

# *Columbus Energy Corp.*

LINCOLN TOWER BUILDING  
1860 LINCOLN STREET  
DENVER COLORADO 80295  
(303) 861 5252

November 24, 1986

New Mexico Oil Conservation Division  
Energy & Minerals Department  
P.O. Box 2088  
Santa Fe, NM 87501

*Case 9:08*

Attn: Mr. Michael E. Stogner

Dear Mr. Stogner:

Columbus Energy Corp. operates a well located in Section 22-T31N-R13W, San Juan County, New Mexico, called the Compass #1.

This well has qualified under Section 108 of the NGPA since February 23, 1979. There was a 90-day period ending June, 1981 where the production appeared to increase to above 60 MCFD. I use the word "appeared" because it was Columbus' opinion at the time (and still is) that the measuring device on the well was faulty. We wrote a letter to Southern Union Gathering, the gas purchaser, and requested that they audit the charts to verify the production numbers. We also indicated to them in that correspondence that we would not officially disqualify the well until we had sufficient documentation to prove the volumes. We had no response from them then and considered the matter settled.

By letter dated July 10, 1986, Southern Union is now claiming that the well should have been disqualified effective July 1, 1981 and that retroactive payment plus interest is due them from that period to the present. According to my interpretation of Section 271.805 (d)(2) of the NGPA, notice of disqualification has to be given within 90 days of the last day of the 90-day period in which the increase occurred. If I am reading this right, unless official written notice is given within that time frame, then Southern Union has no claim for retroactive payment. Also, to my knowledge, written notice has never been served upon the Commission or the jurisdictional agency. I notified them of these conditions in my return correspondence to them dated August 12, 1986.

By letter dated November 18, 1986, Southern Union is still demanding a refund of this alleged overpayment. Columbus is of the opinion that since the 90-day period of April-June, 1981 was

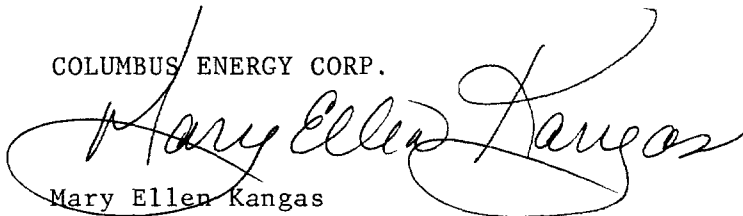
New Mexico Oil Conservation Division  
November 24, 1986  
Page Two

the only time in the well's seven year history as a stripper well that an increase fo over 60 MCFD occurred, it is likely that the measuring device was indeed defective and that no monies are due Southern Union.

Could you please verify my interpretation of the regulations regarding the disqualification period? If I am reading them accurately, Columbus and Southern Union could conclude this matter.

Thank you for your help in this regard. I am attaching copies of all related correspondence related to this sujet. Sould you have any questions, please give me a call.

COLUMBUS ENERGY CORP.



Mary Ellen Kangas  
Gas Contracts and Marketing

Enclosures

XC: Mike Logan  
Joseph Stewart

# **Southern Union Gathering Co.**

P O Box 26400, Albuquerque, New Mexico 87125, 505-888-8200

November 18, 1986

Columbus Energy Corporation  
Suite 1300  
Lincoln Tower Building  
1860 Lincoln  
Denver, Colorado 80203

Attention: NGPA Compliance Dept.

RE: NGPA Refunds - Compass #1

Gentlemen:

By letter dated July 10, 1986, Southern Union Gathering Company (SUGC) contacted Columbus Energy Corporation (Columbus) as to the fact that the Compass #1 (our well number 2606-30) was found to have disqualified as a stripper-NGPA-108 as of June 30, 1981 due to volumes exceeding 60 MCF/day for the preceding 90 day period.

SUGC has still not received the proper documentation to authorize this well to command the higher stripper-NGPA-108 price, and SUGC was notified by letter from Consolidated, dated September 3, 1981, which stated,

"Recently, production has apparently increased sharply to the point where Consolidated would have had to disqualify the well for the period April - June, 1981."

