



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONEY ANAYA
 GOVERNOR

October 30, 1984

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 Kellahin & Kellahin
 Attorneys at Law
 Post Office Box 2265
 Santa Fe, New Mexico

Re: CASE NO. 8267
 ORDER NO. R-7709

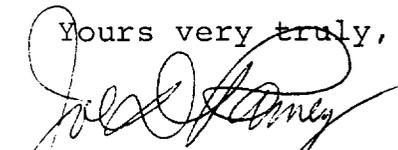
Applicant:

Caulkins Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,



JOE D. RAMEY
 Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD x

Other Charles F. Noble, Richard Alvidrez

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 8267
Order No. R-7709

APPLICATION OF CAULKINS OIL
COMPANY FOR EXEMPTION FROM THE
NEW MEXICO NATURAL GAS PRICING ACT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on September 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of October, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Caulkins Oil Company, is the operator of seven wells located in Rio Arriba County, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on January 10, 1984, filed applications seeking exemptions from the pricing provisions of the Act for the following described wells:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION UNIT-SEC.-TWN-SHP-RANGE</u>	<u>POOLS</u>
Breech Well No. 307-M	1120' FSL & 1520' FEL O-13-26N- 7W	Blanco-Mesaverde/ Basin-Dakota South Blanco- Pictured Cliffs
Breech "A" Well No. 229-M	1220' FNL & 890' FEL A-17-26N- 6W	Blanco-Mesaverde/ Basin-Dakota

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Breech "B" Well No. 220-R	944' FNL & 1750' FEL B-14-26N- 7W	South Blanco- Pictured Cliffs
Breech "D" Well No. 140-M	880' FNL & 1028' FWL D-11-26N- 6W	Blanco-Mesaverde/ Basin-Dakota
Breech "D" Well No. 341-M	1850' FNL & 1800' FWL F-21-26N- 6W	Blanco-Mesaverde/ Basin-Dakota
State "A" Well No. 62-M	1040' FNL & 1120' FWL D- 2-26N- 6W	Blanco-Mesaverde/ Basin-Dakota
State "C" Comm Well No. 235-R	1070' FNL & 920' FEL A-16-26N- 6W	South Blanco- Pictured Cliffs

(3) Said Act applies to any well drilled after January 1, 1975, if it was drilled on an established proration unit which was producing gas or was capable of producing gas from the same reservoir prior to January 1, 1975, unless the Oil Conservation Division exempts such well upon a finding that the drilling of the well was justified for reasons other than avoiding the application of the Act.

(4) Commission Orders Nos. R-1670-T and R-1670-V authorized a second well on an established gas proration and drilling unit in the Blanco-Mesaverde and Basin-Dakota Pools, respectively, with findings that infill wells were necessary to recover additional gas from those pools.

(5) The applicant's Breech Well No. 307-M, Breech "A" Well No. 229-M, Breech "D" Well No. 140-M, Breech "D" Well No. 341-M, and State "A" Well No. 62-M, all described in Finding Paragraph No. (2) above, are dually completed in the Blanco-Mesaverde and Basin-Dakota Pools and that said wells were drilled to increase the recovery of gas from both the Blanco-Mesaverde and Basin-Dakota Pools.

(6) Since the drilling of the second well on each respective proration unit for those wells listed in Finding Paragraph No. (5) above, the applicant has done nothing to restrict the ability of the original well on each of the gas proration and drilling units to produce into the pipeline.

(7) The applicant's Breech Well No. 307-M (which is also completed in the Blanco-Mesaverde and Basin-Dakota Pools), Breech "B" Well No. 220-R, and State "C" Comm Well No. 235-R, all described in Finding Paragraph No. (2) above, qualifies for such exemption, since each well was drilled as a substitute for a former South Blanco-Pictured Cliffs producing well on an established gas proration unit.

(8) The replacement wells are a result of mechanical failure and/or formation damage to the original well on each respective South Blanco-Pictured Cliffs gas proration unit.

(9) Said original wells on each respective South Blanco Pictured Cliffs gas proration units have been plugged and abandoned within a reasonable time period following the date of connection of the respective replacement well.

(10) Granting a prospective exemption from the date of application for the wells described in Finding Paragraph No. (2) above would not impair correlative rights nor cause waste.

IT IS THEREFORE ORDERED THAT:

(1) Commencing on January 10, 1984, a prospective exemption from the provisions of the New Mexico Natural Gas Pricing Act is hereby granted to the following described wells operated by Caulkins Oil Company:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION UNIT-SEC.-TWN- R- R</u>	<u>POOLS</u>
Breech Well No. 307-M	1120' FSL & 1520' FEL O-13-26N- 7W	Blanco-Mesaverde/ Basin-Dakota South Blanco- Pictured Cliffs
Breech "A" Well No. 229-M	1220' FNL & 890' FEL A-17-26N- 6W	Blanco-Mesaverde/ Basin-Dakota
Breech "B" Well No. 220-R	944' FNL & 1750' FEL B-14-26N- 7W	South Blanco- Pictured Cliffs
Breech "D" Well No. 140-M	880' FNL & 1028' FWL D-11-26N- 6W	Blanco-Mesaverde/ Basin-Dakota
Breech "D" Well No. 341-M	1850' FNL & 1800' FWL F-21-26N- 6W	Blanco Mesaverde/ Basin-Dakota
State "A" Well No. 62-M	1040' FNL & 1120' FWL D- 2-26N- 6W	Blanco-Mesaverde/ Basin-Dakota
State "C" Comm Well No. 235-R	1070' FNL & 920' FEL A-16-26N- 6W	South Blanco- Pictured Cliffs

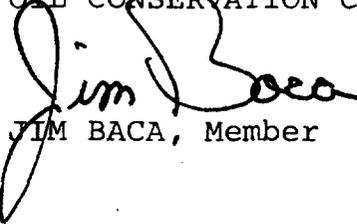
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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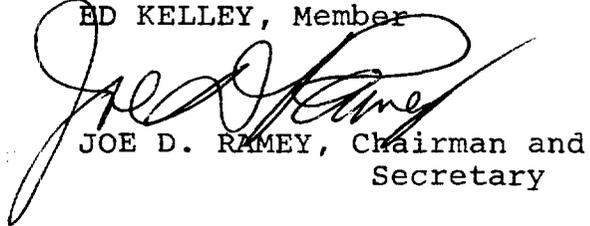
DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

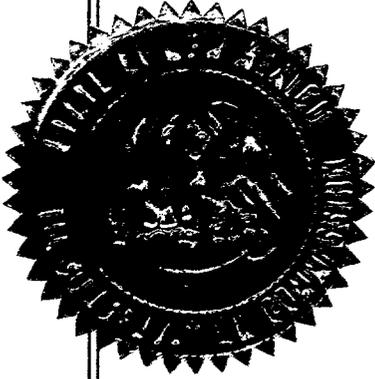


JIM BACA, Member

ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary



S E A L