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CASE 6706: CONSOLIDATED OIL & GAS, INC.  
FOR ALTERNATE FILING REQUIREMENTS UNDER  
CONCPA, SAN JUAN, RIO ARRIBA, AND SANDOVAL  
COUNTIES, NEW MEXICO

CASE NO.

6706

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6706  
Order No. R-5878-A

APPLICATION OF CONSOLIDATED OIL & GAS,  
INC. FOR ALTERNATE FILING REQUIREMENTS  
UNDER THE NATURAL GAS POLICY ACT OF  
1978, SAN JUAN, RIO ARRIBA, AND SANDOVAL  
COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 31,  
1979, at Santa Fe, New Mexico, before Examiner Richard L.  
Stamets.

NOW, on this 8th day of February, 1980, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc.,  
seeks an order adopting alternate filing requirements under the  
Natural Gas Policy Act of 1978 whereby infill wells drilled in  
the Blanco Mesaverde and Basin-Dakota Pools pursuant to the  
pool-wide infill drilling findings and rules promulgated for  
said pools by Division Orders Nos. R-1670-T and R-1670-V,  
respectively, would qualify as new onshore production wells.

(3) That by its Order No. R-5878, entered December 14,  
1978, the Division adopted Special Rules for Applications for  
Wellhead Price Ceiling Category Determinations filed pursuant  
to regulations of the Federal Energy Regulatory Commission  
adopted under provisions of the Natural Gas Policy Act of 1978,  
P.L. 95-621, 92 Stat. 3350.

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Case No. 6706  
Order No. R-5878-A

(4) That by its Order No. R-1670-T, entered November 14, 1974, in Case No. 5264, and its Order No. R-1670-V, entered May 22, 1979, in Case No. 6533, the Division authorized the drilling of infill wells on the undrilled quarter-section constituting one-half of an existing 320-acre gas proration unit in the Blanco Mesaverde Pool and Basin-Dakota Pool, respectively, in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(5) That in each of said cases it was found that the subject reservoir was not being efficiently and economically drained by the existing wells on the proration units therein.

(6) That in each of said cases it was found that the infill drilling was necessary to increase the recovery of gas from the subject pool and from each proration unit within the pool.

(7) That infill wells drilled within said Blanco Mesaverde Pool and the Basin-Dakota Pool pursuant to said Orders Nos. R-1670-T and R-1670-V should qualify for Section 103, New Onshore Production Well, price category determinations under regulations of the Federal Energy Regulatory Commission.

(8) That the Special Rules for Applications for Wellhead Price Ceiling Category Determinations adopted by the Division by its Order No. R-5878 on December 14, 1978, are not sufficient to permit approval by the Federal Energy Regulatory Commission of applications filed thereunder.

(9) That to rectify this insufficiency said Special Rules should be amended by redesignating existing Rule 15 as Rule 15 A and adopting new Rule 15 B as embodied in Exhibit A attached hereto.

(10) That Section 3 of said Rule 15 A should be amended to read in its entirety as follows:

"3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well under Section 271.305 of the FERC NGPA Regulations. (For infill wells in the Blanco Mesaverde or Basin-Dakota Pools, see Rule 15 B.)"

(11) That the first paragraph of Section 6 of the aforesaid Rule 15 A should be amended to read in its entirety as follows:



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Case No. 6706

Order No. R-5878-A

- "6. If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit (except in the Blanco Mesaverde or Basin-Dakota Pools) pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, the applicant must, in addition to the filing requirements listed in Sections 1 through 4 of Rule 15 A, file:"

IT IS THEREFORE ORDERED:

(1) That Rule 15 of the Special Rules for Applications for Wellhead Price Ceiling Determinations as shown on Exhibit A attached to Division Order No. R-5878 is hereby redesignated Rule 15 A.

(2) That Section 3 of said Rule 15 A is hereby amended to read in its entirety as follows:

- "3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well under Section 271.305 of the FERC NGPA Regulations. (For infill wells in the Blanco Mesaverde or Basin-Dakota Pools, see Rule 15 B.)"

(3) That the first paragraph of Section 6 of the aforesaid Rule 15 A is hereby amended to read in its entirety as follows:

- "6. If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit (except in the Blanco Mesaverde or Basin-Dakota Pools) pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, the applicant must, in addition to the filing requirements listed in Sections 1 through 4 of Rule 15 A, file:"

(4) That a new Rule 15 B as set out on Exhibit A attached hereto is hereby adopted and made a part of said special rules.

(5) That the effective date of this order and of the changes and additions made hereby is February 8, 1980.

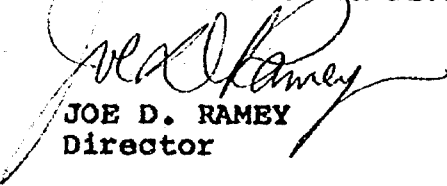
-4-

Case No. 6706  
Order No. R-5878-A


(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director



S E A L

fa/

RULE 15 B. An application for a new onshore production well (NGPA Section 103) for an infill well in the Blanco Mesaverde Pool or the Basin-Dakota Pool, San Juan, Rio Arriba, and Sandoval Counties, drilled pursuant to Division Order No. R-1670-T or R-1670-V, respectively, shall include:

1. FERC Form No. 121
2. Division Form C-132 and the required attachments.
3. The Form C-102 attached to Form C-132 shall locate and identify the proration unit dedicated to the well in accordance with the appropriate Division rules and shall also give the location and identification of all wells within such proration unit and the name of the pool from which each well produces.
4. A statement by the applicant, under oath:
  - (a) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (b) that the well satisfies any applicable Federal or State well spacing requirements;
  - (c) that the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and
  - (d) that the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion.
5. A statement referencing the New Mexico Oil Conservation Division order under which the infill well was drilled: Order No. R-1670-T if the well is located in the Blanco Mesaverde Pool, or Order No. R-1670-V if the well is located in the Basin-Dakota Pool.

Exhibit A - Order No. R-5878-A



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

February 12, 1980

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

Ms. Lynn Teschendorf  
Attorney  
Consolidated Oil & Gas, Inc.  
Suite 1300  
1860 Lincoln Street  
Denver, Colorado

Re: CASE NO. 6706  
ORDER NO. R-5878-A

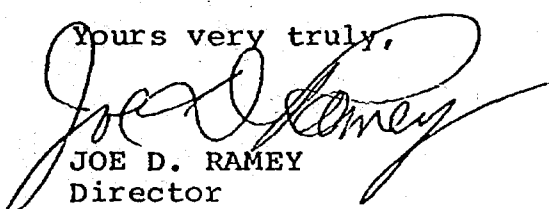
Applicant:

Consolidated Oil & Gas, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other Robert Carroll

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date OCTOBER 31, 1979 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
William F. Carr	Campbell + Black, T.A.	Santa Fe
W.T. Kellahin	Kellahin & Kellahin	Santa Fe
E.R. Manning	El Paso Natural Gas	El Paso
<del>James W. Adams</del>	<del>Amoco</del>	<del>Midland</del>
James W. Adams	Summers Exptl Co	Dallas
JACK A. MORGAN	Sun Oil Company	Dallas
TESS L. HUCKELBURY	" " "	"
Charles A. Gray	" " "	"
JAMES K. SNOOK	SUN OIL COMPANY	OKLAHOMA CITY
Bob Huber	Capital Avenue	Santa Fe
Wm. P. Aycock	Radtke, Aycock & Assoc. Inc	Midland
JAMES COOKSEY	Jake L. Hamer	DALLAS
John Casey	Jake L. Hamer	Mid. Tx.
Gilbert E. Miller	Amerada Hess Corp	Tulsa
Wyn Dee Baker	Amerada Hess Corp.	Tulsa



SALLY WALTON BOYD  
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Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico  
31 October 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Consolidated Oil and Gas, Inc., for alternate filing requirements under the Natural Gas Policy Act of 1978, San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE  
6706

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For Consolidated Oil & Gas: Lynn Teschendorf, Esq.  
Consolidated Oil and Gas, Inc.  
Denver, Colorado

For El Paso Natural Gas Co.: Bob Carroll, Esq.  
El Paso Natural Gas Co.  
El Paso, Texas

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1 MR. STAMETS: We'll call next Case 6706.