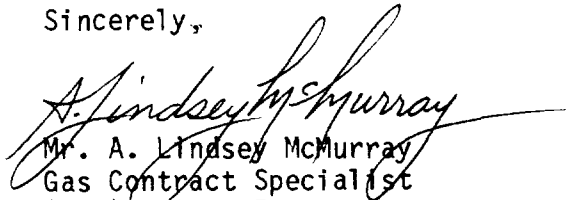
SUGC does not agree to the date that is stated above by Columbus/Consolidated. SUGC does agree the Compass #1 should have disqualified, but the date of disqualification, by definition, should have been June 30, 1981 to the present.

SUGC's field operations has verified the volumes that disqualified this well. Therefore, SUGC request refund of overpayment on the Compass #1 for the time period of July 1, 1981 to present. Attached are the calculations from our Gas Accounting Department for you to

Columbus Energy Corporation  
November 18, 1986  
Page 2

research and verify. Please send refund of overpayment in order for  
SUGC to send Consolidated/Columbus and FERC a "Statement of Concur-  
rence".

Sincerely,



Mr. A. Lindsey McMurray  
Gas Contract Specialist  
(505) 888-8387

cjc



## *Columbus Energy Corp.*

LINCOLN TOWER BUILDING  
1860 LINCOLN STREET  
DENVER, COLORADO 80295  
(303) 861-5252

August 12, 1986

Southern Union Gathering Company  
P.O. Box 26400  
Albuquerque, NM 87125

Attn: A. Lindsey McMurray

Re: Section 108  
Compass #1

Dear Mr. McMurray,

Columbus Energy Corp. is in receipt of your correspondence dated July 10, 1986 concerning the over-production which occurred on the above referenced stripper well for the period ending June 30, 1981.

I have attached for your reference, some letters which Consolidated sent out to Southern Union Gathering in early September, 1981 regarding the possibility of a faulty measuring device. To my knowledge, SUGC never responded to our inquiries nor did they conduct an audit of the charts. Since the 90-day period of May-June, 1981 was the only time the well produced in excess of 60 mcf/d since February, 1979 to the present, the likelihood of a faulty meter is even more apparent. Further, please see Section 271.805 Paragraph (d) (2) of the current NGPA regulations which requires that "Notice required under paragraph (d) (1) of this section shall be given within 90 days after the last day of the 90-day or the 12-month production period in which the increased production of natural gas occurred." We are, quite obviously, well past the 90-day notification period.

If you have any questions or wish to discuss this matter further, please give me a call.

Very truly yours,

COLUMBUS ENERGY CORP.

  
Mary Ellen Kangas  
Gas Compliance Analyst

xc: Michael M. Logan  
Joseph D. Stewart  
Dale Richardson  
NGPA Files

WBPA

SOUTHERN UNION GATHERING COMPANY  
P. O. Box 26400  
ALBUQUERQUE, NEW MEXICO 87125

RECEIVED JUL 14 1986

July 10, 1986

Columbus Energy Corporation  
Suite 1300  
Lincoln Tower Building  
1860 Lincoln  
Denver, Colorado 80203

Attention: NGPA Compliance Dept.

RE: NGPA-Refunds  
Compass #1

Gentlemen:

Southern Union Gathering Company (SUGC) has recently completed a thorough study of all contracted wells designated as stripper wells. The above referenced well (our 2606-30) was found to have disqualified as a stripper well as of June 30, 1981 due to the volumes exceeding 60 MCF/day for the preceding 90 day period.

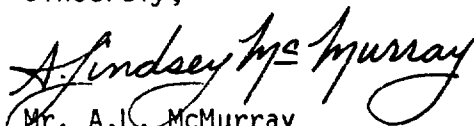
GCNM has not received a notice of over production, filing for Temporary Pressure Buildup/Seasonally Affected, and/or a refund for the time period from July 1, 1981 through November 14, 1985.

