

August 18, 1992

Ms. Florence Davidson
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
P.O. Box 2088
Land Office Building
Santa Fe, New Mexico 87504

YZ INDUSTRIES, INC.
SAMPLING SYSTEM DESIGN
& MANUFACTURING
SINCE 1949

SAMPLING EQUIPMENT FOR
NATURAL GAS LIQUIDS,
NATURAL GAS, CRUDE OIL,
REFINED PRODUCTS AND
SPECIAL PRODUCTS

CORPORATE OFFICE:
P.O. Box 890
206 LUBBOCK HWY
SNYDER, TEXAS 79549
(915) 573-8578

1400 E. NORTH BELT
SUITE 140
HOUSTON, TEXAS 77032
(713) 449-7981

2237 S. ACADIAN THRUWAY
SUITE 301
BATON ROUGE, LA. 70808
(504) 923-0951

4150 S. 100 EAST AVENUE
SUITE 200-Y
TULSA, OKLAHOMA 74146
(918) 665-0422

REPRESENTATIVES:
CALGARY
CINCINNATI
DENVER
DETROIT
PITTSBURGH
RICHMOND
SACRAMENTO
SALT LAKE CITY

Re: Case No. 10398 -- In the Matter of the hearing called by the Oil Conservation Division on its own motion to amend Rules 403 and 1110 of the General Rules and Regulations of the New Mexico Oil Conservation Division by adopting alternate methods for measuring and reporting gas production from low capacity wells.

Dear Ms. Davidson:

Thank you for your prompt response in sending me the transcripts and exhibits in the above referenced case.

Please find enclosed all the original documents which were mailed to YZ Industries, Inc. Please keep me informed of any change which might occur in this case.

Thank you for your cooperation and assistance.

Sincerely,

Wes Partain

Wes Partain
Sales Representative
Snyder, Texas

WP:bf
Enclosures

SLO LOW VOLUME STATEMENT

OCC CASE 10398

The State Land Office has been an active participant in the Low Volume Gas Well Committee, and we encourage all activities which will increase maximum recovery of oil and gas and protect the long-term interest of the state beneficiaries. As managers of the mineral estate for the Common Schools and other beneficiaries, we are concerned that low volume wells may be plugged prematurely due to uneconomical production operations. We fully support the development of alternative measurement/reporting methods, acceptable to both producers and transporters, that will prolong the life of low volume wells and responsibly increase the ultimate recovery of the natural resources.

Due to our responsibilities to the beneficiaries and the constraints imposed by statute and our rules, we cannot allow certain activities such as commingling, before marketing, of production of oil or gas from lands belonging to different trust beneficiaries or with production from any lands not belonging to the State of New Mexico. State Land Office Rules 1.053-1.055 deal specifically with commingling and off-lease storage of oil and gas on State Trust lands. We will consider alternate methods of measurement of production from wells on State lands that do not conflict with our rules and are in the best interests of the beneficiaries.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

NEW MEXICO STATE OFFICE

Post Office and Federal Building

P.O. Box 1449

Santa Fe, New Mexico 87504-1449

IN REPLY REFER TO:

3160 (922)

CONSERVATION DIVISION

RECEIVED

'91 SEP 12 AM 8 38

SEP 10 1991

Case 10398

William J. Lemay
Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposal of Low Volume Gas Well Measurement Committee for Revision of Oil Conservation Division General Rule No. 403

Dear Mr. Lemay:

Please have the following statement read into the record for the October 10, 1991, Hearing:

As a member of the Low Volume Gas Well Measurement Committee, the Bureau of Land Management, New Mexico State Office, agrees that alternative measurement methods for low volume gas wells are necessary. This is to prevent premature abandonment of wells that produce 15 MCF per day, or less, thereby conserving resources that otherwise would be lost.

Title 43, Code of Federal Regulations, Part 3162.7-3, states: Any method of gas measurement other than by orifice meter at a location on the lease, unit, unit participating area, or communitized area, requires prior approval from the authorized officer. All proposals for alternate measurement methods, including those proposed by El Paso Natural Gas Company, shall be considered on a case-by-case basis.

If you have any questions, please contact Ray Thompson or Steve Saizman at (505) 988-6161.

Sincerely,

ACTING *Mary A. Stephens*
Deputy State Director
Mineral Resources



OIL CONSERVATION DIVISION
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'91 OCT 7 AM 9 02

Amoco Production Company

Southern Rockies U.S. Business Unit
Amoco Building
1670 Broadway
Post Office Box 800
Denver, Colorado 80201
303-830-4040

October 3, 1991

William J. LeMay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

File: CAW-327-986.511

Case 10398

Comments on Proposed Revisions
NMOCD General Rule No. 403

Amoco Production Company appreciates the opportunity to comment on the proposed revisions to NMOCD General Rule No. 403 - NATURAL GAS FROM GAS WELLS TO BE MEASURED. In general, Amoco supports the proposed revision that allows the producing rate of low volume gas wells to be established by annual test.

There are some concerns we would like to express. It is imperative that the operator have sole control over which wells to apply for the measurement exception. This is currently provided for in the proposed language and should be retained. However, an additional provision is needed to address the potential for changing operating conditions. Amoco recommends that the following language be added to Rule 403.B (1) following the first sentence:

The operator may apply for a new production test on said well should operating conditions change (such as lowering of the line pressure, etc.).

We believe these revisions to General Rule No. 403 will reduce manpower requirements by both operators and transporters which should ultimately reduce operating costs preventing waste and at the same time protect correlative rights of all owners.

Sincerely,

JW Hawkins
J. W. Hawkins

JWH/jmc

cc: J. D. Hamrick - Denver
J. L. Bowen - Tulsa
Pete Mueller - Denver
Doug Whaley - Denver
Neil Allen - Denver

Bob Heath - San Juan
Gary Munson - San Juan
Bob Ramsey - Houston
Mick Will - Denver



Independent Petroleum Association of New Mexico

P.O. Box 1477 • 440 Cerrillos • Santa Fe, New Mexico 87504-1477 • (505) 982-2500

Sylvia F. Little
President

Aldrich L. Kuchera
Northern Vice President

Robert G. Armstrong
Southern Vice President

Bruce Ritter
Secretary-Treasurer

Joseph J. Kelly
Past President

Alvin Baca
Executive Director

October 3, 1991

Case 10398

Oil Conservation Division
Energy, Minerals and Natural
Resources Department
State Land Office Building
Santa Fe, New Mexico 87504

Attention: Mr. Bill LeMay, Director

Re: Alternative Measurement Methods
for Low Flow Natural Gas Wells

Dear Bill:

The Independent Producers Association of New Mexico supports the efforts by members of industry and government to develop and apply less expensive, acceptable alternative measurement methods for low flow natural gas wells. These wells produce at rates in the range of 1-5 and 5-15 dth per day. Specifically, the "Time Calculated Volume" method (5-15 dth/d) and the "Agreed Volume Method" (1-5 dth) could meet these requirements. EPNG has indicated that results of fluctuating line pressure on some wells would be negotiable. We believe that increased cost efficiency will allow these low flow wells to produce in paying quantities longer. This will result in greater revenues for ourselves and our State. Failure to approve reasonable alternative measurement methods could result in premature well abandonment, which would be a waste of our valuable mineral resources.

Very truly,

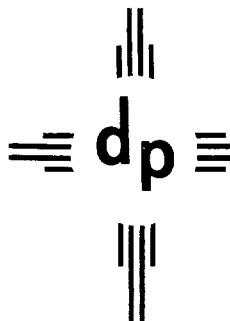
Sylvia Little
mm

Sylvia Little
President

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OIL CONSERVATION DIVISION



dugan production corp.

OIL CONSERVATION DIVISION
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September 24, 1991

Mr. William LeMay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Case 10398

RE: El Paso Natural Gas
Alternative Measurement Methods
Low Flow Gas Wells

Dear Mr. LeMay,

Dugan Production Corporation is the operator of numerous low flow gas wells in the San Juan Basin of Northwest New Mexico. Dugan Production Corp. wishes to go on record in support of the El Paso Natural Gas Co. proposal of alternative measurement methods for these low flow wells, to be heard by the N.M.O.C.D. October 10, 1991.

It is Dugan's contention that the adoption of these proposed methods will help independent operators such as ourselves compete in the gas market. These measurement methods will also avoid the premature abandonment of low producing gas wells.

Sincerely,

DUGAN PRODUCTION CORP.

Thomas A. Dugan
President

cc: Mr. Larry G. Woodard, State Director
Bureau of Land Management
P. O. Box 1449, Santa Fe, NM 87504

Mr. John Eichelman
300 Gallisteo, Suite 101
Santa Fe, NM 87504

tad/jj/cs

ROBERT L. BAYLESS

P. O. BOX 168

FARMINGTON, NM 87499

FAX NO.

(505) 326-6911

OFFICE NO.

(505) 326-2659

October 9, 1991

Oil Conservation Division
Energy, Minerals and Natural
Resources Department
State Land Office Building
Santa Fe, New Mexico

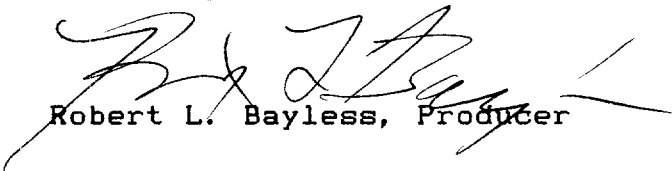
Case 10398

ATTN: MR. BILL LeMAY, DIRECTOR

Gentlemen:

Robert L. Bayless would like to go on record ^{and 1110} in support of the proposed changes to OCD General Rules No. 403¹ concerning low volume gas wells. Unfortunately, we operate a considerable amount of low volume wells in which the current metering costs meet or exceed revenues currently being generated by the well. The proposal for alternate measurement methods for low volume gas wells submitted by El Paso Natural Gas Company appears to be a win-win proposition for all concerned parties. We encourage the NMOCD and BLM regulatory agencies to accept less expensive methods of determining well production volumes to lengthen the lives of these low producing wells which in turn will increase revenues to ourselves and our state.

Sincerely,


Robert L. Bayless, Producer



State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

MATTHEW BACA
DEPUTY SECRETARY

December 30, 1991

CAMBELL & BLACK
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10398
ORDER NO. R-9617

Dear Sir:

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

Sincerely,

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM Carlsbad, Roswell, Farmington Offices
T. Kellahin
P. Pearce
K. McCord

VILLAGRA BUILDING - 408 Gallisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

LAND OFFICE BUILDING - 310 Old Santa Fe Trail

Oil Conservation Division
P.O. Box 2088 87504-2088
827-5800

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BEFORE THE

OCT 08 1991

OIL CONSERVATION COMMISSION

OIL CONSERVATION DIV.
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

THE OIL CONSERVATION DIVISION IS
CALLING A HEARING ON ITS OWN MOTION
TO AMEND RULES 403 AND 1110.

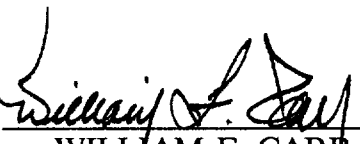
CASE NO. 10398

ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Amoco Production
Company.

Respectfully submitted,

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.,

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO
PRODUCTION COMPANY

BEFORE THE
OIL CONSERVATION COMMISSION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

THE OIL CONSERVATION DIVISION IS
CALLING A HEARING ON ITS OWN MOTION
TO AMEND RULES 403 AND 1110.

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By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO
PRODUCTION COMPANY

RECEIVED

OCT 08 1991

OIL CONSERVATION DIV.
SANTA FE

New Mexico Register

Volume II Number 18

September 30, 1991

Albuquerque: Freeman Library, UNM; Albuquerque Public Schools, Oak Street	Gallup: John F. Kennedy Middle School Auditorium, 600 S. Boardman Dr	Oct. 15, 1991	7:00 p.m.
Santa Fe: Fogelson Library, College of Santa Fe, 1600 St. Michaels	Santa Fe: State Education Bldg., Mabry Hall, 300 Don Gaspar	Oct. 15, 1991	6:30 p.m.
Farmington: Learning Resources Center, San Juan College	Chama Elementary School Auditorium	Oct. 16, 1991	7:00 p.m.
Alamosa: College of the Southwest, Scarborough Memorial Library	Farmington High School, Little Theatre, 2200 Sunset Ave.	Oct. 16, 1991	7:30 p.m.
Albuquerque: Education Building Resource Center, Eastern New Mexico University	Silver City High School Auditorium, 32nd & Silver Streets	Oct. 17, 1991	7:00 p.m.
Las Vegas: Education Building, Highlands University	Albuquerque: TVI Board Room, 525 Buena Vista, S.E.	Oct. 17, 1991	4:00 p.m.
Las Cruces: Learning Resource Center O'Donnell Hall, New Mexico State University	Raton High School Library, 1535 Tiger Circle	Oct. 17, 1991	7:00 p.m.
Albuquerque: Secor Hall, Western New Mexico University	Alamogordo, New Mexico State University, Alamogordo Branch, Rehovec Building	Oct. 18, 1991	7:00 p.m.

NEW MEXICO STATE BOARD OF EDUCATION

NOTICE OF PUBLIC HEARING

The New Mexico State Department of Education ("Department") will convene public hearings as set forth herein for the purpose of receiving comments on the following matters:

Proposed Standards for Excellence, which was mailed to all school superintendents, public schools, accredited private schools, and other education agencies in August, 1991.

The hearings will be held on the following dates and times:

Place	Date	Time
Albuquerque: Municipal Schools, Central Office Conference Room, 515 N. Sanger	Oct. 7, 1991	6:30 p.m.
Las Vegas: Highlands University, Student Center	Oct. 9, 1991	6:30 p.m.
Las Cruces: Public Schools, Board Meeting Room, 301 West Amador Ave.	Oct. 10, 1991	5:00 p.m.
Las Vegas: Central Office Board Room	Oct. 14, 1991	7:00 p.m.
Roswell: Eastern New Mexico University, Roswell Campus, Multi-Purpose Room 110	Oct. 14, 1991	6:00 p.m.
Albuquerque: Community College, Town Hall	Oct. 15, 1991	6:30 p.m.

We strongly encourage you to attend the hearing that is most convenient to you or you may respond in writing to Jeanne Knight, Associate Superintendent for Learning Services, State Education Building, 300 Don Gaspar, Santa Fe, New Mexico 87501-2786.

For additional copies of the proposal, contact Sandra Rokoff at 827-6692.

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
Santa Fe, New Mexico

NOTICE OF PUBLICATION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and Rules and Regulations of said Commission promulgated thereunder of the following public hearing to be held at 9:00 A.M. on THURSDAY, OCTOBER 10, 1991, at Morgan Hall, State Land Office Building, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO

All names parties and persons
having any right, title, interest

New Mexico Register

Volume II Number 18

September 30, 1991

or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 10398:

In the matter of the hearing called by the Oil Conservation Division on its own motion to amend Rules 403 and 1110 of the General Rules and Regulations of the New Mexico Oil Conservation Division by adopting alternate methods for measuring and reporting gas production from low capacity wells.

RULE 403. - NATURAL GAS FROM GAS WELLS TO BE MEASURED

A. All natural gas produced shall be accounted for by metering or other method approved by the Division and reported to the Division by the transporter of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility shall be reported by the operator of the well.

B. An operator may apply to the OCD District Supervisor, using form C-110, for approval of one of the following procedures for measuring gas:

(1) In the event a well is not capable of producing more than 15 MCFD, a measurement method agreed upon by the operator and pipeline whereby the parties establish by annual test the producing rate of said well under normal operating conditions and apply that rate to the period of time the well is in a producing status. In the event such well is capable of producing greater than 5 MCFD, a device shall be attached to the line which will determine the actual time period that the well is flowing.

(2) Any well which has a producing capacity of 100 MCFD or less and which is on a multi-well lease may be produced without being separately metered when the gas is measured using a lease meter at a Central Point Delivery (CPD). The ownership of the lease must be common throughout including working interest, royalty and over-

riding royalty ownership.

C. Operators and transporters shall report the well volumes on Forms C-115 and C-111 based upon the approved method of measurement and, in the case of a CPD, upon the method of allocation of production to individual wells approved by the District Supervisor.

RULE 1110 - APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD (FORM C-110)

A. Form C-110 shall be used in authorizing an alternate procedure for measuring gas production from a well which is not capable of producing more than 15 MCFD (Rule 403.B.(1)) or for any well which has a producing capacity of 100 MCFD or has and is on a multi-well lease (Rule 403.B.(2)).

B. All applicable information required on Form C-110 shall be filled out with the required supplemental information attached, and shall be submitted in QUADRUPLICATE to the appropriate district office of the Division.

GIVEN Under the Seal of the New Mexico Oil Conservation Commission of New Mexico on this 24th day of September, 1991.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

/s/ WILLIAM J. LEMAY, Director

SEAL

NEW MEXICO ENVIRONMENTAL IMPROVEMENT BOARD

NOTICE OF PUBLIC HEARING TO CONSIDER PROPOSED AMENDMENTS TO THE STATE IMPLEMENTATION PLAN'S AIR QUALITY PROVISIONS FOR ANTHONY, NEW MEXICO

The New Mexico Environmental Improvement

Board will hold a public hearing on November 8, 1991, beginning at 1:00 p.m., in the Harold Runnels Building Auditorium, 1190 St. Francis Drive, Santa Fe, New Mexico, to consider proposed amendments to the State Implementation Plan (SIP) for Air Quality.

The proponent of the amendment is the New Mexico Environment Department. The proposal consists of revisions to the PM₁₀ (particulate matter less than or equal to 10 microns in diameter) SIP for Anthony, New Mexico. The proposed amendment is required in order for the State to meet requirements contained in the federal Clean Air Act.

The proposed amendment may be reviewed during regular business hours at the office of the Environmental Improvement Board, Harold Runnels Building, 1190 St. Francis Drive, Room S-4100, Santa Fe, NM or copies may be obtained by contacting Ms. Lany Weaver, Air Quality Bureau Environmental Engineer, 1190 St. Francis Drive, Room S-2100, Santa Fe, NM, telephone number 827-2859.

All interested persons will be given a reasonable opportunity at the hearing to submit relevant evidence, data, views, and arguments, orally or in writing, to introduce exhibits and to examine witnesses in accordance with the Environmental Improvement Act, Section 74-1-9 NMSA 1978, the Air Quality Act, section 74-2-6 NMSA 1978 and the Board's Guidelines Governing hearings.

Persons desiring to present technical testimony shall submit to the Board a written statement of intent to do so. Persons paraphrasing, summarizing or reading from a prepared statement must submit the written testimony together with the statement of intent and shall be received by the Office of the Board not later than 5:00 p.m. October 29, 1991. Notices of intent must include:

1. name and qualification of each technical witness;
2. the name of the person proffering the witness;
3. whether the person proffering the witness is a proponent, opponent, or interested party;
4. description of the nature, subject and anticipated length of the testimony;
5. identify the specific aspects and proposed action along with alternative language proposal where appropriate;
6. a list and description of technical exhibits to be offered in connection with the



IN REPLY REFER TO:
3160 (922)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

NEW MEXICO STATE OFFICE

Post Office and Federal Building

P.O. Box 1449

Santa Fe, New Mexico 87504-1449

October 3, 1991

Case 10398

William J. LeMay
Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Re: Hearing for Revision of OCD General Rule No. 403;
Proposal of Low Volume Gas Well Measurement Committee.

Dear Mr. LeMay:

The New Mexico Bureau of Land Management wishes to make an oral statement for the record during the October 10, 1991, hearing. Due to conflicts in scheduling, we would appreciate being given the opportunity to present our statement prior to 10:00 a.m.

We appreciate this opportunity to present our position statement. Please notify this office of the time available.

Sincerely,

Gilbert O. Lockwood
Deputy State Director
Mineral Resources

CASE 10398

In the matter of the hearing called by the Oil Conservation Division on its own motion to amend Rules 403 and 1110 of the General Rules and Regulations of the New Mexico Oil Conservation Division by adopting alternate methods for measuring and reporting gas production from low capacity wells.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

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STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

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CASE 10398:

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A. All natural gas produced shall be accounted for by metering or other method approved by the Division and reported to the Division by the transporter of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility shall be reported by the operator of the well.

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C. Operators and transporters shall report the well volumes on Forms C-115 and C-111 based upon the approved method of measurement and, in the case of a CPD, upon the method of allocation of production to individual wells approved by the District Supervisor.

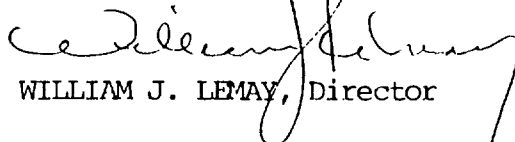
Rule 1110 - APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD (FORM C-110)

- A. Form C-110 shall be used in authorizing an alternate procedure for measuring gas production from a well which is not capable of producing more than 15 MCFD (Rule 403.B.(1)) or for any well which has a producing capacity of 100 MCFD or has and is on a multi-well lease (Rule 403.B.(2)).
- B. All applicable information required on Form C-110 shall be filled out with the required supplemental information attached, and shall be submitted in QUADRUPLICATE to the appropriate district office of the Division.

GIVEN Under the Seal of the New Mexico Oil Conservation Commission of New Mexico on this 24th day of September, 1991.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION


WILLIAM J. LEMAY, Director

S E A L