

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. 8103
Order No. R-7701

APPLICATION OF DEPCO, 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 March 7, 1984, and was reopened and heard on May 15, 1984, and on 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:

(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, DEPCO, Inc., is the operator of two wells located in Rio Arriba County, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on December 13, 1983, filed applications seeking exemptions from the pricing provisions of the Act for those wells described in Exhibit "A" attached hereto and made a part hereof.

(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 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.

(4) That Commission Order No. R-1670-V authorized a second well on an established gas proration and drilling unit

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in the Basin Dakota Pool, with findings that infill wells were necessary to recover additional gas from the pool.

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

(6) That since the drilling of the second well on each Basin-Dakota 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.

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

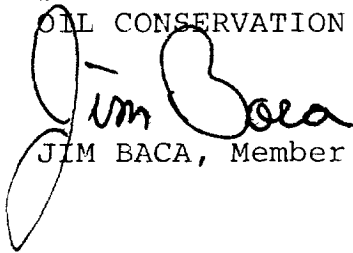
IT IS THEREFORE ORDERED THAT:

(1) Commencing on December 13, 1983, a prospective exemption to the Provisions of the New Mexico Natural Gas Pricing Act is hereby granted to the two Basin-Dakota producing wells operated by DEPCO, Inc. and described in Exhibit "A" attached hereto and made a part hereof.

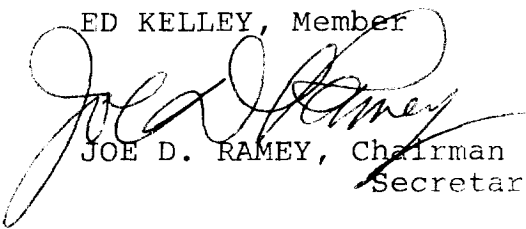
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

S E A L

EXHIBIT "A"
ORDER NO. R-7701

<u>WELL NAME AND NO.</u>	<u>LOCATION - FOOTAGE</u> <u>UNIT-SECTION-TOWNSHIP-RANGE</u>
Burns Federal Well No. 1-M	1490' FSL and 730' FEL I-5-26N-7W
Miles Federal Well No. 1-E	900' FSL and 1670' FWL N-5-26N-7W

Both wells in Rio Arriba County, New Mexico.