Please send the proper documentation if the filings have been made and/or favorably approved by FERC so that our files can be correctly updated. If the over-production has been overlooked please send a refund so that verification may begin and a Statement of Concurrence can be sent to you.

Your expeditious handling of this matter would be greatly appreciated.

If you have any questions or comments, please contact me at (505) 888-8387.

Sincerely,

  
Mr. A.L. McMurray  
Gas Contract Specialist

cjc



# *Consolidated Oil & Gas, Inc.*

LINCOLN TOWER BUILDING  
1860 LINCOLN STREET  
DENVER, COLORADO 80295  
(303) 861-5252

4 September 81

SOUTHERN UNION GATHERING  
ATTN: Nick Macik  
First International Building  
Dallas, Texas 75270

RE: COMPASS  
Dakota Formation  
NW SE 22 31N 13W  
San Juan County

Dear Mr. Macik,

We have good reason to believe that the MCF sales you show on your May statement for meter #2606-30, to be too high. Our field readings for the month of May were 1010 MCF. Would you review the charts on the above well?

Please notify me of your findings and how you will rectify the matter of the 2696 MCF deliveries shown on Southern Union Gathering Company's statement. This has created a problem with the well's stripper gas classification.

Thank you for your attention. I remain

Sincerely yours,

*Beth Coupens*

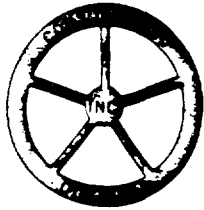
BETH COUPENS  
Production

P. S. This letter replaces letter dated 9-3-81

CC: Southern Union Expl. Co.  
208 E. Apache  
Farmington, New Mexico 87401

B. Simpkins  
Dallas, Texas

L. TESCHENDORF



# *Consolidated Oil & Gas, Inc.*

LINCOLN TOWER BUILDING  
1860 LINCOLN STREET  
DENVER, COLORADO 80295  
(303) 861-5252

September 3, 1981

Mr. Bill Simpkins  
Southern Union Gathering Co.  
First International Bldg.  
Dallas, Texas 75270

Re: Compass #1  
NGPA Section 108  
22-31N-13W, San Juan  
County, New Mexico


Dear Bill:

This well has been an approved stripper well since February, 1979. Recently, production has apparently increased sharply to the point where Consolidated would have had to disqualify the well for the period April - June, 1981.

However, it is Consolidated's opinion that the measuring device is faulty, and that the well is actually producing well under 1,800 Mcf per month. This avenue is being pursued by our engineering operations department. Until that is resolved, Consolidated will not formally disqualify the well, but will refund any funds paid by Southern Union for the "overproduction."

Yours very truly,

CONSOLIDATED OIL & GAS, INC.

  
Lynn Teschendorf  
Attorney

LT:pb

xc: Floyd Ellison  
Roxanne Hunter



NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2088, Santa Fe, New Mexico 87501

APPLICATION FOR WELLHEAD  
PRICE CEILING CATEGORY DETERMINATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION 2/23/79  
DETERMINATION 4/6/79-108  
CONTESTED No  
PARTICIPANTS Consolidated Oil & Gas, Inc.

Kind of Lease

State, Federal or Fee Fee

5. State Oil & Gas Lease No.

7. Unit Agreement Name

8. Firm or Lease Name

Compass

9. Well No.

1-22

10. Field and Pool, or Wildcat

Basin Dakota  
Dakota

1. Name of Operator

Consolidated Oil & Gas, Inc.

2. Address of Operator

1860 Lincoln Street, Suite 1300, Denver, Colorado 80295

3. Location of Well

UNIT LETTER J 1690 FEET FROM THE south 1986 FEET FROM  
THE east 22 LINE, SECTION 31N 13W TOWNSHIP 13W RANGE 13W NMPM.

13. Name and Address of Transporter(s)

Southern Union Gas Company, 1300 Fidelity Union Tower,  
Dallas, Texas 75201  
WELL CATEGORY INFORMATION

12. County

San Juan

Check appropriate box for category sought and information submitted.

