

FOR INFORMATION OF OFFICER R-1670 AND
OTHERS: THE JUNE 1952.

CASE No.

5178

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 27, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural
Gas Company for the amendment
of Order No. R-1670 and Order
No. R-333-F-1, San Juan Basin,
New Mexico.

Case No. 5178

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For New Mexico Oil Conservation
Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Neil J. Beck, Esq.
Counsel for El Paso
Natural Gas Company
and
Montgomery, Federici,
Andrews, Hannahs &
Buell
350 E. Palace Avenue
Santa Fe, New Mexico

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I N D E X

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HAROLD L. KENDRICK

Direct Examination by Mr. Beck

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E X H I B I T S

Marked

Admitted

Applicant's Exhibits 1 through 6

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MR. NUTTER: We will call Case No. 5178

MR. DERRYBERRY: Case 5178. Application of El Paso Natural Gas Company for the amendment of Order No. R-1670 and Order No. R-333-F-1, San Juan Basin, New Mexico.

MR. NUTTER: The Hearing will come to order, please.

MR. BECK: Mr. Examiner, I am Neil Beck, Senior Counsel with El Paso Natural Gas Company in El Paso, Texas, appearing for the Applicant in this Case in association with the New Mexican law firm of Montgomery, Federici, Andrews, Hannahs & Buell. I offer as evidence for this Association this written entry of appearance for the firm. I have one witness to be sworn.

(Witness sworn.)

HAROLD L. KENDRICK

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BECK:

Q Mr. Kendrick, will you please state your full name, where you reside and by whom and in what capacity you are employed?

A I am Harold L. Kendrick; I live in El Paso, Texas.

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and am employed by El Paso Natural Gas Company as a Senior Proration Engineer.

Q Have you previously testified before this Commission?

A No, sir, I have not.

Q Will you please state your educational background and experience?

A I was graduated from Texas Tech University in 1949 with a BS Degree in Petroleum Engineering. At that time I went to work for Claus Exploration Company doing gravity meter and magnetometry work until 1953. At that time I joined El Paso Natural Gas Company as a Well Test Engineer in the Production Department in Farmington, New Mexico. I later became Division Well Test Engineer and held that position until 1971 when I transferred to the main office in El Paso, Texas, as a Computer Coordinating Engineer for the Production Department. In July, 1973, I transferred to the Proration Department where I am now a Senior Proration Engineer and my duties consist of working with state regulatory Commissions in the states in which El Paso Natural Gas Company operates.

Q Are you registered as a professional engineer in New Mexico?

A Yes, sir, I am.

Q Are you familiar with El Paso's Application in this Case No. 5178?

A Yes, sir, I am.

MR. BECK: Are the Witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

MR. BECK: Thank you.

BY MR. BECK:

Q Mr. Kendrick, will you please briefly state what El Paso Natural Gas Company is seeking in this Hearing?

A El Paso is seeking to modify and clarify Order R-4583 as it pertains to gas well testing rules and procedures of the San Juan Basin of New Mexico and also to clarify some dates or periods of time as now set out in Order R-1670 for reporting of tests and of finding allowables in New Mexico.

Q Referring now to what has been designated as Exhibit No. 1, would you please explain this Exhibit to the Examiner.

A Yes, sir. This Exhibit shows that we wish to change the wording in Chapter 1, Section 1, Subsection B of Order R-4583 to read as shown in the Exhibit. The

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areas of change are indicated by underlining in red on the Exhibit.

Q How is this different from the wording presently in Order R-4583?

A This new wording asks for a 90-day period instead of a 60-day period in which to file a test on a new well, or a well that has been worked over. With this change the possibility should be lessened of having any loss of allowable due to late filing of tests resulting from unforeseen circumstances. The statement further says that any non-prorated well will be ordered shut-in on a day-for-day basis for late filing of a test. This provision is not now present in the Order.

Q Referring to what has been marked as Exhibit No. 2, would you explain this Exhibit?

A Exhibit 2 reflects that we wish to change the wording in Chapter 1, Section 2, Subsection A, Item 4, Paragraph 2 to read in its entirety: (Reading) Classification of wells into or out of the exempt marginal status shall be done once each year. This classification shall be done immediately following the reporting of September production and shall be effective for the next succeeding annual test period beginning the following March 1. (End

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of reading.)

Q Mr. Kendrick, could you please explain how this wording differs from the wording that is currently in Order R-4583?

A In the current Order R-4583, the wording states that the classification of wells into or out of the exempt marginal status shall be done once each year effective April the 1st and that's all that it does say. The wording that we have in this proposal would state that the classification would be done once each year and this classification shall be done following the reporting of the September production and is to be effective for the next succeeding annual test period beginning the following March 1st.

Q For what reason is this placed in the Order, Mr. Kendrick?

A This was placed in the Order to better enable the pipeline companies in cooperation with the operators to schedule all wells necessary for deliverability and shut-in pressure tests for the following year. We asked that the well be reclassified for test purposes during the fall of the year so that the exempt marginal status will be known prior to March the 1st when the testing will begin. In order for a pipeline company to file a schedule

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of wells to be tested with the dates applied, they must know far enough ahead of time to prepare these schedules so they can submit it at least 30 days ahead of the test period to be covered by that schedule.

Q Referring to what has been marked as Exhibit No. 3, would you please explain this Exhibit?

A Exhibit No. 3 proposes that Chapter I, Section 3, Subsection A, should be changed to read as set forth in this Exhibit No. 3.

Q How does this differ from its present Order R-4583?

A In Order R-4583 it says that the District Office of the Commission shall notify each gas transportation facility of the pools to be tested in the following testing season. In this Application we ask that the word "pools" be changed to "wells" because certain pools will be tested plus certain wells in other pools will be required to be tested also. And further we ask that the term "testing season" be changed to "testing period."

Q Referring to what has been designated Exhibit No. 4, would you please explain the significance of this Exhibit for the Examiner?

A Exhibit 4 asks that the present Order R-4583,

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Chapter I, Section 3, Subsection B, Paragraph 3, be divided into three paragraphs as indicated in our Exhibit 4.

Q Why do you propose to write these in three separate paragraphs?

A As a matter of clarification of these instructions, we feel that it is necessary to divide them into paragraphs so the proper emphasis is better expressed; such as the first paragraph stating (Reading) The gas transportation facility and the Aztec District Office of the Commission shall be notified immediately by any operator unable to conduct any test as scheduled. (End of reading.) We feel that this is now self-explanatory and this is the same wording as is the first sentence in that paragraph in the present Order.

