

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. 8110
Order No. R-7700

APPLICATION OF UNION TEXAS
PETROLEUM CORPORATION 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 March 7, 1984, and was reopened and heard on May 15, 1984, and September 12, 1984, all 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) The applicant, Union Texas Petroleum Corporation, is the operator of 15 wells located in San Juan and Rio Arriba Counties, New Mexico, described in Exhibit "A" attached hereto and made a part hereof, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on February 22, 1984, filed applications seeking exemptions from the pricing provisions of the Act for those wells.

(3) 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

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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.

(4) Commission Order No. R-1670-T and R-1670-V authorized a second well on an established gas proration and drilling unit in the Blanco Mesaverde and Basin Dakota Pools, respectively, with findings that infill wells were necessary to recover additional gas from those pools.

(5) That the wells described on Exhibit "A" were drilled to increase the recovery of gas from the Basin-Dakota Pool.

(6) That the applicant's Jicarilla "G" Well No. 5-M, also described on Exhibit A, is dually completed in the Blanco-Mesaverde and Basin-Dakota Pools and that said well was also drilled to increase the recovery of gas from the Blanco-Mesaverde Pool.

(7) Since the drilling of the second well on each respective 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.

(8) 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 February 22, 1984, a prospective exemption from the Provisions of the New Mexico Natural Gas Pricing Act is hereby granted to those wells operated by Union Texas Petroleum Corporation and described in Exhibit "A" attached hereto and made a part hereof.

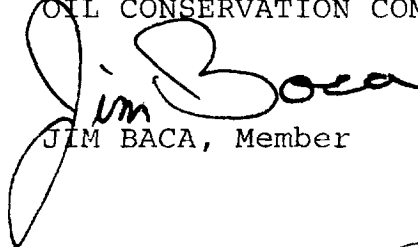
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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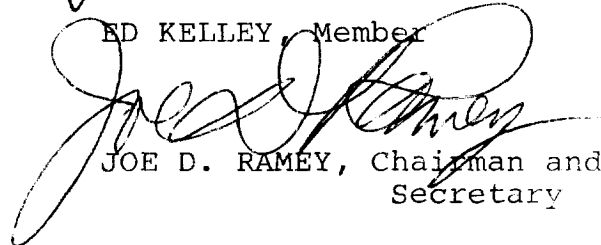
DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A handwritten signature in black ink, appearing to read "Jim Baca". The signature is fluid and cursive, with the first name "Jim" written in a smaller, more compact script than the last name "Baca".

JIM BACA, Member

ED KELLEY, Member

A handwritten signature in black ink, appearing to read "Joe D. Ramey". The signature is highly stylized and cursive, with the first name "Joe" being the most prominent part of the signature.

JOE D. RAMEY, Chairman and
Secretary

EXHIBIT "A"
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<u>WELL NAME AND NO.</u>	<u>LOCATION - FOOTAGE UNIT-SEC.-TWN-SHP-RANGE</u>	<u>POOLS</u>
Jicarilla "G" Well No. 5-M	1815' FNL & 1850' FWL F-12-26N-5W	Blanco-Mesaverde and Basin-Dakota
Jicarilla "G" Well No. 6-M	800' FNL & 975' FWL D- 2-26N-5W	Basin-Dakota
Jicarilla "J" Well No. 8-E	790' FSL & 1120' FWL M-25-26N-5W	Basin-Dakota
Jicarilla "J" Well No. 10-E	925' FSL & 1628' FWL N-26-26N-5W	Basin-Dakota
Jicarilla "J" Well No. 11-E	800' FNL & 800' FEL A-25-26N-5W	Basin-Dakota
Jicarilla "J" Well No. 13-E	940' FNL & 1100' FEL A-36-26N-5W	Basin-Dakota
Jicarilla "L" Well No. 4-E	990' FNL & 990' FWL D- 9-24N-5W	Basin-Dakota
Jicarilla "L" Well No. 6-E	1580' FSL & 1600' FEL J-34-25N-5W	Basin-Dakota

All of the above wells located in Rio Arriba County, New Mexico.

<u>WELL NAME AND NO.</u>	<u>LOCATION - FOOTAGE UNIT-SECTION-TWN-SHP-RANGE</u>	<u>POOLS</u>
Angel Peak "B" No. 22-E	1750' FNL and 1650' FWL F-13-28N-11W	Basin-Dakota
Angel Peak "B" No. 24-E	1680' FSL and 850' FEL I-13-28N-11W	Basin-Dakota
Congress Well No. 4-E	1725' FNL and 1015' FWL E-35-29N-11W	Basin-Dakota
Eaton Federal Well No. 1-E	1110' FNL and 885' FWL D-15-28N-11W	Basin-Dakota
Zachry Well No. 16-E	830' FSL and 830' FEL P-33-29N-10W	Basin-Dakota

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EXHIBIT "A"
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Zachry Well No. 17-E	1100' FSL and 1585' FEL O-35-29N-10W	Basin-Dakota
Zachry Well No. 18-E	960' FSL and 1455' FEL O-11-28N-10W	Basin-Dakota

All of the above wells located in San Juan County, New Mexico.