P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

EXEMPTION FROM THE NATURAL GAS PRICING ACT

PURSUANT TO	SECTION 62-	-7-5, NMSA	1978, AND
DIVI	SION ORDER	NO. R-5436	李德·西斯
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(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.

_day of _

DONE at Santa Fe, New Mexico on this 24

Take to Pery P. OCD.

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

AMOCO PRODUCTION COMPANY'S)	Docket	No.	
APPLICATION TO HAVE THE)		٠	
FOLLOWING WELL EXEMPTED)			
FROM THE NEW MEXICO NATURAL)			
GAS PRICING ACT: WELL)			•
NAME: Gallegos Canyon Unit #263E	·)			
(THE EXEMPTION SOUGHT IS:) .			
□ PROSPECTIVE)	•		
X RETROACTIVE))			

APPLICATION FOR EXEMPTION

I. Introduction

In this application, Amoco Production Company ("Amoco") is requesting that the captioned well be exempted from the New Mexico Natural Gas Pricing Act ("the Act"), Sections 62-7-1 to 62-7-10, NMSA 1978. The application is made pursuant to Section 62-7-5 of that Act, and to the Oil Conservation Commission's Order No. R-5436.

II. Facts

- 1. Amoco is the operator of the captioned well.
- 2. The captioned well is an infill well, being the second well to be drilled on a proration unit comprising the N/2 of Section 20 , Township 29N , Range 12W , in San Juan County, New Mexico. That proration unit and the location of the captioned well thereon is shown on the Form C-102 Plat attached hereto as Exhibit "A," submitted pursuant to Rule 5 of Order R-5436.
- 3. The first well to be drilled on the proration unit described in Paragraph 2 was the Gallegos Canyon Unit #263 well (the "First Well"); that well was producing or capable of producing natural gas prior to January 1, 1975.
- 4. The drilling of the captioned well was commenced on 11/12/81; that well is completed for production in the Basin Dakota Pool, as is indicated by the completion report attached hereto as Exhibit "B."

5. Pursuant to Rule 7(a) of Order R-5436, Amoco states that the drilling of the captioned well as an infill well in the Pool named in Paragraph 4 was permitted by Order No. of the Oil Conservation Commission (or of the Division). That infill order contains findings of the sort called for by Rule 7(a).

III. Certification

Pursuant to Rule 7(c) of Order R-5436 the undersigned, speaking on behalf of Amoco, certifies that the ability of the First Well to produce into the pipeline has not been and will not be restricted by Amoco in any manner for the purpose of avoiding the application of the Act to sales of natural gas from that well.

IV. Request

Amoco requests the Division to enter an order (i) finding that the captioned well was justified for reasons other than avoiding the application of the Act and (ii) exempting that well from the Act. Amoco further requests that the exemption have effect prospectively or retroactively, as is indicated immediately below:

- prospectively, from the date this application is received by the Division;
- □ retroactively, from the date of first production of natural gas from the captioned well up to and including the day before the date this application is received by the Division.

V. Conclusion

By its submission of this application Amoco in no way surrenders its right to argue (i) that promulgation of the infill order cited above in Paragraph II.5 was sufficient, under Section 62-7-5 of the Act, to exempt the captioned well from the Act; or (ii) that the Division's determination that the captioned well qualifies as a New Onshore Production Well under Section 103 of the Natural Gas Policy Act of 1978 (if, in fact, such a determination has been made) was sufficient,

under Section 62-7-5 of the Act, to exempt that well from the Act; or (iii) that Order R-5436 is unenforceable.

Respectfully submitted,
AMOCO PROPUCTION COMPANY

By

Typed name

A. P. Payne

Title Regional Gas Sales Manager

Date:

CERTIFICATE OF MAILING

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to th	ne	follo	owing	pers	ons (at	the	in	dica	ted	addres	sses:	:	

District Office Oil Conservation Division

Purchaser:

Amoco Gas Company P. O. Box 3092 Houston, TX 77253

Working Interest Owners: See Attached Sheet

Typed name: Stephen D. Ring

Capacity: Attorney
(Acting for Amoco Production
Company)

SDR/mgb 011084 DATA863

WORKING INTEREST OWNERS

Union Texas Petroleum Company P. O. Box 2120 Houston, TX 77252 Attn: James Ulbricht Natural Gas Operations