2 MR. PADILLA: Application of Consolidated  
3 Oil and Gas, Inc., for alternate filing requirements under  
4 the Natural Gas Policy Act of 1978, San Juan, Rio Arriba,  
5 and Sandoval Counties, New Mexico.

6 MR. STAMETS: Call for appearances in this  
7 case.

8 MS. TESCHENDORF: Lynn Teschendorf, ap-  
9 pearing on behalf of Consolidated, and I'm my own witness.

10 MR. CARROL: Bob Carroll, appearing on  
11 behalf of El Paso Natural Gas Company.

12 MR. STAMETS: Any other appearances? Bob,  
13 are you going to have any witnesses?

14 MR. CARROLL: No, sir.

15 MR. STAMETS: Ms. Teschendorf, would you  
16 please stand and be sworn?

17  
18 (Witness sworn.)

19  
20 STATEMENT BY MS. TESCHENDORF:

21 My name is Lynn Teschendorf. I'm appearing  
22 on behalf of Consolidated Oil and Gas.

23 By its application, Consolidated is asking  
24 the Oil Conservation Division to adopt the special rules  
25 that the Division has proposed in its Application for Approval

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1 of Alternate Filing Requirements under the Natural Gas Policy  
2 Act.

3 These special rules contain filing proce-  
4 dures for infill wells drilled in the Blanco Mesaverde and  
5 Basin Dakota Pools. It is necessary to adopt special rules  
6 for these pools because of the FERC's interpretation of  
7 Sections 271.305 and 274.204F if its own regulations.

8 If you will refer to Applicant's Exhibit  
9 One, you will see that these are copies of the pertinent  
10 sections of the FERC regulations. These regulations set  
11 forth filing requirements for applications for determination  
12 that an infill well qualifies for -- as a new onshore pro-  
13 duction well; however, according to the FERC, these regula-  
14 tions only govern applications on a well-by-well basis and  
15 do not provide a filing procedure in the case of infill  
16 well drilling programs on a poolwide basis.

17 As you know, this Division has adopted two  
18 such orders providing for the optional drilling of an addi-  
19 tional well on each proration unit in the pool. One order  
20 is R-1670T covering the Blanco Mesaverde, and the other is  
21 R-1670V covering the Basin Dakota Pool.

22 Both orders contain the requisite findings  
23 either explicitly or implicitly that the infill drilling of  
24 the second well on an established proration unit in these  
25 pools is necessary to effectively and efficiently drain the

1 portion of the reservoir covered by the proration unit which  
2 cannot be so drained by any existing well within the proration  
3 unit.

4 Therefore, substantively the orders satisfy  
5 the FERC's requirements but in their opinion the existing  
6 filing procedures do not cover the situation posed by these  
7 orders.

8 In order to implement the orders under the  
9 NGPA and to allow producers to file and qualify their infill  
10 wells for the Section 103 price, this Division has filed an  
11 application for approval of alternate filing procedures with  
12 the FERC, and that application is my Exhibit Two.

13 As part of the Division's application, the  
14 transcripts and supporting documents, including the appro-  
15 priate geological and engineering data, for both the Blanco  
16 Mesaverde and Basin Dakota hearings were filed with the FERC.  
17 Therefore, that data does not have to be separately filed  
18 for each infill well in these pools.

19 If you'll look on page one of the alternate  
20 filing requirements, it's like the fourth page in the exhibit.  
21 Rule 3 will state that, "The application shall specify the  
22 number of Division order authorizing an infill well drilling  
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24 porting documents would no longer have to be filed for in-  
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3010 Plaza Blanca (698) 471-3493  
Santa Fe, New Mexico 87501

1 The only other rules that's different from  
2 current filing requirements is Rule Five, and that rule  
3 states that, "All provisions of the special rules for appli-  
4 cations for wellhead price ceiling category determinations  
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6 tent herewith shall remain in full force and effect."

7 I would propose that any order issued as a  
8 result of this hearing be numbered R-5878A, and I would also  
9 propose that since this alternative procedure requires FERC  
10 approval, that the effective date of the order should coin-  
11 cide with the date of their approval.

12 On October 10th of 1979 the FERC issued a  
13 notice that they had received the Division's application and  
14 they established a comment period that ends today, October  
15 31st.

16 I have talked with the FERC people and  
17 they apparently are going to put this through fairly rapidly.

18 At this time I'll offer Exhibits One and  
19 Two, and I'll take any questions.

20 MR. STAMETS: These exhibits will be ad-  
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22 Are there questions of the witness?

23 Mr. Carroll?

24 MR. CARROLL: El Paso supports the appli-  
25 cation in this case.

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1 MR. STAMETS: Ms. Teschendorf, this alter-  
2 nate set of filing requirements is -- this is just an alter-  
3 ation to the original filing requirements that the Division  
4 set out for all applicants to the Division for NGPA filings?

5 MS. TESCHENDORF: Yes.

6 MR. STAMETS: And it's simply to cover  
7 these two situations, where you have infill drilling in the  
8 Blanco Mesaverde and the Basin Dakota, based on the two  
9 Division orders that you've mentioned?

10 MS. TESCHENDORF: That's correct.

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13 the witness may be excused.

14 Anybody have anything else they wish to  
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16 The case will be taken under advisement.

17  
18 (Hearing concluded.)  
19  
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3930 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is  
a complete and correct transcript of the proceedings in  
the Examiner hearing of Case No. 6706  
heard by me on 10-31 1979  
Richard H. Plummer, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico  
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EXAMINER HEARING

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CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (198) 471-2432  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_,  
heard by me on \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
202 Plaza Blanca (SOS) 471-2462  
San Antonio, New Mexico 87501

5324

## Regulations

[§ 4635]

§ 271.305 Special rule applicable to existing proration units.

(a) Applicability. This section applies only to a jurisdictional agency determination with respect to a new well which is within a proration unit:

(1) which was in existence at the time the surface drilling of such well began;

(2) which was applicable to the reservoir from which natural gas from such well is produced; and

(3) which applied to a well:

(i) which produced natural gas in commercial quantities; or

(ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities.

(b) Wells spudded after December 31, 1978, and for which a drilling permit had not been issued prior to January 1, 1979.

(1) This paragraph applies to wells to which this section applies and:

(i) for which a drilling permit is issued after December 31, 1978; or

(ii)(A) the surface drilling of which began after December 31, 1978; and

(E) for which a drilling permit had not been issued prior to January 1, 1979.

(2)(i) In order for natural gas from a well to which this paragraph applies to qualify for the maximum lawful price under this subpart, the jurisdictional agency must explicitly find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit. This

BEFORE EXAMINER STAMETS	
CIVIL SERVICE DIVISION	
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Submitted by	
295 9-10-79	
Hearing Date	10-31-79

explicit finding must be based on appropriate geological and engineering data, and such data must be included in the notice of determination submitted to the Commission.

(ii) Where the explicit finding of subparagraph (2)(i) of this paragraph is that both an existing well and a new well are necessary to effectively and efficiently drain the reservoir covered by the proration unit and a pertinent State authority establishes allowables or production levels for the proration unit, the jurisdictional agency must also establish separate allowables or production levels for both the existing well and the new well, in order for natural gas from the new well to qualify for the maximum lawful price under this subpart.

(c) Wells spudded on or after February 19, 1977, and before January 1, 1979, or for which a drilling permit was issued before January 1, 1979.

(1) This paragraph applies to wells to which this section applies and:

(i) the surface drilling of which began on or after February 19, 1977, and before January 1, 1979; or

(ii) for which a drilling permit was issued before January 1, 1979.

(2) Upon request of an applicant, the jurisdictional agency shall review the record which was developed (by that agency or an agency which issued the pertinent drilling permit) prior to the commencement of drilling of a well described in subparagraph (1)(i) of this paragraph or the issuance of the drilling permit for a well described in subparagraph (1)(ii) of this paragraph. In order for natural gas from such well to qualify for the maximum lawful price under this subpart, the jurisdictional agency the commencement of drilling:

(i) the agency which developed the record explicitly found that the drilling of the new well was necessary to effectively and efficiently drain a portion of



the reservoir covered by the proration unit which could not be effectively and efficiently drained by any existing well within the proration unit; or

(ii) the agency which developed the record implicitly made such a finding and the record would support an explicit finding that the drilling of the new well was necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which could not be effectively drained by any existing well within the proration unit.

