

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND)
ROYALTY COMPANY FOR)
EXPEMPTION FROM THE) CASE NO. 8111
NEW MEXICO NATURAL)
GAS PRICING ACT (NMPA))

MOTION TO REOPEN

The New Mexico Public Service Commission (PSC) hereby requests that this case be reopened to consider further evidence on all wells previously considered under this docket number at Oil Conservation Commission (OCC) hearings held March 7 and 8, 1984. As reasons therefor the PSC states:

1) On February 23, 1984 the PSC received Notice that a hearing would be held on March 7, 1984 concerning the Applications for Exemptions from the NMPA in this case. Despite earlier requests for copies of the Applications, copies were not given to the PSC until February 24, giving the PSC only 12 days to analyze the information and prepare for hearing. The PSC moved for a continuance. The motion was denied. The PSC believes that it was denied due process of law by effectively being foreclosed from engaging in discovery, from adequate preparation and from meaningful participation in this case. This case should be reopened to allow for full participation by the PSC.

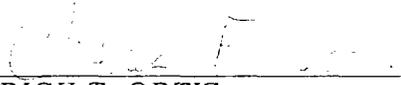
2) The applicant in this case did not make its prima facie case and should be required to submit additional information or have its application denied. If additional information is to be required, this case should be reopened to consider the entire application, giving the PSC the opportunity to have meaningful participation with adequate time for preparation and discovery.

3) The OCC has reopened Case No. 8104 at Tenneco's request so that Tenneco could present additional evidence regarding certain of its wells. The PSC now makes a similar request concerning the remainder of the wells previously considered.

4) The PSC has filed, contemporaneously with this Motion, a Motion to Continue and a Motion to Stay this proceeding. If this case is reopened to consider all wells, the PSC requests that the Motions to Continue and Stay be made applicable to those wells subject to the reopening.

In conclusion, the PSC requests that this case be reopened to allow for full participation of the PSC in this case, including discovery, adequate time for preparation and the right to cross-examine witnesses on all evidence introduced in this case.

Respectfully submitted



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Commission Counsel
GERALD GONZALEZ
Chief Staff Counsel
JAMES C. MARTIN
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CHARLES F. NOBLE
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BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND)
ROYALTY COMPANY FOR)
EXEMPTION FROM THE) CASE NO. 8111
NEW MEXICO NATURAL)
GAS PRICING ACT (NMPA))

MOTION FOR CONTINUANCE

The New Mexico Public Service Commission (PSC) hereby requests the Oil Conservation Commission (OCC) to continue the above styled case, now scheduled for hearing on May 15, 1984, until September 24, 1984. As reasons therefor, the PSC states:

1) The PSC has filed, contemporaneously with this Motion, subpoenas to be issued by the OCC which provide for discovery of information essential to the PSC's legal theories in this case. The PSC has a right to such discovery. Matter of Protest of Miller, 88 N.M. 492, 542 P.2d 1182 (Ct. App. 1975).

2) It is expected that if the subpoenas are issued, in whole or in part, the discovery process afforded will take two or three months, and analysis of the information gained thereby will take another two or three months. In order to afford the PSC a fair and reasonable time to prepare for this case, it is essential that a continuance be granted.

3) The PSC has filed, contemporaneously with this Motion, Motions to reopen those cases heard by the OCC on March 7 and 8 on applications by various producers for exemptions from the NMPA. Should those cases be reopened, the PSC requests that this requested continuance be made applicable to those cases.

In conclusion, the PSC requests a continuance of this case, now scheduled for May 15, 1984 until September 24, 1984 at the earliest, to allow for adequate preparation by the PSC for hearing.

Respectfully submitted

PATRICK T. ORTIZ
Commission Counsel
GERALD GONZALEZ
Chief Staff Counsel
JAMES C. MARTIN
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CHARLES F. NOBLE
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BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND)
ROYALTY COMPANY FOR)
EXEMPTION FROM THE) CASE NO. 8111
NEW MEXICO NATURAL)
GAS PRICING ACT (NMPA))

MOTION FOR STAY
OF PROCEEDINGS

The New Mexico Public Service Commission (PSC) hereby requests the New Mexico Oil Conservation Commission (OCC) to Stay further proceedings in the above styled case pending a resolution of legal issues affecting this case by the First Judicial District Court. As reasons therefor, the PSC states:

1) Gasco v. Amoco, Case No. SF 83-2228(C) presently pending in Santa Fe District Court involves issues the resolution of which will likely affect the cases now before the OCC. Recently, parties to that case have filed motions requesting determination of legal issues which would have a substantial effect on the proceedings before the OCC, and which could provide guidance as to the proper procedures to be followed in this case.

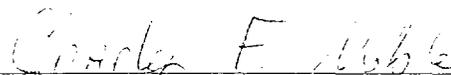
2) The PSC has an absolute right to prehearing discovery of sufficient scope to enable it to present its case under its legal theory of the issues. Matter of Protest of Miller, 88 N.M. 492, 542 P.2d 1182 (Ct. App. 1975). However, Court rulings on legal issues could narrow the scope of discovery sought by the PSC. A stay would therefore facilitate administrative efficiency.

3) The issues before the Court are issues of law now under judicial review which should properly be determined by the Court before the OCC proceeds on any applications for exemption. Gonzalez v. Whitaker, 97 N.M. 710, 643 P.2d 274 (Ct. App. 1982).

The PSC has filed, contemporaneously with this Motion, Motions to Reopen those cases heard by the OCC on March 7 and 8 on applications by various producers for exemptions from the NMPA. The PSC requests that this requested Stay be made applicable to those cases as well.

In conclusion, the PSC requests that the OCC Stay this proceeding until the legal issues involved are determined by the Court in Case No. SF 83-2228(C).

Respectfully submitted



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GERALD GONZALEZ
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BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND ROYALTY FOR)
EXEMPTION FROM THE NEW MEXICO NATURAL) NO. 8111
GAS PRICING ACT (NMPA).)

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Motion for Stay, Motion for Continuance, Motion for Reopen, Notice of Deposition and Subpoena Duces Tecum were hand-delivered to the following counsel of record on this 25th day of April, 1984.

Michael B. Campbell, Esq.
Campbell, Byrd & Black
P.O. Box 2208
110 N. Guadalupe
Santa Fe, New Mexico 87504-2208

DATED this 25th day of April, 1984.



CHARLES F. NOBLE
Staff Counsel

CFN/mm

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND)
ROYALTY COMPANY FOR)
EXEMPTION FROM THE) CASE NO. 8111
NEW MEXICO NATURAL)
GAS PRICING ACT (NMPA))

SUBPOENA DUCES TECUM

TO: Southland Royalty Company, its divisions, subsidiaries and affiliates.

Pursuant to the power vested in this Commission, you are commanded to appear at the times and places specified on the Notice of Deposition attached hereto, and to produce for deposition the persons identified therein, and persons qualified to testify as to the issues described therein and to produce the documents requested therein.

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSIONER

ISSUED THIS ____ day of April, 1984 at Santa Fe, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND)
ROYALTY COMPANY FOR)
EXEMPTION FROM THE) CASE NO. 8111
NEW MEXICO NATURAL)
GAS PRICING ACT (NMPA).)

NOTICE OF DEPOSITION

TO: Southland Royalty Company, its divisions, subsidiaries and affiliates.

PLEASE TAKE NOTICE that the New Mexico Public Service Commission will conduct depositions in this matter commencing at 9:00 a.m. May 2, 1984 and continuing from time to time until completed. Such depositions will be taken before an officer authorized to administer oaths. You are requested to designate one or more officers, directors, managing agents, employees or other people qualified to testify as to the matters set forth below in addition to those people described below. Depositions will be conducted at the Offices of the New Mexico Public Service Commission on the second floor of the Bataan Memorial Building in Santa Fe, New Mexico.

A. The following persons are to be deposed:

1. Any and all persons who will be, or are intended to be, presented as witnesses in support of any applications for exemption from the New Mexico Natural Gas Pricing Act to be heard before the New Mexico Oil Conservation Commission presently scheduled for May 15, 1984.

B. In addition, the New Mexico Public Service Commission wishes to examine persons knowledgeable about the following subjects, records, reports or documents:

1. Production data on each infill well for which an application for exemption has been filed with the Oil Conservation Commission. Such data should be produced at the deposition, including all supporting records, reports and other documentation.

2. Well pressure data for both infill wells and the original wells on proration unit for each of the above wells. Such data should be produced at deposition, including all supporting records, reports and other documentation.

3. Pipeline pressures both before and after connection to infill wells. Any data including records, reports and other documentation, relating to this subject should be produced at deposition.

4. Any and all data including records, reports, and other documents regarding the impact, direct or indirect, of the infill well upon the original well's ability to produce into the pipeline.

C. For each infill well for which an application for exemption has been filed with the Oil Conservation Commission, unless such information is already provided in the application, produce the following information at deposition, separately stating for each well:

1. The date on which drilling of the well commenced;
2. The date when the well was completed;
3. The spud date of the well;
4. The date of first production from the well;
5. The date you first commenced selling natural gas from the well to the Intrastate Market;
6. Identify the gas purchase contract under which the gas is sold;

7. The name of the purchaser of gas from the well;
8. On a monthly basis from the date identified in subpart 5 above to the present, state:
 - A. the price you received for such gas;
9. The name and number of any other well which is located on the same proration unit as the infill well, and for each such other well, separately state:
 1. On a monthly basis from the date identified in subpart 5 above, to the present, state:
 - (a) the quantity of natural gas sold by you;
 - (b) the price you received for such gas.
10. Any and all data, including studies, reports and other documentation, which would demonstrate the amount of recoverable reserves under each proration unit both before and after the drilling of each infill well.
11. Any and all letters, correspondence, notes, memoranda, or other documents, and any and all studies, cost-benefit or other economic analysis relating to the discussion and determination of whether to drill each particular infill well, and any such studies or analysis performed subsequent to the drilling of each particular infill well.
12. Any and all letters, correspondence, notes, memoranda, or other documents, and any and all studies, cost-benefit or other

economic analysis relating to the discussion and determination of any alternatives to drilling each particular infill well, as well as the reasons for rejecting each alternative in favor of drilling the infill well.

13. Any and all supporting documentation demonstrating reasons for any production decreases by the original wells and for any time periods when the infill well is producing more than the original well.

14. Any exhibits you intend to introduce at a hearing on the exemption application.

D. In addition, the New Mexico Public Service Commission wishes to depose the following persons:

1. Those persons responsible for making the decision whether to drill each infill well for which an application for exemption has been filed before the Oil Conservation Commission.

INSTRUCTIONS

This Subpoena Duces Tecum and Notice of Deposition seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

References to the singular shall include the plural and references to the plural shall include the singular. References to the masculine gender include the feminine and neuter genders.

The use of a verb in any tense shall be construed as the use of the verb in the past or present tenses, whenever necessary to bring within the scope of the Interrogatory all responses which might otherwise be construed to be outside its scope.

When used herein, the term "document" or "documentation" means all written, recorded or graphic material of every type and description, in whatever form, however produced or reproduced, including but not limited to all originals and all non-identical duplicates, copies or reproductions thereof, pleadings, responses to discovery, correspondence, letters, memoranda, agreements, contracts, letters of intent, maps, charts, credit reports, telex, cables, wires, telecopies, notes, notations, work papers, desk calendars, appointment journals, diaries, reports, recordings of telephone or other conversations or of interviews, conferences or meetings, ledgers, notebooks, bank records, drafts, checks, negotiable or non-negotiable instruments, leases, credit files, books of account, data compilations, affidavits, notices, microfilm, dictation, recordings, tape

recordings, cassette recordings, photographs, films, video tapes or cassettes, software or floppy disks or diskettes, computer storage materials including magnetic tapes, computer materials, purchase agreements or contracts, invoices, purchase orders, statements, monthly or annual reports of condition, and any notes, annotations, jottings, scribbings, file or routing marks or other indications added to any such document, and any drafts, preliminary versions, revisions, corrections and amendments thereof.

When used herein, "person" means any individual, firm, partnership, corporation, club, company, association, joint venture, syndicate, business entity or other organization.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum and Notice of Deposition is addressed to includes all of his or its attorneys, officers, agents, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries or predecessors.

When used herein, "and" as well as "or" shall be construed either disjunctively or conjunctively, as necessary to bring within the scope of the Subpoena Tecum and Notice of Deposition all information which might otherwise be construed to be outside its scope. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "all" and "all" shall be construed to include the word "any".

When used herein, "infill well" means an additional producing well completed on an established gas proration unit.

When used herein, "OCC" means the Oil Conservation Commission of the State of New Mexico.

When used herein, "OCD" means the Oil Conservation Division of the Energy

and Minerals Department of the State of New Mexico.

When used herein, "Pricing Act" means the Natural Gas Pricing Act, Section 62-7-1, et seq., N.M.S.A., 1978 Comp.

All documents and information should be produced at deposition.

NEW MEXICO PUBLIC SERVICE COMMISSION

By: Charles F. Noble
PATRICK T. ORTIZ
Commission Counsel
GERALD GONZALEZ
Chief Staff Counsel
JAMES C. MARTIN
Staff Counsel
CHARLES F. NOBLE
Staff Counsel
Bataan Memorial Building
Santa Fe, New Mexico 87503
505-827-6940



HAND DELIVERED

April 25, 1984

Mr. Joe D. Ramey, Director
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

RE: Request for Issuance of Subpoenas Duces Tecum in
Proceedings for Exemption From the New Mexico
Natural Gas Pricing Act Now Pending Before
Oil Conservation Commission.

Dear Mr. Ramey:

The New Mexico Public Service Commission, having entered its appearance as an interested party in the above proceedings (as more specifically enumerated below), hereby requests that the Oil Conservation Commission, or its designee, issue subpoenas duces tecum to the following applicants:

1. Tenneco Oil Company, Case No. 8104.
2. Conoco, Inc., Case No. 8105
3. Caulkins Oil Company, Case No. 8106.
4. Southland Royalty, Case No. 8111.
5. Amoco Production Company, Case No. 8132.
6. Gulf Oil Exploration, Case No. 8133.
7. Ladd Petroleum Corp., Case No. 8134.

The present date on the subpoenas, May 2, 1984, was used only because the hearings in these cases are now set for April 15, 1984. The PSC has requested continuance of these hearings, and if such continuances are granted, the PSC requests that the subpoena dates be changed to a date in early June, 1984.

Thank you for your cooperation and prompt attention to this matter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Charles F. Noble".

CHARLES F. NOBLE
Staff Counsel

CFN/mm

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
RUTH S. MUSGRAVE
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 12, 1984

Joe D. Ramey, Chairman
Oil Conservation Commission
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

SEP 1984
OIL CONSERVATION DIVISION

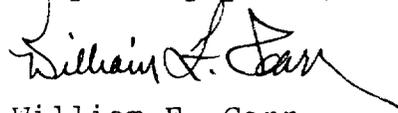
Re: Case 8265: Application of Southland Royalty Company
for Exemption from the New Mexico Natural Gas Pricing
Act.

Dear Mr. Ramey:

Enclosed herewith is a proposed Order granting the appli-
cation of Southland Royalty Company in the above-referenced case.

If you need anything further from us to proceed with these
applications, please advise.

Very truly yours,



William F. Carr

WFC/cv
enclosure

cc: Mr. Curt Parsons (w/enc.)
Mr. R. E. Fielder (w/enc.)
Mr. Don Plattsmier (w/enc.)
Charles F. Noble, Esq. (w/enc.)
Richard L. Alvidrez, Esq. (w/enc.)

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

Case No. 8265
Order No. R-

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR EXEMPTION FROM THE
NEW MEXICO NATURAL GAS PRICING
ACT (NMPA).

ORDER OF THE DIVISION

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 _____ day of September, 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:

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

(2) That the applicant, Southland Royalty Company, is the owner and operator of the following wells located in San Juan and Rio Arriba Counties, New Mexico, which are subject to the New

Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act", unless exempted therefrom:

<u>LEASE NAME</u>	<u>NO.</u>	<u>LOCATION</u>	<u>POOL</u>
Arizona Jicarilla B	4A	E-4-26N-5W	Blanco Mesaverde
Arizona Jicarilla B	5A	E-10-26N-5W	Blanco Mesaverde
Jernigan	3A	I-24-27N-9W	Blanco Mesaverde

(3) That the drilling of each of the three wells under consideration was commenced on the date shown:

<u>WELL</u>	<u>SPUD DATE</u>
Arizona Jicarilla B 4A	September 10, 1976
Arizona Jicarilla B 5A	August 23, 1976
Jernigan 3A	August 27, 1978

(4) That each of the three wells under consideration was drilled as an additional producing well (infill well) on an established gas proration unit which was producing gas or capable of producing gas prior to January 1, 1975 from the Blanco Mesaverde Pool.

(5) That none of the existing Blanco Mesaverde wells on each of the three subject gas proration units have had their ability to produce into the pipeline restricted in any manner by the applicant after the date on which the infill well commenced producing from the gas proration unit.

(6) That the Act is not applicablea to wells the drilling or first intrastate sale of gas from which commenced on or after January 1, 91975, provided, however, that said Act shall apply to any well if it is drilled on an established proration unit which was producing gas or capable of producing gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was

justified for reasons other than avoiding the application of the Act.

(7) That the Oil Conservation Commission, after notice and hearing, issued Order R-1670-T finding that infill drilling in the Blanco Mesaverde Pool will substantially increase the recoverable reserves under the various proration units in that pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from this pool.

(8) That each of the wells listed in Finding No. 2 above qualifies for such exemption since each is an infill well in the Blanco Mesaverde Pool drilled pursuant to the Mesaverde infill drilling Order No. R-1670-T; and the uncontroverted evidence presented at the hearing established that each of said wells was drilled to increase the recoverable reserves under the proration unit upon which it is located and, therefore, was drilled for reasons other than avoiding the pricing provisions of the Act.

(9) That the applicant is entitled to exemption from the Act for the subject wells.

(10) That granting these applications will not impair correlative rights nor cause waste.

(11) That the applications should be approved.

IT IS THEREFORE ORDERED:

(1) That the following wells, operated by Southland Royalty Company, are hereby exempted from the provisions of the New Mexico Natural Gas Pricing Act effective on the dates shown for each well:

<u>LEASE NAME</u>	<u>NO.</u>	<u>LOCATION</u>	<u>EFFECTIVE DATE</u>
Arizona Jicarilla	4A	E-4-26N-5W	September 10, 1976
Arizona Jicarilla	5A	E-10-26N-5W	August 23, 1976
Jernigan	3A	I-24-27N-9W	August 27, 1978

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JIM BACA, Member

ED KELLEY, Member

JOE D. RAMEY, Chairman and
Secretary

S E A L

Attorney General



PAUL BARDACKE
Attorney General

Department of Justice

P.O. Drawer 1508
Santa Fe, New Mexico 87504
Telephone: (505) 827-6000

JOHN BIGELOW
Deputy Attorney General

February 16, 1984

Mr. Joe D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Re: Requests for Exemptions from New Mexico Natural Gas
Pricing Act

Dear Mr. Ramey:

Upon receipt of your letter of November 1, 1983, informing the Attorney General of possible violations of the New Mexico Natural Gas Pricing Act, this office undertook an investigation of those charges. As a result, the Attorney General determined that there have been and continue to be violations of the pricing provisions of the Act, and a decision was made to seek damages in district court.

These damages arise because several producers failed to obtain exemptions from coverage of the Act for infill wells and yet sold the gas from those wells at the price which would have been applicable if an exemption had been granted. Some of these producers have now filed requests for exemptions.

The decision of the Attorney General to enforce the Act under Section 62-7-7 (E) NMSA 1978 (1983 Cumm. Supp.) preempts the authority of the Oil Conservation Commission to consider or act on any request for retroactive exemptions. However, subject to certain procedural steps, we have come to the conclusion that it would be appropriate for the Commission to proceed to process these applications for possible prospective exemptions.

Because of the pending litigation, the Commission should consider and act on applications for exemption status on production from wells occurring after the date of the filing of the lawsuit, November 15, 1983. Any production occurring before that date is the subject of the counterclaims and cross-claims filed by the Attorney General and the Commission

Mr. Joe D. Ramey, Director
February 16, 1984
Page 2

may not therefore act on requests involving that production. In addition, the Attorney General reserves the right to bring enforcement action against producers or purchasers for violations of the New Mexico Natural Gas Pricing Act for production occurring after November 15, 1984, depending on the findings and the outcome of the Commission hearings.

The additional procedural steps which we recommend should be taken are:

- 1) The administrative procedure established in order R-5436 may be used to establish application requirements but these prospective applications should not be approved administratively.
- 2) Each of these exemption requests should be brought to a hearing before the Oil Conservation Commission.
- 3) At the hearing of these exemptions requests, the applicant for exemption should have the burden of demonstrating that the exemption criteria set forth in Section 62-7-5 are met. In addition, the applicant should be required to certify, under oath or by affidavit, that the existing well on the proration unit has not had its ability to produce into the pipeline restricted in any manner since the drilling of the infill well.
- 4) The exemption hearing should be open to public participation under the same conditions that are applicable to all other Oil Conservation Commission hearings.
- 5) In the absence of objections by any party, the Commission may approve these applications based upon the filing made in accordance with the administrative procedure set forth in Order No. R-5436 and the additional requirements of paragraph No. 3, above.
- 6) It may be that a review of this infill problem will indicate that some additional reporting requirement is advisable. The order resulting from the hearing, whether opposed or not, will provide an opportunity to impose those reporting requirements.

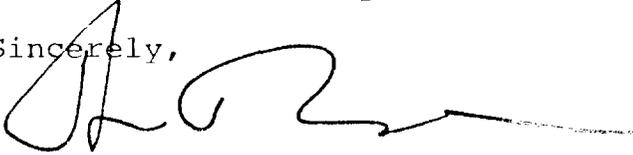
I understand that in addition to the normal Commission notice procedure, the Public Service Commission has requested that it be given specific notice of any exemption hearing and I request that this office also receive such special notice.

Mr. Joe D. Ramey, Director
February 16, 1984
Page 3

Because many applications for exemption are now pending, I recommend that the Commission immediately take action to begin processing them, consistent with the suggestions contained in this letter. I shall appreciate your notifying me of your decision to proceed at your earliest opportunity, so that appropriate representations may be made to the court at a hearing now scheduled in the litigation for February 23, 1984. It would be helpful if your notification to me were in writing.

Thank you very much for your assistance. Please feel free to call on me at any time regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Bigelow', with a long horizontal flourish extending to the right.

JOHN BIGELOW
Deputy Attorney General

JB:lm

cc: Mr. Perry Pearce
Mr. Gary Epler

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND ROYALTY FOR)
EXEMPTION FROM THE NEW MEXICO NATURAL) NO. 8265
GAS PRICING ACT (NMPA).)

NEW MEXICO PUBLIC SERVICE COMMISSION'S PROPOSED FINDINGS

The New Mexico Public Service Commission (PSC) herewith presents its proposed findings regarding the above applications.

The New Mexico Oil Conservation Commission (Commission), having reviewed the pleadings of all the parties hereto, having heard the testimony presented and the statements of counsel, and being fully advised of the premises, does hereby FIND that:

1. The rules, standards and criteria of Commission Order No. R-5436 shall apply to and govern the conduct and disposition of these proceedings.
2. The PSC has no objections to the prospective granting of those applications for exemption from the New Mexico Natural Gas Pricing Act which were heard on July 17, 1984, such exemptions to be effective from the date the applications therefor were filed with the Commission, forward.

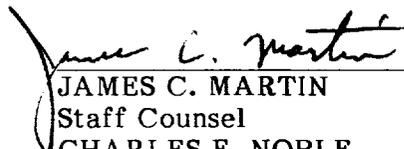
Respectfully submitted,

NEW MEXICO PUBLIC SERVICE COMMISSION

REGISTRATION DIVISION

AUG 3 1984

RECEIVED



JAMES C. MARTIN
Staff Counsel
CHARLES F. NOBLE
Staff Counsel
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Santa Fe, New Mexico 87603
(505) 827-6940

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>8265</u>	Exhibit No. <u>A</u>
Submitted by <u>PARSONS</u>	
Hearing Date <u>9/12/84</u>	



Southland Royalty Company
February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT - ARIZONA JICARILLA B 4A,
(E) SEC. 4, T26N, R5W,
RIO ARRIBA CO., NM

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 9-10-76; the well was completed for production in the Blanco Mesa Verde pool, as indicated by the completion report attached hereto as Exhibit B and incorporated herein by reference.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Arizona Jicarilla B 4 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

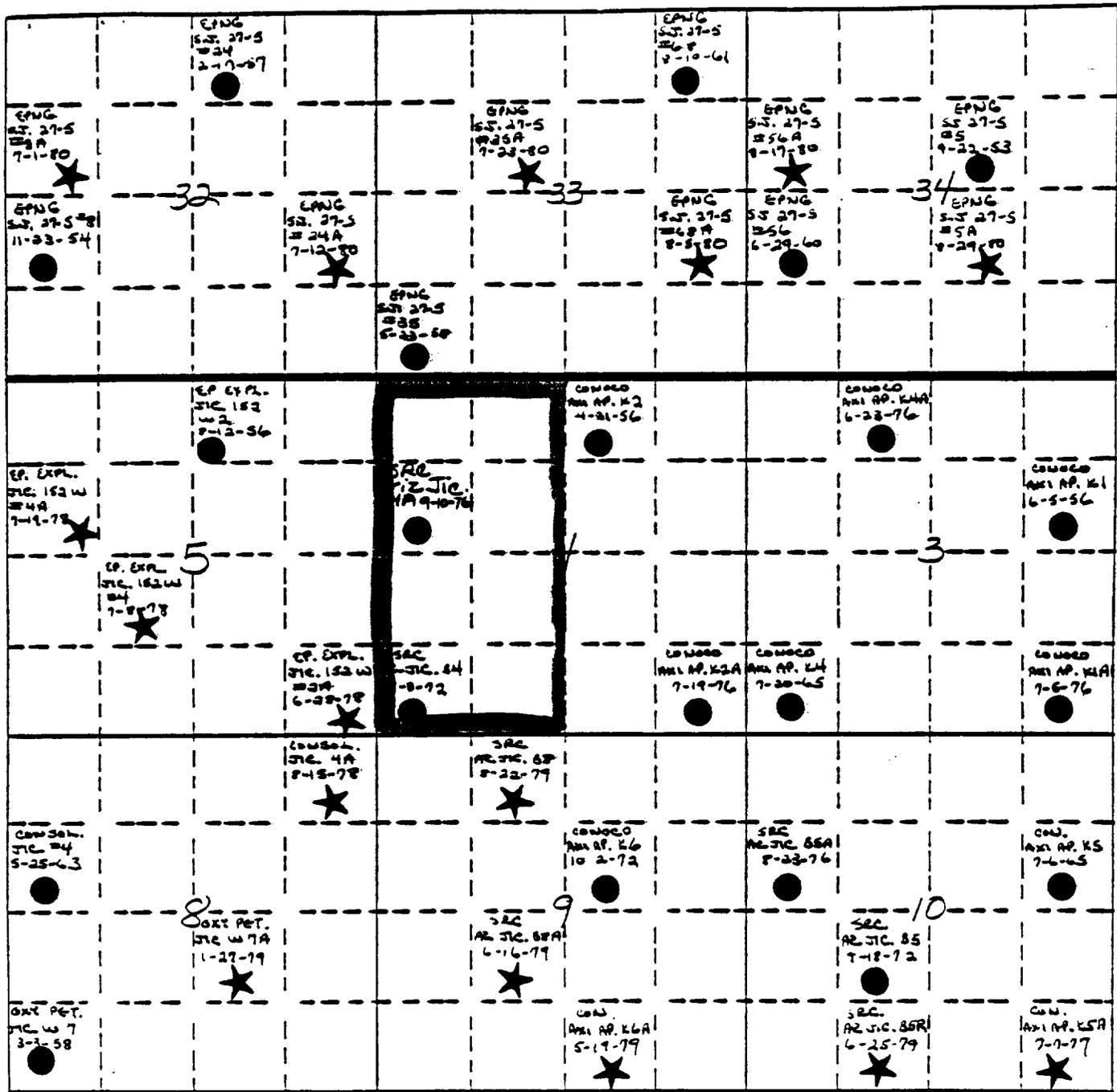
CCP/ke

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

attachments

T-27

1-26



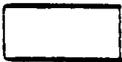
S.R.C.



WELLS DRILLED BEFORE
SPUD DATE 9-10-76



WELLS DRILLED AFTER OROU
SPUD DATE 9-10-76



SOUTHLAND ROYALTY COMPANY					
Arizona ^{AREA} Gicarilla B4A MV					
E 4-26-5 ^{LOCATION} Rio Arriba					
spud date ^{DATE OF MAP} 9-10-76					
COMPOUNDED			CI		
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					

OIL CONSERVATION COMMISSION

1000 Rio Brazos Road

AZTEC, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE December 28, 1976

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR THE PURCHASE OF

GAS FROM THE Aztec Oil & Gas Company
OPERATOR

Arizona Jicarilla "B"

LEASE

4-A

WELL UNIT

(E)04-26N-05W

S - T - R

Blanco Mesa Verde

POOL

Gas Company of New Mexico

NAME OF PURCHASER

WAS MADE ON 12-20-76 , FIRST DELIVERY 12-20-76
DATE DATE

1270

INITIAL POTENTIAL

Gas Company of New Mexico
PURCHASER

J.R. Large
REPRESENTATIVE
James R. Large
Dispatch Manager
TITLE

/sw
cc TO OPERATOR
OIL CONSERVATION COMMISSION - Aztec
U. S. Geological Survey
Mr. E. R. Corliss - Engineering
Mr. R. J. McCrary - Prorations
Mr. W. B. Richardson - Gas Measurement
Mr. Dan McFearin - Gas Accting.
File

RECEIVED

JAN 08 1977

Gas Co. & Gas Co
Farmington, N. M.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPL.

