



October 1, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Kenneth F. Plumb, Secretary  
Federal Energy Regulatory Commission  
825 N. Capitol St. N.E.  
Washington, D.C. 20426

Dear Secretary Plumb:

Subject: PROTEST  
JD Nos. 8450600 and 8450602

Mesa Petroleum Co. ("Mesa"), Box 2009, Amarillo, Texas 79189 hereby protests the determinations of the New Mexico Oil Conservation Commission ("NMOCC") denying Mesa's applications for the recognition of Mesa's use of enhanced recovery techniques in the State Com AI #33 and State Com AJ #34 stripper wells located in San Juan County, New Mexico. The applications were heard in NMOCC Case Nos. 8183 and 8182 and were submitted by Mesa. Evidence was presented by Mesa in those cases on December 12, 1984 at Santa Fe, New Mexico before the NMOCC. By Order Nos. R-7595-A and R-7594-A (both of which are attached hereto) the NMOCC denied Mesa's applications. The two Orders affirmed Order Nos. R-7595 and R-7594 (both of which are also attached hereto).

The uncontroverted evidence before the NMOCC in these two cases shows that the denial of Mesa's applications will have an adverse effect on the economics of producing these two wells and will, therefore, ultimately result in the loss of potential production from these wells.

The said Orders by the NMOCC denying Mesa's applications are not supported by substantial evidence. Your attention is directed to paragraph (7) of each of Order R-7595 and R-7594 wherein it is correctly found, "That during the ninety-day period," the particular well in question "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." In paragraph (8) of each referenced Order the NMOCC states "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." The NMOCC apparently denied Mesa's applications on the basis of this latter statement and ignored the former evidentiary finding.

*The Shareholders' Company*

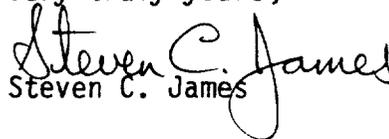
October 1, 1985

Paragraph (7) of the Orders R-7595 and R-7594 encapsulates the relevant and substantial evidence upon which the NMOCC should have based its orders granting Mesa's applications. Having made the finding set forth in paragraph (7) of the said Orders, however, the NMOCC erroneously chose to go forward with the said Orders based solely on the application of an improper standard to the relevant evidence. The improper standard is that set forth in paragraph (8) of the said Orders. It is not relevant nor is it a statement supported by the record. Thus, one can only conclude that there is no evidentiary basis whatsoever for the NMOCC's Orders. The proper standard for determining whether or not a technique qualifies as a recognized enhanced recovery technique is not the common understanding of the oil and gas industry. Rather, the proper standard is established by Congress in the Natural Gas Policy Act of 1978 and the Federal Energy Regulatory Commission regulations implementing that act. I have attached for your information a copy of Mesa's Memorandum of Law which was made a part of the record in the NMOCC cases referenced above. It reiterates that the Federal Energy Regulatory Commission has stated that any technique shall qualify as a recognized enhanced recovery technique if it increases the rate of production from a well.

Mesa hereby requests that the Federal Energy Regulatory Commission find that the technique applied by Mesa to the State Com AJ #34 and the State Com AI #33 wells in San Juan County, New Mexico does qualify as a recognized enhanced recovery technique under Section 108 (b) (2) of the Natural Gas Policy Act of 1978.

A copy of this protest together with all supporting documents has been served by certified mail on the New Mexico Oil Conservation Division, Northwest Pipeline Corporation and El Paso Natural Gas Company. If there are any questions in connection with this protest, please feel free to contact me at your convenience.

Very truly yours,

  
Steven C. James

sh

cc: New Mexico Oil Conservation Commission  
Mr. Richard Stamets, Director  
P. O. Box 2088  
Santa Fe, NM 87501

Northwest Pipeline Corporation  
Mr. Steve Daugherty  
P. O. Box 1526  
Salt Lake City, UT 84110

El Paso Natural Gas Company  
Mr. Tom Jenson  
P. O. Box 1492  
El Paso, TX 79978



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

RECEIVED

SEP 23 1985

September 13, 1985

LEGAL DEPT.