(d) Notice of finding. If the jurisdictional agency makes a finding under paragraph (b) or (c) of this section, it shall notify the Commission of such a determination in accordance with § 274.104.

(e) Alternative procedure. A jurisdictional agency may submit to the Commission alternative procedures for making the findings required in paragraphs (b) and (c) of this section after commencement of drilling of the new well. The finding then may be made on the basis of a record developed after commencement of drilling of the new well. Such procedures will apply, if approved by the Commission, in lieu of the procedures under the preceding paragraphs of this section.

[Sec. 271.306 reads as amended by FERC Order No. 43, Aug. 20, 1979 (44 F. R. 49651).]

## Regulations

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(4) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion; and

(g) If the jurisdictional agency so requires, certified copies of records relied on by the applicant including copies of the agency's official files.

[§ 4924]

§ 274.204 New, onshore production wells.

A person seeking a determination for purposes of Subpart C of Part 271 that a well is a new, onshore production well shall file an application with the jurisdictional agency which contains the following items:

- (a) FERC Form No. 121;
- (b) the well completion report;
- (c) a location plat which locates and identifies the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located;
- (d) a statement by the applicant, under oath:
  - (1) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (2) that the well satisfies any applicable federal or state well spacing requirements;
  - (3) that, except as provided in paragraph (f) of this section, the well is not within a proration unit:
    - (i) which was in existence at the time the surface drilling of the well began;
    - (ii) which was applicable to the reservoir from which such natural gas is produced; and
    - (iii) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities;
  - (4) that on the basis of the documents submitted in the application, the applicant has concluded that to the best of

§ 274.204 1 4924

his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(5) that the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusions;

(e) If the jurisdictional agency so requires, certified copies of records relied on by the applicant including copies of the agency's official files; and

(f) If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit pursuant to § 271.305, the applicant must file all items required in paragraphs (a) through (e) of this section, except for the portion of the oath statement described in paragraph (d)(3) and demonstrate by appropriate geological evidence and engineering data that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

[Sec. 274.204 reads as amended by FERC Order No. 26, effective Mar. 26, 1979 (44 F. R. 21003; and as amended by FERC Order No. 43, Aug. 20, 1979 (44 F. R. 49651).]

[§ 4925]

§ 274.205 High-cost natural gas.

A person seeking a determination for purposes of Subpart G of Part 271 that natural gas is produced from a well which is a deep, high-cost well shall file an application with the jurisdictional agency which contains the following items:

- (a) FERC Form No. 121;
- (b) all well completion reports for the well for which a determination is sought;
- (c) well logs or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 2  
CASE NO. 6706  
Submitted by COG  
Hearing Date 10-31-79

IN THE MATTER OF THE APPLICATION	)	NGPA Section
OF THE NEW MEXICO OIL CONSERVATION	)	503(C)(3)
DIVISION FOR APPROVAL OF ALTERNATE	)	FERC Regulation
FILING REQUIREMENTS	)	274.207

APPLICATION

Comes now the New Mexico Oil Conservation Division, Energy and Minerals Department, pursuant to Section 274.207 of the Federal Energy Regulatory Commission regulations under the Natural Gas Policy Act of 1978, and requests approval of filing requirements which differ from those in Section 274.204, and as grounds therefor states:

1. The Oil Conservation Division is the designated jurisdictional agency for wells on other than federal lands within the State of New Mexico.

2. The alternate filing requirements for which approval is sought are attached hereto as Exhibit A and incorporated herein. These alternate requirements will apply only to infill wells drilled pursuant to Oil Conservation Division Orders Nos. R-1670-T and R-1670-V, which orders provide for the optional drilling of an additional well on each proration unit in the Blanco-Mesaverde and Basin-Dakota Pools.

3. The filing requirements for which alternatives are proposed include the following: Sections 274.204(d), (e) and (f).

4. The specific requirements which will replace the requirements in Paragraph (3), supra, are included on Exhibit A and will replace them as follows:

EXHIBIT 1

FERC SECTION NO.

OIL CONSERVATION DIVISION RULE NO.

274.204 (d)

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274.204 (e)

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274.204 (f)

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5. The transcripts and supporting documents, including appropriate geological evidence and engineering data demonstrating that the infill well program is necessary on a poolwide basis to effectively and efficiently drain portions of the reservoir covered by proration units which cannot be effectively and efficiently drained by any existing well within those units, for both the Blanco-Mesaverde and Basin-Dakota Pools, are attached hereto and are incorporated herein as part of this application.

6. The reasons for requesting approval of each alternative requirement are as follows:

Rule 3: The Federal Energy Regulatory Commission is being furnished as part of this application certified copies of records relied on by the Oil Conservation Division in adopting its poolwide infill orders for the Blanco-Mesaverde and Basin-Dakota Pools. Therefore, requiring an applicant to supply further documentation is unnecessary.

Rule 4: The oath statement has been revised to track the language in Section 271.305(a).

7. The basis for the belief that filings under the alternative filing requirements provide substantial evidence on which the jurisdictional agency may base a determination is that all pertinent geological and engineering data for these pools has already been accumulated at hearing under oath. The Federal Energy Regulatory

Commission is now being discussed with the State.  
WHEREFORE, the New Mexico Oil Conservation Division hereby  
approval of the alternate filing requirements attached hereto, as  
Exhibit A.

NEW MEXICO OIL CONSERVATION DIVISION

BY

JOE D. RAMEY  
Director

EXHIBIT A

STATE OF NEW MEXICO  
ALTERNATE FILING REQUIREMENTS

RULE 1. APPLICABILITY. These rules shall only apply to infill wells drilled pursuant to OCD Orders Nos. R-1670-T and R-1670-V.

RULE 2. FORMS. An application for a new onshore production well drilled into an already existing proration unit pursuant to OCD Orders Nos. R-1670-T and R-1670-V shall include:

- a. FERC Form No. 121 and
- b. Division Form C-132 and the required attachments.

RULE 3. INFILL ORDER. The application shall specify the number of the Division order authorizing an infill well drilling program on a poolwide basis.

RULE 4. OATH. The application shall include a statement by the applicant under oath that:

- a. the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
- b. the well is within a proration unit:
  - (1) which was in existence at the time the surface drilling of such well began;
  - (2) which was applicable to the reservoir from which natural gas from such well is produced; and
  - (3) which applied to a well:
    - (i) which produced natural gas in commercial quantities; or
    - (ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities;
- c. he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well;

- d. he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

RULE 5. ORDER NO. R-5878. All provisions of the special rules for applications for wellhead price ceiling category determinations promulgated by Order No. R-5878 and which are not inconsistent herewith shall remain in full force and effect.



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Regulations

[T 4635]

6706
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10-31-79

§ 271.305 Special rule applicable to existing proration units.

(a) Applicability. This section applies only to a jurisdictional agency determination with respect to a new well which is within a proration unit:

(1) which was in existence at the time the surface drilling of such well began;

(2) which was applicable to the reservoir from which natural gas from such well is produced; and

(3) which applied to a well:

(i) which produced natural gas in commercial quantities; or

(ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities.

(b) Wells spudded after December 31, 1978, and for which a drilling permit had not been issued prior to January 1, 1979.

(1) This paragraph applies to wells to which this section applies and:

(i) for which a drilling permit is issued after December 31, 1978; or

(ii)(A) the surface drilling of which began after December 31, 1978; and

(B) for which a drilling permit had not been issued prior to January 1, 1979.

(2)(i) In order for natural gas from a well to which this paragraph applies to qualify for the maximum lawful price under this subpart, the jurisdictional agency must explicitly find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit. This

explicit finding must be based on appropriate geological and engineering data, and such data must be included in the notice of determination submitted to the Commission.