(See instructions on reverse side)

Form approved.
Budget Bureau No. 42-R155.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

1b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. REVR. Other _____

2. NAME OF OPERATOR
Aztec Oil & Gas Company

3. ADDRESS OF OPERATOR
P. O. Drawer 570, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1450' FNL & 1030' FWL
At top prod. interval reported below
At total depth

5. LEASE DESIGNATION AND SERIAL NO.
Contact #151

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Arizona Jicarilla "B"

9. WELL NO.
#4-A

10. FIELD AND POOL, OR WILDCAT
Blanco Mesa Verde

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section 4, T26N, R5W

12. COUNTY OR PARISH
Rio Arriba

13. STATE
New Mexico

14. PERMIT NO. _____ DATE ISSUED _____

15. DATE SPUDDED 9-10-76 16. DATE T.D. REACHED 9-19-76 17. DATE COMPL. (Ready to prod.) 10-8-76 18. ELEVATIONS (DF, RES, ST, OR, ETC.)* 6520' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 5774 21. PLUG, BACK T.D., MD & TVD 5750 22. IF MULTIPLE COMPL., HOW MANY* _____ 23. INTERVALS DRILLED BY _____ ROTARY TOOLS 0-5774 CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
Point Lookout
Cliff House 4846-5436

25. WAS DIRECTIONAL SURVEY MADE
Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN _____ 27. WAS WELL CORED
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36#	223'	13-3/4"	190 SXS	
7"	20#	3415'	8-3/4"	130 SXS	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
4-1/2"	3261'	5774'	230	

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
1-1/2"	5430'	

31. PERFORATION RECORD (Interval, size and number)
4846, 4854, 4860, 4872, 4880, 4887, 4894, 4907, 5420, 5426, 5436.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4846-5436	103,800 gals water
	50,000# 20/40 sand

33. PRODUCTION

DATE FIRST PRODUCTION _____ PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing WELL STATUS (Producing or Shut-in) Shut-in

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
11-15-76	3	3/4"	→				

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)
71	463	→		1278		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Sold

TEST WITNESSED BY
Walter M. Fatoral

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *[Signature]* TITLE District Production Manager DATE 11-16-76

*(See Instructions and Spaces for Additional Data on Reverse Side)

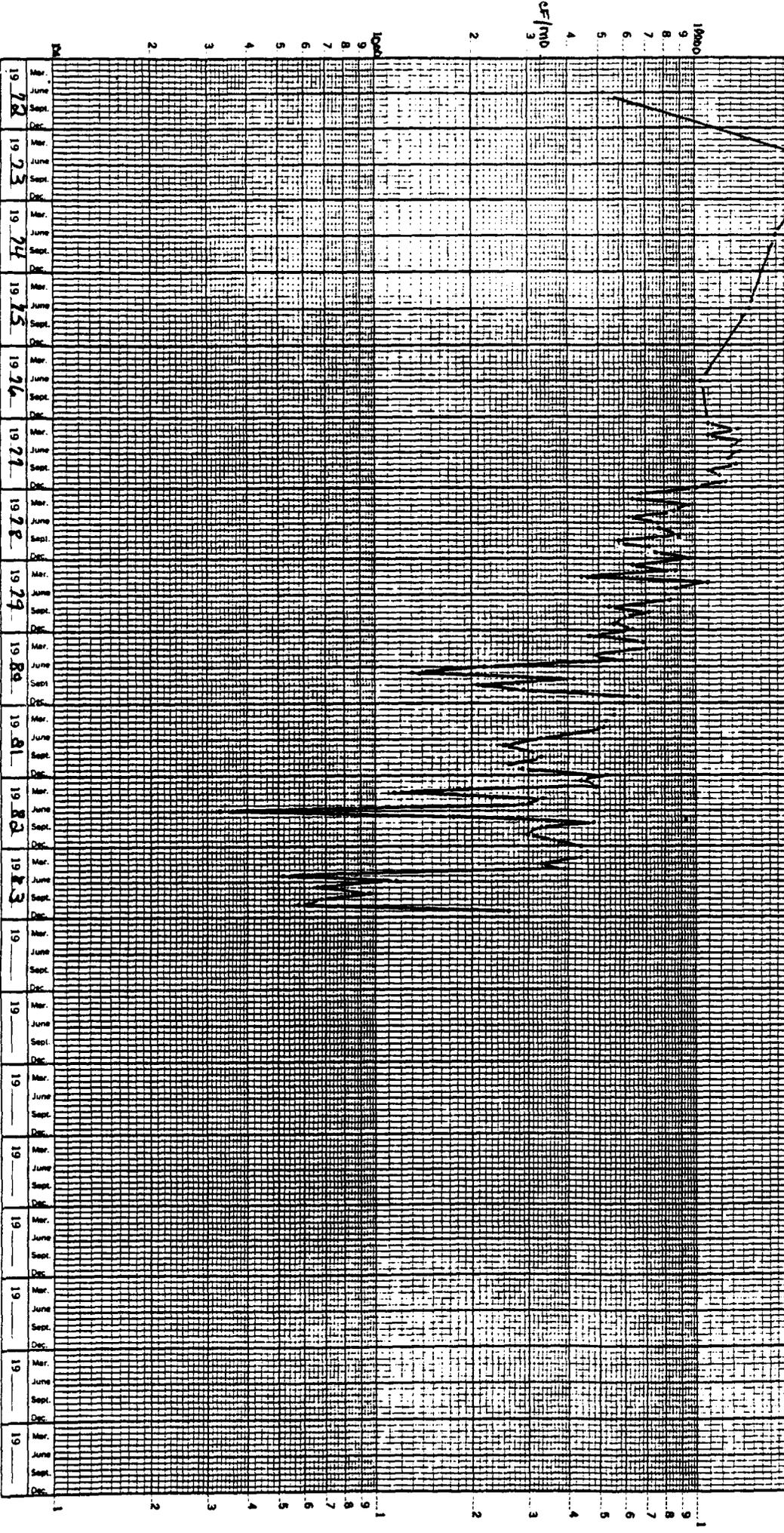


Southland Royalty Company

GAS CUM: 1,334,437

EX. 3

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well ARIZONA SERRILLA 84
 Zone MESAVERDE
 Field BLANCO
 County PIO PUEBLA State NM
 Location (M) 4-26 N-5W
 1ST PERIOD: 12-72



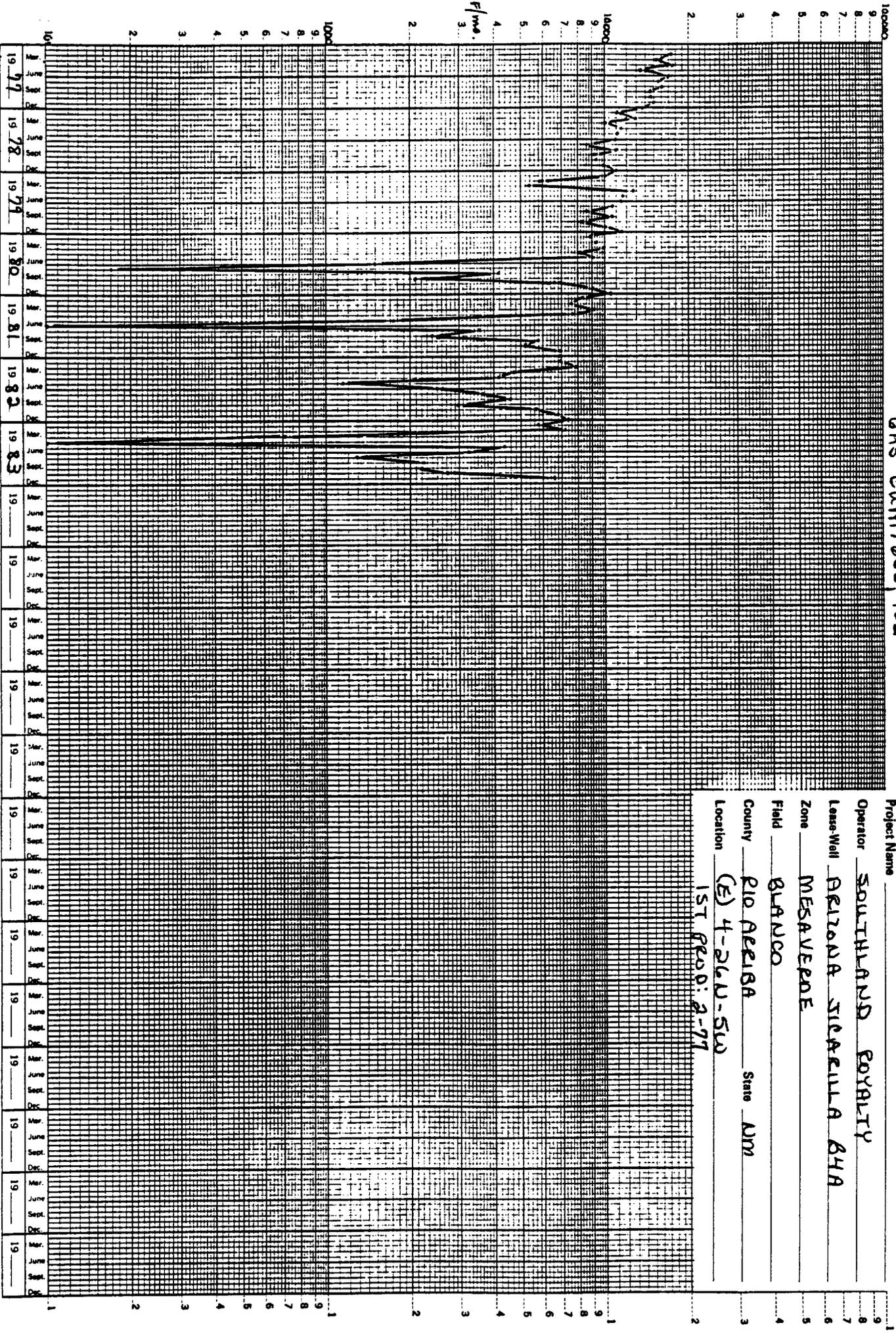


Southland Royalty Company

GAS CUM: 653,402

EX. 34

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease-Well ARIZONA SIERILLA BHA
 Zone MESAVERDE
 Field BLANCO
 County RIO ARriba State AM
 Location (E) 4-26N-5W
1ST PERIOD: 2-77



c DELIVERED

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
12/76	31	00	
1/77	31	00	
2/77	29	00	
3/77	31	00	
4/77	30	00	
5/77	31	00	
6/77	30	00	
7/77	31	00	
8/77	31	00	
9/77	30	00	
10/77	31	00	
11/77	30	00	
12/77	31	00	
1/78	31	00	
2/78	28	00	
3/78	31	00	
4/78	30	00	
5/78	31	00	
6/78	30	00	
7/78	22	09	REQUIRED STATE TEST
8/78	31	00	
9/78	30	00	
10/78	31	00	
11/78	30	00	
12/78	29	02	DOWNTIME N/A
1/79	23	08	DOWNTIME N/A
2/79	27	01	DOWNTIME N/A
3/79	25	06	DOWNTIME N/A
4/79	30	00	
5/79	31	00	
6/79	30	00	
7/79	31	00	
8/79	31	00	
9/79	30	00	
10/79	31	00	
11/79	30	00	
12/79	31	00	
1/80	31	00	
2/80	29	00	
3/80	31	00	
4/80	23	07	REQUIRED STATE TEST
5/80	31	00	
6/80	16	14	DOWNTIME N/A
7/80	23	08	DOWNTIME N/A
8/80	31	00	
9/80	30	00	
10/80	31	00	
11/80	30	00	
12/80	31	00	
1/81	31	00	
2/81	28	00	
3/81	31	00	
4/81	30	00	
5/81	31	00	
6/81	30	00	
7/81	31	00	

ARIZONA JICARILLA B #4A
 c DELIVERED 12-20-76

BLANCO MESAVERDE

PAGE 1

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
12/76	12	00	
1/77	31	00	
2/77	28	00	
3/77	24	07	REQUIRED STATE TEST
4/77	30	00	
5/77	24	07	REQUIRED STATE TEST
6/77	30	00	
7/77	31	00	
8/77	31	00	
9/77	30	00	
10/77	31	00	
11/77	30	00	
12/77	31	00	
1/78	31	00	
2/78	28	00	
3/78	31	00	
4/78	30	00	
5/78	31	00	
6/78	30	00	
7/78	22	09	REQUIRED STATE TEST
8/78	31	00	
9/78	30	00	
10/78	31	00	
11/78	30	00	
12/78	29	02	DOWNTIME N/A
1/79	31	00	
2/79	27	01	DOWNTIME N/A
3/79	24	07	DOWNTIME N/A
4/79	30	00	
5/79	31	00	
6/79	30	00	
7/79	31	00	
8/79	31	00	
9/79	30	00	
10/79	31	00	
11/79	30	00	
12/79	31	00	
1/80	31	00	
2/80	29	00	
3/80	28	03	DOWNTIME N/A
4/80	23	07	REQUIRED STATE TEST
5/80	31	00	
6/80	15	15	DOWNTIME N/A
7/80	23	08	DOWNTIME N/A
8/80	31	00	
9/80	30	00	
10/80	31	00	
11/80	30	00	
12/80	31	00	
1/81	31	00	
2/81	24	04	LINE FREEZE
3/81	31	00	
4/81	30	00	
5/81	13	18	HIGH LINE PRESSURE
6/81	30	00	

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>8265</u>	Exhibit No. <u>B</u>
Submitted by <u>PARSONS</u>	
Hearing Date <u>9/12/84</u>	



Southland Royalty Company
February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT - ARIZONA JICARILLA B 5A,
(E) SEC. 10, T26N, R5W,
RIO ARRIBA CO., NM

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 8-23-76; the well was completed for production in the Blanco Mesa Verde pool, as indicated by the completion report attached hereto as Exhibit B and incorporated herein by reference.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Arizona Jicarilla B 5 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

attachments

	CONSOL. AXI AP. K1 4-21-56	CONSOL. AXI AP. K 6-23-76	WT JIC G 6M 8-3-79	
SAC AZ JIC. BNAI 9-10-76			CONSOL. AXI AP. K 6-5-56	WT JIC G #8 9-8-70
	4	3		2
			WT JIC G #6 7-27-69	
SAC AZ JIC. B4 9-8-72	CONSOL. AXI AP. K2A 7-17-76	CONSOL. AXI AP. K4 7-20-65	CONSOL. AXI AP. K1A 7-5-76	
SAC AZ JIC. B8 8-22-79			WT JIC G #4A 9-13-78	
	CONSOL. AXI AP. K6 10-2-72	SAC AZ JIC. B5A 6-11-79	CONSOL. AXI AP. K5 7-6-65	WT JIC G #7 10-1-69
	9			11
SAC AZ JIC. B8A 6-16-79		SAC AZ JIC. B5 7-13-74		
	CONSOL. AXI AP. K6A 5-19-79	SAC AZ JIC. B5 8-27-79	CONSOL. AXI AP. K5A 7-7-77	WT JIC G #4 6-24-68
				WT JIC G #7M 8-21-79
		TENNOCO JIC. B #3M 6-21-60	TENNOCO JIC. B #8 5-10-67	TENNOCO JIC. C #6A 12-13-78
	16	15		14
			TENNOCO JIC. B #6 10-25-66	
				TENNOCO JIC. C #26 7-13-60

T
26

S.R.C.



WELLS DRILLED BEFORE
SPUD DATE 8-23-76



WELLS DRILLED ON OR AFTER
SPUD DATE 8-23-76



SOUTHLAND ROYALTY COMPANY			
Arizona ^{AREA} <i>Guarilla</i> B5A MV			
E 10-26-5		LOCATION <i>Rio Arriba</i>	
spud date		TYPE OF MAP 8-23-76	
CONTOURED		CI	
BY	DATE	REVISED BY	DATE
		REFERENCE	DATE
NOTES			

OIL CONSERVATION COMMISSION

1000 Rio Brazos Road
AZTEC, NEW MEXICO 87410

NOTICE OF GAS CONNECTION

DATE June 30, 1977

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR THE PURCHASE OF GAS FROM THE Aztec Oil & Gas Company

OPERATOR

Arizona Jicarilla B

5-A

(E) 10-26N-05W

LEASE

WELL UNIT

S - T - R

Blanco Mesa Verde

Gas Company of New Mexico

POOL

NAME OF PURCHASER

WAS MADE ON 6-29-77

, FIRST DELIVERY 6-29-77

DATE

DATE

1171

INITIAL POTENTIAL

Gas Company of New Mexico
PURCHASER

James R. Large
REPRESENTATIVE
James R. Large
Dispatch Manager
TITLE

/sv
cc: OPERATOR

New Mexico Oil Conservation Commission - Aztec
U. S. Geological Survey
Mr. E. R. Corliss - Engineering
Mr. R. J. McCrary - Prorations
Mr. W. B. Richardson - Gas Measurement
Mr. Dan McFearin - Gas Accting.
Ms. Gail Atkins - Gas Supply
File

JUL 1 1977
RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

See instructions on reverse side)

Form approved
Budget Bureau No. 42-4

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

2. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. DESVR. Other _____

3. NAME OF OPERATOR
Aztec Oil & Gas Company

4. ADDRESS OF OPERATOR
P. O. Drawer 570, Farmington, New Mexico

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1450' FNL & 790' FWL
At top prod. interval reported below
At total depth

6. LEASE DESIGNATION AND SERIAL NO.
Jicarilla Tribe Contr. 51

7. IF INDIAN, ALLOTTEE OR TRIBE NAME

8. UNIT AGREEMENT NAME

9. FARM OR LEASE NAME
Arizona Jicarilla "B"

10. WELL NO.
#5-A

11. FIELD AND POOL, OR WILDCAT
Blanco Mesa Verde

12. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section 10, T26N, R5W

13. COUNTY OR PARISH
Rio Arriba

14. STATE
New Mexico

15. DATE SPECDED 8-23-76 16. DATE T.D. REACHED 9-8-76 17. DATE COMPL. (Ready to prod.) 5-24-77 18. ELEVATIONS (DF, RES, RT, GR, ETC.)* 6977' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 6160' 21. PLUG. BACK T.D., MD & TVD 5843' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY → 24. ROTARY TOOLS 0 - 6160' 25. CABLE TOOLS

26. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 5297' - 5836' Point Lookout 27. WAS DIRECTIONAL SURVEY MADE Deviation

28. TYPE ELECTRIC AND OTHER LOGS RUN GR-Density, GR-Induction, GR-Neutron, Sidewall Neutron, GR-Correlation 29. WAS WELL CORED no

30. CASING RECORD (Report all strings set in well)

CASINO SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	32.30#	197'	13-3/4"	190 SXS	
7"	23#	3864'	8-5/4"	175 SXS	

31. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
4-1/2"	3692'	6159'	230	

32. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-5/8"	5575'	5575

33. PERFORATION RECORD (Interval, size and number)

5297, 5302, 5312, 5320, 5328, 5336, 5344, 5360, 5828, 5836.

34. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5297-5836	122,504 gals water
	71,290# 20/40 sand

35. PRODUCTION

DATE FIRST PRODUCTION _____ PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing WELL STATUS (Producing or shut-in) shut in

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
6-1-77	3 hrs	3/4"	→				

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)
86	---	→		1711		

36. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Sold TEST WITNESSED BY Bobby Joe Warren

37. LIST OF ATTACHMENTS

38. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Curtis C. Larson TITLE District Engineer DATE June 8, 1977

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on Items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see Item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in Item 22, and in Item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in Item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for Items 22 and 24 above.)

31. SUMMARY OF POROUS ZONES:

SHOW ALL IMPORTANT ZONES OR POROSITY AND CONTENTS THEREOF: CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL, TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURE, AND RECOVERIES

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	38.	GEOLOGIC MARKERS		
				NAME	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">MEAS. DEPTH</td> <td style="width: 50%;">TRUE VERT. DEPTH</td> </tr> </table>	MEAS. DEPTH	TRUE VERT. DEPTH
MEAS. DEPTH	TRUE VERT. DEPTH						
Ojo Alamo	2790'						
Fruitland	3400'						
Pictured Cliffs	3567'						
Cliff House	5261'						
Point Lookout	5785'						

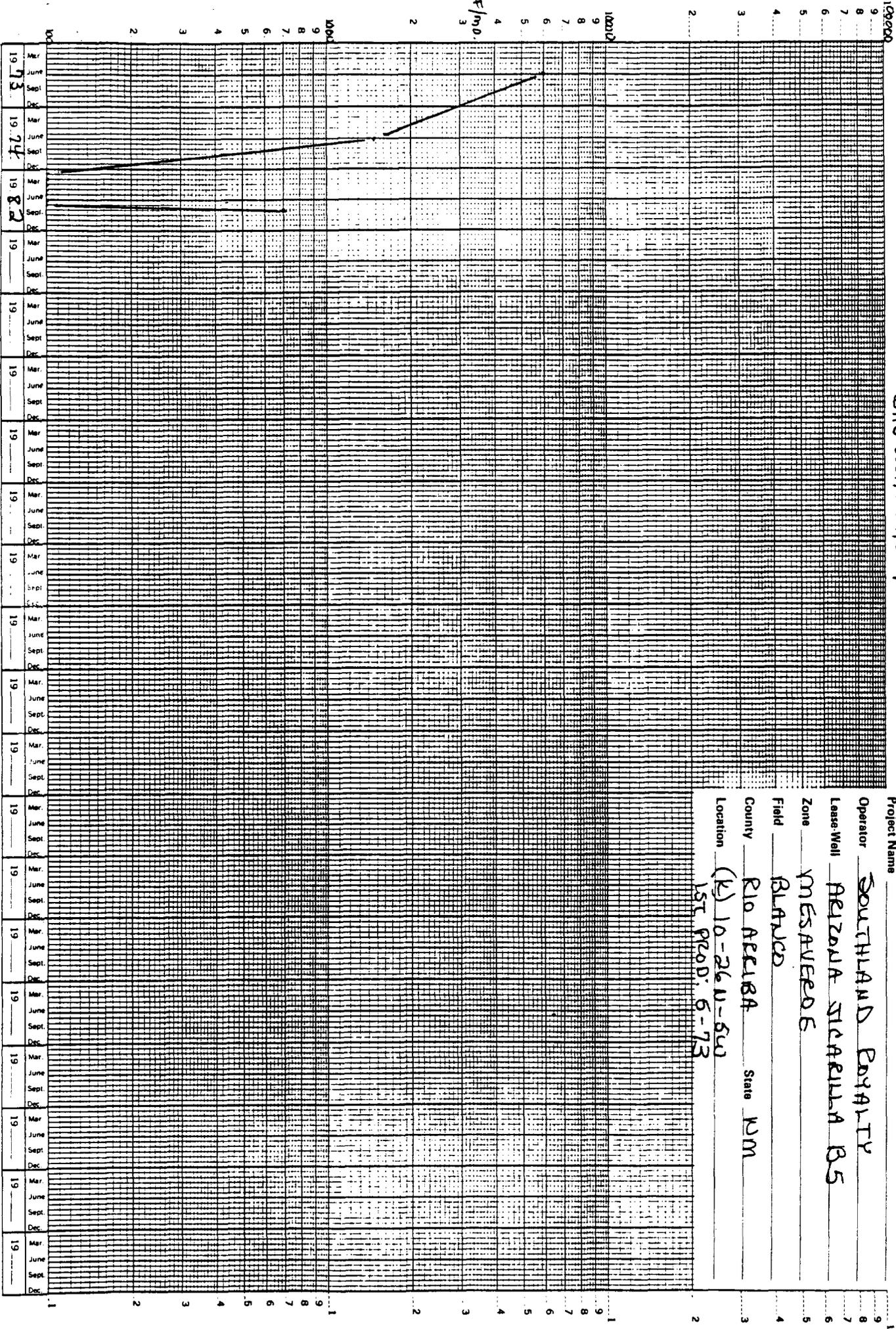


Southland Royalty Company

Gas own: 67,244

Ex. 3

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well ARIZONA STEARNS B5
 Zone MESAVERDE
 Field BLANCO
 County RIO ARriba State NM
 Location (R) 10-26 N-500
1ST PROD. 6-73



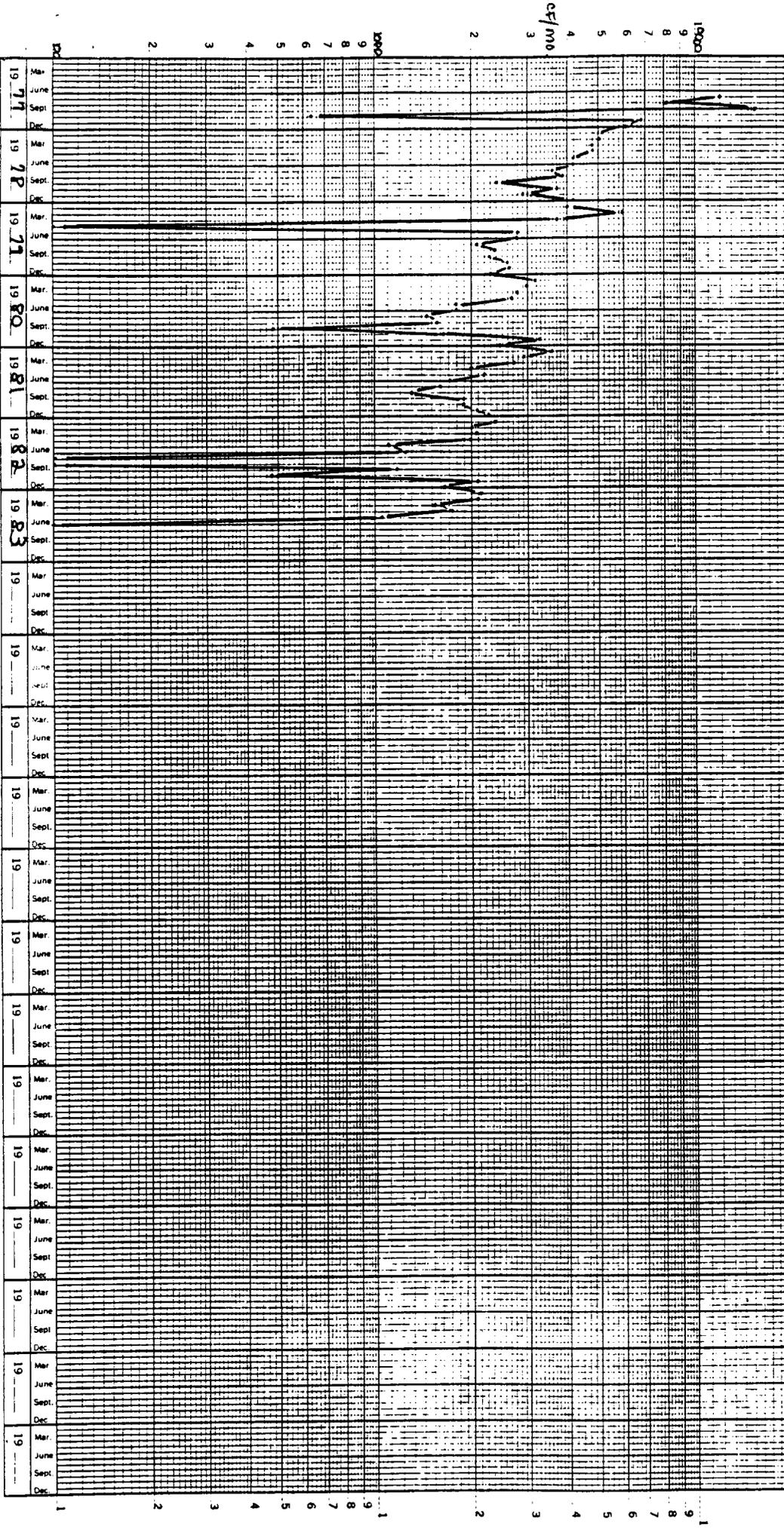


Southland Royalty Company

EX. 3A

GAS CUM: 210,320

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well ARIZONA SIGALLA B5A
 Zone MESAVEEDE
 Field BLANCO
 County RIO ARriba State NM
 Location (E) 10-26N-S1W
1ST PRD: 7-77



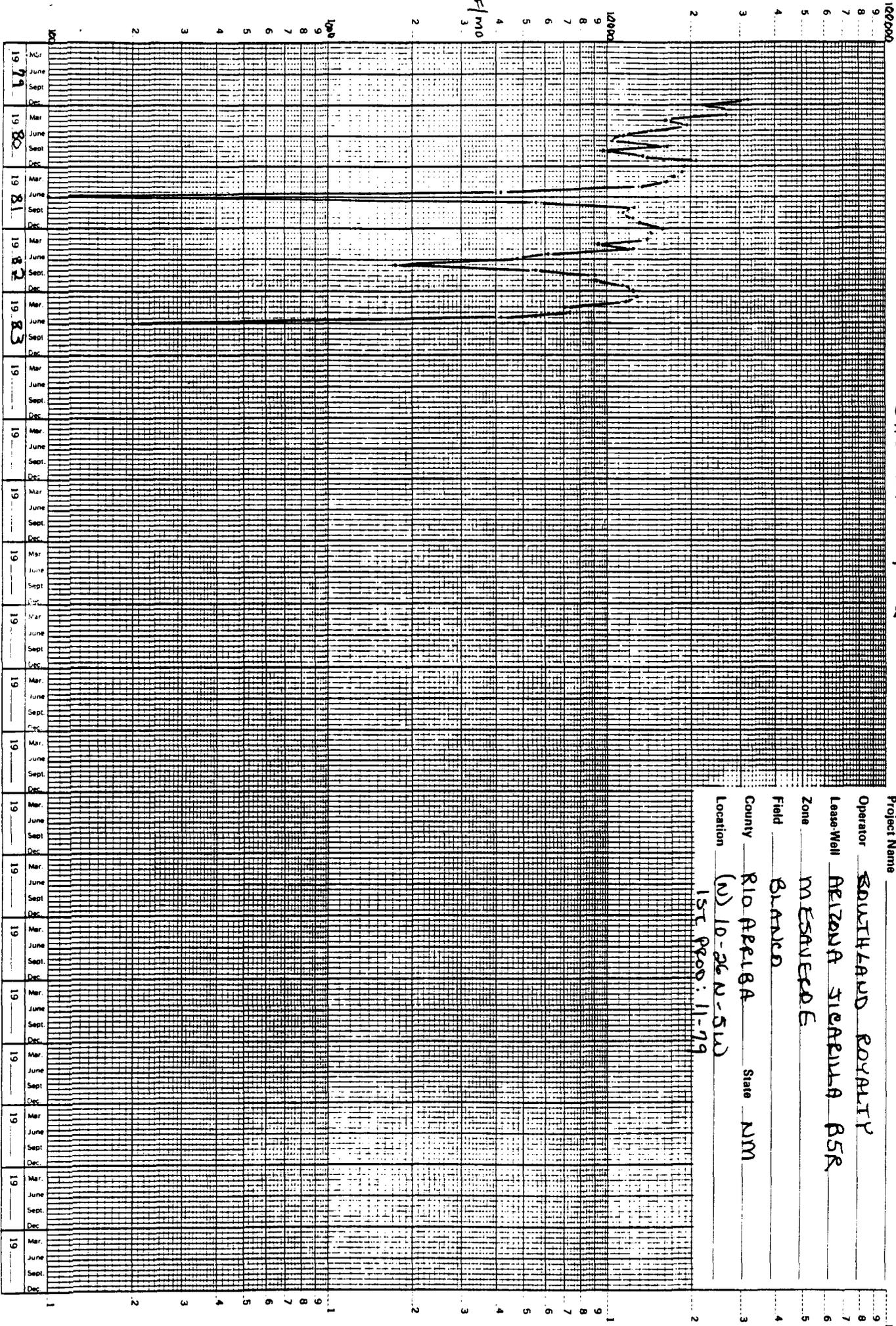


Southland Royalty Company

Gas cum: 560,352

Ex. 3B

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well ARIZONA STEARNS BSR
 Zone MESAVERDE
 Field BLANCO
 County RIO ARriba State NM
 Location (N) 10-26 N-5W
1st Prod: 11-79



WELL NAME FORMATION

EXHIBIT #5

ARIZONA JICARILLA B #5 BLANCO MESAVERDE
1st DELIVERED

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
6/77 thru 3/82			Status: Temporarily Abandoned October 9, 1974. Well Was Incapable Of Producing.
4/8/82			Plugged & Abandoned.