Klinger, Maryan 242 E. Downs Stockton, CA 95204

American Petrofina Co. of Texas Attn: Manager of Outside Operations P. O. Box 2159 Dallas, TX 75221

Lear Petroleum Company 950 One Energy Square 4925 Greenville Ave. Dallas, TX 75206

Mesa Pertroleum Company 1660 Lincoln Street Denver, Co 80203

Texaco, Inc.
P. 0. Box 2100
Denver, CO 80201
Attn: Karen Boesel

Wood Oil Company 320 South Boston, Suite 850 Tulsa, OK 74103

Kalvestrand, Patricia 115 Conifer Lane Walnut Creek, CA 94598

Hodges, L. B. P. O. Box 489 Roswell, NM 88201

Pegg, A. C. P. O. Box 66067 Chicago, IL 60666 Huve, Nichole, Trust
The First National Bank Trustee
Trust Department
P. O. Box 1331
Amarillo, TX 79180

Arco Oil and Gas Company
P. O. Box 2819
Dallas, TX 75221
Attn: James W. Ciarroccki--22-094DAB

Southland Royalty Company 1000 Ft. Worth Club Tower Fort Worth, TX 76102 Attn: Janet Wilkinson

Sun Exploration and Production Company ATTN: Regulations/Marketing P. O. Box 2880 Dallas, TX 75221-2880

Getty Oil Company P. O. Box 1404 Houston, TX 77001 Attn: Natural Gas Sales and Purchasing

Featherstone Farms, LTD A LTD Partnership 1717 West Second Street Roswell, NM 88201

Texon Energy Corp.

A/W A. W. Dugan

1212 Main St., Suite 1400

Houston, TX 77002

National Drilling Co., Inc. 4810 North Kenneth, Ave. Chicago, IL 60630

Rydin, E. I. P. O. Box 66067 Chicago, IL 60666

PURCHASER FROM A WORKING INTEREST OTHER THAN AMOCO:

Northwest Pipeline Corp. P. O. Box 1526 Salt Lake City, UT 84110

UNIT) STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

SUBMIT IN DUPLICAT

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D. G.C.				
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36. I hereby certify	that the foreg			nformation	is compl	ete and corr	ect as	determin	ed frot	n all available reco	ords		
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SIGNED				TIT	LE L	ist. Adr	للسكا	upyr.		DATE			

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 corrently 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 Pederal 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. from 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 pertineut to such interval.

Item 29: "Sucks 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.)

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871-233

P. O. UOX 7088 .

Form C-102 Revised 10-1-78

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

AMOCO PRODUCTION COMPANY'S APPLICATION TO HAVE THE)	Docket No.	
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FROM THE NEW MEXICO NATURAL	j	P.	
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NAME: Gallegos Canyon Unit #263E	·)	•	
(THE EXEMPTION SOUGHT IS:)		Junicion
□ PROSPECTIVE □ RETROACTIVE))	FE	B 2 9 1984

APPLICATION FOR EXEMPTION

MEULIVED

I. <u>Introduction</u>

In this application, Amoco Production Company ("Amoco") is requesting that the captioned well be exempted from the New Mexico Natural Gas Pricing Act ("the Act"), Sections 62-7-1 to 62-7-10, NMSA 1978. The application is made pursuant to Section 62-7-5 of that Act, and to the Oil Conservation Commission's Order No. R-5436.

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- 4. The drilling of the captioned well was commenced on 11/12/81; that well is completed for production in the Basin Dakota Pool, as is indicated by the completion report attached hereto as Exhibit "B."

5. Pursuant to Rule 7(a) of Order R-5436, Amoco states that the drilling of the captioned well as an infill well in the Pool named in Paragraph 4 was permitted by Order No. of the Oil Conservation Commission (or of the Division). That infill order contains findings of the sort called for by Rule 7(a).

III. Certification

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- □ retroactively, from the date of first production of natural gas from the captioned well up to and including the day before the date this application is received by the Division.

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By its submission of this application Amoco in no way surrenders its right to argue (i) that promulgation of the infill order cited above in Paragraph II.5 was sufficient, under Section 62-7-5 of the Act, to exempt the captioned well from the Act; or (ii) that the Division's determination that the captioned well qualifies as a New Onshore Production Well under Section 103 of the Natural Gas Policy Act of 1978 (if, in fact, such a determination has been made) was sufficient,

under Section 62-7-5 of the Act, to exempt that well from the Act; or (iii) that Order R-5436 is unenforceable.

