

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NCPA-44

EXEMPTION FROM THE NATURAL GAS PRICING ACT
PURSUANT TO SECTION 62-7-5, NMSA 1978, AND
DIVISION ORDER NO. R-5436OPERATOR Amoco Production Company WELL NAME AND NO. Gallegos Canyon Unit No. 134ELOCATION: UNIT I SEC. 17 TWP. 29 North RGE. 12 West COUNTY San JuanTHE 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 Amoco Production Company 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). Retroactive to the date of first sale.
- 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 23 day of July, 1986

 R. L. STAMETS, Director

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

OPERATOR Amoco Production Co WELL NAME AND NO. Griffins Canyon Unit No 1342
LOCATION: UNIT I SEC. 17 TWP. 29 N RNG. 12 W 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 Amoco Prod Co 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-1620-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). retroactive to the date of first sale
 - 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 _____.

Director, Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

AMOCO PRODUCTION COMPANY'S) Docket No. _____
APPLICATION TO HAVE THE)
FOLLOWING WELL EXEMPTED)
FROM THE NEW MEXICO NATURAL)
GAS PRICING ACT: WELL)
NAME: Gallegos Canyon Unit #134E)
(THE EXEMPTION SOUGHT IS:)
 PROSPECTIVE)
 RETROACTIVE)

FEB 29 1984

APPLICATION FOR EXEMPTION

I. Introduction

In this application, Amoco Production Company ("Amoco") is requesting that the captioned well be exempted from the New Mexico Natural Gas Pricing Act ("the Act"), Sections 62-7-1 to 62-7-10, NMSA 1978. The application is made pursuant to Section 62-7-5 of that Act, and to the Oil Conservation Commission's Order No. R-5436.

II. Facts

1. Amoco is the operator of the captioned well.
2. The captioned well is an infill well, being the second well to be drilled on a proration unit comprising the S/2 of Section 17, Township 29N, Range 12W, in San Juan County, New Mexico. That proration unit and the location of the captioned well thereon is shown on the Form C-102 Plat attached hereto as Exhibit "A," submitted pursuant to Rule 5 of Order R-5436.
3. The first well to be drilled on the proration unit described in Paragraph 2 was the Gallegos Canyon Unit #134 well (the "First Well"); that well was producing or capable of producing natural gas prior to January 1, 1975.
4. The drilling of the captioned well was commenced on 10/29/81; that well is completed for production in the Basin Dakota Pool, as is indicated by the completion report attached hereto as Exhibit "B."

5. Pursuant to Rule 7(a) of Order R-5436, Amoco states that the drilling of the captioned well as an infill well in the Pool named in Paragraph 4 was permitted by Order No. _____ of the Oil Conservation Commission (or of the Division). That infill order contains findings of the sort called for by Rule 7(a).

III. Certification

Pursuant to Rule 7(c) of Order R-5436 the undersigned, speaking on behalf of Amoco, certifies that the ability of the First Well to produce into the pipeline has not been and will not be restricted by Amoco in any manner for the purpose of avoiding the application of the Act to sales of natural gas from that well.

IV. Request

Amoco requests the Division to enter an order (i) finding that the captioned well was justified for reasons other than avoiding the application of the Act and (ii) exempting that well from the Act. Amoco further requests that the exemption have effect prospectively or retroactively, as is indicated immediately below:

- prospectively, from the date this application is received by the Division;
- retroactively, from the date of first production of natural gas from the captioned well up to and including the day before the date this application is received by the Division.

V. Conclusion

By its submission of this application Amoco in no way surrenders its right to argue (i) that promulgation of the infill order cited above in Paragraph II.5 was sufficient, under Section 62-7-5 of the Act, to exempt the captioned well from the Act; or (ii) that the Division's determination that the captioned well qualifies as a New Onshore Production Well under Section 103 of the Natural Gas Policy Act of 1978 (if, in fact, such a determination has been made) was sufficient,

under Section 62-7-5 of the Act, to exempt that well from the Act; or (iii) that Order R-5436 is unenforceable.