Q How about Paragraph 2?

A Paragraph 2 has been reworded so that we can now define what schedule we are talking about. The Paragraph reads: (Reading) In the event a well is not tested in accordance with the existing test schedule, the well shall be re-scheduled by the gas transportation facility, and the Commission and the operator of the well so notified in writing. Notice to the Commission of the new schedule must be received prior to the conclusion of the newly assigned

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14-day conditioning period. (End of reading.) These words "newly assigned" are not presently in Order R-4583 and we feel that this clarifies this particular part of this testing order that says if a test is rescheduled and we're talking about a new schedule and of the newly assigned conditioning period that goes with these schedule dates for testing.

Q How about Paragraph No. 3, Mr. Kendrick? Is there any difference in the wording in your last paragraph and the words that were in the original Order?

A No, sir.

Q Then why is it set aside as a separate paragraph?

A This paragraph very definitely states that the shut-in pressure test does not necessarily have to follow the flow test in making a deliverability test. Therefore we feel that with that importance it should be something separated from the other words in this particular paragraph of the Order.

Q Referring to what has been designated as Exhibit No. 5, would you please explain the significance of this Exhibit to the Examiner?

A Exhibit No. 5 is our proposed re-wording of the General Rules and Regulations-Northwestern New Mexico as

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adopted in Order R-1670 and as amended. In Section C, Rule 8(C), Paragraph 3, we propose to change the number of days from 45 to 90 days. Exhibit 5 shows this revised paragraph in its entirety.

Q Referring to what has been identified and marked as Exhibit No. 6, would you please explain this to the Examiner?

A Exhibit No. 6 revised Rule 10(B), Paragraphs 2 and 3 by inserting "90 days" in place of "45 days."

Q What is the purpose of Exhibits 5 and 6?

A These two Exhibits are presented to clean up Order R-1670 to permit allowables to be assigned up to 90 days prior to the date of filing a C-122-A or C-104 as is provided in the revisions to Order R-4583 as we've presented in Exhibit No. 1.

Q Mr. Kendrick, were these Exhibits prepared by you or under your supervision?

A Yes, sir.

Q In your opinion will the granting of this Application protect correlative rights and prevent waste?

A In my opinion it will.

Q Are there any further comments you would like to make about this Application?

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A No, sir.

MR. BECK: Mr. Examiner, we wish to offer Exhibits 1 through 6 as evidence in this Case.

MR. NUTTER: Applicant's Exhibits 1 through 6 will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 through 6 were admitted into evidence.)

MR. BECK: Mr. Examiner, this concludes El Paso's direct testimony in this Case.

MR. NUTTER: Are there any questions of Mr. Kendrick? If there are no questions of the Witness he may be excused.

Do you have anything further, Mr. Beck?

MR. BECK: No, sir, I do not.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 5178?

MR. DERRYBERRY: Mr. Examiner, we have a letter from Amoco Production Company stating that it supports El Paso's case to amend the gas-oil testing procedures in the San Juan Basin.

MR. NUTTER: Thank you. Mr. Arnold?

MR. ARNOLD: Emery Arnold, Supervisor of District

3 in the Oil Conservation Commission. The Commission staff has consulted with El Paso and other operators concerning this Application and we concur in all the items that were recommended.

MR. NUTTER: Thank you, Mr. Arnold. Does anyone else have anything further? Yes, sir.

MR. MCCRARY: Bob McCrary of Southern Union Gas. Southern Union Gas would like to go on record as supporting El Paso's recommendation.

MR. NUTTER: Thank you, sir. Any other statements? If not we will take the Case under advisement.

The Hearing is adjourned.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE)

ss.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5178, heard by me on 2/27/74, 1974.

 Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

L. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMijo
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 30, 1974

Mr. Neil J. Beck
El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas 79978

Re: CASE NO. 5178
ORDER NO. R-1670-S & R-333-F-2
Applicant:
El Paso Natural Gas Co.
SEND BOTH ORDERS

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u> x </u>
Artesia OCC	<u> </u>
Aztec OCC	<u> x </u>

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5178
Order No. R-1670-S

Also See R-333-F-2

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR THE AMENDMENT
OF ORDER NO. R-333-F-1 AND ORDER
NO. R-1670, SAN JUAN BASIN, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 27, 1974, at Santa Fe, New Mexico, before Daniel S. Nutter.

NOW, on this 30th day of July, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 Rules 8(C)3, 10(B)2, and 10(B)3 of the General Rules and Regulations for Prorated Gas Pools, Northwestern New Mexico, as promulgated by Commission Order No. R-1670, prescribe the effective date for the assignment of an allowable to a newly completed or recompleted well, and this date is dependant upon the date after completion or recompletion, as the case may be, on which the required deliverability and shut-in pressure test is conducted and reported to the Commission.
- (3) That the applicant, El Paso Natural Gas Company, seeks the amendment of the aforesaid Order No. R-1670 to extend the time for conducting and reporting deliverability tests on newly completed wells and recompleted wells, from 60 days, as at present, to 90 days.
- (4) That the proposed amendment to the aforesaid order is in the interest of conservation, will enhance the expeditious administration of the Commission's Rules, will not cause waste nor impair correlative rights, and should be approved.

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Order No. R-1670-S

(5) That the applicant further seeks certain amendments to Commission Order No. R-333-F-1, Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico, as amended.

(6) That a separate order, designated R-333-F-2 and amending said Order No. R-333-F-1, as amended, as proposed by the applicant in the instant case, should also be promulgated.

IT IS THEREFORE ORDERED:

(1) That Rule 8(C)3 of Order No. R-1670, General Rules and Regulations for Prorated Gas Pools, Northwestern New Mexico, is hereby amended to read in its entirety as follows:

"3. A date 90 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current 'Gas Well Testing Rules and Procedures-San Juan Basin, New Mexico,' whichever date is later."

(2) That Rule 10(B)2 of said Order No. R-1670 is hereby amended to read in its entirety as follows:

"2. A date 90 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current 'Gas Well Testing Rules and Procedures-San Juan Basin, New Mexico,' or"

(3) That Rule 10(B)3 of said Order No. R-1670 is hereby amended to read in its entirety as follows:

"3. A date 90 days prior to the receipt and approval of Form C-104 by the Commission's District Office (1000 Rio Brazos Road, Aztec, New Mexico), whichever date is later. (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, Form C-103 shall also be filed in accordance with Rule 1103 of the Commission's Statewide Rules and Regulations.)"

