



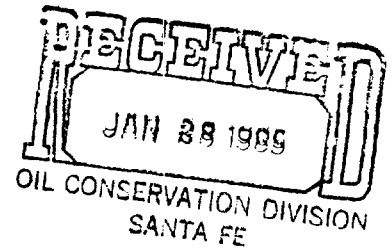
NEW MEXICO

Public Service Commission

BATAAN MEMORIAL BUILDING

Santa Fe, New Mexico

87503



TONEY ANAYA
GOVERNOR

SUEDEEN G. KELLY
CHAIRMAN

PATRICK T. ORTIZ
COMMISSIONER

DAVID B. SMITH
COMMISSIONER

January 24, 1985

Mr. Jeffrey Taylor, Esq.
General Counsel
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: OCC Case No. 8468 & 8469 Applications of Damson
Oil Corporation for Exemption From the New Mexico
Natural Gas Pricing Act

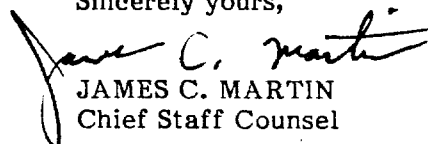
Dear Mr. Taylor:

We are in receipt of your Docket No. 4-85 in which, among other things, the above cases are noticed for hearing on January 30, 1985. First, the PSC moves that it be allowed to intervene as an interested party in the above cases. Mr. Charles F. Noble and myself will be the attorneys of record for the PSC.

Second, the PSC objects to the granting of the exemptions sought by Damson Oil. As your notice for these cases says, "To be considered will be the granting of said exemption from the date of the filing of the application." The applications for these wells were filed on December 10, 1984. Any exemption from the New Mexico Natural Gas Pricing Act (NMPA) would therefore have to be granted from that date forward. However, the NMPA, having expired on July 1, 1984, was not even in effect as of the application date. Thus, the applications are moot because there are no exemptions or other relief which can lawfully be granted.

For these reasons, the PSC respectfully requests the OCC to declare the above applications moot and to dismiss them from its docket.

Sincerely yours,


JAMES C. MARTIN
Chief Staff Counsel

cc: Kellahin & Kellahin

JCM/mm

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

February 20, 1985

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FEB 21 1985

HAND DELIVERED

OIL CONSERVATION DIVISION

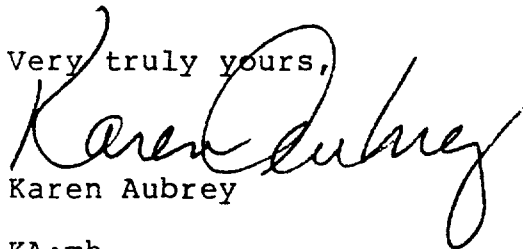
Mr. Richard Stamets
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: IN THE MATTER OF DAMSON OIL CORPORATION'S
APPLICATIONS FOR EXEMPTION FROM THE NEW MEXICO
NATURAL GAS PRICING ACT, CASES 8468 and 8469

Dear Mr. Stamets:

The purpose of this letter is to confirm for you in writing that Getty Oil Company and Mesa Petroleum Corporation have refused to voluntarily provide witnesses for the hearing in the above matter. We would appreciate it if you would issue those Subpoenas which we have already delivered to you.

Very truly yours,



Karen Aubrey

KA:mh

cc: William F. Carr, Esq.
Campbell & Black
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

CAMPBELL & BLACK, P.A.
LAWYERS

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February 26, 1985

HAND DELIVERED

Karen Aubrey, Esq.
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OIL CONSERVATION DIVISION

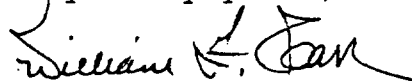
Re: Oil Conservation Division Cases 8468 and 8469: Applications of Damson Oil Corporation for Exemption from the New Mexico Natural Gas Pricing Act.

Dear Ms. Aubrey:

This letter is to confirm prior conversations between you and Michael Campbell concerning our willingness to supply witnesses from Getty Oil Company and Mesa Petroleum Co. at the time of hearing in the above-referenced cases. As Mr. Campbell advised, we are willing to provide witnesses should these cases actually come on for hearing before the Division. As we have explained to you, we are hopeful that a procedure may be reached whereby cases of this nature can be handled administratively.

It is our understanding that you have continued both of these cases to the Examiner hearings scheduled for March 27, 1985.

Very truly yours,



William F. Carr

WFC/cv

cc: Mr. Richard L. Stamets, Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501
(via hand delivery)

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

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

CASE NO. 8469

ORDER NO. _____

APPLICATION OF DAMSON
OIL CORPORATION FOR EXEMPTION
FROM THE NEW MEXICO
NATURAL GAS PRICING ACT.

PROPOSED ORDER OF THE DIVISION

BY THE COMMISSION:

This cause came on for hearing on March 27 and April 10, 1985, at Santa Fe, New Mexico, before the Oil Conservation Division of New Mexico, hereinafter referred to as the "Division", Michael E. Stogner, Examiner.

NOW, on this _____ day of April, 1985, the Division Director having considered the testimony, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the Applicant, Damson Oil Corporation, is a working interest owner in the McLeod 2E and Mesa Petroleum Co. is the operator of the McLeod 2E, which is subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as the "Act" and on February 6, 1985, filed an application seeking exemption from the pricing provisions of the Act for said well.

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Case No. 8469

Order No. _____

(3) That Damson Oil Corporation's production from said well is sold in intrastate commerce.

(4) 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.

(5) Commission Order No. R-1670-V authorized a second well on an established gas proration and drilling unit in the Basin-Dakota Pool, with findings that infill wells were necessary to recover additional gas from that pool.

(6) Since the drilling of the second well on the proration unit for that well, 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 the McLeod 2E was drilled for reasons other than avoiding the New Mexico Pricing Act.

(8) Granting an exemption from the date of first production from this well will not impair correlative rights nor cause waste.

IT IS THEREFORE ORDERED THAT:

(1) Commencing January 7, 1982, an exemption from the provisions of the New Mexico Natural Gas Pricing Act is hereby granted to the McLeod 2E, to the extent that gas from said well is sold in intrastate commerce.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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Case No. 8469

Order No. _____

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Richard L. Stamets
Director

S E A L



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

June 3, 1985

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

Ms. Karen Aubrey
Kellahin & Kellahin
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 8469
ORDER NO. R-7933

Applicant:

Damson Oil Corporation

Dear ~~SM~~Madam:

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

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other John Nance, Scott Hall, William F. Carr