

INSTRUCTIONS

Form AOF-3: Operator's Review of AOF Status

Reference: Statewide
Rule 31(j)

Who Files the AOF-3 The AOF-3 is used after a gas field has been granted **absolute open flow (AOF)** as follows:

(1) Annual Review of AOF Status. Every March, each operator of active gas wells in an AOF field will be mailed a Railroad Commission computer-generated Form AOF-3, *Operator's Review of AOF Status*. The review period covers the most recent production months (up to twelve) of the preceding year in which the field continuously held AOF status. The form can be used either (a) to certify that the operator's wells are still eligible by completing Part I, or (b) to request a return to proration by completing Part II. Any operator of an active gas well in the field who does not wish to consent to the field remaining AOF may also signify that by not returning the AOF-3 form. Failure by any operator of active gas wells to return the annual AOF-3 review may result in the field being returned to proration; one exception is if *all* of an operator's active gas wells in the field have a capability of 100 mcf (thousand cubic feet) or less a day per well and the operator wishes the field to remain AOF, that operator is not required to return a completed AOF-3 form in order for the field to remain AOF.

When an operator's gas production in the field has fluctuated 20 percent or more with increased production during the period of review, the month(s) in which this happens are listed on the annual review AOF-3 (Item No. 8a). When this occurs, the operator must supply adequate documentation explaining the fluctuation in order to maintain the field's AOF status.

(2) Notice of Change. If a field is granted AOF status, each operator is responsible for informing the Commission within 14 days of any of the following events taking place: (1) loss of 100 percent market demand, (2) production is voluntarily curtailed (other than for normal operation activities such as maintenance), and (3) notice of curtailment of market demand from a purchaser and no alternatives are found that would ensure continuation of demand for 100 percent of production capacity. At any time, an operator in an AOF field may request a return to proration. The Form AOF-3, *Operator's Review of AOF Status*, is used for any of the above.

"Active" Gas Well An active gas well is one that is assigned an allowable or that has reported production within the past three months. Excluded wells include storage wells, injection wells, or other types of service wells.

Production Capacity Production capacity is determined by the G-10 deliverability test conducted under normal operating conditions and in accordance with Statewide Rule 28(c).

Notice of Decision All operators in the field will be informed in the event the field is returned to proration. If a hearing is scheduled, notice will be sent to all operators in the field.

How a field becomes AOF For a gas field to change from a prorated status to an **absolute open flow (AOF)** status, an application must be made by all operators of active gas wells in the field. One operator, the "initiating operator," requests the other operators to complete a Form AOF-2, *Individual Operator Application for AOF Status*, returning it to the initiating operator. The initiating operator will complete a Form AOF-1, *Field Application for AOF Status (Cover Sheet)*, attach all AOF-2 forms, and submit the application package to the Railroad Commission at the address on the front of the form.

For the AOF status application to be considered administratively, each operator of active gas wells in the field must file an AOF-2. Otherwise, the initiating operator may request a hearing. There must be certified market demand for 100 percent of the production capacity of all active gas wells in the field.