

Entered November 8, 1982

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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
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:

<u>LEASE NAME</u>	<u>NO.</u>	<u>LOCATION</u>	<u>POOL</u>
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.

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

<u>WELL</u>	<u>COMPLETION DATE</u>	<u>FIRST DELIVERY</u>
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.

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(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:

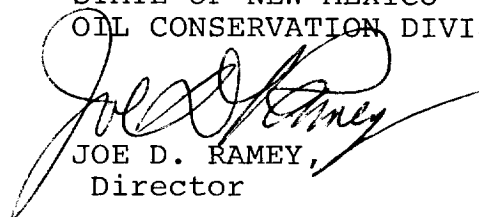
<u>LEASE NAME</u>	<u>NO.</u>	<u>LOCATION</u>	<u>EFFECTIVE DATE</u>
Jicarilla A	13-E	N-13-26N-4W	June 15, 1981
Jicarilla A	10-E	G-23-26N-4W	June 15, 1981
Jicarilla K	15-E	A-01-25N-5W	Jan. 11, 1982
Newsom	10-R	M-20-26N-8W	Dec. 24, 1980

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

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