

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8265
Order No. R-7635-A

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR EXEMPTION FROM THE NEW MEXICO
NATURAL GAS PRICING ACT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on September 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of October, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) Case No. 8265 was originally heard before the Commission on July 17, 1984, and, pursuant to that hearing, Order No. R-7635 was issued on August 23, 1984.

(3) Said Case No. 8265 is being reopened at this time at the request of the applicant, Southland Royalty Company, to further consider an exemption to the pricing provisions of the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" for the following described wells:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION UNIT-SEC.-TWN-SHP-RANGE</u>	<u>POOL COUNTY</u>
Arizona Jicarilla "B" Well No. 4-A	1450' FNL & 1030' FWL E- 4-26N-5W	Blanco-Mesaverde Rio Arriba
Arizona Jicarilla "B" Well No. 5-A	1450' FNL & 790' FWL E-10-26N-5W	Blanco-Mesaverde Rio Arriba

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Jernigan Well No. 3-A	1500' FSL & 975' FEL I-24-27N-9W	Blanco-Mesaverde San Juan
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(4) On March 28, 1984, the applicant filed applications seeking exemptions from the pricing provisions of the Act for said wells.

(5) Said Act applies to any well drilled after January 1, 1975, if it was drilled on an established proration unit which was producing gas or was capable of producing gas from the same reservoir prior to January 1, 1975, unless the Oil Conservation Division exempts such well upon a finding that the drilling of the well was justified for reasons other than avoiding the application of the Act.

(6) Commission Order No. R-1670-T authorized a second well on an established gas proration and drilling unit in the Blanco-Mesaverde Pool, with findings that infill wells were necessary to recover additional gas from the pool.

(7) The above-described wells were drilled to increase the recovery of gas from the Blanco-Mesaverde Pool.

(8) Since the drilling of the second well on each proration unit, the applicant has done nothing to restrict the ability of the original well on each of the gas proration and drilling units to produce into the pipeline.

(9) Granting a prospective exemption from the date of application for the subject wells would not impair correlative rights nor cause waste.

IT IS THEREFORE ORDERED THAT:

(1) Commencing on March 28, 1984, a prospective exemption to the provisions of the New Mexico Natural Gas Pricing Act is hereby granted to the following described wells operated by Southland Royalty Company:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION UNIT-SEC.-TWNSHIP-RANGE</u>	<u>POOL COUNTY</u>
Arizona Jicarilla "B" Well No. 4-A	1450' FNL & 1030' FWL E- 4-26N-5W	Blanco-Mesaverde Rio Arriba
Arizona Jicarilla "B" Well No. 5-A	1450' FNL & 790' FWL E-10-26N-5W	Blanco-Mesaverde Rio Arriba
Jernigan Well No. 3-A	1500' FSL & 975' FEL I-24-27N-9W	Blanco-Mesaverde San Juan

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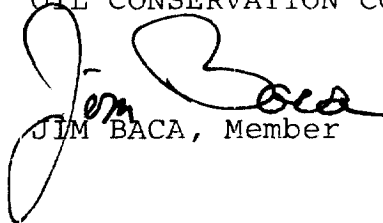
Order No. R-7635-A

(2) All provisions of Division Order No. R-7635, dated August 23, 1984, shall remain in full force and effect.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

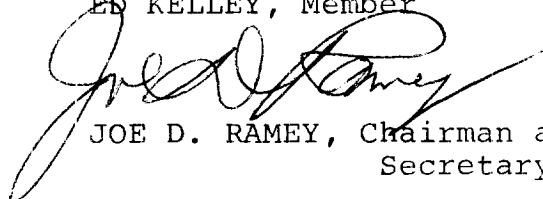
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JIM BACA, Member

ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary

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