

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NGPA- 18

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

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

THE DIRECTOR OF THE DIVISION FINDS:

(1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.

(2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.

(3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.

(4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:

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

(5) That pursuant to Order No. R-5436, the Director of the Division may find that an infill well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:

- (a) the well was drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in such pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool; or that
- (b) the well is necessary to protect the proration unit from uncompensated drainage or to protect correlative rights; or that
- (c) the drilling of the well commenced prior to January 18, 1977.

(6) That the applicant herein Consolidated Oil & Gas has requested exemption from the provisions of the Natural Gas Pricing Act pursuant to Section 62-7-5, NMSA 1978, and Division Order No. R-5436 for the above-named well.

(7) That all the requirements of said Order No. R-5436 have been complied with, and that said well is justified for exemption from the provisions of the Natural Gas Pricing Act inasmuch as said well was not drilled for the purpose of avoiding the application of said act, but was in fact:

() A Replacement Well

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

(X) An Infill Well

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

IT IS THEREFORE ORDERED:

(1) That the above-named well is hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978).

(2) That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.

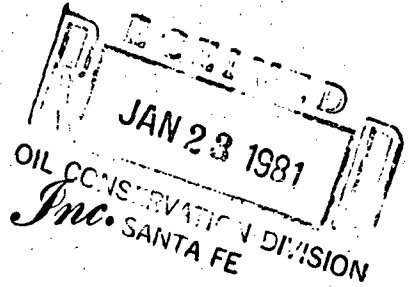
DONE at Santa Fe, New Mexico on this 2nd day of February, 19 81.


JOE D. RAMSEY, Director



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

Consolidated Oil & Gas, Inc.



February 20, 1981

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

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

Gentlemen:

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

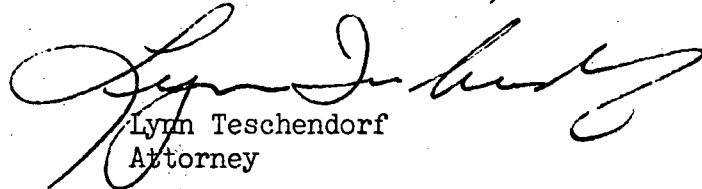
Mills 1-E, Section 19, T25N, R9W, Dakota
Ladd 1-E, Section 19, T25N, R9W, Dakota
Navajo 1-E, Section 2, T25N, R10W, Dakota

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

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

Very truly yours,

CONSOLIDATED OIL & GAS, INC.


Lynn Teschendorf
Attorney

LT:pb

Enclosures

cc: NMOCD, Aztec, NM

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NGPA- 18

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

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

THE DIRECTOR OF THE DIVISION FINDS:

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

IT IS THEREFORE ORDERED:

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

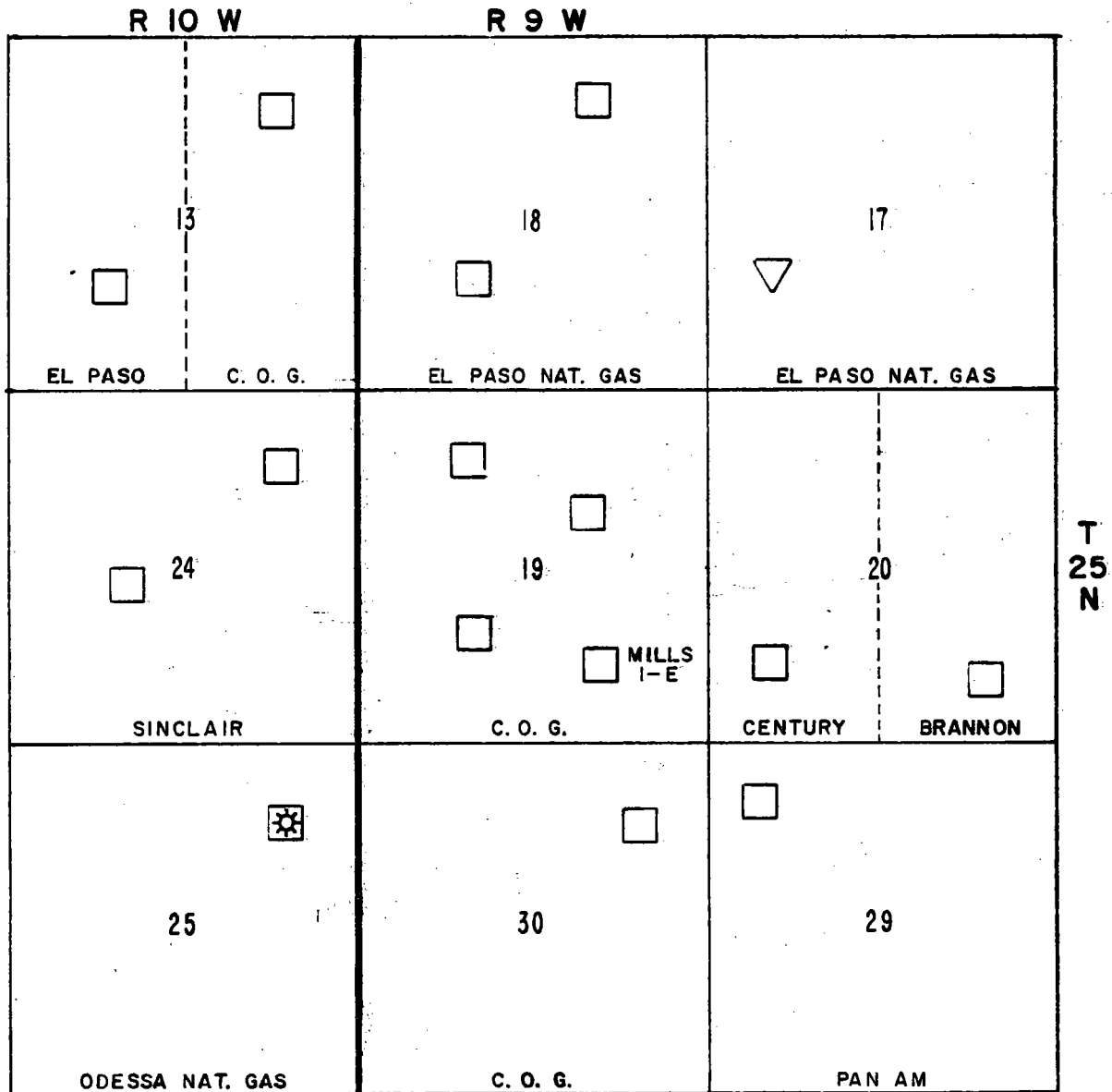
JOE D. RAMLEY, Director






OFFSET OPERATORS PLAT






CONSOLIDATED OIL AND GAS INC.

WELL : MILLS I-E

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

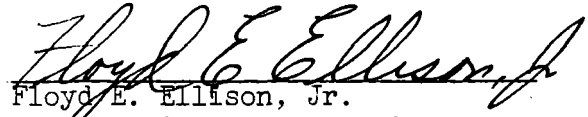


-  DAKOTA
-  MESA VERDE
-  PICTURE CLIFFS
-  GALLUP
-  MESA VERDE - PIC. CLIFFS DUAL

-  MESA VERDE - GALLUP DUAL
-  MESA VERDE - DAKOTA DUAL
-  DAKOTA - PIC. CLIFFS DUAL
-  DAKOTA - GALLUP DUAL
-  GALLUP - PIC. CLIFFS DUAL

CERTIFICATION

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


Floyd E. Ellison, Jr.
Vice President - Operations

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 0117074	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. LESVR. <input type="checkbox"/> Other <input type="checkbox"/>		6. INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR CONSOLIDATED OIL & GAS, INC.		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR PO BOX 2038, FARMINGTON, NEW MEXICO 87401		8. FARM OR LEASE NAME MILLS	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 1120' FSL & 1600' FEL Sec 19 T25N R9W At top prod. interval reported below At total depth		9. WELL NO. 1 E	
14. PERMIT NO.		10. FIELD AND POOL, OR WILDCAT BASIN: DAKOTA	
DATE ISSUED		11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA SEC 19 T25N R9W	
15. DATE SPURRED 9-18-80		12. COUNTY OR PARISH SAN JUAN	
16. DATE T.D. REACHED 9-29-80		13. STATE NEW MEXICO	
17. DATE COMPL. (Ready to prod.) 12-2-80		18. ELEVATIONS (DF, REB, RT, GR, ETC.) 6717 RKB	
19. ELEV. CASINGHEAD 6705		20. TOTAL DEPTH, MD & TVD 6700	
21. PLUG BACK T.D., MD & TVD 6643		22. IF MULTIPLE COMPL., HOW MANY*	
23. INTERVALS DRILLED BY ROTARY TOOLS <input checked="" type="checkbox"/> CABLE TOOLS <input type="checkbox"/>		24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6424 to 6462	
25. WAS DIRECTIONAL SURVEY MADE NO		26. TYPE ELECTRIC AND OTHER LOGS RUN IES & CNL	
27. WAS WELL CORED NO		28. CASING RECORD (Report all strings set in well)	
29. LINER RECORD		30. TUBING RECORD	
31. PERFORATION RECORD (Interval, size and number) 6424 to 6462 20 - .40 Holes		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. DEPTH INTERVAL (MD) 6424 - 6462 AMOUNT AND KIND OF MATERIAL USED 500 gal acid, 45,000 gal x-link gel, 60,000# sand	
33. PRODUCTION DATE FIRST PRODUCTION 12-2-80 PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) FLOW DATE OF TEST 12-2-80 HOURS TESTED 3 CHOKE SIZE 3/4 PROD'N. FOR TEST PERIOD OIL—BBL. GAS—MCF. 72 WATER—BBL. OIL GRAVITY-API (CORR.)		34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) VENTED TEST WITNESSED BY TEFTELLER	
35. LIST OF ATTACHMENTS		36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records: SIGNED <u>Vern M. Moore</u> TITLE PRODUCTION SUPT. DATE 12-3-80	

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

INSTRUCTIONS

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

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

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

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

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

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

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

37. SUMMARY OF POROUS ZONES:

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

39.

GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TRUE VERT. DEPTH
DK	6424	6462				