

Case Number

4691

Application

Transcripts

Small Exhibits

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
COUNTRY CLUB
HOBBS, NEW MEXICO
April 19-20, 1972

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil
Conservation Commission on its
own motion for the amendment of
the General Rules and Regulations
governing the prorated gas pools
of New Mexico.

Case No. 4691

BEFORE: Alex Armijo
Examiner

A. L. Porter, Jr.
Examiner

TRANSCRIPT OF HEARING

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1 MR. PORTER: We will now take up Case 4691.

2 MR. HATCH: Case 4691 is in the matter of the
 3 hearing called by the Oil Conservation Commission on its
 4 own motion for the amendment of the General Rules and
 5 Regulations governing the prorated gas pools of New Mexico.

6 MR. PORTER: How many witnesses will you have?

7 MR. HATCH: I will have one witness.

8 ELVIS UTZ

9 was called as a witness and after being duly sworn according
 10 to law, testified as follows:

11 DIRECT EXAMINATION

12 BY MR. HATCH:

13 Q Would you state your name and position for the record?

14 A Elvis Utz, Engineer with the Oil Conservation
 15 Commission.

16 Q As an Engineer for the Oil Conservation Commission,
 17 are you directly charged with any duties concerning
 18 the prorating of gas in New Mexico?

19 A Yes, I am.

20 Q How long have you held such a position?

21 A That's a question I can't answer exactly, but it's
 22 around sixteen or seventeen years. I have been with
 23 the Commission for twenty-three years.

24 Q Are you familiar with the general rules and regulations
 25 governing the prorating of gas pools in New Mexico?

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- 1 A Yes.
- 2 Q Are you familiar with Case 4691 and what it proposes?
- 3 A Yes I am.
- 4 Q I believe the case was advertised for really about
- 5 three changes to be made in the rules and regulations
- 6 promulgated by Order R-1670.
- 7 Will you present to the Commission each proposed
- 8 change and the reason for your recommendation?
- 9 A Yes, sir. Basically this entire case is pointed toward
- 10 the changing of the length of the proration period from
- 11 six months to one year.
- 12 In addition to that changing the beginning
- 13 of the Northwest New Mexico prorationing period from
- 14 February 1st to January 1st, so the beginning of the
- 15 prorationing period in both areas will coincide.
- 16 Q The rules for Southeast New Mexico and Northwest
- 17 New Mexico were slightly different. Would you take
- 18 up the rule changes for each, for the Southeast first,
- 19 and point out to the Commission the changes that you
- 20 suggest be made?
- 21 A Yes, I will, but first let me state my reasons for
- 22 making this suggestion.
- 23 Q All right.
- 24 A Number one, in my opinion, the prorationing period
- 25 will greatly assist in balancing production and it will

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1 also compensate for overproduction which is
2 substantial and assist in balancing the wells.

3 Number two, I believe these twelve month
4 prorationing periods would eliminate some of the
5 unnecessary balancing that we have to do with making
6 wells come into balance in the six month prorationing
7 period.

8 Number three, I believe that this will be more
9 workable and allow prorationing to work inside the
10 rules rather than by exception. I mean the exceptions
11 we granted over the past several years, exceptions
12 to Rule 14 and Rule 15, and of the General Rules
13 of R-1670.

14 These exceptions have been basically to
15 accept the cancelling and redistributing of the
16 underproduction on the six months basis. Actually
17 these exceptions work out to be, when we give clear
18 cut exceptions, they work out to be eighteen month
19 prorationing periods.

20 I have some evidence here which I will give now
21 or later which refer to the fact that these one
22 year prorationings will assist in balancing the wells
23 and also eliminate considerable work.

24 I will call your attention first to the General
25 Rules of Southeast New Mexico as they appear in R-1670.

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1 I am proposing to delete this Rule and
 2 substitute the following Rule. This Rule is
 3 printed in its entirety in Rule 13.

4 Seven A.M., January 1st of each year shall
 5 be known as the balancing date and the twelve
 6 months following the date shall be known as the
 7 gas proration period.

8 Now, if you will turn over one page, I have
 9 offered an additional Exhibit, with a circle marked
 10 around 13. I do this to show what the old Rule
 11 was and the Rule read there somewhat differently
 12 than my recommendation.

13 The second Rule I have recommended is to
 14 change Rule 21 and I recommend we delete the Rule
 15 as follows: C-111 shall be submitted in duplicate,
 16 and the original being sent to The Commission at
 17 Box 208A, Santa Fe, New Mexico, and the other
 18 being sent to Box 1980, Hobbs, New Mexico.

19 On the second page you will note that Rule 21D
 20 is also marked with a circle and the only change here
 21 is simply the change in address of the Commission.
 22 Q That rule change has nothing to do with the twelve
 23 month proration period?

24 A No. Rule 13 takes care of that in its entirety.

25 Q Those are all the changes that you are recommending

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1 for Southeast New Mexico?

2 A Correct.

3 Q Would you turn to the part having to do with Northwest
 4 New Mexico and point out to the Commission each of
 5 the proposed changes there?

6 A Yes.

7 I will start with Rule 9D. The annual
 8 allowable test taken each year shall be used to
 9 calculate the allowable for the twelve month
 10 period beginning -- the only word change would be
 11 January 1st.

12 The old Rule, 9D, is also marked with a circle
 13 on the page following.

14 Rule 11 would read as follows: Rule 11, a
 15 minimum allowable of 1,000 MCF per month per
 16 proration unit will be assigned in order to avoid
 17 premature damaging of the wells.

18 Q Are there some pools in Northwest New Mexico that
 19 have a minimum allowable of 1,000 MCF per month at
 20 present?

21 A Yes, all the pools in the Northwest with the exception
 22 of the Dakota.

23 This rule I have just suggested, I offer this
 24 suggestion in the interest of not only administration
 25 work, but also in the interest of the processing

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1 machine. They have a way of not knowing whether
2 two pools are a little different than each other.

3 Q Has there ever been a hearing suggesting a minimum
4 allowable for these two pools where it had been
5 decided?

6 A Yes, regarding 2,500 MCF.

7 Q Do you think the situation has changed?

8 A In my opinion, it has.

9 Q Will you continue with Rule 13?

10 A Rule 13 would be as follows: Seven A.M., January 1st,
11 of each year, will then be the balancing date and
12 the twelve months following the dates shall be known
13 as the gas proration period.

14 You will also note the old reading of that Rule
15 is circled on the first page following this. All this
16 did was to change the proration period from February 1st
17 and August 1st, to January 1st, which would coincide
18 with Southeast New Mexico.

