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

ADMINISTRATIVE ORDER NGPA- 11

SEC. 11 TWP. 26 North RNG. 4 West COUNTY Rio Arriba

WELL NAME AND NO. McIntyre Well No. 1-M

EXEMPTION FROM THE NATURAL GAS PRICING ACT FURSUANT TO SECTION 6, CHAPTER 73, LAWS OF 1977, AND DIVISION ORDER NO. R-5436

Consolidated Oil & Gas, Inc.

OPERATOR

ICCATION: UNIT K

		TOR OF THE DIVISION FINDS:
Act s intra if it Janu new w	shall state is c ary l well v	Section 6 of the Natural Gas Pricing Act (being Laws of 1977, Chapter 73) provides that the Natural Gas Pricing not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well willed within an established proration unit which was producing or capable of producing natural gas prior to 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such was justified for reasons other than avoiding the application of the Natural Gas Pricing Act.
of th Gas F were	ne Div Pricir produ	by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director vision is empowered to act for the Division and exempt gas wells from the provisions of Section 6 of the Natural og Act provided said wells were drilled on or after January 1, 1975, within established proration units which weing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
well	or as	to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement an <u>infill</u> well.
(4) reasc	ns ot	pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for the 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
		the well was necessary to replace a well producing at non-commercial rates; or that
		the drilling of the well commenced prior to January 18, 1977.
(5)	ms a	pursuant to Order No. R-5436, the Director of the Division may find that an <u>infill</u> well is justified for reasons 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
		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.
of the	That ne Nat -name	the applicant herein has requested exemption from the provisions cural Gas Pricing Act pursuant to Section 6, Chapter 73, Laws of 1977, and Division Order No. R-5436 for the act well.
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