(ii) Where the explicit finding of subparagraph (2)(i) of this paragraph is that both an existing well and a new well are necessary to effectively and efficiently drain the reservoir covered by the proration unit and a pertinent State authority establishes allowables or production levels for the proration unit, the jurisdictional agency must also establish separate allowables or production levels for both the existing well and the new well, in order for natural gas from the new well to qualify for the maximum lawful price under this subpart.

(c) Wells spudded on or after February 19, 1977, and before January 1, 1979, or for which a drilling permit was issued before January 1, 1979.

(1) This paragraph applies to wells to which this section applies and:

(i) the surface drilling of which began on or after February 19, 1977, and before January 1, 1979; or

(ii) for which a drilling permit was issued before January 1, 1979.

(2) Upon request of an applicant, the jurisdictional agency shall review the record which was developed (by that agency or an agency which issued the pertinent drilling permit) prior to the commencement of drilling of a well described in subparagraph (1)(i) of this paragraph or the issuance of the drilling permit for a well described in subparagraph (1)(ii) of this paragraph. In order for natural gas from such well to qualify for the maximum lawful price under this subpart, the jurisdictional agency the commencement of drilling:

(i) the agency which developed the record explicitly found that the drilling of the new well was necessary to effectively and efficiently drain a portion of

the reservoir covered by the proration unit which could not be effectively and efficiently drained by any existing well within the proration unit; or

(ii) the agency which developed the record implicitly made such a finding and the record would support an explicit finding that the drilling of the new well was necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which could not be effectively drained by any existing well within the proration unit.

(d) Notice of finding. If the jurisdictional agency makes a finding under paragraph (b) or (c) of this section, it shall notify the Commission of such a determination in accordance with § 274.104.

(e) Alternative procedure. A jurisdictional agency may submit to the Commission alternative procedures for making the findings required in paragraphs (b) and (c) of this section after commencement of drilling of the new well. The finding then may be made on the basis of a record developed after commencement of drilling of the new well. Such procedures will apply, if approved by the Commission, in lieu of the procedures under the preceding paragraphs of this section.

[Sec. 271.305 reads as amended by FERC Order No. 43, Aug. 29, 1979 (44 F. R. 49651).]

(4) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion; and

(g) if the jurisdictional agency so requires, certified copies of records relied on by the applicant including copies of the agency's official files.

[§ 4924]

§ 274.204 New, onshore production wells.

A person seeking a determination for purposes of Subpart C of Part 271 that a well is a new, onshore production well shall file an application with the jurisdictional agency which contains the following items:

- (a) FERC Form No. 121;
- (b) the well completion report;
- (c) a location plat which locates and identifies the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located;
- (d) a statement by the applicant, under oath:
  - (1) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (2) that the well satisfies any applicable federal or state well spacing requirements;
  - (3) that, except as provided in paragraph (f) of this section, the well is not within a proration unit:
    - (i) which was in existence at the time the surface drilling of the well began;
    - (ii) which was applicable to the reservoir from which such natural gas is produced; and
    - (iii) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities;
  - (4) that on the basis of the documents submitted in the application, the applicant has concluded that to the best of

his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(5) that the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusions;

(e) If the jurisdictional agency so requires, certified copies of records relied on by the applicant including copies of the agency's official files; and

(f) If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit pursuant to § 271.305, the applicant must file all items required in paragraphs (a) through (e) of this section, except for the portion of the oath statement described in paragraph (d)(3) and demonstrate by appropriate geological evidence and engineering data that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

[Sec. 274.204 reads as amended by FERC Order No. 28, effective Mar. 28, 1979 (44 F. R. 21003; and as amended by FERC Order No. 43, Aug. 20, 1979 (44 F. R. 49651).]

#### [14925]

#### § 274.205 High-cost natural gas.

A person seeking a determination for purposes of Subpart G of Part 271 that natural gas is produced from a well which is a deep, high-cost well shall file an application with the jurisdictional agency which contains the following items:

- (a) FERC Form No. 121;
- (b) all well completion reports for the well for which a determination is sought;
- (c) well logs or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

OFFICE OF THE SECRETARY
CHIEF OF BUREAU
2
6706
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Hearing Date 10-31-79

IN THE MATTER OF THE APPLICATION  
OF THE NEW MEXICO OIL CONSERVATION  
DIVISION FOR APPROVAL OF ALTERNATE  
FILING REQUIREMENTS

NGPA Section  
503(C)(3)  
FERC Regulation  
274.207

APPLICATION

Comes now the New Mexico Oil Conservation Division, Energy and Minerals Department, pursuant to Section 274.207 of the Federal Energy Regulatory Commission regulations under the Natural Gas Policy Act of 1978, and requests approval of filing requirements which differ from those in Section 274.204, and as grounds therefor states:

1. The Oil Conservation Division is the designated jurisdictional agency for wells on other than federal lands within the State of New Mexico.
2. The alternate filing requirements for which approval is sought are attached hereto as Exhibit A and incorporated herein. These alternate requirements will apply only to infill wells drilled pursuant to Oil Conservation Division Orders Nos. R-1670-T and R-1670-V, which orders provide for the optional drilling of an additional well on each proration unit in the Blanco-Mesaverde and Basin-Dakota Pools.
3. The filing requirements for which alternatives are proposed include the following: Sections 274.204(d), (e) and (f).
4. The specific requirements which will replace the requirements in Paragraph (3), supra, are included on Exhibit A and will replace them as follows:

EXHIBIT 1

FERC SECTION NO.

OIL CONSERVATION DIVISION RULE NO.

274.204(d)  
274.204(e)  
274.204(f)

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5. The transcripts and supporting documents, including appropriate geological evidence and engineering data demonstrating that the infill well program is necessary on a poolwide basis to effectively and efficiently drain portions of the reservoir covered by proration units which cannot be effectively and efficiently drained by any existing well within those units, for both the Blanco-Mesaverde and Basin-Dakota Pools, are attached hereto and are incorporated herein as part of this application.

6. The reasons for requesting approval of each alternative requirement are as follows:

Rule 3: The Federal Energy Regulatory Commission is being furnished as part of this application certified copies of records relied on by the Oil Conservation Division in adopting its poolwide infill orders for the Blanco-Mesaverde and Basin-Dakota Pools. Therefore, requiring an applicant to supply further documentation is unnecessary.

Rule 4: The oath statement has been revised to track the language in Section 271.305(a).

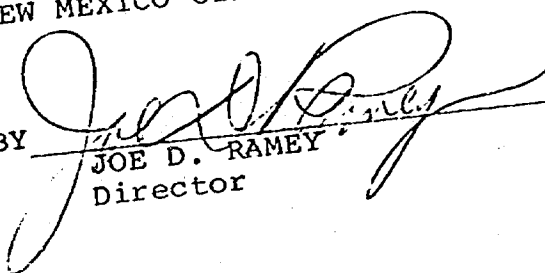
7. The basis for the belief that filings under the alternative filing requirements provide substantial evidence on which the jurisdictional agency may base a determination is that all pertinent geological and engineering data for these pools has already been accumulated at hearing under oath. The Federal Energy Regulatory

Commission is now being furnished with these materials.

WHEREFORE, the New Mexico Oil Conservation Division seeks approval of the alternate filing requirements attached hereto as Exhibit A.

NEW MEXICO OIL CONSERVATION DIVISION

BY

  
JOE D. RAMEY  
Director



5324

# Regulations

[14635]

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CASE NO. 6706

Submitted 10-10-79 C06

Hearing Date 10-31-79

§ 271.305 Special rule applicable to existing proration units.

(a) Applicability. This section applies only to a jurisdictional agency determination with respect to a new well which is within a proration unit:

- (1) which was in existence at the time the surface drilling of such well began;
- (2) which was applicable to the reservoir from which natural gas from such well is produced; and
- (3) which applied to a well:
  - (i) which produced natural gas in commercial quantities; or
  - (ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities.

(b) Wells spudded after December 31, 1978, and for which a drilling permit had not been issued prior to January 1, 1979.

(1) This paragraph applies to wells to which this section applies and:

- (i) for which a drilling permit is issued after December 31, 1978; or
- (ii)(A) the surface drilling of which began after December 31, 1978; and
- (E) for which a drilling permit had not been issued prior to January 1, 1979.