19 Form C-111 referred to herein, shall be submitted
20 the original will be sent to The Commission Office at
21 Box 208A, Santa Fe, New Mexico, and the remaining
22 copies will be sent to Box 1000, Aztec, New Mexico,
23 and Box 1980, Hobbs, New Mexico, respectively.

24 This change has nothing to do with the one
25 year prorationing recommendation, but simply corrects

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1 the address.

2 Q You have two sheets here, one entitled "Overproduction"
 3 and one entitled "Underproduction", I think you
 4 suggested a moment ago that this one year period
 5 would aid the administration of gas prorationing;
 6 would you refer to those two parts now and explain to
 7 the Commission what they show?

8 A Yes. I will refer to the Exhibit marked "Underproduction"
 9 first. You will note that the nine prorated gas pools
 10 in Northwest New Mexico are shown on the left-hand
 11 column with figures following under each column.

12 The first column was at the beginning of one
 13 of our exceptions. As a matter of fact, it was one
 14 of our three exceptions we have had in recent years
 15 in Northwest New Mexico.

16 In the Southeast at the present time that
 17 column shows 11.4 million beginning on 1/31/71 and
 18 was made up during the following year and was
 19 9.6 million or 84.7 percent.

20 We have a skip in our data which I didn't have
 21 time to pick up which doesn't show what the underage
 22 was in the middle of the one year period, or six
 23 month period. So, I will just have to testify as
 24 fact here that it was very substantial. Much of
 25 the underage was made up in the last six months of

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1 the period for the one year period. We then
 2 begin with 1/31/71, for the other exception of 1.7
 3 million which was the remaining underage and which
 4 was to be made up. 1.87 of the underage was made
 5 up for the following period or 7.7 percent.

6 The last column shows that of the 11.4 gain
 7 for the one year period, only 7.6 was cancelled and
 8 all the rest was made up.

9 Now, rather than go into this and read all the
 10 figures, I will just state the following: The
 11 other eight prorated gas pools you will note one
 12 figure that balanced in its entirety as far as
 13 underproduction is concerned.

14 You will also note under the amount cancelled,
 15 the next last column, virtually all of the underage
 16 was made up.

17 Q Mr. Utz, is it your opinion that less gas was
 18 cancelled due to this one year suspension than if
 19 it had gone through a six month balancing period?

20 A It is very definitely my opinion, I'm sure of it.

21 The next sheet is captioned "Overproduction".
 22 Anytime you have underproduction in a pool you must
 23 have overproduction or you don't meet the market
 24 demand. These were exceptions granted in order to
 25 balance overproduced wells as well as to make up

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1 underproduction. This Exhibit shows the amount of
 2 overproduction that was compensated for. I will
 3 take again the base of the Dakota pool and the
 4 overproduction was in the amount of 5.3 million.

5 At the end of the first year it made up 5.3,
 6 a little less, about 99.9 percent. Only 1/10th
 7 of 1 percent was left to be made up, and this was
 8 never made up and the well was shut-in 4.1 percent.

9 The other seven pools made up all of their
 10 overproduction in the following one year period.

11 Q Mr. Utz, I think you are recommending a one year
 12 proration period, but I don't believe you have made
 13 any recommendations as to when this would commence.

14 A Well, I thought I had -- you mean the first one?

15 Q The first period, yes.

16 A I recommend that the first balancing period from
 17 this time forward be January 1, 1973. This would
 18 eliminate the balancing period in the middle of this
 19 year in Southeast New Mexico. This would be July 1st.

20 In Northwest New Mexico it would be August 1st,
 21 and in effect what it will do is it will give Northwest
 22 New Mexico an eleven month prorationing period in
 23 order for it to coincide with the Southeast. It will
 24 have no effect on Southeast New Mexico in view of
 25 the fact that we already have an exception and we

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- 1 precluded balancing in the middle of this year.
- 2 So the balancing would be done not only in accordance
- 3 with the exception, but within accordance with this
- 4 recommendation, if the Commission adopts it.
- 5 Q So you would, in fact, be treating 1972 prorationing
- 6 under that procedure?
- 7 A That is correct.
- 8 Q What underage -- you say the first balancing period
- 9 will be January 1, 1973, what underage would be
- 10 subject to cancellation, at that time?
- 11 A The first of 1973, was that your question?
- 12 Q I believe the first balancing period would be
- 13 January 1, 1973?
- 14 A That is correct. The entire status as of January 1,
- 15 1972, in Southeast New Mexico, and February 1, 1972,
- 16 in Northwest New Mexico, would be subject to cancellation
- 17 and redistribution under our suggested rules.
- 18 On January 1, 1973, the underage then accrued
- 19 during this current proration period, the one we
- 20 are in now, would not be subject to cancellation until
- 21 the end of 1973.
- 22 Q I believe those are all the questions, I have. Do
- 23 you have anything further you want to add to your
- 24 testimony?
- 25 A I have a suggestion which I will not make as a

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1 recommendation, I will only throw it out as a
2 suggestion to be considered. Had I been a little
3 more serious about the thought I would have made
4 it in the form of a recommendation and that is to
5 put up bi-monthly prorationing schedules, if the
6 Commission adopts the twelve month prorationing
7 period rather than the monthly schedules.

8 In my opinion, it would be just as satisfactory
9 as far as assignments of allowables are concerned
10 and it would preclude a substantial amount of
11 printing and a substantial amount of work on the
12 machines, and it would be just as satisfactory as
13 monthly proration periods -- proration schedules,
14 I'm sorry.

15 MR. PORTER: Does anyone have any questions of
16 the witness?

17 MR. ARNOLD: You are not recommending any
18 changes of the six times rule?

19 THE WITNESS: I am recommending that the six
20 times rule stay as it is.

21 MR. PORTER: Does anyone else have any questions
22 of the witness?

23 (No response)

24 MR. PORTER: If not, the witness may be excused.

25 (Witness excused.)

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1 MR. HATCH: The Commission has received a
2 telephone call from Amoco Production Company in favor
3 of the revision of Rule 13 to allow a one year prorationing
4 period.

5 MR. PORTER: Are there any other communications?

6 MR. HATCH: I haven't received any.

7 MR. PORTER: Does anyone else desire to give
8 any testimony in this case?

9 MR. MANNING: E. R. Manning of El Paso Natural
10 Gas. El Paso Natural Gas, in the matter of the hearing
11 called by the Oil Conservation Commission in Case 4691,
12 El Paso Natural Gas concurs with the proposed amendment
13 to the General Rules and Regulations governing prorationing
14 gas pools.

