

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

NGPA- 22

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

OPERATOR Supron Energy Corp. WELL NAME AND NO. Jicarilla G Well No. 9-A
LOCATION: UNIT 0 SEC. 1 TWP. 26N RNG. 5W COUNTY Rio Arriba

THE DIRECTOR OF THE DIVISION FINDS:

- (1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.
- (2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
- (3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.
- (4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
- (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 Supron Energy Corp. 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 Blanco-Mesaverde Gas Pool and the order being Division Order No. R- 1670-I.
 - () 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. RAMEY, Director

NEW MEXICO OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

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DIVISION ORDER NO. R-5436

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LOCATION: UNIT 0 SEC. 1 TWP. 26 N RNG. 5 W COUNTY Rio Arriba

THE DIRECTOR OF THE DIVISION FINDS:

- (1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.
- (2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
- (3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.
- (4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
- (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 Supron Energy Corp. 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 Blanco-Mesaverte Gas Pool and the order being Division Order No. R-1620-T.
 - () 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. RAMEY, Director

SUPRON ENERGY CORPORATION

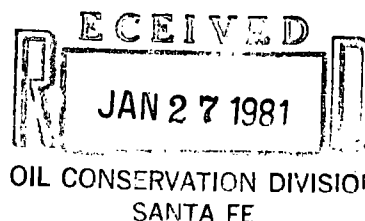
Bldg. V, Fifth Floor
10300 North Central Expressway
Dallas, Texas 75231

WILLIAM S. JAMESON
SENIOR VICE PRESIDENT
GENERAL COUNSEL & SECRETARY

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

January 22, 1981

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



Re: Application for Exemption from the Provisions
of Section 6 of the Natural Gas Pricing Act -
Supron Energy Corporation's Jicarilla "G" 9-A Well (Mesaverde)

Dear Sir:

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

The above captioned well was located and drilled as an "infill" well in a particular gas pool pursuant to an Oil Conservation Division order finding that such wells will increase the recoverable reserves under the applicable proration unit and will result in more efficient use of reservoir energy and will tend to ensure greater ultimate recovery of gas from the pool. The applicable Division Order Number is R 1670-T applicable to the Mesaverde Formation.

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

Submitted herewith are copies of the following data showing the date on which the drilling of the captioned wells was commenced:

1. Application for Permit to Drill; and
2. Well Completion Report.

SUPRON ENERGY CORPORATION

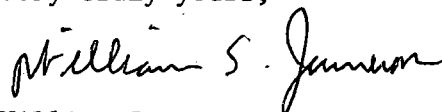
Director
New Mexico Oil Conservation Division
January 22, 1981

Page Two

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

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

Very truly yours,



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

klc
encls/as stated

cc: New Mexico Oil Conservation Division
District III
1000 Rio Brazos Road
Aztec, New Mexico 87410
(w/copy of encls)

