

Entered February 25, 1981
JLR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION ON
ITS OWN MOTION TO CONSIDER AMENDMENTS
TO ITS SPECIAL RULES FOR APPLICATIONS
FOR WELLHEAD PRICE CEILING CATEGORY
DETERMINATIONS AS PROMULGATED BY
DIVISION ORDER NO. R-5878, AS AMENDED.

CASE NO. 7030
Order No. R-5878-B-1

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of February, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That by its Order No. R-5878-B, effective July 15, 1980, the New Mexico Oil Conservation Division promulgated its "Special Rules For Applications For Wellhead Price Ceiling Category Determinations" pursuant to the Natural Gas Policy Act of 1978 and to the Federal Energy Regulatory Commission (FERC) "Final Regulations Implementing Filing Requirements of the Natural Gas Policy Act of 1978," as promulgated by FERC Order No. 65 effective February 4, 1980.

(3) That subsequent to the issuance of the above-described Rules and Regulations, the FERC on August 15, 1980, entered its "Final Rules, High Cost Natural Gas Produced From Tight Formation" effective September 22, 1980, and the New Mexico Oil Conservation Division by Order No. R-6388-A dated February 10, 1981, amended and re-promulgated its "Special Rules and Procedures For Tight Formation Designations Under Section 107 of the Natural Gas Policy Act of 1978."

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(4) That the amendment and re-promulgation by the Division of said Special Rules and Procedures makes necessary certain amendments to the Division's "Special Rules For Applications For Wellhead Price Ceiling Category Determinations," as promulgated by Division Order No. R-5878-B, to wit:

(5) That subsection d of Section 2, "New Tight Formation Gas" in Rule 17 should be amended to read in its entirety as follows:

"d. map which locates and identifies the well for which the determination is sought as being within the designated tight formation."

(6) That a new Section 3, "Recompletion Tight Formation Gas," should be added to Rule 17, reading in its entirety as follows:

"3. Recompletion Tight Formation Gas

- a. FERC Form No. 121
- b. Division Form C-132 and the required attachments
- c. a map which locates and identifies the well for which the determination is sought as being within the designated tight formation
- d. the heading and pertinent portions of the well log, or a drilling report identifying the designated tight formation
- e. a statement by the applicant, under oath, that:
 - (1) the gas is being produced from a designated tight formation,
 - (2) the well was commenced but not completed for production in the designated tight formation prior to July 16, 1979, and
 - (3) the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusions."

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(7) That Form C-132, "Application For Wellhead Price Ceiling Category Determination," Revised 7-15-80, should be further revised as depicted on Exhibit A attached hereto and made a part hereof.

(8) That this order should become effective March 1, 1981.

IT IS THEREFORE ORDERED:

(1) That the New Mexico Oil Conservation Division "Special Rules For Applications For Wellhead Price Ceiling Category Determinations," promulgated by Division Order No. R-5878-B effective July 15, 1980, are hereby amended as follows:

- (a) Subsection d of Section 2, "New Tight Formation Gas: in Rule 17 is hereby amended to read in its entirety as follows:

"d. map which locates and identifies the well for which the determination is sought as being within the designated tight formation."

- (b) A new Section 3, "Recompletion Tight Formation Gas," is hereby added to Rule 17, reading in its entirety as follows:

"3. Recompletion Tight Formation Gas

- a. FERC Form No. 121
- b. Division Form C-132 and the required attachments
- c. a map which locates and identifies the well for which the determination is sought as being within the designated tight formation
- d. the heading and pertinent portions of the well log, or a drilling report identifying the designated tight formation
- e. a statement by the applicant, under oath, that:
 - (1) the gas is being produced from a designated tight formation,

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- (2) The well was commenced but not completed for production in the designated tight formation prior to July 16, 1979, and
- (3) the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusions."

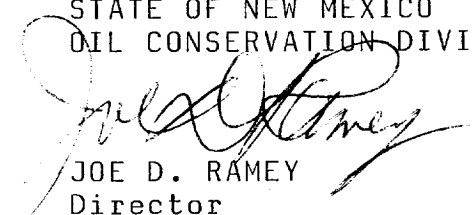
(2) That Division Form C-132, "Application For Wellhead Price Ceiling Category Determination," Revised 7-15-80, is hereby further revised as depicted on Exhibit A attached hereto and made a part hereof.

(3) That this order and the additions, amendments, and revisions contained herein shall become effective March 1, 1981.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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