

BEFORE EXAMINER STOGNER

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

Oil Conservation Division

GENM Exhibit No. 3

Case No. 9703

CASE NO. 8111

Order No. R-7631

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on July 17, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of August, 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 operator of the following wells located in San Juan County, New Mexico, which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on the dates indicated filed applications seeking exemptions from the pricing provisions of the Act for these wells:

<u>LEASE NAME</u> <u>AND DATE</u>	<u>WELL NO.</u>	<u>LOCATION</u> <u>UNIT - SECTION</u> <u>TOWNSHIP-RANGE</u>	<u>POOL</u>
Aztec 2-21-84	7E	L 14-28N-11W	Basin Dakota
Cain 2-21-84	9E	D 16-28N-10W	Basin Dakota
Cain 2-21-84	10E	F 15-28N-10W	Basin Dakota
Cain 2-21-84	11E	O 15-28N-10W	Basin Dakota

Cain 2-21-84	15M	J 31-29N- 9W	Blanco Mesaverde
Cain 2-21-84	15M	J 31-29N- 9W	Basin Dakota
Hanks 2-21-84	11E	E 7-27N- 9W	Basin Dakota
Hanks 2-21-84	12E	P 7-27N- 9W	Basin Dakota
Hanks 2-21-84	18M	I 5-27N- 9W	Blanco Mesaverde
Hanks 2-21-84	18M	I 5-27N- 9W	Basin Dakota
Jicarilla 101 2-21-84	3E	E 1-26N- 4W	Basin Dakota
McClanahan 2-21-84	14E	H 23-28N-10W	Basin Dakota
McClanahan 2-21-84	15E	O 14-28N-10W	Basin Dakota
McClanahan 2-21-84	16E	E 24-28N-10W	Basin Dakota
McClanahan 2-21-84	17E	I 24-28N-10W	Basin Dakota
McClanahan 2-21-84	19E	E 14-28N-10W	Basin Dakota
McClanahan 2-21-84	20E	F 13-28N-10W	Basin Dakota

(3) That said Act applies to any well drilled after January 1, 1975, if it was drilled on an established proration unit which was producing gas or was capable of producing gas from the same reservoir prior to January 1, 1975, unless the Oil Conservation Division exempts such well upon a finding that the drilling of the well was justified for reasons other than avoiding the application of the Act.

(4) That Commission Order No. R-1670-T and R-1670-V authorized a second well on an established gas proration and drilling unit in the Blanco Mesaverde and Basin Dakota Pools, with findings that infill wells were necessary to recover additional gas from these pools.

(5) That the above wells were drilled to increase the recovery of gas from the Blanco Mesaverde Pool and Basin Dakota Pool.

(6) That since the drilling of the second well on each proration unit, the applicant has done nothing to restrict the ability of the original well on each of the gas proration and drilling units to produce into the pipeline.

(7) That granting a prospective exemption from the date of application for the above wells would not impair correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That commencing on the dates indicated, a prospective exemption is hereby granted to the following wells:

<u>LEASE NAME</u> <u>AND DATE</u>	<u>WELL NO.</u>	<u>LOCATION</u> <u>UNIT - SECTION</u> <u>TOWNSHIP-RANGE</u>	<u>POOL</u>
Aztec 2-21-84	7E	L 14-28N-11W	Basin Dakota
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Cain 2-21-84	10E	F 15-28N-10W	Basin Dakota
Cain 2-21-84	11E	O 15-28N-10W	Basin Dakota
Cain 2-21-84	15M	J 31-29N- 9W	Blanco Mesaverde
Cain 2-21-84	15M	J 31-29N- 9W	Basin Dakota
Hanks 2-21-84	11E	E 7-27N- 9W	Basin Dakota
Hanks 2-21-84	12E	P 7-27N- 9W	Basin Dakota
Hanks 2-21-84	18M	I 5-27N- 9W	Basin Dakota
Hanks 2-21-84	18M	I 5-27N- 9W	Blanco Mesaverde
Jicarilla 101 2-21-84	3E	E 1-26N- 4W	Basin Dakota
McClanahan 2-21-84	14E	H 23-28N-10W	Basin Dakota
McClanahan 2-21-84	15E	O 14-28N-10W	Basin Dakota
McClanahan 2-21-84	16E	E 24-28N-10W	Basin Dakota
McClanahan 2-21-84	17E	I 24-28N-10W	Basin Dakota
McClanahan 2-21-84	19E	E 14-28N-10W	Basin Dakota
McClanahan 2-21-84	20E	F 13-28N-10W	Basin Dakota

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

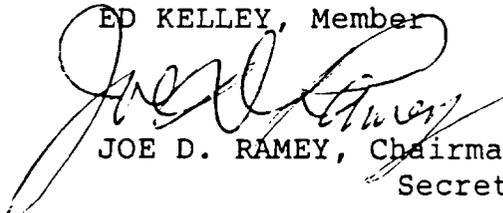
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary