

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NGPA- 24

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

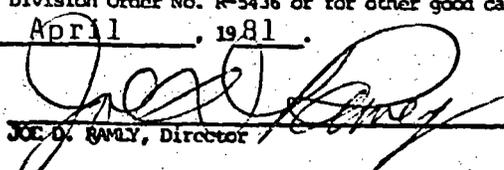
OPERATOR Supron Energy Corp. WELL NAME AND NO. Jicarilla J Well No. 9E
 LOCATION: UNIT D SEC. 26 TWP. 26N RNG. 5W COUNTY Rio Arriba

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 Supron Energy 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 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 13th day of April, 1981.



JOE O. RAMBY, Director

SUPRON ENERGY CORPORATION

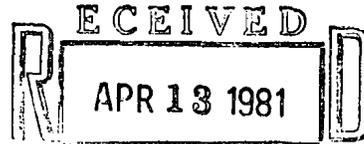
BLDG. V, FIFTH FLOOR
10300 NORTH CENTRAL EXPRESSWAY
DALLAS, TEXAS 75231

April 8, 1981

WILLIAM S. JAMESON
SENIOR VICE PRESIDENT
GENERAL COUNSEL & SECRETARY

TELEPHONE (214) 691-9141
TWX: (910) 861-9117
SUPCO-DAL.

Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



OIL CONSERVATION DIVISION
SANTA FE

Re: Application for Exemption from the Provisions
of Section 6 of the Natural Gas Pricing Act
Supron Energy Corporation's Jicarilla J 9E
(Basin Dakota)
Rio Arriba County, New Mexico

Dear Sir:

Pursuant to the provisions of the New Mexico Oil Conservation Division Order No. R-5436, Supron Energy Corporation hereby submits its application for a determination under Section 6 of the New Mexico Gas Pricing Act that the above well is justified for reasons other than avoiding the application of the New Mexico Gas Pricing Act.

The above captioned well was located and drilled as an "infill" well in a particular gas pool pursuant to an Oil Conservation Division order finding that such well will increase the recoverable reserves under the applicable proration unit and will result in more efficient use of reservoir energy and will tend to ensure greater ultimate recovery of gas from the pool. The applicable Division Order No. for the Dakota pool is R1670-V.

Transmitted herewith in support of the application is a plat of the area showing the proration unit in question, the location of the above referenced well and the ownership and location of all wells on direct or diagonally offsetting proration units.

Submitted herewith is a copy of the following data which shows the date on which the drilling of the captioned well was commenced:

1. Application for Permit to Drill;
2. Sundry Notices with respect to the captioned well; and
3. Well Completion Report.

New Mexico Oil Conservation Division

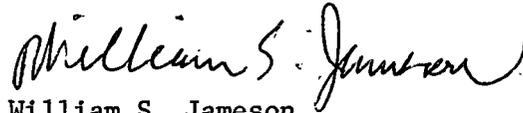
April 8, 1981

Page 2

Supron Energy Corporation hereby certifies that the pre-existing well on the Dakota formation proration unit applicable to the captioned well will not have its ability to produce into the pipeline restricted in any manner.

A copy of this application and the related material submitted in support thereof has this day been forwarded to the District Office of the New Mexico Oil Conservation Division in Aztec, New Mexico.

Very truly yours,



William S. Jameson
Senior Vice President,
General Counsel & Secretary

WSJ:cb

Enclosures

cc: New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Gas Company of New Mexico
First International Building
Suite 1800
Dallas, Texas 75270

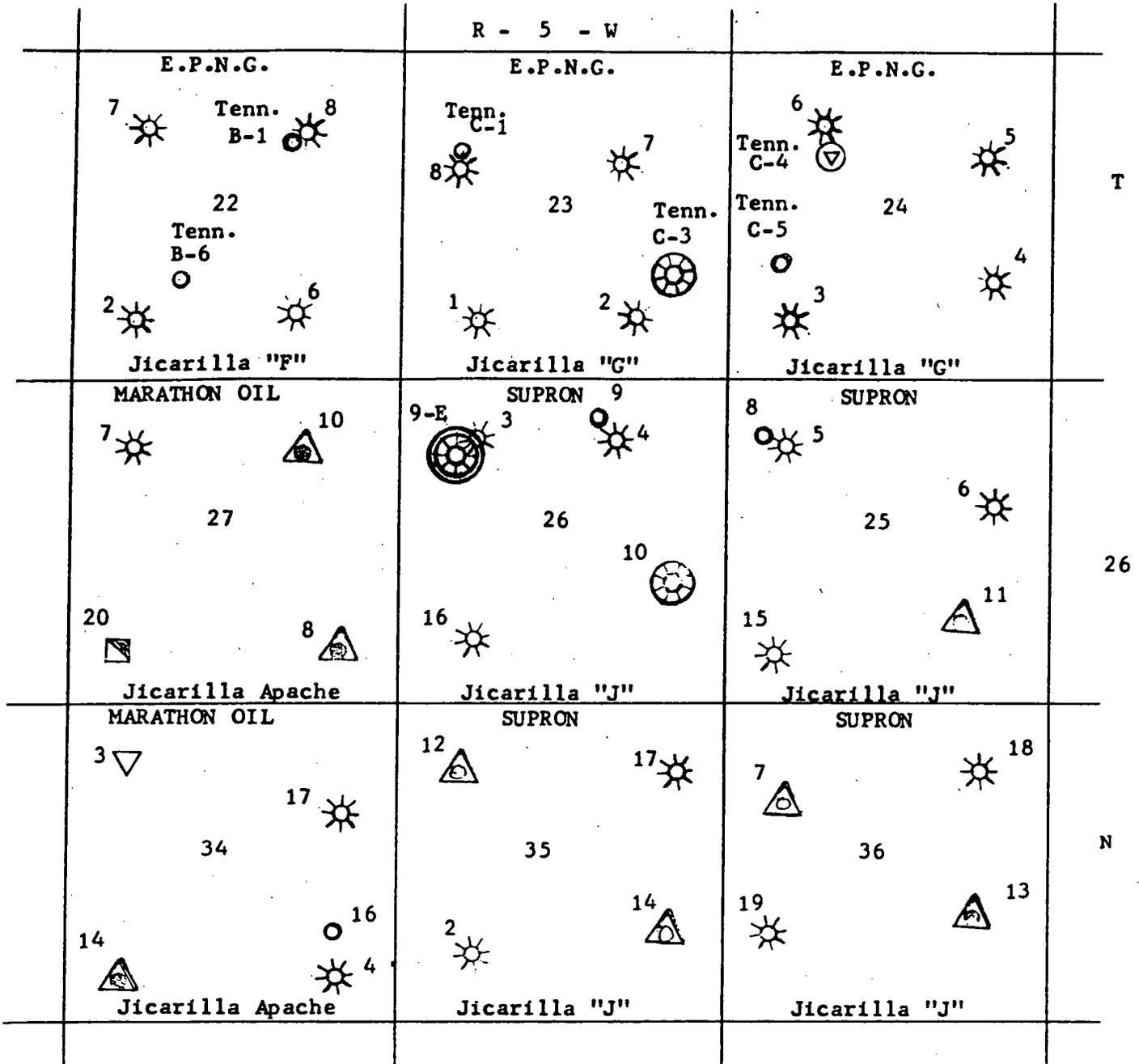
Southland Royalty Corp.
P. O. Drawer 570
Farmington, New Mexico 87401

SUPRON ENERGY CORPORATION

OFFSET OPERATOR'S PLAT

WELL: JICARILLA "J" NO. 9-E

LOCATION: 1120 Feet from the North line and 950 feet from the West line of Sec. 26, Twp. 26N, Rge. 5W, N.M.P.M., Rio Arriba County, New Mexico.



Proposed Mesaverde - Dakota dual completion

Pictured Cliffs

Dakota

Pictured Cliffs - Dakota

Gallup - Dakota

Chacra - Dakota



Chacra - Pictured Cliffs



Chacra



Mesaverde - Dakota

All distances must be from the outer boundaries of the Section

Operator SUPRON ENERGY CORPORATION			Lease JICARILLA "J"		Well No. 9-E
Unit Letter D	Section 26	Township 26 NORTH	Range 5 WEST	County RIO ARRIBA	

Actual Postage Location of Well:

1120 feet from the **NORTH** line and **950** feet from the **WEST** line

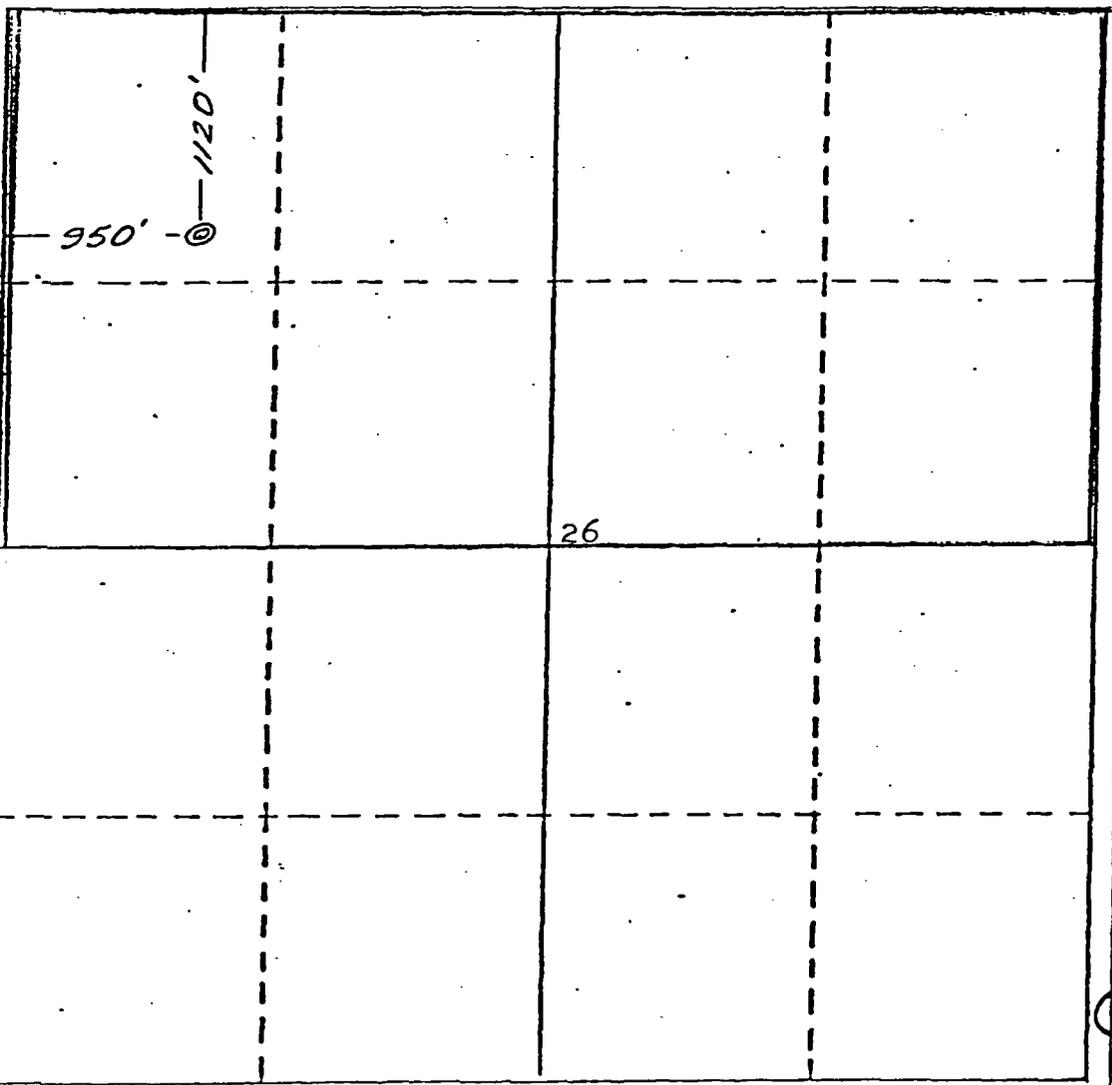
Ground Level Elev. 6539	Producing Formation Mesa Verde DAKOTA	Pool Blanco BASIN	Dedicated Acres N/2 320
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1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

