

PROPOSED CHANGES TO ORDER R-1670 - GENERAL RULES
AND REGULATIONS FOR PRORATED GAS POOLS - NEW MEXICO

NORTHWEST NEW MEXICO

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 51 BSC

CASE NO. 4436

C. ALLOCATION AND GRANTING OF ALLOWABLES

Rule 9(B). The allowable to be assigned to each marginal well shall be the actual average monthly producing ability of said well as determined from said well's average daily producing ability as set out in Section E, Rules 16(A) and 16(B).

D. BALANCING OF PRODUCTION

Rule 15(B). If, at any time, a well is overproduced in an amount equaling six times its average monthly allowable for the last six months, it shall be shut-in during that month and each succeeding month until it is overproduced less than six times its average monthly allowable; provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship.

E. CLASSIFICATION OF WELLS

Rule 16(A). The Commission may classify as a marginal well any well which had an underproduced status at the beginning of the preceeding gas proration period and which at the end of said period, is not capable of producing its average monthly allowable. This capability shall be determined by comparing the average monthly allowable for the preceeding gas proration period with the average monthly producing ability for the most recent three months available (see 16(B) below). A well will not be classified marginal if, prior to the end of a gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified.

Rule 16(B). Each gas purchaser shall furnish to the Commission, prior to the 10th day of the month following the last month of each proration period, the actual average daily producing ability for the most recent three months available of each prorated gas well to which it is connected. Upon receipt of this information from the gas purchaser, the Commission will calculate the average monthly producing ability by multiplying the daily average producing ability by 30.4, which is the average number of days in a month for the entire year.

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

Rule 18. If, at the end of a proration period, the most recent average monthly producing ability of a marginal well is greater than the average monthly allowable for said proration period (See Rule 16(A) and 16(B) above), the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

Tapacito-PC - Special Pool Rules - Order R-1670, delete Rule 15(B) and Rule 16(A).

Basin Dakota - Order R-1670-C, delete Rule 16(A).