(4) That this order shall become effective August 1, 1974.

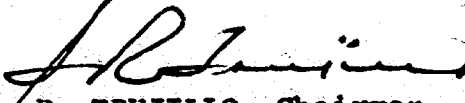
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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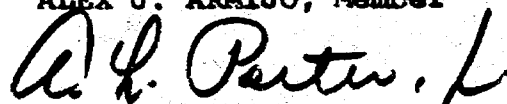
Case No. 5178
Order No. R-1670-S

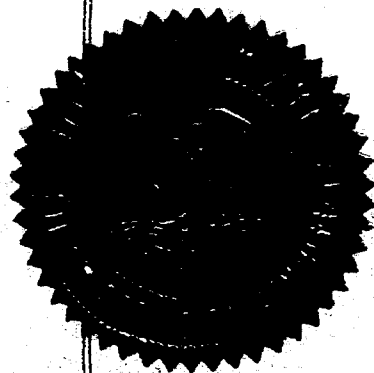
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I, R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary



S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5178
Order No. R-333-F-2

Also see R-1670-S

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR THE AMENDMENT OF
ORDER NO. R-333-F-1 AND ORDER NO.
R-1670, SAN JUAN BASIN, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 27, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of July, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 Commission Order No. R-333-F-1, as amended by Commission Order No. R-4583, requires certain annual and biennial deliverability and shut-in pressure tests for gas wells in the San Juan Basin of San Juan, Rio Arriba, McKinley, and Sandoval Counties, New Mexico, and further prescribes the times and manner for scheduling and reporting such tests and the methods by which they are to be conducted.

(3) That the applicant, El Paso Natural Gas Company, seeks the amendment of the aforesaid Order No. R-333-F-1, as amended, to extend the time for conducting and reporting deliverability tests on newly completed wells and recompleted wells, from 60 days, as at present, to 90 days.

(4) That the applicant further seeks the amendment of the aforesaid order to provide for a penalty for failure to file timely tests on non-prorated wells in much the same manner that prorated wells are penalized for such failure; further to provide for the classification of wells into "exempt marginal" status in the fall of each year for the following year's testing program;

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and to provide for a determination by the Aztec District Office of the Commission each year of the wells which are to be tested during the following year.

(5) That each of the proposed amendments to the aforesaid order is in the interest of conservation, will enhance the expeditious administration of the Commission's Rules, will not cause waste nor impair correlative rights, and should be approved.

(6) That Commission Order No. R-333-F-1, as amended by Commission Order No. R-4583, should be rescinded, and a new Order, designated R-333-F-2 and embodying Order No. R-333-F-1 as amended by Order No. R-4583 and also the amendments proposed by the applicant in the instant case, should be promulgated.

(7) That the applicant further seeks the amendment of Rules 8(C)3, 10(B)2, and 10(B)3 of the General Rules and Regulations for Prorated Gas Pools, Northwestern New Mexico, as promulgated by Order No. R-1670 as they relate to the date for filing of deliverability tests and determining the effective date for assignment of gas well allowables.

(8) That a separate order, designated R-1670-S and amending said Rules 8(C)3, 10(B)2, and 10(B)3 as proposed by the applicant in the instant case, should also be promulgated.

IT IS THEREFORE ORDERED:

(1) That effective August 1, 1974, the following Special Rules and Regulations governing gas well testing in the San Juan Basin (Counties of San Juan, Rio Arriba, McKinley, and Sandoval, New Mexico), superseding the rules and regulations contained in Commission Order No. R-333-F-1 as amended by Commission Order No. R-4583, are hereby promulgated and adopted as an exception to Rules 401 and 402 of the general statewide rules and regulations of this Commission relating to gas well testing procedures.

GAS WELL TESTING RULES AND PROCEDURES
SAN JUAN BASIN, NEW MEXICO

CHAPTER I TYPE OF TESTS REQUIRED

Section 1: Initial Deliverability and Shut-In Pressure Tests for Newly Completed Wells

- A. Immediately upon completion of each gas well in the San Juan Basin, a shut-in pressure test of at least seven days duration shall be made.
- B. Within 90 days after a well is connected to a gas transportation facility, the well shall have been tested in accordance with Section 1 of Chapter II of these rules, "Initial Deliverability and Shut-In Pressure Test Procedures," and the results of

the test filed with the Commission's Aztec office and with the gas transportation facility to which the well is connected. Failure to file said test within the above-prescribed 90-day period will subject the well to the loss of one day's allowable for each day the test is late. Non-prorated wells shall be ordered shut in one day for each day the test is late.

- C. The requirements for Initial Tests and Annual or Biennial Deliverability and Shut-In Pressure Tests and the notification requirements and scheduling of such tests which apply to newly completed wells shall also apply to reworked or recompleted wells.
- D. Any tests taken for informational purposes prior to pipeline connection shall not be recognized as official tests for the assignment of allowables.

Section 2: Annual and Biennial Deliverability and Shut-In Pressure Tests

- A. Biennial Deliverability and Shut-In Pressure Tests shall be made on all gas wells during the period from each March 1 through the last day of February of the following year except as follows:
 - 1. A newly completed well or a reworked or recompleted well shall be tested on an annual basis until three annual tests have been taken, after which the well shall be tested biennially as is required for other wells in the pool in which the well is located.
 - 2. An Annual Deliverability and Shut-In Pressure Test shall not be required during the current proration period for any well connected to a gas transportation facility after December 31. Such tests may be taken at the option of the operator of the well, however.
 - 3. When the Initial Deliverability and Shut-In Pressure Test required by Section 1-B above has been taken in accordance with the annual and biennial testing procedure outlined in Section 2 of Chapter II of these rules, the initial test may be considered the first of the three required annual tests for the well. Provided however, if the operator intends to use such initial test as the first annual test, he must notify the Commission and the

gas transportation facility to which the well is connected of his intent in writing prior to the conclusion of the 14-day conditioning period.

4. Wells classified as "exempt marginal" shall not be subject to the requirements of annual or biennial deliverability and shut-in pressure tests.

Classification of wells into or out of the exempt marginal status shall be done once each year. This classification shall be done immediately following the reporting of September production and shall be effective for the next succeeding annual test period beginning the following March 1.

Gas wells completed in the Pictured Cliffs formation or in any shallower formation which were connected throughout the year but which failed to produce in excess of 12,000 MCF of gas during the preceding 12-month period shall be classified "exempt marginal."

