

underproduction resulting from the pipeline proration included in subsequent proration schedules. The operator shall apply upon a division-prescribed form and file it with the division within 30 days after the close of the first proration period in which the pipeline proration underproduction occurred. The authorization is limited to wells capable of producing the daily top proration unit allowable for the period.

L. In approving the application the division shall determine the time period during which the underproduction shall be made up without injury to the well or pool, and shall include the time period in the regularly approved proration schedules following the pipeline proration's conclusion.

[19.15.20.10 NMAC - Rp, 19.15.7.503 NMAC, 12/1/08]

19.15.20.11 AUTHORIZATION FOR PRODUCTION OF OIL WHILE COMPLETING, RECOMPLETING OR TESTING AN OIL WELL:

A. If an operator does not have sufficient lease storage to hold oil produced from a well during its drilling, completing, recompleting or testing, the operator may produce and sell from the well an amount of oil necessary to drill, complete, recomplete or test the well; provided however, that the operator shall file with the division a written application stating the circumstances at the well and setting forth in the application the estimated amount of oil to be produced during the aforementioned operations, and provided further that the division approves the application. Oil produced during drilling, completion or recompletion or testing a well shall be charged against the well's allowable production.

B. The division shall not place a well on the proration schedule until the operator files with the division and the division approves the form C-104.

[19.15.20.11 NMAC - Rp, 19.15.7.504 NMAC, 12/1/08]

19.15.20.12 DEPTH BRACKET ALLOWABLES:

A. Subject to the market demand percentage factor determined pursuant to 19.15.20.10 NMAC, the daily oil allowable for each oil pool in the state shall equal the appropriate depth bracket allowable below. The depth of the casing shoe or the top perforation in the casing, whichever is higher, in the first well completed in the pool shall determine the pool's depth classification. Daily oil allowables for each of the several ranges of depth and spacing patterns are as follows, shown in barrels:

POOL DEPTH RANGE	DEPTH BRACKET ALLOWABLE		
	40 Acres	80 Acres	160 Acres
0 to 4999 feet	80	160	
5000 to 5999	107	187	347
6000 to 6999	142	222	382
7000 to 7999	187	267	427
8000 to 8999	230	310	470
9000 to 9999	275	355	515
10,000 to 10,999	320	400	560
11,000 to 11,999	365	445	605
12,000 to 12,999	410	490	650
13,000 to 13,999	455	535	695
14,000 to 14,999	500	580	740
15,000 to 15,999	545	625	785
16,000 to 16,999	590	670	830
17,000 and deeper	635	715	875

B. The 40-acre depth bracket allowables apply to all undesignated wells not governed by special pool orders and to all pools developed on the normal 40-acre statewide spacing unit.

C. The 80-acre and 160-acre depth bracket allowables apply to wells governed by applicable special pool orders the division issues as an exception to the normal 40-acre statewide spacing unit.

D. The division may, where deemed appropriate, assign to a given pool a special depth bracket allowable at variance to the depth bracket allowable normally assigned to a pool of similar depth and spacing. The special allowable may be more or less than the regular depth bracket allowable and shall be assigned only after notice and hearing.

E. In assigning a lesser than regular depth bracket allowable, the division may consider, among other pertinent factors, reservoir damage, casinghead gas production and disposition, water production and disposition, transportation facilities, the prevention of surface or underground waste and the protection of correlative rights.

F. The division shall assign a greater than regular depth bracket allowable only after sufficient reservoir information is available to ensure that the allowable can be produced without damage to the reservoir and without causing surface or underground waste. The division shall also consider the availability of oil transportation and marketing facilities; casinghead gas transportation, processing and marketing facilities; water disposal facilities; the protection of correlative rights; and other pertinent factors.

[19.15.20.12 NMAC - Rp, 19.15.7.505 NMAC, 12/1/08]

19.15.20.13 GAS-OIL RATIO LIMITATION:

A. In allocated pools containing a well or wells producing from a reservoir the operator shall produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied

Oil Conservation Division

Case No. 3

Exhibit No. 3

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