Respectfully submitted, AMOCO PRODUCTION COMPANY

RA (

Typed name _

A. P. Payne

Title Regional Gas Sales Manager

Date:

CERTIFICATE OF MAILING

I certify that on the 29 day day now 1984, a copy of the foregoing Application for Exemption was mailed to the following persons at the indicated addresses:

District Office Oil Conservation Division

Purchaser: Amoco Gas Company

P. 0. Box 3092 Houston, TX 77253

Working Interest Owners: See Attached Sheet

Typed name: Stephen D. Ring

Capacity: Attorney
(Acting for Amoco Production
Company)

SDR/mgb 011084 DATA863

WORKING INTEREST OWNERS

Union Texas Petroleum Company P. O. Box 2120 Houston, TX 77252 Attn: James Ulbricht Natural Gas Operations

Klinger, Maryan 242 E. Downs Stockton, CA 95204

American Petrofina Co. of Texas Attn: Manager of Outside Operations P. O. Box 2159 Dallas, TX 75221

Lear Petroleum Company 950 One Energy Square 4925 Greenville Ave. Dallas, TX 75206

Mesa Pertroleum Company 1660 Lincoln Street Denver, Co 80203

Texaco, Inc.
P. 0. Box 2100
Denver, CO 80201
Attn: Karen Boesel

Wood Oil Company 320 South Boston, Suite 850 Tulsa, OK 74103

Kalvestrand, Patricia 115 Conifer Lane Walnut Creek, CA 94598

Hodges, L. B. P. O. Box 489 Roswell, NM 88201

Pegg, A. C. P. O. Box 66067 Chicago, IL 60666 Huve, Nichole, Trust
The First National Bank Trustee
Trust Department
P. O. Box 1331
Amarillo, TX 79180

Arco Oil and Gas Company
P. O. Box 2819
Dallas, TX 75221
Attn: James W. Ciarroccki--22-094DAB

Southland Royalty Company 1000 Ft. Worth Club Tower Fort Worth, TX 76102 Attn: Janet Wilkinson

Sun Exploration and Production Company ATTN: Regulations/Marketing P. O. Box 2880 Dallas, TX 75221-2880

Getty Oil Company
P. O. Box 1404
Houston, TX 77001
Attn: Natural Gas Sales and Purchasing

Featherstone Farms, LTD A LTD Partnership 1717 West Second Street Roswell, NM 88201

Texon Energy Corp.
A/W A. W. Dugan
1212 Main St., Suite 1400
Houston, TX 77002

National Drilling Co., Inc. 4810 North Kenneth, Ave. Chicago, IL 60630

Rydin, E. I. P. O. Box 66067 Chicago, IL 60666

PURCHASER FROM A WORKING INTEREST OTHER THAN AMOCO:

Northwest Pipeline Corp. P. O. Box 1526 Salt Lake City, UT 84110 (Rev. 5-63)

WELL X

At surface

15. DATE SPUDDED

62601

29.

11-12-81

CASINO SIZE

8-5/8"

4-1/2"