Respectfully submitted,
AMOCO PRODUCTION COMPANY

By A. P. Payne

Typed name A. P. Payne

Title Regional Gas Sales Manager

Date: 2/21/84

CERTIFICATE OF MAILING

I certify that on the 29th day February, 1984, a copy of the foregoing Application for Exemption was mailed to the following persons at the indicated addresses:

District Office
Oil Conservation Division

Purchaser: Amoco Gas Company
P. O. Box 3092
Houston, TX 77253

Working Interest Owners: See Attached Sheet

Signature: Stephen D. Ring

Typed name: Stephen D. Ring

Capacity: Attorney
(Acting for Amoco Production
Company)

SDR/mgb
011084
DATA863

WORKING INTEREST OWNERS

Union Texas Petroleum Company
P. O. Box 2120
Houston, TX 77252
Attn: James Ulbricht
Natural Gas Operations

Klinger, Maryan
242 E. Downs
Stockton, CA 95204

American Petrofina Co. of Texas
Attn: Manager of Outside Operations
P. O. Box 2159
Dallas, TX 75221

Lear Petroleum Company
950 One Energy Square
4925 Greenville Ave.
Dallas, TX 75206

Mesa Petroleum Company
1660 Lincoln Street
Denver, Co 80203

Texaco, Inc.
P. O. Box 2100
Denver, CO 80201
Attn: Karen Boesel

Wood Oil Company
320 South Boston, Suite 850
Tulsa, OK 74103

Kalvestrand, Patricia
115 Conifer Lane
Walnut Creek, CA 94598

Hodges, L. B.
P. O. Box 489
Roswell, NM 88201

Pegg, A. C.
P. O. Box 66067
Chicago, IL 60666

Huve, Nichole, Trust
The First National Bank Trustee
Trust Department
P. O. Box 1331
Amarillo, TX 79180

Arco Oil and Gas Company
P. O. Box 2819
Dallas, TX 75221
Attn: James W. Ciarroccki--22-094DAB

Southland Royalty Company
1000 Ft. Worth Club Tower
Fort Worth, TX 76102
Attn: Janet Wilkinson

Sun Exploration and Production Company
ATTN: Regulations/Marketing
P. O. Box 2880
Dallas, TX 75221-2880

Getty Oil Company
P. O. Box 1404
Houston, TX 77001
Attn: Natural Gas Sales and Purchasing

Featherstone Farms, LTD
A LTD Partnership
1717 West Second Street
Roswell, NM 88201

Texon Energy Corp.
A/W A. W. Dugan
1212 Main St., Suite 1400
Houston, TX 77002

National Drilling Co., Inc.
4810 North Kenneth, Ave.
Chicago, IL 60630

Rydin, E. I.
P. O. Box 66067
Chicago, IL 60666

PURCHASER FROM A WORKING INTEREST OTHER THAN AMOCO:

Northwest Pipeline Corp.
P. O. Box 1526
Salt Lake City, UT 84110

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

(See instructions on reverse side)

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

5. LEASE DESIGNATION AND SERIAL NO.

SF-080491

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

Gallegos Canyon Unit

8. FARM OR LEASE NAME

9. WELL NO.

134E

10. FIELD AND POOL, OR WILDCAT

Basin Dakota

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

NE/4, SE/4, Section 17 T29N, R12W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL [] GAS WELL [X] DRY [] Other

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [] DEEP-EN [] PLUG BACK [] DIFF. RESVR. [] Other

2. NAME OF OPERATOR: Amoco Production Company

3. ADDRESS OF OPERATOR: 501 Airport Dr., Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 1570' FSL x 840' FEL At top prod. interval reported below Same At total depth Same