☒ 1. Category(ies) Sought (By NPGA Section No.) Section 108 - Stripper

2. All Applications must contain:

☒ a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

☒ b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

☐ c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111

☒ d. AFFIDAVITS OF MAILING OR DELIVERY

☐ 3. NEW NATURAL GAS UNDER SEC. 102(c) (1) (B) (using 2.5 Mile or 1000 Feet Deeper Test)

☐ a. Location Plat

☐ 4. NEW NATURAL GAS UNDER SEC. 102(c) (1) (C) (new onshore reservoir)

☐ a. C-122 Multipoint and one point back pressure test

☐ 5. NEW ONSHORE PRODUCTION WELL

☐ a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ b. No. of order authorizing infill program

☒ 6. STRIPPER GAS

☐ a. C-116 GAS-OIL RATIO TEST Not required by field rules

☒ b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.

☒ c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME: D. T. Stogner, Jr.

SIGNED: D. T. Stogner Jr.

TITLE: Vice President, Operations

DATE: 2/20/79

APPROVED: [Signature]

EXAMINER

RECEIVED  
FEB 28 1979

Oil Conservation



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

December 30, 1986

TONY ANAYA  
GOVERNOR

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

U. S. Department of Energy  
Federal Energy Regulatory Commission  
825 South Capitol  
Washington, D. C. 20426

Attn: Brooks Carter  
Room 6410-K

202-357-9190

Case 9108

Dear Mr. Carter,

Per your telephone conversation Tuesday, December 30, 1986, concerning the FERC rules and procedures for contested disqualifications, attached is a copy of a letter recieved concerning a particular situation.

I appreciate very much your assistance in this matter since this is our first such case. Thank you.

Sincerely,

Michael E. Stogner  
Engineer

MES/et

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

In Reply Refer To:  
OPPR/N830-A

Michael E. Stogner, Engineer  
New Mexico Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

**FEB 02 1987**

*Case 9/08*

Re: Contested Notices of Stripper  
Well Disqualification

Dear Mr. Stogner:

This is in response to your letter of December 30, 1986, concerning a contested notice of disqualification of the Compass #1 well operated by Columbus Energy Corp.

Section 271.805(e) of the Commission's regulations permits the operator or purchaser to file a motion contesting the disqualification or requalification of a stripper well. Such motion should be treated by the jurisdictional agency as an application for a determination under the stripper well protest procedures. The information which must be included in a motion contesting disqualification or requalification is identified in Section 274.206(f) of the regulations. A motion contesting disqualification or requalification may be filed at any time after a notice of disqualification is received. If your agency determines that the well did not disqualify, and that determination becomes final, then no further actions are required. If you determine that the well disqualified during the disputed production period, however, then the producer would lose its right to the stripper well price until either (1) a subsequent application for stripper well determination was filed, or (2) the well requalifies under the Order No. 336 procedures.

Order No. 336, issued September 27, 1983, permits previously qualified stripper wells to requalify as stripper wells, if certain requirements are met, without the filing of a new application. The requalification rules of Order No. 336 were not effective until December 7, 1983, so wells which requalified prior to that date (and for which a new application was not filed) were not eligible to resume collection of the Section 108 price until December 7, 1983.

If you, the operator, or the purchaser have any questions regarding this matter, please contact Brooks Carter at 202-357-9190.

Very truly yours,

*Howard Kilchrist*  
Howard Kilchrist, Director  
Division of Producer Audits and Pricing

cc: Ms. Mary Ellen Kangas  
Gas Contracts and Marketing  
Columbus Energy Corporation  
1860 Lincoln Street  
Denver, Colorado 80295

Mr. A. Lindsey McMurray  
Gas Contract Specialist  
Southern Union Gathering Company  
P.O. Box 26400  
Albuquerque, New Mexico 87125

*Handwritten:*  
Kilchrist  
202-357-9190

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



February 19, 1987

GARREY CARRUTHERS  
GOVERNOR

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

Columbus Energy Corporation  
1860 Lincoln Street  
Denver, Colorado 80295

Attn: Mary Ellen Kangas  
Gas Contracts and Marketing

*Case 9/08*

Re: Contested Notice of NGPA Section  
108 Stripper Well disqualification  
Compass Well No. 1 J-22-T31N-R13W,  
San Juan County, New Mexico.