At total depth

SUBMIT IN DUPLICAT Form approved. Budget Bureau No. 42-R35S.5. UNIT) STATES (See other in-DEPARTMENT OF THE INTERIOR structions on reverse side) J. LEASE DESIGNATION AND SERIAL NO. GEOLOGICAL SURVEY SF-080723 6. IF INDIAN, ALLUTTEE OR TRIBE NAME WELL COMPLETION OR RECOMPLETION REPORT AND LOG* 1a. TYPE OF WELL: WELL | WELL X 7. UNIT ACREEMENT NAME Other L TYPE OF COMPLETION: Gallegos Canyon Unit S. FARM OR LEASE NAME Other 2. NAME OF OPERATOR 9. WELL NO. Amoco Production Company 263E 3. ADDRESS OF OFERATOR 10. FIELD AND POOL, OR WILDCAT 501 Airport Drive, Farmington, NM 87401 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) Basin Dakota 11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA SE/4, NE/4, 1700' FNL × 855 FEL At top prod. interval reported below Same Section 20, T29N, RI2W 12. COUNTY OR Same 13. STATE 14. PERMIT NO. DATE ISSUED PARISH San Juan 18. DATE T.D. REACHED 17. DATE COMPL. (Ready to prod.) 19. ELEV. CASINGHEAD 18. ELEVATIONS (DY, REB. RT, GR, ETC.) . 11-24-81 5610' GL 12-4-81 20. TOTAL DEPTH, MD & TVD 22. IF MULTIPLE COMPL., HOW MANY 23. INTERVALS DRILLED BT 21. PLUG, BACK T.D., MD & TVD ROTABY TOOLS CABLE TOOLS 62131 0-TD 24. PRODUCING INTERVAL(S), OF THIS COMPLETION-TOP, BOTTOM, NAME (MD AND TVD) 25. WAS DIRECTIONAL SURVEY MADS 6054-6068', 6130-6172', Basin Dakota No 27. WAS WELL CORED 26. TIPE ELECTRIC AND OTHER LOGS RUN Dual Induction - GR, SP; CNL-FDL-GR-caliper CASING RECORD (Report all strings set in well) CEMENTING RECORD WEIGHT, LB./FT. DEPTH MET (MD) HOLE SIZE AMOUNT PULLED 315 sx 24# 291' 12-1/4" 7-778'' 1460 sx 10.5# 62601

29.		LINER RECORD			30.	TUBING RECORD.	
SIZE	TOP (ND)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-3/8"	61831	
		_				a 人名西克 (1)	
31. PERFORATION	RECORD (Interval,	size and number)		32. ACI	D. SIIOT, FRA	CTURE, CEMENT SQU	EEZE, ETC.

DEPTH INTERVAL (MD) AMOUNT AND KIND OF MATERIAL USED 6054-6068', 6130-6172' with 2 SPF, A total of 112 .38" holes 103,000 gallons of frac 6054-61721 fluid and 107,000 lbs of 40 sand.

33 * PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) WELL STATUS (Producing or DATE FIRST PRODUCTION shut-in) Flowing - Shut-In DATE OF TEST GAS-OIL RATIO GAS-MCF. HOURS TESTED CHOKE SIZE PROD'N FOR 01L-B8L .75" 12-18-31 3 hours 244 CALCULATED 24-ROUE RATE PLOW, TUBING PRESS. CASING PRESSURE GAS-MCF. WATER-BBL. OIL GRAVITY-API (CORR.) ٠. -1950155 psia 625 psia 34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITHESSED BY To be sold 35. LIST OF ATTACHMENTS

36. I bereby certify that the foregoing and attached information is complete and correct as determined from all available records JAN 11 1982 TITLE Dist. Adm. Supvr. SIGNED . DATE

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 corrently available logs (drifters, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached bereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments

should be listed on this form, see item 35.

112m 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: "Sucks Coment": 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.)

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P. O. BOX 7088 . ANTA FE, NEW MEXICO 87501

Form C-102 kertsed 10-1-72

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Cycrator	Lease					Well No.			
AMOCO PRODUCTION COMPANY				GALLEGOS CANYON UNIT					263-E
Unit Letter	Section Township			Range		County	,		
H	20	291	1	127/		San	Juan	•	
Actual Footage L	ocation of Well:								
1700	leet from the	North	line and	855	feet	Irom the	East	1:	Ine
Graund Level Ele		ormation		Pool	,,,,,				ed Acreage:
5610	Dako			Basin	Dakota		•		320 Acres
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NEW MEXICO OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER
NGPA- 45

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

CAPERATOR France Production Co 1821 NOME AND NO. Grallego's Can gan Ulm & No 26
LOCATION: UNIT H SEC. 20 TAP. 29 N RG. 12W COUNTY Sen 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 fo 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 untils 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 <u>replacement</u> well is justified for measons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a snowing 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 <u>infill</u> 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 had be 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 or which commenced prior to January 18, 1977.
An Infill Well
drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in the pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool, said pool being the
and the order being Division Order No. R- 1670-U
() necessary to protect the proration unit from uncompensated drainage or to protect correlative rights. () a well the drilling of which commenced prior to January 18, 1977.
IT IS THEREFORE ORDERED:
(1) That the above-named well is hereby exempted from Section 5 of the Natural Cas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978). Fe two active to the Oute of first Sule,
(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