WELL NAME FORMATION
ARIZONA JICARILLA #B 5A
DATE DELIVERED 6-29-77

BLANCO MESAVERDE

EXHIBIT #5

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
6/77	01	00	
7/77	31	00	
8/77	31	00	
9/77	30	00	
10/77	31	00	
11/77	30	00	
12/77	31	00	
1/78	31	00	
2/78	28	00	
3/78	31	00	
4/78	30	00	
5/78	31	00	
6/78	30	00	
7/78	22	09	DOWNTIME N/A
8/78	31	00	
9/78	30	00	
10/78	31	00	
11/78	30	00	
12/78	29	02	DOWNTIME N/A
1/79	22	09	DOWNTIME N/A
2/79	28	00	
3/79	30	01	DOWNTIME N/A
4/79	30	00	
5/79	25	06	DOWNTIME N/A
6/79	30	00	
7/79	31	00	
8/79	24	07	REQUIRED STATE TEST
9/79	30	00	
10/79	31	00	
11/79	30	00	
12/79	31	00	
1/80	31	00	
2/80	29	00	
3/80	30	01	DOWNTIME N/A
4/80	27	03	DOWNTIME N/A
5/80	19	12	DOWNTIME N/A
6/80	16	14	DOWNTIME N/A
7/80	31	00	
8/80	31	00	
9/80	30	00	
10/80	31	00	
11/80	30	00	
12/80	31	00	
1/81	31	00	
2/81	28	00	
3/81	31	00	
4/81	30	00	
5/81	31	00	
6/81	30	00	
7/81	31	00	
8/81	31	00	
9/81	30	00	
10/81	31	00	
11/81	30	00	
12/81	31	00	
1/82	31	00	

ARIZONA: PICARILLA #B5R BLANCO MESAVERDE
c DELIVERED 10-25-79

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
10/79	07	00	
11/79	30	00	
12/79	22	09	REQUIRED STATE TEST
1/80	31	00	
2/80	29	00	
3/80	19	12	DOWNTIME N/A
4/80	23	07	DOWNTIME N/A
5/80	19	12	DOWNTIME N/A
6/80	16	14	DOWNTIME N/A
7/80	31	00	
8/80	31	00	
9/80	30	00	
10/80	31	00	
11/80	30	00	
12/80	31	00	
1/81	31	00	
2/81	28	00	
3/81	31	00	
4/81	23	07	REQUIRED STATE TEST
5/81	13	18	OVER PRODUCED
6/81	00	30	OVER PRODUCED
7/81	07	24	DOWNTIME N/A
8/81	30	01	DOWNTIME N/A
9/81	30	00	
10/81	31	00	
11/81	30	00	
12/81	31	00	
1/82	28	03	METER CHECK REQUESTED
2/82	28	00	
3/82	31	00	
4/82	30	00	
5/82	21	10	REQUIRED STATE TEST
6/82	21	09	HIGH LINE PRESSURE
7/82	00	31	HIGH LINE PRESSURE
8/82	08	23	HIGH LINE PRESSURE
9/82	30	00	
10/82	31	00	
11/82	30	00	
12/82	31	00	
1/83	30	01	DOWNSTREAM LINE FREEZE
2/83	27	01	DOWNSTREAM LINE FREEZE
3/83	31	00	
4/83	30	00	
5/83	31	00	
6/83	01	29	HIGH LINE PRESSURE
7/83	00	31	HIGH LINE PRESSURE
8/83	00	31	8 DAYS HIGH LINE PRESSURE, 23 DAYS NO GAS DEMAND
9/83	00	30	NO GAS DEMAND
10/83	00	31	NO GAS DEMAND
11/83	00	30	NO GAS DEMAND
12/83	00	31	NO GAS DEMAND
		425	

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>8265</u>	Exhibit No. <u>C</u>
Submitted by <u>PARSONS</u>	
Hearing Date <u>9/12/84</u>	



Southland Royalty Company
February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- JERNIGAN 3A,
(I) SEC. 24, T27N, R9W,
SAN JUAN CO., NM

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 8-27-78; the well was completed for production in the Blanco Mesa Verde pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Jernigan 3 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

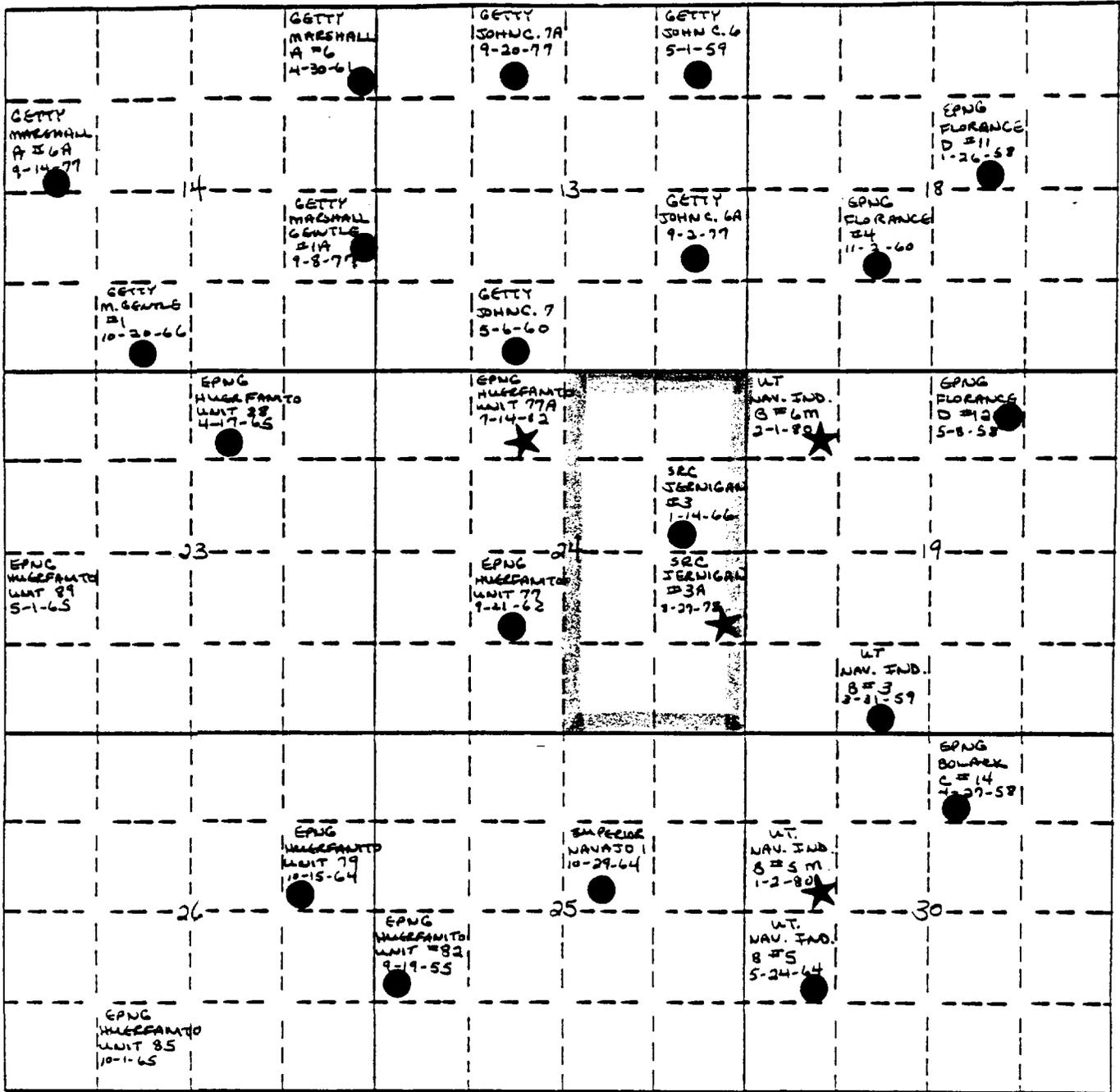
SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

attachments

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401



27N

S.R.C.

-  WELLS DRILLED BEFORE SPUD DATE 8-27-78
-  WELLS DRILLED ON OR AFTER SPUD DATE 8-27-78
- 
- 

SOUTHLAND ROYALTY COMPANY			
AREA			
JERNIGAN #3A			
LOCATION			
(F) 24-27N-9W			
TYPE OF MAP			
BLANCO MESAVERDE SJ			
CONTOURED		CI	
BY	DATE	REVISED BY	DATE
		REFERENCE	DATE
NOTES			

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLI. 2*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR. Other _____

2. NAME OF OPERATOR
SOUTHLAND ROYALTY COMPANY

3. ADDRESS OF OPERATOR
P. O. DRAWER 570, FARMINGTON, NEW MEXICO

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1500' FSL & 975' FEL
At top prod. interval reported below
At total depth

14. PERMIT NO. _____ DATE ISSUED _____

5. LEASE DESIGNATION AND SERIAL NO.
I-149-Ind.-8467

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Jernigan

9. WELL NO.
3A

10. FIELD AND POOL, OR WILDCAT
Blanco Mesaverde

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section 24, T27N, R9W

12. COUNTY OR PARISH
San Juan

13. STATE
New Mexico

15. DATE SPUDDED 8-27-78 16. DATE T.D. REACHED 8-31-78 17. DATE COMPL. (Ready to prod.) 10-31-78 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 6028' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 4693' 21. PLUG, BACK T.D., MD & TVD 4642' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY → 24. ROTARY TOOLS 0-4693' 25. CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
4298'-4580' Point Lookout

25. WAS DIRECTIONAL SURVEY MADE
Deviation

26. TYPE ELECTRIC AND OTHER LOGS RUN
GR-Induction, GR-Density, Gamma Ray/Cement Bond Log

27. WAS WELL CORED
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36#	232'	12-1/4"	120 SXS	
7"	20#	2256'	8-3/4"	165 SXS	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
4-1/2"	2089'	4683'	320		2-3/8"	4511'	---

31. PERFORATION RECORD (Interval, size and number) 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

4298, 4304, 4310, 4316, 4322, 4328, 4334, 4340, 4346, 4364, 4370, 4376, 4391, 4398, 4420, 4580.	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
	4298'-4580'	102,480 gals water 49,000# 20/40 sand

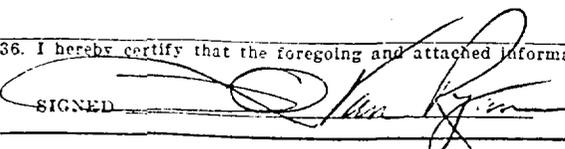
33.* PRODUCTION

DATE FIRST PRODUCTION _____ PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing WELL STATUS (Producing or shut-in) shut-in

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
11-6-78	3 hrs	3/4"	→				
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
30	316	→		528			

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Sold TEST WITNESSED BY Kelly Maxwell

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED  TITLE District Production Mgr. DATE November 9, 1978

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 32.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. **Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES		38. GEOLOGIC MARKERS	
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
			NAME
			MEAS. DEPTH
			TRUE VERT. DEPTH
Ojo Alamo	1264		
Fruitland	1777		
Pictured Cliffs	2006		
Cliff House	3598		
Point Lookout	4290		

EL PASO NATURAL GAS COMPANY
POST OFFICE BOX 990
FARMINGTON, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE February 5, 1980

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR PURCHASE OF

GAS FROM Southland Royalty Company
Operator

Jernigan #3-A
Well Name

90-886-01

75357-51

I

24-27-9

Meter Code

Site Code

Well Unit

S-T-R

Blanco Mesaverde

El Paso Natural Gas Company

Pool

Name of Purchaser

WAS MADE ON January 30, 1980
Date

FIRST DELIVERY January 30, 1980
Date

AOF 528

CHOKE 483

El Paso Natural Gas Company
Purchaser

Original Signed by
Charles J. Thomas

Representative

Assistant Chief Dispatcher
Title

cc: Operator **Farmington**
Oil Conservation Commission - 2
Proration - El Paso

File

RECEIVED
FEB 06 1980
FARMINGTON DISTRICT

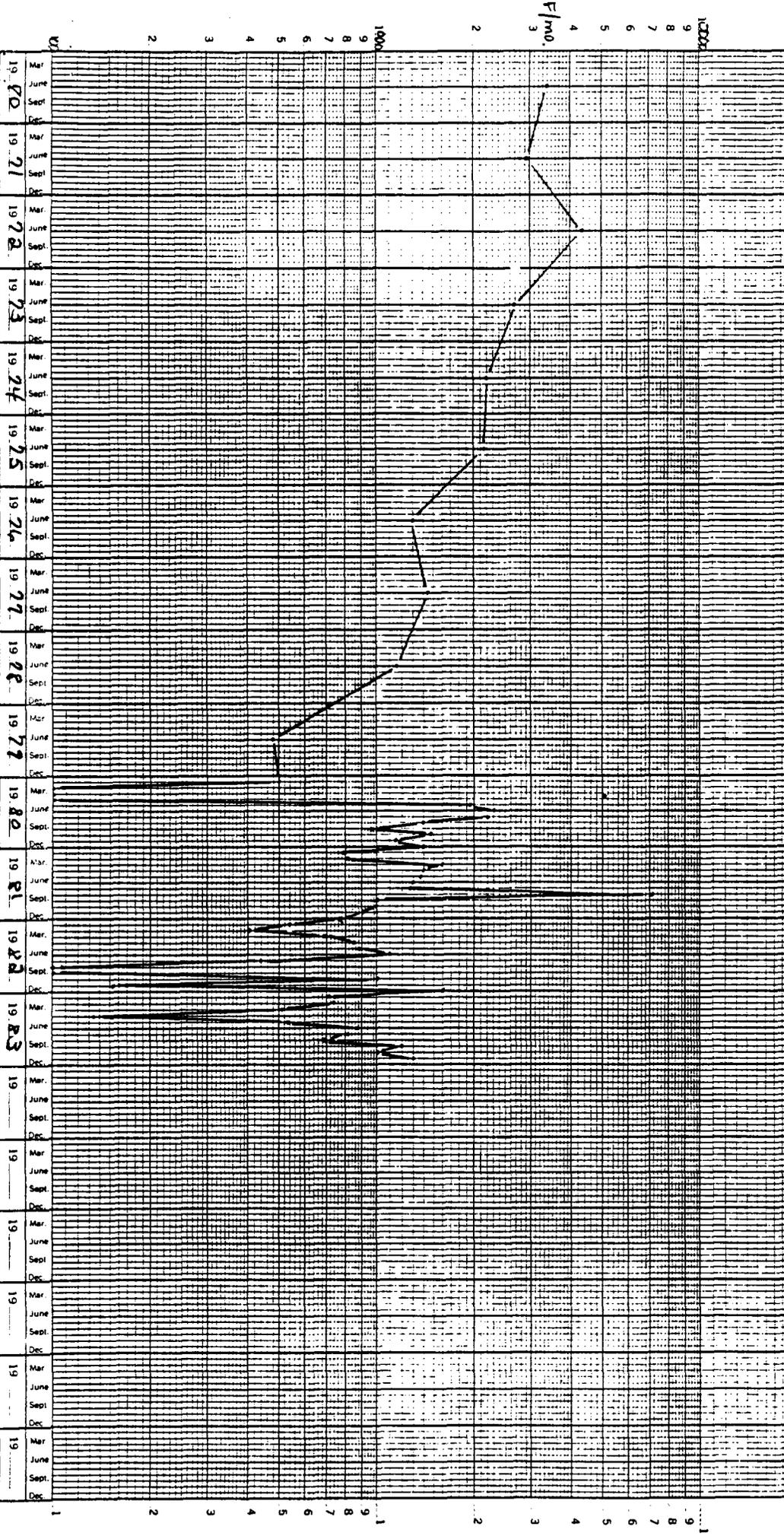


Southland Royalty Company

GAS CURR: 563,392

EX. 3

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well TERMINAL #3
 Zone MESAVERDE
 Field BLANCO
 County SAN JUAN State NM
 Location (H) 24-27N-7W
1ST PERIOD: 5-66



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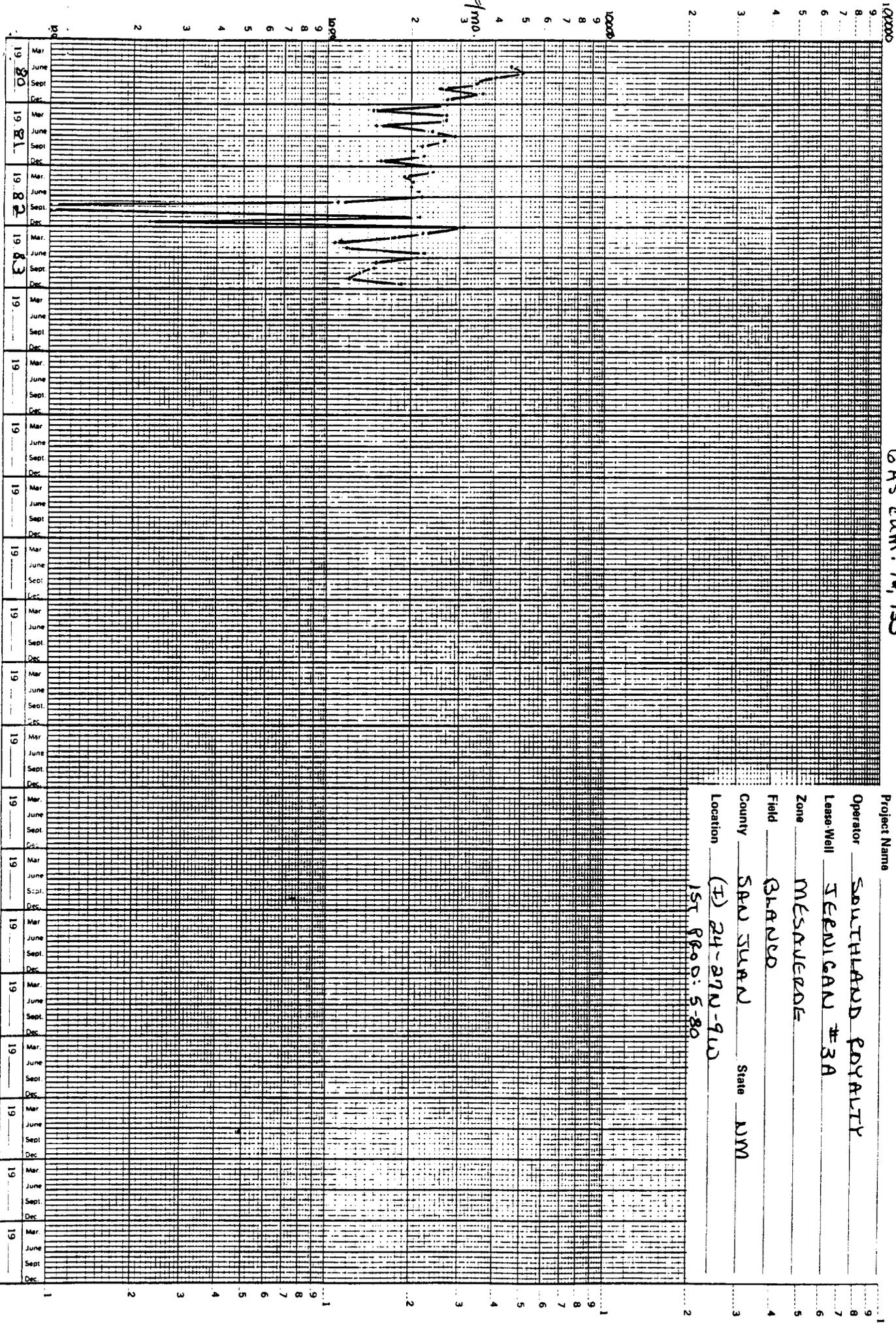


Southland Royalty Company

GA SUM: 92,935

EX. 3A

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well TEXANIGAN #3A
 Zone MESQUITE
 Field BLAND
 County SABAL State NY
 Location (E) 24-27N-9W
1st 800: 5-80



log

1980 Mar June Sept Dec
 1981 Mar June Sept Dec
 1982 Mar June Sept Dec
 1983 Mar June Sept Dec
 1984 Mar June Sept Dec
 1985 Mar June Sept Dec
 1986 Mar June Sept Dec
 1987 Mar June Sept Dec
 1988 Mar June Sept Dec
 1989 Mar June Sept Dec
 1990 Mar June Sept Dec

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WELL NAME

FORMATION

EXHIBIT #5

JERNIGAN #3

BLANCO MESAVERDE

1st DELIVERED

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
1/80	10	21	DOWNTIME N/A
2/80	28	01	DOWNTIME N/A
3/80	24	07	DOWNTIME N/A
4/80	30	00	
5/80	31	00	
6/80	30	00	
7/80	31	00	
8/80	31	00	
9/80	23	07	DOWNTIME N/A
10/80	31	00	
11/80	30	00	
12/80	30	01	DOWNTIME N/A
1/81	20	11	7 DAYS REQUIRED STATE TEST, 4 DAYS DOWNTIME N/A
2/81	27	01	HIGH LINE PRESSURE
3/81	30	01	HIGH LINE PRESSURE
4/81	30	00	
5/81	24	07	REQUIRED STATE TEST
6/81	30	00	
7/81	31	00	
8/81	31	00	
9/81	29	01	HIGH LINE PRESSURE
10/81	31	00	
11/81	30	00	
12/81	31	00	
1/82	31	00	
2/82	10	18	DOWNTIME N/A
3/82	23	08	REQUIRED STATE TEST
4/82	29	01	HIGH LINE PRESSURE
5/82	23	08	REQUIRED STATE TEST
6/82	30	00	
7/82	11	20	NO GAS DEMAND
8/82	02	29	NO GAS DEMAND
9/82	00	30	NO GAS DEMAND
10/82	15	16	NO GAS DEMAND
11/82	05	25	NO GAS DEMAND
12/82	31	00	
1/83	31	00	
2/83	28	00	
3/83	23	08	5 DAYS REQUIRED STATE TEST, 3 DAYS NO GAS DEMAND
4/83	08	22	NO GAS DEMAND
5/83	30	01	NO GAS DEMAND
6/83	30	00	
7/83	31	00	
8/83	31	00	
9/83	30	00	
10/83	31	00	
11/83	29	01	FREEZE AT METER STATION
12/83	31	00	
		245	

JERNIGAN #3A BLANCO MESAVERDE
 1st DELIVERED 1/30/80

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
1/80	01	00	
2/80	29	00	
3/80	18	13	7 DAYS REQUIRED STATE TEST, 6 DAYS DOWNTIME N/A
4/80	30	00	
5/80	31	00	
6/80	30	00	
7/80	31	00	
8/80	31	00	
9/80	24	06	DOWNTIME N/A
10/80	31	00	
11/80	30	00	
12/80	30	01	DOWNTIME N/A
1/81	27	04	DOWNTIME N/A
2/81	28	00	
3/81	30	01	HIGH LINE PRESSURE
4/81	30	00	
5/81	24	07	REQUIRED STATE TEST
6/81	30	00	
7/81	31	00	
8/81	31	00	
9/81	30	00	
10/81	31	00	
11/81	30	00	
12/81	31	00	
1/82	31	00	
2/82	25	03	DOWNTIME N/A
3/82	31	00	
4/82	30	00	
5/82	23	08	REQUIRED STATE TEST
6/82	29	01	DOWNTIME N/A
7/82	17	14	NO GAS DEMAND
8/82	16	15	NO GAS DEMAND
9/82	00	30	NO GAS DEMAND
10/82	17	14	NO GAS DEMAND
11/82	05	25	NO GAS DEMAND
12/82	30	01	NO GAS DEMAND
1/83	31	00	
2/83	28	00	
3/83	18	13	NO GAS DEMAND
4/83	16	14	NO GAS DEMAND
5/83	31	00	
6/83	30	00	
7/83	31	00	
8/83	30	01	HIGH LINE PRESSURE
9/83	30	00	
10/83	31	00	
11/83	30	00	
12/83	31	00	
		171	

PROSPECTIVE

<u>DATE</u>	<u>OPERATOR</u>	<u>WELL NAME</u>	<u>LOCATION</u>
4-2-84	Southland Royalty Co.	Arizona Jicarilla A Well 5A Blanco Mesaverde	Sec. 13, T-25-N, R-4-W, Rio Arriba
4-2-84	Southland Royalty Co.	Arizona Jicarilla B Well 8A Blanco Mesaverde	Sec. 9, T-26-N, R-5-W, Rio Arriba

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
KEMP W. GORTHEY
J. SCOTT HALL
PETER N. IVES

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 2, 1984

HAND DELIVERED

Mr. Joe D. Ramey, Director
New Mexico Oil Conservation
Division
Post Office Box 2088
Santa Fe, New Mexico 87501

APR 2 1984

Dear Mr. Ramey:

Enclosed herewith please find two (2) applications of Southland Royalty Company for exemption from the New Mexico Natural Gas Pricing Act for the wells set forth on Exhibit A attached to this letter and incorporated herein by reference.

The date on which each well was commenced is set forth in the applications and we request that these applications be treated as applications for retroactive exemption back to the date the well was commenced as well as applications for prospective exemption.

This application is made pursuant to the Commission's Order No. R-5436 subject, however, to the special stipulation and condition that such application and the filing hereof is not intended and shall not be construed as an admission by Southland Royalty Company that such filing or application is required under the provisions of Order No. R-5436 and other applicable law and regulation. As you are aware, there is pending certain litigation to which both you and Southland Royalty Company are parties in which the scope, applicability and interpretation of Order No. R-5436 and other related statutes, regulations and Commission Orders are, or may be, in dispute. It is (or will be) Southland's position in that litigation that the filing of such an application for exemption on infill wells was not and is not necessary.

However, in view of the current controversy, Southland Royalty Company deems it prudent to file the enclosed applications as protective measures. Such filings and any subsequent filings by Southland Royalty Company do not constitute a waiver

Mr. Joe D. Ramey
April 2, 1984
Page Two

or alteration of Southland's position with respect to infill wells drilled in the past.

By copy of this letter, a duplicate set of applications is being sent to the Aztec District Office of the Division.

Should you have comments or questions concerning Southland's position in this matter or concerning the enclosed applications, do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a long, sweeping tail that extends to the right.

William F. Carr

WFC/cv
enclosures

cc: R. E. Fielder
Southland Royalty Company
Post Office Drawer 570
Farmington, New Mexico 87401

Oil Conservation Division III
1000 Rio Brazos Road
Aztec, New Mexico 87410
(w/enclosures)

E X H I B I T A

<u>WELL</u>	<u>POOL</u>	<u>LOCATION</u>
Arizona Jicarilla A 5A	Blanco Mesa Verde	(K) Section 13, T25N, R4W, Rio Arriba County, New Mexico.
Arizona Jicarilla B 8A	Blanco Mesa Verde	(K) Section 9, T26N, R5W, Rio Arriba County, New Mexico.



