

NEW MEXICO OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER
NGPA- 28

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

OPERATOR Southern Union Exploration Co WELL NAME AND NO. Hodges Well No. 15-E
LOCATION: UNIT J SEC. 27 TWP. 26N RNG. 8W 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 Southern Union Expl. 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 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), effective this date
- (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.

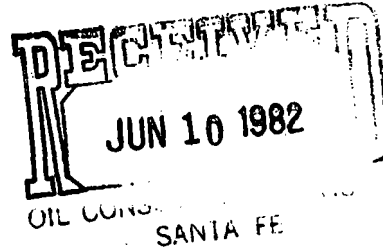
DONE at Santa Fe, New Mexico on this 22nd day of July, 19 82.

Joe D. Ramey, Director



Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202
214/742-6051

June 7, 1982



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

Re: Hodges #15E
Basin Dakota Field
San Juan County, NM

Gentlemen:

Pursuant to the provisions of the New Mexico Oil Conservation Commission's Order No. R-5436 and pursuant to Section 62-7-5 NMSA 1978, Southern Union Exploration Company respectfully requests an exemption for the above referenced infill gas well from the provisions of the State of New Mexico's Natural Gas Pricing Act.

Attached for your consideration is a copy of an area plat showing the referenced proration unit, the location of all wells thereon, and the ownership and location of all wells offsetting it. Also please find enclosed a notarized certification pursuant to Rule 7 (c) contained in Order No. R-5436; and USGA Forms 9-331C and 9-330.

The Oil Conservation Commission had found that infill drilling would substantially increase recoverable reserves, would result in more efficient use of reservoir energy, and would tend to ensure greater ultimate recovery of gas from the Basin Dakota pool in Order No. R-1670-V. The above referenced well is completed and producing from this pool.

Southern Union Exploration Company also respectfully requests that this exemption be approved retroactive to the date of initial deliveries from this well (8/13/81). We had sincerely believed that these exemptions were automatic and no application was required to exempt this well. We apologize for any inconvenience this may have caused.

If you require any additional information, please let us know.

Very truly yours,


Susan B. Reno
Director, Administrative Operations

SBR:tf

Attachment

CERTIFICATION

I hereby certify that the Jicarilla K Well No. 15, being the existing well on the referenced proration unit, shall not have its ability to produce into the pipeline restricted in any manner.

SOUTHERN UNION EXPLORATION COMPANY

By: Ronald M. Sentz
Ronald M. Sentz
Drilling and Production
Engineer

Subscribed in my presence and duly sworn to before me, this eighth day of June, 1982.

Robin Ann McComish
Notary Public in and for
Dallas County, Texas

September 3, 1984
My Commission Expires

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

struct reverse

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other _____

b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. ESTVR. ☐ Other _____

2. NAME OF OPERATOR
Supron Energy Corp. % John H. Hill, et al

3. ADDRESS OF OPERATOR Suite 020, Kysar Building
300 W. Arrington, Farmington, New Mexico 87401

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

At surface 1850' FSL & 1570' FEL (NW SE)

At top prod. interval reported below

At total depth

14. PERMIT NO.

DATE ISSUED

5. LEASE DESIGNATION AND SERIAL NO.

SE - 078432

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

N/A

8. FARM OR LEASE NAME

Hodges

9. WELL NO.

15-E

10. FIELD AND POOL, OR WILDCAT

Basin Dakota

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

Sec. 27 T26N R8W

12. COUNTY OR PARISH

San Juan

13. STATE

New Mexico

15. DATE SPEDDED 16. DATE T.D. REACHED 17. DATE COMPL. (Ready to prod.) 18. ELEVATIONS (OF, BEB, RT, GR, ETC.)* 19. ELEV. CASINGHEAD

1/9/81 1/28/81 3/22/81 6951' GR 6953' GR

20. TOTAL DEPTH, MD & TVD 21. PLUG, BACK T.D., MD & TVD 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. ROTARY TOOLS 25. CABLE TOOLS

7507' MD 7462 Dual 7507'

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

7180 - 7270 Basin Dakota

25. WAS DIRECTIONAL SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

Gamma Ray & Neutron

27. WAS WELL CORED

No

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	23#	309'	12 1/2"	275 sx. Class B	-0-
5 1/2"	17#	7504'	7 7/8"	1496 sx. 50/50 Poz(3 stages)	-0-

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
1 1/2	7172	7135

31. PERFORATION RECORD (Interval, size and number)

7180, 83, 86, 88 93 - 7212, 16, 18, 23, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70.
Total 30 holes with .34" Tolson Gun.

