E	J-27-26N-8W	Basin-Dakota
Newsom	10-R	M-20-26N-8W	Ballard-P.C.

- (3) That the applicant has requested dismissal from further consideration in this case the aforesaid Hodges Well No. 15-E, and such dismissal should be approved.
- (4) That the remaining four wells under consideration were completed on the date indicated and made first delivery into the pipeline as shown:

WELL	COMPLETION DATE	FIRST DELIVERY
Jicarilla A 13-E	January 8, 1981	June 15, 1981
Jicarilla A 10-E	June 8, 1981	June 15, 1981
Jicarilla K 15-E	May 15, 1981	Jan. 11, 1982
Newsom 10-R	Sept. 24, 1980	Dec. 24, 1980

- (5) That the Act is not applicable to wells the drilling or first intrastate sale of gas of which commenced on or after January 1, 1975, provided however, that said Act shall apply to any well if it is drilled on an established proration unit which was producing gas or capable of producing gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application of the Act.
- (6) That it is incumbent upon the owner and operator of any well subject to the Act to seek exemption from the Act from the Oil Conservation Division if such well qualifies for such exemption.
- (7) That each of the wells listed in Finding No. (4) above qualifies for such exemption, the three Jicarilla wells being infill wells in the Basin Dakota Pool drilled pursuant to the Basin Dakota infill drilling Order No. R-1670-V, and the Newsom well being a replacement well in the Ballard-Pictured Cliffs Pool drilled to replace the original well on the proration unit which was plugged and abandoned in 1976.
- (8) That the applicant on June 7, 1982, requested exemption from the Act for the aforesaid four wells and such exemption was granted by the Director by Administrative Orders NGPA-29 through NGPA-32, effective July 22, 1982.
- (9) That the applicant seeks to have said exemption made retroactive to the date of first delivery into the pipeline by each of the subject wells, said date of first delivery being as indicated in Finding No. (4) above.

- (10) That the applicant, through clerical error and as the result of confusion resulting from corporate reorganization, failed to make timely application for the exemption from the Act for the subject wells.
- (11) That to not make the exemptions retroactive would impose an undue hardship on the applicant resulting from clerical error, whereas to make the exemption retroactive would not impair correlative rights nor cause waste.
 - (12) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the following wells, operated by Southern Union Exploration Company, are hereby exempted from the provisions of the New Mexico Natural Gas Pricing Act effective on the dates shown for each well:

LEASE NAME	<u>NO</u> .	LOCATION	EFFECTIVE DATE
Jicarilla A	13-E	N-13-26N-4W	June 15, 1981
Jicarilla A	10-E	G-23-26N-4W	June 15, 1981
Jicarilla K	15-E	A-01-25N-5W	Jan. 11, 1982
Newsom	10-R	M-20-26N-8W	Dec. 24, 1980

(3) (2) 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 hereinabove designated.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

- (2) That that portion of this case concerning applicant's though wree no 15-E, located in this I of Sollion 27, Town ship 26 north, Range 8 west, NMPM, Dan quen county, hew meries, is hereby dismissed.