

is not made up during said period shall be deducted from the total underproduction at the end of the period, resulting in only that volume of underproduction accrued during said period being carried forward as cumulative underproduction into the next succeeding proration period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: An operator will be allowed to overproduce a well during a proration period and to accumulate and carry over such overproduction into the first succeeding proration period in an amount not in excess of the total allowable assignable to the well based on nominations for the first succeeding proration period. Should the allowable so calculated be less than the accumulated overproduction at the beginning of the first succeeding proration period, the well must be shut-in until the overproduction has been reduced to such allowable. Should the well's cumulative status not be brought in balance during the first succeeding proration period, that overproduction accumulated at the end of the first succeeding proration period must be brought in balance during the second succeeding proration period or the well must be shut-in at the end of the second succeeding proration period until its cumulative status is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas proration unit shall be metered separately and the gas production therefrom shall be reported to the Commission by the operator so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, heaters, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

Copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14, shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 697, Aztec, New Mexico.