

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON 20426

IN REPLY REFER TO:



JAN 04 1982

OPPR/N830-A

Douglas V. Rogers, Director
Oil and Gas Conservation Commission
1313 Sherman Street, Room 721
Denver, Colorado 80203

RECEIVED
JAN 07 1982

OIL & GAS CONS. COM.

Re: Determination of Maximum
Lawful Price under NGPA
Section 108
Rex Monahan
Minnie Smith #1 Well
State Filing No. 81-588
JD82-07465

SW SW 29-12N-52W

Dear Mr. Rogers:

We have reviewed your notice of determination, filed November 20, 1981, that the referenced well continues to qualify as a stripper gas well pursuant to Section 108 of the NGPA. Upon review, we are unable to ascertain the basis for your determination that the well qualifies under the provisions for temporary pressure build-up pursuant to Section 271.804(e) of the Commission's regulations.

According to Section 271.804(e), a previously qualifying stripper well which produces natural gas at a rate in excess of an average of 60 Mcf per production day during any 90-day production period shall not be disqualified if the jurisdictional agency finds, among other things, that (1) the rate of production in excess of 60 Mcf per production day is the result of pressure build-up which occurred when the well was temporarily shut-in, and (2) that total production did not exceed 5400 Mcf for the relevant 90-day period.

Information in the application indicates that the well produced gas or was open to the line on each of the 92 days in the period March 1 through May 30, 1981. Therefore, the rate of production in excess of 60 Mcf per production day does not appear to be the result of pressure build-up which occurred "when the well was temporarily shut-in". Furthermore, production records included in the notice indicate that the subject well produced more than 5400 Mcf during the relevant 90-day period of March through May, 1981.

In view of the above, please provide an explanatory statement, pursuant to Section 274.104(a)(6) of the Commission's regulations, which is sufficient for us to ascertain the basis for your determination that the referenced well continues to qualify as a stripper well. As an alternative, you may withdraw your notice of determination, or the applicant, Rex Monahan, may withdraw the application, in accordance with the procedures set forth in Sections 275.202(c) and (d), respectively, of the Commission's regulations.

Douglas V. Rogers, Director

-2-

Pursuant to Section 275.202(b) of the regulations, the 45-day period for Commission review will not begin until the requested explanatory statement is received.

Very truly yours,

Howard Kilchrist
Howard Kilchrist, Director
Division of NGPA Compliance

cc: Rex Monahan
P. O. Box 1231
Sterling, Colorado 80751

Kansas-Nebraska Natural Gas Company, Inc.
12055 West Second Place
P. O. Box 15265
Lakewood, Colorado 80215
Attn: Terry G. Marsden
Gas Contract Administrator