

O. David September 26, 1984
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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. 8105
Order No. R-7665

APPLICATION OF CONOCO INC. 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 July 17, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 26th day of September, 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:

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

(2) That the applicant, Conoco, Inc., is the operator of the following wells located in San Juan County, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on January 25, 1984, filed applications seeking exemptions from the pricing provisions of the Act:

<u>LEASE NAME</u>	<u>WELL NO.</u>	<u>LOCATION</u>	<u>POOL</u>
AXI Apache K	1A	P- 3-26N-5W	Blanco Mesaverde
AXI Apache K	2A	P- 4-26N-5W	Blanco Mesaverde
AXI Apache K	4A	C- 3-26N-5W	Blanco Mesaverde
AXI Apache K	5A	P-10-26N-5W	Blanco Mesaverde
AXI Apache K	6A	O- 9-26N-5W	Blanco Mesaverde

(3) That 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 prior to January 1, 1975, from the same reservoir unless the

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Oil Conservation Division exempts such well upon a finding that the well was justified for reasons other than avoiding the application of the Act.

(4) That 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.

(5) That the above wells were drilled to increase the recovery of gas from the Blanco Mesaverde Pool.

(6) That 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.

(7) That granting a prospective exemption from the date of application for the above wells would not impair correlative rights nor cause waste.

(8) That the applicant is the operator of the following described wells:

<u>LEASE</u>	<u>WELL NO.</u>	<u>LOCATION</u>
AXI Apache J	19A	B-6-25N-5W
AXI Apache J	20A	A-5-25N-5W
AXI Apache J	21A	O-5-25N-5W
AXI Apache J	22A	O-6-25N-5W

(9) That the wells listed in Finding No. (8) were drilled and completed in the Gonzales Mesaverde Gas Pool after January 1, 1975.

(10) That the Gonzales Mesaverde Gas Pool was originally spaced and developed on 160 acre spacing and proration units.

(11) That the Gonzales Mesaverde Pool was abolished by Oil Conservation Division Order No. R-7277 effective May 1, 1983, and the Blanco Mesaverde Pool has been extended to encompass the acreage formerly dedicated to the Gonzales Pool.

(12) That the said Wells Nos. 19A, 20A, 21A, and 22A are not subject to the New Mexico Natural Gas Pricing Act since they were not drilled on established proration units.

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IT IS THEREFORE ORDERED:

(1) That a prospective exemption, commencing on January 25, 1984, is hereby granted to the following wells, operated by Conoco, Inc.:

<u>LEASE NAME</u>	<u>WELL NO.</u>	<u>LOCATION</u>	<u>POOL</u>
AXI Apache K	1A	P 3-26N-5W	Blanco Mesaverde
AXI Apache K	2A	P 4-26N-5W	Blanco Mesaverde
AXI Apache K	4A	C 3-26N-5W	Blanco Mesaverde
AXI Apache K	5A	P 10-26N-5W	Blanco Mesaverde
AXI Apache K	6A	O 9-26N-5W	Blanco Mesaverde

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

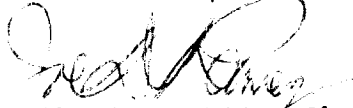
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary

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