

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

OPERATOR Amoco Production Company WELL NAME AND NO. Gallegos Canyon Unit No. 94E

LOCATION: UNIT A SEC. 23 TWP. 29 North RGL. 13 West COUNTY San Juan

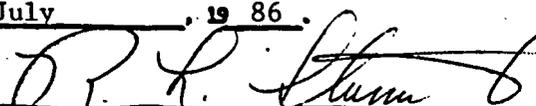
THE DIRECTOR OF THE DIVISION FINDS:

- (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 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 24 day of July, 19 86.


R. L. STAMPS, Director

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

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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. Bolegas Canyon Unit No 94 E
 LOCATION: UNIT A SEC. 23 TWP. 29 N RNG. 13 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-1670-U.
 - 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). retroactive to the date of first sale
- (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 _____.

JES. D. RUTLEY, 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 Com #94E)
(THE EXEMPTION SOUGHT IS:)
 PROSPECTIVE)
 RETROACTIVE)

FEB 29 1984

RECEIVED

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 N/2 of Section 23, Township 29N, Range 13W, 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 Com #94 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 4/9/80; 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. R-1670-V 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

CONTRACT NO.	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.

7. Unit Agreement Name
Gallegos Canyon Unit Com

8. Form of Lease Name

9. Well No.
94E

10. Field and Pool, or Wildcat
Basin Dakota

12. TYPE OF WELL
OIL WELL GAS WELL DRY OTHER _____

13. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESRV. OTHER _____

14. Name of Operator
AMOCO PRODUCTION COMPANY

16. Address of Operator
501 Airport Dr., Farmington, NM 87401

17. Location of Well

UNIT LETTER A LOCATED 900 FEET FROM THE North LINE AND 790 FEET FROM
THE East LINE OF SEC. 23 TWP. 29N RGE. 13W NMPM

18. County
San Juan

15. Date Spudded 4-9-80 16. Date T.D. Reached 4-18-80 17. Date Compl. (Ready to Prod.) 4-11-81 18. Elevations (DI, RKB, RT, GR, etc.) 5325' G.L. 19. Elev. Casinghead _____

20. Total Depth 5973' 21. Plug Back T.D. 5930' 22. If Multiple Compl., How Many _____ 23. Intervals Drilled By _____ Rotary Tools 0-TD Cable Tools _____

24. Producing Interval(s), of this completion - Top, Bottom, Name
5752'-5756', 5762'-5774', and 5826'-5866' - Basin Dakota

25. Was Directional Survey Made NO

26. Type Electric and Other Log-Run
Dual Induction Electric, Comp. neutron x Comp Formation density

27. Was Well Cored No

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

CASING SIZE	WEIGHT LB. FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<u>3 5/8"</u>	<u>24#</u>	<u>298'</u>	<u>12 1/4"</u>	<u>350 sx</u>	
<u>4 1/2"</u>	<u>11.6#</u>	<u>5973'</u>	<u>7 7/8"</u>	<u>1500 sx</u>	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
<u>2 3/8"</u>	<u>5366'</u>	

31. Perforation Record (Interval, size and number)
5752'-5756', 5762'-5774', and 5826'-5866', with 2 spf, a total of 112, .38" holes

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

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
<u>5752'-5866'</u>	<u>113,000 gallons of free fluid and 261,000 pounds of 20-40 sand</u>

33. PRODUCTION

Date First Production _____ Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing Well Status (Prod. or Shut-in) SI

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
<u>5/8/81</u>	<u>3 hrs.</u>	<u>.75"</u>			<u>159</u>		

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
<u>98 PSIG</u>	<u>407 PSIG</u>			<u>1274</u>		

34. Disposition of Gas (Sold, used for fuel, vented, etc.) _____ Test Witnessed By _____

35. List of Attachments _____

I, By E. SVOBODA, hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

Original Signed By By E. SVOBODA TITLE Dist. Admin. Supvr. DATE May 22, 1981

depth of well. It shall be accompanied by one copy of all electrical and radioactivity logs run on the well and a summary of all special tests conducted, including drill stem tests. All data reported shall be measured depths. In the case of occasionally filled wells, true vertical depths shall also be reported. For multiple completion wells, the depth through 31 shall be reported for each completion. This form is to be filed in triplicate except on state land, where six copies are required. See Rule 118b.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anby _____	T. Canyon _____	T. Ojo Alamo <u>2222</u>	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland <u>4125</u>	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs <u>4991</u>	T. Penn. "D" _____
T. Yates _____	T. Miss _____	T. Cliff House <u>6137</u>	T. Leadville _____
T. 7 Rivers _____	T. Devonian _____	T. Menefee <u>6383</u>	T. Madison _____
T. Queen _____	T. Silurian _____	T. Point Lookout <u>6554</u>	T. Elbert _____
T. Grayburg _____	T. Montoya _____	T. Mancos <u>6694</u>	T. McCracken _____
T. San Andres _____	T. Simpson _____	T. Gallup <u>Not present</u>	T. Ignacio Quartz _____
T. Glorieta _____	T. McKee _____	Base Greenhorn <u>6998</u>	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota <u>7105</u>	T. _____
T. Blinbry _____	T. Gr. Wash _____	T. Morrison <u>Not on Logs</u>	T. _____
T. Tubb _____	T. Granite _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Delaware Sand _____	T. Entrada _____	T. _____
T. Abo _____	T. Bone Springs _____	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn. _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____

No. 2, from _____ to _____

No. 3, from _____ to _____

No. 4, from _____ to _____

No. 5, from _____ to _____

No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet

No. 2, from _____ to _____ feet

No. 3, from _____ to _____ feet

No. 4, from _____ to _____ feet

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
2222	2468	246	Ojo Alamo				
4125	4991	866	Kirtland-Fruitland				
4991	5253	262	Pictured Cliffs				
5253	6137	884	Lewis				
6137	6383	246	Cliff House				
6383	6554	171	Menefee				
6554	6694	140	Point Lookout				
6694	6936	242	Mancos				
6936	6998	62	Greenhorn				
6998	7032	34	Graneros				
7032	7064	32	Graneros Dakota				
7064	Not on Logs		Dakota				

All distances must be from the outer boundaries of the Section

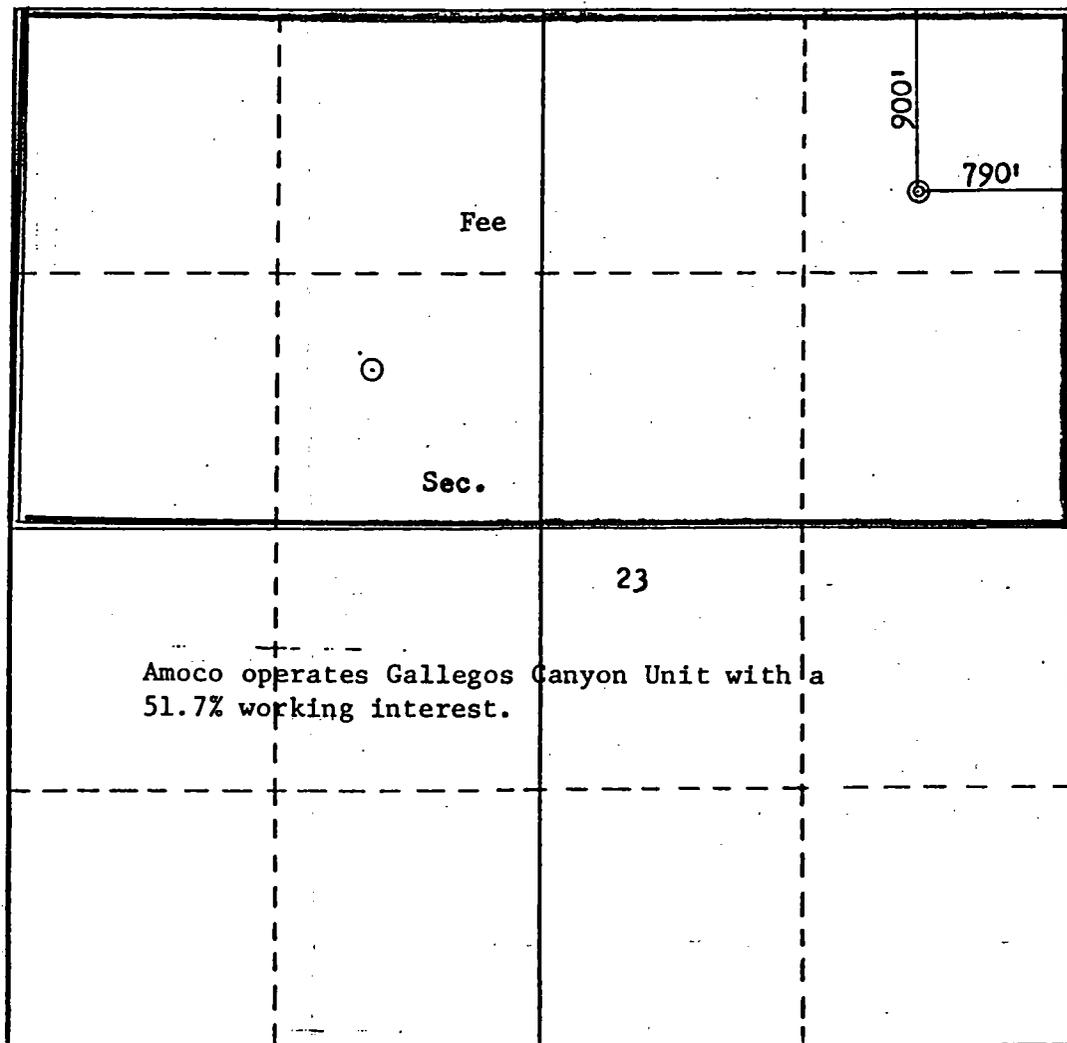
Operator AMOCO PETROLEUM COMPANY		Lease GALLEGOS CANYON UNIT COM		Well No. 94-E
Unit Letter A	Section 23	Township 29N	Range 13W	County San Juan
Actual Footage Location of Well: 900 feet from the North line and 790 feet from the East line				
Ground Level Elev. 5325	Producing Formation Dakota	Pool Basin 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, forced-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 15, 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 10, 1980

Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr, Jr.

Certificate No. **3950**