(2)(i) In order for natural gas from a well to which this paragraph applies to qualify for the maximum lawful price under this subpart, the jurisdictional agency must explicitly find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit. This

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explicit finding must be based on appropriate geological and engineering data, and such data must be included in the notice of determination submitted to the Commission.

(ii) Where the explicit finding of subparagraph (2)(i) of this paragraph is that both an existing well and a new well are necessary to effectively and efficiently drain the reservoir covered by the proration unit and a pertinent State authority establishes allowables or production levels for the proration unit, the jurisdictional agency must also establish separate allowables or production levels for both the existing well and the new well, in order for natural gas from the new well to qualify for the maximum lawful price under this subpart.

(c) Wells spudded on or after February 19, 1977, and before January 1, 1979, or for which a drilling permit was issued before January 1, 1979.

(1) This paragraph applies to wells to which this section applies and:

(i) the surface drilling of which began on or after February 19, 1977, and before January 1, 1979; or

(ii) for which a drilling permit was issued before January 1, 1979.

(2) Upon request of an applicant, the jurisdictional agency shall review the record which was developed (by that agency or an agency which issued the pertinent drilling permit) prior to the commencement of drilling of a well described in subparagraph (1)(i) of this paragraph or the issuance of the drilling permit for a well described in subparagraph (1)(ii) of this paragraph. In order for natural gas from such well to qualify for the maximum lawful price under this subpart, the jurisdictional agency the commencement of drilling:

(i) the agency which developed the record explicitly found that the drilling of the new well was necessary to effectively and efficiently drain a portion of

the reservoir covered by the proration unit which could not be effectively and efficiently drained by any existing well within the proration unit; or

(ii) the agency which developed the record implicitly made such a finding and the record would support an explicit finding that the drilling of the new well was necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which could not be effectively drained by any existing well within the proration unit.

(d) Notice of finding. If the jurisdictional agency makes a finding under paragraph (b) or (c) of this section, it shall notify the Commission of such a determination in accordance with § 274.104.

(e) Alternative procedure. A jurisdictional agency may submit to the Commission alternative procedures for making the findings required in paragraphs (b) and (c) of this section after commencement of drilling of the new well. The finding then may be made on the basis of a record developed after commencement of drilling of the new well. Such procedures will apply, if approved by the Commission, in lieu of the procedures under the preceding paragraphs of this section.

[Sec. 271.305 reads as amended by FERC Order No. 43, Aug. 20, 1979 (44 F. R. 49651).]

(4) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion; and

(g) If the jurisdictional agency so requires, certified copies of records relied on by the applicant including copies of the agency's official files.

[§ 4924]

§ 274.204 New, onshore production wells.

A person seeking a determination for purposes of Subpart C of Part 271 that a well is a new, onshore production well shall file an application with the jurisdictional agency which contains the following items:

- (a) FERC Form No. 121;
- (b) the well completion report;
- (c) a location plat which locates and identifies the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located;
- (d) a statement by the applicant, under oath:
  - (1) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (2) that the well satisfies any applicable federal or state well spacing requirements;
  - (3) that, except as provided in paragraph (f) of this section, the well is not within a proration unit:
    - (i) which was in existence at the time the surface drilling of the well began;
    - (ii) which was applicable to the reservoir from which such natural gas is produced; and
    - (iii) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities;
  - (4) that on the basis of the documents submitted in the application, the applicant has concluded that to the best of

his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(5) that the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusions;

(e) if the jurisdictional agency so requires, certified copies of records relied on by the applicant including copies of the agency's official files; and

(f) If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit pursuant to § 271.305, the applicant must file all items required in paragraphs (a) through (e) of this section, except for the portion of the oath statement described in paragraph (d)(3) and demonstrate by appropriate geological evidence and engineering data that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

[Sec. 274.204 reads as amended by FERC Order No. 28, effective Mar. 26, 1979 (44 F. R. 21003; and as amended by FERC Order No. 43, Aug. 20, 1979 (44 F. R. 49651).]

[§ 4925]

§ 274.205 High-cost natural gas.

A person seeking a determination for purposes of Subpart G of Part 271 that natural gas is produced from a well which is a deep, high-cost well shall file an application with the jurisdictional agency which contains the following items:

- (a) FERC Form No. 121;
- (b) all well completion reports for the well for which a determination is sought;
- (c) well logs or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 2  
CASE NO. 6706  
Submitted by COG  
Hearing Date 10-31-76

IN THE MATTER OF THE APPLICATION	)	NGPA Section
OF THE NEW MEXICO OIL CONSERVATION	)	503(C)(3)
DIVISION FOR APPROVAL OF ALTERNATE	)	FERC Regulation
FILING REQUIREMENTS	)	274.207

APPLICATION

Comes now the New Mexico Oil Conservation Division, Energy and Minerals Department, pursuant to Section 274.207 of the Federal Energy Regulatory Commission regulations under the Natural Gas Policy Act of 1978, and requests approval of filing requirements which differ from those in Section 274.204, and as grounds therefor states:

1. The Oil Conservation Division is the designated jurisdictional agency for wells on other than federal lands within the State of New Mexico.

2. The alternate filing requirements for which approval is sought are attached hereto as Exhibit A and incorporated herein. These alternate requirements will apply only to infill wells drilled pursuant to Oil Conservation Division Orders Nos. R-1670-T and R-1670-V, which orders provide for the optional drilling of an additional well on each proration unit in the Blanco-Mesaverde and Basin-Dakota Pools.

3. The filing requirements for which alternatives are proposed include the following: Sections 274.204(d), (e) and (f).

4. The specific requirements which will replace the requirements in Paragraph (3), supra, are included on Exhibit A and will replace them as follows:

EXHIBIT 1

FERC SECTION NO.

OIL CONSERVATION DIVISION RULE NO.

274.204 (d)  
274.204 (e)  
274.204 (f)

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5. The transcripts and supporting documents, including appropriate geological evidence and engineering data demonstrating that the infill well program is necessary on a poolwide basis to effectively and efficiently drain portions of the reservoir covered by proration units which cannot be effectively and efficiently drained by any existing well within those units, for both the Blanco-Mesaverde and Basin-Dakota Pools, are attached hereto and are incorporated herein as part of this application.

6. The reasons for requesting approval of each alternative requirement are as follows:

Rule 3: The Federal Energy Regulatory Commission is being furnished as part of this application certified copies of records relied on by the Oil Conservation Division in adopting its poolwide infill orders for the Blanco-Mesaverde and Basin-Dakota Pools. Therefore, requiring an applicant to supply further documentation is unnecessary.

Rule 4: The oath statement has been revised to track the language in Section 271.305(a).

7. The basis for the belief that filings under the alternative filing requirements provide substantial evidence on which the jurisdictional agency may base a determination is that all pertinent geological and engineering data for these pools has already been accumulated at hearing under oath. The Federal Energy Regulatory

Commission is now being furnished with these materials.

WHEREFORE, the New Mexico Oil Conservation Division seeks approval of the alternate filing requirements attached hereto as Exhibit A.

NEW MEXICO OIL CONSERVATION DIVISION

BY

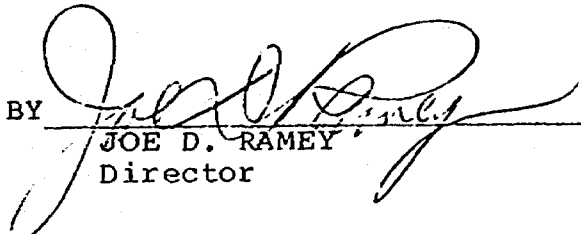
  
JOE D. RAMEY  
Director



EXHIBIT A

STATE OF NEW MEXICO  
ALTERNATE FILING REQUIREMENTS

RULE 1. APPLICABILITY. These rules shall only apply to infill wells drilled pursuant to OCD Orders Nos. R-1670-T and R-1670-V.

RULE 2. FORMS. An application for a new onshore production well drilled into an already existing proration unit pursuant to OCD Orders Nos. R-1670-T and R-1670-V shall include:

- a. FERC Form No. 121 and
- b. Division Form C-132 and the required attachments.