Dear Ms. Kangas:

This is in response to the letter from the F.E.R.C. dated February 2, 1987, concerning the contested notice of disqualification of the subject well operated by Columbus Energy Corporation, formerly Consolidated Oil & Gas, Inc.

It is found that if this dispute can not be settled between Columbus Energy Corporation and Southern Union Gathering voluntarily, a hearing before a Division Examiner will be required pursuant to F.E.R.C. Regulations (Sections 274.206(f) and 271.805(e)). If a hearing is required it will be necessary for both parties to appear and present testimony and evidence to support your respective claims, furthermore, the NMOC will require a showing that both parties worked diligently to settle this dispute before such hearing.

This case is being set to hearing before Examiner David R. Catanach on March 18, 1987. If additional time is needed please contact me to arrange an alternative hearing date.

If either of you should have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner  
Engineer

MES/et

xc: William J. LeMay  
David Catanach  
Southern Union Gathering Co.

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



February 19, 1987

GARREY CARRUTHERS  
SOLICITOR

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

Southern Union Gathering Company  
P. O. Box 26400  
Albuquerque, New Mexico 87125

*Case 9/08*

Attn: A. Lindsey McMurray  
Gas Contract Specialist

Re: Contested Notice of NGPA Section  
108 Stripper Well disqualification  
Compass Well No. 1 J-22-T31N-R13W,  
San Juan County, New Mexico.

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Michael E. Stogner  
Engineer

MES/et

xc: William J. LeMay  
David Catanach  
Columbus Energy Corp.



# *Columbus Energy Corp.*

LINCOLN TOWER BUILDING  
1860 LINCOLN STREET  
DENVER, COLORADO 80295  
(303) 861-5252

March 16, 1987

State of New Mexico  
Energy and Minerals Dept.  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

Attn: Mr. Michael E. Stogner

Re: Contested Notice of  
Disqualification Compass #1

Dear Michael,

Enclosed is a copy of a letter Columbus received from Southern Union Gathering in reference to the above.

It would appear that Southern Union has come to the conclusion after their further review that the well did not produce in excess of 60 mcf/d during the 90-day period in question and therefore their claim for retroactive payment from July, 1981 to the present has been rescinded.

I appreciate your efforts in helping us to resolve this matter to our mutual satisfaction.

Very truly yours,

COLUMBUS ENERGY CORP.



Mary Ellen Kangas  
Gas Contracts & Marketing

MEK/tlf

xc: Mike Campbell, Santa Fe  
Scott Hall, Santa Fe

# **Southern Union Gathering Co.**

P O Box 26400, Albuquerque, New Mexico 87125, 505-888-8200

March 12, 1987

Columbus Energy Corporation  
Suite 1300  
Lincoln Tower Building  
1860 Lincoln  
Denver, Colorado 80203

Attention: Ms. Mellon Kangas

RE: NGPA Refunds - Compass #1

Dear Ms. Kangas:

Since our last correspondence concerning the Compass #1, I have sent all of the available information to our field personnel and have asked them to research the time period in question.

The research was completed on March 5, 1987 and sent to our division office. The conclusion is as stated:

"...the charts for periods of 4/16 through 4/24/81 and 05/08 through 05/16/81 reflects orifice freezes on the entire chart. The large volumes recorded for these chart periods indicate that these freezes were integrated and treated as good flow."

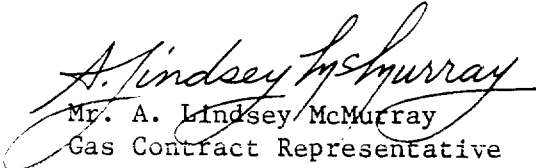
The corrected volumes for April 1981 is 1,082 MCF and for May 1981 is 2,183. These volumes do not disqualify this well from receiving the NGPA-108 price. Therefore, Southern Union Gathering can not and will not pursue the legal actions once contemplated.