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
7180 - 7270	1500 gals. 15% HCL Acid
	110,796 gals. Mini Max III-40
	160,000# 20/40, 40,000# 10/20 Sand

33. PRODUCTION

DATE FIRST PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) WELL STATUS (Producing or shut-in)

Flowing Shut-In

DATE OF TEST HOURS TESTED CHOKED SIZE PROD'S. FOR TEST PERIOD OIL—BBL. GAS—MCF. WATER—BBL. GAS-OIL RATIO

3/22/81 3 hrs. 3/4" 628

FLOW, TUBING PRESS. CASING PRESSURE CALCULATED 24-HOUR RATE OIL—BBL. GAS—MCF. WATER—BBL. OIL GRAVITY-API (CORR.)

40 475 634

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Vented

TEST WITNESSED BY

A.R. Kendrick

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: TITLE Drilling/Prod. Manager DATE March 26, 1981

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

SX Comm

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

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

37. SUMMARY OF POROUS ZONES:

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

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
Ojo Alamo	1750		Water Sand
Kirkland	2070		Water Sand
Pictured Cliffs	2630		Gas Sand
Point Lookout	4230		Gas Sand
Dakota	7100		Gas Sand

38. GEOLOGIC MARKERS

[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

(Other Instructions
reverse side)

Budget Bureau No. 42-R1425.

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 c/o Gordon L. Llewellyn

3. ADDRESS OF OPERATOR

The Lakes at Bent Tree
17400 Dallas Pkwy, Ste. 210, Dallas, TX 75252

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

At surface

1770' FSL & 1530' FEL (NW SE)

At proposed prod. zone

Same

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

29.7 miles South of Blanco, NM

15. DISTANCE FROM PROPOSED*

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

1530'

16. NO. OF ACRES IN LEASE

2480

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED, --
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

7500'

20. ROTARY OR CABLE TOOLS

Rotary

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

6952' GR

22. APPROX. DATE WORK WILL START*

July 15, 1980

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" new	24# K-55 ST&C	300	3 stage-D.V. Tool
6 1/4"	4 1/2" new	10.5 K-55	7500'	to cover Pictured Cliffs
		CW-55 ST&C		and Mesa Verde

1. Drill 12 1/4" hole and set 8 5/8" surface casing to 300' with good returns.
2. Log B.O.P. checks in daily drill reports and drill 6 1/4" hole to 7500'.
3. Run tests if warranted and run 4 1/2" casing if productive.
4. Run logs, as needed, and perforate and stimulate as needed.

EXHIBITS ATTACHED:

- "A" Location and Elevation Plat
- "B" The Ten-Point Compliance Program
- "C" The Blowout Preventer Diagram
- "D" The Multi-Point Requirements for A.P.D.
- "E" & "E₁" Access Road Maps to Location
- "F" Radius Map of Field
- "G" Drill Pad Layout, Production Facilities & Cut-Fill Cross-Section
- "H" Drill Rig Layout

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

[Signature]