RULE 3. INFILL ORDER. The application shall specify the number of the Division order authorizing an infill well drilling program on a poolwide basis.

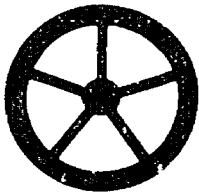
RULE 4. OATH. The application shall include a statement by the applicant under oath that:

- a. the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
- b. the well is within a proration unit:
  - (1) which was in existence at the time the surface drilling of such well began;
  - (2) which was applicable to the reservoir from which natural gas from such well is produced; and
  - (3) which applied to a well:
    - (i) which produced natural gas in commercial quantities; or
    - (ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities;
- c. he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well;

-2-

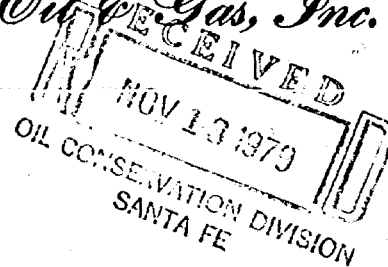
- d. he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

RULE 5. ORDER NO. R-5878. All provisions of the special rules for applications for wellhead price ceiling category determinations promulgated by Order No. R-5878 and which are not inconsistent herewith shall remain in full force and effect.



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

*Consolidated Oil & Gas, Inc.*



November 9, 1979

Mr. R. L. Stamets  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 81501

Re: Case No. 6706

Dear Dick:

As you know, Howard Kilchrist has raised an issue regarding the oath statement in our Alternate Filing Procedure (Rule 4). Apparently through typographical error, a part of the oath was omitted, and should be incorporated as Rule 4(b):

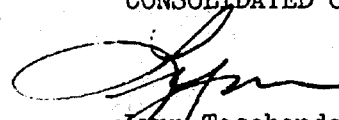
"the well satisfies any applicable  
federal or state well spacing require-  
ments."

Rule 4(b) as it currently is proposed can be eliminated entirely as a result of the FERC's final regulations.

Howard told me that the FERC would make these changes in approving the Alternate Method. Therefore, I would suggest that the OCD's order in this case incorporate the same changes.

Yours very truly,

CONSOLIDATED OIL & GAS, INC.

  
Lynn Teschendorf  
Attorney

LT:pb

Dockets Nos. 42-79 and 43-79 are tentatively set for November 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 31, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6706: Application of Consolidated Oil & Gas, Inc. for alternate filing requirements under the Natural Gas Policy Act of 1978, San Juan, Rio Arriba, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks an order adopting alternate filing requirements under the Natural Gas Policy Act of 1978 whereby infill wells drilled in the Blanco Mesaverde and Basin-Dakota Pools pursuant to the pool-wide infill drilling findings and rules promulgated for said pools by Division Orders Nos. R-1670-T and R-1670-V, respectively, would qualify as new onshore production wells.

CASE 6707: Application of Gulf Oil Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Southeast Bisti Unit Area, comprising 7,048 acres, more or less, of State and Federal lands in Townships 24 and 25 North, Range 10 West.

CASE 6708: Application of Doyle Hartman for an unorthodox well location, non-standard proration unit, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard proration unit comprising the SW/4 NE/4 and SE/4 NW/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 1650 feet from the East line of said Section 36; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6695: (Continued from October 17, 1979, Examiner Hearing)

Application of Millard Deck Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6709: Application of HNG Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 33, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6710: Application of ARCO Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Montoya production in the wellbores of the following wells on its State Y Lease: No. 3 located in Unit B, No. 6 located in Unit H, and No. 7 located in Unit A, all in Section 25, Township 25 South, Range 37 East.

CASE 6711: Application of Sun Oil Company of Delaware for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Mississippian test well to be located 660 feet from the North and East lines of Section 27, Township 14 South, Range 37 East, the E/2 of said Section 27 to be dedicated to the well.

CASE 6712: Application of Sun Gas Company for approval of infill drilling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of its N.M. Federal "N" Well No. 6-E to be located in Unit P of Section 6, Township 30 North, Range 12 West, Basin-Dakota Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6713: Application of Depco Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the White Ranch Unit Area, comprising 18,962 acres, more or less, of State, Federal, and fee lands in Townships 12 and 13 South, Ranges 29 and 30 East.

CASE 6684: (Continued from October 2, 1979, Examiner Hearing)

Application of CO<sub>2</sub>-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Bueyeros-Santa Rosa CO<sub>2</sub> Gas Pool and the promulgation of special pool rules therefor, including a provision for 40-acre spacing and proration units. Said pool would comprise all or parts of Sections 1 thru 4, Township 20 North, Range 30 East, and Sections 8, 9, 10, 15, 16, 17, 20, 21, 22, 27, 28, 32, 33 and 34, Township 21 North, Range 30 East.

CASE 6714: Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South and West lines of Section 20, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, the S/2 of said Section 20 to be dedicated to the well.

BEFORE THE NEW MEXICO  
OIL CONSERVATION DIVISION  
ENERGY AND MINERALS DEPARTMENT

RECEIVED  
OCT 0 1978  
OIL CONSERVATION DIVISION  
SANTA FE

IN THE MATTER OF THE APPLICATION  
OF CONSOLIDATED OIL & GAS, INC.,  
FOR SPECIAL NGPA RULES

CASE NO. 6706

APPLICATION

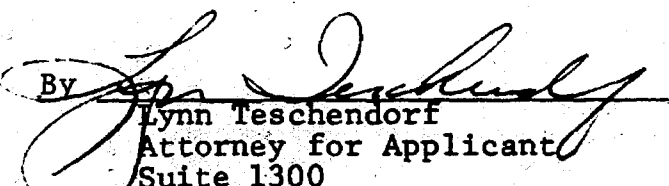
Comes now Consolidated Oil & Gas, Inc., by its attorney, Lynn Teschendorf, and makes application pursuant to Section 70-2-23, NMSA 1978, for an order approving alternate filing requirements under the Natural Gas Policy Act of 1978 (NGPA) for infill wells drilled in the Blanco-Mesaverde and Basin-Dakota Pools, and as grounds therefor states:

1. Section 274.204 of the Federal Energy Regulatory Commission regulations under the NGPA sets forth filing requirements for applications for determinations that an infill well qualifies as a new onshore production well.
2. Said section governs applications on a well-by-well basis, and does not provide a filing procedure in the case of infill well drilling programs on a poolwide basis.
3. In its Orders Nos. R-1670-T and R-1670-V, the Oil Conservation Division has provided for the optional drilling of an additional well on each proration unit in the Blanco-Mesaverde and Basin-Dakota Pools, and has made the requisite finding that the infill drilling of a second well on an established proration unit in these pools is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing wells within the proration unit.
4. In order to implement these orders under the NGPA and to allow producers to file and qualify their infill wells for the Section 103 price under said Act, the Division has filed an Application for Approval of Alternate Filing Requirements with the Federal Energy Regulatory Commission. Said Application is attached hereto as Exhibit 1 and by this reference incorporated.
5. The Oil Conservation Division should adopt the special rules as proposed in said Application as filing requirements for infill wells drilled pursuant to Division Orders Nos. R-1670-T and R-1670-V.

WHEREFORE, applicant requests that this matter be set for hearing, and that an order be entered in accordance with the foregoing.

CONSOLIDATED OIL & GAS, INC.

By

  
Lynn Teschendorf  
Attorney for Applicant  
Suite 1300  
1860 Lincoln Street  
Denver, Colorado 80295

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF THE NEW MEXICO OIL CONSERVATION )  
DIVISION FOR APPROVAL OF ALTERNATE )  
FILING REQUIREMENTS )

NGPA Section  
503 (C) (3)  
FERC Regulation 274.207  
OCT 02 1979  
RECEIVED  
CONSERVATION DIVISION  
SANTA FE

APPLICATION

Comes now the New Mexico Oil Conservation Division, Energy and Minerals Department, pursuant to Section 274.207 of the Federal Energy Regulatory Commission regulations under the Natural Gas Policy Act of 1978, and requests approval of filing requirements which differ from those in Section 274.204, and as grounds therefor states:

1. The Oil Conservation Division is the designated jurisdictional agency for wells on other than federal lands within the State of New Mexico.