Gas wells completed in any formation deeper than the Pictured Cliffs formation which were connected throughout the year but which failed to produce in excess of 24,000 MCF of gas during the preceding 12-month period shall be classified "exempt marginal."

A gas well connected for less than one year may be classified as "exempt marginal" if at least three months of production history is available at the annual classification time and if the average daily rate of production clearly indicates that the well would be eligible for exempt marginal status if 12 months of production history were available.

- B. All Annual and Biennial Deliverability and Shut-In Pressure Tests required by these rules must be filed with the Commission's Aztec office and with the appropriate gas transportation facility within 60 days following the completion of each test. Provided however, that any test completed between January 10 and the last day of February must be filed not later than March 10. Failure to file any test within the above-prescribed times will subject the well to the loss of one day's allowable for each day the test is late. No extension

of time for filing tests beyond March 10 will be granted except after notice and hearing. Non-prorated wells shall be ordered Shut in one day for each day the test is late.

Section 3: Scheduling of Tests

- A. By December 1 of each year, the District Supervisor of the Aztec District Office of the Commission shall by memorandum notify each gas transportation facility of the wells which are to be scheduled for biennial testing during the following testing period from March 1 through the last day of February of the following year.

B. Annual and Biennial Deliverability Tests

By February 1 of each year, each gas transportation facility shall, in cooperation with the operators involved, prepare and submit a schedule of the wells to which it is connected which are to be tested during the ensuing March and April. Said schedule shall be entitled, "Annual and Biennial Deliverability and Shut-In Pressure Test Schedule," and shall be submitted in triplicate to the Commission's Aztec office.

At least one copy shall also be furnished each operator concerned. The schedule shall indicate the date of tests, pool, operator, lease, well number, and location of each well. At least 30 days prior to the beginning of each succeeding 2-month testing interval, a similar schedule shall be prepared and filed in accordance with the above.

The gas transportation facility and the Aztec District Office of the Commission shall be notified immediately by any operator unable to conduct any test as scheduled.

In the event a well is not tested in accordance with the existing test schedule, the well shall be re-scheduled by the gas transportation facility, and the Commission and the operator of the well so notified in writing. Notice to the Commission of the new schedule must be received prior to the conclusion of the newly assigned 14-day conditioning period.

Notice to the Commission of shut-in pressure tests which are scheduled at a time other than immediately

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following the flow test must be received prior to the time that the well is shut-in.

It shall be the responsibility of each operator to determine that all of its wells are properly scheduled for testing by the gas transportation facility to which they are connected, in order that all annual or biennial tests may be completed during the testing season.

C. Deliverability Re-Tests

An operator may, in cooperation with the gas transportation facility, schedule a well for a deliverability re-test upon notification to the Commission's Aztec office at least ten days before the test is to be commenced. Such re-test shall be for good and substantial reason and shall be subject to the approval of the Commission. Re-tests shall in all ways be conducted in conformance with the Annual and Biennial Deliverability Test Procedures of these rules. The Commission, at its discretion, may require the re-testing of any well by notification to the operator to schedule such re-test.

Section 4: Witnessing of Tests

Any Initial Annual or Biennial Deliverability and Shut-In Pressure Test may be witnessed by any or all of the following: an agent of the Commission, an offset operator, a representative of the gas transportation facility connected to the well under test, or a representative of the gas transportation facility taking gas from an offset operator.

CHAPTER II PROCEDURE FOR TESTING

Section 1: Initial Deliverability and Shut-In Pressure Test Procedure

- A. Within 90 days after a newly completed well is connected to a gas transportation facility, the operator shall complete a deliverability and shut-in pressure test of the well in conformance with the "Annual and Biennial Deliverability and Shut-In Pressure Test Procedures" prescribed in Section 2 of this chapter. Results of the test shall be filed as required by Section 1 of Chapter I of these rules.

- B. In the event it is impractical to test a newly completed well in conformance with Paragraph A above, the operator may conduct the deliverability and shut-in pressure test in the following manner (provided, however, that any test so conducted will not be accepted as the first annual deliverability and shut-in pressure test as described in Paragraph A-3 of Section 2, Chapter I):
1. A 7- or 8-day production chart may be used as the basis for determining the well's deliverability, providing the chart so used is preceded by at least 14 days continuous production. The well shall produce through either the casing or tubing, but not both, into a pipeline during these periods. The production valve and the choke settings shall not be changed during either the conditioning or flow period with the exception of the first week of the conditioning period when maximum production would over-range the meter chart or location production equipment.
 2. A shut-in pressure of at least seven days duration shall be taken. This shall be the shut-in test required in Paragraph A, Section 1 of Chapter I of these rules.
 3. The average daily static meter pressure shall be determined in accordance with Section 2 of Chapter II of these rules. This pressure shall be used as P_s in calculating P_w for the Deliverability Calculation.
 4. The daily average rate of flow shall be determined in accordance with Section 2 of Chapter II.
 5. The static wellhead working pressure (P_w) shall be determined in accordance with Section 2 of Chapter II.
 6. The deliverability of the well shall be determined by using the data determined in Paragraphs 1 through 5 above in the deliverability formula in accordance with Section 2 of Chapter II.
 7. The data and calculations for Paragraphs 1 through 6 above shall be reported as required in Section 1 of Chapter I of these rules, upon the blue-colored Form C-122-A.

Section 2: Annual and Biennial Deliverability and Shut-In Pressure Test Procedure

This test shall be taken by producing a well into the pipeline through either the casing or tubing, but not both. The production valve and choke settings shall not be changed during either the conditioning or flow periods except during the first seven days of the conditioning period when maximum production would over-range the meter chart or the location production equipment. The daily flowing rate shall be determined from an average of seven consecutive producing days, following a minimum conditioning period of 14 consecutive days production. The first seven days of said conditioning period shall have not more than one interruption, which interruption shall be no more than 36 continuous hours in duration. The eighth to fourteenth days, inclusive, of said conditioning period shall have no interruptions whatsoever. All production during the 14-day conditioning period plus the 7-day deliverability test period shall be at static wellhead working pressures not in excess of 75 percent of the previous annual or biennial 7-day shut-in pressure of the well if such previous annual or biennial shut-in pressure information is available; otherwise, the 7-day initial deliverability shut-in pressure of the well shall be used.

In the event that the existing line pressure does not permit a drawdown as specified above with the well producing unrestrictedly into the pipeline, the operator shall request an exception to this requirement on Form C-122-A. The request shall state the reasons for the necessity for the exception.

