

## NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NGPA- 18

EXEMPTION FROM THE NATURAL GAS PRICING ACT  
PURSUANT TO SECTION 62-7-5, NMSA 1978, AND  
DIVISION ORDER NO. R-5436

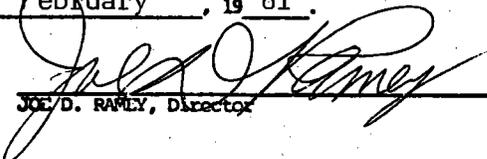
OPERATOR Consolidated Oil & Gas, Inc. WELL NAME AND NO. Mills Well No. 1-E  
 LOCATION: UNIT 0 SEC. 19 TWP. 25N RNG. 2W COUNTY San Juan

## THE DIRECTOR OF THE DIVISION FINDS:

- (1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.
- (2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
- (3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.
- (4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
- The well was necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage; or that
  - the well was necessary to replace a well producing at non-commercial rates; or that
  - the drilling of the well commenced prior to January 18, 1977.
- (5) That pursuant to Order No. R-5436, the Director of the Division may find that an infill well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
- the well was drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in such pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool; or that
  - the well is necessary to protect the proration unit from uncompensated drainage or to protect correlative rights; or that
  - the drilling of the well commenced prior to January 18, 1977.
- (6) That the applicant herein Consolidated Oil & Gas has requested exemption from the provisions of the Natural Gas Pricing Act pursuant to Section 62-7-5, NMSA 1978, and Division Order No. R-5436 for the above-named well.
- (7) That all the requirements of said Order No. R-5436 have been complied with, and that said well is justified for exemption from the provisions of the Natural Gas Pricing Act inasmuch as said well was not drilled for the purpose of avoiding the application of said act, but was in fact:
- A Replacement Well
    - necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage.
    - necessary to replace a well producing at non-commercial rates.
    - a well the drilling of which commenced prior to January 18, 1977.
  - An Infill Well
    - drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in the pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool, said pool being the Basin-Dakota Gas Pool and the order being Division Order No. R- 1670-V.
    - necessary to protect the proration unit from uncompensated drainage or to protect correlative rights.
    - a well the drilling of which commenced prior to January 18, 1977.

## IT IS THEREFORE ORDERED:

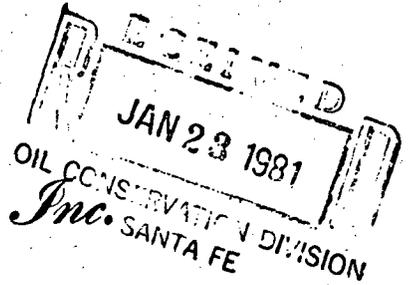
- That the above-named well is hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978).
  - That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.
- DONE at Santa Fe, New Mexico on this 2nd day of February, 19 81.



JOE D. RAMSEY, Director



*Consolidated Oil & Gas, Inc.*



LINCOLN TOWER BUILDING  
1860 LINCOLN STREET  
DENVER, COLORADO 80295  
(303) 861-5252

February 20, 1981

Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Re: Exemptions from State  
Pricing Act pursuant to  
Order No. R-5436

Gentlemen:

Enclosed please find applications for exemption from the New Mexico Natural Gas Pricing Act for the following wells:

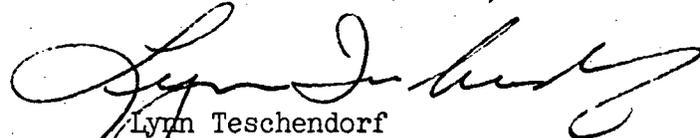
Mills 1-E, Section 19, T25N, R9W, Dakota  
Ladd 1-E, Section 19, T25N, R9W, Dakota  
Navajo 1-E, Section 2, T25N, R10W, Dakota

These wells were drilled as infills in the Basin-Dakota Pool pursuant to Order R-1670-V. The applications consist of:

1. location plat, Rule 5
2. certification, Rule 7
3. well completion report, Rule 8.

Very truly yours,

CONSOLIDATED OIL & GAS, INC.

  
Lynn Teschendorf  
Attorney

LT:pb

Enclosures

cc: NMOCD, Aztec, NM

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NGPA- 18

EXEMPTION FROM THE NATURAL GAS PRICING ACT  
PURSUANT TO SECTION 62-7-5, NMSA 1978, AND  
DIVISION ORDER NO. R-5436

OPERATOR Cons - WELL NAME AND NO. Mills No 1-E  
LOCATION: UNIT 0 SEC. 19 TWP. 25N RANG. 9W COUNTY San Juan

THE DIRECTOR OF THE DIVISION FINDS:

- (1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.
- (2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
- (3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.
- (4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
- (a) The well was necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage; or that
  - (b) the well was necessary to replace a well producing at non-commercial rates; or that
  - (c) the drilling of the well commenced prior to January 18, 1977.
- (5) That pursuant to Order No. R-5436, the Director of the Division may find that an infill well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
- (a) the well was drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in such pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool; or that
  - (b) the well is necessary to protect the proration unit from uncompensated drainage or to protect correlative rights; or that
  - (c) the drilling of the well commenced prior to January 18, 1977.
- (6) That the applicant herein Consolidated O. & G. Gas has requested exemption from the provisions of the Natural Gas Pricing Act pursuant to Section 62-7-5, NMSA 1978, and Division Order No. R-5436 for the above-named well.
- (7) That all the requirements of said Order No. R-5436 have been complied with, and that said well is justified for exemption from the provisions of the Natural Gas Pricing Act inasmuch as said well was not drilled for the purpose of avoiding the application of said act, but was in fact:

( ) A Replacement Well

- ( ) necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage.
- ( ) necessary to replace a well producing at non-commercial rates.
- ( ) a well the drilling of which commenced prior to January 18, 1977.

( ) An Infill Well

- (X) drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in the pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool, said pool being the Basin - Dakota Gas Pool and the order being Division Order No. R- 1670-V.
- ( ) necessary to protect the proration unit from uncompensated drainage or to protect correlative rights.
- ( ) a well the drilling of which commenced prior to January 18, 1977.

IT IS THEREFORE ORDERED:

- (1) That the above-named well is hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978).
  - (2) That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.
- DONE at Santa Fe, New Mexico on this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