TITLE

Engineer Drilling & Production

July 11, 1980

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

WELL LOCATION AND ACREAGE DEDICATION AT
"EXHIBIT A" - Location & Elevation Plat

Supron Energy Corporation
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

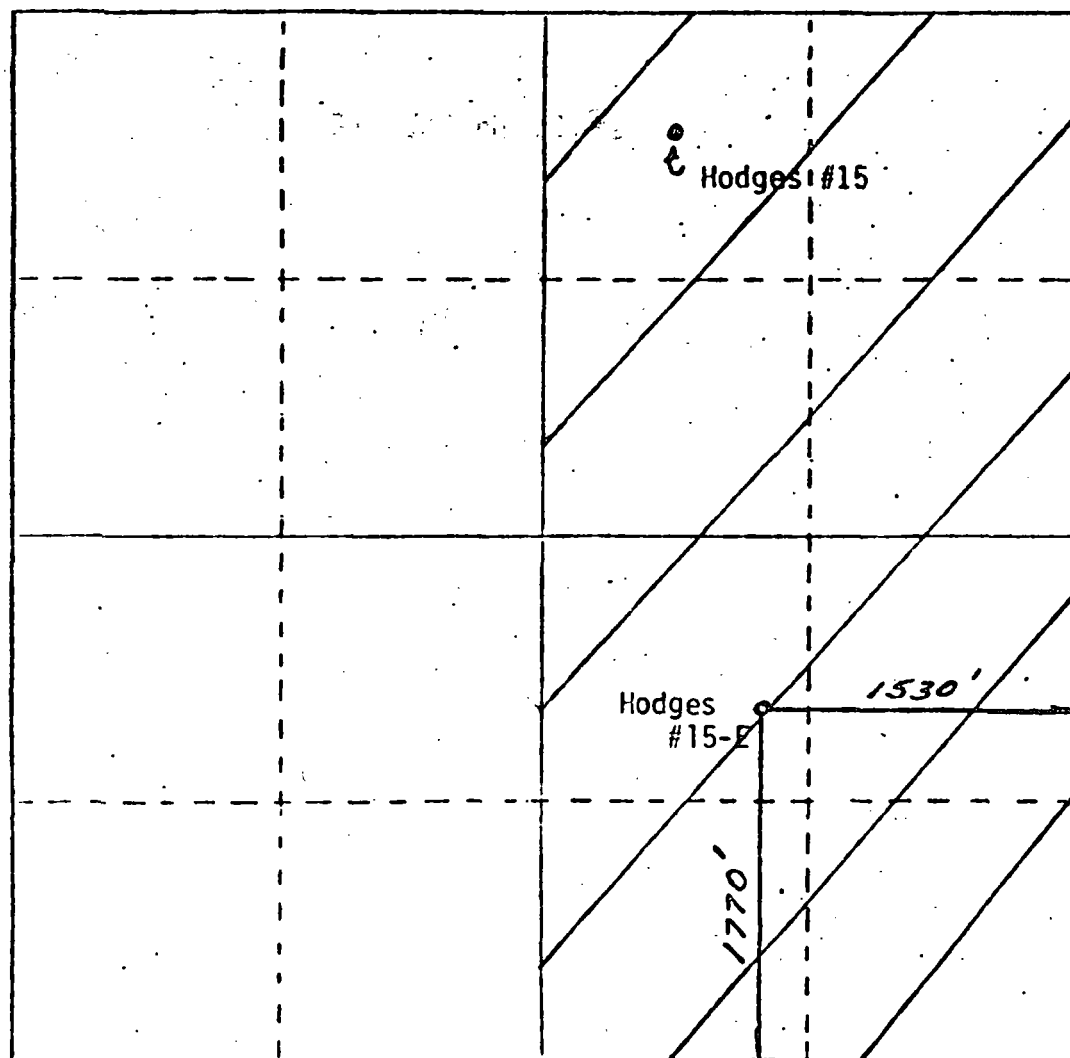
Operator Supron Energy Corporation		Lease SF-078432		Well No. Hodges #15	
East Letter U	Section 27	Township 26 North	Range 8 West	County SAN JUAN	
Actual Footage Location of Well: 1770 feet from the South line and 1530 feet from the East line					
Ground Level Elev. 6952'	Producing Formation Dakota		Pool Basin Dakota	Dedicated Acreage 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