Southland Royalty Company

March 5, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- ARIZONA JICARILLA B 8A,
(K) SEC. 9, T26N, R5W,
RIO ARRIBA CO., NM

APR 2 1984

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 6-16-79; the well was completed for production in the Blanco Mesa Verde pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, R. E. Fielder, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Arizona Jicarilla B 8 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

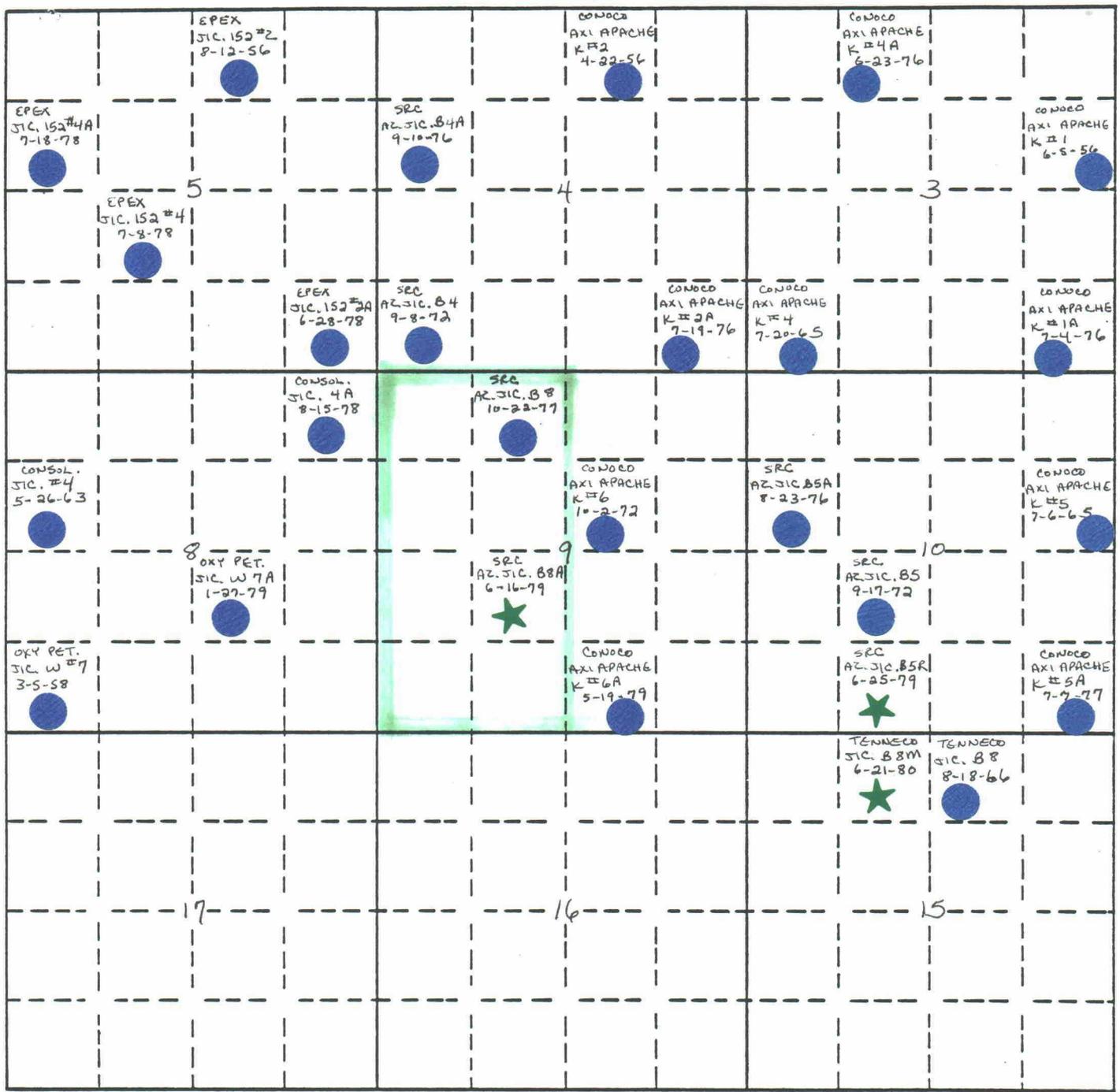
R. E. Fielder
District Production Manager

CCP/ke

attachments

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

5W



26N

S.R.C.

 WELLS DRILLED BEFORE SPUD DATE 6-16-79

 WELLS DRILLED ON OR AFTER SPUD DATE 6-16-79





SOUTHLAND ROYALTY COMPANY					
AREA					
ARIZONA JICARILLA B8A (MV)					
LOCATION					
(K) 9-26N-5W					
TYPE OF MAP					
SPUD: 6-16-79					
CONTOURED			C.I.		
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					



Southland Royalty Company

Gas cum: 411,806

Ex. 3

Project Name _____

Operator SOUTHLAND ROYALTY

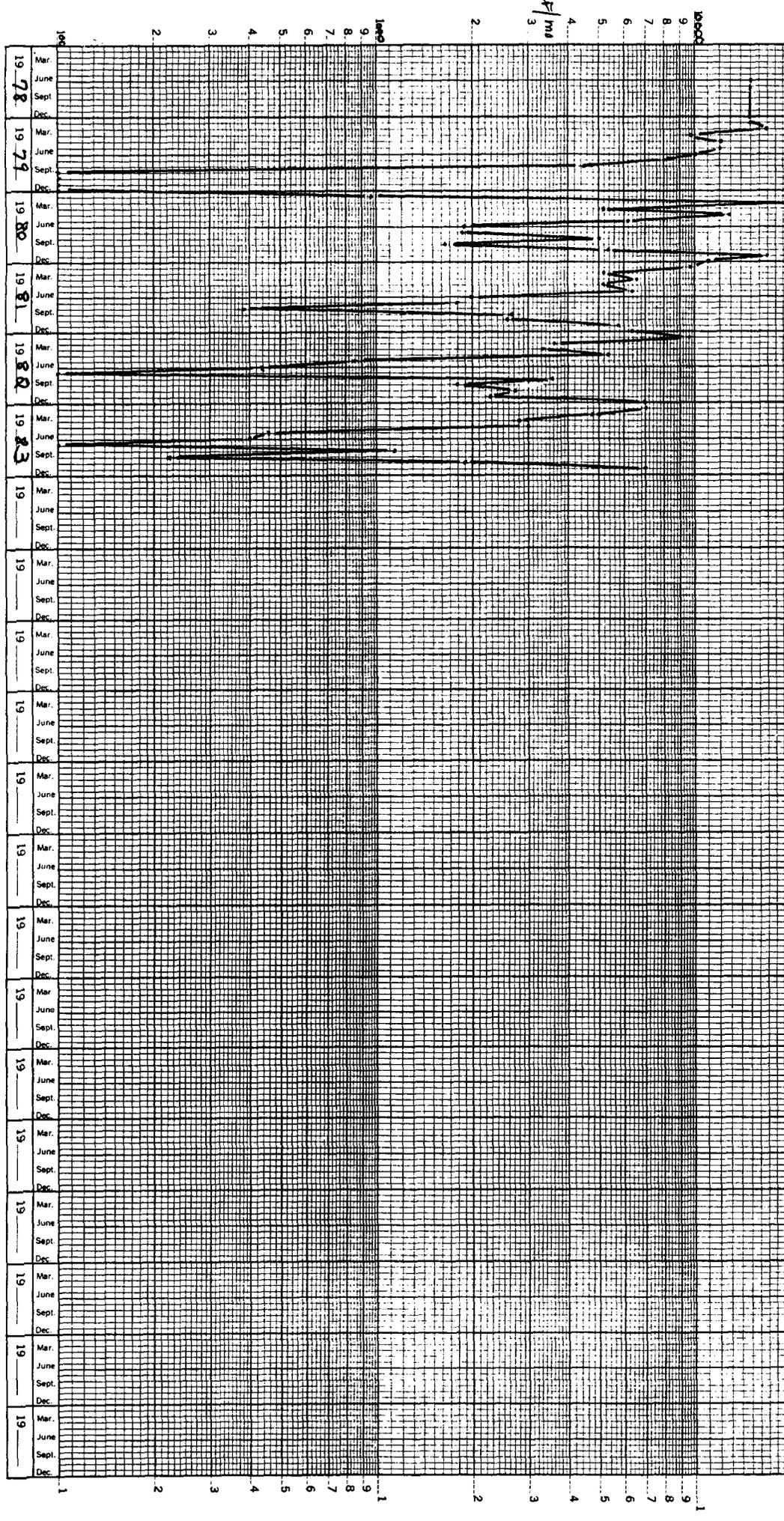
Lease-Well REZEDA SICALLA 188

Zone MESAVERDE

Field ALANCO

County RIO ARriba State NM

Location (c) 9-26N-6W
1st Prop: 6-78



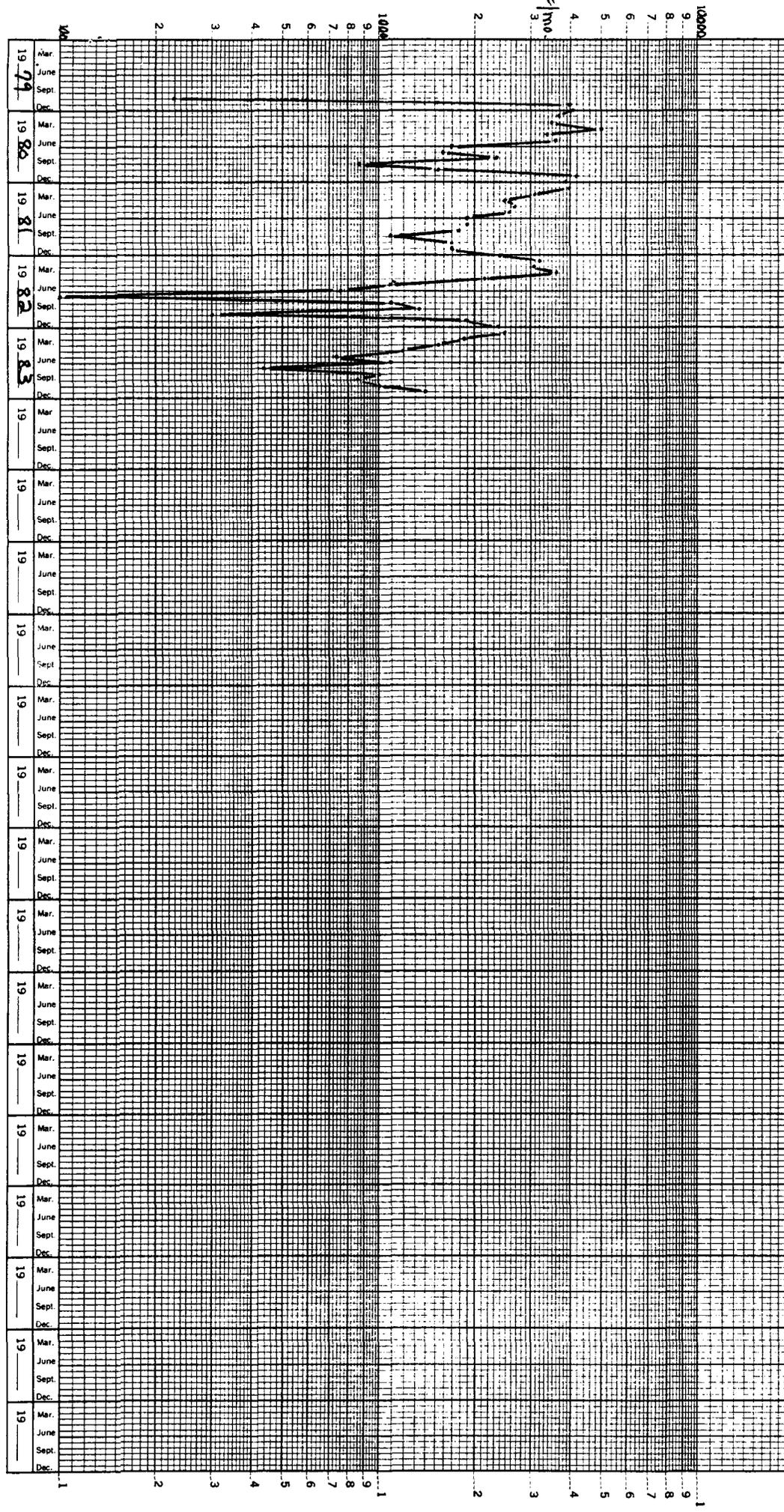


Southland Royalty Company

Gas cum: 106, 220

Ex. 3A

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease Well ARIZONA STELLA B8A
 Zone MESAVERDE
 Field BLAND
 County ROPERUGA State NM
 Location (K) 9-26N-5W
1ST PROD: 10-79



ARIZONA JICARILLA B #8 BLANCO MESAVERDE

1st DELIVERED

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
10/79	14	17	DOWNTIME N/A
11/79	00	30	DOWNTIME N/A
12/79	00	31	DOWNTIME N/A
1/80	31	00	
2/80	29	00	
3/80	12	19	DOWNTIME N/A
4/80	23	07	REQUIRED STATE TEST
5/80	18	13	DOWNTIME N/A
6/80	23	07	DOWNTIME N/A
7/80	31	00	
8/80	30	01	DOWNTIME N/A
9/80	28	02	DOWNTIME N/A
10/80	31	00	
11/80	30	00	
12/80	31	00	
1/81	31	00	
2/81	28	00	
3/81	31	00	
4/81	30	00	
5/81	31	00	
6/81	30	00	
7/81	31	00	
8/81	19	12	METER REPAIR
9/81	24	06	METER REPAIR
10/81	31	00	
11/81	27	03	REQUIRED STATE TEST
12/81	31	00	
1/82	30	01	DOWNTIME N/A
2/82	28	00	
3/82	30	01	DOWNTIME N/A
4/82	30	00	
5/82	13	18	10 DAYS REQUIRED STATE TEST, 8 DAYS HIGH LINE PRESSURE
6/82	30	00	
7/82	31	00	
8/82	31	00	
9/82	19	11	3 DAYS REQUIRED STATE TEST, 8 DAYS HIGH LINE PRESSURE
10/82	31	00	
11/82	24	06	GCONM LINE REPAIR
12/82	31	00	
1/83	31	00	
2/83	24	04	3 DAYS FLOW LINE REPAIR, 1 DAY DOWNSTREA LINE FREEZE
3/83	31		
4/83	06	24	8 DAYS LOGGED OFF, 16 DAYS HIGH LINE PRESSURE
5/83	31	00	
6/83	30	00	
7/83	03	28	5 DAYS BACKFLOWING, 23 DAYS GCONM EQUIPMENT REPAIR
8/83	19	12	3 DAYS REQUIRED STATE TEST, 3 DAYS HIGH LINE PRESSURE, 6 DAYS NO GAS DEMAND
9/83	04	26	NO GAS DEMAND
10/83	31	00	
11/83	30	00	
12/83	31	00	

WELL NAME FORMATION

EXHIBIT #5

ARIZONA JICARILLA B #8A BLANCO MESAVERDE

1st DELIVERED 10/24/79

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
10/79	08	00	
11/79	30	00	
12/79	22	09	REQUIRED STATE TEST
1/80	29	02	DOWNTIME N/A
2/80	29	00	
3/80	30	01	DOWNTIME N/A
4/80	23	07	REQUIRED STATE TEST
5/80	18	13	DOWNTIME N/A
6/80	30	00	
7/80	31	00	
8/80	31	00	
9/80	30	00	
10/80	31	00	
11/80	30	00	
12/80	31	00	
1/81	31	00	
2/81	28	00	
3/81	31	00	
4/81	30	00	
5/81	31	00	
6/81	30	00	
7/81	31	00	
8/81	30	01	DOWNTIME N/A
9/81	30	00	
10/81	31	00	
11/81	30	00	
12/81	31	00	
1/82	30	01	DOWNTIME N/A
2/82	28	00	
3/82	31	00	
4/82	30	00	
5/82	21	10	REQUIRED STATE TEST
6/82	21	09	HIGH LINE PRESSURE
7/82	00	31	HIGH LINE PRESSURE
8/82	16	15	HIGH LINE PRESSURE
9/82	30	00	
10/82	31	00	
11/82	30	00	
12/82	25	06	GCONM LINE REPAIR
1/83	31	00	
2/83	17	11	1 DAY DOWNSTREAM LINE FREEZE, 10 DAYS DOWNTIME N/A
3/83	31	00	
4/83	25	05	2 DAYS LOCATION FREEZE, 2 DAYS LOGGED OFF, 1 DAY HIGH LINE PRESSURE
5/83	31	00	
6/83	30	00	
7/83	31	00	
8/83	23	08	HIGH LINE PRESSURE
9/83	30	00	
10/83	31	00	
11/83	30	00	
12/83	31	00	



Southland Royalty Company
March 5, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- ARIZONA JICARILLA A 5A,
(K) SEC. 13, T25N, R4W,
RIO ARRIBA CO., NM

APR 2 1984

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 9-15-81; the well was completed for production in the Blanco Mesa Verde pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, R. E. Fielder, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Arizona Jicarilla A 5 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

R. E. Fielder
District Production Manager

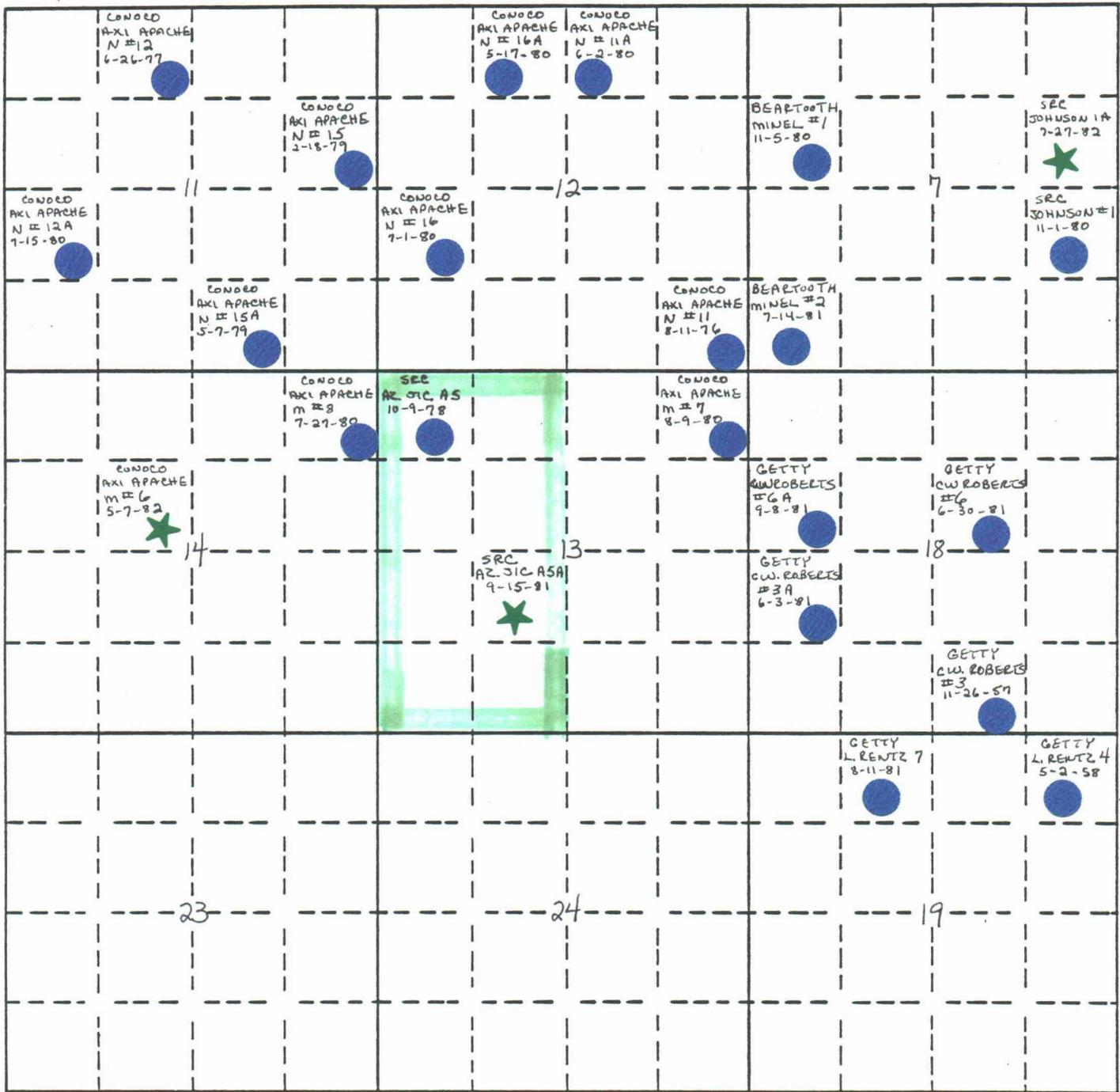
CCP/ke

attachments

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

4W

3W



25N

S.R.C.



WELLS DRILLED BEFORE
SPUD DATE 9-15-81



WELLS DRILLED ON OR AFTER
SPUD DATE 9-15-81



SOUTHLAND ROYALTY COMPANY

AREA					
ARIZONA SICARILLA ASA (MV)					
LOCATION					
(K) 13-25N-4W - RIO ARRIBA					
TYPE OF MAP					
SPUD: 9-15-81					
CONTOURED				C.I.	
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					

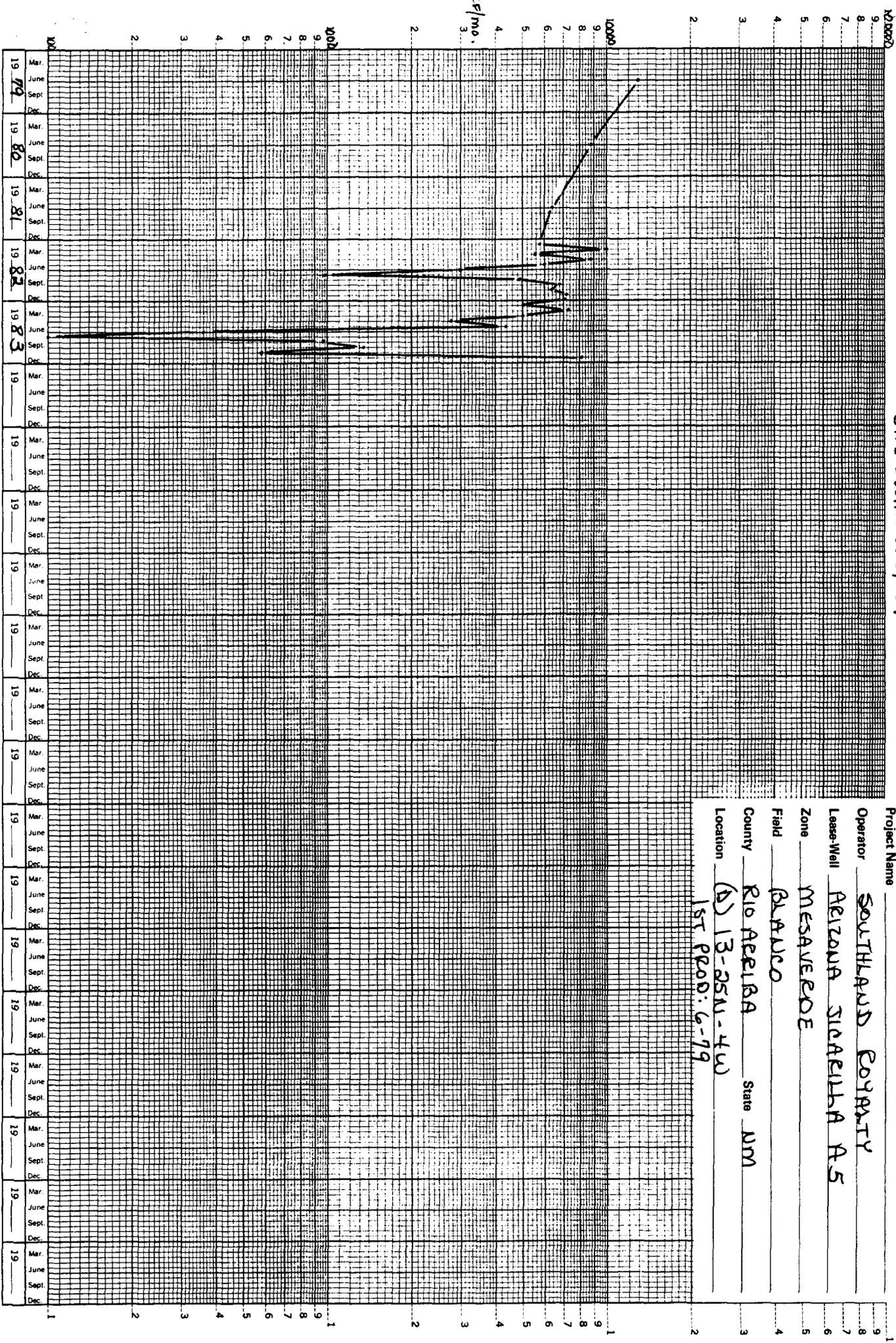


Southland Royalty Company

GAS CUM: 383,069

EX. 3

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease-Well ARIZONA STATELHA A5
 Zone MESAVERDE
 Field BLANCO
 County RIO ARriba State NM
 Location (B) 13-25A1-4W
1st PROD: 6-79





Southland Royalty Company

Gas cum: 144,764

EX. 3A

Project Name _____
 Operator SOUTHLAND ROYALTY
 Lease-Well ARIZONA SICRILLA ASA
 Zone MESAVERDE
 Field BLAND
 County RIO APACHE State NM
 Location (E) 13-25N-4W
1st Prod: 5-82

19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19			
Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec
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2																							
1																							

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WELL NAME FORMATION
 ARIZONA JICARILLA #A5 BLANCO MESAVERDE

EXHIBIT #5

1st DELIVERED

MONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
5/82	31	0	
6/82	16	14	HIGH LINE PRESSURE
7/82	02	29	HIGH LINE PRESSURE
8/82	15	16	HIGH LINE PRESSURE
9/82	28	02	REQUIRED STATE TEST
10/82	30	01	DOWNTIME N/A
11/82	30	00	
12/82	31	00	
1/83	24	07	DOWN STREAM LINE FREEZE
2/83	28	00	
3/83	31	00	
4/83	24	06	DOWN STREAM LINE FREEZE
5/83	31	00	
6/83	01	29	HIGH LINE PRESSURE
7/83	00	31	HIGH LINE PRESSURE
8/83	01	30	20 DAYS HIGH LINE PRESSURE, 7 DAYS NO GAS DEMAND, 3 DAYS REQUIRED STATE TEST
9/83	02	28	NO GAS DEMAND
10/83	03	28	NO GAS DEMAND
11/83	24	06	NO GAS DEMAND
12/83	31	00	

WELL NAME FORMATION

ARIZONA JICARILLA #A5A BLANCO MESAVERDE

EXHIBIT #5

st DELIVERED 5-4-82

ONTH/YEAR	DAYS PRODUCED	NON-PRODUCING DAYS	REASONS FOR DOWN TIME
5/82	20	00	
6/82	15	15	9 DAYS REQUIRED STATE TEST, 6 DAYS HIGH LINE PRESSURE
7/82	02	29	HIGH LINE PRESSURE
8/82	00	31	HIGH LINE PRESSURE
9/82	22	08	6 DAYS REQUIRED STATE TEST, 2 DAYS HIGH LINE PRESSURE
10/82	28	03	DOWNTIME N/A
11/82	00	30	NO GAS DEMAND
12/82	03	28	NO GAS DEMAND
1/83	26	05	NO GAS DEMAND
2/83	28	00	
3/83	31	00	
4/83	30	00	
5/83	00	31	24 DAYS NO GAS DEMAND, 7 DAYS REQUIRED STATE TEST
6/83	21	09	HIGH LINE PRESSURE
7/83	31	00	
8/83	26	05	3 DAYS REQUIRED STATE TEST, 2 DAYS NO GAS DEMAND
9/83	02	28	NO GAS DEMAND
10/83	03	28	NO GAS DEMAND
11/83	24	06	NO GAS DEMAND
12/83	31	00	

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
KEMP W. GORTHEY
J. SCOTT HALL
PETER N. IVES

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 22, 1984

HAND DELIVERED

Mr. Joe D. Ramey, Director
New Mexico Oil Conservation
Division
Post Office Box 2088
Santa Fe, New Mexico 87501

FEB 22 1984

RECEIVED

Dear Mr. Ramey:

Enclosed herewith please find fifteen sets of applications of Union Texas Petroleum Corporation for exemption from the New Mexico Natural Gas Pricing Act. One application seeks prospective exemption and the second application seeks retroactive exemption from the Act for each of the wells set forth on Exhibit A attached to this letter and incorporated herein by reference.

This application is made pursuant to the Commission's Order No. R-5436 subject, however, to the special stipulation and condition that such application and the filing hereof is not intended and shall not be construed as an admission by Union Texas Petroleum Corporation that such filing or application is required under the provisions of Order No. R-5436 and other applicable law and regulation. As you are aware, there is pending certain litigation to which both you and Union Texas Petroleum Corporation are parties in which the scope, applicability and interpretation of Order No. R-5436 and other related statutes, regulations and Commission Orders are, or may be, in dispute. Furthermore, we believe the New Mexico Natural Gas Pricing Act does not apply to certain wells operated by Union Texas Petroleum Corporation since they are located on Jicarilla lands. It is and will be the position of Union Texas Petroleum Corporation in that litigation that the filing of such applications for exemption on infill wells was not and is not necessary.

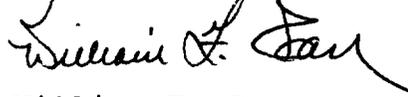
However, in view of the current controversy, Union Texas Petroleum Corporation deems it prudent to file the enclosed applications as a protective measures. Such filings and any subsequent filings do not constitute a waiver or alteration of Union Texas' position with respect to infill wells drilled in the past.

Mr. Joe D. Ramey
February 22, 1984
Page Two

By copy of this letter, a duplicate set of applications is being sent to the Aztec District Office of the Division.

Should you have comments or questions concerning the position of Union Texas Petroleum Corporation in this matter or concerning the enclosed applications, do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William F. Carr".

William F. Carr

WFC:ndb

cc: Mr. Rudy Motto
Don Pickels, Esq.
Oil Conservation Division, District III

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
KEMP W. GORTHEY
J. SCOTT HALL
PETER N. IVES

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 21, 1984

HAND DELIVERED

Mr. Joe D. Ramey, Director
New Mexico Oil Conservation
Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed herewith please find thirty-six applications of Southland Royalty Company for exemption from the New Mexico Natural Gas Pricing Act for the wells set forth on Exhibit A attached to this letter and incorporated herein by reference.

The date on which each well was commenced is set forth in the application and we request that these applications be treated as applications for retroactive exemption back to the date the well was commenced as well as applications for prospective exemption.

This application is made pursuant to the Commission's Order No. R-5436 subject, however, to the special stipulation and condition that such application and the filing hereof is not intended and shall not be construed as an admission by Southland Royalty Company that such filing or application is required under the provisions of Order No. R-5436 and other applicable law and regulation. As you are aware, there is pending certain litigation to which both you and Southland Royalty Company are parties in which the scope, applicability and interpretation of Order No. R-5436 and other related statutes, regulations and Commission Orders are, or may be, in dispute. It is and will be Southland's position in that litigation that the filing of such applications for exemption on infill wells was not and is not necessary.

However, in view of the current controversy, Southland deems it prudent to file the enclosed application as a protective measure. Such filings and any subsequent filings do not constitute a waiver or alteration of Southland's position with respect to infill wells drilled in the past.

By copy of this letter, a duplicate set of applications is being sent to the Aztec District Office of the Division.

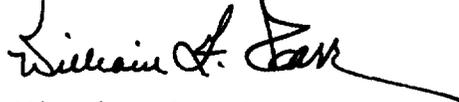
FEB 21 1984

REC...

Mr. Joe D. Ramey
February 21, 1984
Page Two

Should you have comments or questions concerning Southland's position in this matter or concerning the enclosed applications, do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a long horizontal stroke extending to the right.

William F. Carr

WFC:ndb

cc: Mr. Don C. Plattsmier
Oil Conservation Division, District III

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
KEMP W. GORTHEY
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 19, 1984

HAND DELIVERED

Joe D. Ramey, Director
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

MAR 19

Re: Case 8111: Application of Southland Royalty Company for
Exemption from the New Mexico Natural Gas Pricing Act.

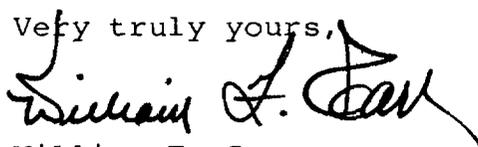
Dear Mr. Ramey:

Pursuant to your March 8, 1984 decision to leave the record open in the above-referenced case for written comments from the parties, Southland Royalty Company hereby submits a proposed Order granting its Application in the above-referenced case. This Order meets all the requirements of Section 62-7-5, N.M.S.A., 1978 Comp., and the Applications for Exemption previously filed by Southland Royalty meet all the requirements of Commission Order R-5436.

As we stated at the time of the hearing, it is the belief of Southland Royalty Company that infill Order R-1670-V which approves infill drilling for the Basin Dakota Pool entitles Southland Royalty to an exemption from the New Mexico Natural Gas Pricing Act for each of the wells which are the subject of this case. We further believe that the only showing required to entitle us to these exemptions, once the matter was called before the Commission for hearing, was evidence demonstrating that each of the wells was drilled for reasons other than avoiding application of the State Pricing Act.

Mr. Joe D. Ramey
March 19, 1984
Page Two

Your prompt attention to these applications will be appreciated.

Very truly yours,

William F. Carr

WFC/cv
enclosures

BEFORE THE

MAR 21 1984

OIL CONSERVATION COMMISSION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
EXEMPTION FROM THE NEW MEXICO
NATURAL GAS PRICING ACT.

Case No. 8111

MOTION TO QUASH SUBPOENA DUCES TECUM

Southland Royalty Company moves the Oil Conservation Commission for an Order quashing the Subpoena Duces Tecum issued by the Commission on March 19, 1984 directing it to appear and present testimony and produce documents at the Public Service Commission on March 22, 1984.

The Commission should quash the Subpoena Duces Tecum for the following reasons:

1. The Subpoena Duces Tecum and attached Notice of Deposition fail to give Southland Royalty Company reasonable notice of the March 22, 1984 hearing making it impossible for Southland Royalty Company to comply therewith.

2. The Subpoena Duces Tecum was improperly issued and is not authorized by §70-2-8, N.M.S.A. 1978, for it does not require production of documents and testimony at a proceeding before either the Oil Conservation Commission or the Division, but before another administrative agency.

3. The Subpoena Duces Tecum requires production of docu-

ments which are not pertinent to any question lawfully before the Oil Conservation Commission or Division.

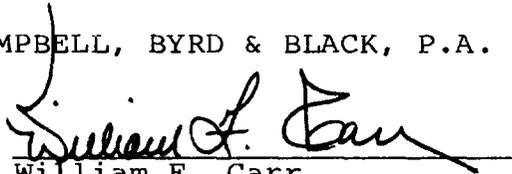
4. The Subpoena Duces Tecum fails to identify with reasonable particularity the individuals whose testimony is sought or the documents to be produced. It is, therefore, impossible for Southland Royalty Company to comply with the Subpoena Duces Tecum.

5. The Subpoena Duces Tecum and attached notice of Deposition were improperly served.

Southland Royalty Company submits that the Subpoena Duces Tecum and attached Notice of Deposition are unreasonable and oppressive for the reasons set forth hereinabove. These reasons are more fully discussed in the Memorandum which is filed herewith.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By 

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

ATTORNEYS FOR SOUTHLAND
ROYALTY COMPANY

BEFORE THE

MAR 21 1984

OIL CONSERVATION COMMISSION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
EXEMPTION FROM THE NEW MEXICO
NATURAL GAS PRICING ACT.

Case No. 8111

MEMORANDUM IN SUPPORT OF SOUTHLAND ROYALTY COMPANY'S
MOTION TO QUASH SUBPOENA DUCES TECUM

On November 15, 1983, Gas Company of New Mexico and Southern Union Gathering Company filed suit in Santa Fe County District Court (Cause No. SF 83-2228 (C)) seeking, among other things, a declaratory judgment as to whether or not certain infill wells producing natural gas from the San Juan Basin in Northwest New Mexico, including certain wells operated by Southland Royalty Company, were subject to the New Mexico Natural Gas Pricing Act.

It is the position of Southland Royalty Company that the Oil Conservation Commission exempted the infill wells which are the subject of this litigation by its Orders R-1670-T and R-1670-V, which approved infill drilling in the Blanco Mesaverde Pool and the Basin Dakota Pool. As a protective measure, however, Southland Royalty Company filed Applications for Exemption for the infill wells involved in this suit with the Oil Conservation Commission. Certain of these Applications have been set for hearing before the Commission on March 29, 1984.

On February 22, 1984, by letter to Mr. John Bigelow, Deputy Attorney General, the Public Service Commission, through James C. Martin, its staff counsel, advised the Attorney General, Judge Lorenzo Garcia, and others that "The PSC has no objections to the Oil Conservation Commission commencing individual proceedings for each individual well for which an application for prospective exemption from the New Mexico Natural Gas Pricing Act is now pending before the OCC."

On March 19, 1984, the New Mexico Public Service Commission obtained from the Oil Conservation Commission a Subpoena Duces Tecum with a Notice of Deposition attached, which commanded Southland Royalty Company to appear at a deposition and produce documents. The Subpoena and attached Notice of Deposition were served on an attorney for Southland Royalty Company at approximately 2:20 p.m. on March 20, 1984. The time of the deposition is 9:00 a.m. on March 22, 1984 at the offices of the New Mexico Public Service Commission in Santa Fe, New Mexico.

THE SUBPOENA DUCES TECUM IS IMPROPER FOR IT IS
NOT AUTHORIZED BY THE NEW MEXICO OIL AND GAS ACT.

Subpoena power is conferred upon the Oil Conservation Commission by § 70-2-8, N.M.S.A. 1978. This Section provides in part:

"The Commission, or any member thereof, or the Director of the Division or his authorized representative, is hereby empowered to subpoena witnesses, to require their attendance and giving of testimony before it, and to require the production of books, papers and records in any proceeding before the commission or the division

.... nothing herein contained shall be construed as requiring any person to produce any books, papers or records, or to testify in response to any inquiry, not pertinent to some question lawfully before such commission or division or court for determination". (emphasis added).

It is clear from this section of Statute that the Oil Conservation Commission's subpoena power is limited to compelling testimony and the production of documents in proceedings before it or the Division. The Commission is not authorized to subpoena testimony and documents for depositions to be held before another administrative agency.

THE SUBPOENA DUCES TECUM SHOULD BE QUASHED
FOR IT SEEKS EVIDENCE NOT RELEVANT TO QUESTIONS
PENDING BEFORE THE OIL CONSERVATION COMMISSION.

Section 70-2-8, N.M.S.A. 1978, further limits the Oil Conservation Commission's subpoena power and expressly excludes testimony or production of documents "... not pertinent to some question lawfully before such Commission". The Commission cannot, therefore, issue subpoenas for testimony or documents which are irrelevant to the questions before it.

The Subpoena Duces Tecum issued by the Oil Commission on March 19, 1984, seeks data which is irrelevant to the application of Southland Royalty Company for exemption from the Natural Gas Pricing Act which is set for hearing on March 29, 1984. For example, the Subpoena Duces Tecum seeks data on all infill wells for which an application for exemption has been filed whether or not it is the subject of Oil Conservation Division Case 8111 (See Paragraphs B(2) and C). It also seeks data on any other well

located on an affected proration unit, whether or not it is an infill well or completed in either the Mesaverde or Dakota formations (See Paragraph C-14).

THE SUBPOENA DUCES TECUM IS UNREASONABLE AND OPPRESSIVE.

Rule 45(b) of the New Mexico Rules of Civil Procedure provides that the Court upon motion made promptly "... may (1.) quash or modify the subpoena if it is unreasonable and oppressive ...". The absence of similar language in the Oil and Gas Act does not limit the power of the Commission to quash a subpoena, for the power to quash a subpoena is inherent in the power conferred by statute to subpoena testimony and documents. 5A Moore's Federal Practice 4505(2).

Unreasonable Notice

As previously stated, the subpoena in question was issued on March 19, 1984, served at 2:00 p.m. on March 20, 1984, and compelled testimony and document production at 9:00 a.m. on March 22, 1984 - 43 hours after service of the subpoena on an attorney for Southland Royalty Company. The Subpoena Duces Tecum and attached Notice of Deposition seek the production of thousands of pages of documents and the testimony of numerous witnesses.

There is nothing in the New Mexico Oil and Gas Act which states what constitutes reasonable time for taking a deposition or requiring the production of documents. It is important therefore to look for guidance to the Rules of Civil Procedure for the District Court. When a notice of deposition is served

with a subpoena duces tecum under Rule 45, the provisions of Rule 30 governing production of documents applies. Rule 30 of the New Mexico Rules of Civil Procedure provides thirty (30) days for responding to the request. Under Rule 30(B)(1), N.M.R.Civ.P.:

"A party desiring to take the deposition of any person upon oral examination shall give reasonable notice in writing to every other party to the action." (emphasis added).

Rule 30(H), N.M.R.Civ.P., concerning what constitutes reasonable notice, states:

[r]easonable notice for the taking of depositions under this rule shall be five days, subject, however, to the order of the Court entered for cause shown enlarging or shortening the time." (emphasis added).

The Public Service Commission has failed to observe the reasonable notice provision, in that they seek to take the deposition in less than five days. No special showing of circumstances has been made to shorten that period at all. The subject subpoena and accompanying notice of deposition which allow 43 hours within which to respond are unreasonable and alone constitute grounds to quash the subpoena in question.

It is impossible for Southland Royalty Company to identify the documents and persons covered by the subject Subpoena Duces Tecum within the time allowed, and therefore Southland Royalty Company is and will be unable to produce documents and have witnesses ready to testify at the March 22, 1984 deposition.

Improper Identification of Documents.

The Subpoena Duces Tecum and attached Notice of Deposition

seek the production of thousands of documents on wells located in the San Juan Basin of Northwest New Mexico. It is impossible from the Notice of Deposition to determine whether or not the request for information is limited to the infill wells operated by Southland Royalty Company, or all wells in which it has a working, but non-operating interest. Furthermore, it appears from the subpoena that data on all infill wells in Northwest New Mexico is being sought, whether or not the wells are selling into the intrastate market. The general nature of the requests for information make it impossible for Southland Royalty Company to identify exactly what is being sought by the Subpoena Duces Tecum and therefore it should be quashed.

The Document Production Request is Oppressive.

The Subpoena Duces Tecum requires the production of data which is contained in the records of the New Mexico Oil Conservation Commission and information which has been filed with the New Mexico Public Service Commission (paragraph C of the Notice of Deposition). This information is readily available to the Public Service Commission if it will review the records on file with the State. In fact, the information sought is as readily available to the Public Service Commission as it is to Southland Royalty Company.

Requiring Southland Royalty Company to spend the time and incur the expense of producing numerous records which are public information in the files of the New Mexico Oil Conservation

Commission and the files of the Public Service Commission would be unreasonable, unduly burdensome and oppressive, and the Subpoena Duces Tecum should therefore be quashed.

THE NOTICE OF DEPOSITION AND SUBPOENA DUCES
TECUM WERE IMPROPERLY SERVED.

Section 70-2-7, N.M.S.A. 1978, concerning the rules of procedure for the Oil Conservation Commission states, in pertinent part:

"Any notice required to be given under this act or under any rule, regulation or order prescribed by the commission or division shall be by personal service on the person affected ... Personal service thereof may be made by any agent of the division or by any person over the age of eighteen years, in the same manner as is provided by law for the service of summons in civil actions in the district courts of this state."

Rule 4(e)(2), N.M.R.Civ.P., regarding service of summons, states in pertinent part:

"[Service shall be made as follows:] upon domestic or foreign corporation by delivering a copy of the summons and of the complaint to an officer, a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process and, if the agent is one authorized by statute to receive service and the statute so requires, by also mailing a copy to the defendant ...".

Service of the instant deposition has been made by providing a copy to counsel for Southland Royalty Company. Said counsel is neither an officer, a managing or general agent, or otherwise authorized by appointment or by law to receive service of process for Southland Royalty Company in this matter. Therefore, such service was improper and the Subpoena and Notice should be quashed.

CONCLUSION

Southland Royalty Company submits that the Subpoena Duces Tecum and the attached Notice of Deposition were improperly issued, improperly served, cannot be enforced, and are unreasonable and oppressive for the reasons set out hereinabove. The Subpoena Duces Tecum issued on March 19, 1984 directed to Southland Royalty Company in Oil Conservation Commission Case 8111 should be quashed.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By


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

ATTORNEYS FOR SOUTHLAND
ROYALTY COMPANY

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to all counsel of record on this 21st day of March, 1984.


William H. Fair

**BEFORE THE
OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO**

APPLICATION OF SOUTHLAND)
ROYALTY COMPANY FOR)
EXEMPTION FROM THE) CASE NO. 8111
NEW MEXICO NATURAL)
GAS PRICING ACT (NMPA))

**COMMENTS OF THE
NEW MEXICO PUBLIC SERVICE
COMMISSION**

INTRODUCTION

At the close of hearings held March 7 and 8, 1984, the Oil Conservation Commission (OCC) left the record in these cases open for the purpose of allowing the parties to file comments concerning the applications for exemptions considered at the hearing. The Public Service Commission (PSC) takes this opportunity to incorporate by reference and renew its Motions for Continuance filed in this case and to object to the granting of the exemptions considered by the OCC at the March 7 and 8 hearings.

I. Notice to the Public Service Commission was inadequate.

Notwithstanding the fact that the PSC repeatedly requested formal notice of any requests for exemptions from the OCC as early as October 21, 1983, and despite repeated requests for copies of such applications, the OCC did not provide formal notice of hearings to the PSC until on or about February 23, 1984 and did not provide the PSC with copies of the applications for exemption until February 24, 1984. Moreover, the notice of

hearings that was given was ambiguous and inadequate to provide the PSC with sufficient information concerning the scope of those hearings. This left the PSC with a total of twelve days to review over 140 applications, determine its position with respect to each, pursue discovery, find and hire an expert witness and prepare its case before the OCC. The PSC has been denied its right to due process of law due to such lack of adequate and timely notice.

A. Notice to the PSC was ambiguous and did not adequately inform the PSC of the scope of the hearings to be held on March 7. On February 20, 1984, the PSC was given a copy of a letter from Mr. Joe Ramey to Mr. John Bigelow, indicating that on March 7, 1984 at 9:00 a.m. a hearing was scheduled to "begin consideration of these exemption requests." PSC Motion for Continuance, Appendix "C". The letter did not state the type of "consideration" contemplated and did not state whether immediate evidentiary hearings were contemplated if anyone objected to the granting of exemptions. These concerns were expressed by the PSC in a letter to Mr. Bigelow, counsel to the OCC on February 22. Mr. Bigelow never responded to that letter as requested.

Formal notice of the hearing was not provided until February 23, 1984. The notices for these cases, in Docket No. 10-84 all stated that "[i]n the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted." Significantly, the notice did not state whether a hearing would be held to determine only whether the applications did meet the criteria of Order No. R-5436 or whether a hearing would be held only if there were objections, or what type of proceeding was contemplated on March 7. Logically, one would read the notice to require that any party opposed to the granting of exemptions make its objection known on March 7, so that further proceedings could be scheduled. This was not the procedure used.

B. Notice to the PSC was not timely. The PSC did not learn that a hearing was scheduled for March 7 until on or about February 20, 1984, and did not receive copies of

applications until February 24, 1984. This left the PSC with a total of twelve days to review the 140 applications, find and hire an expert, pursue discovery, determine its position on each and prepare its case. Such a short time period was totally insufficient, was prejudicial to the PSC and denied it due process of law.

The OCC, at hearing, expressed a concern that the PSC did not move for a continuance in a timely manner, and that the applicants would be prejudiced because they brought witnesses prepared for a hearing on the merits. The fact is that counsel for the PSC notified each applicant by Monday, March 5 that it would be moving for a continuance, and counsel for the OCC was also notified that the PSC would be moving for a continuance. All applicants objected to the continuance when notified. But because each applicant had prior notice, they were not prejudiced. Each applicant appeared with full knowledge that the PSC would move for a continuance and the applicants could have, if they wished to mitigate any extra expense, either agreed to the continuance as requested by the PSC, or to a postponement until the Motion for a Continuance was acted upon. The applicants made the decision to take neither of these actions, and therefore, if they were in any way inconvenienced, it was by their own acts. The other prejudice the applicants argued could occur was due to pricing of wells. However, as stated by the PSC in its Motion for Continuance, since Judge Garcia has ruled in the in-fill litigation that the producers may collect contract prices subject to refund and since no party has disputed that the granting of an exemption relates back to the time it was applied for, there would be no prejudice or harm to the applicants.

C. The PSC was diligent in attempting to prepare for the hearing on March 7. Given twelve days notice, the PSC simply did not have the time to adequately prepare. Proper discovery requires time to review the applications, formulate informational requests, prepare necessary documents, obtain subpoenas, depose, if necessary, any potential witnesses and then requires adequate time to analyze the information.

Obviously, no such time was given the PSC. The PSC did all that could be expected given the inadequate time frames.

The chairman of the OCC, at hearing, expressed a concern that the PSC knew applications had been filed, but did not obtain them. But, as pointed out, the PSC continually asked the OCC for copies of the applications, and in fact asked the Chairman of the OCC for copies of applications back in November of 1983, and was told that the PSC would receive copies. The PSC reasonably trusted that the OCC would, in fact, provide copies of the application in a timely manner to allow for adequate preparation prior to any hearings. The record clearly shows that the PSC acted diligently and in good faith to obtain copies of the applications from OCC, but was given only twelve days to prepare for hearings after receiving them. The record also clearly shows that formal notice of when hearings on the applications would be held was not given the PSC until February 23, 1984 after repeated requests for such notice. Notice to the applicants, incidentally, was given on February 17, 1984, six days prior to the PSC.

II. Applicability of Order No. 5436

It is the PSC's position that the procedure for obtaining exemptions from the NMPA is governed by OCC Order No. 5436. Order No. 5436 sets forth the filing requirements, the information and the showings which are required of each applicant. Under Order No. 5436, the Secretary-Director of the OCD may, based upon the information provided, either issue an exemption or set the application for hearing. Order 5436, Rule 4. In the present cases, the Secretary-Director set the applications for hearing. This does not relieve the applicants from supplying the information required by Order No. 5436. In addition, the notice in this case sent out to the parties states that the criteria set forth in Order 5436 must be met before an application for exemption would be granted. It has been argued, however, that the Order 5436 procedure need not be followed in these cases. It is a strange argument indeed that an applicant's burden is less if a party objects to the

granting of an exemption and a hearing is held than if the exemption is approved administratively without objection.

Order No. 5436 requires that each application include a certification that the existing well on the proration unit shall not have its ability to produce into the pipeline restricted in any manner. The purpose for this requirement is clear. If a producer in some manner restricts the original well on a proration unit so that the allowable for the proration unit is met by the higher priced gas from the infill well, the producer is obviously attempting to avoid application of the NMPA. Thus, this requirement of Order No. 5436 is essential to a finding that a particular infill well was not drilled to avoid the NMPA.

Order No. 5436 also requires that each applicant must file a plat of the area showing the proration unit in question, the location of all wells thereon, and the ownership and location of all wells on direct or diagonally offsetting proration units.

It is the PSC's position that the requirements of Order No. 5436 must be complied with before an exemption may be granted prior to or at a hearing on the applications in order to allow for cross-examination on those documents. The fact that the OCC has allowed certain applicants to supply such required information subsequent to the hearing on the applications has deprived the PSC of their right to cross-examination and has deprived the PSC of its due process rights.

The applicants must make a prima facie case and carry their burden of proof in order to have exemptions granted. These requirements cannot be fulfilled after hearing, after any opportunity for cross-examination - they must be fulfilled at hearing. In the following section, the PSC will demonstrate that the applicants did not make their prima facie case or carry their burden of proof at hearing due to lack of compliance with Order No. 5436.

III. Specific Problems With Southland's Case

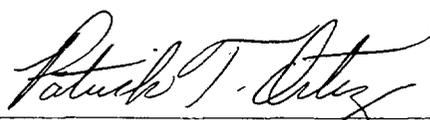
Southland arbitrarily qualified its certificates of non-restriction in violation of OCC Order No. R-5436. Southland did not adequately demonstrate that the infill wells have not been produced to the disadvantage of the original wells. Southland has completely shut-in Frontier C No. 1, being the original well, and has not diligently attempted to remove the reasons for the protracted non-production.

IV. Requested Findings of Fact

1. Southland failed to comply with OCC Order No. R-5436 by arbitrarily qualifying the certificate of non-restriction of the original well.
2. The Frontier C No. 1 well, being the original well on the proration unit, has been shut-in for undue amounts of time without Southland diligently attempting to remove the reasons for non-production.
3. Southland failed to adequately demonstrate that the infill wells have not been produced to the disadvantage of the original wells.
4. The record in this case does not support a finding for any of the infill wells for which an exemption from the NMPA has been applied for, that the infill well was justified for reasons other than avoiding the provisions of the NMPA.
5. The applications should be denied.

Respectfully submitted,

NEW MEXICO PUBLIC SERVICE COMMISSION

By 
Patrick T. Ortiz, Commission Counsel
James C. Martin, Staff Counsel
Charles F. Noble, Staff Counsel
Bataan Memorial Building, 2nd Floor
Santa Fe, NM 87501-2682
Telephone: 505-827-6940

CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of March, 1984, I caused a true and correct copy of the foregoing Comments to be hand-delivered to William Carr, Esq., 110 N. Guadalupe, Santa Fe, NM; John Bigelow, Esq., Office of the Attorney General, Bataan Memorial Building, 2d Floor, Santa Fe, NM; Gary Kilpatric, Esq., and Perry Pearce, Esq., Oil Conservation Division, State Land Office Bldg., Santa Fe, NM

A handwritten signature in cursive script, reading "Patrick T. O'Leary". The signature is written in dark ink and is positioned to the right of the main text block.

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

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

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March 7, 1984

REPLY TO SANTA FE OFFICE

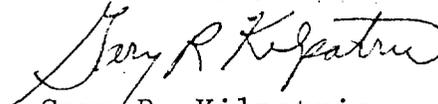
Mr. Joe D. Ramey
Director
New Mexico Energy and
Minerals Department
State Land Office Building
Santa Fe, New Mexico 87503

Re: NMOCD Case Nos. 8103 through 8111

Dear Mr. Ramey:

I hereby enter my appearance on behalf of Gas Company
of New Mexico and Southern Union Gathering Company in the
above-referenced cases.

Very truly yours,


Gary R. Kilpatric

GRK:cs

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
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TELEPHONE: (505) 988-4421
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June 8, 1984

HAND DELIVERED

RECEIVED

Mr. Joe D. Ramey, Director
Oil Conservation Division
Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

JUN - 8 1984

OIL CONSERVATION DIVISION

Re: In the Matter of Certain Applications for Exemption
from the New Mexico Natural Gas Pricing Act (NGPA):
Cases 8109, 8110, 8111, 8132 and 8134.

Dear Mr. Ramey:

We have today obtained from your office a copy of a letter dated May 29, 1984 regarding entry of appearances filed in the above-noted matters by Public Service Company of New Mexico. The letter states that "you are requesting all other counsel in these cases to contact you so that you (PNM) may participate in discovery efforts already initiated or initiate and complete discovery efforts on behalf of PNM prior to these hearing dates."

You will note that we were not provided a copy of this letter when it was sent.

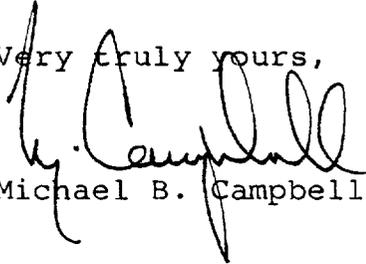
We believe there is serious question regarding PNM's right to participate in these proceedings and at a minimum, there exists a significant issue as to the nature and scope of participation by PNM.

While we will meet informally with all persons who have filed an entry of appearance, we do so without waiving our right to challenge the right and scope of such participation. These matters have been pending for several months and are scheduled for hearing on July 17, 1984. We will resist any effort to postpone these cases stemming from the late entry of appearance by any person.

Mr. Joe D. Ramey
June 8, 1984
Page Two

I would appreciate your confirmation that in the future this firm will receive promptly all communications issuing from your office concerning these cases.

Very truly yours,

A handwritten signature in cursive script, appearing to read "M. Campbell".

Michael B. Campbell

MBC/cv

cc: W. Perry Pearce, Esq.
Ronald F. Horn, Esq.

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND ROYALTY FOR)
EXEMPTION FROM THE NEW MEXICO NATURAL) NO. 8111
GAS PRICING ACT (NMPA).)

SUBPOENA DUCES TECUM

TO: Southland Royalty, its divisions, subsidiaries and affiliates.

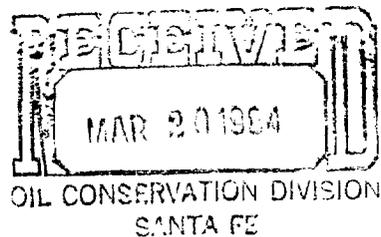
Pursuant to the power vested in this Commission, you are commanded to appear at the times and places specified on the Notice of Deposition attached hereto, and to produce for deposition the persons identified therein, and persons qualified to testify as to the issues described therein and to produce the documents requested therein.

NEW MEXICO OIL CONSERVATION COMMISSION



COMMISSIONER

ISSUED THIS 19 day of March, 1984 at Santa Fe, New Mexico.



BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SOUTHLAND ROYALTY FOR)
EXEMPTION FROM THE NEW MEXICO NATURAL) NO. 8111
GAS PRICING ACT (NMPA).)

NOTICE OF DEPOSITION

TO: Southland Royalty, its divisions, subsidiaries and affiliates.

PLEASE TAKE NOTICE that the New Mexico Public Service Commission will conduct depositions in this matter commencing at 9:00 a.m. March 22, 1984 and continuing from time to time until completed. Such depositions will be taken before an officer authorized to administer oaths. You are requested to designate one or more officers, directors, managing agents, employees or other people qualified to testify as to the matters set forth below in addition to those people described below. Depositions will be conducted at the Offices of the New Mexico Public Service Commission on the second floor of the Bataan Memorial Building in Santa Fe, New Mexico.

A. The following persons are to be deposed:

1. Any and all persons who will be, or are intended to be, presented as witnesses in support of any applications for exemption from the New Mexico Natural Gas Pricing Act to be heard before the New Mexico Oil Conservation Commission beginning March 29, 1984.

B. In addition, the New Mexico Public Service Commission wishes to examine persons knowledgeable about the following subjects, records, reports or documents:

1. Production data on any original well in a proration unit in the State of New Mexico in which an infill well has been drilled. Such data should be produced at the deposition, including all supporting records, reports and other documentation.

2. Production data on each infill well for which an application for exemption has been filed with the Oil Conservation Commission. Such data should be produced at the deposition, including all supporting records, reports and other documentation.

3. Well pressure data for both infill wells and the original wells on proration units. Such data should be produced at deposition, including all supporting records, reports and other documentation.

4. Pipeline pressures both before and after connection to infill wells. Any data including records, reports and other documentation, relating to this subject should be produced at deposition.

5. Any and all data including records, reports, and other documents regarding the impact, direct or indirect, of the infill well upon the original well's ability to produce into the pipeline.

C. For each infill well for which an application for exemption has been filed with the Oil Conservation Commission, produce the following information at deposition, separately stating for each well:

1. The name and number of the well;
2. The formation from which gas is produced from the well;
3. The location of the well, by township, range, section and quartersection;
4. The name and address of the operator of the well;
5. The name and address of each working interest owner of such well;
6. The date on which drilling of the well commenced;
7. The date when the well was completed;

8. The spud date of the well;
9. The date of first production from the well;
10. The date you first commenced selling natural gas from the well to the Intrastate Market;
11. Identify the gas purchase contract under which the gas is sold;
12. The name of the purchaser of gas from the well;
13. On a monthly basis from the date identified in subpart 10 above to the present, state:
 - A. the quantity of natural gas sold by you;
 - B. the pressure of the gas sold;
 - C. the BTU content of the gas sold; and
 - D. the price you received for such gas;
14. The name and number of any other well which is located on the same proration unit as the infill well, and for each such other well, separately state:
 1. On a monthly basis from the date identified in subpart 10 above, to the present, state:
 - (a) the quantity of natural gas sold by you;
 - (b) the pressure of the gas sold;
 - (c) the BTU content of the gas sold; and,
 - (d) the price you received for such gas.
15. Any and all data, including studies, reports and other documentation, which would demonstrate the amount of

recoverable reserves under each proration unit both before and after the drilling of each infill well.

16. Any and all letters, correspondence, notes, memoranda, or other documents, and any and all studies, cost-benefit or other economic analysis relating to the discussion and determination of whether to drill each particular infill well, and any such studies or analysis performed subsequent to the drilling of each particular infill well.
17. Any and all letters, correspondence, notes, memoranda, or other documents, and any and all studies, cost-benefit or other economic analysis relating to the discussion and determination of any alternatives to drilling each particular infill well, as well as the reasons for rejecting each alternative in favor of drilling the infill well.
18. Any and all supporting documentation demonstrating reasons for any production decreases by the original wells and for any time periods when the infill well is producing more than the original well.