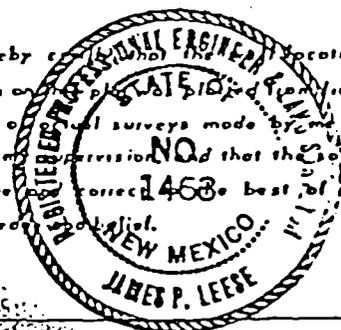
Rudy D. Motto
Name

Rudy D. Motto
Position
Area Superintendent

SUPRON ENERGY CORPORATION
Company

February 29, 1980
Date

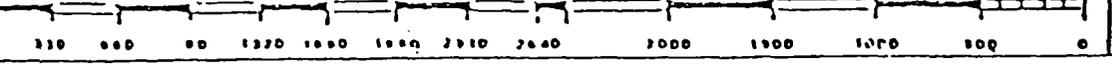
I hereby certify that the location shown on the plat and field notes of all surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.



February 5, 1980
Date Surveyed

James P. Leese
Registered Professional Engineer
and/or Land Surveyor

1463
Certificate No.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 SUPRON ENERGY CORPORATION

3. ADDRESS OF OPERATOR
 P.O. Box 808, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1120 ft./North line and 950 ft./West line
 At proposed prod. zone
 Same as above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 16 miles northwest of Ojito, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 950 ft.
 950 ft.

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 130 ft.

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6539 Gr.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24.0	250	175 sx
7-7/8"	4-1/2"	10.5	7440	1100 sx

The surface hole will be drilled to +250 ft. Casing will be run and cemented with the cement being circulated back to the surface. The surface casing will be pressure tested. The well will be drilled to T.D. of approx. 7642 ft. using a starch base mud as the circulating medium. Pipe will be run and cemented in three stages as follows: First stage 450 sx of 50-50 POZ mix, Second stage 450 sx of 50-50 POZ mix followed by 50 sx of class "B" cement and the Third stage 100 sx of HOWCO Lite followed by 50 sx of class "B" with the estimated cement top to be at 2100 ft. The pipe will be pressure tested and the Dakota zone will be perforated and fractured to stimulate production. The well will be cleaned up and tubing run and landed above the Dakota zone. The wellhead will be nipped down and the well tested.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Rudy P. Motto TITLE Area Superintendent DATE 6-12-80
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

5. LEASE DESIGNATION AND SERIAL NO.
 Contract No. 153
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 Jicarilla Apache
 7. UNIT AGREEMENT NAME
 8. FARM OR LEASE NAME
 Jicarilla "J"
 9. WELL NO.
 9-E
 10. FIELD AND POOL, OR WILDCAT
 Basin Dakota
 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 26, T-26N, R-5W, NMPM
 12. COUNTY OR PARISH
 Rio Arriba
 13. STATE
 New Mexico

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use Form 9-331-C for such proposals.)

1. oil well gas well other

2. NAME OF OPERATOR
Supron Energy Corporation

3. ADDRESS OF OPERATOR
P.O. Box 808, Farmington, New Mexico 87401

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: **1120 Ft./N; 950 Ft./W line**
AT TOP PROD. INTERVAL: **Same as above**
AT TOTAL DEPTH: **Same as above**

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:	SUBSEQUENT REPORT OF:
TEST WATER SHUT-OFF <input type="checkbox"/>	<input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	<input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	<input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	<input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	<input type="checkbox"/>
MULTIPLE COMPLETE <input type="checkbox"/>	<input checked="" type="checkbox"/>
CHANGE ZONES <input type="checkbox"/>	<input type="checkbox"/>
ABANDON* <input type="checkbox"/>	<input type="checkbox"/>
(other) <input type="checkbox"/>	<input type="checkbox"/>

5. LEASE
Contract No. 153

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Jicarilla Apache

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Jicarilla "

9. WELL NO.
9-E

10. FIELD OR WILDCAT NAME
Basin Dakota - Blanco Mesaverde

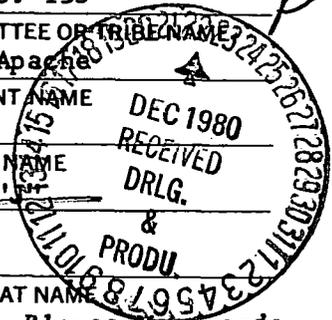
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 26, T-26N, R-5W, N.M.P.M.

12. COUNTY OR PARISH
Rio Arriba

13. STATE
New Mexico

14. API NO.

15. ELEVATIONS (SHOW DF, KDB, AND WD)
6550 R.K.B.



(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This well was filed on the "Application to Drill" as a single Dakota completion. After the logs were run, it was decided that the Mesaverde zone should also be completed. We hereby request permission to complete it as a Basin Dakota - Blanco Mesaverde dual. We propose to run a packer to separate the two zones. Tubing will be run to the Dakota. We propose to produce the Mesaverde through the annulus.

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

18. I hereby certify that the foregoing is true and correct

SIGNED Kenneth E. Roddy TITLE Production Supt. DATE December 18, 1980
Kenneth E. Roddy

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.6.

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 PLUG BACK DIFF. LESVR. Other _____

2. NAME OF OPERATOR
Supron Energy Corporation

3. ADDRESS OF OPERATOR
P.O. Box 808, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface **1120 Ft./North; 950 Ft./West line**
At top prod. interval reported below **Same as above**
At total depth **Same as above**

14. PERMIT NO. _____ DATE ISSUED _____

5. LEASE DESIGNATION AND SERIAL NO.

CONTRACT NO. 153

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

Jicarilla Apache

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Jicarilla "J"

9. WELL NO.

9-E

10. FIELD AND POOL, OR WILDCAT

Basin Dakota

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

**Sec. 26, T-26N, R-5W
N.M.P.M.**

12. COUNTY OR PARISH
Rio Arriba

13. STATE
New Mexico

15. DATE SPUNDED **9/10/80** 16. DATE T.D. REACHED **9/25/80** 17. DATE COMPL. (Ready to prod.) **1/6/81** 18. ELEVATIONS (DF, REB, RT, GR, ETC.)* **6550 R.K.B.** 19. ELEV. CASINGHEAD **6539**

20. TOTAL DEPTH, MD & TVD **7480 MD & TVD** 21. PLUG, BACK T.D., MD & TVD **7445 MD & TVD** 22. IF MULTIPLE COMPL., HOW MANY* **2** 23. INTERVALS DRILLED BY ROTARY TOOLS **0 - 7480** CABLE TOOLS **- - -**

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
7163 - 7337 Dakota (MD & TVD) 25. WAS DIRECTIONAL SURVEY MADE
No

26. TYPE ELECTRIC AND OTHER LOGS RUN
Induction Electric and Compensated Density 27. WAS WELL CORED
No

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"	24.00	285	12-1/4"	190 Sacks	
4-1/2"	10.50	7476	7-7/8"	1105 Sacks (3 Stages)	

29. LINER RECORD

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

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8"EUE	7074	7067

31. PERFORATION RECORD (Interval, size and number)

1 - 0.42" hole at each of the following depths: 7163, 64, 65, 66, 67, 68, 69, 70, 71, 72, 88, 89, 90, 91, 72, 92, 93, 96, 97, 98, 99, 7300, 01, 02, 31, 32, 33, 34, 7335, 36, 37. (Total of 29 holes)

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
7163 - 7337	2000 gal 15% HCL, 133,000 lb. 20-40 sand, and 82,000 gal. 2% KCL water

33. PRODUCTION

DATE FIRST PRODUCTION _____ PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) **Flowing** WELL STATUS (Producing or shut-in) **Shut-In**

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
12/30/80	3	3/4"	→		354		

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
227	- -	→		2832		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) **Vented** TEST WITNESSED BY **Doyal Parret**

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 Kenneth E. Roddy TITLE Production Superintendent DATE January 8, 1981
Kenneth E. Roddy

*(See Instructions and Spaces for Additional Data on Reverse Side)



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

April 13, 1981

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. William S. Jameson
Supron Energy Corporation
Building V, Fifth Floor
10300 North Central Expressway
Dallas, Texas 75231

Dear Mr. Jameson:

Enclosed are approved exemptions for your Jicarilla J Wells Nos. 9E and 12E from the New Mexico Natural Gas Pricing Act.

We are unable to process your application for exemption for the Angel Peak 5-R as a replacement well due to insufficient data. Please submit the material specified by Rule 6 of Order No. R-5436.

Very truly yours,

DANIEL S. NUTTER
Chief Engineer

DSN/dr