Southern Union Gathering does request the refund due on the difference from the volumes paid back in 1981 and the corrected volumes as previously stated. Our quick calculations show a price difference of approximately \$6,476.13. Please check our calculations (previously sent to you) to your satisfaction and refund the overpayment made to you based on higher than actual volumes.

Columbus Energy Corporation  
March 12, 1987  
Page 2

Southern Union Gathering/GCNM are happy to set this matter behind us and look forward to rewarding and continuing business relations with Columbus. If you have any further comments or questions, please contact me at (505) 888-8387.

Sincerely,

  
Mr. A. Lindsey McMurray  
Gas Contract Representative

cjc

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

April 14, 1937

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

Ms. Mary Ellen Kangas  
Columbus Energy Corporation  
1860 Lincoln Street  
Denver, Colorado 80295

Re: CASE NO. 9108  
ORDER NO. R-8430

Applicant:

Columbus Energy Corporation

Dear Sir:

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

Sincerely,

*Florence Davidson*

FLORENE DAVIDSON  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD x

Other Southern Union Gathering Company

(i) The original determination qualifying the well as a stripper well or the pending application before a jurisdictional agency, and

(ii) The notice, if any, filed by a purchaser pursuant to § 271.805(d);

(3) The monthly production reports, tax records or billing statements for the 90-day production period in question or, if permitted by the jurisdictional agency's filing requirements, summaries of such records or billing statements;

(4) A statement of the total production for the period in question, and the average production per production day;

(5) A statement of the number of days the well was shut-in and a description of the reason for the shut-in.

(6) Engineering, geological and/or production data to support a finding that the increased rate of production was the result of a pressure buildup which occurred when the well was shut-in.

(7) A statement, under oath, that to the best of his information, knowledge and belief,

(i) The well would have produced at an average rate not exceeding 60 Mcf per production day during the relevant 90-day production period had the well been continuously open to the line during such period,

(ii) The information supplied is true, and

(iii) The petition for this determination has been served on any purchaser.

(f) *Motion contesting a disqualification or requalification.* An operator or purchaser seeking a determination under § 271.806(b), of a motion contesting a disqualification or requalification, shall file:

(1) The names and addresses of the operator and purchaser(s);

(2) An identification of the well and accurate reference to,

(i) The original determination qualifying the well as a stripper well or the pending application for the stripper well determination, and

(ii) If applicable, the notice of disqualification filed by the purchaser pursuant to § 271.805(d);

(3) A statement summarizing the reasons why the well should not be disqualified;

(4) Any documentary evidence that supports the statement made pursuant to subparagraph (3) of this paragraph; and

(5) A statement, under oath, that all of the information contained in the motion is true to the best of the operator's information, knowledge, and belief and that the motion has been served on the purchaser(s). (1902-0112)

.01 Subsections (a) and (b), 48 F.R. 44508 (September 29, 1983); subsections (c)-(f), 49 F.R. 566 (January 5, 1984).

.05 *Historical Record.*—The first sentence and subsection (a) originated in 43 F.R. 56448 (12/1/78), effective 12/1/78, and

read as follows until its amendment in 44 F.R. 49656 (8/24/79), effective 8/22/79:

(a) *Application for determination.* For purposes of initially qualifying a stripper well, the applicant shall file:

(ii) Total production for the relevant 90-day production period did not exceed 5400 Mcf; and

(iii) Based on the well's production history and any other available data, the well could reasonably have been expected to produce at an average rate not exceeding 60 Mcf per production day during the relevant 90-day production period had the well been continuously open to the line during such period.

(2) A previously qualifying stripper well is a well which:

(i) Has been determined by a jurisdictional agency to qualify as a stripper well pursuant to this subpart, or is the subject of a pending application before a jurisdictional agency, and

(ii) If disqualified, has requalified prior to the 90-day production period in which the temporary pressure buildup occurs.