D. In addition, the New Mexico Public Service Commission wishes to depose the following persons:

1. Those persons responsible for making the decision whether to drill each infill well for which an application for exemption has been filed before the Oil Conservation Commission.

INSTRUCTIONS

This Subpoena Duces Tecum and Notice of Deposition seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

References to the singular shall include the plural and references to the plural shall include the singular. References to the masculine gender include the feminine and neuter genders.

The use of a verb in any tense shall be construed as the use of the verb in the past or present tenses, whenever necessary to bring within the scope of the Interrogatory all responses which might otherwise be construed to be outside its scope.

When used herein, the term "document" or "documentation" means all written, recorded or graphic material of every type and description, in whatever form, however produced or reproduced, including but not limited to all originals and all non-identical duplicates, copies or reproductions thereof, pleadings, responses to discovery, correspondence, letters, memoranda, agreements, contracts, letters of intent, maps, charts, credit reports, telex, cables, wires, telecopies, notes, notations, work papers, desk calendars, appointment journals, diaries, reports, recordings of telephone or other conversations or of interviews, conferences or meetings, ledgers, notebooks, bank records, drafts, checks, negotiable or non-negotiable instruments, leases, credit files, books of account, data compilations, affidavits, notices, microfilm, dictation, recordings, tape

recordings, cassette recordings, photographs, films, video tapes or cassettes, software or floppy disks or diskettes, computer storage materials including magnetic tapes, computer materials, purchase agreements or contracts, invoices, purchase orders, statements, monthly or annual reports of condition, and any notes, annotations, jottings, scribbings, file or routing marks or other indications added to any such document, and any drafts, preliminary versions, revisions, corrections and amendments thereof.

When used herein, "person" means any individual, firm, partnership, corporation, club, company, association, joint venture, syndicate, business entity or other organization.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum and Notice of Deposition is addressed to includes all of his or its attorneys, officers, agents, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries or predecessors.

When used herein, "and" as well as "or" shall be construed either disjunctively or conjunctively, as necessary to bring within the scope of the Subpoena Tecum and Notice of Deposition all information which might otherwise be construed to be outside its scope. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "all" and "all" shall be construed to include the word "any".

When used herein, "infill well" means an additional producing well completed on an established gas proration unit.

When used herein, "OCC" means the Oil Conservation Commission of the State of New Mexico.

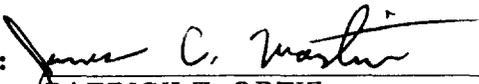
When used herein, "OCD" means the Oil Conservation Division of the Energy

and Minerals Department of the State of New Mexico.

When used herein, "Pricing Act" means the Natural Gas Pricing Act, Section 62-7-1, et seq., N.M.S.A., 1978 Comp.

All documents and information should be produced at deposition.

NEW MEXICO PUBLIC SERVICE COMMISSION

By: 
PATRICK T. ORTIZ
Commission Counsel
JAMES C. MARTIN
Staff Counsel
CHARLES F. NOBLE
Staff Counsel
Bataan Memorial Building
Santa Fe, New Mexico 87503
505-827-6940

BEFORE THE OIL CONSERVATION COMMISSION

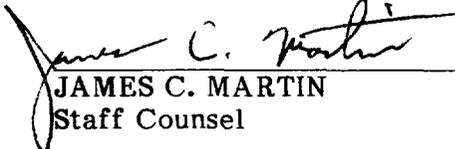
APPLICATION OF SOUTHLAND ROYALTY FOR)
EXEMPTION FROM THE NEW MEXICO NATURAL) NO. 8111
GAS PRICING ACT (NMPA).)

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Notice of Deposition and Subpoena Duces Tecum were hand-delivered to the following counsel of record on this 20th day of March, 1984.

Michael B. Campbell, Esq.
Campbell, Byrd & Black
P.O. Box 2208
110 N. Guadalupe
Santa Fe, New Mexico 87504-2208

DATED this 20th day of March, 1984.



JAMES C. MARTIN
Staff Counsel

BEFORE THE
OIL CONSERVATION COMMISSION

RECEIVED

MAY 14 1984

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

OIL CONSERVATION DIVISION

IN THE MATTER OF CERTAIN APPLICATIONS
FOR EXEMPTION FROM THE NEW MEXICO
NATURAL GAS PRICING ACT (NMGPA).

Case Nos. 8109,
8110, 8111 and
8132

MEMORANDUM IN OPPOSITION TO THE PUBLIC
SERVICE COMMISSION'S MOTION TO REOPEN

On April 25, 1984, the New Mexico Public Service Company moved to reopen each of the above-captioned cases. The applicants, Amoco Production Company, Southland Royalty Company and Union Texas Petroleum Corporation oppose these motions for the following reasons:

1. A hearing was held on March 7, 1984 in each of the cases. The Public Service Commission made no attempt to obtain data as to any of the wells involved in these hearings; it did not subpoena records, nor did it cross-examine a single witness who testified in support of any application.

2. The Public Service Commission asserts that the applicants failed to make a prima facie showing and that the cases should be reopened and the applicants required to submit additional data. A review of the record reveals the contrary to be true. The applications not only provide all data required by §70-2-17(B) N.M.S.A. 1978 to establish that each of the subject wells was drilled for reasons other than avoiding the New Mexico Natural Gas Pricing Act, but also each applicant presented all

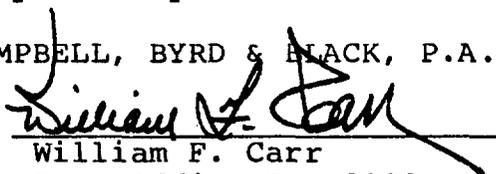
data necessary to be entitled to an exemption under Oil Conservation Commission Order R-5436.

3. The Public Service Commission was not foreclosed from "meaningful participation" in any case heard on March 7, 1984, except, perhaps, by its own unwillingness to actively participate in the cases. The cases should not now be reopened and then stayed or continued pursuant to other motions filed by the Public Service Commission on April 25, 1984, for to do so would work an unfair hardship on Amoco Production Company, Union Texas Petroleum Corporation and Southland Royalty Company, who, on March 7, 1984, presented all evidence necessary to entitle them to exemptions from the New Mexico Natural Gas Pricing Act.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

(505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION
SOUTHLAND ROYALTY COMPANY, and
UNION TEXAS PETROLEUM CORP.

RECEIVED

MAY 14 1984

BEFORE THE

OIL CONSERVATION COMMISSION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF CERTAIN APPLICATIONS
FOR EXEMPTION FROM THE NEW MEXICO
NATURAL GAS PRICING ACT (NMGPA).

Case Nos. 8109,
8110, 8111,
8132 and 8134

MEMORANDUM IN OPPOSITION TO THE PUBLIC
SERVICE COMMISSION'S MOTION FOR STAY OF PROCEEDINGS

Amoco Production Company, Ladd Petroleum Corporation, Southland Royalty Company and Union Texas Petroleum Corporation oppose the April 25, 1984 Motion of the New Mexico Public Service Commission for a Stay of Proceedings in each of the above-referenced cases, for the following reasons:

1. The New Mexico Public Service Commission states that Gas Co. of New Mexico v. Amoco Production Company, et al., (SF 83-2228(C)), which is presently pending before the Santa Fe County District Court will "likely affect the cases now before the OCC." The Gas Co case involves questions of whether or not certain producer-defendants failed to properly obtain exemptions from the New Mexico Natural Gas Pricing Act. This case focuses on prior actions by certain producer-defendants.

The OCD hearing applications, which are the subject of the PSC's Motion for Stay, are prospective in the relief sought. The scope of these cases is limited by the Commission's legal

advertisement which states that "To be considered will be the granting of these exemptions from the date of the filing of the application."

Actions taken by the District Court will not affect the Oil Conservation Commission in carrying out its statutorily prescribed duties to determine whether an infill well was drilled "for reasons other than avoiding the application of the Natural Gas Pricing Act." §70-2-17(B), N.M.S.A. (1978). The Public Service Commission asserts that the resolution of legal questions in the court proceeding will "... have substantial effect on the proceedings before the OCC, and ... could provide guidance as to the proper procedures to be followed". This simply is not true. The OCC is an administrative agency that has been directed to make certain findings upon which individual infill wells can be exempted from the provisions of the Pricing Act. The Commission was vested with this responsibility because of its expertise in oil and gas matters. The factual issues presented to the OCC in these hearings will not be affected by the legal issues submitted to the court in Gas Co. of New Mexico v. Amoco Production Co.

2. The PSC asserts it has "an absolute right to discovery" citing Matter of Protest of Miller, 88 N.M. 492, 542 P.2d 1182 (Ct. App. 1975). This case does not stand for the proposition cited. Furthermore, no party has a right to abuse discovery or use it to unduly burden an opponent. See, 4 J. Moore, Moore's Federal Practice §26.02(3) (2d 1983).

The real question raised by this Motion for Stay is whether the Public Service Commission desires to proceed with discovery or is merely attempting to burden producers with delay and the inherent costs that flow from such delays.

Many of the applications scheduled for hearing in these cases were filed in February, 1984. During the eleven weeks which have passed since filing, no discovery has been undertaken by the Public Service Commission concerning any of the applications. The Public Service Commission has not actively participated in the hearings on the exemption applications thus far. Failure to undertake discovery can result in losing the right to discovery. See, Emmo Insurance Company vs. Walker, 52 N.M. 525, 260 P.2d 712 (1953). The purpose of the discovery rules is to "secure the just, speedy and inexpensive determination of every action." Wieneke v. Chalmers, 73 N.M. 8, 385 P.2d 65 (1963). When abuses occur, it is the duty of the Commission to stop them. See, 4 J. Moore, Moore's Federal Practice §26.02(3) (2d 1983).

3. The Public Service Commission states, "The issues before the Court are issues of law now under judicial review which should properly be determined by the Court before the OCC proceeds on any application for exemption."

This argument is inconsistent with the doctrine of primary jurisdiction as announced by the New Mexico courts. In State ex rel. Norvell vs. Arizona Public Service Company, 85 N.M. 165, 510 P.2d 98 (1973), the New Mexico Supreme Court, quoting from United States v. Western Pacific Railroad Company, 352 U.S. 59 (1956), stated:

"'Primary jurisdiction' . . . applies when the claim is originally cognizable in the courts, and comes into play whenever enforcement of a claim requires the resolution of issues which, under a regulatory scheme, have been placed within the special competence of an administrative body".

In Gonzales v. Whitaker, 97 N.M. 710, 643 P.2d 274 (Ct. App. 1982), the Court of Appeals discussed the primary jurisdiction doctrine, stating:

"Invocation of the doctrine depends on whether the issues presented are factual issues which are within the peculiar expertise of an administrative agency."

The applications before the Oil Conservation Commission which are the subject of the Public Service Commission's motion present to the Commission for resolution factual issues within its particular expertise. Once the OCC acts, then the matters considered in these cases may be reviewed by the courts, who will then have the advantage of this agency's administrative expertise.

The OCC is mandated by statute to determine certain factual issues concerning exemptions for infill wells from the New Mexico Natural Gas Pricing Act. The applications before it do not raise questions which are before the Santa Fe County District Court, nor can the matters before the Santa Fe County District Court affect the questions presented to the Commission.

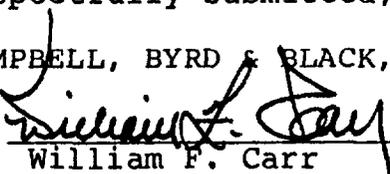
For these reasons, Amoco Production Company, Ladd Petroleum Corporation, Southland Royalty Company and Union Texas Petroleum Corporation request that the Motions of the Public Service

Commission for a Stay of Proceedings in Cases 8109, 8110, 8111,
8132 and 8134, be denied.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

(505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION
COMPANY, LADD PETROLEUM CORP.,
SOUTHLAND ROYALTY COMPANY, and
UNION TEXAS PETROLEUM CORP.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 4, 1984

TONY ANAYA
GOVERNOR

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

HAND DELIVERED

David Cohen, Chairman
Public Service Commission
Bataan Memorial Building
Santa Fe, New Mexico 87501

Re: Infill Well Exemption Requests

Dear Chairman Cohen:

Enclosed please find additional applications for exemption from the New Mexico Natural Gas Pricing Act which have been filed by various producers. Included in this package of material are six applications from Sun Oil Company, three additional applications from Caulkins Oil Co., and nine additional applications from Southland Royalty Company.

It is our intention to consider the prospective exemption requests for these wells at the hearing which will be held by the Oil Conservation Commission on July 17, 1984. I would note for your information that our records reflect that the firm of Kellahin and Kellahin represents Caulkins Oil Company and Sun Exploration and Production Company and that the law firm of Campbell, Byrd and Black, P. A. represents Southland Royalty Company. I would suggest that counsel for the Public Service Commission contact these law firms so that discovery proceeds on these wells along with the other wells which are scheduled to be considered on July 17th.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

W. PERRY PEARCE,
General Counsel

WPP/dr

cc: John Bigelow,
Deputy Attorney General

Karen Aubrey, Esq.
Kellahin and Kellahin

William F. Carr, Esq.
Campbell, Byrd and Black, P.A.

PROSPECTIVE

<u>DATE</u>	<u>OPERATOR</u>	<u>WELL NAME</u>	<u>LOCATION</u>
3-28-84	Southland Royalty Co.	Arizona Jicarilla B Well No. 4A Blanco Mesaverde	Sec. 4, T-26-N, R-5-W, Rio Arriba
3-28-84	Southland Royalty Co.	Arizona Jicarilla B Well No. 5A Blanco Mesaverde	Sec. 10, T-26-N, R-5-W, Rio Arriba
3-28-84	Southland Royalty	Cain Well No. 16E Blanco Mesaverde	Sec. 30, T-29-N, R-9-W, San Juan
3-28-84	Southland Royalty	Hare No. 22A Blanco Mesaverde	Sec. 14, T-29-N, R-10-W, San Juan
3-28-84	Southland Royalty	Jernigan No. 3A Blanco Mesaverde	Sec. 24, T-27-N, R-9-W, San Juan County
3-28-84	Southland Royalty	Jicarilla 101 Well No. 1A Blanco Mesaverde	Sec. 1, T-26-N, R-4-W Rio Arriba
3-28-84	Southland Royalty	Jicarilla 101 Well No. 3E Basin Dakota	Sec. 1, T-26-N, R-4-W, Rio Arriba

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
KEMP W. GORTHEY
J. SCOTT HALL
PETER N. IVES

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 28, 1984

HAND DELIVERED

MAR 28 1984

Mr. Joe D. Ramey, Director
New Mexico Oil Conservation
Division
Post Office Box 2088
Santa Fe, New Mexico 87501

RECEIVED

Dear Mr. Ramey:

Enclosed herewith please find seven (7) applications of Southland Royalty Company for exemption from the New Mexico Natural Gas Pricing Act for the wells set forth on Exhibit A attached to this letter and incorporated herein by reference.

The date on which each well was commenced is set forth in the applications and we request that these applications be treated as applications for retroactive exemption back to the date the well was commenced as well as applications for prospective exemption.

This application is made pursuant to the Commission's Order No. R-5436 subject, however, to the special stipulation and condition that such application and the filing hereof is not intended and shall not be construed as an admission by Southland Royalty Company that such filing or application is required under the provisions of Order No. R-5436 and other applicable law and regulation. As you are aware, there is pending certain litigation to which both you and Southland Royalty Company are parties in which the scope, applicability and interpretation of Order No. R-5436 and other related statutes, regulations and Commission Orders are, or may be, in dispute. It is (or will be) Southland's position in that litigation that the filing of such an application for exemption on infill wells was not and is not necessary.

However, in view of the current controversy, Southland Royalty Company deems it prudent to file the enclosed applications as protective measures. Such filings and any subsequent filings by Southland Royalty Company do not constitute a waiver

Mr. Joe D. Ramey
March 28, 1984
Page Two

or alteration of Southland's position with respect to infill wells drilled in the past.

By copy of this letter, a duplicate set of applications is being sent to the Aztec District Office of the Division.

Should you have comments or questions concerning Southland's position in this matter or concerning the enclosed applications, do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style and is positioned above the typed name. A long horizontal line extends from the end of the signature to the right.

William F. Carr

WFC/cv
enclosures

cc: R. E. Fielder
Southland Royalty Company
Post Office Drawer 570
Farmington, New Mexico 87401

Oil Conservation Division III
1000 Rio Brazos Road
Aztec, New Mexico 87410
(w/enclosures)

E X H I B I T A

<u>WELL</u>	<u>POOL</u>	<u>LOCATION</u>
Arizona Jicarilla B 4A	Blanco Mesa Verde	(E) Section 4, T26N, R5W, Rio Arriba County, New Mexico
Arizona Jicarilla B 5A	Blanco Mesa Verde	(E) Section 10, T26N, R5W, Rio Arriba County, New Mexico
Cain 16E	Basin Dakota	(I) Section 30, T29N, R9W, San Juan County, New Mexico
Hare 22A	Blanco Mesa Verde	(I) Section 14, T29N, R10W, San Juan County, New Mexico
Jernigan 3A	Blanco Mesa Verde	(I) Section 24, T27N, R9W, San Juan County, New Mexico
Jicarilla 101 1A	Blanco Mesa Verde	(I) Section 1, T26N, R4W, Rio Arriba County, New Mexico
Jicarilla 101 3E	Basin Dakota	(E) Section 1, T26N, R4WW, Rio Arriba County, New Mexico



Southland Royalty Company

February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT - ARIZONA JICARILLA B 4A,
(E) SEC. 4, T26N, R5W,
RIO ARRIBA CO., NM

MAR 28 1984

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 9-10-76; the well was completed for production in the Blanco Mesa Verde pool, as indicated by the completion report attached hereto as Exhibit B and incorporated herein by reference.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Arizona Jicarilla B 4 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

attachments

R 5

T 27

T 26

	EPNG S.S. 27-5 #24 2-17-57			EPNG S.S. 27-5 #28 7-1-80		EPNG S.S. 27-5 #35A 7-23-80		EPNG S.S. 27-5 #56A 8-17-80		EPNG S.S. 27-5 #5 9-22-83
	32			33				34		
EPNG S.S. 27-5 #8 11-23-54		EPNG S.S. 27-5 #24A 7-12-80		EPNG S.S. 27-5 #68A 8-5-80		EPNG S.S. 27-5 #56 6-29-60				EPNG S.S. 27-5 #5A 8-29-80
			EPNG S.S. 27-5 #35 5-23-58							
	EP EXPL. SIC. 152 W 2 8-12-56			CONOCO AXI AP. K2 4-21-56				CONOCO AXI AP. K4A 6-23-76		
EP. EXPL. SIC. 152 W #4A 7-14-78			SRC ARIZ-JIC. B4A 9-10-76							CONOCO AXI AP. K1 6-5-56
	5			4				3		
EP. EXPL. SIC. 152 W #4 7-8-78										
		EP. EXPL. SIC. 152 W #2A 6-28-78	SRC AZ-SIC. 84 9-8-72		CONOCO AXI AP. K2A 7-19-76		CONOCO AXI AP. K4 7-20-65			CONOCO AXI AP. K1A 7-5-76
		CONSO. L. SIC. 4A 8-15-78		SRC AR. SIC. 68 8-22-79						
					CONOCO AXI AP. K6 10-2-72		SRC AZ-SIC. 85A 8-23-76			CON. AXI AP. K5 7-6-65
CONSO. L. SIC. #4 5-25-63										
	8			9				10		
		GRY PET. SIC W 7A 1-27-79		SRC AR. SIC. 88A 4-16-79				SRC. AR. SIC. 85 7-18-72		
GRY PET. SIC. W 7 3-3-58					CON. AXI AP. K6A 5-19-79			SRC. AR. SIC. 85R 6-25-79		CON. AXI AP. K5A 7-7-77

S.R.C.



WELLS DRILLED BEFORE
SPUD DATE 9-10-76



WELLS DRILLED AFTER DEON
SPUD DATE 9-10-76



SOUTHLAND ROYALTY COMPANY					
AREA Arizona Gicarilla B4A MV					
LOCATION E 4-26-5 Rio Arriba					
TYPE OF MAP spud date 9-10-76					
CONTOURED					CL
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					

OIL CONSERVATION COMMISSION

1000 Rio Brazos Road

AZTEC, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE December 28, 1976

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR THE PURCHASE OF GAS FROM THE Aztec Oil & Gas Company

OPERATOR

Arizona Jicarilla "B"

LEASE

4-A

WELL UNIT

(E)04-26N-05W

S - T - R

Blanco Mesa Verde

POOL

Gas Company of New Mexico

NAME OF PURCHASER

WAS MADE ON 12-20-76

DATE

, FIRST DELIVERY 12-20-76

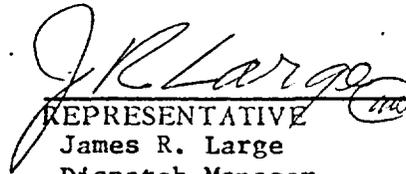
DATE

1270

INITIAL POTENTIAL

Gas Company of New Mexico

PURCHASER



REPRESENTATIVE

James R. Large

Dispatch Manager

TITLE

/sw
cc TO OPERATOR

OIL CONSERVATION COMMISSION - Aztec

U. S. Geological Survey

Mr. E. R. Corliss - Engineering

Mr. R. J. McCrary - Prorations

Mr. W. B. Richardson - Gas Measurement

Mr. Dan McFearin - Gas Accting.

File

RECEIVED

JAN 08 1977

Aztec Oil & Gas Co
Farmington, N. M.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

5. LEASE DESIGNATION AND SERIAL NO.

Contact #151

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Arizona Jicarilla "B"

9. WELL NO.

#4-A

10. FIELD AND POOL, OR WILDCAT

Blanco Mesa Verde

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Section 4, T26N, R5W

12. COUNTY OR PARISH

13. STATE

Rio Arriba

New Mexico

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESRV. Other _____

2. NAME OF OPERATOR
Aztec Oil & Gas Company

3. ADDRESS OF OPERATOR
P. O. Drawer 570, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1450' FNL & 1030' FWL
At top prod. interval reported below
At total depth

14. PERMIT NO. DATE ISSUED

15. DATE SPUDDED 9-10-76 16. DATE T.D. REACHED 9-19-76 17. DATE COMPL. (Ready to prod.) 10-8-76 18. ELEVATIONS (DF, REB, RT, GR, ETC.)* 6520' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 5774 21. PLUG, BACK T.D., MD & TVD 5750 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 10-5774 ROTARY TOOLS CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*
Point Lookout
Cliff House 4846-5436 25. WAS DIRECTIONAL SURVEY MADE Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN 27. WAS WELL CORED No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36#	223'	13-3/4"	190 SXS	
7"	20#	3415'	8-3/4"	130 SXS	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
4-1/2"	3261'	5774'	230		1-1/2"	5430'	

31. PERFORATION RECORD (Interval, size and number)
4846, 4854, 4860, 4872, 4880, 4887, 4894, 4907, 5420, 5426, 5436.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4846-5436	103,800 gals water 50,000# 20/40 sand

33.* PRODUCTION

DATE FIRST PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump) WELL STATUS (Producing or shut-in)

Flowing Shut-in

DATE OF TEST	HOURS TESTED	CHOKER SIZE	PRD'N. FOR TEST PERIOD	OIL--BBL.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO
11-15-76	3	3/4"	→				
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL--BBL.	GAS--MCF.	WATER--BBL.	OIL GRAVITY-API (CORR.)	
71	463	→		1278			

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Sold TEST WITNESSED BY *Walter M. Faulstich*

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *[Signature]* TITLE District Production Manager DATE 11-16-76

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. **Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. **Item 33:** Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES		38. GEOLOGIC MARKERS							
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.						
			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">NAME</th> <th style="width: 25%; padding: 5px;">MEAS. DEPTH</th> <th style="width: 25%; padding: 5px;">TRUE VERT. DEPTH</th> </tr> </thead> <tbody> <tr> <td style="height: 150px;"></td> <td></td> <td></td> </tr> </tbody> </table>	NAME	MEAS. DEPTH	TRUE VERT. DEPTH			
NAME	MEAS. DEPTH	TRUE VERT. DEPTH							
Ojo Alamo Fruitland Pictured Cliffs Cliff House Point Lookout	2340 2950 3115 4844 5405								



Southland Royalty Company
February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT - ARIZONA JICARILLA B 5A,
(E) SEC. 10, T26N, R5W,
RIO ARRIBA CO., NM

MAR 28 1984

RECEIVED

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 8-23-76; the well was completed for production in the Blanco Mesa Verde pool, as indicated by the completion report attached hereto as Exhibit B and incorporated herein by reference.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Arizona Jicarilla B 5 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

attachments

	CONSOL. AXI AP. K2 4-21-56		CONSOL. AXI AP. K B4A 6-23-76		UT JIC. G 6M 8-3-79		
SRC AZ JIC. B4A 9-10-76				CONSOL. AXI AP. K E1 6-5-56	UT JIC. G #8 9-8-70		
	4		3		UT JIC. G #6 7-27-69	2	
SRC AZ JIC. B4 9-8-72		CONSOL. AXI AP. K2A 7-19-76	CONSOL. AXI AP. K4 7-20-65		CONSOL. AXI AP. K1A 7-5-76		
SRC AZ JIC. B8 8-22-79					UT JIC. G #4A 9-13-78		
	CONSOL. AXI AP. K6 10-2-72		SRC AZ JIC. B5A 6-11-79		CONSOL. AXI AP. K5 7-6-65	UT JIC. G #7 10-1-69	
SRC AZ JIC. B8A 6-16-79	9			10		11	
		CONSOL. AXI AP. K6A 5-19-79	SRC AZ JIC. B5 9-13-74 + PHA		CONSOL. AXI AP. K5A 7-7-77	UT JIC. G #4 6-24-68	UT JIC. G #7M 8-21-79
			SRC AZ JIC. B5R 6-25-79				
			TENNECO JIC. B #3M 6-21-80	TENNECO JIC. B #8 5-10-67			TENNECO JIC. C #6A 12-13-78
	16			15		TENNECO JIC. C #6 10-25-66	
							14
							TENNECO JIC. C #26 7-13-80

T
26

S.R.C.



WELLS DRILLED BEFORE
SPUD DATE 8-23-76



WELLS DRILLED ON OR AFTER
SPUD DATE 8-23-76



SOUTHLAND ROYALTY COMPANY					
AREA Arizona/Guarilla B5A MV					
E 10-26-5			LOCATION Rio Arriba		
spud date			TYPE OF MAP 8-23-76		
CONTOURED					CL
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					

OIL CONSERVATION COMMISSION

1000 Rio Brazos Road

AZTEC, NEW MEXICO 87410

NOTICE OF GAS CONNECTION

DATE June 30, 1977

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR THE PURCHASE OF GAS FROM THE Aztec Oil & Gas Company

OPERATOR

Arizona Jicarilla B

5-A

(E) 10-26N-05W

LEASE

WELL UNIT

S - T - R

Blanco Mesa Verde

Gas Company of New Mexico

POOL

NAME OF PURCHASER

WAS MADE ON 6-29-77

, FIRST DELIVERY 6-29-77

DATE

DATE

1171

INITIAL POTENTIAL

Gas Company of New Mexico
PURCHASER

James R. Large

REPRESENTATIVE

James R. Large

Dispatch Manager

TITLE

/sw

cc: OPERATOR

New Mexico Oil Conservation Commission - Aztec

U. S. Geological Survey

Mr. E. R. Corliss - Engineering

Mr. R. J. McCrary - Prorations

Mr. W. B. Richardson - Gas Measurement

Mr. Dan McFearin - Gas Accting.

FORM 20-43 11-76

Ms. Gail Atkins - Gas Supply

File

RECEIVED
JUL 1 1977
AZTEC, NEW MEXICO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

See instructions on reverse side

Form approved.
Budget Bureau No. 42-1

5. LEASE DESIGNATION AND SERIAL NO.

Jicarilla Tribe Contr.
6. IF INDIAN, ALLOTTEE OR TRIBE NAME 51

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Arizona Jicarilla "B"

9. WELL NO.

#5-A

10. FIELD AND POOL, OR WILDCAT

Blanco Mesa Verde

11. SEC. T. R. M., OR BLOCK AND SURVEY OR AREA

Section 10, T26N, R5W

12. COUNTY OR PARISH

Rio Arriba New Mexico

13. STATE

19. ELEV. CASING HEAD

18. ELEVATIONS (DF, REB, BT, GR, ETC.)*

6977' GR

17. DATE COMPL. (Ready to prod.)

5-24-77

16. DATE T.D. REACHED

9-8-76

15. DATE SPUDDED

8-23-76

22. IF MULTIPLE COMPL. HOW MANY*

1

23. INTERVALS DRILLED BY

10 - 6160'

21. PLUG, BACK T.D., MD & TVD

5843'

20. TOTAL DEPTH, MD & TVD

6160'

25. WAS DIRECTIONAL SURVEY MADE

Deviation

27. WAS WELL CORED

no

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

5297' - 5836' Point Lookout

28. TYPE ELECTRIC AND OTHER LOGS RUN

GR-Density, GR-Induction, GR-Neutron, Sidewall Neutron, GR-Correlation

29. CASING RECORD (Report all strings set in well)

CASINO SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	32.30#	197'	13-3/4"	190 SXS	
7"	23#	3864'	8-3/4"	175 SXS	

30. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
4-1/2"	3692'	6159'	230	

31. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8"	5575'	5575

32. PERFORATION RECORD (Interval, size and number)

5297, 5302, 5312, 5320, 5328, 5336, 5344, 5360, 5828, 5836.

33. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5297-5836	122,504 gals water
	71,290# 20/40 sand

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)
	Flowing	shut in

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
6-1-77	3 hrs	3/4"					

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
86	---			1711		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Sold

TEST WITNESSED BY

Bobby Joe Warren

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Curtis C. Parsons TITLE District Engineer DATE June 8, 1977

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on Items 22 and 24, and 33, below regarding separate reports for separate completions. If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see Item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

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Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in Item 22, and in Item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in Item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

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Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROSITY ZONES:
SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
San Jo Alamo	2790'		
Trutland	3400'		
Pictured Cliffs	3567'		
Cliff House	5261'		
Point Lookout	5785'		

38. GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH



Southland Royalty Company

February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- CAIN 16E,
(I) SEC. 30, T29N, R9W,
SAN JUAN CO., NM

MAR 28 1984

RECEIVED

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Basin Dakota pool. By Order R-1670-V, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 6-24-83; the well was completed for production in the Basin Dakota pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Cain 16 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

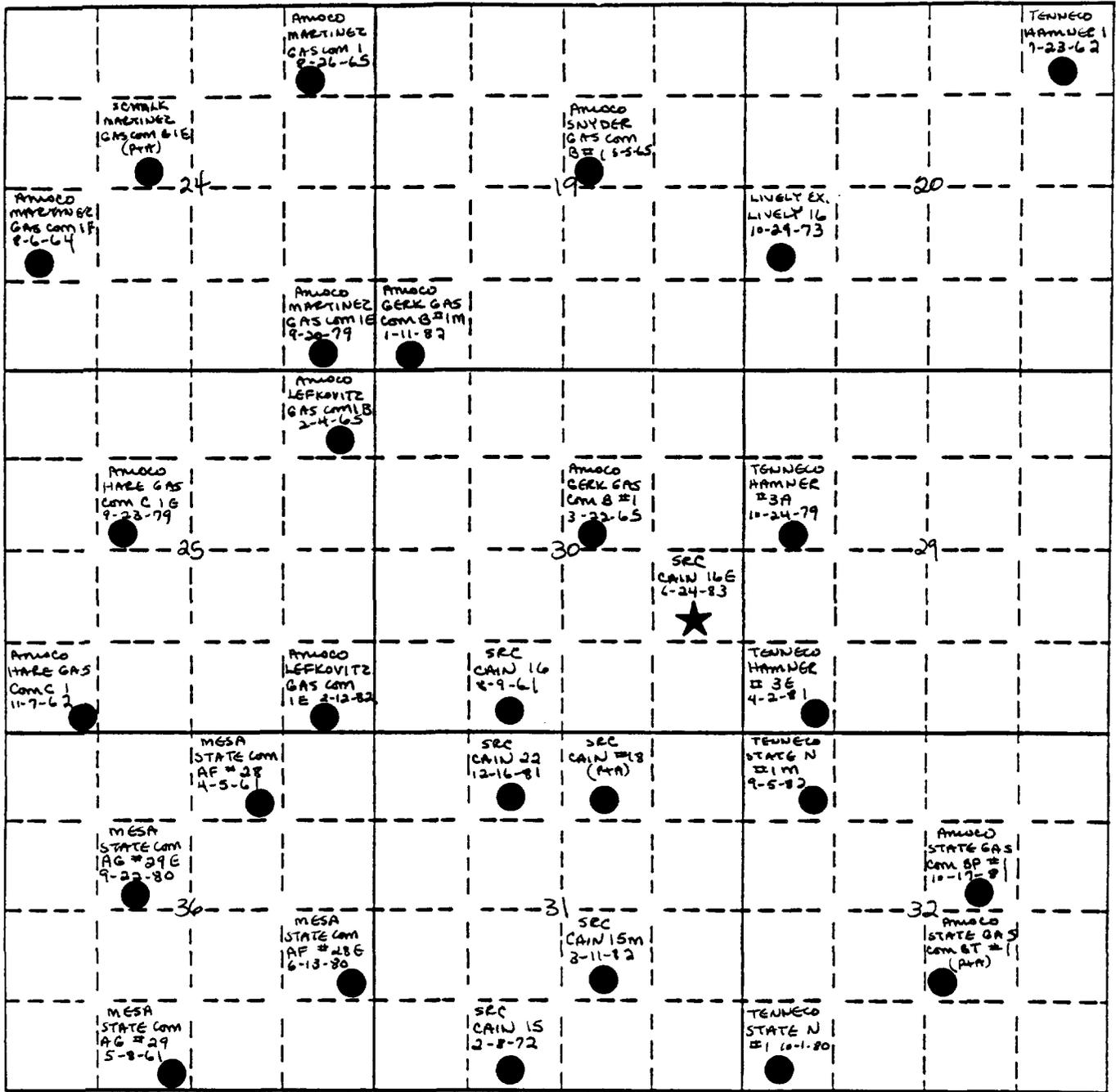
attachments

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

10W

9W

29N



S.R.C.

● WELLS DRILLED BEFORE
SALO DATE 6-24-83

★ WELLS DRILLED ON OR AFTER
SALO DATE 6-24-83

□

□

SOUTHLAND ROYALTY COMPANY					
AREA					
CAIN #16E					
LOCATION					
(F) 30-29N-9W					
TYPE OF MAP					
BASIN DAKOTA ST					
CONTOURED				CI	
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					



Southland Royalty Company

February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- HARE 22A,
(I) SEC. 14, T29N, R10W,
SAN JUAN CO., NM

MAR 28 1984

RECEIVED

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 3-15-79; the well was completed for production in the Blanco Mesa Verde pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Hare 22 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

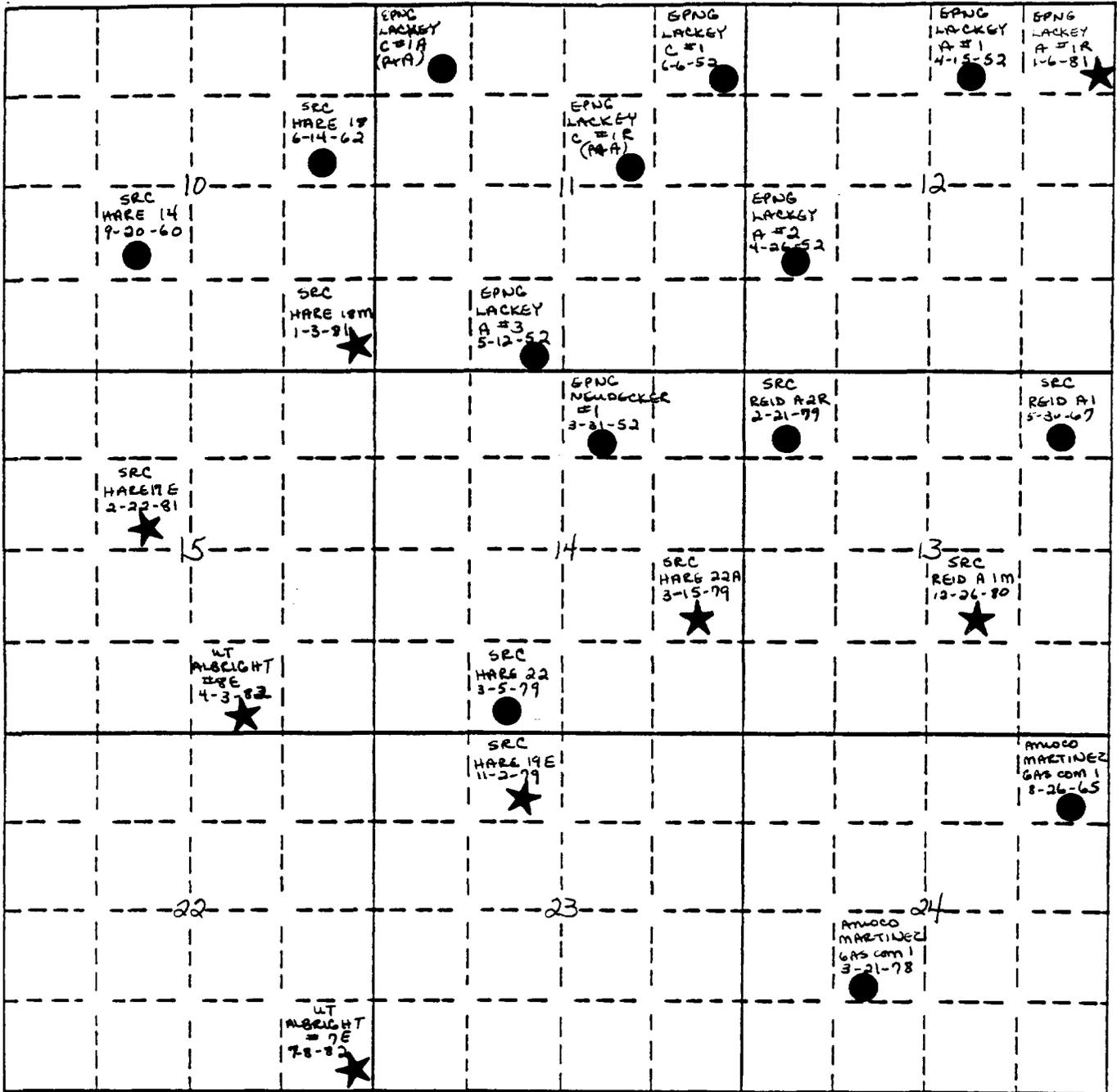

C. C. Parsons
District Production Manager

CCP/ke

attachments

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

10W



29N

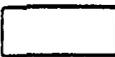
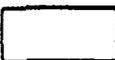
S.R.C.



WELLS DRILLED BEFORE
SPUD DATE 3-15-79



WELLS DRILLED ON OR AFTER
SPUD DATE 3-15-79



SOUTHLAND ROYALTY COMPANY					
AREA					
HARE #22A					
LOCATION					
(I) 14, 29N 10W					
TYPE OF MAP					
BLANCO MESAVERDE (S)					
CONTOURED					CI
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					



Southland Royalty Company

February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- JERNIGAN 3A,
(I) SEC. 24, T27N, R9W,
SAN JUAN CO., NM

MAR 28 1984

RECEIVED

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 8-27-78; the well was completed for production in the Blanco Mesa Verde pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Jernigan 3 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

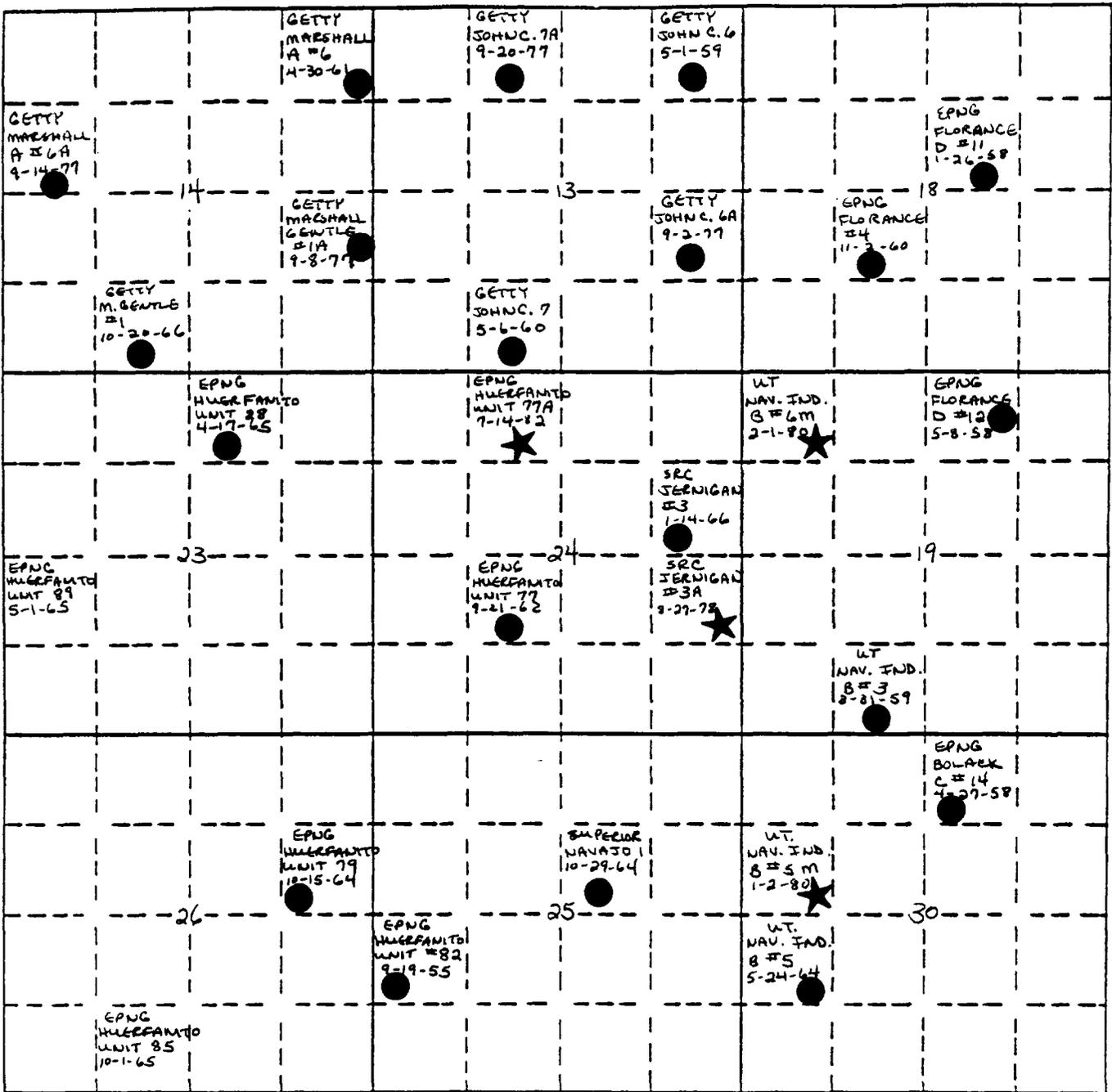
CCP/ke

attachments

P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

9W

8W



27N

S.R.C.

● WELLS DRILLED BEFORE SPUD DATE 8-27-78

★ WELLS DRILLED ON OR AFTER SPUD DATE 8-27-78

□

□

SOUTHLAND ROYALTY COMPANY			
AREA JERNIGAN #3A			
LOCATION (T) 24-27N-9W			
TYPE OF MAP BLANCO MESAVERDE SJ			
CONTOURED		CL	
BY	DATE	REVISED BY	DATE
		REFERENCE	DATE
NOTES			



Southland Royalty Company
February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- JICARILLA 101 1A,
(I) SEC. 1, T26N, R4W,
RIO ARRIBA CO., NM

MAR 28 1984

RECEIVED

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Blanco Mesa Verde pool. By Order R-1670-T, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 9-28-78; the well was completed for production in the Blanco Mesa Verde pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Jicarilla 101 1 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

attachments

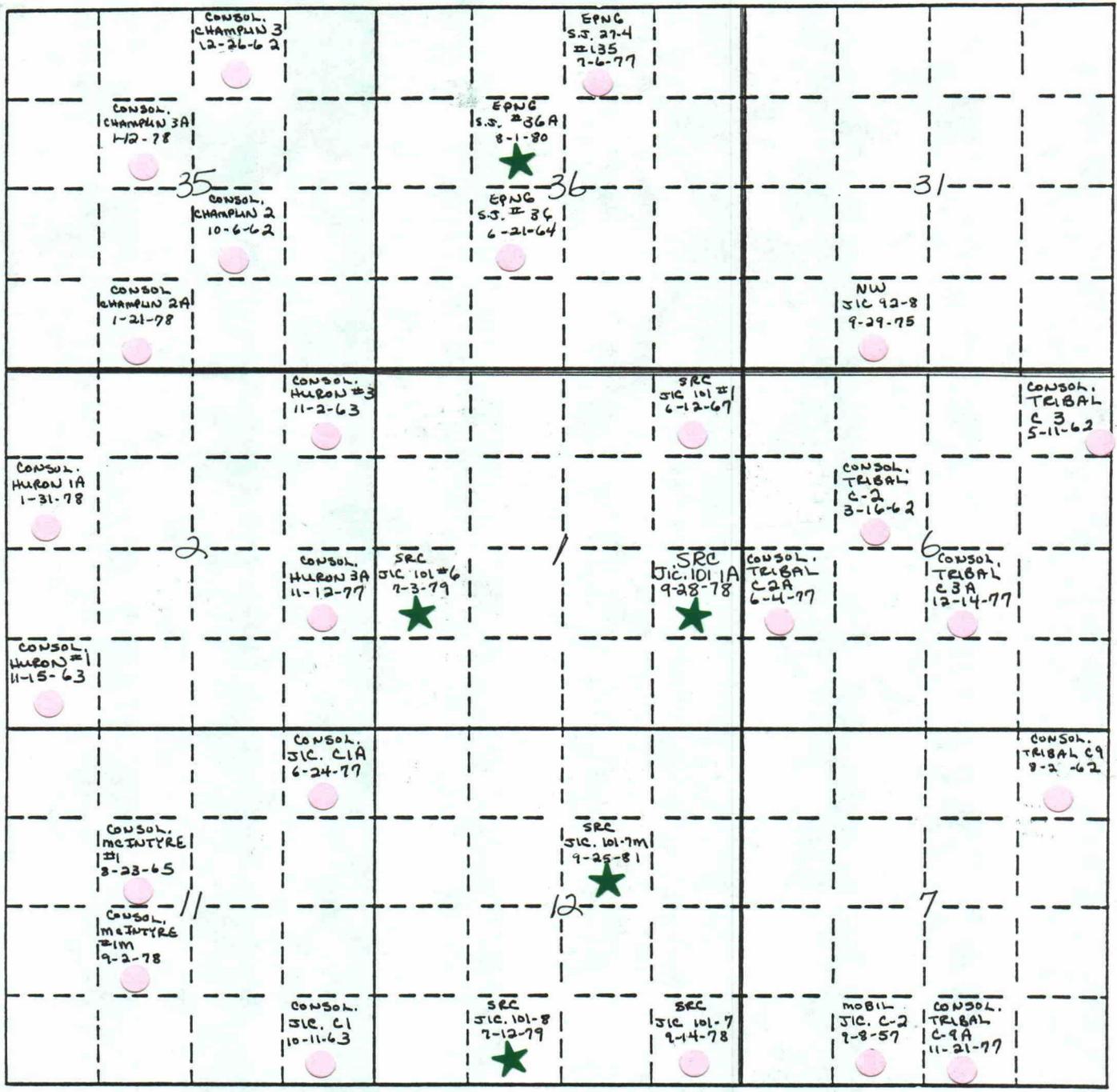
P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

R 4

R 3

T 27

T 26



S.R.C.

WELLS DRILLED BEFORE SPUD DATE 9-28-78

WELLS DRILLED ON OR AFTER SPUD DATE 9-28-78

SOUTHLAND ROYALTY COMPANY			
gearilla 101 1A		AREA	MV
I 1-26-4		LOCATION	Rio Arriba
spud date		TYPE OF MAP	9-28-78
CONTOURED	BY	DATE	REVISED BY
		DATE	REFERENCE
		DATE	DATE
NOTES			



Southland Royalty Company
February 24, 1984

APPLICATION OF SOUTHLAND
ROYALTY COMPANY FOR EXEMPTION
FROM THE NEW MEXICO NATURAL
GAS PRICING ACT- JICARILLA 101 3E,
(E) SEC. 1, T26N, R4W,
RIO ARRIBA CO., NM

MAR 28 1984

RECEIVED

APPLICATION FOR EXEMPTION

Southland Royalty Company hereby makes application for exemption from the New Mexico Natural Gas Pricing Act (Sections 62-7-1 through 62-70-10, NMSA 1978) for the above referenced well in accordance with Oil Conservation Commission Order No. R-5436.

The subject well is completed as an infill well in the Basin Dakota pool. By Order R-1670-V, the Commission authorized infill drilling in this pool and determined that such infill drilling would increase the ultimate recovery of reserves from the pool.

Attached hereto as Exhibit A and incorporated herein by reference is a plat showing the proration unit for the subject well, the wells located thereon and the location and ownership of all wells on direct or diagonal offsetting proration units.

The drilling of the subject well was commenced on 11-20-80; the well was completed for production in the Basin Dakota pool.

CERTIFICATION

Pursuant to Rule 7(c) of Order R-5436, I, C. C. Parsons, District Production Manager for Southland Royalty Company, certify for Southland Royalty Company that the ability of the Jicarilla 101 3 well, the existing well on the proration unit, has not been and will not have its ability to produce restricted by Southland Royalty Company in any manner for the purpose of avoiding the application of the New Mexico Natural Gas Pricing Act to sales of natural gas from that well.

Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

C. C. Parsons
District Production Manager

CCP/ke

attachments

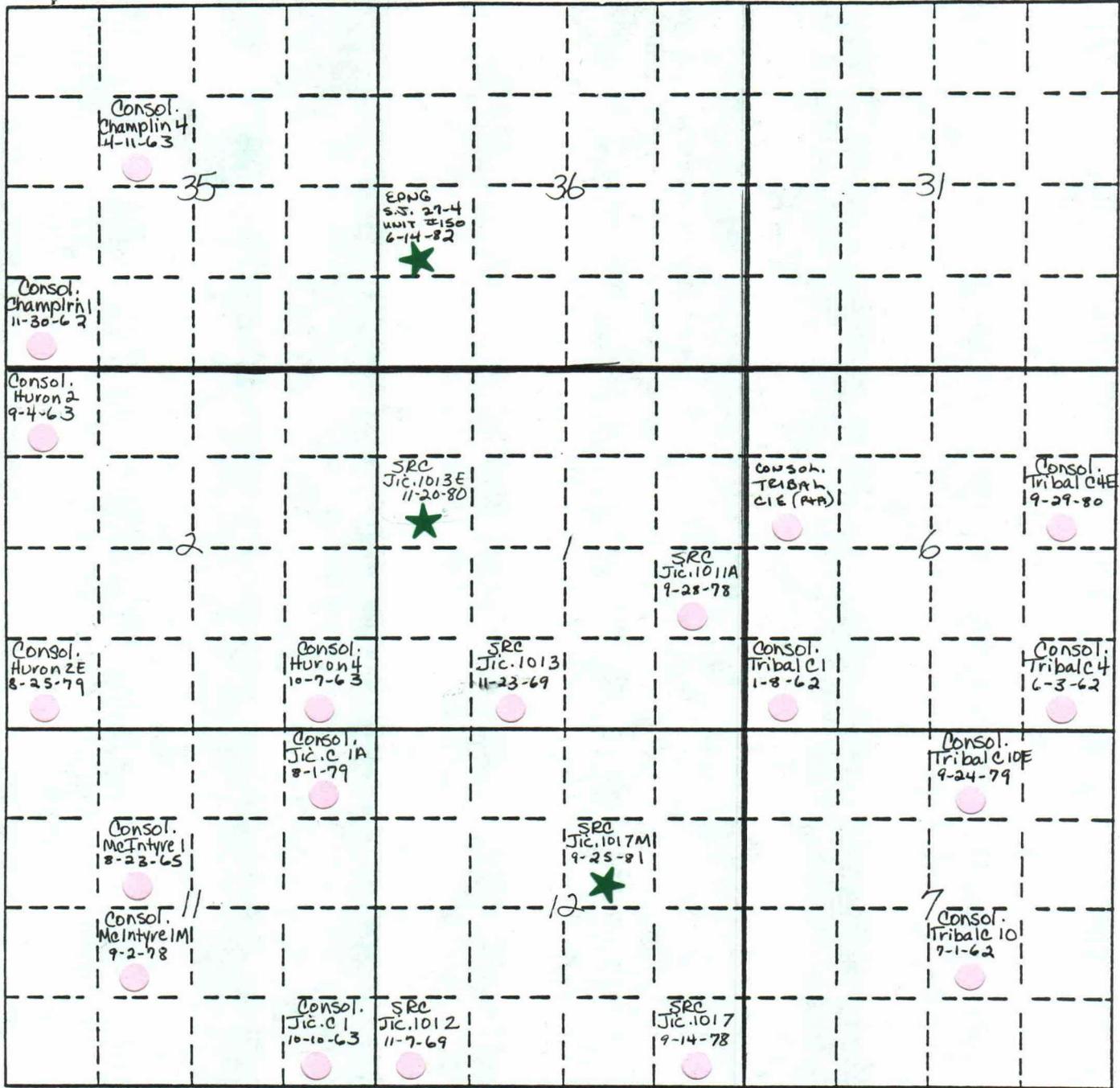
P.O. DRAWER 570 (505) 325-1841 FARMINGTON, NEW MEXICO 87401

R 4

R 3

T 27

T 26



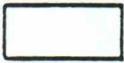
S.R.C.



WELLS DRILLED BEFORE SPUD DATE 11-20-80



WELLS DRILLED ON OR AFTER SPUD DATE 11-20-80



SOUTHLAND ROYALTY COMPANY					
Guarilla 1013E (DK.) AREA					
E 1-26-4 LOCATION			Rio Arriba		
spud date 11-20-80 TYPE OF MAP					
CONTOURED				C.I.	
BY	DATE	REVISED BY	DATE	REFERENCE	DATE
NOTES					

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

17 July 1984

COMMISSION HEARING

IN THE MATTER OF

Application of Southland Royalty Com- CASE
pany for exemption from the New Mex- 8111 &
ico Natural Gas Pricing Act (NMPA). 8265

BEFORE: Commissioner Joe Ramey, Chairman
Commissioner Ed Kelley

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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For the Applicant: William F. Carr
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A P P E A R A N C E S

For Public Service
Commission:

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3 MR. RAMEY: Call next Case
4 8111.

5 MR. PEARCE: That case is on
6 the application of Southland Royalty Company for exemption
7 from the New Mexico Natural Gas Pricing Act.

8 Call for appearances at this
9 time.

10 MR. CARR: May it please the
11 Commission, my name is William F. Carr, with the law firm
12 Campbell, Byrd and Black, P. A., of Santa Fe, appearing on
13 behalf of Southland Royalty Company.

14 At this time I would request
15 that the Commission also call Case 8265, which is also on
16 the application of Southland Royalty Company for exemption
17 from the New Mexico Natural Gas Pricing Act.

18 If these cases could be called
19 and consolidated for purposes of testimony it will expedite
20 the hearing.

21 MR. RAMEY: Without objection
22 we'll call Case 8265.

23 MR. PEARCE: That case is also
24 on the application of Southland Royalty Company for exemp-
25 tion to New Mexico Gas Pricing Act.

We'll now call for appearances
in both of these consolidated cases.

MR. HORN: Ronald F. Horn, Kel-

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2 eher and McLeod, appearing for Public Service Company of New
3 Mexico.

4 MR. NOBLE: Charles Noble and
5 James Martin for the Public Service Commission.

6 MR. EPLER: Gary Epler for the
7 Attorney General's Office.

8 MR. BULLER: Galen Buller from
9 Montgomery and Andrews, for the Gas Company of New Mexico.

10 MR. CARR: We would ask that
11 the record reflect our continuing objection to the role of
12 PNM in this proceeding.

13 MR. RAMEY: So noted, Mr. Carr.

14 MR. PEARCE: How many witnesses
15 do you propose to call in these cases, Mr. Carr?

16 MR. CARR: I have one witness.

17 MR. PEARCE: Do other parties
18 appearing in this matter propose to call witnesses?

19 MR. HORN: No.

20 MR. PEARCE: I would ask that
21 witness to rise, please.

22 (Witness sworn.)

23 MR. CARR: May it please the
24 Commission, I would like to give a brief opening statement.

25 May it please the Commission,
as you are aware, and becoming more aware, we are here today

1
2 as a result of certain litigation filed by Gas Company of
3 New Mexico in late 1983.

4 Following the commencement of
5 this litigation Southland Royalty Company and other pro-
6 ducers filed applications for administrative exemption from
7 the State Pricing Act under your Order R-5436. We want the
8 record to be clear that we have done this as a protective
9 measure only. We believe these applications are unnecessary
10 and that we have all approvals necessary to be exempted from
11 this statute by your infill Orders R-1670-T and 1670-V.

12 Once the applications were set
13 for hearing, we further believe that we really are no longer
14 technically under Order R-5436. We're not here seeking ad-
15 ministrative approval.

16 We've come on for hearing and
17 now in this position all we believe we must show to entitle
18 ourselves to these exemptions on a prospective basis is that
19 we need to show that the wells were drilled for reasons
20 other than avoiding the State Pricing Act.

21 We will, however, because of
22 the way the case was called, provide all data required by
23 your Order R-5436.

24 As in the preceding case for
25 Amoco, we have made our witness available for a deposition
by the Public Service Company of New Mexico and the Public
Service Commission. We have let them review our documents
and we are now ready to go forward with applications for

1 exemption for twenty-two wells.

2 Our first witness is Mr. R. E.
3 Fielder.

4 Mr. Ramey, we have reduced the
5 number of wells from 22 to 17. Here again we have dis-
6 covered a number of wells, the original well on the unit
7 having been drilled after January 1, 1975.

8 Mr. Fielder can identify these
9 wells or I will be happy to do so at this time so that it is
10 clear what wells we're going forward with. I again would
11 ask that the remaining wells be continued until the 12th of
12 September and prior to that time by letter we will advise
13 you which of the wells can have the applications in fact
14 dismissed and it may be all the wells that we are not going
15 forward with here today.

16 MR. RAMEY: All right, Mr.
17 Carr.

18 MR. CARR: Would you like me to
19 identify the wells for you, Mr. Ramey?

20 MR. RAMEY: However you want to
21 do it.

22 MR. CARR: All right, the wells
23 that we will present testimony on today are the Aztec 7-E,
24 the Cain, C-A-I-N, 9-E, 10-E, 11-E, 15-M, and 16-E, the
25 Hanks, H-A-N-K-S, 11-E, 12-E, and 18-M, the Jicarilla 101 1-
A, 3-E, the McClanahan, M-C-C-L-A-N-A-H-A-N, 14-E, 15-E, 16-
E, 17-E, 19-E, and 20-E. That makes seventeen wells.

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ROBERT E. FIELDER,

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place of residence?

A Robert E. Fielder, Farmington, New Mexico.

Q By whom are you employed?

A Southland Royalty Company.

Q What is your present position?

A District Production Manager.

Q Have you previously testified before this Commission?

A Yes, I have.

Q Mr. Fielder, perhaps it would be useful to have you review for the Commission your educational background.

A I have a BS in petroleum engineering from New Mexico Tech.

Q And how long have you been employed by Southland Royalty Company?

A For seven years.

1
2 Q Prior of that time were you employed by
3 the oil and gas industry?

4 A Yes, I worked for approximately three and
5 a half years for El Paso Natural Gas Company and three and a
6 half years with Northwest Pipeline Corporation.

