

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. 8182
Order No. R-7594

APPLICATION OF MESA PETROLEUM CO.
FOR NGPA DETERMINATION, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on June 6, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of July, 1984, 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, Mesa Petroleum Co., is the operator of and the owner of 100% of the working interest in the State Com AJ Well No. 34 in the NW/4 NW/4 of Section 36, Township 32 North, Range 12 West, San Juan County, New Mexico, which is capable of producing from the Dakota formation.

(3) That on January 20, 1981, the applicant submitted to the Division its Application for Wellhead Price Ceiling Category Determination under Section 108 of the Natural Gas Policy Act of 1978, which was approved by the Division on February 16, 1981, and became final on April 6, 1981.

(4) That Northwest Pipeline Corporation is the purchaser of the gas produced from the State Com AJ Well No. 34.

Case No. 8182
Order No. R-7594

(5) That by letter dated March 10, 1983, Northwest Pipeline Corporation filed a Notice of Increased Production for the State Com AJ Well No. 34 in accordance with 18 CFR 271.805(a). By letter dated March 24, 1983, the applicant filed its Notice of Increased Production and its Application for Continued Stripper Classification requesting a further determination under 18 CFR 271.806 that the increase in the rate of production of gas from this well was due to the use by the applicant of a recognized enhanced recovery technique as defined in 18 CFR 271.803(a).

(6) That the ninety-day period addressed in both Notices of Increased Production was the calendar months of September, October and November of 1982.

(7) That during the ninety-day period, the State Com AJ Well No. 34 was alternately shut in and produced by the applicant for a various number of days each calendar month. The shut-ins and commencements of production were accomplished by the applicant's personnel manually controlling the surface valves that allow the gas from this well to produce into the gas purchaser's pipeline. The shut-in and production times, when so manually regulated, increase the rate of flow from the well and cause it to produce on any given production day in excess of 60 Mcf per day.

(8) That the alternate shutting in and production of a well is not an enhanced recovery technique as commonly understood in the oil and gas industry.

(9) That the application of the applicant in Case No. 8182 should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Mesa Petroleum Co. for a determination that production from its State Com AJ Well No. 34 located in the NW/4 NW/4 of Section 31, Township 32 North, Range 12 West, San Juan County, New Mexico, is above normal NGPA stripper levels as a result of use of a recognized enhanced recovery technique is hereby denied.

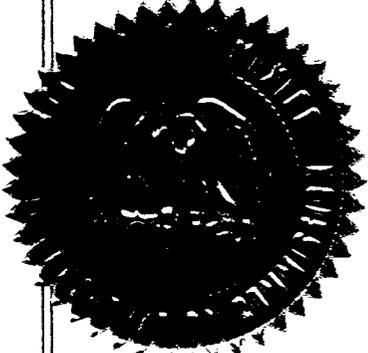
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 8182

Order No. R-7594

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Joe D. Ramey".

JOE D. RAMEY
Director

fd/