



STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

June 20, 1986

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

BEFORE EXAMINER STOGNER
 Oil Conservation Division
 GSNM Exhibit No. 4
 Case No. 9703

Mr. Gary Epler
 Assistant Attorney General
 Office of the Attorney General
 Bataan Memorial Building
 Santa Fe, New Mexico 87503

Dear Mr. Epler:

On February 29, 1984, the Division received requests for retroactive exceptions to the State Natural Gas Pricing Act for eleven Amoco Production Company Wells. These wells are identified as follows:

| <u>Lease Name</u> | <u>Well No.</u> | <u>Unit Letter</u> | <u>Sec.-Twp.-Rce.</u> |
|----------------------|-----------------|--------------------|-----------------------|
| Morris Gas Com "B" | 1E | M | 10-27N-10W |
| Roberts Gas Com "B" | 1E | P | 14-29N-13W |
| White Gas Com | 1E | G | 22-29N-13W |
| Gallegos Canyon Unit | 96E | B | 18-29N-12W |
| " " " | 108E | N | 13-29N-13W |
| " " " | 110E | I | 19-29N-12W |
| " " " | 111E | I | 20-29N-12W |
| " " " | 133E | C | 17-29N-12W |
| " " " | 134E | I | 17-29N-12W |
| " " " | 263E | E | 20-29N-12W |
| " " " | 94E | A | 23-29N-13W |

Each of these wells was completed as an infill well in the Basin-Dakota Gas Pool in San Juan County in 1981. Complete applications for administrative approval for exception to the Pricing Act have been filed for the above-listed wells under the provisions of our Order No. R-5436, and each well qualifies for such exception.

No action has been taken to date on these applications, because at the time of filing, retroactivity was the subject of court action and the Division had received directions from the Attorney General to issue prospective approvals only. Further, these applications were simply overlooked following the change in Division directors in November, 1984.

Based upon the results of the District Court case, it is my intention to administratively approve these requested exemptions to the Pricing Act retroactive to the date of connection unless I receive objections and a request for hearing from your office by July 21, 1986. The applications are on file and available for your inspection. If you wish to review the

applications or have questions, please contact me or the Division Attorney,
Jeff Taylor.

Sincerely,

A handwritten signature in black ink, appearing to read "R. L. Stamets", written over a horizontal line.

R. L. STAMETS
Director

RLS:dp

cc: Paul Biderman
Jeff Taylor



OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501-2C
(505) 827-5800

June 20, 1986

Mr. Jim Martin
Chief Staff Counsel
Public Service Commission
224 E. Palace Avenue
Santa Fe, New Mexico 87503

Dear Mr. Martin:

On February 29, 1984, the Division received requests for retroactive exceptions to the State Natural Gas Pricing Act for eleven Amoco Production Company Wells. These wells are identified as follows:

| <u>Lease Name</u> | <u>Well No.</u> | <u>Unit Letter</u> | <u>Sec.-Twp.-Rge.</u> |
|----------------------|-----------------|--------------------|-----------------------|
| Morris Gas Com "B" | 1E | M ✓ | 10-27N-10W |
| Roberts Gas Com "B" | 1E | P ✓ | 14-29N-13W |
| White Gas Com | 1E | G ✓ | 22-29N-13W |
| Gallegos Canyon Unit | 96E | B ✓ | 16-29N-12W |
| " " " | 108E | N ✓ | 13-29N-13W |
| " " " | 110E | I ✓ | 19-29N-12W |
| " " " | 111E | I ✓ | 20-29N-12W |
| " " " | 133E | C ✓ | 17-29N-12W |
| " " " | 134E | I ✓ | 17-29N-12W |
| " " " | 263E | H | 20-29N-12W |
| " " " | 94E | A | 23-29N-13W |

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applications or have questions, please contact me or the Division Attorney,
Jeff Taylor.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. L. Stamets", with a horizontal line drawn through the middle of the signature.

R. L. STAMETS
Director

RLS:dp

cc: Paul Biderman
Marilyn O'Leary, PSC
Steven Asher, PSC
Jeff Taylor



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

October 28, 1986

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

Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attn: William F. Carr
Attorney for ACRO Oil
& Gas Company

Re: Administrative Order No. NGPA-47

Dear Mr. Carr:

Reference is made to your application dated September 4, 1986 on the behalf of ARCO Oil & Gas Company for retroactive exception to the date of first sale from the New Mexico Natural Gas Pricing Act under Section 62-7-5, NMSA, 1978, and Division Order No. R-5436 for the seventy-five (75) wells, described on the attachment, which produce from the Basin Dakota Gas Pool in the Gallegos Canyon Unit in San Juan County, New Mexico.

THE DIRECTOR OF THE DIVISION FINDS THAT:

(1). Amoco Production Company is the operator of each of the subject wells in which ARCO Oil & Gas Company owns a small interest (approximately 3%). Production from each of these wells is sold through a split stream connection, with Amoco's share being sold in interstate commerce and ARCO's share being sold in the intrastate market.

(2). Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural 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 Natural Gas Pricing Act.

(3). By Division Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.

(4) To qualify for such exemption, under said Order No. 5436, a gas well must be classified either as a replacement or as an infill well.

