

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

May 24, 1966



Well Production Company
1041 Zuni Drive
Farmington, New Mexico

Attention: Mr. N. A. Neely

Re: Classification of
King-Kutz Wells Nos. 5 & 9

Gentlemen:

Reference is made to your letter of April 25, 1966.

It is a well-known fact that the purpose of the classification of gas wells is not to cancel producible allowable but rather to allow capable wells to produce unproducible allowable, thereby permitting the pool to meet the market demand. At the same time, there is an obligation on the operator to keep the Commission properly informed as to a well's producing ability. Rule 16A of Order R-1670 has been a part of the proration rules since 1955, and I would suggest that as an operator of prorated wells, you should familiarize yourself with this rule as well as others so that you may operate to your benefit as well as the Commission's.

The Kutz #5 Well produced in April, 1965, and again in April, 1966, it produced 311 MCF. When a well does not produce for eleven months, we have no choice but to reclassify in the absence of communications from the operator. This well has 26,675 MCF underage as of May 1, 1966, and 16,746 underproduction as of February 1, 1966. As a non-marginal well, the #5 well has to overproduce its May, June and July allowable by 16,746 MCF to prevent cancellation of the underage not made up.

The Kutz #9 is now a marginal well because it did not produce a high month greater than 70% of its average six-months' allowable. (August 1, 1966, through January 31, 1966.) As of February 1, 1966, it had underproduction of 32,274 MCF. However, the first three months' production of this proration period is high enough to make up some of this underproduction. As of the 1st of May, the well still has 16,481 subject to cancellation.

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We will reclassify Kutz Wells Nos. 5 & 9 non-marginal retroactive to August 1, 1965, so that they may have the opportunity to produce accrued allowable.

Please be informed that if in the future we do not hear from you within thirty days following the end of a proration period, such wells will be classified in accordance with their production history and that administrative relief will be questionable.

Very truly yours,

ELVIS A. UTZ
Engineer

EAU:sg

cc: Oil Conservation Commission - Aztec

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