15 El Paso Natural Gas is of the opinion that the
16 amendments to Rule 9D and Rule 13 permitting the establish-
17 ment of one year proration periods beginning January 1st
18 of each year will permit a greater flexibility in the
19 balancing of gas wells as well as eliminating burdensome
20 and unnecessary paperwork.

21 El Paso has no objection to the amendment to
22 Rule 11 to establish a minimum allowable of 1,000 MCF
23 per gas per month for each prorationing unit in the
24 prorated gas pools of Northwest New Mexico.

25 El Paso also believes that it would be appropriate

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1 to remove any reference to C-114 in Rule 21D.

2 Thank you, sir.

3 MR. PORTER: Any other statements?

4 MR. HAGAN: I represent Southern Union Gas
5 Company and Southern Union concurs with the Commission's
6 motion to adopt a one year prorationing.

7 MR. PORTER: Anyone else?

8 (No response.)

9 MR. PORTER: The Commission will take the Case
10 under advisement. As to the suggestion at the end of
11 Mr. Utz' testimony, of course, that would have to be the
12 subject of another hearing, I suppose, or at least given
13 some thought before anything like that was instituted by
14 the Commission.
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1 STATE OF NEW MEXICO)
) ss
 2 COUNTY OF BERNALILLO)

3 I, RICHARD E. McCORMICK, a Certified Shorthand
 4 Reporter, in and for the County of Bernalillo, State of
 5 New Mexico, do hereby certify that the foregoing and
 6 attached Transcript of Hearing before the New Mexico Oil
 7 Conservation Commission was reported by me; and that the
 8 same is a true and correct record of the said proceedings
 9 to the best of my knowledge, skill and ability.

10
 11 

12 CERTIFIED SHORTHAND REPORTER
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I N D E X

WITNESS: PAGE

ELVIS UTZ

Direct Examination by Mr. Hatch 3

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION FOR THE AMENDMENT
OF THE GENERAL RULES AND REGULATIONS
GOVERNING THE PRORATED GAS POOLS OF
NEW MEXICO.

CASE NO. 4691
Order No. R-1670-K

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 19, 1972, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 11th day of May, 1972, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the General Rules and Regulations governing the prorated gas pools of New Mexico, promulgated by Commission Order No. R-1670, as amended, establishes six-month proration periods for said pools.
- (3) That the establishment of one-year proration periods should permit more efficient operation of the wells and thereby permit a much larger percent of the wells to make up overproduction and underproduction during a proration period.
- (4) That a minimum allowable of 1000 MCF per month is assigned to each proration unit in all of the prorated gas pools of Northwest New Mexico except for two pools.
- (5) That a minimum allowable of 1000 MCF per month per proration unit should be assigned to all prorated gas pools in Northwest New Mexico in order to prevent premature abandonment of wells.
- (6) That each of the above-described changes in the rules governing the prorated gas pools of New Mexico will prevent waste and will protect the correlative rights of the operators in the pools.
- (7) That the proration periods and balancing dates for Northwest New Mexico and Southeast New Mexico should be concurrent.

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CASE NO. 4691
Order No. R-1670-K

(8) That the General Rules and Regulations governing the prorated gas pools of New Mexico promulgated by Commission Order No. R-1670, as amended, should be amended to permit the above-described changes.

(9) That in order to establish one-year proration periods, the period from February 1, 1972 to December 31, 1972, should be considered as one proration period for the prorated gas pools of Northwest New Mexico and the period from January 1, 1972 to December 31, 1972, should be considered as one proration period for the prorated gas pools of Southeast New Mexico.

(10) That in order to effect one-year proration periods for the prorated gas pools of New Mexico and minimum allowables for Northwest New Mexico, Rules 9(D), 11, 13, and 21(E) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 13 for the Prorated Gas Pools of Southeast New Mexico should be amended.

(11) That in order to delete references to inappropriate forms, order numbers, and addresses, Rules 7(A), 8(B) 1, 8(B) 2, 8(C) 2, 8(C) 3, 10(A), 10(B) 2, 10(B) 3, 10(C), 21(A), 21(C), and 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rules 7(A), 8(B), 9(B), 21(A), 21(C), and 21(D) for the Prorated Gas Pools of Southeast New Mexico should be amended.

IT IS THEREFORE ORDERED:

(1) That Rule 7(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 7(A). Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its monthly gas allowable hearings to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which

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CASE NO. 4691

Order No. R-1670-K

each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

(2) That Rule 8(B) 1 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B) 1. No gas well shall be given an allowable until Form C-104 has been filed, together with a plat (C-102) showing acreage attributed to said well and the locations of all wells on the lease, and"

(3) That Rule 8(B) 2 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B) 2. Unless a deliverability test taken in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," has been submitted, except as provided in Rule 10(C) below."

(4) That Rule 8(C) 2 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(C) 2. The latest filing date of Form C-104, and C-102, or"

(5) That Rule 8(C) 3 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(C) 3. A date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," whichever date is the later."

(6) That Rule 9(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 9(D). Annual deliverability tests taken each year shall be used in calculating allowables for wells in the gas pools regulated by this order for the twelve-month period beginning January 1 of the following year."

CASE NO. 4691
Order No. R-1670-K

(7) That Rule 10(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(A). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (1000 Rio Brazos Road, Aztec, New Mexico) of such increase by filing a revised plat (Form C-102). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission."

(8) That Rule 10(B) 2 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(B) 2. A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," or"

(9) That Rule 10(B) 3 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(B) 3. A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, Form C-103 shall also be filed in accordance with Rule 1104 of the Commission's Statewide Rules and Regulations); whichever is later."

(10) That Rule 10(C) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(C). The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico.""

"The Secretary-Director of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells where the deliverability of a well is of such volume

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CASE NO. 4691
Order No. R-1670-K

as to have no significance in the determination of the well's allowable. Application for such exception may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary-Director of the Commission at any time by requesting the well to be scheduled and tested in accordance with the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico."

(11) That Rule 11 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 11. A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells."

(12) That Rule 13 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 13. The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period."

(13) That Rule 21(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1115 of the Commission's Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas reported was produced. The operator shall show on such report what disposition has been made of the gas produced."

(14) That Rule 21(C) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(C). Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule."

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CASE NO. 4691
Order No. R-1670-K

(15) That Rule 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(D). Form C-111 referred to herein shall be submitted in triplicate, the original being sent to the Commission's Santa Fe office, the remaining copies being sent to the Commission's Aztec and Hobbs offices."

(16) That Section 3 of Rule 21(E) is hereby deleted from the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico in its entirety and Section 4 is hereby re-numbered "3".

(17) That Rule 7(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 7(A). Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its monthly gas allowable hearings to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

(18) That Rule 8(B) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B). Allowables to newly completed gas wells shall commence in accordance with the provisions of the Special Pool Rules. No gas well shall be given an allowable until Form C-104 has been filed, together with a plat (Form C-102) showing acreage attributed to said well and the location of all wells on the lease."

(19) That Rule 9(B) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 9(B). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (Box 1980, Hobbs, New Mexico) of such increase by filing a revised plat (Form C-102). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission.

(20) That Rule 13 of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 13. The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period."

(21) That Rule 21(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1115 of the Commission Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced."

(22) That Rule 21(C) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(C). Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule."

(23) That Rule 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(D). Form C-111 referred to herein shall be submitted in duplicate, the original being sent

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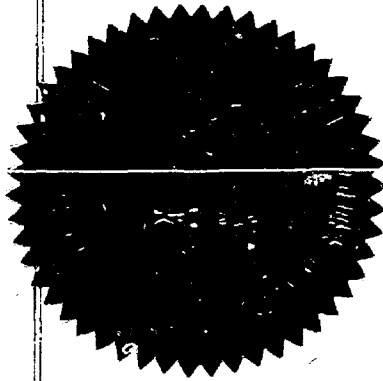
CASE NO. 4691
Order No. R-1670-K

to the Commission's Santa Fe office, the other copy being sent to the Commission's Hobbs office."

(24) That the period from February 1, 1972 to December 31, 1972, shall be considered as one proration period for the prorated gas pools of Northwest New Mexico; and that the period from January 1, 1972 to December 31, 1972, shall be considered as one proration period for the prorated gas pools of Southeast New Mexico.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

TO
620192

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2373
Order No. R-2086

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN AMENDMENT OF THE
GENERAL RULES AND REGULATIONS FOR
THE PRORATED GAS POOLS OF NORTH-
WESTERN NEW MEXICO, AS CONTAINED
IN ORDER NO. R-1670.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
September 13, 1961, at Santa Fe, New Mexico, before the Oil
Conservation Commission of New Mexico, hereinafter referred
to as the "Commission."

NOW, on this 13th day of October, 1961, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, El Paso Natural Gas Company, seeks
an amendment of the General Rules and Regulations for the Prorated
Gas Pools of Northwestern New Mexico, as contained in Commission
Order No. R-1670, to provide for the reporting of gas production
on a chart-period basis as an alternative to reporting on a
calendar month basis as presently required.

(3) That the evidence presented establishes that the pro-
posed chart-period basis method of reporting may, in some in-
stances, tend to increase the efficiency of reporting gas production;
therefore the applicant's proposed amendment of the General Rules
for the Prorated Gas Pools of Northwestern New Mexico should be
adopted.

IT IS THEREFORE ORDERED:

(1) That the General Rules and Regulations for the Prorated
Gas Pools of Northwestern New Mexico, as set forth in Order

*George - On the next printing of R-1670
this paragraph should be added if it
hasn't been*

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CASE No. 2373
Order No. R-2086

No. R-1670, are hereby amended by the inclusion of Rule 21(E) which reads in its entirety as follows:

RULE 21(E): Upon approval by the Secretary-Director as to the specific program to be used, any producer or purchaser of gas may be permitted to report metered production of gas on a chart-period basis; provided the following provisions shall be applicable to each gas well:

1. Reports for a month shall include not less than 24 nor more than 32 reported days.
2. Reported days may include as many as the last 7 days of the previous month but no days of the succeeding month.
3. The total of the monthly reports for a six-month proration period shall include not less than 176 nor more than 184 reported days.
4. The total of the monthly reports for a year shall include not less than 360 nor more than 368 reported days.

For purposes of these General Rules and Regulations, the term "month" shall mean "calendar month" for those reporting on a calendar month basis, and shall mean "reporting month" for those reporting on a chart-period basis in accordance with the exception provided in this rule.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

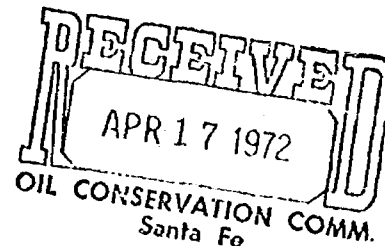
S E A L

esr/

AtlanticRichfieldCompany

North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79701
Telephone 915 682 8631

W. P. Tomlinson
District Engineer - West Area



April 11, 1972

New Mexico Oil Conservation Commission
Santa Fe
New Mexico

Attn: Mr. A. L. Porter

Re: Case 4691 - Amendment of General Rules and
Regulations Concerning Prorating Gas Pools in
New Mexico

Gentlemen:

Atlantic Richfield Company is in agreement with the
proposal to amend Rule 9 and Rule 13 of Order No.
R-1670 to permit the establishment of one-year pro-
duction periods for gas wells beginning January 1.
We think that one-year balancing periods would help
many of our wells to make up underproduction result-
ing from normal producing and operational problems.

Very truly yours,

A handwritten signature in cursive script, appearing to read "W. P. Tomlinson".

W. P. Tomlinson

WPT/agp

REVISION OF ORDER NO. R-1670

RULES AND REGULATIONS GOVERNING PRORATED GAS POOLS IN NEW MEXICO

GENERAL RULES, SOUTHEAST NEW MEXICO

RULE 13: DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 13: The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve-months following this date shall be known as the gas proration period."

RULE 21(D): DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 21(D): Form C-111 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 2088, Santa Fe, New Mexico 87501, the other copy being sent to Box 1980, Hobbs, New Mexico 88240."

Case 4691

REVISION OF ORDER NO. R-1670

RULES AND REGULATIONS GOVERNING PRORATED GAS POOLS IN NEW MEXICO

GENERAL RULES, NORTHWEST NEW MEXICO

RULE 9(D): SUBSTITUTE THE UNDERLINED WORDING IN THIS RULE:

"RULE 9(D): Annual deliverability tests taken each year shall be used in calculating allowables for wells in the gas pools regulated by this order for the twelve-month period beginning January 1 of the following year."

RULE 11: DELETE THIS RULE AND SUBSTITUTE RULE 11 OF SPECIAL RULES AS FOLLOWS:

"RULE 11: A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells."

RULE 13: DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 13: The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve-months following this date shall be known as the gas proration period."

RULE 21(D): DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 21(D): Form C-111 referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 2088, Santa Fe, New Mexico 87501, the remaining copies being sent to 1000 Rio Brazos Road, Artec, New Mexico 87410, and Box 1980, Hobbs, New Mexico 88240, respectively."

advt Case for
remission of 1670
for April 19th

REVISION OF ORDER NO. R-1670

RULES AND REGULATIONS GOVERNING PRORATED GAS POOLS IN NEW MEXICO

GENERAL RULES, SOUTHEAST NEW MEXICO

RULE 13: DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 13: The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve-months following this date shall be known as the gas proration period."

RULE 21(D): DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 21(D): Form C-111 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 2088, Santa Fe, New Mexico 87501, the other copy being sent to Box 1980, Hobbs, New Mexico 88240."

(GENERAL RULES AND REGULATIONS -
SOUTHEASTERN NEW MEXICO - Cont'd.)

RULE 6 (B). The term "gas purchaser" as used in these rules shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rule 6 (A) and Rule 7 (A) of this order.

RULE 7 (A). (As Amended by Order No. R-2761, January 1, 1965.) Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its statewide allowable hearing between the 13th and the 20th days of each month to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule.

RULE 7 (B). The Commission shall include in the proration schedule the gas wells in the gas pools regulated by this order delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8 (A). The total allowable to be allocated to each gas pool regulated by this order each month shall be equal to the sum of the "Preliminary" or "Supplemental Nominations" (whichever is applicable) for each pool, together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable by allocating the pool allowable among all such wells in that pool in accordance with the procedure set out in the Special Pool Rules.

RULE 8 (B). Allowables to newly completed gas wells shall commence in accordance with the provisions of the Special Pool Rules. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat (Form C-128) showing acreage attributed to said well and the location of all wells on the lease.

RULE 9 (A). A well's "Acreage Factor" shall be determined to the nearest hundredth of a unit by dividing the acreage assigned to the well by 160 acres. However, the acreage tolerances provided in Rule 5 (A) shall apply.

RULE 9 (B). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (Box 2045, Hobbs, New Mexico) of such increase by filing a revised plat (Form C-128). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission.

RULE 10 (A). (As Amended by Order No. R-4085, January 1, 1971.) The monthly allowable to be assigned to each marginal well shall be equal to its average monthly production during the preceding gas proration period.

RULE 10 (B). The pool allowable remaining after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in such pool as provided for in the Special Pool Rules.

RULE 11. After notice and hearing, the Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

RULE 12. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

D. BALANCING OF PRODUCTION

RULE 13. The dates 7:00 a. m., January 1, and 7:00 a. m., July 1, shall be known as balancing dates, and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 14 (A). Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14 (B). Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15 (A). (As Amended by Order No. R-3233, May 8, 1967, and by Order No. R-4085, January 1, 1971.) Overproduction: Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period. Said overproduction shall be made up during the succeeding gas proration period. Any well which has not made up the overproduction carried into a gas proration period by the end of said proration period shall be shut in until such overproduction is made up, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

If, at any time, a well is overproduced in an amount equaling six times its average monthly allowable for the preceding proration period, (or, in the case of a new well, six times the average monthly allowable for a unit of corresponding size) it shall be shut in during that month and each succeeding month until it is overproduced less than six times its average monthly allowable for the preceding proration period, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

(GENERAL RULES AND REGULATIONS -
SOUTHEASTERN NEW MEXICO - Cont'd.)

RULE 15 (B). Allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been made up.

RULE 15 (C). (As Amended by Order No. R-3233, May 8, 1967.) The Commission may allow overproduction to be made up at a lesser rate than permitted under Rule 15 (A) upon a showing at public hearing that shut in under Rule 15 (A) would result in material damage to the well.

RULE 15 (D). Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

E. CLASSIFICATION OF WELLS

RULE 16 (A). (As Amended by Order No. R-4085, January 1, 1971.) After the production data is available for the last month of each gas proration period, any well which had an underproduced status at the beginning of said period shall be classified marginal if its highest single month's production is less than its average monthly allowable for said period, unless, within 15 days after the close of said period, the operator or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

RULE 16 (B). The Secretary-Director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability data, or other evidence as to the well's producing ability justifies such reclassification.

RULE 17. A well which is classified as a marginal well shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled.

RULE 18. (As Amended by Order No. R-4085, January 1, 1971.) If, at the end of a proration period, a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly. (If the well has been classified as marginal for one proration period only, any underproduction cancelled as the result of such classification shall be reinstated upon reclassification back to non-marginal status. All uncompensated-for overproduction accruing to the well while marginal shall be chargeable upon reclassification to non-marginal.)

RULE 19. A well which has been reworked or recompleted shall be classified as a non-marginal well as of the date of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the well's producing ability indicates that the well should be classified as a marginal well.

RULE 20. All wells not classified as marginal wells shall be classified as non-marginal wells.

F. REPORTING OF PRODUCTION

RULE 21 (A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1114 of the Commission Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

RULE 21 (B). Each purchaser or taker of gas in each of the designated gas pools regulated by this order shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken.

RULE 21 (C). Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

RULE 21 (D). Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

G. GENERAL

RULE 22. No gas, either dry gas or casinghead gas, produced from the gas pools regulated by this order shall be flared or vented except as provided in the Special Pool Rules.

RULE 23. Failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

RULE 24. All transporters or users of gas shall file gas well connection notices with the Commission as soon as

REVISION OF ORDER NO. R-1670

RULES AND REGULATIONS GOVERNING PRORATED GAS POOLS IN NEW MEXICO

GENERAL RULES, NORTHWEST NEW MEXICO

RULE 9(D): SUBSTITUTE THE UNDERLINED WORDING IN THIS RULE:

"RULE 9(D): Annual deliverability tests taken each year shall be used in calculating allowables for wells in the gas pools regulated by this order for the twelve-month period beginning January 1 of the following year."

RULE 11: DELETE THIS RULE AND SUBSTITUTE RULE 11 OF SPECIAL RULES AS FOLLOWS:

"RULE 11: A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells."

RULE 13: DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 13: The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve-months following this date shall be known as the gas proration period."

RULE 21(D): DELETE THIS RULE AND SUBSTITUTE THE FOLLOWING:

"RULE 21(D): Form C-111 referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 2088, Santa Fe, New Mexico 87501, the remaining copies being sent to 1000 Rio Brazos Road, Aztec, New Mexico 87410, and Box 1980, Hobbs, New Mexico 88240, respectively."

(GENERAL RULES AND REGULATIONS -
NORTHWESTERN NEW MEXICO - Cont'd.)

RULE 7 (D). The Commission shall include in the proration schedule the gas wells in the gas pools regulated by this order delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8 (A). The total allowable to be allocated to each gas pool regulated by this order each month shall be equal to the sum of the "Preliminary" or "Supplemental Nominations" (whichever is applicable) for each pool, together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in each pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 (C).

RULE 8 (B) 1. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat (C-128) showing acreage attributed to said well and the locations of all wells on the lease, and

2. Unless a deliverability test taken in conformance with the provisions of Order R-333-C and D as amended by R-333-E has been submitted, except as provided in Rule 10 (C) below.

RULE 8 (C). Allowables to newly completed gas wells shall commence:

1. On the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (1000 Rio Brazos Road, Aztec, New Mexico) by the purchaser, or

2. The latest filing date of Form C-104, C-110, and C-128, or

3. A date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of Order R-333-C and D as amended by Order R-333-E, whichever date is the later.

RULE 9 (A). The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160 in pools with 160 acre standard proration units and by 320 in pools with 320 acre standard gas proration units; however, the acreage tolerances provided in Rule 5 (A) shall apply. The "AD Factor" shall be computed to the nearest whole unit.

RULE 9 (B). (As Amended by Order No. R-4085, January 1, 1971.) The monthly allowable to be assigned to each marginal well shall be equal to its average monthly production during the preceding gas proration period.

RULE 9 (C). The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

1. Seventy-five per cent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

2. Twenty-five per cent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 9 (D). Annual deliverability tests taken each year shall be used in calculating allowables for wells in the gas pools regulated by this order for the twelve month period beginning February 1 of the following year.

RULE 10 (A). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (1000 Rio Brazos Road, Aztec, New Mexico) of such increase by filing a revised plat (Form C-128). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission.

RULE 10 (B). A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

1. On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operators, or

2. A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of Order R-333-C and D as amended by Order R-333-E, or

3. A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations); whichever is later.

RULE 10 (C). The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D, as amended by Order R-333-E.

The Secretary-Director of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells where the deliverability of a well is of such volume as to have no significance in the determination of the well's allowable. Application for such exception may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary-Director of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D as amended by Order R-333-E.

~~RULE 11. After notice and hearing, the Commission may assign minimum allowables in order to prevent the premature abandonment of wells.~~

RULE 12. Except as provided in the Special Pool Rules, the full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

D. BALANCING OF PRODUCTION

RULE 13. The dates 7:00 a.m., ~~February 1~~, and 7:00 a.m., August 1, shall be known as balancing dates, and the periods of time bounded by these dates shall be known as gas proration periods.

**(GENERAL RULES AND REGULATIONS -
NORTHWESTERN NEW MEXICO - Cont'd.)**

3. The total of the monthly reports for a six-month proration period shall include not less than 176 nor more than 184 reported days.

4. The total of the monthly reports for a year shall include not less than 360 nor more than 368 reported days.

For purposes of these General Rules and Regulations, the term "month" shall mean "calendar month" for those reporting on a calendar month basis, and shall mean "reporting month" for those reporting on a chart-period basis in accordance with the exception provided in this rule.

G. GENERAL

RULE 22. No gas, either dry gas or casinghead gas, produced from the gas pools regulated by this order shall be flared or vented except as provided in the Special Pool Rules.

RULE 23. Failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

RULE 24. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection or connection in accordance with the provisions of Rule 8(C) and 10(B), respectively.

(See Special Pool Rules for each pool for orders applicable to that pool only. Special Pool Rules will be found in the same classification order as in the general section, and, unless the special rules conflict with the general rule, the general rule is also applicable.)

**BALLARD-PICTURED CLIFFS GAS POOL
San Juan County, New Mexico**

Order No. R-1670, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Northwestern New Mexico, for the Ballard-Pictured Cliffs Gas Pool, San Juan County, New Mexico, May 20, 1960, as Amended by Order No. R-2307, August 28, 1962.

(Order No. R-1670 Supersedes Order No. R-846, Adopting Rules for the Ballard-Pictured Cliffs Gas Pool, San Juan County, New Mexico, July 18, 1956, as Amended by Order No. R-967, April 23, 1957; and Order No. R-846-A, March 27, 1959.)

(The Ballard-Pictured Cliffs Gas Pool was created February 9, 1955 and gas prorationing was instituted October 1, 1956. The Otero-Pictured Cliffs and Canyon Largo-Pictured Cliffs Gas Pools were consolidated into the Ballard-Pictured Cliffs Gas Pool May 1, 1959. This pool also included acreage that was formerly included in the Fulcher Kutz-Pictured Cliffs Gas Pool.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS
RULE 5 (A). A standard gas proration unit in the Ballard-Pictured Cliffs Gas Pool shall be 160 acres.

C. ALLOCATION AND GRANTING OF ALLOWABLES
RULE 11. (As Added by Order No. R-2307, August 28, 1962.) A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells.

RULE 12. Gas used on the lease shall not be charged against the allowable.

G. GENERAL

RULE 22. No gas, either dry gas or casinghead gas, produced from the Ballard-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 25. The vertical limits of the Ballard-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

(Rule 25 does not actually appear as such in any of the existing pool rules.)

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

**AZTEC-PICTURED CLIFFS GAS POOL
Rio Arriba and San Juan Counties, New Mexico**

Order No. R-1670, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Northwestern New Mexico, for the Aztec-Pictured Cliffs Gas Pool, Rio Arriba and San Juan Counties, New Mexico, May 20, 1960, as Amended by Order No. R-2307, August 28, 1962.

(Order No. R-1670 Supersedes Order No. R-46, Adopting Rules for the Aztec-Pictured Cliffs and other Gas Pools, Rio Arriba and San Juan Counties, New Mexico, December 29, 1950, as Amended by Order No. R-397, December 17, 1953; Order No. R-565, December 23, 1954; Order No. R-565-A, January 7, 1955; Order No. R-614, April 20, 1955; Order No. R-620, April 20, 1955; Order No. R-565-C, October 13, 1955; Order No. R-565-D, March 29, 1956; and Order No. R-967, April 23, 1957.)

(The Aztec-Pictured Cliffs Gas Pool was created March 15, 1950 and gas prorationing was instituted March 1, 1955)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 5 (A). A standard gas proration unit in the Aztec-Pictured Cliffs Gas Pool shall be 160 acres.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 11. (As Added by Order No. R-2307, August 28, 1962.) A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells.

(GENERAL RULES AND REGULATIONS -
NORTHWESTERN NEW MEXICO - Cont'd.)

RULE 14 (A). Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14 (B). Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15 (A). (As Amended by Order No. R-2404-A, March 11, 1963, and Order No. R-4085, January 1, 1971.) Overproduction: Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period. Said overproduction shall be made up during the succeeding gas proration period. Any well which has not made up the overproduction carried into a gas proration period by the end of said proration period shall be shut in until such overproduction is made up, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

RULE 15 (B). (As Amended by Order No. R-2404-A, March 11, 1963, and Order No. R-4085, January 1, 1971.) If, at any time, a well is overproduced in an amount equaling six times its average monthly allowable for the preceding proration period, (or, in the case of a new well, six times the average monthly allowable for a well of like deliverability and acreage) it shall be shut in during that month and each succeeding month until it is overproduced less than six times its average monthly allowable for the preceding proration period, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

RULE 15 (C). Allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been made up.

RULE 15 (D). (As Amended by Order No. R-2404-A, March 11, 1963.) The Commission may allow overproduction to be made up at a lesser rate than permitted under Rule 15(A) or 15(B) upon a showing at public hearing that shut in under Rule 15(A) or 15(B) would result in material damage to the well.

RULE 15 (E). Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

E. CLASSIFICATION OF WELLS

RULE 16 (A). (As Amended by Order No. R-4085, January 1, 1971.) After the production data is available for the last month of each gas proration period, any well which had an underproduced status at the beginning of said period shall be classified marginal if its highest single month's production is less than its average monthly allowable for said period, unless, within 15 days after the close of said period, the operator or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

(Not applicable to Tapacito - See Special Pool Rules).

RULE 16 (B). The Secretary-Director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability data, or other evidence as to the well's producing ability justifies such reclassification.

RULE 17. A well which is classified as a marginal well shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled.

RULE 18. (As Amended by Order No. R-4085, January 1, 1971.) If, at the end of a proration period, a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly. If the well has been classified as marginal for one proration period only, any underproduction cancelled as the result of such classification shall be reinstated upon reclassification back to non-marginal status. All uncompensated-for overproduction accruing to the well while marginal shall be chargeable upon reclassification to non-marginal.

RULE 19. A well which has been reworked or recompleted shall be classified as a non-marginal well as of the date of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the well's producing ability indicates that the well should be classified as a marginal well.

RULE 20. All wells not classified as marginal wells shall be classified as non-marginal wells.

F. REPORTING OF PRODUCTION

RULE 21 (A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1114 of the Commission's Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas reported was produced. The operator shall show on such report what disposition has been made of the gas produced.

RULE 21 (B). Each purchaser or taker of gas in each of the designated gas pools regulated by this order shall submit a report to the Commission, so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken.

RULE 21 (C). Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

RULE 21 (D). Forms C-111 and C-114 referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the remaining copies being sent to 1000 Rio Brazos Road, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

RULE 21 (E). (As Added by Order No. R-2086, October 13, 1961.) Upon approval by the Secretary-Director as to the specific program to be used, any producer or purchaser of gas may be permitted to report metered production of gas on a chart-period basis; provided the following provisions shall be applicable to each gas well:

1. Reports for a month shall include not less than 24 nor more than 32 reported days.

2. Reported days may include as many as the last 7 days of the previous month but no days of the succeeding month.

UNDER-PRODUCTION

	Begin Underage 1-31-70	Underage Made-Up 2-1-70 1-31-71	% Underage Made-Up	Begin Underage 1-31-71	Underage Made-Up 2-1-71	% Underage Made-Up	Amount Cancelled 1-31-72	% Cancelled
BASIN DAKOTA	11,401,890	9,665,859	84.7	1,736,031	673,673	7.7	862,358	7.5
BLANCO MESA VERDE	3,365,574	2,943,233	87.5	422,342	217,886	6.5	204,456	6.0
AZTEC P.C.	420,379	405,578	96.4	14,801	14,787	3.5	14	0.1
BALLARD P.C.	247,676	162,653	65.7	99,810	99,810	34.3	-0-	-0-
BLANCO P.C. SOUTH	1,396,040	1,141,081	81.7	254,959	64,765	4.6	120,104	13.7
FULCHER KUTZ P.C.	147,351	119,540	81.1	27,811	7,974	5.4	19,837	13.5
WEST KUTZ P.C.	106,540	85,764	80.5	20,776	11,200	10.5	9,576	9.0
TAPACIWO P.C.	452,005	396,308	87.7	55,697	38,031	8.4	17,666	3.9

OVER-PRODUCTION

	Begin Over-Production 1-31-70	Over-Production Made-Up 2-1-70 - 1-31-71	% Overage Made-Up	Begin Over-Production 1-31-71	Over-Production Made-Up 2-1-71-1-31-72	% Overage Made-Up
BASIN DAKOTA	5,305,724	5,304,130	99.9	1,594	1,594	0.1
BLANCO MESA VERDE	2,168,898	2,152,311	99.2	16,587	16,587	0.8
AZTEC P.C.	227,972	227,972	100.0			
BALLARD P.C.	324,080	324,080	100.0			
BLANCO P.C. SOUTH	671,697	671,697	100.0			
BULLCHER KUTZ P.C.	149,277	149,277	100.0			
WEST KUTZ P.C.	155,460	155,460	100.0			
TAPACITO P.C.	249,495	249,495	100.0			



Telegram

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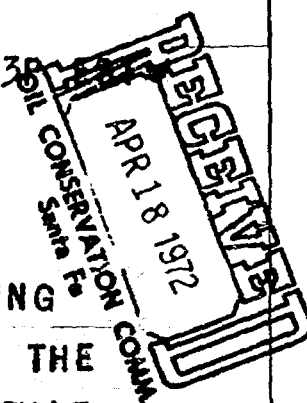
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CT GIB075 RE PDB=TDGI TWX HOUSTON TEXAS 17 1438
NEW MEXICO CONSERVATION COMMISSION=
SANTA FE NMEX:

RE CASE 4691 OIL CONSERVATION COMMISSION HEARING
APRIL 19 1972 AMOCO PRODUCTION COMPANY SUPPORTS THE
REVISION OF RULE 13 OF ORDER R=1670 TO PERMIT MIT
ESTABLISHMENT OF ONE YEAR PRORATION PERIOD FOR
PRORATED GAS POOLS IN NEW MEXICO. THIS MATTER IS PART
OF CASE 4691 AND IT IS REQUESTED THAT THIS TELEGRAM
BE MADE PART OF THE RECORD OF THAT HEARING=

DL RAY DIVISION ENGINEER AMOCO PRODUCTION COMPANY=

COLL 4691 19 1972 13 R=1670 4691.



DRAFT

GMH/dr

(dr)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION FOR THE AMENDMENT
OF THE GENERAL RULES AND REGULATIONS
GOVERNING THE PRORATED GAS POOLS OF
NEW MEXICO.

CASE NO. 4691

Order No. R-1670-K

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 19, 1972, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of April, 1972, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the General Rules and Regulations governing the prorated gas pools of New Mexico, promulgated by Commission Order No. R-1670, as amended, establishes six-month proration periods for said pools.

(3) That the establishment of one-year proration periods should permit more efficient operation of the wells and thereby permit a much larger percent of the wells to ~~make up~~ ^{make up} overproduction and underproduction during a proration period.

4685
4689

Ida - Check
This no. 100

(4) That a minimum allowable of 1000 MCF per month is assigned to each proration unit in all of the prorated gas pools of Northwest New Mexico except for two pools.

(5) That a minimum allowable of 1000 MCF per month per proration unit should be assigned to all prorated gas pools in Northwest New Mexico in order to prevent premature abandonment of wells.

(6) That each of the above-described changes in the rules governing the prorated gas pools of New Mexico will prevent waste and will protect the correlative rights of the operators in the pools.

(7) That the proration periods and balancing dates for Northwest New Mexico and Southeast New Mexico should be concurrent.

(8) That the General Rules and Regulations governing the prorated gas pools of New Mexico promulgated by Commission Order No. R-1670, as amended, should be amended to permit the above-described changes.

(9) That in order to establish one-year proration periods, the period from February 1, 1972 to December 31, 1972, should be considered as one proration period for the prorated gas pools of Northwest New Mexico and the period from January 1, 1972 to December 31, 1972, should be considered as one proration period for the prorated gas pools of Southeast New Mexico.

~~IT IS THEREFORE ORDERED.~~

(10) That in order to effect ^{one} ~~the General~~ ^{the minimum allowable for Northwest New Mexico} ~~one-year proration periods for~~ ^{and 2(E)} the prorated gas pools of New Mexico, Rules 9(D), 11, ~~and~~ 13, of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 13 for the Prorated Gas Pools of Southeast New Mexico should be amended.

(11) That in order to delete references to inappropriate forms, order numbers, and addresses, Rules 7(A), 8(B) 1, 8(B) 2, 8(C) 2, 8(C) 3, 10(A), 10(B) 2, 10(B) 3, 10(C), 21(A), ~~and~~ 21(C), 21(D) ~~and 21(E)~~, of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rules 7(A), 8(B), 9(B), 21(A), 21(C), and 21(D) for the Prorated Gas Pools of Southeast New Mexico should be amended.

IT IS THEREFORE ORDERED

(1) That Rule 7(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 7(A). (As Amended by Order No. R-2761, January 1, 1965.) Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its monthly gas allowable hearings to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

(2) That Rule 8 (B) 1. of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B) 1. No gas well shall be given an allowable until Form C-104 has been filed, together with a plat (C-102) showing acreage attributed to said well and the locations of all wells on the lease, and "

(3) That Rule 8(B) 2. of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B) 2. Unless a deliverability test taken in conformance with the provisions of the current "Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico," has been submitted, except as provided in Rule 10(C) below."

(4) That Rule 8(C) 2. of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

RULE 8(C)
"2. The latest filing date of Form C-104, and C-102, or"

(5) That Rule 8(C) 3. of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(C) 3. A date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on

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CASE NO. 4691
Order No. R-1670-K

(8) That Rule 10(B) 2. of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(B) 2. A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico," or"

(9) That Rule 10(B) 3. of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(B) 3. A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, ~~in that event~~ Form C-103 shall also be filed in accordance with Rule 1104 of the Commission's Statewide Rules and Regulations); whichever is later.

(10) That Rule 10(C) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(C). The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico.""

(9) That Rule 10(C), Paragraph 2, of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

~~"RULE 10(C):~~ The Secretary-Director of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells where the deliverability of a well is of such volume as to have no significance in the determination of the well's allowable. Application for such exception may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary-Director of the Commission at any time by requesting the well to be scheduled and tested in accordance with the current "Gas Well Testing Rules and Procedures, San Juan Basin, New Mexico."

(10) That Rule 11 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 11: A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells."

(12) That Rule 13 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 13: The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period."

(13) That Rule 21(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

~~-7~~
CASE NO. 4691
Order No. R-1670-K

"RULE 21(A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1115 of the Commission's Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas reported was produced. The operator shall show on such report what disposition has been made of the gas produced."

(14) That Rule 21(C) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(C). Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule.

(15) That Rule 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(D). Form C-111 referred to herein shall be submitted in triplicate, the original being sent to the Commission's Santa Fe office, the remaining copies being sent to the Commission's Aztec and Hobbs offices."

Section 3 of
(16) That Rule 21(~~E~~) ^A is hereby deleted from the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico in its entirety *and Section 4 is hereby re-numbered "3".*

(17) That Rule 7(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 7(A). (As Amended by Order No. R-2761, January 1, 1965.) Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its monthly gas allowable hearings to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

(18) That Rule 8(B) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B). Allowables to newly completed gas wells shall commence in accordance with the provisions of the Special Pool Rules. No gas well shall be given an allowable until Form C-104 has been filed, together with a plat (Form C-102) showing acreage attributed to said well and the location of all wells on the lease."

(19) That Rule 9(B) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 9(B). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (Box 1980, Hobbs, New Mexico) of such increase by filing a revised plat (Form C-102). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission.

(20) That Rule 13 of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 13. The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period."

(21) That Rule 21(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1115 of the Commission Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced."

(22) That Rule 21(C) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(C). Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule."

(23) That Rule 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(D). Form C-111 referred to herein shall be submitted in duplicate, the original being sent to the Commission's Santa Fe office, the other copy being sent to the Commission's Hobbs office."

(24) That the period from February 1, 1972 to December 31, 1972, shall be considered as one proration period for the prorated gas pools of Northwest New Mexico; and that the period from January 1, 1972 to December 31, 1972, shall be considered as one proration period for the prorated gas pools of Southeast New Mexico.

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

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