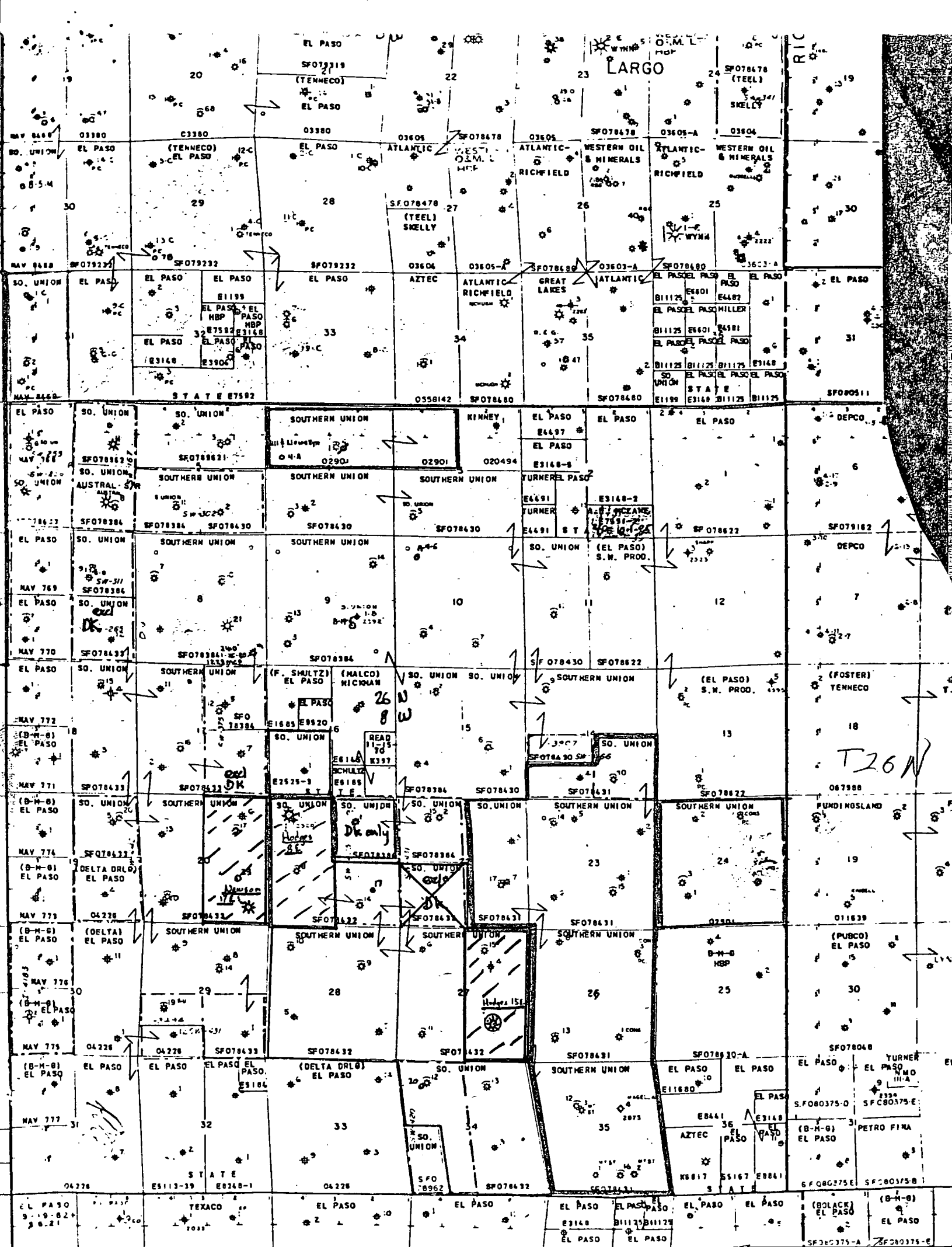
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

George Lapaseotes
Name **George Lapaseotes**
Position **V. President Powers Elevation**
Agent Consultant for
Company **Supron Energy Corporation**
Date **July 11, 1980**

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

30 JUL 1980
Date Surveyed
Richard B. Huddleston
Registered Professional Engineer
and Land Surveyor
Certificate No. **11002**







BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 29, 1982

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

Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202

Attention: Susan B. Reno, Administrative
Operations Director

Re: Applications for Exemption
from the New Mexico Natural
Gas Pricing Act

Dear Ms. Reno:

In regards to a telephone conversation with Ms. Betsy McMahon on Monday, June 28, 1982, I am unable to approve administratively your request to exempt the subject wells from the provisions of the New Mexico Natural Gas Policy Act and that those exemptions be retroactive to the date of initial deliveries for each well. May I suggest that Southern Union Exploration Company set these cases for hearing before a Division Examiner.

