

Entered October 30, 1979

JAR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO
CONSIDER THE AMENDMENT OF ORDER
NO. R-333-F-2.

CASE NO. 6692
Order No. R-333-F-2A

Also See R-1670-W

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 2, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of October, 1979, 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 there is a need to clarify the method by which gas wells in the San Juan Basin of New Mexico are to be classified as "exempt marginal" for test purposes.

(3) That said classification method should be clarified by amending Chapter I, Section 2, subsection A, part 4 of Division Order No. R-333-F-2 to read in its entirety as follows:

"4. Wells classified as "exempt marginal" shall not be subject to the requirements of annual or biennial deliverability tests.

Classification of wells into or out of the "exempt marginal" status shall be done once each year immediately following the reporting of September production and shall be effective for the succeeding annual test period.

Gas wells completed in the Pictured Cliffs or any shallower formation shall be classified "exempt marginal" if at least three months production history is available and the well failed to produce an average of 1000 MCF or more per month during the months produced within the preceding 12-month period.

Gas wells completed in any formation deeper than the Pictured Cliffs formation shall be classified "exempt marginal" if at least three months production history is available and the well failed to produce an average of 2000 MCF or more per month during the months produced within the preceding 12-month period.

Gas wells on multiple well proration units will not be classified "exempt marginal" unless the proration unit is marginal and all wells on the proration unit meet the qualification for "exempt marginal" status."

IT IS THEREFORE ORDERED:

(1) That Chapter 1, Section 2, subsection A, part 4 of Division Order No. R-333-F-2 is hereby amended to read in its entirety as follows:

- "4. Wells classified as "exempt marginal" shall not be subject to the requirements of annual or biennial deliverability tests.

Classification of wells into or out of the "exempt marginal" status shall be done once each year immediately following the reporting of September production and shall be effective for the succeeding annual test period.

Gas wells completed in the Pictured Cliffs or any shallower formation shall be classified "exempt marginal" if at least three months production history is available and the well failed to produce an average of 1000 MCF or more per month during the months produced within the preceding 12-month period.

Gas wells completed in any formation deeper than the Pictured Cliffs formation shall be classified "exempt marginal" if at least three months production history is available and the well failed to

-3-

Case No. 6692

Order No. R-333-F-2A

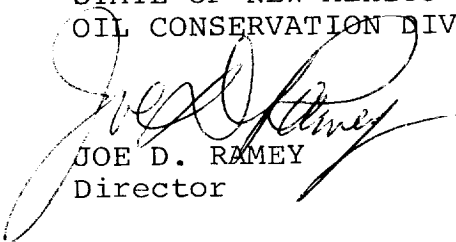
produce an average of 2000 MCF or more per month during the months produced within the preceding 12-month period.

Gas wells on multiple well proration units will not be classified "exempt marginal" unless the proration unit is marginal and all wells on the proration unit meet the qualification for "exempt marginal" status."

(2) 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/