**Subsection (f) newly originated in 48 F.R. 44508 (9/29/83), effective 12/7/83 as per 48 F.R. 54947 (12/7/83):**

### [¶ 24,185]

#### § 271.805 Continuing qualification.

(a) *General rule for qualification.* The maximum lawful price specified in § 271.802 shall apply to gas produced from:

(1) A well for which an application has been filed under Part 274 or a determination has been made under Part 274 that the well produced nonassociated natural gas at a rate not exceeding an average of 60 Mcf per production day for a 90-day production period; or

(2) A well for which an application has been filed under Part 274 or has been designated a seasonally affected well (as defined by § 271.803(b) of this subpart) at a rate not exceeding an average of 60 Mcf per production day for any 12-month period.

(b) *General rule for disqualification.* The maximum lawful price specified in § 271.802 shall not apply to a well otherwise qualified under paragraph (a) of this section which produces an average of more than 60 Mcf of natural gas per production day for any 90-day production period or any 12-month production period for seasonally affected wells without regard to the production of crude oil. The ceiling price for gas produced from such a disqualified well shall be the otherwise applicable maximum lawful price.

(c) *General rule for requalification.* The maximum lawful price specified in § 271.802 shall apply to natural gas produced from a well which was qualified under paragraph (a)(1) of this section but was disqualified under paragraph (b) of this section provided the production from that well decreases to a level not exceeding an average of 60 Mcf of natural gas per production day for a new 90-day production period without regard to the production of crude oil. An application to a jurisdictional agency is not required to requalify under this paragraph. Natural gas produced from a well which was qualified under paragraph (a)(2) of this section but was disqualified under paragraph (b) of this section can requalify as stripper well natural gas under this section but only be requalified as natural gas produced from a seasonally affected well by receiving a new jurisdictional agency seasonally affected determination that the natural gas qualifies under § 271.804(d) of this subpart.

(d) *Notice of disqualification.* (1) Unless exempt under § 271.804(d)(3) or 271.804(e)(4), the operator and any purchaser of natural gas shall give

written notice if a well has been disqualified under paragraph (b) of this section.

(2) Notice required under paragraph (d)(1) of this section shall be given within 90 days after the last day of the 90-day or the 12-month production period in which the increased production of natural gas occurred.

(3) Such notice shall be served on the Commission and on the operator and any purchaser, as appropriate.

(e) *Petition under § 271.806.* (1) The operator or purchaser may file with the jurisdictional agency:

(i) A motion contesting the disqualification or requalification under paragraph (b) or (c) of this section (or continuing qualification under paragraph (e)(3) of § 271.804), and include a copy if applicable, of the notice filed under paragraph (d) in the motion;

(ii) A petition for a determination under § 271.806 that the increased production of natural gas is:

(A) The result of the application of an enhanced recovery technique;

(B) If the well has not been designated as seasonally affected, the result of seasonal fluctuations; or

(C) The result of pressure buildup which occurred when the well was temporarily shut-in.

(2) A petition or motion filed under paragraph (e)(1) of this section may be filed at any time after notice is given under paragraph (d) of this section. A copy of the petition or motion and of the notice required under paragraph (d)(1) of this section shall be provided to the purchaser or operator, as appropriate.

(f) *Collection subject to refund.* An operator who files a petition or motion under paragraph (e) of this section may collect, subject to refund, the maximum lawful price set forth in § 271.802:

(1) from the last day of the 90-day or the 12-month production period in which production from the well exceeded an average of 60 Mcf per production day, if such petition or motion is filed within 150 days of the last day of such 90-day or 12-month period or

(2) from the date such petition or motion is filed in all other cases.

(g) *Filing requirements for increased production based on enhanced recovery techniques.* If subsequent to the filing of a petition it is determined that the increase in production of natural gas is the result of recognized enhanced recovery techniques, neither the operator nor the purchaser shall be obligated to report average production levels above 60 Mcf per day during any 90-day production period unless there is an increase in production resulting from causes other than use of recognized enhanced recovery techniques determined to have been used. (OMB Control Number 1902-0112)