Enclosed are your applications for these wells. If I may be of any assistance in this matter please call.

Sincerely,

A handwritten signature in cursive script that reads "Michael E. Stogner".

MICHAEL E. STOGNER
Petroleum Engineer

MES/fd
enc.

cc: W. Perry Pearce, General Counsel
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Ms. Betsy McMahon
Southern Union Exploration Company
Suite 400, Texas Federal Building
1217 Main Street
Dallas, Texas 75202



Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202
214/742-6051

July 1, 1982

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Perry Pearce
General Counsel

Re: Applications for Exemption
from the New Mexico Natural
Gas Pricing Act

Dear Mr. Pearce:

Pursuant to our telephone conversation of this morning, I am returning herewith the above referenced applications which were returned to SX by the OCD's Mr. Michael E. Stogner.

Southern Union Exploration Company hereby requests the Oil Conservation Division to set for hearing before the OCD these Applications for Exemption from the New Mexico Natural Gas Pricing Act and the exemptions be approved retroactive to the date of initial deliveries from the wells.

Should you have any questions or need further information, please advise.

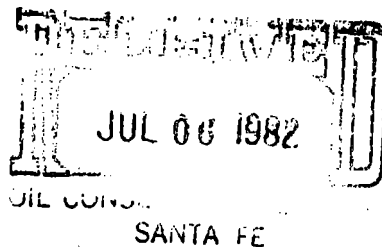
Very truly yours,

Ms. Susan B. Reno
Director-Administrative Operations

SBR:klt

Attachments

cc: Paul Zeis
Marketing





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

July 8, 1982

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

Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202

Attention: Susan B. Reno, Administrative
Operations Director

Re: Applications for Exemption
from the New Mexico Natural
Gas Pricing Act

Dear Ms. Reno:

Please submit for each application the name and address of the
gas purchaser.

Thank you.

Sincerely,

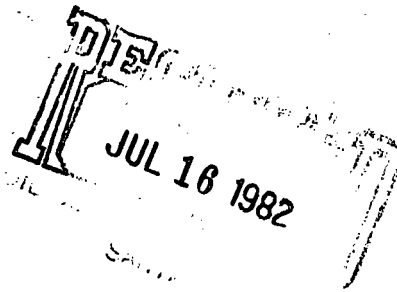
A handwritten signature in cursive script that reads "Michael E. Stogner".

Michael E. Stogner
Petroleum Engineer

MES/ms



Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202
214/742-6051



July 12, 1982

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

Attention: Michael E. Stogner
Petroleum Engineer

Re: Application for Exemption from
the New Mexico Natural Gas
Pricing Act
Hodges #15E

Gentlemen:

As requested by Mr. Stogner's letter dated July 8, 1982, the purchaser for
the above referenced well is as follows:

Gas Company of New Mexico
1800 First International Bldg.
Dallas, Texas 75270

Please advise if you require any additional information.

Very truly yours,

Betsy J. McMahon

Betsy J. McMahon
Regulatory Affairs Coordinator

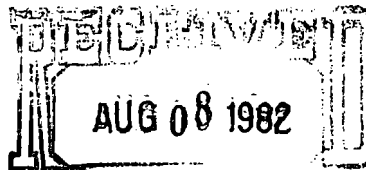
BJM:tf

cc: Susan Reno
Chuck Wilson
Dennis Morgan



NGPA # 28

Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202
214/742-6051



OIL CONSERVATION DIVISION
SANTA FE

August 2, 1982

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

Attention: Mr. Michael E. Stogner
Petroleum Engineer

Re: New Mexico Natural Gas
Pricing Act Withdrawal
Hodges #15E

Gentlemen:

In confirmation of our telephone conversation on Friday, July 30, 1982, Southern Union Exploration Company is hereby withdrawing its request for exemption from the New Mexico Natural Gas Pricing Act for the Hodges #15E infill gas well, San Juan County, New Mexico.

The gas from this well is purchased by El Paso Natural Gas Company, which is an interstate pipeline, and therefore, this well would not be affected by this Act.

Should you have any additional questions, please advise.

Very truly yours,

Charles W. Wilson

Charles W. Wilson
General Manager, Marketing

CWW:tf