7 Q While employed by Southland what posi-
8 tions have you held?

9 A Petroleum Engineer, District Operations
10 Engineer, and District Production Manager.

11 Q And you are currently the District Pro-
12 duction Manager?

13 A That's right.

14 Q And how long have you been in this posi-
15 tion?

16 A Approximately four months.

17 Q And prior to that time what position did
18 you hold?

19 A District Operations Engineer.

20 Q And you were in that position for how
21 long?

22 A Approximately a year.

23 Q And then --

24 A About a year and a half.

25 Q And then prior to that your title was
petroleum engineer?

A Petroleum engineer.

Q Do your duties for Southland Royalty Com-

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pany include the responsibility for drilling wells in northwest New Mexico?

A Yes, they do.

Q Are you familiar with the applications which have been filed in this proceeding seeking exemption for certain infill wells in the San Juan Basin?

A Yes, I am.

Q When did you become familiar with these applications?

A When they were filed as a result of the lawsuit.

Q Did you participate in the preparation of each of these applications?

A Yes, I did.

Q Are you familiar with each of the wells which we have identified as being the subject of today's hearing?

A Yes, I am.

Q Have you reviewed Southland's files on each of the wells?

A Yes, I have.

MR. CARR: Are the witness' qualifications acceptable?

MR. RAMEY: Yes, they are, Mr. Carr.

Q Mr. Fielder, did you participate in the decision to drill each of the wells which are the subject of

1
2 today's hearing?

3 A Yes, I did.

4 Q Will you review generally the decision
5 making process employed by Southland in deciding to drill an
6 infill well in the San Juan Basin?

7 A The decision making process starts at the
8 time of budgetting for the following year. Prospective lo-
9 cations are reviewed and the well costs and economics, the
10 market factors are all considered at this time and from the
11 list of prospective locations a list of proposed locations,
12 firm budgetted locations are prepared.

13 Q When that list is prepared what happens
14 to it?

15 A The -- it's included in the budget which
16 is then presented to the management of Southland and ap-
17 proved.

18 Q And where is the management of Southland
19 lcoated?

20 A In Ft. Worth, Texas.

21 Q Who actually selects well locations?

22 A The District Office.

23 Q And you have been involved in that pro-
24 cess for each of the wells?

25 A Yes, I have.

26 Q Mr. Fielder, are you familiar with Oil
27 Conservation Commission Order R-5436?

28 A Yes, I am.

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Q Were the applications which you helped prepare for exemption prepared in accordance with this order?

A Yes, they were.

Q And why did you file these applications?

A Strictly as a protective measure concerning the lawsuit.

Q Are each of the wells which are involved in today's hearing infill wells as defined in that order?

A Yes, they are.

Q And was a plat filed with the application in accordance with Rule 5 of that order?

A Yes, it was.

Q What do the plats generally show? Each plat shows the proration unit, the original well on the proration unit, the infill well on the proration unit, and then it also shows the offsetting Dakota or Mesaverde wells, depending on the application, in a 9-section area, and it shows the spud date for each well, the operator of the well, and the well name.

Q On each of these applications is the appropriate infill order number given authorizing infill drilling in the -- for the subject infill well?

A Yes, it is.

Q Were any of the wells which were -- which are involved in today's hearing drilled to protect against drainage?

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A No, they weren't.

Q Do each of these applications contain the certification required by Order R-5436?

A Yes, it does.

Q And who executed these on behalf of Southland Royalty Company?

A Curt Parsons.

Q And who is Mr. Parsons?

A Curt was the previous District Production Manager.

Q Have you prepared certain exhibits for introduction in this case today?

A Yes, we have.

Q Would you please refer to what has been marked for identification as Southland Royalty Company Exhibit Number One and identify this for the Commission?

A Okay. Exhibit Number One is the application of Southland for exemption on the Aztec No. 7-E.

The first page is the application letter that was filed originally. This contains a reference to the Commission order authorizing the infill well. It gives the spud date for the drilling of the subject infill well. It contains the certification as required by R-5436.

Q Now the second page is the plat which you've previously reviewed?

A Right, and that was the -- as submitted in the original application.

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Q Mr. Fielder, when was the first well drilled on the -- on this proration unit?

A It was drilled in 1960.

Q And in what pool was it completed?

A The Basin Dakota.

Q Has infill drilling been approved for the Basin Dakota?

A Yes, it has.

Q By what order number?

A That was R-2670-V.

Q Does Order R-1670-V provide that infill drilling will increase recoverable reserves in that pool?

A Yes, it does.

Q Could you identify those paragraphs in that order for the Commission?

A The findings were Findings 14, 15, 16, 17, and 18.

MR. CARR: May it please the Commission, at this time we would request that Order R-1670-V be incorporated into the record of this proceeding by reference.

MR. RAMEY: R-1670-V will be incorporated by reference, Mr. Carr.

Q Now, Mr. Fielder, directing your attention to the application, would you state when the infill well on this unit was drilled?

A The infill well was drilled in 1980, Sep-

1
2 tember, 1980.

3 Q And when were first sales made from the
4 well?

5 A The first sales were made from the well
6 in July of 1981.

7 Q Have you reviewed or caused to be re-
8 viewed the production history on the original well on this
9 spacing unit from the date the infill well was drilled?

10 A Yes, I have.

11 Q Have you prepared and attached certain
12 exhibits that you assembled in making this review?

13 A Yes. The third and fourth page of the
14 exhibit. The third page is the production history for the
15 original well on the proration unit.

16 The fourth page is the production history
17 for the infill well on the proration unit.

18 These two exhibits show the monthly pro-
19 duction for each well on the vertical scale and it's a time
20 scale on the bottom horizontal scale.

21 Also attached to each application are
22 down time logs for the original well and the infill well for
23 the time period since the first delivery, first sales of the
24 infill well.

25 Q Now, Mr. Fielder, based on your review,
can you testify whether or not the original well on the pro-
ration unit had its ability to produce into the pipeline re-
stricted in any manner to avoid the pricing provisions of

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the New Mexico Natural Gas Pricing Act?

A No, it did not.

Q Was the infill well drilled for reasons other than avoiding the act?

A Yes, it was.

Q And why was this well drilled?

A To increase the recoverable reserves from the proration unit.

Q And why was this well drilled?

A To increase the recoverable reserves from the proration unit.

Q Now, Mr. Fielder, I'd like to direct your attention to Southland Royalty Company Exhibit Number Five.

I'd ask that you identify this for the Commission.

A Exhibit Number Five --

MR. RAMEY: Excuse me, Mr. Carr, is that Exhibit Five of Exhibit One?

Or are you moving to a different well?

MR. CARR: Yes, we're moving now, Mr. Ramey, to the Cain 15-M, which should be stapled together and marked as Exhibit Number Five in the consolidated case.

MR. RAMEY: Fine.

Q Mr. Fielder, would you identify this for the Commission, please?

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A This is Southland's application for exemption for the Cain 15-M, Mesaverde.

Q Would you identify the first page of this exhibit, please?

A The first page is the application as originally filed, which contains the reference to the infill order, the spud date of the infill well, the certification as to the -- as required by 5436.

Q Would you now refer to the second page and review this for the Commission, please?

A The second page again is the plat that was submitted with the original application, showing the subject proration unit, the original well, the infill well, and all other Mesaverde wells in a 9-section vicinity around this proration unit and each well is identified by operator, well name, and spud date listed.

Q Is this the plat that's required by Order R-5436?

A Yes, it is.

Q When was the first well drilled on this spacing unit?

A February, 1972.

Q And in what well was it completed? In what pool was it completed?

A Blanco Mesaverde.

Q Has infill drilling been approved for this pool?

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A Yes, it has.

Q And do you know the order number approving infill drilling in the Blanco Mesaverde?

A It was R-1670-T.

Q Does this order provide that infill drilling will increase recoverable reserves in that pool?

A Yes, it does.

Q Would you identify for the Commission the findings in Order R-1670-T which reach those conclusions?

A Those are findings 13, 14, 15, and 16.

MR. CARR: Mr. Ramey, at this time Southland would request that Order R-1670-T be incorporated into the record of this case.

MR. RAMEY: R-1670-T will be incorporated into the record, Mr. Carr.

Q Mr. Fielder, now directing your attention again to the application for the Cain 15-M, when was the infill well drilled on this spacing unit?

A March, 1982.

Q And when were first sales made from this well?

A In September, 1982.

Q Have you reviewed or caused to be reviewed the production history on the original well from the date the infill well was drilled?

A Yes, I have.

Q Would you review the next four pages of

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this exhibit for Mr. Ramey and Mr. Kelley?

A The third and fourth page of the exhibit are the production histories for the original well on this proration unit and the infill well. The monthly volume in Mcf is on the vertical scale. The time scale on the horizontal.

 The fifth and sixth pages of the exhibit are the down time log for the original well and infill well, covering the required period from the time of first deliveray of the infill well. It shows the nonproducing days and the reasons for the nonproducing days.

Q From your review of the production history can you testify as to whether or not the original well on the proration unit had its ability to produce into the pipeline restricted in any manner to avoid the pricing provisions of the New Mexico Natural Gas Pricing Act?

A No, it didn't.

Q Was the infill well drilled for reasons other than avoiding the act?

A Yes, it was.

Q And why ws it drilled?

A To increase the recoverable reserves in the proration unit.

 MR. CARR: Mr. Ramey, if there is no objection, at this time I'm going to ask some general questions of Mr. Fielder that apply to all of the remaining wells that are covered by each of the cases which are conso-

1
2 validated in this hearing.

3 MR. RAMEY: All right, Mr.
4 Carr.

5 Q Mr. Fielder, do each of Southland Exhi-
6 bits Two through Four and Six through Seventeen contain the
7 plat required by Oil Conservation Commission Order R-5436?

8 A Yes, they do.

9 Q Each of these shows the subject proration
10 unit and the offsetting wells?

11 A Yes, they do.

12 Q And also the subject wells?

13 A They do.

14 Q Was the original well on each of these
15 subject units drilled prior to January 1, 1975?

16 A Yes, they were.

17 Q Is infill drilling authorized for the
18 pool in which each of these wells is completed?

19 A Yes, it is.

20 Q Do each of the applications show the spud
21 date for the original well on the unit?

22 A Yes, they do.

23 Q Do they show the date of first sales?

24 A Yes, they do.

25 Q Have you reviewed or caused to be re-
viewed the production history on the original well on each
of these proration units from the date the infill well was
drilled on each of the units?

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A Yes, I have.

Q And can you testify based on this review as to whether or not the original well on each of these units had its ability to produce into the pipeline restricted in any manner to avoid the pricing provisions of the New Mexico Natural Gas Pricing Act?

A No, they did not.

Q What are the reasons that the original well on each of these units would have had its production curtailed?

A The production would only be curtailed for gas market reasons, for requests from gas purchasers, for mechanical repairs to the well, or for testing purposes.

Q Are you aware of any instance with any of the wells which are the subject of this proceeding where production from any infill or any original well was curtailed for reasons other than those that you've just stated?

A No, they weren't.

Q Now as to each of the wells involved in this proceeding, were they drilled for reasons other than avoiding the pricing act?

A Yes, they were.

Q And why were each of them drilled?

A They were drilled to increase the recoverable reserves.

Q Did you participate in the decision for Southland Royalty Company to drill each of these wells?

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A Yes, I did.

Q Were Exhibits One through Seventeen compiled under your direction and supervision?

A Yes, they were.

Q And are they copies of forms from the files of Southland Royalty Company?

A Yes, they are.

MR. CARR: At this time, Mr. Ramey, we would offer into evidence Southland Royalty Company Exhibits One through Seventeen.

MR. RAMEY: Southland Royalty Exhibits One through Seventeen will be admitted.

MR. CARR: That concludes by direct examination of Mr. Fielder.

MR. RAMEY: Are there any questions of Mr. Fielder?

MR. HORN: No, Mr. Chairman, not for Public Service Company of New Mexico.

MR. NOBLE: I have a few questions.

CROSS EXAMINATION

BY MR. NOBLE:

Q Can you tell me if an AFE for the Cain 15-M didn't state that it was drilled to protect from drainage?

A The AFE itself did not. The transmittal

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letter referenced that.

Q It was drilled to protect from drainage?

A Right.

MR. NOBLE: That's all I have.

MR. RAMEY: Any other questions
of Mr. Fielder?

REDIRECT EXAMINATION

BY MR. CARR:

Q Mr. Fielder, could you explain the re-
ference to drainage on the transmittal letter for the Cain
15-M Well?

A The reference to drainage is a pretty
general usage of the term. In more instances it would be
under a lease obligation term than drainage protection. Most
of the leases require that you drill your leases to protect
from offset drainage.

MR. CARR: I have nothing fur-
ther.

CROSS EXAMINATION

BY MR. RAMEY:

Q Mr. Fielder, just a couple of questions.

I notice on the -- your Exhibit Number
Seven is not producing; has not produced for some time. Can
you explain that?

A Yes. The No. 7 Well was actually -- give

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me a minute to find the shut-in date here.

It was actually shut-in in August of 1981 for pressure build-up. The performance of the 7-E was, the infill well, was not as we had anticipated for the area, and the performance of the 7 was definitely falling off, leading us to suspect a mechanical problem and necessity for potential workover.

The 7 was shut-in for pressure build-up while we were -- the decision was made to produce the 7-E to get the evaluation of the potential for the proration unit, and meanwhile we would shut-in the 7-E for pressure build-up, or the 7, excuse me.

Due to reasons of curtailment, we have been having a time getting a test. In fact we're right now having to produce the 7-E with a compressor and we average quite a bit of the time during the year not being able to even produce the 7-E infill well.

Right now we're looking to -- we're in the process of evaluating a low pressure lateral in that area to give these two wells and the two Fruitland wells which were denied connection, or denied hookups.

Q The line -- when the line pressure is such that the well will not produce into it is it just shut-in or is it --

A It's shut-in. Now the well -- the well pressure is such that it's just barely above the existing line pressure, the shut-in pressure, and when you try to put

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2 it to the line it makes, probably on the average of a barrel
3 to two barrels of oil and a half to one barrel of water a
4 day and the rate is not sufficient to keep the well unloaded
5 and it just continually logs off.

6 Q But you are making no effort to produce
7 the well at this time?

8 A Not at this time.

9 Q Now in going through these, I notice
10 terms "shut-in because of ratability". What do you mean by
11 that?

12 A That's a gas company code and I believe
13 it deals with gas demand.

14 Q Now you have "down time NA". What is
15 that?

16 A That means the records, we couldn't find
17 the records of the reason for the down time.

18 MR. RAMEY: Any other questions
19 of Mr. Fielder? He may be excused.

20 Do you have anything further,
21 Mr. Carr?

22 MR. CARR: Nothing further in
23 this case.

24 MR. RAMEY: Okay, the Commis-
25 sion will take the cases under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 12 September 1984

7 COMMISSION HEARING

8 IN THE MATTER OF:

9 Application of Southland Royalty CASE
10 Company for exemption from the New 8265
11 Mexico Natural Gas Pricing Act. (NMPA)

12 BEFORE: Commissioner Joe Ramey, Chairman
13 Commissioner Baca

14 TRANSCRIPT OF HEARING

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A P P E A R A N C E S

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I N D E X

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MR. RAMEY: Call next Case 8265.

MR. TAYLOR: This is the application of Southland Royalty Company for an exemption from New Mexico Natural Gas Pricing Act.

MR. CARR: May it please the Commission, my name is William F. Carr, with the law firm Campbell and Black, P. A., of Santa Fe, appearing on behalf of Southland Royalty Company.

I have one witness who needs to be sworn.

(Witness sworn.)

MR. CARR: May it please the Commission, we will be presenting testimony on only three wells today, the Arizona Jicarilla "B" 4-A, the Arizona Jicarilla "D" 5-A, and the Jurnigan 3-A.

These are the only wells remaining in Case 8265 that require Commission action on the applications for exemption.

As the Commission is aware, we are here today as a result of a lawsuit which was filed in Santa Fe County last year challenging certain exemptions for infill wells located in northwestern New Mexico and elsewhere.

Southland Royalty Company filed

1
2 applications seeking administrative exemption from the New
3 Mexico Natural Gas Pricing Act pursuant to Order R-5436.
4 This was done as a protective measure only. We submit that
5 they are unnecessary and that we have all authority and all
6 exemptions that are required pursuant to Order R-1670-T, the
7 Blanco Mesaverde Infill Order.

8 This matter has been set for
9 hearing. We're no longer in an administrative situation.
10 We're not seeking administrative approval.

11 Now that we are before you in
12 the hearing situation, we submit that all we must do is show
13 these wells were drilled for reasons other than avoiding the
14 provisions of the State Pricing Act.

15 Because of the way the case was
16 called, however, we will address the requirements of Order
17 5436 and we will also show that under the statute, we are
18 entitled to exemption from the Act.

19 CURTIS C. PARSONS,
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22 DIRECT EXAMINATION

23 BY MR. CARR:

24 Q Would you state your full name and place
25 of residence?

A Curtis Clifton Parsons, Littleton, Colo-

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rado.

Q Mr. Parsons, by whom are you employed?

A Southland Royalty Company.

Q What position do you currently hold with Southland?

A I'm the Rocky Mountain Exploration Manager.

Q Will you review for the Commission the prior positions you've held with Southland Royalty Company?

A Been the Production Manager for the San Juan Area; have been District Engineer for that same area; District Engineer for our West Texas-Permian Area.

Q At the time the subject wells were drilled what position did you hold for Southland Royalty Company?

A I was the District Engineer in Farmington.

Q And at that time did you participate in the decision to drill each of the wells which are the subject of today's hearing?

A Yes, I did.

Q Have you previously testified before this Commission and had your credentials as an engineer accepted and made a matter of record?

A Yes, I have.

Q Are you familiar with Southland Royalty Company's activities in northwest New Mexico?

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A Yes, I am.

Q Are you personally familiar with each of the wells which are the subject of this hearing?

A Yes, I am.

Q And the proration units upon which they are drilled?

A Yes.

Q Are you familiar with the applications that were filed for each of these wells?

A Yes, I am.

Q Have you reviewed records in preparing for this hearing here today?

A Yes, I have.

Q Generally what records have you reviewed?

A Well files and productio history.

MR. CARR: Are the witness' qualifications acceptable?

MR. RAMEY: Yes, they are, Mr. Carr.

Q Were applictions for exemption filed by Southland for each of the wells that are the subject of today's hearing?

A Yes, they were.

Q And in preparing those applications did you follow Order R-5436?

A Yes, as a guideline.

Q Are each of the wells which are the sub-

1
2 ject of today's hearing infill wells as defined by Rule 1(b)
3 of Order R-5436?

4 A Yes, they are.

5 Q Was a plat filed with each application
6 pursuant to Rule 5 of that order?

7 A Yes, it was.

8 Q And in what pool is each of the infill
9 wells drilled and completed?

10 A Blanco Mesaverde.

11 Q Do the infill exemption applicatons iden-
12 tify the appropriate infill order authorizing drilling in-
13 fill wells in the Blanco Mesaverde Pool?

14 A Yes, they do.

15 Q And what is that order number?

16 A It's Order R-1670-T.

17 Q Does each of the applications contain a
18 certification required by Rule 7(c) of Order R-5436?

19 A Yes, it does.

20 Q Who signed that certification on behalf
21 of Southland?

22 A I did.

23 Q Were any of the wells which are the sub-
24 ject of today's hearing drilled to protect that proration
25 unit from drainage?

A No, they were not.

Q Now I'm going to ask you some questions
first about Southland Exhibit Number A, and I'd ask you to

1
2 refer to what has been marked as Exhibit A and explain what
3 this is and generally what it shows.

4 A This is the application for exemption
5 from the Pricing Act for the Arizona Jicarilla "B" 4-A.

6 Q And what -- would you review the
7 attachments to that application?

8 A There is the certification. There is a
9 plat and a copy of the first delivery notice; a copy of the
10 completion notice; and plats of production from both the
11 original well on the proration unit and the new infill well.

12 Q Does the plat show all the wells located
13 on the spacing unit in the Basin Dakota Pool?

14 A In the Mesaverde Pool?

15 Q I'm sorry, the Mesaverde Pool.

16 A Yes, sir, it does.

17 Q Does it show offsetting Mesaverde wells?

18 A Yes, it does.

19 Q And the operator of those wells?

20 A Yes.

21 Q When was the first well drilled in the
22 Mesaverde formation on this spacing and proration unit?

23 A In 1972.

24 Q And this was a Mesaverde well?

25 A Yes, it was.

Q I believe you indicated that infill
drilling has been approved by order -- for the Mesaverde in
this area by Order 1670-T.

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A That's correct.

Q Would you identify for the Commission the particular paragraphs in that order which so hold?

A Those would be Findings 13 through 16.

Q And do these findings provide that infill drilling will increase recoverable reserves in that pool?

A Yes, they do.

MR. CARR: Mr. Ramey, at this time we'd request that Order R-1670-T be incorporated by reference into the record of this case.

MR. RAMEY: R-1670-T will be incorporated by reference, Mr. Carr.

Q Mr. Parsons, when was the infill well drilled on this spacing unit?

A It was drilled in September of 1976.

Q And this was also a Mesaverde well?

A Yes, it was.

Q Have you reviewed the production history on the original well on this proration unit from the date the infill well was placed on production?

A Yes, I have.

Q And does this exhibit contain data which would indicate the days that the original well did not produce during that time period?

A Yes, it does.

Q Can you generally characterize for the Commission the times when infill wells operated by Southland

1
2 Royalty Company would have had their production restricted?

3 A Yes, the only times would have been due
4 to either the required deliverability tests or mechanical
5 problems either with the well or with the production equip-
6 ment associated with it, or curtailment by the purchaser for
marketing reasons.

7 Q Did the existing well on this proration
8 unit have its ability to produce into the pipeline restrict-
9 ed in any manner to avoid the provisions of the New Mexico
10 Natural Gas Pricing Act?

11 A No, it did not.

12 Q Was this well drilled to avoid the act?

13 A No, it was not.

14 Q And why was the well drilled?

15 A The well was drilled to develop addition-
al reserves.

16 Q Mr. Parsons, I'd now direct your atten-
17 tion to what has been marked as Southland Royalty Company
18 Exhibit B and ask you to identify this and review it for the
Commission.

19 A This is the application for exemption
20 from the New Mexico Gas Pricing Act for the Arizona Jicaril-
21 la "B" 5-A.

22 As in the previous exhibit, this contains
23 a certification as required by Order R-5436; a plat showing
24 the original well on the proration unit as well as the in-
25 fill well and all surrounding wells completed in that forma-

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2 tion, and a first delivery notice, completion notice, pro-
3 duction data from both wells on the proration unit.

4 Q Mr. Parsons, when was the first well
drilled on this spacing unit?

5 A The first well was drilled in 1974.

6 Q And this was a Mesaverde well?

7 A Yes, it was.

8 Q And when was the infill well drilled on
9 the unit?

10 A In June of 1979.

11 Q Have you reviewed the production history
12 on the original well in this proration unit from the date
the infill well was placed on production?

13 A Yes, I have.

14 Q Does Exhibit B contain a summary of the
15 time the original well -- or the days on which the original
16 well did not produce during this time period?

17 A Yes, it does.

18 Q Can you generally characterize the time
19 when the infill well on this unit might have been shut in by
20 -- or just simply shut in and not producing?

21 A Yes. This well was shut in for mechani-
22 cal problems prior to the time that the infill well was
23 drilled and that is so shown in the application. At a later
24 date there was an attempt to return that well to production,
25 which was unsuccessful, and the well was subsequently
redrilled.

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Q You're talking about the original well on the unit?

A Yes, I'm talking about the original well on the unit.

Q Could you generally summarize the reasons the infill well might have been shut in?

A For only the reasons as mentioned before, reduced takes from the purchaser because of market conditions; mechanical problems, ordinary State deliverability tests.

Q Did the original or existing well on the proration unit have its ability to produce into the pipeline restricted in any manner to avoid the provisions of the New Mexico Natural Gas Pricing Act?

A No, it did not.

Q Was this well drilled to avoid the Pricing Act?

A No.

Q Why was the well drilled?

A To develop additional gas reserves.

Q Would you now refer to what has been marked as Southland Royalty Company Exhibit Number C, identify this and review it for the Commission?

A This is the application for exemption from the New Mexico Gas Pricing Act for the Jurnigan 3-A.

As with the other two exhibits it contains a certification as required by Order R-5436 and stan-

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2 dard attachments to that; the plat showing the well, both
3 the original and the infill wells on the proration unit and
4 the offsetting wells; the sundry notices for completion, the
5 first delivery notice, production history on both wells on
6 the proration unit.

7 Q When was the original well drilled on the
8 spacing unit?

9 A The original well on this was drilled in
10 1966.

11 Q And that was a Mesaverde well?

12 A Yes, it was.

13 Q When was the infill well drilled?

14 A In 1978.

15 Q And this is also a Mesaverde well?

16 A That's correct.

17 Q Have you reviewed the production history
18 on the original well on the unit from the date the infill
19 was first produced?

20 A Yes, I have.

21 Q And does Exhibit Number One contain a
22 summary of the information produced by that review as to the
23 days the well did not produce?

24 A Yes, it does.

25 Q Can you generally, summarize the reasons
that the infill well would have been shut in and not produc-
ing during this period of time?

A Yes, this well would have only been shut

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2 in, and was only shut in, for mechanical reasons or a lack
3 of market, shut in in that instance by the purchaser, or for
4 the required deliverability tests.

5 Q Did the existing well on the proration
6 unit have its ability to produce into the pipeline restrict-
7 ed in any manner to avoid the provisions of the New Mexico
8 Natural Gas Pricing Act?

9 A No, it did not.

10 Q Was the infill well drilled to avoid the
11 provisions of the State Pricing Act?

12 A No, it was not.

13 Q Why was it drilled?

14 A It was drilled to develop additional gas
15 reserves.

16 Q Were Exhibits One through Three prepared
17 by you or compiled under your direction and supervision?

18 A Yes, they were.

19 Q Did you personally participate in the de-
20 cisions to drill each of the wells that are the subject of
21 today's hearing?

22 A Yes, I did.

23 MR. CARR: At this time, Mr.
24 Ramey, we would offer into evidence Southland Royalty Com-
25 pany Exhibits A, B, and C.

MR. RAMEY: Southland Royalty
Exhibits A, B, C will be admitted.

MR. CARR: That concludes my

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direct examination of Mr. Parsons.

MR. RAMEY: Any questions of Mr. Parsons?

CROSS EXAMINATION

BY MR. NOBLE:

Q Mr. Parsons, each of your Exhibits A, B, and C have attached an Exhibit F showing non-producing days. Is that for the original well?

A Yes, it is.

Q And which --

A I believe there is one for both wells.

Q Oh, I'm sorry. Can you tell me what "down time - not applicable" means in the reasons for down time column?

A That is -- not applicable is not the correct word there. It's not available. We have searched all of our records and the records of the purchaser to see if there is any unusual notes there about why the well was down.

It very well could have been a freeze in equipment, things that would be considered routine in nature, and I think you'll notice that there are those descriptions on both the infill well and the original well.

Q So for those days you don't have records showing why in fact that well was shut in?

A That is correct.

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2 MR. NOBLE: That's all I have.

3 MR. RAMEY: Any other ques-
4 tions?

5 MR. ALVIDREZ: May I?

6 MR. RAMEY: Mr. Alvidrez.

7 CROSS EXAMINATION

8 BY MR. ALVIDREZ:

9 Q Mr. Parsons, you were the individual who
10 certified on each of these applications, Exhibits A through
11 C, that the original well did not have it's ability produce
12 restricted.

13 A That's correct.

14 Q In your mind what does that mean?

15 A That we would not shut that well in arbi-
16 trarily or install any kind of equipment that would inhibit
17 that well's ability to produce. We would not do anything to
18 cause that well to produce less than it would otherwise have
19 produced.

20 Q And have the original wells in fact not
21 had their ability to produce restricted?

22 A Yes, that's a fair statement.

23 Q I notice that in any event they were shut
24 in at least perhaps due to high line pressures specifically.
25 What -- what is meant by high line pressure? What would
cause a well to shut in?

A Well, this is something that happens when

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2 the purchaser is not selling as much gas as he's like to be
3 able to sell and the line becomes packed and you'll notice
4 that any well in the area is subject to that same thing.

5 Q Do the infill wells produce at a substan-
6 tially higher amount of pressure than the original wells?

7 A Do they produce at a higher pressure?

8 Q Well, their wellhead pressure is signifi-
9 cantly higher than, say, the wellhead pressure of an origi-
10 nal well.

11 A Well, that varies from well to well.

12 Q In the three -- well, let's take the well
13 in Exhibit A. Do you have any idea what the pressure is as
14 compared between the original well and the infill well?

15 A I don't have that record available imme-
16 diately.

17 Q As far as the pricing goes, as between
18 the original well and the infill well, is a significantly
19 higher price realized from gas sold from the infill wells
20 than the original wells?

21 A I'm not sure whether the original well is
22 on stripper status yet. I'd have to look and see, but un-
23 less it is on stripper status, then there is a different
24 price, a higher price for the infill well.

25 Q Do you know offhand what -- what the cur-
rent differential would be?

A No, I couldn't tell you that.

Q Who is in charge for Southland for

1
2 regulatory compliance as far as filing applications for
3 exemption and that sort of thing?

4 A At this point Mr. Fielder is responsible
5 for these wells.

6 At the time these applications were filed
7 I was responsible.

8 Q And you were never aware of the New
9 Mexico Natural Gas Pricing Act?

10 A We were certainly aware of it but it was
11 our understanding that the order issued allowing the infill
12 drilling was sufficient to meet the requirements of that
13 act.

14 Q And therefore no application was required
15 on your behalf, no application for hearing was required?

16 A Yes, and that is still our contention.

17 MR. ALVIDREZ: I have no
18 further questions.

19 MR. RAMEY: Any other questions
20 of Mr. Parsons? He may be excused.

21 Do you have anything further,
22 Mr. Carr?

23 MR. CARR: Nothing further in
24 this case.

25 I'd like to submit a proposed
order within ten days.

MR. RAMEY: All right, Mr.
Carr, I'll let you do that.

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2 We will take Case 8265 under
3 advisement.

4 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR