

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-541-2600

September 12, 1986

*Case File*  
*Case 9011*

R. L. Stamets, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Dear Dick:

Your recent memorandum, dated September 4, 1986, indicates a change in wording of Rule 402 concerning Method and Time of Shut-In Pressure Tests.

This rule should be expanded to include a specified minimum length of flow time prior to the measurement of the shut-in pressure.

This requirement for flow time may be resolved by the New Mexico Oil Conservation Division and industry in answering these two questions:

1. do you want to obtain the highest pressure possible on each well as a representation of the "stabilized reservoir pressure" or;
2. do you want to measure a pressure that represents a shut-in time of a prescribed number of hours or days, which also may or may not represent a "stabilizer reservoir pressure".

If we are searching for answers to No. 1, the answer might be forthcoming by measuring the shut-in pressure ANYTIME after a MINIMUM number of hours or days of shut-in time.

If we are searching for answers to No. 2, the answer can only be provided if each well is produced into a pipeline for a MINIMUM number of days prior to being shut-in for the prescribed number of hours or days as specified under Rule 402 (b) or (c).

I have had some discussion with a few of the New Mexico Oil Conservation Division staff members concerning this in the past few years. Each area may have its own recommendations and requirements.

El Paso Natural Gas Company has always tried to accomodate producers in establishing schedules for taking state required tests. We need guidance in establishing requirements for these tests.

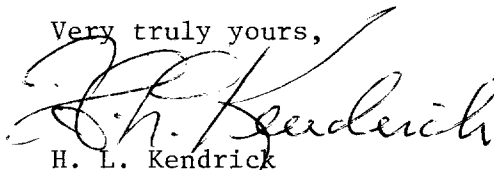
Apparently Rule 402 (a) is now intended to cause the shut-in pressures to be reported on Form C-125 to the Santa Fe office. Is this correct?

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It might also be noted that Rule 402 in this instance, is not applicable for wells in the San Juan Basin.

We will be happy to work with you and your people and other industry representatives in trying to solve this problem.

Very truly yours,

A handwritten signature in cursive script, appearing to read "H. L. Kendrick", written in dark ink. The signature is fluid and somewhat stylized, with a long horizontal stroke extending to the right.

H. L. Kendrick

je

cc: Frank Chavez, NMOCD  
Les Clements, NMOCD  
Vic Lyon, NMOCD  
Jerry Sexton, NMOCD  
Mike Stogner, NMOCD