2. The alternate filing requirements for which approval is sought are attached hereto as Exhibit A and incorporated herein. These alternate requirements will apply only to infill wells drilled pursuant to Oil Conservation Division Orders Nos. R-1670-T and R-1670-V, which orders provide for the optional drilling of an additional well on each proration unit in the Blanco-Mesaverde and Basin-Dakota Pools.

3. The filing requirements for which alternatives are proposed include the following: Sections 274.204(d), (e) and (f).

4. The specific requirements which will replace the requirements in Paragraph (3), supra, are included on Exhibit A and will replace them as follows:

EXHIBIT 1



FERC SECTION NO.

OIL CONSERVATION DIVISION RULE NO.

274.204(d)

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274.204(e)

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274.204(f)

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5. The transcripts and supporting documents, including appropriate geological evidence and engineering data demonstrating that the infill well program is necessary on a poolwide basis to effectively and efficiently drain portions of the reservoir covered by proration units which cannot be effectively and efficiently drained by any existing well within those units, for both the Blanco-Mesaverde and Basin-Dakota Pools, are attached hereto and are incorporated herein as part of this application.

6. The reasons for requesting approval of each alternative requirement are as follows:

Rule 3: The Federal Energy Regulatory Commission is being furnished as part of this application certified copies of records relied on by the Oil Conservation Division in adopting its poolwide infill orders for the Blanco-Mesaverde and Basin-Dakota Pools. Therefore, requiring an applicant to supply further documentation is unnecessary.

Rule 4: The oath statement has been revised to track the language in Section 271.305(a).

7. The basis for the belief that filings under the alternative filing requirements provide substantial evidence on which the jurisdictional agency may base a determination is that all pertinent geological and engineering data for these pools has already been accumulated at hearing under oath. The Federal Energy Regulatory



Commission is now being furnished with these materials.

WHEREFORE, the New Mexico Oil Conservation Division seeks approval of the alternate filing requirements attached hereto as Exhibit A.

NEW MEXICO OIL CONSERVATION DIVISION

BY

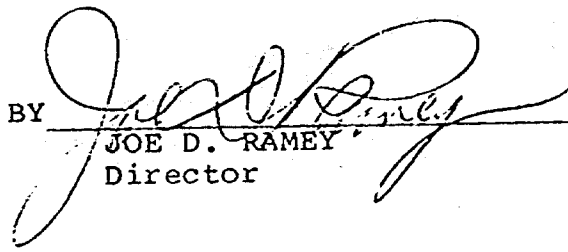
  
JOE D. RAMEY  
Director

EXHIBIT A

STATE OF NEW MEXICO  
ALTERNATE FILING REQUIREMENTS

RULE 1. APPLICABILITY. These rules shall only apply to infill wells drilled pursuant to OCD Orders Nos. R-1670-T and R-1670-V.

RULE 2. FORMS. An application for a new onshore production well drilled into an already existing proration unit pursuant to OCD Orders Nos. R-1670-T and R-1670-V shall include:

- a. FERC Form No. 121 and
- b. Division Form C-132 and the required attachments.

RULE 3. INFILL ORDER. The application shall specify the number of the Division order authorizing an infill well drilling program on a poolwide basis.

RULE 4. OATH. The application shall include a statement by the applicant under oath that:

- a. the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
- b. the well is within a proration unit:
  - (1) which was in existence at the time the surface drilling of such well began;
  - (2) which was applicable to the reservoir from which natural gas from such well is produced; and
  - (3) which applied to a well:
    - (i) which produced natural gas in commercial quantities; or
    - (ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities;
- c. he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well;

-2-

- d. he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

RULE 5. ORDER NO. R-5878. All provisions of the special rules for applications for wellhead price ceiling category determinations promulgated by Order No. R-5878 and which are not inconsistent herewith shall remain in full force and effect.

BEFORE THE NEW MEXICO  
OIL CONSERVATION DIVISION  
ENERGY AND MINERALS DEPARTMENT  
OCT 10 1978  
CONSERVATION DIVISION  
SANTA FE

IN THE MATTER OF THE APPLICATION  
OF CONSOLIDATED OIL & GAS, INC.,  
FOR SPECIAL NGPA RULES

CASE NO. 6706

APPLICATION

Comes now Consolidated Oil & Gas, Inc., by its attorney, Lynn Teschendorf, and makes application pursuant to Section 70-2-23, NMSA 1978, for an order approving alternate filing requirements under the Natural Gas Policy Act of 1978 (NGPA) for infill wells drilled in the Blanco-Mesaverde and Basin-Dakota Pools, and as grounds therefor states:

1. Section 274.204 of the Federal Energy Regulatory Commission regulations under the NGPA sets forth filing requirements for applications for determinations that an infill well qualifies as a new onshore production well.
2. Said section governs applications on a well-by-well basis, and does not provide a filing procedure in the case of infill well drilling programs on a poolwide basis.
3. In its Orders Nos. R-1670-T and R-1670-V, the Oil Conservation Division has provided for the optional drilling of an additional well on each proration unit in the Blanco-Mesaverde and Basin-Dakota Pools, and has made the requisite finding that the infill drilling of a second well on an established proration unit in these pools is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing wells within the proration unit.
4. In order to implement these orders under the NGPA and to allow producers to file and qualify their infill wells for the Section 103 price under said Act, the Division has filed an Application for Approval of Alternate Filing Requirements with the Federal Energy Regulatory Commission. Said Application is attached hereto as Exhibit 1 and by this reference incorporated.
5. The Oil Conservation Division should adopt the special rules as proposed in said Application as filing requirements for infill wells drilled pursuant to Division Orders Nos. R-1670-T and R-1670-V.

WHEREFORE, applicant requests that this matter be set for hearing, and that an order be entered in accordance with the foregoing.

CONSOLIDATED OIL & GAS, INC.

By Lynn Teschendorf  
Lynn Teschendorf  
Attorney for Applicant  
Suite 1300  
1860 Lincoln Street  
Denver, Colorado 80295

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF THE NEW MEXICO OIL CONSERVATION )  
DIVISION FOR APPROVAL OF ALTERNATE )  
FILING REQUIREMENTS )

NGPA Section  
503(C)(3)  
FERC Regulation  
274.207

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OIL CONSERVATION DIVISION  
SANTA FE

APPLICATION

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EXHIBIT 1

FERC SECTION NO.

OIL CONSERVATION DIVISION RULE NO.

274.204 (d)	4
274.204 (e)	3
274.204 (f)	3

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NEW MEXICO OIL CONSERVATION DIVISION

BY

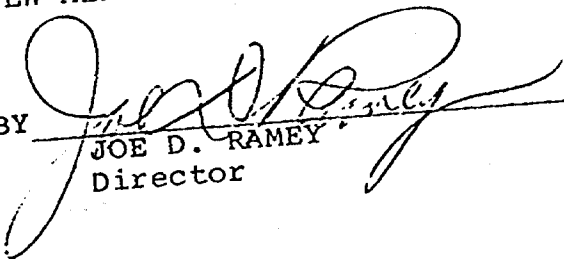
  
JOE D. RAMEY  
Director

EXHIBIT A

STATE OF NEW MEXICO  
ALTERNATE FILING REQUIREMENTS

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BEFORE THE NEW MEXICO  
OIL CONSERVATION DIVISION  
ENERGY AND MINERALS DEPARTMENT

RECEIVED  
OCT 0 1978

IN THE MATTER OF THE APPLICATION  
OF CONSOLIDATED OIL & GAS, INC.,  
FOR SPECIAL NGPA RULES

OIL CONSERVATION DIVISION  
CASE NO. (SANTA FE)  
6206

APPLICATION

Comes now Consolidated Oil & Gas, Inc., by its attorney, Lynn Teschendorf, and makes application pursuant to Section 70-2-23, NMSA 1978, for an order approving alternate filing requirements under the Natural Gas Policy Act of 1978 (NGPA) for infill wells drilled in the Blanco-Mesaverde and Basin-Dakota Pools, and as grounds therefor states:

1. Section 274.204 of the Federal Energy Regulatory Commission regulations under the NGPA sets forth filing requirements for applications for determinations that an infill well qualifies as a new onshore production well.
2. Said section governs applications on a well-by-well basis, and does not provide a filing procedure in the case of infill well drilling programs on a poolwide basis.
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WHEREFORE, applicant requests that this matter be set for hearing, and that an order be entered in accordance with the foregoing.