(5). Pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:

- a. the well was necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage; or that,
- b. the well was necessary to replace a well producing at non-commercial rates; or that,
- c. the drilling of the well commenced prior to January 18, 1977.

(6). Pursuant to Order No. R-5436, the Director of the Division may find that an infill well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:

- a. the well was drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase recoverable reserves under various proration units in such pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool; or that,
- b. the well is necessary to protect the proration unit from uncompensated drainage or to protect correlative rights; or that,
- c. the drilling of the well commenced prior to January 18, 1977.

(7). The applicant, on behalf of ARCO Oil and Gas Company, has requested exemption from the provisions of the New Mexico Natural Gas Pricing Act pursuant to Section 62-7-5, NMSA 1978, and Division Order No. R-5436 for the 75 subject wells as described on the attached page.

(8). All the requirements of said Order No. R-5436 have been complied with, and that said well is justified for the exception from the provisions of the Natural Gas Pricing Act inasmuch as said wells were not drilled for the purpose of avoiding the application of said act, but were in fact Infill Wells drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in the pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool, said pool being the Basin-Dakota Pool and in order being Division Order No. R-1670-V.

IT IS THEREFORE ORDERED THAT:

(1). The seventy-five (75) wells, described on the attachment are hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978) retroactive to the date of first sale.

(2). Jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provision of Rule 7(c) of Division Order No. R-5436.

DONE at Santa Fe, New Mexico on _____ day of October, 1986.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS
Director

xc: New Mexico Oil Conservation Division - Aztec
Paul , EMD
Marilyn O'Leary, PSC
Steven Asher, PSC
Jeff Talor, OCD
Jim Martin, PSC
Gary Epler, AG

Administrative Order No. NGPA - 47

BASIN DAKOTA POOL - INFILL WELLS
Operated by Amoco Production Company
GALLEGOS CANYON UNIT,
SAN JUAN COUNTY, NEW MEXICO

| <u>WELL NO.</u> | <u>LOCATION</u> (Unit, Sec., Twp, Rng) |
|-----------------|---|
| 85-E | I-19-28N-12W |
| 86-E | P-35-29N-13W |
| 93-E | L-36-29N-12W |
| 95-E | P-31-28N-11W |
| 96-E | B-18-29N-12W |
| 106-E | D-24-29N-13W |
| 108-E | N-13-29N-13W |
| 110-E | I-19-29N-12W |
| 111-E | I-20-29N-12W |
| 133-E | C-17-29N-12W |
| 134-E | I-17-29N-12W |
| 145-E | D-26-29N-12W |
| 150-E | P-22-29N-12W |
| 151-E | D-21-29N-12W |
| 152-E | O-21-29N-12W |
| 153-E | C-28-29N-12W |
| 154-E | E-27-29N-12W |
| 158-E | G-36-28N-13W |
| 163-E | M-26-29N-13W |
| 164-E | C-35-29N-13W |
| 166-E | E-34-28N-12W |
| 167-E | H-18-28N-11W |
| 168-E | C-19-28N-11W |
| 169-E | H-35-29N-12W |
| 170-E | E-35-29N-12W |
| 172-E | N-25-29N-12W |
| 173-E | E-29-29N-12W |
| 174-E | E-28-28N-12W |
| 176-E | B-25-28N-13W |
| 182-E | K-19-28N-11W |
| 184-E | J-28-28N-12W |
| 185-E | A-33-28N-12W |
| 186-E | N-33-28N-12W |
| 187-E | N-30-29N-12W |
| 188-E | B-30-29N-12W |
| 189-E | K-36-29N-13W |
| 190-E | K-32-28N-12W |
| 192-E | A-30-28N-12W |
| 193-E | M-30-28N-12W |
| 195-E | P-33-29N-12W |
| 196-E | D-19-28N-12W |

| | |
|---------------|--------------|
| 197-E | G-36-29N-13W |
| 199-E | K-34-29N-12W |
| 200-E | O-29-29N-12W |
| 202-E | C-33-29N-12W |
| 203-E | P-13-28N-12W |
| 204-E | I-34-28N-12W |
| 207-E | D-14-28N-12W |
| 208-E | I-15-28N-12W |
| 209-E | E-15-28N-12W |
| 210-E | C-31-29N-12W |
| 211-E | C-32-29N-12W |
| 212-E | P-32-29N-12W |
| 216-E | I-14-28N-12W |
| 217-E | D-13-28N-12W |
| 218-E | D-22-28N-12W |
| 219-E | D-23-28N-12W |
| 221-E | P-31-29N-12W |
| 226-E | C-18-28N-12W |
| 227-E | C-20-28N-12W |
| 228-E | F-21-28N-12W |
| 229-E | I-21-28N-12W |
| 239-E | P-24-28N-13W |
| 242-E | K-24-28N-12W |
| 243-E | I-24-28N-12W |
| 246-E | H-35-28N-12W |
| 263-E | H-20-29N-12W |
| Com 94-E | A-23-29N-13E |
| Com 162-E | B-36-29N-12W |
| Com "B" 143-E | M-25-29N-12W |
| Com "D" 160-E | N-27-29N-12W |
| Com "E" 161-E | N-23-29N-13W |
| Com "G" 179-E | J-26-29N-12W |
| Com "H" 180-E | N-28-29N-12W |
| Com "I" 181-E | H-34-29N-12W |