TONEY ANAYA  
GOVERNOR

POST OFFICE BOX 2082  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

U. S. Department of Energy  
Federal Energy Regulatory Commission  
825 North Capitol  
Washington, D.C. 70426

Attention: Howard Kilchrist, Director  
Division of Producter Audits  
& Pricing

Re: NGPA Section 102 Determinations  
Mesa Petroleum Company  
State Com. AI Well No. 33  
FERC Control No. JD 84-50600  
  
State Com AJ Well No. 34  
FERC Control No. JD-84-50602

Dear Mr. Kilchrist

Per your letter dated October 31, 1984, attached please find copies of Commission Orders No.s R-7594-A and R-7595-A issued pursuant to the de Novo hearings to reconsider the negative determinations on the two subject NGPA filings. Said Orders affirmed the previous Orders issued by the Divison (Orders Nos. R-7594 and R-7595) which resulted in the negative determinations; therefore, these NGPA filings are considered by the New Mexico Oil Conservation Division as being disapproved and that is our final decision.

If copies of the transcripts and/or exhibits from the de novo hearings are required please contact me.

Sincerely

MICHAEL E. STOGNER  
Petroleum Engineering Specialist

MES/et

cc: Mesa Petroleum Company  
ATTN: Steven C. James, Attorney  
P.O. Box 2009  
Amarillo, Texas 79189-2009

Northwest Pipeline Corporation  
P.O. Box 1526  
Salt Lake City, Utah 74110-1526

El Paso Natural Gas Company  
P.O. Box 1492  
El Paso, Texas 79978

# MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

J. O. Seth (1883-1963)  
Frank Andrews (1914-1981)

A. K. Montgomery  
Seth D. Montgomery  
Frank Andrews III  
Victor R. Ortega  
John E. Conway  
Jeffrey R. Brannen  
John B. Pound  
Gary R. Kilpatric  
Thomas W. Olson  
William C. Madison  
Walter J. Melendres  
Bruce L. Herr  
Michael W. Brennan  
Robert P. Worcester  
John B. Draper  
Nancy M. Anderson  
Janet McL. McKay

Jean-Nikole Wells  
Mark F. Sheridan  
Joseph E. Earnest  
Stephen S. Hamilton  
Phyllis A. Dow  
Wm. Alan Wright  
Brad V. Coryell  
Wesley B. Howard, Jr.  
Thurman W. Moore III  
Michael H. Harbour  
John M. Hickey  
Timothy L. Butler  
Mack E. With  
Galen M. Buller  
Katherine A. Weeks  
Edmund H. Kendrick

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ALBUQUERQUE OFFICE  
Suite 200  
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Albuquerque, New Mexico 87103-2048

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June 4, 1984

REPLY TO SANTA FE OFFICE

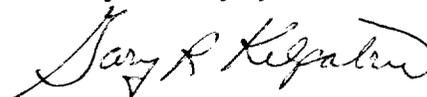
New Mexico Energy and  
Minerals Department  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87503

Re: Application of Mesa Petroleum Co. for NGPA Determination,  
San Juan County, New Mexico; NMOCD Case Nos. 8182 and  
8183

Gentlemen:

Please be advised that Mary Duffin of the office of General Counsel of Northwest Pipeline Corporation, Salt Lake City, Utah, is associated with our firm for the presentation of evidence and argument in the above-referenced cases.

Very truly yours,

  
Gary R. Kilpatric

GRK:cs



RECEIVED

JUN 12 1984

LEGAL DEPT.

## MEMORANDUM

**To:** Steven James

**Date:** June 12, 1984

**Subject:** State Com AJ #34  
Section 36-T32N-R12W  
San Juan Co., New Mexico

The captioned well was completed on 3-5-67 from the Dakota reservoir (perforated 7420-7658') and has produced a cumulative total of 699.3 MMCF and 618 BO to 4-1-83. Some time in 1968 the well was equipped with a surface intermitter (time clock control) and was normally produced on a cycle of 6-8 hours off and 4-6 hours on. The well was produced this way until 1981. At that time the well was put on stream and flowed without the aid of the intermitter.

This well is presently produced without the aid of the intermitter although the intermitter is still installed and ready for service at such time that it might be needed. Presently this well is only produced a limited amount of time each month.

A handwritten signature in cursive script that reads "George S. Dixon".

George S. Dixon  
Division Production Superintendent  
Onshore Operations Division

gf

# MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

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ALBUQUERQUE OFFICE  
Suite 200  
500 Copper Avenue, N.W.  
Post Office Box 2048  
Albuquerque, New Mexico 87103-2048

Telephone (505) 242-9677

June 5, 1984

REPLY TO SANTA FE OFFICE

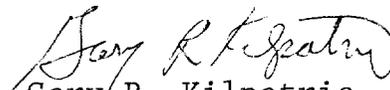
New Mexico Energy and  
Minerals Department  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87503

Re: Application of Mesa Petroleum Co. for NGPA Determination,  
San Juan County, New Mexico; NMOCD Case No. 8183

Gentlemen:

Please be advised that Tom Jensen of the office of General  
Counsel of El Paso Natural Gas Company, El Paso, Texas is associated  
with our firm for the presentation of evidence and argument in the  
above-referenced case.

Very truly yours,

  
Gary R. Kilpatric

GRK:cs  
2652-84-6

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

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

RECEIVED Case 8182  
MAY 31 1984 RECEIVED  
OIL CONSERVATION DIVISION JUN 1 1984  
ENTRY OF APPEARANCE OIL CONSERVATION DIVISION

Comes now, CAMPBELL, BYRD & BLACK, P.A., and hereby enters  
its appearance in the above-referenced cause for Mesa Petroleum  
Company.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By William F. Carr  
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421

ATTORNEYS FOR MESA PETROLEUM  
COMPANY



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
 OIL CONSERVATION DIVISION

TONY ANAYA  
 GOVERNOR

July 20, 1984

POST OFFICE BOX 2088  
 STATE LAND OFFICE BUILDING  
 SANTA FE, NEW MEXICO 87501  
 (505) 827-5800

Mr. Steven C. James  
 Attorney  
 Mesa Petroleum Co.  
 Vaughn Building, Suite 1000  
 400 W. Texas Avenue  
 Midland, Texas 79701-4493

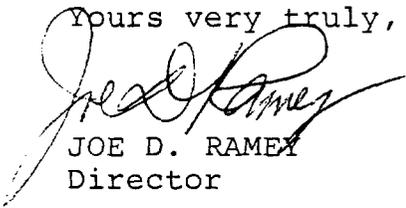
Re: CASE NO. 8182  
 ORDER NO. R-7594

Applicant:  
Mesa Petroleum Co.

Dear Sir:

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

Yours very truly,

  
 JOE D. RAMEY  
 Director

JDR/fd

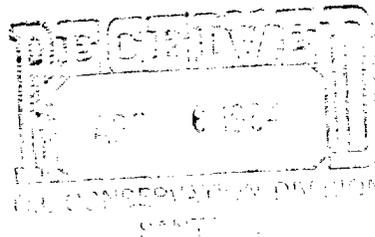
Copy of order also sent to:

Hobbs OCD       X        
 Artesia OCD       X        
 Aztec OCD       X      

Other Mary Duffin, Thomas S. Jensen



April 3, 1984



State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

Attention: Mr. Michael E. Stogner  
Examiner

*Case 8182*

Dear Examiner Stogner:

Subject: March 24, 1983  
Request for Further Determination  
State Com. AJ #34

As you know, on March 24, 1983 Mesa Petroleum Co. filed a letter requesting a further determination under 18 CFR Section 271.806 that the increase in production from the State Com. AJ #34 well is the result of a Recognized Enhanced Recovery Technique as defined by 18 CFR Section 271.803(a). Copies of this letter were sent to Northwest Pipeline Corporation, the purchaser of gas production from that well, and the Federal Energy Regulatory Commission. Mesa's files did not contain a copy of any protest filed with regard to its request. I would, therefore, request approval by the Oil Conservation Division of Mesa's Application for Continued Stripper Classification of the State Com. AJ #34 well. If your files in this matter do contain a protest from some interested party, I would appreciate receiving a copy of that protest and the opportunity to address it.

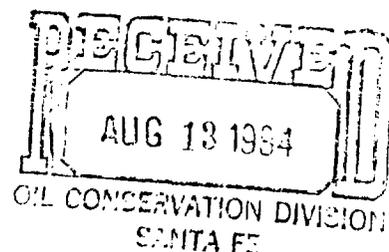
Very truly yours,

*Steven C. James*  
Steven C. James

bt



Steven C. James  
attorney



August 7, 1984

CERTIFIED MAIL

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

Subject: Case No. 8183, Order No. R-7595  
Case No. 8182, Order No. R-7594

Mesa Petroleum Co. was the applicant in Case Nos. 8182 and 8183 which came on for hearing at 8:00 a.m. on June 6, 1984 at Santa Fe, New Mexico, before Examiner Richard L. Stamets. Order No. R-7595 was entered in Case No. 8183 and Order No. R-7594 was entered in Case No. 8182 by the Division. Those Orders adversely affect Mesa Petroleum Co.

Pursuant to Rule 1220 of the Division's Rules and Regulations, Mesa Petroleum Co. hereby requests a hearing de novo before the full Commission in each of these two cases. A copy of this request is being sent by certified mail to Northwest Pipeline Corporation and El Paso Natural Gas Company.

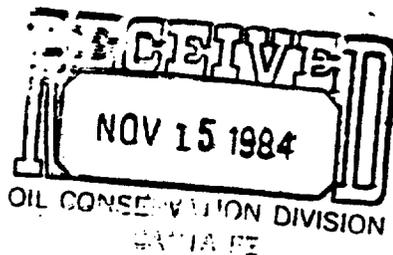
Very truly yours,

*Steven C. James*  
Steven C. James

dkm

c.c. Northwest Pipeline Corporation  
El Paso Natural Gas Company

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426



OCT 31 1984

In Reply Refer To:  
OPPR/N830-A

Joe Ramey, Director  
Department of Energy and Minerals  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 17501

Re: FERC Docket No. GP85-2-000  
Protest to Negative Notices  
of Determination under NGPA  
Section 108  
Mesa Petroleum Company  
State Com AI #33  
FERC Control No. JD84-50600

State Com AJ #34  
FERC Control No. JD84-50602

Dear Mr. Ramey:

The above referenced negative notices of determination were received by this Commission on September 17, 1984, and a notice of receipt was issued on October 4, 1984. On October 23, 1984, the applicant, Mesa Petroleum Company (Mesa), filed a timely protest to the negative determinations. In their protest, Mesa indicated that they filed for a hearing de novo before the Oil Conservation Division and that the two cases had been set for hearing on November 7, 1984.

The 45-day period for Commission review ends on November 1, 1984 - prior to the hearing date - unless the Commission takes action or either the notices or applications are withdrawn.

After discussing the matter with Mr. Michael Stogner of your staff, it was determined that the notices of determination should be withdrawn pursuant to Section 275.202(c) of the Commission's regulations, in order that you may reconsider the applications in light of the facts presented at the November 7 hearing. This letter confirms that the notices are withdrawn.

Very truly yours,

*Howard Kilchrist*  
Howard Kilchrist, Director  
Division of Producer Audits and Pricing

cc: Mesa Petroleum Company  
Attn: Steven C. James, Attorney  
P.O. Box 2009  
Amarillo, Texas 79189-2009

Northwest Pipeline Corporation  
P.O. Box 1526  
Salt Lake City, Utah 84110-1526

EI Paso Natural Gas Company  
P.O. Box 1492  
El Paso, Texas 79978

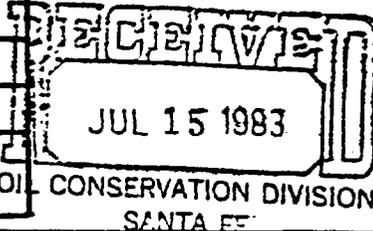
OIL CONSERVATION DIVISION

Form C-132-A  
Revised 5-10-81

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2009  
SANTA FE, NEW MEXICO 87501

APPLICATION FOR CONTINUED  
STRIPPER CLASSIFICATION

<b>FOR DIVISION USE ONLY:</b>		5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> REC <input type="checkbox"/>
DATE COMPLETE APPLICATION FILED <u>August 15, 1983</u>		6. State Oil & Gas Lease No. <u>E-1010-1</u>
DATE DETERMINATION MADE <u>September 6, 1984</u>		7. Unit Agreement Name
WAS APPLICATION CONTESTED? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		8. Form or Lease Name State Com AI
NAME(S) OF INTERVENOR(S), IF ANY: <u>Northwest Pipeline Corporation + El Paso Natural Gas Co.</u>		9. Well No. 33
Name of Operator Mesa Petroleum Co.		10. Field and Pool, or Wildcat Basin Dakota
Address of Operator P. O. Box 2009, Amarillo, Texas 79189		12. County San Juan
Location of well UNW/LETTER <u>N</u> LOCATED <u>1190</u> FEET FROM THE <u>South</u> LINE <u>1650</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>32</u> TWP. <u>27N</u> R. <u>9W</u>		
Name and Address of Purchaser(s) Northwest Pipeline Corporation, 315 East 200 South, Salt Lake City, Utah 84111		

CLASSIFICATION

1. Check appropriate box for category sought and information submitted.
2. All applications must contain the items required by the applicable rule of the Division's "Special Rules For Applications For Wellhead Price Ceiling Category Determinations" as follows:
  - A. Increased production resulting from recognized enhanced recovery techniques
    - All items required by Rule 19
  - B. Well is seasonally affected
    - All items required by Rule 20
  - C. Increased production resulting from temporary pressure buildup
    - All items required by Rule 21

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

C. Taylor Yoakam

NAME OF APPLICANT (Type or Print)

SIGNATURE OF APPLICANT

Title Manager, Gas Sales & Contracts

Date 7/8/83

FOR DIVISION USE ONLY	
<input type="checkbox"/> Approved	
<input checked="" type="checkbox"/> Disapproved	
The information contained herein includes all of the information required to be filed by the applicant under Subpart B of Part 274 of the FERC regulations.	
 EXAMINER	

OIL CONSERVATION DIVISION

Form C-132-A  
Revised 5-10-87

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

APPLICATION FOR CONTINUED  
STRIPPER CLASSIFICATION

5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEDERAL <input type="checkbox"/>
5B. State Oil & Gas Lease No. E-3151-1
7. Unit Agreement Name
8. Farm or Lease Name State Com AJ
9. Well No. 34
10. Field and Pool, or Wildcat Basin Dakota
12. County San Juan

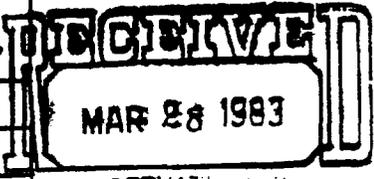
FOR DIVISION USE ONLY:

DATE COMPLETE APPLICATION FILED March 28, 1983

DATE DETERMINATION MADE September 6, 1984

WAS APPLICATION CONTESTED? YES  NO

NAME(S) OF INTERVENOR(S), IF ANY:  
Northwest Pipeline Corporation & El Paso Natural Gas Co.



OIL CONSERVATION DIVISION  
SANTA FE

Name of Operator  
MESA PETROLEUM CO.

Address of Operator  
P. O. Box 2009, Amarillo, TX 79189

Location of well  
UNIT LETTER D LOCATED 790 FEET FROM THE North LINE  
790 FEET FROM THE West LINE OF SEC. 31 TWP. 32N SEC. 12W RMPM

Name and Address of Purchaser(s)  
Northwest Pipeline Company P. O. Box 1526, Salt Lake City, UT 84110

CLASSIFICATION

- Check appropriate box for category sought and information submitted.
- All applications must contain the items required by the applicable rule of the Division's "Special Rules For Applications For Wellhead Price Ceiling Category Determinations" as follows:
  - A. Increased production resulting from recognized enhanced recovery techniques
    - All items required by Rule 19
  - B. Well is seasonally affected
    - All items required by Rule 20
  - C. Increased production resulting from temporary pressure buildup
    - All items required by Rule 21

*The procedure described in application does not qualify as E.R.*

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

MESA PETROLEUM CO.  
NAME OF APPLICANT (Type or Print)  
Hayden Workman  
SIGNATURE OF APPLICANT  
Title Manager, Gas Sales & Contracts  
Date 3-26-83

FOR DIVISION USE ONLY

Approved  
 Disapproved

The information contained herein includes all of the information required to be filed by the applicant under Subpart 8 of Part 274 of the FERC regulations.

Michael E. Steyer  
EXAMINER

§108(b)(2) of the Natural Gas Policy Act of 1978 ("NGPA") states that the Federal Energy Regulatory Commission "shall, by rule, provide that, if nonassociated natural gas produced from a well which previously qualified as a stripper well under paragraph (1) exceeds an average of 60 Mcf per production day during any 90-day production period, such natural gas may continue to qualify as stripper well natural gas if the increase in nonassociated natural gas produced from such well was a result of the application of recognized enhanced recovery techniques." Congress, in the Joint Explanatory Statement of the Committee on Conference accompanying the issuance of the NGPA, stated, "The objective of this section is to insure that the producer does not have a built-in incentive to limit the production from a given well to an average of 60 Mcf per day."

In 18 CFR §271.803(a) the Federal Energy Regulatory Commission defined recognized enhanced recovery techniques as meaning "processes or equipment, or both, which when performed or installed by the producer, increase the rate of production of gas from a well. Processes qualifying as recognized enhanced recovery techniques include mechanical as well as chemical stimulation of the reservoir formation. Equipment may include items installed in the well bore or on the surface." When discussing this final regulation in 44 FR 49656 (August 24, 1979) the Federal Energy Regulatory Commission stated, "A number of comments asked that the Commission provide examples of processes or equipment that constitute recognized enhanced recovery techniques." They went on to say, "In this respect, we believe it is clear from our revised definition that any technique shall qualify if it increases the rate of production from the well." Emphasis added.

Case 8182 addresses a request by Mesa Petroleum Co. ("Mesa") for a further determination under 18 CFR §271.806 that the increase in the rate of production of gas from Mesa's State Com. AJ #34 well is due to the use by Mesa of a recognized enhanced recovery technique as defined in 18 CFR §271.803(a). This well is located on state lands in the W/2 of Section 36, Township 32 North, Range 12 West in San Juan County, New Mexico. It produces from the Dakota formation. Mesa operates the well and is the owner of 100% of the working interest in this well. On or about January 20, 1981, Mesa submitted a §108 application for this well which was approved on or about February 16, 1981 and became final on or about April 6, 1981. By letter dated March 10, 1983 Northwest Pipeline Corporation filed a Notice of Increased Production for the State Com. AJ #34 well in accordance with 18 CFR 271.805(a). By letter dated March 24, 1983 Mesa similarly filed its notice of increased production and its request for a further determination under 18 CFR §271.806 that the increase in the rate of production of gas from this well is due to the use by Mesa of a recognized enhanced recovery technique as defined in 18 CFR §271.803(a).

Case 8183 addresses a request by Mesa for a further determination under 18 CFR §271.806 that the increase in the rate of production of gas from Mesa's State Com. AI #33 well is due to the use by Mesa of a recognized enhanced recovery technique as defined in 18 CFR §271.803(a). This well is located on state lands in the W/2 of Section 32, Township 27 North, Range 9 West in San Juan County, New Mexico. It produces from the Dakota formation. Mesa Petroleum Co. is the operator of the well and the owner of 25% of the working interest in this well. Superior Oil Company owns 25% of the working interest, El Paso Natural Gas owns 12.5% of the working interest and Getty Oil Company (recently acquired by Texaco Inc.) owns the other 37.5% of the working interest.

On or about December 8, 1981 Mesa submitted a §108 application for this well which was approved on or about January 12, 1981 and became final on or about March 29, 1981. By letter dated March 29, 1983 Northwest Pipeline Corporation submitted a Notice of Increased Production for the referenced well in accordance with 18 CFR Section 271.805(a). By letter dated July 8, 1983 Mesa also submitted its notice of increased production and its request for a further determination under 18 CFR Section 271.806 that the increase in the rate of production of gas from this well is due to the use by Mesa of a recognized enhanced recovery technique as defined in 18 CFR Section 271.803(a).

Beginning in mid to late 1982 both of these wells were alternately shut-in and produced by Mesa for a various number of days each month. The shut-ins and commencements of production are accomplished by Mesa personnel manually controlling the surface valves that allow the gas from these wells to produce into their respective pipelines. This process mechanically stimulates the reservoir by allowing a greater than normal reservoir pressure to build. The shut-in and production times when so manually regulated allow the wells to produce on any given production day in excess of 60 Mcf per day. Mesa's enhancement technique has also successfully increased the total volumes produced monthly from each well. The increase is due solely to the above-described method implemented by Mesa personnel. Had Mesa not employed this recovery technique, the monthly production rate would not have increased and the wells would have continued to produce at a rate below 60 Mcf per day. Mesa intends to continue to experiment with the regulated shut-in/production technique to determine the application of the technique that results in the highest increase in the rate of production of gas from these wells.

The Federal Energy Regulatory Commission has consistently stated its policy of encouraging increased production from stripper wells in accordance with the express intent of Congress in enacting the NGPA. Pennzoil Producing Company, 18 FERC ¶62,468 (1982), Dugan Production Corp. 14 FERC ¶61,269 (1981). The enhancement of recovery from the two wells involved here by Mesa is within the intent of Congress.

It is clear from the testimony given in Cases 8182 and 8183 that the State Com. AJ #34 and the State Com. AI #33 wells continue to qualify as stripper wells in accordance with the Natural Gas Policy Act of 1978. The effect of this continuing qualification as stripper wells will allow Mesa, as the operator of both wells, to continue to collect the §108 NGPA price for these two wells.

Respectfully submitted,

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