CONSOLIDATED OIL & GAS, INC.

By Lynn Teschendorf  
Lynn Teschendorf  
Attorney for Applicant  
Suite 1300  
1860 Lincoln Street  
Denver, Colorado 80295

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION  
OIL CONSERVATION DIVISION  
SANTA FE

IN THE MATTER OF THE APPLICATION ) NGPA Section  
OF THE NEW MEXICO OIL CONSERVATION ) 503(C) (3)  
DIVISION FOR APPROVAL OF ALTERNATE ) FERC Regulation  
FILING REQUIREMENTS ) 274.207

APPLICATION

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1. The Oil Conservation Division is the designated jurisdictional agency for wells on other than federal lands within the State of New Mexico.

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3. The filing requirements for which alternatives are proposed include the following: Sections 274.204(d), (e) and (f).

4. The specific requirements which will replace the requirements in Paragraph (3), supra, are included on Exhibit A and will replace them as follows:

EXHIBIT I

FERC SECTION NO.

OIL CONSERVATION DIVISION RULE NO.

274.204 (d)

274.204 (e)

274.204 (f)

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5. The transcripts and supporting documents, including appropriate geological evidence and engineering data demonstrating that the infill well program is necessary on a poolwide basis to effectively and efficiently drain portions of the reservoir covered by proration units which cannot be effectively and efficiently drained by any existing well within those units, for both the Blanco-Mesaverde and Basin-Dakota Pools, are attached hereto and are incorporated herein as part of this application.

6. The reasons for requesting approval of each alternative requirement are as follows:

Rule 3: The Federal Energy Regulatory Commission is being furnished as part of this application certified copies of records relied on by the Oil Conservation Division in adopting its poolwide infill orders for the Blanco-Mesaverde and Basin-Dakota Pools. Therefore, requiring an applicant to supply further documentation is unnecessary.

Rule 4: The oath statement has been revised to track the language in Section 271.305(a).

7. The basis for the belief that filings under the alternative filing requirements provide substantial evidence on which the jurisdictional agency may base a determination is that all pertinent geological and engineering data for these pools has already been accumulated at hearing under oath. The Federal Energy Regulatory

Commission is now being furnished with these materials.

WHEREFORE, the New Mexico Oil Conservation Division seeks approval of the alternate filing requirements attached hereto as Exhibit A.

NEW MEXICO OIL CONSERVATION DIVISION

BY

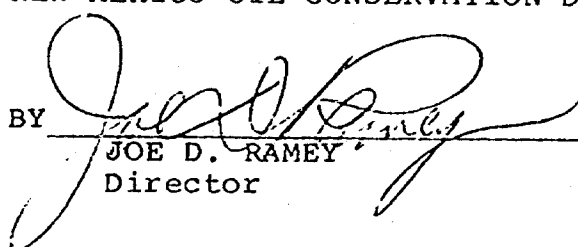
  
\_\_\_\_\_  
JOE D. RAMEY  
Director

EXHIBIT A

STATE OF NEW MEXICO  
ALTERNATE FILING REQUIREMENTS

RULE 1. APPLICABILITY. These rules shall only apply to infill wells drilled pursuant to OCD Orders Nos. R-1670-T and R-1670-V.

RULE 2. FORMS. An application for a new onshore production well drilled into an already existing proration unit pursuant to OCD Orders Nos. R-1670-T and R-1670-V shall include:

- a. FERC Form No. 121 and
- b. Division Form C-132 and the required attachments.

RULE 3. INFILL ORDER. The application shall specify the number of the Division order authorizing an infill well drilling program on a poolwide basis.

RULE 4. OATH. The application shall include a statement by the applicant under oath that:

- a. the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
- b. the well is within a proration unit:
  - (1) which was in existence at the time the surface drilling of such well began;
  - (2) which was applicable to the reservoir from which natural gas from such well is produced; and
  - (3) which applied to a well:
    - (i) which produced natural gas in commercial quantities; or
    - (ii) the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities;
- c. he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well;

- d. he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

RULE 5. ORDER NO. R-5878. All provisions of the special rules for applications for wellhead price ceiling category determinations promulgated by Order No. R-5878 and which are not inconsistent herewith shall remain in full force and effect.



IT IS THEREFORE ORDERED:

(1) That Rule 15 of the Special Rules for Applications for Wellhead Price Ceiling Determinations as shown on Exhibit A attached to Division Order No. R-5878 is hereby redesignated Rule 15 A.

*(2) That Section 3 of said Rule 15 A is hereby amended to read in its entirety as follows:*

"3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well under Section 271.305 of the FERC NGPA Regulations. (For infill wells in the Blanco Mesaverde or Basin-Dakota Pools, see Rule 15B.)"

*(3) That the first paragraph of Section 6 of the aforesaid Rule 15 A is hereby amended to read in its entirety as follows:*

6. If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit (except in the Blanco Mesaverde or Basin-Dakota Pools) pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, the applicant must, in addition to the filing requirements listed in Sections 1 through 4 of Rule 15A, file:"

*(4)* That a new Rule 15 B as set out on Exhibit A attached hereto is hereby adopted and made a part of said special rules,

*(5)* That the effective date of this order and of the changes and additions made hereby is \_\_\_\_\_, 1980.

*(6)* That jurisdiction of this cause is ~~hereby~~ retained for the entry of such further orders as the Division may deem necessary.

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



~~SPECIAL RULES FOR APPLICATIONS  
FOR WELLHEAD PRICE CEILING  
CATEGORY DETERMINATIONS~~

~~(AMENDMENT NO. 1)~~

*and Sandoval*

RULE 15 B. An application for a new onshore production well [NGPA Section 103] for an infill well in the Blanco-Mesaverde Pool or the Basin-Dakota Pool, San Juan, ~~and~~ Rio Arriba, Counties, drilled pursuant to Division Order No. R-1670-T or R-1670-V, respectively, shall include:

1. FERC Form No. 121
2. Division Form C-132 and the required ~~attachments~~ *report*.

*(3) The Form C-102 attached to Form C-132 shall locate and identify the production unit dedicated to the well in accordance with ~~the~~ appropriate Division ~~and~~ rules and shall also give the location and identification of all ~~the~~ wells within such production unit and as well as the name of the pool from which each well produces.*

4. A statement by the applicant, under oath:

(a) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(b) that the well satisfies any applicable Federal or State well spacing requirements;

(c) that the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(d) that the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

5. ~~the~~ A statement referencing ~~the~~ *was begun on* New Mexico Oil Conservation Division order under which the infill well was drilled; Division Order No. R-1670-T if the well is located in the Blanco-Mesaverde pool, or ~~New Mexico Oil Conservation~~ Division Order No. R-1670-V if the well is located in the Basin-Dakota pool.

Exhibit A - Order No. R-5878-A

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6706

Order No. R-5878-A

APPLICATION OF CONSOLIDATED OIL & GAS,  
INC. FOR ALTERNATE FILING REQUIREMENTS  
UNDER THE NATURAL GAS POLICY ACT OF 1978,  
SAN JUAN, RIO ARriba, AND SANDOVAL COUNTIES,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 31  
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this \_\_\_\_\_ day of November, 19 79, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., seeks  
an order adopting alternate filing requirements under the Natural  
Gas Policy Act of 1978 whereby infill wells drilled in the  
Blanco Mesaverde and Basin-Dakota Pools pursuant to the pool-wide  
infill drilling findings and rules promulgated for said pools by  
Division Orders Nos. R-1670-T and R-1670-V, respectively, would  
qualify as new onshore production wells.

(3) That by its Order No. R-5878, entered December 14, 1978,  
the Division adopted Special Rules for Applications for Wellhead  
Price Ceiling Category Determinations filed pursuant to regulations  
of the Federal Energy Regulatory Commission adopted under provisions  
of the Natural Gas Policy Act of 1978, P.L. 95-621, 92 Stat. 3350.