



May 24, 1990

Amoco Production Company

501 WestLake Park Boulevard
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Case 9944

IN THE MATTER OF THE APPLICATION OF
THE OIL CONSERVATION DIVISION FOR AN
ORDER AMENDING RULE 0.1 AND REPEALING THE RULES 201,
202, 203 AND 204 AND ADOPTING NEW RULES 201,
202, 203 AND 204.

To: The Oil Conservation Commission, State of New Mexico
and Interested Parties

Amoco Production Company appreciates being heard in this matter.

Amoco supports the proposed "200 series" rules changes but believes the accompanying amendments to RULE 0.1 DEFINITIONS should be further revised prior to their adoption.

The definition of TEMPORARY ABANDONMENT is proposed as "the status of a well which is inactive and has been approved for temporary abandonment in accordance with the provisions of these rules." In turn, the proposed definition of INACTIVE WELL is "a well which is not being utilized for beneficial purposes such as production, injection or monitoring and which is not being drilled, completed, repaired or worked over." SHUT-IN WELL is proposed as meaning "a production well which is capable of production but is not currently producing, or an injection well which is not currently being used for injection. Wells with no production or injection volumes for a given reporting period shall be reported as shut-in on the appropriate report filed with the Division."

The term "inactive well" is applicable to wells that would be included in the proposed terms "temporary abandonment" and "shut-in well". From a reporting standpoint, such as on Form C-115, the difference between these latter two categories is reflective of the time period a well has been an "inactive well" and whether or not "temporary abandonment" approval has been obtained. If a well has had no activity for less than 12 months it would be an "inactive well" reportable as a "shut-in well" unless "temporary abandonment" had been approved by the Division. If a well has not been active for 12 months or more then it must be plugged and abandoned unless "temporary abandonment" status approval has been obtained.

The inclusion of a separate definition of "shut-in well" is

confusing and we believe it to be unwarranted. The addition of that definition may simply lead to controversy between lessors and lessees with respect to shut-in provisions of their leases and adds nothing beneficial to OCD rules.

Therefore, Amoco recommends that no definition of "shut-in well" be included in the rules and the proposed definitions be revised to read as follows:

TEMPORARY ABANDONMENT shall be the status of a well which has been approved for temporary abandonment in accordance with the provisions of these rules.

INACTIVE WELL shall be a well which is not being utilized for beneficial purposes such as production, injection or monitoring and which is not being drilled, completed, repaired or worked over. Wells with no production or injection volumes for a given reporting period shall be reported as shut-in or temporarily abandoned on the appropriate report, including Form C-115, filed with the Division.

We are basically reducing the definitions to the fact that a temporarily abandoned well is always an inactive well, but an inactive well is not necessarily temporarily abandoned. An inactive well has either a shut-in well status or a temporary abandoned well status.