Instantaneous pressures shall be measured by dead-weight gauge during the 7-day flow period at the casinghead, tubinghead, and orifice meter, and shall be recorded along with instantaneous meter-chart static pressure reading.

When it is necessary to restrict the flow of gas between the wellhead and orifice meter, the ratio of the downstream pressure to the upstream pressure shall be determined. When this ratio is 0.57, or less, critical flow conditions shall be considered to exist across the restriction.

When more than one restriction between the wellhead and orifice meter causes the pressures to reflect critical flow between the wellhead and orifice meter, the pressures across each of these restrictions shall be measured to determine whether critical flow exists at any restriction. When critical flow does not exist at any restriction, the pressures taken to disprove critical flow shall be reported to the

Commission on Form C-122-A in item (n) of the form. When critical flow conditions exist, the instantaneous flowing pressures required hereinabove shall be measured during the last 48 hours of the 7-day flow period.

When critical flow exists between the wellhead and orifice meter, the measured wellhead flowing pressure of the string through which the well flowed during test shall be used as P_t when calculating the static wellhead working pressure (P_w) using the method established below.

When critical flow does not exist at any restriction, P_t shall be the corrected average static pressure from the meter chart plus friction loss from the wellhead to the orifice meter.

The static wellhead working pressure (P_w) of any well under test shall be the calculated 7-day average static tubing pressure if the well is flowing through the casing; it shall be the calculated 7-day average static casing pressure if the well is flowing through the tubing. The static wellhead working pressure (P_w) shall be calculated by applying the tables and procedures set out in the New Mexico Oil Conservation Commission Manual entitled "Method of Calculating Pressure Loss Due to Friction in Gas Well Flow Strings for San Juan Basin."

To obtain the shut-in pressure of a well under test, the well shall be shut in some time during the current testing season for a period of seven to fourteen consecutive days. Such shut-in pressure shall be measured during the eighth to fifteenth day following shutting in of the well. The 7-day shut-in pressure shall be measured on both the tubing and the casing when communication exists between the two strings. The higher of such pressures shall be used as P_c in the deliverability calculation. When any such shut-in pressure is determined by the Commission to be abnormally low, the shut-in pressure to be used shall be determined by one of the following methods:

1. A Commission-designated value.
2. An average shut-in pressure of all offset wells completed in the same zone.
3. A calculated surface pressure based on a measured bottom-hole pressure. Such calculation shall be made in accordance with the New Mexico Oil Conservation Commission "Back Pressure Manual," Example No. 7.

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Case No. 5178

Order No. R-333-F-2

All wellhead pressures as well as the flowing meter pressure tests which are to be taken during the 7-day deliverability test period as required hereinabove shall be taken with a deadweight gauge. The deadweight reading and the date and time according to the chart shall be recorded and maintained in the operator's records with the test information.

Orifice meter charts shall be changed and so arranged as to reflect upon a single chart the flow data for the gas from each well for the full 7-day deliverability test period; however, no tests shall be voided if satisfactory explanation is made as to the necessity for using test volumes through two chart periods. Corrections shall be made for pressure base, measured flowing temperature, specific gravity, and supercompressibility; provided however, if the specific gravity of the gas from any well under test is not available, an estimated specific gravity may be assumed therefor, based upon that of gas from near-by wells, the specific gravity of which has been actually determined by measurement.

The 7-day average flowing meter pressure shall be calculated by taking the average of all consecutive 2-hour flowing meter pressure readings as recorded on the 7-day flow period chart. The pressure so calculated shall be used in calculating the wellhead working pressure, determining supercompressibility factors, and calculating flow volumes.

The 7-day flow period volume shall be calculated from the integrated readings as determined from the flow period orifice meter chart. The volume so calculated shall be divided by the number of testing days on the chart to determine the average daily rate of flow during said flow period. The flow chart shall have a minimum of seven and a maximum of eight legibly recorded flowing days to be acceptable for test purposes. The volume used in this calculation shall be corrected to New Mexico Oil Conservation Commission standard conditions.

The average flowing meter pressure for the 7-day or 8-day flow period and the corrected integrated volume shall be determined by the purchasing company that integrates the flow charts and furnished to the operator or testing agency when such operator or testing agency requests such information.

The daily volume of flow as determined from the flow period chart integrator readings shall be calculated by applying the Basic Orific Meter Formula:

$$Q = C' \sqrt{h_w P_f}$$

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Case No. 5178
Order No. R-333-F-2

Where:

- Q = Metered volume of flow Mcfd @ 15.025, 60° F., and 0.60 specific gravity.
- C' = The 24-hour basic orifice meter flow factor corrected for flowing temperature, gravity, and supercompressibility.
- h_w = Daily average differential meter pressure from flow period chart.
- P_f = Daily average flowing meter pressure from flow period chart.

The basic orifice meter flow factors, flowing temperature factor, and specific gravity factor shall be determined from the New Mexico Oil Conservation Commission "Back Pressure Test Manual."

The daily flow period average corrected flowing meter pressure, psig, shall be used to determine the supercompressibility factor. Supercompressibility Tables may be obtained from the New Mexico Oil Conservation Commission.

When supercompressibility correction is made for a gas containing either nitrogen or carbon dioxide in excess of two percent, the supercompressibility factors of such gas shall be determined by the use of Table V of the C.N.G.A. Bulletin TS-402 for pressures 100-500 psig, or Table II, TS-461 for pressures in excess of 500 psig.

The use of tables for calculating rates of flow from integrator readings which do not specifically conform to the New Mexico Oil Conservation Commission "Back Pressure Test Manual" may be approved for determining the daily flow period rates of flow upon a showing that such tables are appropriate and necessary.

The daily average integrated rate of flow for the 7-day flow period shall be corrected for meter error by multiplication by a correction factor. Said correction factor shall be determined by dividing the square root of the chart flowing meter pressure, psia, into the square root of the deadweight flowing meter pressure, psia.

Deliverability pressure, as used herein, is a defined pressure applied to each well and used in the process of comparing the abilities of wells in a pool to produce at static wellhead working pressures equal to a percentage of the 7-day shut-in pressure of the respective individual wells. Such percentage shall be determined and announced periodically by the Commission based on the relationship of the average static wellhead working pressures (P_w) divided by the average 7-day shut-in pressure (P_c) of the pool.