14. PERMIT NO. DATE ISSUED

15. DATE SPUDDED 10-29-81 16. DATE T.D. REACHED 11-6-81 17. DATE COMPLETION (Ready to prod.) 11-25-81 18. ELEVATIONS (DF, RSB, RT, GR, ETC.)* 5694' G.L. 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 6405' 21. PLUG, BACK T.D., MD & TVD 6364' 22. IF MULTIPLE COMPLET., HOW MANY? 23. INTERVALS DRILLED BY 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6158'-6168', 6230'-6256', 6271'-6288' - Basin Dakota 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN: Dual Induction - GR-SP; CNL-FDL-GR-Caliper 27. WAS WELL CORED No

Table with 6 columns: CASING SIZE, WEIGHT, LB./FT., DEPTH SET (MD), HOLE SIZE, CEMENTING RECORD, AMOUNT PULLED. Rows include 8-5/8" 24# 332' 12-1/4" 280 sx and 4-1/2" 10.5# 6405' 7-7/8" 1270 sx.

Table with 8 columns: SIZE, TOP (MD), BOTTOM (MD), SACKS CEMENT*, SCREEN (MD), SIZE, DEPTH SET (MD), PACKER SET (MD). Rows include 2-3/8" 6284'.

Table with 2 columns: PERFORATION RECORD (Interval, size and number) and ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. Rows include 6158'-6168', 6230'-6256', 6271'-6288' and 105,000 gallons of frac fluid and 143,500 pounds of 20-40 sand.

Table with 8 columns: DATE FIRST PRODUCTION, PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump), WELL STATUS (Producing or shut-in), DATE OF TEST, HOURS TESTED, CHOKE SIZE, PROD'N. FOR TEST PERIOD, OIL—BRL., GAS—MCF., WATER—BBL., GAS-OIL RATIO. Includes data for 12-18-81, 3 hours, .75" choke, 111 MCF gas.

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): To be sold. TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records. Original Signed By: E. E. SVOBODA TITLE: Dist. Admin. Supvr. DATE: Jan 8 1992

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

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 | | DESCRIPTION, CONTENTS, ETC. |
|-----------------|-------------|-------------|-----------------------------|
| | TOP | BOTTOM | |
| Ojo Alamo | Not on logs | 400' | |
| Kirtland | 400' | 1130' | |
| Fruitland | 1130' | 1660' | |
| Picture Cliffs | 1660' | 1760' | |
| Cliff House | 3220' | 3360' | |
| Mennefee | 3360' | 4055' | |
| Point Lookout | 4055' | 4380' | |
| Mancos | 4380' | 5304' | |
| Gallup | 5304' | 5774' | |
| Greenhorn | 6049' | 6110' | |
| Graneros Dakota | 6156' | 6223' | |
| Main Dakota | 6223' | Not on logs | |

38.

GEOLOGIC MARKERS

| NAME | TOP | |
|------|-------------|------------------|
| | MEAS. DEPTH | TRUE VERT. DEPTH |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

