

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. 8104
Order No. R-7702

APPLICATION OF TENNECO OIL 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 March 7, 1984, and was re-opened 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, Tenneco Oil Company, is the operator of the following twenty wells located in San Juan, Rio Arriba and Eddy Counties, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on December 19, 1983, filed applications seeking exemptions from the pricing provisions of the Act for these wells described as follows:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION UNIT-SEC.-TWN-SHP-RANGE</u>	<u>POOL COUNTY</u>
Catclaw Draw Unit Well No. 12	990' FSL & 1980' FWL N-24-21S-25E	Catclaw Draw Mor- row Gas Pool; Eddy County
Catclaw Draw Unit Well No. 13	660' FSL & 1980' FEL O-26-21S-25E	Catclaw Draw Morrow Gas Pool; Eddy County

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Catclaw Draw Unit Well No. 14	990' FSL & 1980' FEL O-23-21S-25E	Catclaw Draw Morrow Gas Pool; Eddy County
Catclaw Draw Unit Well No. 15	1980' FSL & 660' FWL L-25-21S-25E	Catclaw Draw Morrow Gas; Eddy County
Catclaw Draw Unit Well No. 16	2310' FNL & 990' FWL F-13-21S-25E	Catclaw Draw Morrow Gas; Eddy County
Cole "A" Well No. 1-E	1750' FSL & 890' FEL I-35-28N-10W	Basin-Dakota San Juan County
Hamner Well No. 2-A	825' FNL & 1660' FWL C-28-29N-9W	Blanco-Mesaverde San Juan County
Hamner Well No. 3-A	1545' FNL & 990' FWL E-29-29N-9W	Blanco-Mesaverde San Juan County
Jicarilla "A" Well No. 1-E	1720' FNL & 1850' FWL F-18-26N-5W	Basin-Dakota Rio Arriba County
Jicarilla "A" Well No. 2-E	1120' FSL & 1520' FEL O-18-26N-5W	Basin-Dakota Rio Arriba County
Jicarilla "B" Well No. 1-E	1690' FSL & 940' FEL I-22-26N-5W	Basin-Dakota Rio Arriba County
Jicarilla "B" Well No. 2-E	1640' FSL & 1520' FEL J-16-26N-5W	Basin-Dakota Rio Arriba County
Lodewick Well No. 4-E	1040' FNL & 845' FEL A-18-27N-9W	Basin-Dakota San Juan County
Omler "A" Well No. 1-E	1830' FNL & 1590' FWL F-26-28N-10W	Basin-Dakota San Juan County
Omler "A" Well No. 2-E	890' FNL & 890' FWL D-35-28N-10W	Basin-Dakota San Juan County
Omler "A" Well No. 3-E	810' FSL & 1810' FEL O-26-28N-10W	Basin-Dakota San Juan County
Omler "A" Well No. 4-E	940' FSL & 1750' FEL O-25-28N-10W	Basin-Dakota San Juan County
Omler "A" Well No. 5-E	1750' FNL & 890' FWL E-25-28N-10W	Basin-Dakota San Juan County

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Omler "A" Well No. 6-E	990' FNL & 930' FWL D-36-28N-10W	Basin-Dakota San Juan County
Omler "A" Well No. 7-E	1620' FSL & 1750' FEL J-36-28N-10W	Basin-Dakota San Juan County

(3) That at the time of the May 15, 1984, hearing the applicant requested and received approval to sever from this case the following wells and assign them to a new and separate Case (Division Order No. 8340).

<u>WELL NAME AND NO.</u>	<u>LOCATION - FOOTAGE UNIT-SECTION-TOWNSHIP-RANGE</u>
Catclaw Draw Unit Well No. 12	990' FSL and 1980' FWL N-24-21S-25E
Catclaw Draw Unit Well No. 13	660' FSL and 1980' FEL O-26-21S-25E
Catclaw Draw Unit Well No. 14	990' FSL and 1980' FEL O-23-21S-25E
Catclaw Draw Unit Well No. 15	1980' FSL and 660' FWL L-25-21S-25E
Catclaw Draw Unit Well No. 16	2310' FNL and 990' FWL F-13-21S-25E

All of the above-described wells located in Eddy County, New Mexico, and completed in the Catclaw Draw Morrow Gas Pool.

(4) 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.

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

(6) That the wells described in Finding Paragraph No. (2) above with the exception of the wells described in Finding Paragraph No. (3) above, were either drilled to increase the

recovery of gas from the Basin Dakota Pool or the Blanco Mesaverde Pool.

(7) That 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.

(8) 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 19, 1983, a prospective exemption from the Provisions of the New Mexico Natural Gas Pricing Act is hereby granted to the following described wells operated by Tenneco Oil Company:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION UNIT-SEC.-TWN-SHP-RANGE</u>	<u>POOL COUNTY</u>
Cole "A" Well No. 1-E	1750' FSL & 890' FEL I-35-28N-10W	Basin-Dakota San Juan
Hamner Well No. 2-A	825' FNL & 1660' FWL C-28-29N-9W	Blanco-Mesaverde San Juan
Hamner Well No. 3-A	1545' FNL & 990' FWL E-29-29N-9W	Blanco-Mesaverde San Juan
Jicarilla "A" No. 1-E	1720' FNL & 1850' FWL F-18-26N-5W	Basin-Dakota Rio Arriba
Jicarilla "A" No. 2-E	1120' FSL & 1520' FEL O-18-26N-5W	Basin-Dakota Rio Arriba
Jicarilla "B" No. 1-E	1690' FSL & 940' FEL I-22-26N-5W	Basin-Dakota Rio Arriba
Jicarilla "B" No. 2-E	1640' FSL & 1520' FEL J-16-26N-5W	Basin-Dakota Rio Arriba
Lodewick Well No. 4-E	1040' FNL & 845' FEL A-18-27N-9W	Basin-Dakota San Juan
Omler "A" Well No. 1-E	1830' FNL & 1590' FWL F-26-28N-10W	Basin-Dakota San Juan

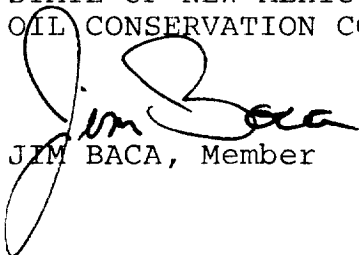
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Omler "A" Well No. 2-E	890' FNL & 890' FWL D-35-28N-10W	Basin-Dakota San Juan
Omler "A" Well No. 3-E	810' FSL & 1810' FEL D-26-28N-10W	Basin-Dakota San Juan
Omler "A" Well No. 4-E	940' FSL & 1750' FEL O-25-28N-10W	Basin-Dakota San Juan
Omler "A" Well No. 5-E	1750' FNL & 890' FWL E-25-28N-10W	Basin-Dakota San Juan
Omler "A" Well No. 6-E	990' FNL & 930' FWL D-36-28N-10W	Basin-Dakota San Juan
Omler "A" Well No. 7-E	1620' FSL & 1750' FEL J-36-28N-10W	Basin-Dakota San Juan

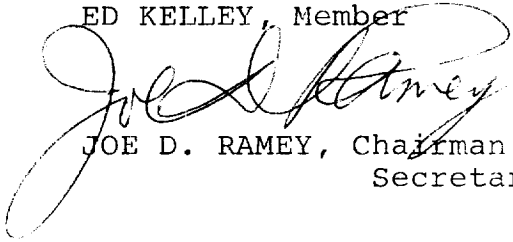
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JIM BACA, Member

ED KELLEY, Member


JOE D. RAMEY, Chairman and
Secretary

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