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Case No. 5178

Order No. R-333-F-2

The deliverability of gas at the "deliverability pressure" of any well under test shall be calculated from the test data derived from the tests hereinabove required by use of the following deliverability formula:

$$D = Q \left[\frac{(P_c^2 - P_d^2)}{(P_c^2 - P_w^2)} \right]^n$$

Where:

- D = Deliverability Mcfd at the deliverability pressure, (P_d), (at Standard Conditions of 15.025 psia and 60°F).
- Q = Daily flow rate in Mcfd, at wellhead pressure (P_w).
- P_c = 7-day shut-in Wellhead pressure, psia, determined in accordance with Section 2 of Chapter II.
- P_d = Deliverability pressure, psia, as defined above.
- P_w = Average static wellhead working pressure, as determined from 7-day flow period, psia, and calculated from New Mexico Oil Conservation Commission "Pressure Loss Due to Friction" Tables for San Juan Basin.
- n = Average pool slope of back pressure curves as follows:

Mesaverde Formation	0.75
Dakota Producing Interval	0.75
Fruitland Formation	0.85
Farmington Formation	0.85
Pictured Cliffs Formation	0.85
Other Formations	0.75

(Note: Special Rules for Any Specific Pool or Formation May Supersede The Above Values. Check Special Rules If In Doubt.)

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Case No. 5178
Order No. R-333-F-2

The value of the multiplier in the above formula (ratio factor after the application of the pool slope) by which Q is multiplied shall not exceed a limiting value to be determined and announced periodically by the Commission. Such determination shall be made after a study of the test data of the pool obtained during the previous testing season. The limiting value of the multiplier may be exceeded only after the operator has conclusively shown to the Commission that the shut-in pressure (P_c) is accurate or that the static wellhead pressure (P_w) cannot be lowered due to existing producing conditions.

Any test prescribed herein will be considered unacceptable if the average flow rate for the final 7-day deliverability test is more than ten percent in excess of any consecutive 7-day average of the preceding two weeks. A deliverability test not meeting this requirement shall be invalid and the well shall be re-tested.

All charts relative to initial, annual, or biennial deliverability tests or photostats thereof shall be made available to the Commission upon its request.

All testing agencies, whether individuals, companies, pipeline companies, or operators, shall maintain a log of all tests accomplished by them, including all field test data.

All forms heretofore mentioned are hereby adopted for use in the San Juan Basin Area in open form subject to such modification as experience may indicate desirable or necessary.

Initial and Annual or Biennial Deliverability and Shut-In Pressure Tests for gas wells in all formations shall be conducted and reported in accordance with these rules and procedures. Provided however, these rules shall be subject to any specific modification or change contained in Special Pool Rules adopted for any pool after notice and hearing.

CHAPTER III INFORMATIONAL TESTS

- A. A one-point back pressure test may be taken on newly completed wells before their connection or reconnection to a gas transportation facility. This test shall not be a required official test but may be taken for informational purposes at the option of the operator. When taken, this test must be taken and reported as prescribed below:

ONE-POINT BACK PRESSURE POTENTIAL TEST PROCEDURE

1. This test shall be accomplished after a minimum shut-in of seven days. The shut-in pressure shall be measured with a deadweight gauge.

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Case No. 5178

Order No. R-333-F-2

2. The flow rate shall be measured by flowing the well three hours through a positive choke, which has a 3/4-inch orifice.
3. A 2-inch nipple which provides a mechanical means of accurately measuring the pressure and temperature of the flowing gas shall be installed immediately upstream from the positive choke.
4. The absolute open flow shall be calculated using the conventional back pressure formula as shown in the New Mexico Oil Conservation Commission "Back Pressure Test Manual."
5. The observed data and flow calculations shall be reported in duplicate on Form C-122, "Multi-Point Back Pressure Test for Gas Wells."
6. Non-critical flow shall be considered to exist when the choke pressure is 13 psig or less. When this condition exists the flow rate shall be measured with a pitot tube and nipple as specified in the Commission's Manual of "Tables and Procedure for Pitot Tests." The pitot test nipple shall be installed immediately downstream from the 3/4-inch positive choke.
7. Any well completed with 2-inch nominal size tubing (1.995-inch ID) or larger shall be tested through the tubing.

B. Other tests for informational purposes may be conducted prior to obtaining a pipeline connection for a newly completed well upon receiving specific approval therefor from the Commission's Aztec office. Approval of these tests shall be based primarily upon the volume of gas to be vented.

(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


I. R. TRUJILLO, Chairman

ALEX J. ARMISTO, Member


A. L. PORTER, Jr., Member & Secretary

dr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF EL PASO NATURAL GAS COMPANY)
FOR THE AMENDMENT OF ORDER #R1670)
AND ORDER #R-333-F-1, SAN JUAN)
BASIN, NEW MEXICO)

Case No. 5178

ENTRY OF APPEARANCE

Comes now Montgomery, Federici, Andrews, Hannahs and
Buell by Sumner G. Buell to enter its appearance in the above
stated case on behalf of the applicant, El Paso Natural Gas
Company.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL

By


Post Office Box 2307
Santa Fe, New Mexico 87501

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 27, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5173: (Continued from the February 13, 1974, Examiner Hearing)

Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Maude Rickman Com Well No. 1 located in Unit L of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5128: (Continued from the January 30, 1974, Examiner Hearing)

Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, both in Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its J. N. Carson Wells Nos. 4 and 9 located in Units O and K, respectively, of Section 28.

CASE 5174: Application of Gulf Oil Corporation for three dual completions and for the amendment of Order No. R-2909, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete three wells for water injection into its Central Drinkard Unit Waterflood Project in Township 21 South, Range 37 East, Lea County, New Mexico, and for production as follows:

- H. T. Mattern Well No. 8, Unit I, Section 30: Blinbry Oil Pool;
- W. T. McCormack Well No. 13, Unit A, Section 32: Tubb Gas Pool;
- J. N. Carson Well No. 4, Unit O, Section 28: Blinbry Gas Pool;

Applicant further seeks the amendment of Order No. R-2909, which authorized said waterflood project, to provide for administrative approval of additional dual injection-production wells in said unit area.

CASE 5055: (Reopened)

In the matter of Case No. 5055 being reopened pursuant to the provisions of Order No. R-4651 to permit the applicant, Merrion and Bayless, to appear and present evidence as to the method for allocating oil production to the Devils Fork-Gallup Oil Pool and to an undesignated Greenhorn Oil Pool, and gas to the Basin-Dakota Pool in its Canada Mesa Well No. 3 located in Unit A of Section 14, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, said production having been commingled in the wellbore under authority of said Order No. R-4651.

CASE 5175: Application of Flag-Radfern Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the West Sawyer-San Andres special pool rules, authority to drill a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 23, Township 9 South, Range 37 East, Lea County, New Mexico.

