



United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Box 26124
Albuquerque, New Mexico 87125

NOTICE

TO ALL LESSEES AND OPERATORS ON FEDERAL AND INDIAN OIL AND GAS LEASES IN THE SOUTHERN ROCKY MOUNTAIN AREA

On December 1, 1978, the Federal Energy Regulatory Commission (FERC) promulgated its "Interim Regulations Implementing the Natural Gas Policy Act of 1978." Subpart "C" of the regulations implements Section 103 of the Natural Gas Policy Act and applies to natural gas produced from a "new, onshore production well."

Section 271.305(a)(b) of the regulations provides as follows:

"In order for natural gas from a well to which this paragraph applies to qualify for the maximum lawful price under this subpart, the jurisdictional agency must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit. Such finding must be explicit and must involve either a redefinition of the boundaries of the previously existing proration unit or an alteration of or exception to otherwise applicable well-spacing rules."

The New Mexico Oil Conservation Commission (now the New Mexico Oil Conservation Division, (NMOCD)) on November 14, 1974, issued Order No. R-1670-T, permitting the optional drilling of an additional well on 320-acre proration units in the Blanco Mesaverde Pool, San Juan and Rio Arriba Counties, New Mexico. The Area Oil and Gas Supervisor, Southern Rocky Mountain Area, to conserve natural resources and protect the rights of Federal and Indian lands, ratified Order No. R-1670-T effective November 14, 1974, insofar as Federal and Indian lands are concerned. Accordingly, applications to this Agency for category determinations for new Blanco Mesaverde Pool wells in existing proration units under Section 103 of the Act should include copies of this ratification and NMOCD Order R-1670-T.



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