



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 25, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

HAND DELIVERED

Re: *Division Case No. 12502 - Application of the New Mexico Oil Conservation Division on its own motion to further amend its "Special Rules for Applications for Wellhead Price Ceiling Category Determinations", as promulgated by Division Order No. R-5878, as amended, as necessary in order to comply with the Federal Energy Regulatory Commission's Order No. 616, which reinstated wellhead determination procedures for Section 107 gas that qualifies for a federal tax credit under Section 29 of the Internal Revenue Code.*

Dear Ms. Wrotenbery:

Since November, 2000 when the first application was filed with the Division under the new NGPA procedures enacted by the FERC, the Division has processed only 12 such filings and do not expect many more then this to be filed between now and July, 2002. That portion of the Division's current rules governing such filings was found to be adequate.

The industry has shown very little to no interest in this matter and those operators who filed such request seem pleased with the current processing method your staff is using. I do not see any benefit either the Division or industry will gain by the expenditure of anymore time on this matter. Therefore please dismiss this case.

Should it be necessary in the future to reopen this matter, the Division can and will act appropriately to consider changes it deems necessary.

Thank you.

Sincerely,

Michael E. Stogner
Division Hearing Officer/Engineer