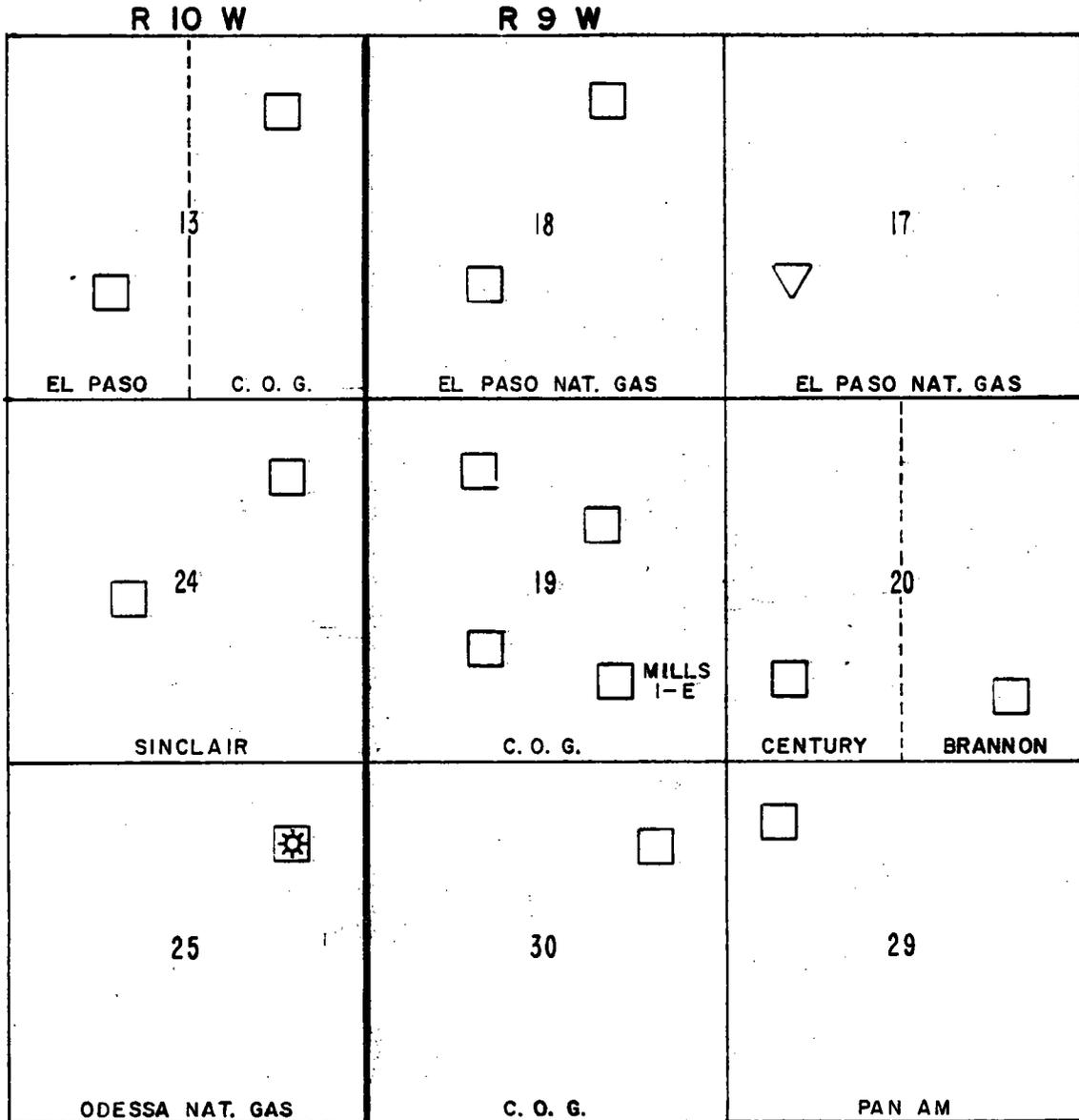
JOE D. RAMLEY, Director

OFFSET OPERATORS PLAT

CONSOLIDATED OIL AND GAS INC.

WELL : MILLS I-E

LOCATION : 1120' FSL - 1600' FEL, SEC. 19, T25N - R9W  
 SAN JAN COUNTY, NEW MEXICO

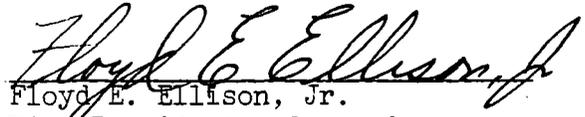


T  
25  
N

- DAKOTA
- MESA VERDE
- ☼ PICTURE CLIFFS
- ▽ GALLUP
- ⊗ MESA VERDE - PIC. CLIFFS DUAL
- ⊖ MESA VERDE - GALLUP DUAL
- ⊗ MESA VERDE - DAKOTA DUAL
- ☼ DAKOTA - PIC. CLIFFS DUAL
- ⊖ DAKOTA - GALLUP DUAL
- ⊗ GALLUP - PIC. CLIFFS DUAL

CERTIFICATION

I hereby certify that the existing well on the subject proration unit shall not have its ability to produce into the pipeline restricted in any manner.

  
Floyd E. Ellison, Jr.  
Vice President - Operations

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE\*

(See other instructions on reverse side)

Form approved  
Budget Bureau No. 42-R355.5.

JAN 23 1981

MINERAL RIGHTS DIVISION  
SANTA FE

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  Other

b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLOG BACK  DIFF. LESVR.  Other

2. NAME OF OPERATOR  
**CONSOLIDATED OIL & GAS, INC.**

3. ADDRESS OF OPERATOR  
**PO BOX 2038, FARMINGTON, NEW MEXICO 87401**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At surface **1120' FSL & 1600' FEL Sec 19 T25N R9W**  
At top prod. interval reported below  
At total depth

14. PERMIT NO. \_\_\_\_\_ DATE ISSUED \_\_\_\_\_

15. DATE SPUEDDED **9-18-80** 16. DATE T.D. REACHED **9-29-80** 17. DATE COMPL. (Ready to prod.) **12-2-80**

18. ELEVATIONS (DF, REB, RT, GR, ETC.)\* **6717 RKB**

20. TOTAL DEPTH, MD & TVD **6700** 21. PLUG, BACK T.D., MD & TVD **6643**

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)\*  
**6424 to 6462**

26. TYPE ELECTRIC AND OTHER LOGS RUN  
**IES & CNL**

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8	20#	276	12 1/2	200	NONE
4 1/2	10.5#	6700	7 7/8	330	NONE
	DV Tool	4621	7 7/8	350	NONE
	DV Tool	2057	7 7/8	485	NONE

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
1 1/2	6433	NONE

31. PERFORATION RECORD (Interval, size and number)

**6424 to 6462**  
**20 - .40 Holes**

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
6424 - 6462	500 gal acid, 45,000 gal x-link gel, 60,000# sand

33.\* PRODUCTION

DATE FIRST PRODUCTION **12-2-80** PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) **FLOW** WELL STATUS (Producing or shut-in) **S.I.**

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
12-2-80	3	3/4	→		72		

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
30	400	→		577		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) **VENTED**

TEST WITNESSED BY **TEFTELLER**

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

SIGNED *Veryl Moore* TITLE **PRODUCTION SUPT** DATE **12-3-80**

5. LEASE DESIGNATION AND SERIAL NO.  
**DM 0E17074**

6. INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
**MILLS**

9. WELL NO.  
**1 E**

10. FIELD AND POOL, OR WILDCAT  
**Basin: DAKOTA**

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA  
**SEC 19 T25N R9W**

12. COUNTY OR PARISH  
**SAN JUAN**

13. STATE  
**NEW MEXICO**

# INSTRUCTIONS

**General:** This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see Item 35.

**Item 4:** If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

**Item 18:** Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

**Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

**Item 29: "Sacks Cement":** Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

**Item 33:** Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

### 37. SUMMARY OF POROUS ZONES:

SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
DK	6424	6462	

### 38.

### GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH

NO LOG

COMPLETION OR RECORD

RECEIVED