

**TITLE 19       NATURAL RESOURCES AND WILDLIFE**  
**CHAPTER 15   OIL AND GAS**  
**PART 22       HARDSHIP GAS WELLS**

**19.15.22.1       ISSUING AGENCY:** Energy, Minerals and Natural Resources Department, Oil Conservation Division.

[19.15.22.1 NMAC - N, 12/1/08]

**19.15.22.2       SCOPE:** 19.15.22 NMAC applies to persons engaged in oil and gas development and production within New Mexico.

[19.15.22.2 NMAC - N, 12/1/08]

**19.15.22.3       STATUTORY AUTHORITY:** 19.15.22 NMAC is adopted pursuant to NMSA 1978, Section 70-2-6, Section 70-2-11 and Section 70-2-12.

[19.15.22.3 NMAC - N, 12/1/08]

**19.15.22.4       DURATION:** Permanent.

[19.15.22.4 NMAC - N, 12/1/08]

**19.15.22.5       EFFECTIVE DATE:** December 1, 2008, unless a later date is cited at the end of a section.

[19.15.22.5 NMAC - N, 12/1/08]

**19.15.22.6       OBJECTIVE:** To provide an application and approval process for hardship gas well classification.

[19.15.22.6 NMAC - N, 12/1/08]

**19.15.22.7       DEFINITIONS:** [RESERVED]

[See 19.15.2.7 NMAC for definitions.]

**19.15.22.8       HARDSHIP GAS WELL:**

**A.** The division shall not classify a well as a hardship gas well except after notice and hearing or upon the division's appropriate administrative action.

**B.** Wells the division approves as hardship gas wells under 19.15.22.9 NMAC and 19.15.22.10 NMAC have priority access over other gas wells to the current available gas market to the extent that they might otherwise be restricted below the approved minimum flow rate.

[19.15.22.8 NMAC - Rp, 19.15.6.408 NMAC, 12/1/08]

**19.15.22.9       APPLICATION FOR HARDSHIP GAS WELL CLASSIFICATION:**

**A.** An operator shall apply for hardship gas well classification in the form the division prescribes and shall include the following:

(1) a narrative description of the problems that lead the applicant to believe that underground waste will occur if the well is shut-in or curtailed below its ability to produce;

(2) documentation that the applicant has made all reasonable and economic attempts to eliminate or correct the problem or an explanation and justification as to why the applicant did not make such attempts;

(3) a well bore sketch;

(4) historical data such as permanent loss of productivity after shut-in, frequency and actual costs of swabbing after shut-in or curtailment including length of swab time required, actual cost figures showing the inability to continue operations without special relief or other data that would show that shut-in or curtailment would cause underground waste;

(5) if failure to obtain a hardship gas well classification would result in the well's premature abandonment, a calculation of the reserves that would be lost by the failure;

(6) the minimum sustainable producing rate as determined by a minimum flow or log-off test or documentation of well production history;

(7) a plat or map showing the proration unit dedicated to the well and the offsetting acreage's ownership;

(8) the name of the authorized transporter (and purchaser if different) of gas; and

(9) other data the applicant considers relevant.

**B.** The operator shall file an application for hardship gas well classification with the division's Santa Fe office and send a copy to the appropriate division district office.

**C.** In addition, the applicant shall notify the transporter and purchaser of gas from the well and all offset operators of the application and the requested minimum producing rate and shall so certify to the division in the application.

[19.15.22.9 NMAC - Rp, 19.15.6.409 NMAC, 12/1/08]

**19.15.22.10 PROCESSING OF APPLICATIONS FOR HARDSHIP GAS WELLS:**

**A.** The director may administratively approve an application for hardship gas well classification or the director may set the matter for notice and hearing.

**B.** The division shall list applications that the director is to approve administratively in the dockets of division or commission hearings that are issued from time to time.

(1) If no affected party files a written objection to the proposed administrative action within 20 days following the date of the hearing for which the docket is issued, the director may approve the application. If an affected party files an objection before or within the 20 day period, the division shall set the application for hearing unless the applicant withdraws the application.

(2) The director, on the director's own or upon an affected party's request, may require a minimum flow (log-off) test on the well for which the hardship classification is sought. The applicant shall give notice to the division, the gas transporter and purchaser and the requesting affected party of a minimum flow test conducted following the request, in order that the test may, at the option of the division or the parties, be witnessed. The applicant shall give notice of a minimum flow test conducted prior to submitting a hardship gas well application to the appropriate division district office, the gas transporter and purchaser and offset operators in order that the test may, at the option of the parties, be witnessed.

[19.15.22.10 NMAC - Rp, 19.15.6.410 NMAC, 12/1/08]

**19.15.22.11 EMERGENCY HARDSHIP GAS WELL CLASSIFICATION:**

**A.** The district supervisor of the appropriate division district office may grant emergency approval of a hardship gas well classification upon receipt of a copy of the application and attachments and a request by the applicant.

**B.** The district supervisor shall approve the emergency classification in writing and send a copy to the director, the applicant and the purchaser. The district supervisor may only give emergency approval for 90 days and on a one time only basis.

[19.15.22.11 NMAC - Rp, 19.15.6.411 NMAC, 12/1/08]

**19.15.22.12 LIMITS ON HARDSHIP GAS WELL CLASSIFICATION:**

**A.** No hardship gas well classification shall be retained for a period in excess of one year unless the applicant annually requests an extension of the classification and certifies that the well's condition has not substantially changed.

**B.** The division on its own motion may require that the applicant show cause why the division should not rescind approval of the hardship gas well classification in cases of suspected abuse, changed market conditions or other reason.

**C.** A well the division has classified as a hardship gas well located in a prorated gas pool shall accumulate over or under production. The division shall not shut in a well classified as a hardship gas well for reason of over production.

**D.** Affected parties may petition the division for hearing for the purpose of offsetting a ratable take advantage that the operator of a hardship gas well might gain.

[19.15.22.12 NMAC - Rp, 19.15.6.412 NMAC, 12/1/08]

**HISTORY of 19.15.22 NMAC:**

**History of Repealed Material:** 19.15.6 NMAC, Natural Gas Production Operating Practice (filed 11/29/2001) repealed 12/1/08.

**NMAC History:**

Those applicable portions of 19.15.6 NMAC, Natural Gas Production Operating Practice (Sections 408 - 412 (filed

11/29/2001) were replaced by 19.15.22 NMAC, Hardship Gas Wells, effective 12/1/08.