

§ 272.103 Definitions.

(a) "Deregulated natural gas" means:

(1) Natural gas for which a jurisdictional agency determination has become final under Parts 274 and 275 that the gas qualifies as:

- (i) Deep, high-cost natural gas;
- (ii) Gas produced from geopressured brine;
- (iii) Occluded natural gas produced from coal seams; or
- (iv) Gas produced from Devonian shale.

(2) Natural gas for which a jurisdictional agency determination becomes final under Parts 274 and 275 and which is sold in a first sale on or after January 1, 1985, and such gas qualifies as:

(i) New natural gas as defined in § 271.203;

(ii) Natural gas produced from any new, onshore production well if such gas as defined in § 271.303:

(A) Was not committed or dedicated to interstate commerce (as defined in NGPA section 2(18)) on April 20, 1977; and

(B) Is produced from a completion location which is located at a depth of more than 5,000 feet.

(3) Natural gas sold under an existing intrastate contract, any successor to an existing intrastate contract, or any intrastate rollover contract, if:

(i) Such natural gas was not committed or dedicated to interstate commerce on November 8, 1978; and

(ii) In the case of any existing or successor intrastate contract,

(A) the price paid for the last deliveries of such natural gas occurring on December 31, 1984, or, if no deliveries occurred on such date, the price that would have been paid if deliveries occurred on such date is higher than \$1.00 per MMBtu, and

(B) such gas is not subject to the maximum lawful price in section 271.502(b); or

(iii) In the case of any rollover contract, the price paid on December 31, 1984, or if no deliveries occurred on such date, the price that would have been paid had deliveries occurred on such date is higher than \$1.00 per MMBtu.

(b) "Deep, high-cost natural gas" is natural gas which is produced:

(1) from any well, the surface drilling of which began on or after February 19, 1977; and

(2) from a completion location which is located at a depth of more than 15,000 feet.

(c) "Natural gas produced from geopressured brine" is natural gas which is dissolved before initial production of the natural gas in subsurface brine aquifers with at least 10,000 parts of dissolved solids per million parts of water and with an initial reservoir geopressure gradient in excess of 0.465 pounds per square inch for each vertical foot of depth.

(d) "Occluded natural gas produced from coal seams" means naturally occurring natural gas released from entrapment from the fractures, pores and bedding planes of coal seams.

(e) "Natural gas produced from Devonian shale" means natural gas produced from the fractures, micropores and bedding planes of shales deposited during the Paleozoic Devonian Period. "Shales deposited during the Paleozoic Devonian Period" means the gross Devonian age stratigraphic interval encountered by a well bore, at least 95 percent of which has a gamma ray index of 0.7 or greater. The gamma ray index at any point is to be calculated by dividing the gamma ray log value at that point by the gamma log value at the shale base line established over the entire Devonian age interval penetrated by the well bore.

DEPARTMENT OF NATURAL RESOURCES OFFICE OF ENERGY REGULATION
MMOCD EXHIBIT NO. 7
CASE NO. 8903