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CASE NO.

6394

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
7 December 1978

EXAMINER HEARING

IN THE MATTER OF:

the hearing called by the Oil Conservation)  
Division on its own motion to consider the)  
adoption of an administrative procedure )  
and Forms C-132 and C-132-A, all for the )  
purpose of making wellhead price ceiling )  
category determinations under the Natural )  
Gas Policy Act of 1978. )

CASE  
6394

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For Amoco Production Co.: Guy Buell, Esq.

For El Paso Natural Gas Co: David T. Burleson and Robert  
Carroll

For Cities Service Co.: Robert S. Wheeler

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I N D E X

LYNN TESCHENDORF

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1 MR. STAMETS: We'll call next Case 6394, in  
2 the matter of the hearing called by the Oil Conservation  
3 Division on its own motion to consider the adoption of ad-  
4 ministrative procedure and Forms C-132 and C-132-A, all for  
5 the purpose of making wellhead price ceiling category deter-  
6 minations under the Natural Gas Policy Act of 1978.

7 In addition to the appearance for the Divi-  
8 sion, are there other appearances in this case?

9 MR. BUELL: For Amoco Production Company, my  
10 name is Guy Buell.

11 MR. BURLESON: El Paso Natural Gas Company,  
12 David T. Burleson and Robert Carroll.

13 MR. WHEELER: Cities Service Company, Robert  
14 S. Wheeler.

15 MR. STAMETS: Any other appearances?  
16 Will there be any other testimony in this case given be-  
17 sides the Division's testimony?

18 Okay, Ms. Teschendorf, would you please stand  
19 and be sworn.

20 (Witness sworn.)

21  
22 LYNN TESCHENDORF  
23 being called as a witness and having been duly sworn upon  
24 her oath, testified as follows, to-wit:  
25

DIRECT EXAMINATION

BY MR. STAMETS:

Q Will you please state your name, place of residence, and occupation for the record?

A Lynn Teschendorf. I reside in Santa Fe and I'm general counsel for the Oil Conservation Division.

Q Would you please give us your educational and professional background?

A I have a degree in anthropology from the University of Wisconsin. I have a law degree from the University of New Mexico, and I've been the attorney for the Oil Conservation Division for two and a half years.

Q Ms. Teschendorf, in addition to your legal duties with the Oil Conservation Division, have you studied and are familiar with the Natural Gas Policy Act and the statutory and regulatory provisions for making price ceiling category determinations thereunder?

A Yes, I have and I am.

Q Are there any questions about the witness' qualifications?

The witness is considered qualified.

Ms. Teschendorf, would you please proceed to give us your testimony in this case and present any exhibits that you may have in support thereof?

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1 A I have three exhibits in this case, which are  
2 on the table here, and I don't know how best to distribute  
3 them. Maybe we should pass them around, if people don't  
4 have them already.

5 Q Do you have a set marked?

6 A Should be in the case file.

7 Q Okay.

8 A The 95th United States Congress passed a  
9 Natural Gas Policy Act of 1978. The bill was signed by  
10 President Carter on November 9th of 1978 and went into ef-  
11 fect on December 1st of this year.

12 Under the terms of that Act the Federal  
13 Energy Regulatory Commission has promulgated a set of regu-  
14 lations for implementing that Act and these regulations  
15 have named the Oil Conservation Division as the jurisdic-  
16 tional agency for implementing these regulations on State  
17 and fee lands in the State of New Mexico.

18 In order to make determinations under this  
19 Act and the regulations, the Oil Conservation Division --  
20 well, actually the Director of the Division, entered an  
21 emergency order on December 1 adopting certain forms and  
22 certain regulations for implementation of the Act, and this  
23 hearing today is for the purpose of formally adopting these  
24 regulations and forms.

25 Exhibit One is labeled Special Rules for

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1 Applications for Wellhead Price Ceiling Category Determin-  
2 ations.

3 These are basically the FERC rules with a  
4 couple of additions, additional filing requirements, and  
5 they also prescribe the administrative procedure by which  
6 the Oil Conservation Division will be handling applications.

7 The first thing I would like to point out  
8 from this exhibit is in the definitions section. MCF is  
9 defined as thousand cubic feet of gas reported at a pres-  
10 sure base of 14.73 psia. This differs from the normal Oil  
11 Conservation Division pressure base of 15.025.

12 Under the administrative rules, the General  
13 section there, I'd like to draw your attention to Rule 2.  
14 This differs from usual Division requirements of who can  
15 sign Division forms. This requirement of who can sign can  
16 be satisfied either by signing the Division Form C-132 or  
17 the Federal Form 121, but one or the other form will have  
18 to be signed in accordance with the Federal regulation.

19 Rule 3 concerns Federal and Indian lands.  
20 As it now stands, the United States Geological Survey will  
21 be making determinations on Federal and Indian leases and  
22 this is their Albuquerque office. This may change and in  
23 that instance we would have to amend Rule 3.

24 The only other rule that, let's see, Rule 6  
25 is the next one I'd like to mention.

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1 Rule 6 says, "If no written objection is  
2 received within the time period set out in Rule 5 and no  
3 hearing is required, the application shall be approved ad-  
4 ministratively . . ."

5 That should be "may" because it may be dis-  
6 approved.

7 In Rule 7, "If a hearing is required a  
8 determination shall not become final until the Applicant  
9 has exhausted his administrative remedies before the Divi-  
10 sion."

11 This should probably -- I'm recommending that  
12 this be amended to say "the Applicant or other interested  
13 party." And what this rule means is that once the hearing  
14 process has been triggered the Applicant or another inter-  
15 ested party can seek a de novo and a rehearing before the  
16 determination will become final.

17 Rules 8 and 9 I would recommend that the  
18 word "of", "within ten days of" and "within fifteen days of"  
19 should be changed to "after".

20 Rule 10 could be clarified by inserting the  
21 word "additional" before "information".

22 Now, under the Filing Requirements I'm basi-  
23 cally just going to point out the changes to the Federal  
24 regulations that we are proposing. Under Rule 13, number  
25 1.b., well, all filing should contain the Division Form



1 C-132 and the required attachment.

2 If you'll refer to Exhibit Two, which is the  
3 Form C-132, the Applicant should fill out numbers 2 through  
4 13 in the top part, and in the Well Category Information,  
5 number one, they should list the categories that they're  
6 seeking, and they can seek more than one, and these should  
7 be put on the same form.

8 Number two, all applications must contain  
9 their C-101, the C-105. And I might point out there that  
10 there's been some confusion because number 2.b. there says,  
11 "C-105 well completion or recompletion report and log."

12 You do not have to submit a log. That's merely the title  
13 of the form. We don't want the logs unless that's separ-  
14 ately required in another filing requirement.

15 Under c. Directional Drilling Survey, if  
16 required under Rule 111. Those are intentional deviations.  
17 They're not the survey deviations that people have been sub-  
18 mitting.

19 d. Affidavits of Mailing or Delivery, those  
20 are explained more completely in Rule 1 of our Special  
21 Rules. Those affidavits of mailing or delivery should state  
22 that the Form C-132 or 132-A has been mailed or delivered  
23 to all working interest owners and to all parties to the  
24 gas purchase contract.

25 MR. MANNING: C-132-A and what, Lynn?

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1 A And the 132.  
2 MR. MANNING: 132.  
3 A And/or.  
4 MR. MANNING: Oh, and/or?  
5 A Yeah. Under 5, the New Onshore Production  
6 Well, a. states the C-102 Well Location and Dedication Plat,  
7 and that's further described in Rule 15, which is on page  
8 six. That states that the C-102 shall show all wells with-  
9 in the proration unit which have or are producing from the  
10 same pool or reservoir as the well for which the determin-  
11 ation is sought, giving for each the spud date, cumulative  
12 production, and date of plug and abandonment, if any.  
13 5.b. on the Form C-132 asks for the number  
14 of the order authorizing the infill program. This is --  
15 would just apply as of now to the Blanco-Mesaverde infills  
16 and that order number is R-1670T.  
17 And we have also asked in Rule 15 on the  
18 bottom of page five that you attach a copy of that order,  
19 and the reason we're asking for that is because the FERC  
20 wants a copy of the complete record forwarded to them and  
21 that's -- that order's going to be a copy of the record,  
22 so we're asking that you furnish that if you're applying  
23 for an infill well, in the Blanco-Mesaverde.  
24 And the C-132 number 6, we're asking for the  
25 C-116 GOR. We realize that there are pools that no GOR

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1 test is required to be taken. You should specify if you  
 2 haven't taken or your pool rules do not require you to take  
 3 a GOR test, because otherwise a clerk is going to read that  
 4 and shoot it back to you to get a C-116 attached.

5 MR. MANNING: Can you specify that on the  
 6 form or --

7 A. That's just fine. Just say not taken and  
 8 list the pool, or something.

9 Under b. and c. there, the production de-  
 10 cline curves, the production decline curve for 12-month  
 11 period preceding December 1, if you want to give us a 3-year  
 12 production decline curve, that's fine, just so you've got  
 13 at least twelve months, and if you've got a production de-  
 14 cline curve, you can include on that the 90-day decline  
 15 curve if it's detailed enough so that we can get a pretty  
 16 good handle of what your production was during that period  
 17 and you could do that by just drawing vertical lines and  
 18 specifying that this is the 90-day period on which you're  
 19 relying.

20 Going back to the special rules, now, my  
 21 next comment is again on Rule 15 at the bottom of page six,  
 22 under paragraph 6 (e). This is a filing requirement that  
 23 the FERC added in the last few drafts and it requires that  
 24 if you're seeking approval of an infill well under this  
 25 section, that you must demonstrate by appropriate geological

1 evidence that the new well is necessary to effectively and  
2 efficiently drain a portion of the reservoir covered by the  
3 proration unit which cannot be effectively and efficiently  
4 drained by any existing well within the proration unit.

5 Again, if you've got a Blanco-Mesaverde in-  
6 fill well that you're applying for, the order is all that  
7 we will require under that section.

8 Q Ms. Teschendorf, do you anticipate that the  
9 types of filing requirements that we've called for under  
10 the State Natural Gas Pricing Act for infill wells or re-  
11 placement wells would be the appropriate sort of thing an  
12 operator should file here?

13 A Yes, that would probably be sufficient.  
14 My next comment concerns rule 17. Under  
15 number 3 the FERC wants production records for the 90-day  
16 production period on which your application is based. If  
17 you've supplied us with the 90-day decline curve, that will  
18 be sufficient.

19 And under number 4, again, either your 12-  
20 month production decline curve or whatever you've got is  
21 going to be sufficient.

22 Number 7 there on page eight, they want  
23 production records for crude oil produced. If your GOR  
24 test was very recent, that probably would be sufficient, or  
25 you might make a note on your GOR test concerning your pro-

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1 duction record for crude oil, and that way save yourself  
2 attaching a separate piece of paper.

3 My last comment is on Rule 19, number 2.  
4 Rule 19 concerns applications for a designation that a  
5 stripper well is seasonably affected. You can file for that  
6 on either a Form C-132 or the 132-A, and the reason for that  
7 is that you might have a 24-month production curve and be  
8 able to come in immediately for your designation that the  
9 well was a stripper well and it's seasonably affected, and  
10 you can just -- if you've got that kind of history, you can  
11 just file on the C-132, which is our Exhibit Two.

12 If you have had an initial determination  
13 that you've got a stripper well and then later you come in  
14 to have it designated seasonably affected, you would use  
15 the 132-A, which is Exhibit Three.

16 And I think that's pretty much self-explana-  
17 tory.

18 Exhibits One, Two, and Three are my recom-  
19 mendation for what the Division should adopt in order to  
20 implement the Natural Gas Policy Act and at this time I  
21 would offer Exhibits One, Two, and Three in evidence.

22 MR. STAMETS: These exhibits will be ad-  
23 mitted. Are there any questions of the witness? Mr. Nutter.

24  
25 QUESTIONS BY MR. NUTTER

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1 Q Ms. Teschendorf, referring to page one of  
2 your Exhibit One, and Rule 1.

3 A Uh-huh.

4 Q It states that the application shall include  
5 affidavits of mailing or delivery of the forms to all working  
6 interest owners and all parties to the gas purchase con-  
7 tract, if any.

8 Now in the case of a unit operation where  
9 there's a large unit with a multitude of owners in that unit,  
10 does everyone of those owners have to be furnished a copy  
11 of that application?

12 A No, I think the whole flavor, I guess, run-  
13 ning through the Natural Gas Policy Act and the regulations  
14 is that this is on a per well basis, and you would just be  
15 looking at the well that you're applying for only.

16 Q Well, in the case of a unit all the people  
17 in the participating area are owners of that well.

18 A Then you would have to send it to all those  
19 working interest owners.

20 Q And there are several of them, sometimes.  
21 Okay, I just wanted to clarify that.

22 Okay, now on page six, Rule 6 -- Rule 15,  
23 subsection 6.

24 A Uh-huh.

25 Q A statement by the applicant under oath, (b)

1 that the well satisfies any applicable federal or state  
2 well-spacing requirements, and that the well is not within  
3 a proration unit, which was three things, in existence at  
4 the time the surface drilling of the well began; which was  
5 applicable to the reservoir for that -- to the same reser-  
6 voir; and which applied to any other well which either pro-  
7 duced natural gas in commercial quantities or the drilling  
8 of which was begun before February 19, 1977.

9 Now in the case where we have a section in  
10 a pool that is spaced on 320-acre spacing, and you have two  
11 wells in that section, one had the north half dedicated to  
12 it and one had the south half dedicated to it, and the well  
13 in the north half -- or the dedication in the north half  
14 was to a well that was located in the northeast quarter of  
15 the section. The south half was dedicated to a well that  
16 was in the southwest quarter of the section. The operator  
17 decided he wants to drill a new well, can he rededicate that  
18 acreage, dedicate the west half and drill a new well in the  
19 northwest quarter, and dedicate the east half to a new well  
20 that's drilled in the southeast quarter, and then make the  
21 statement that the well is not within a proration unit  
22 which was in existence at the time the surface drilling of  
23 the well began which was applicable to the reservoir from  
24 which the gas produced and which applied to any other well  
25 that was producing?

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1 A He could swear to that but he could not swear  
2 that the well satisfies state well-spacing requirements.

3 Q Why wouldn't it? If the acreage dedication  
4 is 320 and he has a standard location?

5 A Because he would be having two wells on a  
6 proration unit at that time, which we would not allow.

7 Q Well, I'm assuming he's plugging those other  
8 old wells.

9 A Oh.

10 Q And rededicating his acreage.

11 A Then I think he would satisfy this.

12 Q He could rededicate acreage and plug the  
13 wells and redrill.

14 A I would like to point something else out  
15 about this section, now that you've brought it up.

16 Someone who's applying for a Blanco-Mesaverde  
17 infill well cannot really swear to these things.

18 Q I wasn't thinking about Blanco-Mesaverde  
19 necessarily.

20 A No, I know you weren't, but this -- I remember  
21 that I wanted to mention this.

22 The kinds of applications we've been getting  
23 for Blanco-Mesaverde infill wells, you can't swear to that,  
24 and because it's an infill well. The kind of oath that  
25 we're getting and that we think is satisfactory is stating

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1 that you are satisfying the well spacing and it is within  
2 a proration unit which was in existence, but that you've  
3 got this order, the Blanco-Mesaverde infill order, which  
4 has stated that you need the second well to efficiently  
5 and economically drain the proration unit, and that kind of  
6 statement would -- would satisfy (b) instead of what is  
7 there now.

8 Q Well, I appreciate it would in the Blanco-  
9 Mesaverde, and as to the other reservoirs, where you have  
10 320-acre spacing and there's no prohibition against drilling  
11 a second well, isn't there still -- isn't each well located  
12 on a 320-acre unit?

13 A Yes, but the Federal Energy Regulatory Com-  
14 mission would require that they had a determination from  
15 us that a second well was required to efficiently and econ-  
16 omically drain the unit, and although we allow simultaneous  
17 dedication, a finding at a hearing, or an order that's is-  
18 sued allowing simultaneous dedication, does not make the  
19 finding that two wells are necessary to effectively drain  
20 the unit.

21 Q What if the applicant had had a hearing and  
22 got a determination that he needed that second well on that  
23 proration unit to drain the acreage, then that would be an  
24 infill well with the appropriate finding, possibly.

25 A Under the Federal regulations that is true.

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1 Q And would be acceptable.

2 A Yes. However, I might add that because of  
3 the problem -- well, not a problem, but because we are  
4 charged with protecting correlative rights, I'm not sure  
5 that the Division ought to make that determination on a  
6 per well basis, but probably ought to do it on a poolwide  
7 basis.

8 Q But each case will have to stand on its own  
9 merit at the time of the hearing on the per well basis.

10 A That's what the Federal regulations antici-  
11 pate, yes.

12 MR. STAMETS: Ms. Teschendorf, if I under-  
13 stand the situation correctly, that the Federal Regulatory  
14 Commission has adopted interim regulations for a period of  
15 sixty days, and that these regulations are subject to change  
16 and if they are changed then it will be necessary for us  
17 to change our regulations and our rules again. This, I  
18 presume, could be done by an emergency order so that every-  
19 thing would take place again at the same time that Federal  
20 Energy Regulatory Commission rules are amended.

21 A Yes.

22 MR. STAMETS: I also notice that there is  
23 some difference between Form C-132 and C-132-A at the base  
24 of the form between what was sent out with the docket of  
25 this hearing and the exhibits today.

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1 A Basically the only change that has been made  
2 is that we have added a box for Division Use Only. The  
3 final regulations that came out from FERC require the juris-  
4 dictional agency to certify that the information contained  
5 in each application includes all of the information required  
6 to be filed by the applicant under Part 274, and rather  
7 than attach a separate sheet of paper certifying that every  
8 time, we just added a box including that certification.

9 Otherwise, it's exactly the same.

10 MR. STAMETS: Then as to part 6.a., Form  
11 C-132, do you suppose that that would be improved if a  
12 statement were added something to the effect that if no  
13 test has been taken, please so state?

14 A We could add that in our rules, yes.

15 MR. STAMETS: Would that be added in the  
16 rules or added in the form?

17 A I think clarification of the rules would be  
18 the way I'd like to do it, but either way would work.

19 MR. STAMETS: What rule would that be added  
20 to?

21 A Okay, that would be added to Rule 17, pro-  
22 bably insert it between the present numbers 2 and 3.

23 MR. STAMETS: Are there any other questions  
24 of Ms. Teschendorf?

25 MR. BURLESON: I have a couple.

1 MR. STAMETS: Mr. Burleson.

2  
3 QUESTIONS BY MR. BURLESON:

4 Q David T. Burleson with El Paso.

5 With respect to Rule 7, Ms. Teschendorf, with  
6 respect to Rule 7, the last two words in that rule say "not  
7 approved."

8 Since that would also encompass a circum-  
9 stance where the Commission has not acted, or the Division  
10 has not acted, would it be better to say disapproved, per-  
11 haps?

12 A I think that would be better. That would  
13 conform with our Form C-132 and 132-A, also.

14 MR. STAMETS: What was the recommendation  
15 there?

16 A That at the end of Rule 7, that it state  
17 the application is either approved or disapproved, rather  
18 than merely not approved, because that might mean that it's  
19 just pending, or something.

20 MR. STAMETS: Okay.

21 Q (Mr. Burleson continuing.) With respect to  
22 Rule 14 and 4 (a) thereunder, I believe there's a typo-  
23 graphical omission in that, such that after the word  
24 "available", being the third line from -- from the bottom  
25 of 4 (a), I think the word "and" should be inserted.

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1 A Have you looked at the regs and seen that  
2 there should be an "and" in there, the Federal regs?

3 Q I think -- I believe that's right. I believe  
4 there is an "and" there.

5 A Well, we can check that and add it if --

6 Q Right. If you'll read it, grammatically it  
7 doesn't make proper sense the way it is currently.

8 A Actually, the Federal regulations did have  
9 some typos where they left out words and we put them in to  
10 make them read correctly and this might be a case where they  
11 left it out, or we left it out, I don't know. I'll check  
12 that.

13 MR. STAMETS: Any other questions of the  
14 witness? Mr. Kendrick?

15  
16 QUESTIONS BY MR. KENDRICK:

17 Q On page six -- excuse me, not page six, it's  
18 on page eight, under Rule 7, a request for crude oil pro-  
19 duction or liquids production, would you suggest that if  
20 a well does not produce liquids that a statement to that  
21 effect be included?

22 A Yes, I would.

23 MR. STAMETS: Any other questions of the  
24 witness? This is your last chance.

25 MR. BUELL: I have a brief statement, Mr.

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1 Examiner, no questions of Ms. Teschendorf.

2 MR. STAMETS: Okay. The witness may be ex-  
3 cused and Mr. Buell, since you spoke up first, we'll let you  
4 make your brief statement first.

5 MR. BUELL: Mr. Examiner, as Ms. Teschendorf  
6 pointed out and as you have pointed out, we're kind of  
7 feeling our way here, and although it's easily understandable  
8 that your rules are more or less subject to the whims and  
9 the caprices of the FERC regulations, so to a degree we're  
10 kind of feeling our way along an uncharted path.

11 With that thought in mind, Amoco feels that  
12 Ms. Teschendorf's recommendations are very well put. I  
13 would make one suggestion in Rule 2 with regard to who has  
14 to sign the application, the statement, et cetera, in your  
15 rule 2 it says a responsible officer.

16 In our Houston region we only have two re-  
17 sponsible officers, our vice president and secretary, and  
18 we do have a lot of responsible officials. I'm advised that  
19 the FERC regulation uses the word "officials" rather than  
20 "officers" and I'd like to recommend that Rule 2 be amended  
21 to substitute the word "official" for "officer".

22 I'm a responsible official but I'm not a  
23 responsible officer.

24 MR. STAMETS: Thank you, Mr. Buell. I'm not  
25 going to comment on that. I think it was well put.

Are there other statements in this case?

There being none, the case will be taken under advisement.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3022 Plaza Blanca (991) 471-2422  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
 CERTIFY that the foregoing and attached Transcript of  
 Hearing before the Oil Conservation Division was reported  
 by me; that said transcript is a full, true, and correct  
 record of the hearing, prepared by me to the best of my  
 ability, knowledge, and skill, from my notes taken at the  
 time of the hearing.

Sally W. Boyd CSR  
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 6395  
 heard by me on 12-7-78 12-7-78,  
Richard L. Hunt, Examiner  
 Oil Conservation Division

SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 3030 Plaza Blanca (S.S.) 471-3433  
 Santa Fe, New Mexico 87501



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE EMERGENCY APPROVAL  
OF SPECIAL RULES FOR APPLICATIONS FOR  
WELLHEAD PRICE CEILING CATEGORY  
DETERMINATIONS UNDER THE NATURAL GAS  
POLICY ACT OF 1978.

EMERGENCY ORDER NO. E-33

NOW, at 12:01 a.m. on this 1st day of December, 1978, the Director of the Oil Conservation Division of the Department of Energy and Minerals, having fully considered all available facts relating to the subject matter herein, and being fully advised in the premises,

FINDS:

- (1) That the 95th Congress of the United States passed the Natural Gas Policy Act of 1978, P.L. 95-621, 92 Stat. 3350.
- (2) That said Act was enacted on November 9, 1978, and went into effect on December 1, 1978.
- (3) That pursuant to said Act, the Federal Energy Regulatory Commission has promulgated interim regulations establishing minimum filing requirements for applications for wellhead price ceiling category determinations under Sections 102, 103, 107 and 108 of the Act.
- (4) That said regulations also established the Oil Conservation Division as the jurisdictional agency with respect to wells located on state and fee lands within the State of New Mexico.
- (5) That in order to make determinations in accordance with said minimum filing requirements and in accordance with state law, the Oil Conservation Division should adopt Special Rules for Applications for Wellhead Price Ceiling Category Determinations in the form attached hereto as Exhibit A and by this reference incorporated herein.
- (6) That said Special Rules should require, in addition to the minimum filing requirements adopted by the Federal Energy Regulatory Commission, the following:
  - (a) Form C-132 in the form attached hereto as Exhibit B and by this reference incorporated herein;

EMERGENCY ORDER NO. E-33

- (b) Form C-132-A in the form attached hereto as Exhibit C and by this reference incorporated herein;
- (c) an administrative procedure by which examiners or the Director of the Division can make determinations;
- (d) for a new onshore production well determination for a second well on a proration unit, a copy of the Division order authorizing an infill well drilling program on a poolwide basis; and
- (e) for all new onshore production well determinations, a C-102 should be filed showing all wells within the proration unit which have or are producing from the same pool or reservoir as the well for which the determination is sought, giving for each the spud date, cumulative production and date of plug and abandonment, if any.

(7) That in order to prevent waste and promote the conservation of oil and gas, the Division should make wellhead price ceiling category determinations in accordance with said Special Rules.

IT IS THEREFORE ORDERED:

(1) That the Special Rules for Applications for Wellhead Price Ceiling Category Determinations attached hereto as Exhibit A are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.

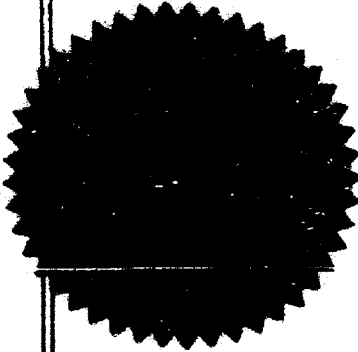
(2) That Forms C-132 and C-132-A attached hereto as Exhibits B and C, respectively, are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.

(3) That this order shall become effective at 12:01 a.m. Mountain Standard Time, December 1, 1978, and shall remain in effect for not more than 15 days.

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EMERGENCY ORDER NO. E-33..

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

SEAL

dr/

SPECIAL RULES FOR APPLICATIONS  
FOR WELLHEAD PRICE CEILING  
CATEGORY DETERMINATIONS

DEFINITIONS

Commission. The Federal Energy Regulatory Commission

Division. The Oil Conservation Division of the Energy and Minerals Department.

USGS. United States Geological Survey.

Applicant. The operator of the well for which the determination is sought.

Director. The Director of the Oil Conservation Division.

NGPA. The Natural Gas Policy Act of 1978.

MCF. Thousand cubic feet of gas reported at a pressure base of 14.73 psia.

GENERAL

Rule 1. The application shall include affidavits of mailing or delivery of the Form C-132 or C-132-A to all working interest owners and to all parties to the gas purchase contract, if any.

Rule 2. The application shall be signed as follows:

If the person filing an application under this part is an individual, the filing shall be signed and attested to by such individual, or in the case of a minor or other legally disabled person, his duly qualified legal representative. If the person making such filing is a corporation, partnership, or trust, the filing shall be signed and attested to by a responsible officer of the corporation, a general partner of the partnership, or the trustee of the trust. In the case of any other legal entity, the operator of the well may sign the application. An operator under a joint operating agreement may sign an application for a well covered by the operating agreement if notice of the application is given by the operator to all other parties to the joint operating agreement and that fact is certified in the application.

Rule 3. If a well is located on a State or fee lease, the application shall be filed with the Division. If a well is located on a federal or Indian lease, the application shall be filed with the USGS. If the well is located on a communitized lease, the application shall be filed with the agency having jurisdiction over the lands on which the well is situated.

Rule 4. Two complete copies of the application shall be filed with the Division's Santa Fe office, and a copy of the C-132 or C-132-A with the appropriate district office.

- Rule 5. If written objection to the application is filed with the Division's Santa Fe office by any interested party within 15 days after the complete application is filed, or if a hearing is required by the Director, the application shall be set for hearing in accordance with Rules 1201 through 1223 of the Division's general statewide rules and regulations.
- Rule 6. If no written objection is received within the time period set out in Rule 5, and no hearing is required, the application shall be approved administratively by a Division examiner or the Director.
- Rule 7. If a hearing is required, a determination shall not become final until the applicant has exhausted his administrative remedies before the Division. If a hearing is not required, a determination shall be final on the date the application is either approved or not approved.
- Rule 8. Within 10 days of making a final determination, notice shall be sent to the applicant, the transporter and, if a hearing was held, to each party who has entered his appearance of record at the hearing.
- Rule 9. Within 15 days of making a final determination, notice shall be sent to the Commission.
- Rule 10. An examiner or the Director may require the filing of information on a case-by-case basis other than that required to be submitted by Commission or Division regulations.
- Rule 11. The Director may set any application for hearing at his discretion or at the request of an applicant.
- Rule 12. In the case of remand by the Commission of any final determination made by the Division, the case shall be set for hearing in accordance with Rules 1201 through 1223 of the Division's general statewide rules and regulations.

#### FILING REQUIREMENTS

##### Section 102 New Natural Gas

- Rule 13. An application for a new onshore well [NGPA Section 102 (c)(1)(b)] shall include either subpart (1) or (2) or both:
1. 2.5 mile test
    - a. Commission Form No. 121
    - b. Division Form C-132 and the required attachments
    - c. a location plat which locates and identifies the well for which the determination is sought and any other well which is producing, or produced after January 1, 1970, natural gas and is within the 2.5 mile radius drawn from the well for which a determination is sought;

d. a statement by the applicant under oath:

- (1) that he has made, or has caused to be made, pursuant to his instructions, a diligent search of all records (including but not limited to production, severance tax, and royalty payment records) which are reasonably available and contain information relevant to the determination of eligibility;
- (2) describing the search made, the records reviewed, the location of such records, and a description of any records which he believes may contain information relevant to the determination but which he has determined are not reasonably available to him;
- (3) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination; and
- (4) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion; and

2. 1,000 feet deeper test

- a. Commission Form No. 121
- b. Division Form C-132 and the required attachments
- c. a location plat which locates and identifies the well for which the determination is sought and all wells which are producing, or produced after January 1, 1970, natural gas within the 2.5 mile radius drawn from the well for which a determination is sought; including specific identification of all marker wells within the 2.5 radius drawn from the well for which a determination is sought;
- d. a list of the deepest completion locations for all marker wells identified on the location plat; and
- e. a statement by the applicant, under oath:
  - (1) that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records (including but not limited to production, State severance tax, and royalty payment records) which are reasonably available and contain information relevant to the determination of eligibility;

- (2) describing the search made, the records reviewed, the location of such records, and a description of any records which he believes may contain information relevant to the determination but which he has determined are not reasonably available to him;
- (3) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination which has a completion location less than 1,000 feet above the completion location of the new well; and
- (4) that he has no knowledge of any other information which is inconsistent with his conclusion.

Rule 14. An application for a new onshore reservoir [NGPA Section 102(c)(1)(C)] shall include:

- 1. Commission Form No. 121
- 2. Division Form C-132 and the required attachments
- 3. geological information sufficient to support a determination that the reservoir is a new onshore reservoir. Such information shall include to the extent reasonably available to the applicant:
  - (a) well logs;
  - (b) bottom hole or surface pressure surveys;
  - (c) well potential tests;
  - (d) formation structure maps;
  - (e) a subsurface cross-section chart; and
  - (f) a gas analysis;
- 4. a statement by the applicant, under oath:
  - (a) that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records (including but not limited to production, State severance tax, and royalty payment records) which are reasonably available contain information relevant to the determination of eligibility;
  - (b) describing the search made; the records reviewed; the location of such records, and a description of any records which

are described in (1) (or which he believes may otherwise contain information relevant to the determination) but which he has determined are not reasonably available to him;

- (c) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief the gas to be produced and for which he seeks a determination is from a new onshore reservoir; and
  - (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion.
5. The applicant in his statement under oath shall also answer, to the best of his information, knowledge and belief and on the basis of the results of his search and examination, the following questions:
- (a) Was natural gas produced in commercial quantities from the reservoir prior to April 20, 1977?
  - (b) Was the reservoir penetrated before April 20, 1977, by an old well from which natural gas or crude oil was produced in commercial quantities from any reservoir?
  - (c) If the question in subparagraph (b) is answered in the affirmative, could natural gas have been produced in commercial quantities from the reservoir before April 20, 1977, from any old well described in (b)?
  - (d) If the natural gas is to be produced through an old well, were suitable facilities for the production and delivery to a pipeline of such natural gas in existence on April 20, 1977?
6. If the applicant is unable to answer the four questions set out above in the negative, the applicant shall provide the information upon which he bases his conclusion that the natural gas for which he seeks a determination is to be produced from a new onshore reservoir.

#### Section 103 New Onshore Production Well

Rule 15. An application for a new onshore production well [NGPA Section 103] shall include:

- 1. Commission Form No. 121
- 2. Division Form C-132 and the required attachments
- 3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any.



4. The C-102 attached to Form C-132 shall show all wells within the proration unit which have or are producing from the same pool or reservoir as the well for which the determination is sought, giving for each the spud date, cumulative production and date of plug and abandonment, if any.
5. a location plat which locates and identifies the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located.
6. a statement by the applicant, under oath:
  - (a) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (b) that the well satisfies any applicable federal or state well-spacing requirements; and that the well is not within a proration unit:
    - (1) which was in existence at the time the surface drilling of the well began;
    - (2) which was applicable to the reservoir from which such natural gas is produced; and
    - (3) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities;
  - (c) that he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well and the basis for such conclusion;
  - (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusions; and
  - (e) if the applicant is seeking a determination with respect to a new well drilled into an existing proration unit, then pursuant to Section 271.304, the applicant must, in addition to the filing requirements listed in paragraphs (a) through (e) of this section demonstrate by appropriate geological evidence that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

Section 107 High-Cost Natural Gas

Rule 16. An application for high-cost natural gas [NGPA Section 107] shall include:

1. Commission Form No. 121
2. Division Form C-132 and the required attachments
3. all well completion reports for the well for which a determination is sought;
4. well logs or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;
5. directional drilling surveys if available; and
6. a statement by the applicant, under oath, that the surface drilling of the well for which he seeks a determination began on or after February 19, 1977, and that the well completion location is below a true vertical depth of 15,000 feet; and that he has no knowledge of any information which is inconsistent with his conclusions.

Section 108 Stripper Well Natural Gas

Rule 17. An application for an initial determination that a well qualifies as a stripper gas well [NGPA Section 108] shall include:

1. Commission Form No. 121
2. Division Form C-132 and the required attachments
3. production records, if available, and if not, tax records, if available, or verified copies of billing statements upon which the average production for the 90-day production period is based;
4. a copy of the results of any tests which measure the production capability of the well; and, if such test results are not available and the maximum efficient rate of flow has not been previously established:
  - (a) Production records, if available, and if not, tax records, if available, or verified copies of billing statements for the 12 months immediately preceding November 9, 1978, including any of the 90-day production period upon which the application is based, which demonstrate that such well produced non-associated natural gas at a rate which did not exceed an average of 60 Mcf per production day during the 12-month period;

- (b) If the well, for which a determination is sought, has produced non-associated natural gas at an average rate not in excess of 60 Mcf per production day for a 90-day production period within 120 days of the date of filing, but such an average rate of production has not been experienced for a 12-month period, the applicant shall file, as soon as practicable but in no event later than 10 months after the date the application is filed with the jurisdictional agency, either production records, if available, and if not, tax records, if available, or verified copies of billing statements for the 12-month period, including any of the 90-day production period upon which the application is based, which demonstrates that such well produced non-associated natural gas at a rate which did not exceed an average of 60 Mcf per production day during such period; or
- (c) Such other evidence as the applicant may submit upon which the jurisdictional agency could establish the maximum efficient rate of flow;
5. The number of days natural gas was not produced during the 90-day production period and a description of the state law or conservation practice recognized or approved by the state agency having regulatory jurisdiction over the production of natural gas which prohibited production.
6. The number of days not included in the 90-day production period and a statement of the reasons why each day was excluded except to the extent they are covered under Subparagraph 5.
7. The production records for crude oil produced from the well for the 90-day production period upon which the application is based.
8. An inventory of the lease and production equipment used for the well for the past 24 months or for such lesser period as the well has been in production prior to date of filing, as well as the identification of any equipment or processes used in connection with recognized enhanced recovery techniques during the completion of the well or during production subsequent to the completion of the well but prior to the filing for a determination; and
9. A statement by the person signing the application, under oath, that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records which are reasonably available and certain information relevant to the determination; a description of the search made, the records reviewed, the results of this search and examination he has concluded that to the best of his information, knowledge

and belief, the well qualifies as a stripper well; and that he further attests that he has no knowledge of any other information which is inconsistent with his conclusion.

Rule 18. An application for determination of increased production resulting from the use of enhanced recovery techniques shall include:

1. Commission Form No. 121
2. Division Form C-132-A and the required attachments
3. A copy of the purchaser's notice, if any, that the average daily production for any 90-day production period has exceeded 60 Mcf, or that the well which has been designated a seasonably affected well produces at a rate in excess of 60 Mcf per day for a 12-month production period.
4. A description of all processes used or equipment installed together with all dates of use or installation;
5. A statement, under oath, that to the best of the applicant's information, knowledge and belief, the information supplied and the conclusions drawn are true; that the operator has no knowledge of any information not described in the application which is inconsistent with any of his conclusions; and that the notice has been served on the appropriate entities specified in Section 271.805 of the NGPA.


Rule 19. An application for a designation that a well is seasonably affected shall include:

1. Commission Form No. 121
2. Division Form C-132 if an initial determination has not been made under Rule 17; or Form C-132-A, if an initial determination has been made.
3. A copy of the purchaser's notice, if any, that the average daily production for any 90-day production period has exceeded 60 Mcf, or that the well which has been designated a seasonably affected well produces at an average rate in excess of 60 Mcf per day for a 12-month production period.
4. Production records, tax records or billing statements for a period of 24 months, including the 90-day or 12-month production period which is the subject of the notice by the operator or the purchaser;
5. A description of the nature of the seasonal fluctuations as inferred from the data supplied; and

6. A statement, under oath, that the production records, tax records or billing statements are correct; that the operator has no knowledge of any information contrary to any conclusions drawn by him; and that the notice has been served on the appropriate entities specified in Section 271.805 of the NGPA.

NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2038, Santa Fe, New Mexico 87501

APPLICATION FOR WELLHEAD  
PRICE CEILING CATEGORY DETERMINATION

1. <u>FOR DIVISION USE ONLY</u>		Kind of Lease State, Federal or Free
DATE OF: APPLICATION _____		5. State Oil & Gas Lease No.
DETERMINATION _____		
CONTESTED _____		
PARTICIPANTS _____		
2. Name of Operator _____		6. Farm or Lease Name
3. Address of Operator _____		9. Well No.
4. Location of Well		10. Field and Pool, or Wildcat
UNIT LETTER _____ FEET FROM THE _____ LINE AND _____ FEET FROM _____		
THE _____ LINE, SECTION _____ TOWNSHIP _____ RANGE _____ NMPM.		12. County
13. Name and Address of Transporter(s) _____		

WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

- ☐ 1. Category(ies) Sought (By NGPA Section No.) \_\_\_\_\_
2. All Applications must contain:
- ☐ a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK
- ☐ b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG
- ☐ c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111
- ☐ d. AFFIDAVITS OF MAILING OR DELIVERY
- ☐ 3. NEW NATURAL GAS UNDER SEC. 102(c)(1)(B) (using 2.5 Mile or 1000 Feet Deeper Test)
- ☐ a. Location Plat
- ☐ 4. NEW NATURAL GAS UNDER SEC. 102(c)(1)(C) (new onshore reservoir)
- ☐ a. C-122 Multipoint and one point back pressure test
- ☐ 5. NEW ONSHORE PRODUCTION WELL
- ☐ a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT
- ☐ b. No. of order authorizing infill program \_\_\_\_\_
- ☐ 6. STRIPPER GAS
- ☐ a. C-116 GAS-OIL RATIO TEST
- ☐ b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.
- ☐ c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME: \_\_\_\_\_ SIGNED: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED: \_\_\_\_\_, EXAMINER

Exhibit B

NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2088, Santa Fe, New Mexico 87501

APPLICATION FOR CONTINUED  
STRIPPER CLASSIFICATION

## 1. FOR DIVISION USE ONLY

DATE OF: APPLICATION \_\_\_\_\_  
DETERMINATION \_\_\_\_\_  
CONTESTED \_\_\_\_\_  
PARTICIPANTS \_\_\_\_\_

2. Name of Operator	Kind of Lease State, Federal or For
3. Address of Operator	5. State Oil & Gas Lease No.
4. Location of Well	7. Unit Agreement Name
UNIT LETTER _____ FEET FROM THE _____ LINE AND _____ FEET FROM _____	8. Farm or Lease Name
THE _____ LINE, SECTION _____ TOWNSHIP _____ RANGE _____	9. Well No.
	10. Field and Pool, or Wildcat

12. County

13. Name and Address of Transporter(s)

CLASSIFICATION

Check appropriate box for category sought and information submitted.

- ☐ 1. Increased production resulting from enhanced recovery techniques
- ☐ a. C-132, Initial determination
- ☐ b. Purchaser's notice of exceeding 60 MCF/day
- ☐ 2. Well is seasonably affected
- ☐ a. C-132, Initial determination
- ☐ b. Purchaser's notice of exceeding 60 MCF/day
- ☐ c. 24-month production curve

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST  
OF MY KNOWLEDGE AND BELIEF.

NAME: \_\_\_\_\_ SIGNED: \_\_\_\_\_  
TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
APPROVED: \_\_\_\_\_, EXAMINER

Exhibit C

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6394  
Order No. R-5878

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION ON ITS OWN MOTION TO CONSIDER  
THE ADOPTION OF AN ADMINISTRATIVE  
PROCEDURE AND FORMS C-132 AND C-132-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7, 1978,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of December, 1978, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in  
the premises,

FINDS:

- (1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the 95th Congress of the United States passed  
the Natural Gas Policy Act of 1978, P.L. 95-621, 92 Stat. 3350.
- (3) That said Act was enacted on November 9, 1978, and  
went into effect on December 1, 1978.
- (4) That pursuant to said Act, the Federal Energy  
Regulatory Commission has promulgated interim regulations  
establishing minimum filing requirements for applications for  
wellhead price ceiling category determinations under Sections  
102, 103, 107 and 108 of the Act.
- (5) That said regulations also established the Oil Con-  
servation Division as the jurisdictional agency with respect  
to wells located on state and fee lands within the State of  
New Mexico.



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Case No. 6394  
Order No. R-5878

(6) That on December 1, 1978, Emergency Order No. E-33 was issued by the Director of the Division adopting Forms C-132 and C-132-A and Special Rules for Applications for Wellhead Price Ceiling Category Determinations.

(7) That said Order No. E-33 expires on December 16, 1978.

(8) That in order to make determinations in accordance with the Federal Energy Regulatory Commission (hereinafter referred to as the FERC) minimum filing requirements and in accordance with state law, the Oil Conservation Division should adopt Special Rules for Applications for Wellhead Price Ceiling Category Determinations.

(9) That said Special Rules should provide an administrative procedure by which the Division Director or the Division Examiners can make such Wellhead Price Ceiling Category Determinations.

(10) That said Special Rules should require, in addition to the minimum filing requirements adopted by the FERC, the filing of the following:

- (a) Division Form C-132 in the form attached hereto as Exhibit B and by reference incorporated herein.
- (b) Where applicable, Division Form C-132-A in the form attached hereto as Exhibit C and by reference incorporated herein.

(11) That said Special Rules should be of the general form and content presented at the hearing of this case, and in addition thereto, should also provide:

- (a) that for all "new onshore production well" determinations, the applicant must file:
  - (1) a Division Form C-102 locating and identifying the well for which a determination is sought and all other wells in the proration unit, giving for each well which has produced or is producing from the same pool or reservoir as the subject well the spud date, cumulative production and date of plug and abandonment, if any;

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Case No. 6394

Order No. R-5878

- (2) a copy of the Division order authorizing an infill well drilling program on a pool-wide basis, if any, or authorizing the drilling of an infill well pursuant to the provisions of section 271.305 of the FERC NGPA regulations.
- (b) that if the applicant is seeking a determination with respect to a new well drilled into an existing proration unit pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, he must file:
- (1) copies of those pages of any Division transcript or other documentation demonstrating by appropriate geological evidence that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit, and
  - (2) a statement by the applicant under oath:
    - (a) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
    - (b) that the Division has altered or granted a waiver of any applicable well-spacing requirements prior to the commencement of surface drilling of the well for which a determination is sought;
    - (c) that he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well and the basis for such conclusion;
    - (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

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Case No. 6394  
Order No. R-5873

(12) That in order to prevent waste and promote the conservation of oil and gas, the Special Rules for Applications for Wellhead Price Ceiling Determinations as described above, and as embodied in Exhibit A attached hereto and by reference made a part hereof, should be adopted, and the Division should make wellhead price ceiling category determinations in accordance with said Special Rules.

IT IS THEREFORE ORDERED:

- (1) That the Special Rules for Applications for Wellhead Price Ceiling Category Determinations attached hereto as Exhibit A are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.
  - (2) That Forms C-132 and C-132-A attached hereto as Exhibits B and C, respectively, are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.
  - (3) That this order shall become effective at 12:01 a.m. Mountain Standard Time, December 16, 1978, and shall remain in effect until further order of the Division.
  - (4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.
- DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L

fd/

SPECIAL RULES FOR APPLICATIONS  
FOR WELLHEAD PRICE CEILING  
CATEGORY DETERMINATIONS

DEFINITIONS

FERC. The Federal Energy Regulatory Commission

Division. The Oil Conservation Division of the Energy and Minerals Department.

USGS. United States Geological Survey.

Applicant. The operator of the well for which the determination is sought.

Director. The Director of the Oil Conservation Division.

NGPA. The Natural Gas Policy Act of 1978.

MCF. Thousand cubic feet of gas reported at a pressure base of 14.73 psia.

GENERAL

Rule 1. The application shall include affidavits of mailing or delivery of the Form C-132 or C-132-A and FERC Form No. 121 to all working interest owners and to all parties to the gas purchase contract, if any.

Rule 2. The application shall be signed as follows:

If the person filing an application is an individual, the filing shall be signed and attested to by such individual, or in the case of a minor or other legally disabled person, his duly qualified legal representative. If the person filing is a corporation, partnership, or trust, the filing shall be signed and attested to by a responsible official of the corporation, a general partner of the partnership, or the trustee of the trust. In the case of any other legal entity, the operator of the well may sign the application. An operator under a joint operating agreement may sign an application for a well covered by the operating agreement if notice of the application is given by the operator to all other parties to the joint operating agreement and that fact is certified in the application.

Rule 3. If a well is located on a State or fee lease, the application shall be filed with the Division. If a well is located on a federal or Indian lease, the application shall be filed with the USGS. If the well is located on a communitized lease, the application shall be filed with the agency having jurisdiction over the lands on which the well is situated.

Rule 4. Two complete copies of the application shall be filed with the Division's Santa Fe office, and a copy of the C-132 or C-132-A with the appropriate district office.

- Rule 5. If written objection to the application is filed with the Division's Santa Fe office by any interested party within 15 days after the complete application is filed, or if a hearing is required by the Director, the application shall be set for hearing in accordance with Rules 1201 through 1223 of the Division's general statewide rules and regulations.
- Rule 6. If no written objection is received within the time period set out in Rule 5, and no hearing is required, the application may be approved administratively by a Division examiner or the Director.
- Rule 7. If a hearing is required, a determination shall not become final until the applicant or other interested party has exhausted his administrative remedies before the Division. If a hearing is not required, a determination shall be final on the date the application is either approved or disapproved.
- Rule 8. Within 10 days after making a final determination, notice shall be sent to the applicant, the transporter and, if a hearing was held, to each party who has entered his appearance of record at the hearing.
- Rule 9. Within 15 days after making a final determination, notice shall be sent to the FERC.
- Rule 10. An examiner or the Director may require the filing of additional information on a case-by-case basis other than that required to be submitted by FERC or Division regulations.
- Rule 11. The Director may set any application for hearing at his discretion or at the request of an applicant.
- Rule 12. In the case of remand by the FERC of any final determination made by the Division, the case shall be set for hearing in accordance with Rules 1201 through 1223 of the Division's general statewide rules and regulations.

#### FILING REQUIREMENTS

##### Section 102 New Natural Gas

- Rule 13. An application for a new onshore well [NGPA Section 102 (c) (1) (b)] shall include either subpart (1) or (2) or both:
1. 2.5 mile test
    - a. FERC Form No. 121
    - b. Division Form C-132 and the required attachments
    - c. a location plat which locates and identifies the well for which the determination is sought and any other well which is producing, or produced after January 1, 1970, natural gas and is within the 2.5 mile radius drawn from the well for which a determination is sought;

d. a statement by the applicant under oath:

- (1) that he has made, or has caused to be made, pursuant to his instructions, a diligent search of all records (including but not limited to production, severance tax, and royalty payment records) which are reasonably available and contain information relevant to the determination of eligibility;
- (2) describing the search made, the records reviewed, the location of such records, and a description of any records which he believes may contain information relevant to the determination but which he has determined are not reasonably available to him;
- (3) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination; and
- (4) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion; and

2. 1,000 feet deeper test

- a. FERC Form No. 121
- b. Division Form C-132 and the required attachments
- c. a location plat which locates and identifies the well for which the determination is sought and all wells which are producing, or produced after January 1, 1970, natural gas within the 2.5 mile radius drawn from the well for which a determination is sought; including specific identification of all marker wells within the 2.5 mile radius drawn from the well for which a determination is sought;
- d. a list of the deepest completion locations for all marker wells identified on the location plat; and
- e. a statement by the applicant, under oath:
  - (1) that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records (including but not limited to production, State severance tax, and royalty payment records) which are reasonably available and contain information relevant to the determination of eligibility;

- (2) describing the search made, the records reviewed, the location of such records, and a description of any records which he believes may contain information relevant to the determination but which he has determined are not reasonably available to him;
- (3) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination which has a completion location less than 1,000 feet above the completion location of the new well; and
- (4) that he has no knowledge of any other information which is inconsistent with his conclusion.

Rule 14. An application for a new onshore reservoir [NGPA Section 102(c)(1)(C)] shall include:

- 1. FERC Form No. 121
- 2. Division Form C-132 and the required attachments
- 3. geological information sufficient to support a determination that the reservoir is a new onshore reservoir. Such information shall include to the extent reasonably available to the applicant at the time the application is filed:
  - (a) well logs;
  - (b) bottom hole or surface pressure surveys;
  - (c) well potential tests;
  - (d) formation structure maps;
  - (e) a subsurface cross-section chart; and
  - (f) a gas analysis.
- 4. a statement by the applicant, under oath:
  - (a) that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records (including but not limited to production, State severance tax, and royalty payment records) which are reasonably available and contain information relevant to the determination of eligibility;
  - (b) describing the search made; the records reviewed; the location of such records, and a description of any records which

are described in (1) (or which he believes may otherwise contain information relevant to the determination) but which he has determined are not reasonably available to him;

- (c) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief the gas to be produced and for which he seeks a determination is from a new onshore reservoir; and
  - (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion.
5. The applicant in his statement under oath shall also answer, to the best of his information, knowledge and belief and on the basis of the results of his search and examination, the following questions:
- (a) Was natural gas produced in commercial quantities from the reservoir prior to April 20, 1977?
  - (b) Was the reservoir penetrated before April 20, 1977, by an old well from which natural gas or crude oil was produced in commercial quantities from any reservoir?
  - (c) If the question in Subparagraph (b) is answered in the affirmative, could natural gas have been produced in commercial quantities from the reservoir before April 20, 1977, from any old well described in (b)?
  - (d) If the natural gas is to be produced through an old well, were suitable facilities for the production and delivery to a pipeline of such natural gas in existence on April 20, 1977?
6. If the applicant is unable to answer the four questions set out above in the negative, the applicant shall provide the information upon which he bases his conclusion that the natural gas for which he seeks a determination is to be produced from a new onshore reservoir.

#### Section 103 New Onshore Production Well

Rule 15. An application for a new onshore production well [NGPA Section 103] shall include:

- 1. FERC Form No. 121
- 2. Division Form C-132 and the required attachments
- 3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well under Section 271.305 of the FERC NGPA Regulations.



4. The C-102 attached to Form C-132 shall locate and identify the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located, giving for each well which has or is producing from the same pool or reservoir as the subject well the spud date, cumulative production, and date of plug and abandonment, if any.
5. A statement by the applicant, under oath:
  - (a) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (b) that the well satisfies any applicable federal or state well-spacing requirements; and that the well is not within a proration unit:
    - (1) which was in existence at the time the surface drilling of the well began;
    - (2) which was applicable to the reservoir from which such natural gas is produced; and
    - (3) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities;
  - (c) that he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well and the basis for such conclusion;
  - (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.
6. If the applicant is seeking a determination with respect to a new well drilled into an existing proration unit pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, the applicant must, in addition to the filing requirements listed in Paragraphs (1) through (4) of Rule 15, file:
  - (a) copies of those pages of any Division transcript or other documentation demonstrating by appropriate geological evidence that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit, and
  - (b) a statement by the applicant under oath:

- (1) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
- (2) that the Division has altered or granted a waiver of any applicable well-spacing requirements prior to the commencement of surface drilling of the well for which a determination is sought;
- (3) that he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well and the basis for such conclusion;
- (4) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

#### Section 107 High-Cost Natural Gas

Rule 16. An application for high-cost natural gas [NGPA Section 107] shall include:

1. FERC Form No. 121
2. Division Form C-132 and the required attachments
3. all well completion reports for the well for which a determination is sought;
4. well logs or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;
5. directional drilling surveys if available; and
6. a statement by the applicant, under oath, that the surface drilling of the well for which he seeks a determination began on or after February 19, 1977, and that the well completion location is below a true vertical depth of 15,000 feet; and that he has no knowledge of any information which is inconsistent with his conclusions.

#### Section 108 Stripper Well Natural Gas

Rule 17. An application for an initial determination that a well qualifies as a stripper gas well [NGPA Section 108] shall include:

1. FERC Form No. 121
2. Division Form C-132 and the required attachments
3. If a C-116 is unavailable, indicate so on the C-132 and state why it is unavailable.

4. a production decline curve, if available, and if not, tax records, if available, or verified copies of billing statements upon which the average production for the 90-day production period is based;
5. a copy of the results of any tests which measure the production capability of the well; and, if such test results are not available and the maximum efficient rate of flow has not been previously established:
  - (a) a production decline curve for the 12-month period ending concurrently with the 90-day production period under Paragraph (4), if available.
  - (b) If unavailable, submit either (1) or (2), infra:
    - (1) If the well, for which a determination is sought, has produced non-associated natural gas at an average rate not in excess of 60 Mcf per production day for a 90-day production period within 120 days of the date of filing, but such an average rate of production has not been experienced for a 12-month period, the applicant shall file, as soon as practicable but in no event later than 10 months after the date the application is filed with the jurisdictional agency, either production records, if available, and if not, tax records, if available, or verified copies of billing statements for the 12-month period, including any of the 90-day production period upon which the application is based, which demonstrates that such well produced non-associated natural gas at a rate which did not exceed an average of 60 Mcf per production day during such period; or
    - (2) flow tests, or other evidence upon which the Division can make a determination as to whether the well produced at its maximum efficient rate of flow.
6. The number of days natural gas was not produced during the 90-day production period and a description of the state law or conservation practice recognized or approved by the state agency having regulatory jurisdiction over the production of natural gas which prohibited production.
7. The number of days not included in the 90-day production period and a statement of the reasons why each day was excluded except to the extent they are covered under Paragraph 6.
8. The production records for crude oil produced from the well for the 90-day production period upon which the application is based. State if no liquids were produced.

9. An inventory of the lease and production equipment used for the well for the past 24 months or for such lesser period as the well has been in production prior to date of filing, as well as the identification of any equipment or processes used in connection with recognized enhanced recovery techniques during the completion of the well or during production subsequent to the completion of the well but prior to the filing for a determination; and
10. A statement by the person signing the application, under oath, that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records which are reasonably available and certain information relevant to the determination; a description of the search made, the records reviewed, the results of this search and examination he has concluded that to the best of his information, knowledge and belief, the well qualifies as a stripper well; and that he further attests that he has no knowledge of any other information which is inconsistent with his conclusion.

Rule 18. An application for determination of increased production resulting from the use of enhanced recovery techniques shall include:

1. FERC Form No. 121
2. Division Form C-132-A and the required attachments
3. A copy of the purchaser's notice, if any, that the average daily production for any 90-day production period has exceeded 60 Mcf, or that the well which has been designated a seasonably affected well produces at a rate in excess of 60 Mcf per day for a 12-month production period.
4. A description of all processes used or equipment installed together with all dates of use or installation;
5. A statement, under oath, that to the best of the applicant's information, knowledge and belief, the information supplied and the conclusions drawn are true; that the operator has no knowledge of any information not described in the application which is inconsistent with any of his conclusions; and that the notice has been served on the appropriate entities specified in Section 271.805 of the FERC NGPA regulations.

Rule 19. An application for a designation that a well is seasonably affected shall include:

1. FERC Form No. 121
2. Division Form C-132 if an initial determination has not been made under Rule 17; or Form C-132-A, if an initial determination has been made.

3. A copy of the purchaser's notice, if any, that the average daily production for any 90-day production period has exceeded 60 Mcf, or that the well which has been designated a seasonably affected well produces at an average rate in excess of 60 Mcf per day for a 12-month production period.
4. Production records, tax records or billing statements for a period of 24 months, including the 90-day or 12-month production period which is the subject of the notice by the operator or the purchaser;
5. A description of the nature of the seasonal fluctuations as inferred from the data supplied; and
6. A statement, under oath, that the production records, tax records or billing statements are correct; that the operator has no knowledge of any information contrary to any conclusions drawn by him; and that the notice has been served on the appropriate entities specified in Section 271.805 of the FERC NGPA regulations.

NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2088, Santa Fe, New Mexico 87501

FORM C-132

APPLICATION FOR WELLHEAD  
PRICE CEILING CATEGORY DETERMINATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION \_\_\_\_\_  
DETERMINATION \_\_\_\_\_  
CONTESTED \_\_\_\_\_  
PARTICIPANTS \_\_\_\_\_

2. Name of Operator	Kind of Lease
3. Address of Operator	State, Federal or Fee
4. Location of Well	5. State Oil & Gas Lease No.
UNIT LETTER _____ FEET FROM THE _____ LINE AND _____ FEET FROM THE _____ LMC, SECTION _____ TOWNSHIP _____ RANGE _____ NMPM.	7. Unit Agreement Name
13. Name and Address of Transporter(s)	8. Form or Lease Name
	9. Well No.
	10. Field and Pool, or Wildcat
	12. County

WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

- ☐ 1. Category(ies) Sought (By NGPA Section No.) \_\_\_\_\_
- ☐ 2. All Applications must contain:
- ☐ a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK
  - ☐ b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG
  - ☐ c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111
  - ☐ d. AFFIDAVITS OF MAILING OR DELIVERY
- ☐ 3. NEW NATURAL GAS UNDER SEC. 102(c) (1) (B) (using 2.5 Mile or 1000 Feet Deeper Test)
- ☐ a. Location Plat
- ☐ 4. NEW NATURAL GAS UNDER SEC. 102(c) (1) (C) (new onshore reservoir)
- ☐ a. C-122 Multipoint and one point back pressure test
- ☐ 5. NEW ONSHORE PRODUCTION WELL
- ☐ a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT
  - ☐ b. No. of order authorizing infill program \_\_\_\_\_
- ☐ 6. STRIPPER GAS
- ☐ a. C-116 GAS-OIL RATIO TEST
  - ☐ b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.
  - ☐ c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED  
HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY  
KNOWLEDGE AND BELIEF.

NAME OF APPLICANT (Type or Print) \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_  
Signed \_\_\_\_\_

DIVISION USE ONLY

- ☐ Approved  
☐ Disapproved

The information contained herein includes  
all of the information required to be  
filed by the applicant under Subpart B  
of Part 274.

EXAMINER \_\_\_\_\_

Exhibit B

NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2088, Santa Fe, New Mexico 87501

APPLICATION FOR CONTINUED  
STRIPPER CLASSIFICATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION \_\_\_\_\_  
DETERMINATION \_\_\_\_\_  
CONTESTED \_\_\_\_\_  
PARTICIPANTS \_\_\_\_\_

2. Name of Operator	6. Farm or Lease Name
3. Address of Operator	9. Well No.
4. Location of Well	10. Field and Pool, or Wildcat
UNIT LETTER _____, _____ FEET FROM THE _____ LINE AND _____ FEET FROM THE _____ LINE, SECTION _____ TOWNSHIP _____ RANGE _____ NE/SE/_____	12. County

Kind of Lease State, Federal or Fee
5. State Oil & Gas Lease No.
7. Unit Agreement Name
8. Farm or Lease Name
9. Well No.
10. Field and Pool, or Wildcat
12. County

11. Name and Address of Transporter(s)

CLASSIFICATION

Check appropriate box for category sought and information submitted.

## 1. Increased production resulting from enhanced recovery techniques

- ☐ a. C-132, Initial determination  
☐ b. Purchaser's notice of exceeding 60 MCF/day

## 2. Well is seasonably affected

- ☐ a. C-132, Initial determination  
☐ b. Purchaser's notice of exceeding 60 MCF/day  
☐ c. 24-month production curve

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED  
HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY  
KNOWLEDGE AND BELIEF.

NAME OF APPLICANT (Type or Print) \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Signed \_\_\_\_\_

DIVISION USE ONLY

- ☐ Approved  
☐ Disapproved

The information contained herein includes  
all of the information required to be  
filed by the applicant under Subpart B  
of Part 274.

EXAMINER \_\_\_\_\_

Exhibit C

**SPECIAL RULES FOR APPLICATIONS  
FOR WELLHEAD PRICE CEILING  
CATEGORY DETERMINATIONS**

**DEFINITIONS**

**Commission.** The Federal Energy Regulatory Commission  
**Division.** The Oil Conservation Division of the Energy and Minerals Department.  
**USGS.** United States Geological Survey.  
**Applicant.** The operator of the well for which the determination is sought.  
**Director.** The Director of the Oil Conservation Division.  
**NGPA.** The Natural Gas Policy Act of 1978.  
**MCF.** Thousand cubic feet of gas reported at a pressure base of 14.73 psia.

**GENERAL**

- Rule 1.** The application shall include affidavits of mailing or delivery of the Form C-132 or C-132-A to all working interest owners and to all parties to the gas purchase contract, if any.
- Rule 2.** The application shall be signed as follows:  
If the person filing an application under this part is an individual, the filing shall be signed and attested to by such individual, or in the case of a minor or other legally disabled person, his duly qualified legal representative. If the person making such filing is a corporation, partnership, or trust, the filing shall be signed and attested to by a responsible officer of the corporation, a general partner of the partnership, or the trustee of the trust. In the case of any other legal entity, the operator of the well may sign the application. An operator under a joint operating agreement may sign an application for a well covered by the agreement if notice of the application is given by the operator to all other parties to the joint operating agreement and that fact is certified in the application.
- Rule 3.** If a well is located on a State or fee lease, the application shall be filed with the Division. If a well is located on a federal or Indian lease, the application shall be filed with the USGS. If the well is located on a communitized lease, the application shall be filed with the agency having jurisdiction over the lands on which the well is situated.
- Rule 4.** Two complete copies of the application shall be filed with the Division's Santa Fe office, and a copy of the C-132 or C-132-A with the appropriate district office.

- Rule 5.** If written objection to the application is filed with the Division's Santa Fe office by any interested party within 15 days after the complete application is filed, or if a hearing is required by the Director, the application shall be set for hearing in accordance with Rules 1201 through 1223 of the Division's general statewide rules and regulations.
- Rule 6.** If no written objection is received within the time period set out in Rule 5, and no hearing is required, the application shall be approved administratively by a Division examiner or the Director.
- Rule 7.** If a hearing is required, a determination shall not become final until the applicant has exhausted his administrative remedies before the Division. If a hearing is not required, a determination shall be final on the date the application is either approved or not approved.
- Rule 8.** Within 10 days of making a final determination, notice shall be sent to the applicant, the transporter and, if a hearing was held, to each party who has entered his appearance of record at the hearing.
- Rule 9.** Within 15 days of making a final determination, notice shall be sent to the Commission.
- Rule 10.** An examiner or the Director may require the filing of additional information on a case-by-case basis other than that required to be submitted by Commission or Division regulations.
- Rule 11.** The Director may set any application for hearing at his discretion or at the request of an applicant.
- Rule 12.** In the case of remand by the Commission of any final determination made by the Division, the case shall be set for hearing in accordance with Rules 1201 through 1223 of the Division's general statewide rules and regulations.

**FILING REQUIREMENTS**

**Section 102 New Natural Gas**

- Rule 13.** An application for a new onshore well [NGPA Section 102 (c)(1)(b)] shall include either subpart (1) or (2) or both:
1. 2.5 mile test
    - a. Commission Form No. 121
    - b. Division Form C-132 and the required attachments
    - c. a location plat which locates and identifies the well for which the determination is sought and any other well which is producing, or produced after January 1, 1970, natural gas and is within the 2.5 mile radius drawn from the well for which a determination is sought;



are described in (1) (or which he believes may otherwise contain information relevant to the determination) but which he has determined are not reasonably available to him;

- (c) that on the basis of the results of this search and examination, he has concluded that to the best of his information, knowledge and belief the gas to be produced and for which he seeks a determination is from a new onshore reservoir; and
- (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusion.

5. The applicant in his statement under oath shall also answer, to the best of his information, knowledge and belief and on the basis of the results of his search and examination, the following questions:

(a) Was natural gas produced in commercial quantities from the reservoir prior to April 20, 1977?

(b) Was the reservoir penetrated before April 20, 1977, by an old well from which natural gas or crude oil was produced in commercial quantities from any reservoir?

(c) If the question in subparagraph (b) is answered in the affirmative, could natural gas have been produced in commercial quantities from the reservoir before April 20, 1977, from any old well described in (b)?

(d) If the natural gas is to be produced through an old well, were suitable facilities for the production and delivery to a pipeline of such natural gas in existence on April 20, 1977?

6. If the applicant is unable to answer the four questions set out above in the negative, the applicant shall provide the information upon which he bases his conclusion that the natural gas for which he seeks a determination is to be produced from a new onshore reservoir.

#### Section 103 New Onshore Production Well

Rule 15. An application for a new onshore production well (NGPA Section 103) shall include:

1. Commission Form No. 121
2. Division Form C-132 and the required attachments
3. Copy of Division order authorizing an infill well drilling program on a poolwide basis, if any.

4. The C-102 attached to Form C-132 shall show all wells within the proration unit which have or are producing from the same pool or reservoir as the well for which the determination is sought, giving for each the spud date, cumulative production and date of plug and abandonment, if any.

5. a location plat which locates and identifies the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located.

6. a statement by the applicant, under oath:

(a) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(b) that the well satisfies any applicable Federal or state well-spacing requirements; and that the well is not within a proration unit;

(1) which was in existence at the time the surface drilling of the well began;

(2) which was applicable to the reservoir from which such natural gas is produced; and

(3) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities;

(c) that he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well and the basis for such conclusion;

(d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusions; and

(e) if the applicant is seeking a determination with respect to a new well drilled into an existing proration unit, then pursuant to Section 271.304, the applicant must, in addition to the filing requirements listed in paragraphs (a) through (c) of this section demonstrate by appropriate geological evidence that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

Section 107 High-Cost Natural Gas

Rule 16. An application for high-cost natural gas (NGPA Section 107) shall include:

1. Commission Form No. 121
2. Division Form C-132 and the required attachments
3. All well completion reports for the well for which a determination is sought;
4. Well logs or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;
5. Directional drilling surveys (if available) and
6. A statement by the applicant, under oath, that the surface drilling of the well for which he seeks a determination began on or after February 19, 1977, and that the well completion location is below a true vertical depth of 15,000 feet; and that he has no knowledge of any information which is inconsistent with his conclusions.

Section 108 Stripper Well Natural Gas

Rule 17. An application for an initial determination that a well qualifies as a stripper gas well (NGPA Section 108) shall include:

1. Commission Form No. 121
2. Division Form C-132 and the required attachments
3. *DATA* Production records, if available, and if not, tax records, if available, or verified copies of billing statements upon which the average production for the 90-day production period is based;
4. A copy of the results of any tests which measure the production capability of the well; and, if such test results are not available and the maximum efficient rate of flow has not been previously established:
  - (a) Production records, if available, and if not, tax records, if available, or verified copies of billing statements for the 12 months immediately preceding November 9, 1978, including any of the 90-day production period upon which the application is based, which demonstrate that such well produced non-associated natural gas at a rate which did not exceed an average of 60 Mcf per production day during the 12-month period;

(b) If the well, for which a determination is sought, has produced non-associated natural gas at an average rate not in excess of 60 Mcf per production day for a 90-day production period within 120 days of the date of filing, but such an average rate of production has not been experienced for a 12-month period, the applicant shall file, as soon as practicable but in no event later than 10 months after the date the application is filed with the jurisdictional agency, either production records, if available, and if not, tax records, if available, or verified copies of billing statements for the 12-month period, including any of the 90-day production period upon which the application is based, which demonstrates that such well produced non-associated natural gas at a rate which did not exceed an average of 60 Mcf per production day during such period; or

(c) Such other evidence as the applicant may submit upon which the jurisdictional agency could establish the maximum efficient rate of flow;

5. The number of days natural gas was not produced during the 90-day production period and a description of the state law or conservation practice recognized or approved by the state agency having regulatory jurisdiction over the production of natural gas which prohibited production.
6. The number of days not included in the 90-day production period and a statement of the reasons why each day was excluded except to the extent they are covered under Subparagraph 5.
7. The production records for crude oil produced from the well for the 90-day production period upon which the application is based. *57 days 16,700 bbls*
8. An inventory of the lease and production equipment used for the well for the past 24 months or for such lesser period as the well has been in production prior to date of filing, as well as the identification of any equipment or processes used in connection with recognized enhanced recovery techniques during the completion of the well or during production subsequent to the completion of the well but prior to the filing for a determination; and
9. A statement by the person signing the application, under oath, that he has made, or has caused to be made pursuant to his instructions, a diligent search of all records which are reasonably available and certain information relevant to the determination; a description of the search made, the records reviewed, the results of this search and examination he has concluded that to the best of his information, knowledge

and belief, the well qualifies as a stripper well; and that he further attests that he has no knowledge of any other information which is inconsistent with his conclusion.

Rule 18. An application for determination of increased production resulting from the use of enhanced recovery techniques shall include:

1. Commission Form No. 121
2. Division Form C-132-A and the required attachments
3. A copy of the purchaser's notice, if any, that the average daily production for any 90-day production period has exceeded 60 Mcf, or that the well which has been designated a seasonably affected well produces at a rate in excess of 60 Mcf per day for a 12-month production period.
4. A description of all processes used or equipment installed together with all dates of use or installation;
5. A statement, under oath, that to the best of the applicant's information, knowledge and belief, the information supplied and the conclusions drawn are true; that the operator has no knowledge of any information not described in the application which is inconsistent with any of his conclusions; and that the notice has been served on the appropriate entities specified in Section 271.805 of the NGPA.

Rule 19. An application for a designation that a well is seasonably affected shall include:

1. Commission Form No. 121
2. Division Form C-132 if an initial determination has not been made under Rule 17; or Form C-132-A, if an initial determination has been made.
3. A copy of the purchaser's notice, if any, that the average daily production for any 90-day production period has exceeded 60 Mcf, or that the well which has been designated a seasonably affected well produces at an average rate in excess of 60 Mcf per day for a 12-month production period.
4. Production records, tax records or billing statements for a period of 24 months, including the 90-day or 12-month production period which is the subject of the notice by the operator or the purchaser;
5. A description of the nature of the seasonal fluctuations as inferred from the data supplied; and

6. A statement, under oath, that the production records, tax records or billing statements are correct; that the operator has no knowledge of any information contrary to any conclusions drawn by him; and that the notice has been served on the appropriate entities specified in Section 271.805 of the NGPA.

BEFORE EXAMINER STATES  
OIL CONSERVATION DIVISION

EXHIBIT NO. 1

CASE NO. 4394

Submitted by QCD

Hearing Date 12-7-78

NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2088, Santa Fe, New Mexico 87501

APPLICATION FOR WELLHEAD  
PRICE CEILING CATEGORY DETERMINATION

## 1. FOR DIVISION USE ONLY

DATE OF: APPLICATION \_\_\_\_\_  
DETERMINATION \_\_\_\_\_  
CONTESTED \_\_\_\_\_  
PARTICIPANTS \_\_\_\_\_

2. Name of Operator _____	Kind of Lease State, Federal or Fee 5. State Oil & Gas Lease No. _____
3. Address of Operator _____	7. Unit Agreement Name _____
4. Location of Well UNIT LETTER _____ FEET FROM THE _____ LINE AND _____ FEET FROM THE _____ LINE, SECTION _____ TOWNSHIP _____ RANGE _____ NMPM.	8. Farm or Lease Name _____
13. Name and Address of Transporter(s) _____	9. Well No. _____
	10. Field and Pool, or Wildcat _____
	12. County _____

## WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

- ☐ 1. Category(ies) Sought (By NGPA Section No.) \_\_\_\_\_
2. All Applications must contain:
- ☐ a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK
- ☐ b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG
- ☐ c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111
- ☐ d. AFFIDAVITS OF MAILING OR DELIVERY
- ☐ 3. NEW NATURAL GAS UNDER SEC. 102(c)(1)(B) (using 2.5 Mile or 1000 Feet Deeper Test)
- ☐ a. Location Plat
- ☐ 4. NEW NATURAL GAS UNDER SEC. 102(c)(1)(C) (new onshore reservoir)
- ☐ a. C-122 Multipoint and one point back pressure test
- ☐ 5. NEW ONSHORE PRODUCTION WELL
- ☐ a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT
- ☐ b. No. of order authorizing infill program \_\_\_\_\_
- ☐ 6. STRIPPER GAS
- ☐ a. C-116 GAS-OIL RATIO TEST (IF NO TEST TAKEN PLEASE SO STATE)
- ☐ b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.
- ☐ c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED  
HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY  
KNOWLEDGE AND BELIEF.

NAME OF APPLICANT (Type or Print) \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Signed \_\_\_\_\_

## DIVISION USE ONLY

- ☐ Approved
- ☐ Disapproved

The information contained herein includes  
all of the information required to be  
filed by the applicant under Subpart B  
of Part 274.

EXAMINER \_\_\_\_\_

NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2688, Santa Fe, New Mexico 87501

APPLICATION FOR CONTINUED  
STRIPPER CLASSIFICATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION \_\_\_\_\_  
DETERMINATION \_\_\_\_\_  
CONTESTED \_\_\_\_\_  
PARTICIPANTS \_\_\_\_\_

Kind of Lease State, Federal or Fee
5. State Oil & Gas Lease No.
7. Unit Agreement Name
8. Farm or Lease Name
9. Well No.
10. Field and Pool, or Wildcat
12. County

2. Name of Operator
3. Address of Operator
4. Location of Well UNIT LETTER _____ FEET FROM THE _____ LINE AND _____ FEET FROM THE _____ LINE, SECTION _____ TOWNSHIP _____ RANGE _____ NMPM.

13. Name and Address of Transporter(s)

CLASSIFICATION

Check appropriate box for category sought and information submitted.

- ☐ 1. Increased production resulting from enhanced recovery techniques
- ☐ a. C-132, Initial determination
- ☐ b. Purchaser's notice of exceeding 60 MCF/day
- ☐ 2. Well is seasonably affected
- ☐ a. C-132, Initial determination
- ☐ b. Purchaser's notice of exceeding 60 MCF/day
- ☐ c. 24-month production curve

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED  
HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY  
KNOWLEDGE AND BELIEF.

NAME OF APPLICANT (Type or Print) \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Signed \_\_\_\_\_

DIVISION USE ONLY

- ☐ Approved
- ☐ Disapproved

The information contained herein includes  
all of the information required to be  
filed by the applicant under Subpart 3  
of Part 274.

EXAMINER \_\_\_\_\_

Dockets Nos. 40-78 and 41-78 are tentatively set for hearing on December 20, 1978 and January 3, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 6392: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Indian Hills Com. Well No. 1 located in Unit J of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6393: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 104 F of the Division Rules and Regulations to provide for the administrative approval of the unorthodox location of wells drilled within secondary recovery or pressure maintenance projects.
- CASE 6394: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the adoption of an administrative procedure and Forms C-132 and C-132-A, all for the purpose of making wellhead price ceiling category determinations under the Natural Gas Policy Act of 1978.
- CASE 6395: Application of David Fasken for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of Section 9, Township 21 South, Range 24 East, Eddy County, New Mexico, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid Section 9.
- CASE 6396: Application of Amoco Production Company for pool creation and contraction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the House Drinkard oil pool by the deletion therefrom of the NE/4 and E/2 SE/4 of Section 12 and the E/2 NE/4 of Section 13, both in Township 20 South, Range 38 East, and the W/2 of Section 7 and the NW/4 of Section 18, Township 20 South, Range 39 East, and the creation of a new gas pool for Lower Drinkard production in the NE/4 of Section 12, Township 20 South, Range 38 East, all in Lea County, New Mexico.
- CASE 6397: Application of Western Oil Producers, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 4, Township 24 South, Range 35 East, Cinta Roja-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6398: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.
- CASE 6399: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 32, Township 18 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 710 feet from the North line and 2330 feet from the West line of said section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6400: Application of Coronado Exploration Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying each of the following 40-acre tracts: SW/4 SW/4 Section 7; SW/4 SW/4 Section 8; SW/4 SE/4 Section 18; NW/4 NW/4 Section 19; and NW/4 NW/4 Section 20, all in Township 10 South, Range 28 East, Race Track-San Andres Pool, Chaves County, New Mexico. Also the NE/4 NE/4 Section 28, Township 10 South, Range 28 East, LE Ranch-San Andres Pool, Chaves County, and the SW/4 NE/4 Section 15, Township 11 South, Range 28 East, East Chisum-San Andres Pool, Chaves County. Each of the aforesaid 40-acre tracts would comprise a drilling unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered, with respect to each of the above described drilling units and well, will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision; also to be considered will be the designation of applicant as operator of each well and a charge for risk involved in drilling each well.

- CASE 6401:** Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Mesaverde production within the wellbore of its Jicarilla 101 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6402:** Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production within the wellbore of its Jicarilla 101 Well No. 2 located in Unit M of Section 12, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6403:** Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Blanco Mesaverde production within the wellbore of its O'Shea Well No. 1 located in Unit K of Section 3, Township 31 North, Range 13 West, San Juan County, New Mexico.
- CASE 6404:** Application of Sun Production Company for compulsory pooling, non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 of Section 35, Township 19 South, Range 36 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit to be dedicated to a well to be drilled at an unorthodox location 810 feet from the South line and 2030 feet from the East line of said section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6405:** Application of LaRue and Muncy for exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed in the following manner: set surface casing and circulate cement; eliminate salt protection string; and do not circulate cement on production casing.



In the matter of the hearing called by the  
OCD on its own motion to consider the  
adoption of an administration procedure  
and Forms C-132 and C-132-A, <sup>for</sup> the  
purpose of making ~~determinations~~  
~~for~~ wellhead price ceiling category  
determinations under the Natural Gas  
Policy Act of 1978.

DRAFT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE EMERGENCY APPROVAL  
OF SPECIAL RULES FOR APPLICATIONS FOR  
WELLHEAD PRICE CEILING CATEGORY  
DETERMINATIONS UNDER THE NATURAL GAS  
POLICY ACT OF 1978.

EMERGENCY ORDER NO. E-33

NOW, at 12:01 a.m. on this 1st day of December, 1978, the  
Director of the Oil Conservation Division of the Department of  
Energy and Minerals, having fully considered all available facts  
relating to the subject matter herein, and being fully advised  
in the premises,

FINDS:

- (1) That the 95th Congress of the United States passed the  
Natural Gas Policy Act of 1978, P.L. 95-621, 92 Stat. 3350.
- (2) That said Act was enacted on November 9, 1978, and  
went into effect on December 1, 1978.
- (3) That pursuant to said Act, the Federal Energy Regulatory  
Commission has promulgated interim regulations establishing  
minimum filing requirements for applications for wellhead price  
ceiling category determinations under Sections 102, 103, 107 and  
108 of the Act.
- (4) That said regulations also established the Oil Conserva-  
tion Division as the jurisdictional agency with respect to wells  
located on ~~state~~ <sup>state</sup> and fee lands ~~within this State~~ <sup>the State of NM</sup>
- (5) That in order to make determinations in accordance  
with said minimum filing requirements and in accordance with  
state law, the Oil Conservation Division should adopt Special  
Rules for Applications for Wellhead Price Ceiling Category  
Determinations in the form attached hereto as Exhibit A and by  
this reference incorporated herein.

(6) That said Special Rules should require, in addition to the minimum filing requirements adopted by the Federal Energy Regulatory Commission, the following:

- (a) Form C-132 in the form attached hereto as Exhibit B and by this reference incorporated herein;
- (b) Form C-132-A in the form attached hereto as Exhibit C and by this reference incorporated herein;
- (c) an administrative procedure by which examiners or the Director of the Division can make determinations;
- (d) for a new onshore reservoir determination, the number of the Division nomenclature order establishing the reservoir as a new pool after April 20, 1977;
- (e) for a new onshore production well determination, a copy of the Division order authorizing an infill well drilling program on a poolwide basis; and
- (f) for <sup>all</sup> new onshore production well determinations, a C-102 should be filed showing all wells within the proration unit which have or are producing from the same pool or reservoir as the well for which the determination is sought, giving for each the spud date, cumulative production and date of plug and abandonment, if any.

*infill  
Discovery and  
prod could  
Precede 4-20-77*

(7) That in order to prevent waste and promote the conservation of oil and gas, the Division should make wellhead price ceiling category determinations in accordance with said Special Rules.

IT IS THEREFORE ORDERED:

(1) That the Special Rules for Applications for Wellhead Price Ceiling Category Determinations attached hereto as Exhibit A are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.

(2) That Forms C-132 and C-132-A attached hereto as Exhibits B and C, respectively, are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.

~~(3) -- That jurisdiction~~

(3) That this order shall become effective at 12:01 a.m. <sup>Standard</sup> Mountain ~~Daylight Savings~~ Time, December 1, 1978, and shall remain in effect for not more than 15 days.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

ROUGH

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6394

Order No. R-5878

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on Dec. 7  
19 78, at Santa Fe, New Mexico, before Examiner R.L. Stamets.

NOW, on this \_\_\_\_\_ day of December, 19 78, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) 417 That the 95th Congress of the United States passed the Natural Gas Policy Act of 1978, P.L. 95-621, 92 Stat. 3350.

(3) 427 That said Act was enacted on November 9, 1978, and went into effect on December 1, 1978.

(4) 457 That pursuant to said Act, the Federal Energy Regulatory Commission has promulgated interim regulations establishing minimum filing requirements for applications for wellhead price ceiling category determinations under Sections 102, 103, 107 and 108 of the Act.

(5) 487 That said regulations also established the Oil Conservation Division as the jurisdictional agency with respect to wells located on state and fee lands within the State of New Mexico.

(6) That on December 1, 1978, Emergency Order No. E-33 was issued by the Director of the Division adopting Forms C-132 and C-132-A and Special Rules for Applications for Wellhead Price Ceiling Category Determinations.

(7) That said Order No. E-33 expires on December 16, 1978.

(8) That in order to make determinations in accordance with the Federal Energy Regulatory Commission (hereinafter referred to as the FERC) minimum filing requirements and in accordance with state law, the Oil Conservation Division should adopt Special Rules for Applications for Wellhead Price Ceiling Category Determinations.

(9) That said Special Rules should provide an administrative procedure by which the Division Director or the Division Examiners can make such Wellhead Price Ceiling Category Determinations.

(10) That said Special Rules should require, in addition to the minimum filing requirements adopted by the FERC, the filing of the following:

(a) Division Form C-132 in the form attached hereto, and by reference incorporated herein.

(b) Where applicable, Division Form C-132-A in the form attached hereto as Exhibit C and by reference incorporated herein.

(11) That said Special Agent should be of the <sup>general</sup> form and content presented at the hearing of this case, and in addition thereto, should also provide:

(a) that for all "new onshore production well" determinations, the applicant must file:

(1) a Division Form C-102 locating and identifying the well for which a determination is sought and

all other wells in the proration unit, giving for each well which has produced or is producing from the same pool or reservoir as the subject well the spot date, cumulative production and date of plug and abandonment, if any;

- (2) a copy of the Division order authorizing an infill well drilling program on a poolwide basis, if any, or authorizing the drilling of an infill well pursuant to the provisions of Section 271.305 of the FERC NGPA regulations.

(b) that if the applicant is seeking a determination with respect to a new well drilled into an existing proration unit pursuant to Sections 271.304 and 271.305 of the FERC NGPA regulations, he must file:

- (1) copies of those pages of any Division transcript or other documentation demonstrating by appropriate geological evidence that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit, and
- (2) a statement by the applicant under oath:
  - (a) that the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;
  - (b) that the Division has altered or granted a waiver of any applicable well-spacing requirements prior to the commencement of surface drilling of the well for which a determination is sought;
  - (c) that he has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well and the basis for such conclusion;
  - (d) that he has no knowledge of any other information not described in the application which is inconsistent with his conclusions.



(12) That in order to prevent waste and promote the conservation of oil and gas, the Special Rules for Applications for Wellhead Price Ceiling Determinations as described above, and as embodied in Exhibit A attached hereto and by reference made a part hereof, should be adopted, and the Division should make wellhead price ceiling category determinations in accordance with said Special Rules.

IT IS THEREFORE ORDERED:

(1) That the Special Rules for Applications for Wellhead Price Ceiling Category Determinations attached hereto as Exhibit A are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.

(2) That Forms C-132 and C-132-A attached hereto as Exhibits B and C, respectively, are hereby adopted by the Oil Conservation Division of the Energy and Minerals Department.

(3)  
(4) Jurisdiction

(3) That this order shall become effective at 12:01 a.m. Mountain Standard Time, December 14, 1978, and shall remain in effect until further order of the Division.

USE 6395: DAVID FASKE FOR POOL CON-  
TACTION AND POOL EXTENSION, EDDY COUNTY,  
NEW MEXICO