All distances must be from the outer boundaries of the Section

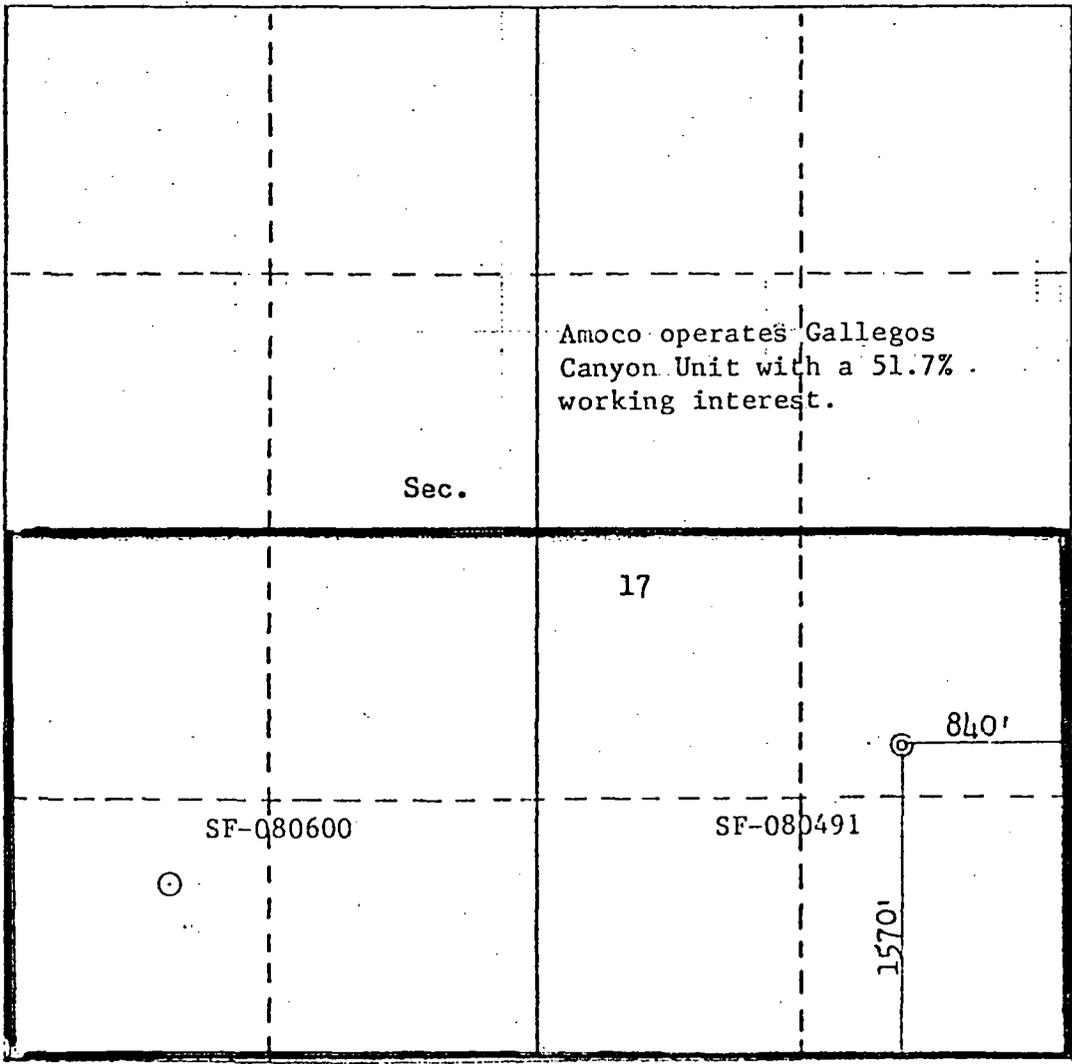
| | | | | | |
|---|--------------------------------------|------------------------|--------------------------------------|--|--------------------------|
| Operator AMOCO PRODUCTION COMPANY | | | Lease GALLEGOS CANYON UNIT | | Well No. 134-E |
| Unit Letter I | Section 17 | Township 29N | Range 12W | County San Juan | |
| Actual Footage Location of Well: 1570 feet from the South line and 840 feet from the East line | | | | | |
| Ground Level Elev. 5694 | Producing Formation Dakota | | Pool Basin Dakota | Dedicated Acreage: 320 Acres | |

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 Unitization (Gallegos Canyon Unit)

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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

B. E. Fackrell

| |
|--|
| Name B. E. FACKRELL |
| Position DISTRICT ENGINEER |
| Company AMOCO PRODUCTION COMPANY |
| Date JANUARY 22, 1980 |

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

| |
|---|
| Date Surveyed January 22, 1980 |
| Registered Professional Engineer and/or Licensed Surveyor <i>Frederic B. Kerr, Jr.</i> |
| Certificate No. 3950 |