CASE 5176: Application of R. Q. Silverthorne for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the perforated interval from 2485 feet to 2506 feet in his Kenwood Well No. 4 located in Unit K of Section 30, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 5177: Application of Atlantic Richfield Company for the amendment of Order No. R-4549, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4549, which order established project rules for the Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico, to raise the maximum project allowable from the present 40,192 barrels per day to 40,555 barrels per day because of additional lands committed to the unit, and to provide for administrative approval for water injection wells in said project, and for inclusion of a reservoir voidage replacement credit for water injected into the Abo reservoir; applicant further seeks the amendment of Order No. R-4549 to provide that the maximum project allowable of 40,555 barrels per day would be achieved upon injection of "all available residue gas" rather than "70% of the produced gas", as now provided in the project rules. Applicant further seeks the establishment of a gas injection credit "bank", against which injection credit could be drawn in order to maintain full allowables during such times as injection plant shut-downs, etc.

CASE 5178: Application of El Paso Natural Gas Company for the amendment of Order No. R-1670 and Order No. R-333-F-1, San Juan Basin, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rules 8(C)3 and 10(B)2 and 3 of the Northwest New Mexico Gas Proration Rules as prescribed by Order No. R-1670, as amended, and Section 1 B of Chapter I of the Gas Well Testing Rules for Northwest New Mexico as prescribed by Order No. R-333-F-1, as amended, to provide for a 90-day period within which to conduct deliverability tests on newly completed wells. Applicant further seeks the amendment of the gas well testing rules to provide a production penalty for delinquency in testing non-prorated wells in the same manner as such penalty is currently applied to delinquency in testing prorated wells. Applicant further seeks clarification for the classification of exempt-marginal status for wells upon which tests are not required.

1670 NW

8 C 3

10 B 2 & 3

4085 deleted 16 A Basin Oak
Tapscott P.C.

still in there although should
have been deleted

should be the same as 16 A of
standard rules

4583 Sec 1 B

and add

penalty for non prorated wells
333 F1 as amended by

333 F1 Chap II 1 A (90)

Emergency:

Non prorated wells shall ordered shut
in one day for each day the test is late

✓

Chap I Sec 1 Subsec B

✓

Chap I Sec 2 Subsec B

✓

Sec 1, 2, & 3 of Chap I

□

Sec 1 Subsec A Chap II (Chap I)

2640
330
2310
1980
200
2180

||



Amoco Production Company
Security Life Building
Denver, Colorado 80202

February 22, 1974

File: VDP-76-986.511

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Re: Order R-1670 and Gas Well Testing Order R-333-F-1
Amendment (Case 5178)

Amoco most assuredly supports all of El Paso Natural Gas Company's proposed changes in the captioned matter to be heard February 27, 1974.

To allow 90 days rather than 60 for submitting initial and annual deliverability tests will allow more flexibility in testing and possibly permit testing under better weather conditions; consequently, it is a very practical change.

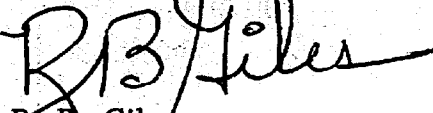
The modification to impose a penalty for delinquency in testing non-prorated wells likewise makes good sense because reasonably prompt submittal of all tests, regardless of the well's proration status, is vital to any meaningful gas well testing program.

Clarification of exempt marginal status is definitely needed. Wells which change status from exempt marginal to marginal or non-marginal after the present quarterly classification period can now be required to be tested during the peak winter sales season when a shut-in period would be most harmful to overall gas purchaser needs. These poor wells also

File: VDP-76-986.511
February 22, 1974
Page 2

are quite difficult to test in the winter months because of their low rates and usually associated water production. Under the proposed revisions, the well would be scheduled for test in April or May, regardless of when it changed status. This is a very practical move.

Yours very truly,


R. B. Giles

cc: E. C. Arnold
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

El Paso Natural Gas Company
P.O. Box 79978
El Paso, Texas

L. O. Speer, Jr., Farmington
H. O. Hickman, Building

670 272

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>1</u>
CASE NO.	<u>5178</u>

Case No. 5178

EL PASO NATURAL GAS COMPANY EXHIBIT NO. 1

In Order R-4583 under Gas Well Testing Rules and Procedures, San Juan, Basin, New Mexico change Chapter 1, Section 1, Subsection B to read in its entirety:

"Within 90 days after a well is connected to a gas transportation facility, the well shall have been tested in accordance with Section 1 of Chapter II of these rules, "Initial Deliverability and Shut-In Pressure Test Procedures," and the results of the test filed with the Commission's Aztec office and with the gas transportation facility to which the well is connected. Failure to file said test within the above-prescribed 90 day period will subject the well to the loss of one day's allowable for each day the test is late. Non-prorated wells shall be ordered shut-in on a day for day basis for late test filing."

Case No. 5178

EL PASO NATURAL GAS COMPANY EXHIBIT NO. 2

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>2</u>	
CASE NO. <u>5178</u>	

In Order R-4583 under Gas Well Testing Rules and Procedures, San Juan, Basin, New Mexico change Chapter I, Section 2, Subsection A, Item 4, Paragraph 2; to read in its entirety:

"Classification of wells into or out of the exempt marginal status shall be done once each year. This classification shall be done immediately following the reporting of September production and shall be effective for the next succeeding annual test period beginning the following March 1."

Case No. 5178

EL PASO NATURAL GAS COMPANY EXHIBIT NO. 3

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 5178

In Order R-4583 under Gas Well Testing Rules and Procedures San Juan Basin,
New Mexico change Chapter I, Section 3, Subsection A, to read in its entirety:

"By December 1 of each year, the District Supervisor of the Aztec

District Office of the Commission shall by memorandum notify each gas
transportation facility of the wells which are to be scheduled for biennial
testing during the following testing period from March 1 through the last day
of February of the following year."

Case No. 5178

EL PASO NATURAL GAS COMPANY EXHIBIT NO. 4

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO. 5178

In Order R-4583 under Gas Well Testing Rules and Procedures San Juan Basin, New Mexico change Chapter I, Section 3, Subsection B, Paragraph 3 into 3 paragraphs to read in their entirety:

"The gas transportation facility and the Aztec District Office of the Commission shall be notified immediately by any operator unable to conduct any test as scheduled.

