

**Proposed Revision to Order R-333-I  
Rules & Procedure for Northwest New Mexico  
Chapter 1, Section 2.A.2.**

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**SECTION 2. Annual and Biennial Deliverability and Shut-in Pressure Tests**

A. 2. Wells classified as "exempt" shall not be subject to the requirements of annual or biennial deliverability tests.

Classification of wells into or out of the "exempt" status shall be done once each year immediately following the reporting of June 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" if at least three months of production history is available and the well failed to produce, and is incapable of producing, an average volume equal to the larger of 1) the pool's current (April-September) Monthly Acreage Allocate Factor, Fl, times the GPU Acreage Factor, A, or 2) an average of 250 MCF or more per month during the months produced within the preceding 12-month period, and the well is classified as marginal in the August Gas Proration Schedule.

Gas wells completed in any formation deeper than the Pictured Cliffs formation shall be classified "exempt" if at least three months of production history is available and the well failed to produce, and is incapable of producing, an average volume equal to the larger of 1) the pool's current (April-September) Monthly Acreage Allocate Factor, Fl, times the GPU Acreage Factor, A, or 2) an average of 2000 MCF or more per month during the months produced within the preceding 12-month period, and the well is classified as marginal in the August Gas Proration Schedule.

Gas wells on multiple well Gas Proration Units will not be classified "exempt" unless the Gas Proration Unit is classified as marginal. Any or all wells on a marginal multiple well Gas Proration Unit may be classified as "exempt" provided each Gas Proration Unit so classified meets the qualification for "exempt" status. Gas Proration Units for wells producing from formations deeper than the Pictured Cliffs formation shall be classified "exempt" if at least three months of production history is available and the Gas Proration Unit failed to produce, and is incapable of producing, an average volume equal to the larger of 1) the pool's current (April-September) Monthly Acreage Allocate Factor, Fl, times the GPU Acreage Factor, A, or 2) an average of 2000 MCF or more per month during the months produced within the preceding 12-month period, and the well is classified as marginal in the August Gas Proration Schedule. Gas Proration Units are to be classified as "exempt" because of their low producing ability.

The District Supervisor of the Division's Aztec Office may classify a well or Gas Proration Unit as "exempt" at any time if the operator presents sufficient evidence to the District Supervisor indicating that the well or Gas Proration Unit is incapable of producing gas at a higher rate than that rate required for "exempt" classification for wells or Gas Proration Units in that pool.

Once a well or Gas Proration Unit has been declared "exempt" for the following test year, it shall remain classified "exempt" for that test year.