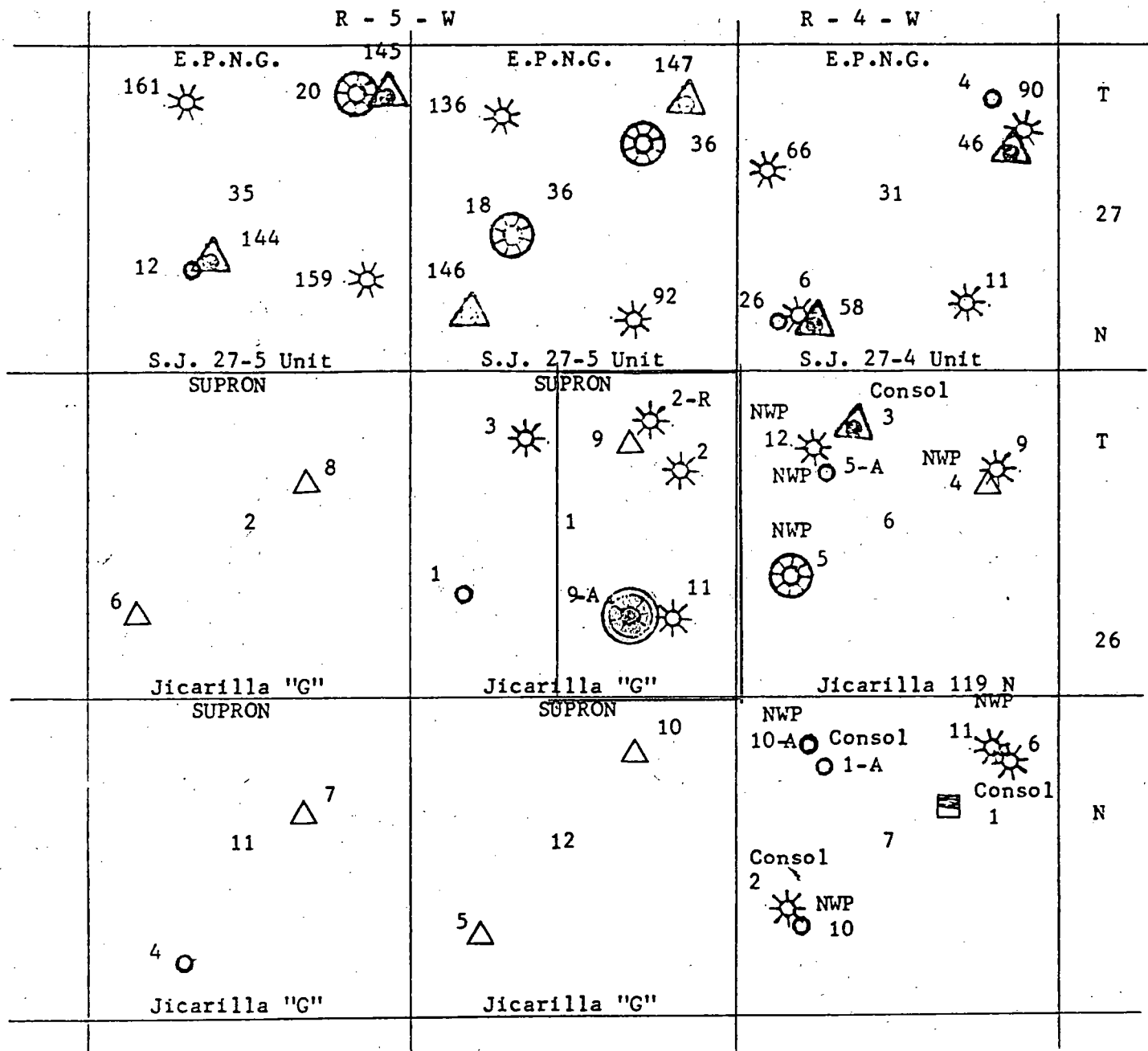
Southland Royalty Company
1000 Fort Worth Club Tower
Fort Worth, Texas 76102
(w/copy of encls)

OFFSET OPERATOR'S PLAT

SUPRO (ERGY CORPORATION

WELL: JICARILLA "G" NO. 9-A

LOCATION: 1160 Feet from the South line and 1810 feet from the East line of Sec. 1, Twp. 26 North, Rge. 5 West, Rio Arriba County, New Mexico.



Proposed Dual Blanco Mesaverde and BS Mesa Gallup



Mesaverde



Pictured Cliffs



Dakota



Pictured Cliffs - Mesaverde



Mesaverde - Gallup



Mesaverde - Dakota

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☐MULTIPLE
ZONE ☒

2. NAME OF OPERATOR

Supron Energy Corporation

3. ADDRESS OF OPERATOR

P. O. Box 808, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1160 feet from the South line and 1810 feet from the East line.

At proposed prod. zone Same as above.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 1160' /Drlg. Unit

16. NO. OF ACRES IN LEASE

2560

17. NO. OF ACRES ASSIGNED
TO THIS WELL

319.96

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. line
Approx. 2600 ft.

19. PROPOSED DEPTH

8500

20. ROTARY OR CABLE TOOLS

Rotary

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

7309 Gr.

22. APPROX. DATE WORK WILL START*

July 5, 1979

23. PROPOSED CASING AND CEMENTING PROGRAM

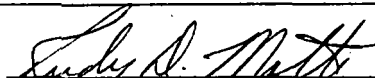
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-3/4"	10-3/4"	32.75	250 feet	180 Sx.
9-5/8"	7-5/8"	26.40	4300 feet	250 Sx.
6-3/4"	5-1/2"	15.50	8500 feet	550 Sx.