In the event a well is not tested in accordance with the existing test schedule, the well shall be re-scheduled by the gas transportation facility, and the Commission and the operator of the well so notified in writing. Notice to the Commission of the new schedule must be received prior to the conclusion of the newly assigned 14-day conditioning period.

Notice to the Commission of shut-in pressure tests which are scheduled at a time other than immediately following the flow test must be received prior to the time that the well is shut-in."

Case No. 5178

EL PASO NATURAL GAS COMPANY EXHIBIT NO. 5

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>5</u>
CASE NO.	<u>5178</u>

In Order R-1670 as amended under General Rules & Regulations-Northwestern New Mexico change Rule 8 (C), Paragraph 3 to read in its entirety:

"A date 90 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico, " whichever date is the later."

Case No. 5178

EL PASO NATURAL GAS COMPANY EXHIBIT NO. 6

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>6</u>
CASE NO.	<u>5178</u>

In Order R-1670 as amended under General Rules & Regulations-Northwestern New Mexico change Rule 10 (B), Paragraphs 2 and 3 to read in their entirety:

2. "A date 90 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," or "
3. "A date 90 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, Form C-103 shall also be filed in accordance with Rule 1104 of the Commission's Statewide Rules & Regulations); whichever is later."

Case 5178

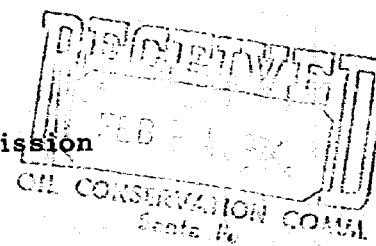
El Paso Natural Gas Company

El Paso, Texas 79999

February 1, 1974

*Please
acknowledge
this -
Ed*

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Dear Mr. Porter:

El Paso Natural Gas Company respectfully requests that you set for hearing at the earliest date, our application for changes in Order R-4583 in the Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico portion, whereby certain changes and clarifications need to be made in the existing order.

More specifically, this application concerns extending the time period required in filing an initial deliverability test to 90 days instead of the existing 60 days; setting a penalty for failure to test non-prorated wells; classification of wells into exempt marginal status in the fall of the year for next year's testing program; the determination by the Commission staff of the Aztec District Office which wells will be tested during the next year's testing period, and; better defining the re-scheduling system for gas wells.

Very truly yours,

E.R. Manning

E. R. Manning
Chief Proration Engineer

ERM:eh

DOCKET MAILED

Date 2-15-74

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR THE AMENDMENT
OF ORDER NO. R-333-F-1 AND ORDER
NO. R-1670, SAN JUAN BASIN, NEW
MEXICO.

CASE NO. 5178
ORDER NO. R-1670-S
Also See R-333-F-2

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 27, 1974
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this July day of July, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 Commission Order No. R-333-F-1, as amended
by Commission Order No. R-4333, requires certain annual
and biennial deliverability tests and shut-in pressure tests
for gas wells in the San Juan Basin of San Juan, Rio Arriba,
McKinley, and Sandoval Counties, New Mexico, and further
prescribes the times and manner for scheduling and
reporting such tests and the methods by which they
are to be conducted.~~

(2) That ~~the~~ Rules 8(B) 3, ~~and~~ 10(B) 2, and
10(B) 3 ~~prescribe~~ of the General Rules and Regulations
for Prorated Gas Pools, Northwestern New Mexico,
~~prescribe~~ as promulgated by Commission Order
No. R-1670, prescribe ^{the} effective date for the
assignment of ^{an} allowable to a newly completed
or recompleted well, and this date is dependent

upon the date after ~~the~~ completion or recompletion as the case may be, on which the required deliverability and shut-in pressure test is ~~reported~~ conducted and reported to the Commission.

(3) That the applicant, ^{El Paso Natural Gas Company,} seeks ~~and~~ the amendment of ~~said~~ the aforesaid ~~Order No. R-333-F-1, as amended,~~ ~~and~~ Order No. R-1670 to extend the ~~the~~ time for conducting ^{and reporting} deliverability tests on newly completed wells ^{and} recompleted wells, ~~and~~ from 60 days, as at present, to 90 days.

~~(6) That the applicant further seeks the amend-~~
~~ment of the aforesaid orders to provide for a penalty~~
~~for failure to file timely tests on non-prorated wells~~
~~in much the same manner that prorated wells are pena-~~
~~tized for such failure; further to provide for the classifi-~~
~~cation of wells into "exempt marginal" status in the~~
~~fall of each year for the following year's testing~~
~~and program; to provide for a determination by the~~
~~Aztec District Office of the Commission each year~~
~~of the wells which are to be tested during the~~
~~following year.~~

(4) That ~~each of~~ the proposed amendments to the aforesaid orders ~~and~~ is in the interest of conservation, will enhance the expeditious administration of the Commission's Rules, will not cause waste nor impair correlative rights, and should be approved.

~~(7) That Commission Order No. R-333-F-1, as~~
~~amended by ~~Order No.~~ Commission Order No. R-4583,~~
~~should be rescinded, and a new Order, designated~~
~~R-333-F-2 ^{and} embodying Order No. R-333-F-1 as~~
~~amended by Order No. R-4583 and also the amendment~~
~~proposed by the applicant in the instant case, promul-~~
~~gated.~~

- (5) That the applicant further seeks certain amendments to Commission Order No. R-333-F-1, Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico, as amended,
- (6) That a separate order, designated R-333-F-2 and amending said Order No. R-333-F-1 as amended, as proposed by the applicant in the ~~present~~^{instant} case, should also be promulgated.

IT IS THEREFORE ORDERED:

- (1) That Rule 8(C)3 of Order No. R-1670, General Rules and Regulations for Prorated Gas Pools, Northwestern New Mexico, is hereby amended to read in its entirety as follows:

"3. A date 90 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current 'Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico,' whichever date is later."

- (2) That Rule 10(B)2 of said Order No. R-1670 is hereby amended to read in its entirety as follows:

"2. A date 90 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current 'Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico,' or "

(3) That Rule 10(B)3 of said Order No. R-1670 is hereby amended to read in its entirety as follows:

"3. A date 90 days prior to the receipt and approval of Form C-104 by the Commission's District Office (1000 Rio Brazos Road, Aztec, New Mexico), whichever date is later. (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on the Form C-104, Form C-103 shall also be filed in accordance with Rule 1103 of the Commission's ^{Statewide} ~~Statewide~~ Rules and Regulations.)

(4) That this order shall ~~be~~ become effective August 1, 1974.

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

DONE At 57th nm c (P) e in designated
St of NM
OCC
Sigs