This well will be drilled to intermediate casing point using mud as a circulating medium. After intermediate casing is set and cemented, the well will be drilled to total depth using gas or air as a circulating medium. The well will have liner run, hung off and cemented. The well will be perforated in the Dakota formation and sand water fraced to stimulate production. A bridge plug will be set above the Dakota formation. The Mesaverde zone will be perforated then sand water fraced to stimulate production. The well will be cleaned up, the Bridge plug drilled out and a Baker production packer will be set at approximately 7600 feet. Tubing will be run and landed in the production packer and a second string of tubing will be run and set at approximately 5,100 feet. The well will then be nippedled down and a packer test will be run to assure zone separation.

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

24.

SIGNED


Rudy D. Motto
(This space for Federal or State office use)

TITLE

Area Superintendent

DATE May 1, 1979

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other in-
structions 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 _____				5. LEASE DESIGNATION AND SERIAL NO. Contract No. 150	
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. RESVR. <input type="checkbox"/> Other _____				6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
2. NAME OF OPERATOR Supron Energy Corporation				7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P.O. Box 808, Farmington, New Mexico 87401				8. FARM OR LEASE NAME Jicarilla "G"	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 1160 Ft./S; 1810 Ft./E line At top prod. interval reported below Same as above At total depth Same as above				9. WELL NO. 9-A	
14. PERMIT NO. _____ DATE ISSUED _____				10. FIELD AND POOL, OR WILDCAT Blanco Mesaverde	
15. DATE SPUDDED 9-13-79				11. SEC. T., R., N., OR BLOCK AND SURVEY OR AREA Sec. 1, T-26N, R-5W N.M.P.M.	
16. DATE T.D. REACHED 9-26-79				12. COUNTY OR PARISH Rio Arriba	
17. DATE COMPL. (Ready to prod.) 3-27-80				13. STATE New Mexico	
18. ELEVATIONS (DF, REB, BT, GR, ETC.)* 7321 R.K.B.				19. ELEV. CASINGHEAD 7309	
20. TOTAL DEPTH, MD & TVD 8227 MD & TVD		21. PLUG, BACK T.D., MD & TVD 7860 MD & TVD		22. IF MULTIPLE COMPL., HOW MANY* 2	
23. INTERVALS DRILLED BY →		ROTARY TOOLS 0 - 8227		CABLE TOOLS - - -	
24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 5659 - 6209 Mesaverde MD & TVD				25. WAS DIRECTIONAL SURVEY MADE No	
26. TYPE ELECTRIC AND OTHER LOGS RUN Induction Laterolog and Compensated Neutron Density				27. WAS WELL CORED No	
28. CASING RECORD (Report all strings set in well)					
CASING SIZE		WEIGHT, LB./FT.		DEPTH SET (MD)	
10-3/4"		32.75		257	
7-5/8"		26.40		4329	
4-1/2"		11.60		5023-7967	
4-1/2"		10.50		0 - 5023	
HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED	
13-3/4"		275 Sx.			
9-7/8"		200 Sx.			
6-3/4"		425 Sx. (2-Stage)			
6-3/4"					
29. LINER RECORD					
SIZE		TOP (MD)		BOTTOM (MD)	
4-1/2"		Surface		7967	
SACKS CEMENT*		SCREEN (MD)			
425					
30. TUBING RECORD					
SIZE		DEPTH SET (MD)		PACKER SET (MD)	
NO TUBING RUN					
31. PERFORATION RECORD (Interval, size and number) 1 - 0.42" hole at each of the following depths: 5659, 5661, 5744, 5746, 5748, 5749, 5773, 5775, 5779, 5781, 6182, 6185, 6188, 6191, 6194, 6196, 6200, 6203, 6206, 6209. (Total of 20 holes)					
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.					
DEPTH INTERVAL (MD)		AMOUNT AND KIND OF MATERIAL USED			
5659 - 6209		2000 Gal. 15% HCL, 51,000 gal. 1% KCL water, 50,000 lb. 20-40 sand.			
33. PRODUCTION					
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing			
DATE OF TEST		HOURS TESTED		CHOKE SIZE	
3-20-80		3		3/4"	
PROD'N. FOR TEST PERIOD		OIL—BBL.		GAS—MCF.	
→				336	
FLOW. TUBING PRESS.		CASING PRESSURE		CALCULATED 24-HOUR RATE	
- - -		208		→	
OIL—BBL.		GAS—MCF.		WATER—BBL.	
		2687			
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Vented					
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>Kenneth E. Roddy</u>		TITLE <u>Production Superintendent</u>		DATE <u>3-28-80</u>	
Kenneth E. Roddy					

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