

Case No.

943

Application, Transcript,
Small Exhibits, Etc.

CASE 943: OCC application for order re-
vising, amending & clarifying Section 1701,
of Commission's Statewide Rules & Regula-
tions.

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. BOX 871
Santa Fe, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
O.C.C. EXHIBIT No. 1
CASE 943

PROPOSED REVISION OF
SECTION M OF THE
STATEWIDE RULES AND REGULATIONS

M - REPORTS

All reports and forms as required by the following rules shall be filed with the appropriate District Office of the Commission as provided for in Rule 1302 of the Statewide Rules and Regulations unless otherwise specifically provided for in one of the following rules.

RULE 1101. ADDITIONAL INFORMATION MAY BE REQUIRED.

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

RULE 1102. BOOKS AND RECORDS TO BE KEPT TO SUBSTANTIATE REPORTS.

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than five years, covering their operations in New Mexico, from which they may be able to make and substantiate the reports required by this order.

RULE 1103. WRITTEN NOTICES, REQUESTS, PERMITS AND REPORTS.

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - Request for (oil) (gas) Allowable
- Form C-105 - Well Record
- Form C-110 - Certificate of Compliance and Authorization to Transport Oil or Natural Gas
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Form C-115 - Operator's Monthly Report (Oil, Condensate and Gas)
- Form C-116 - Gas-Oil Ratio Report

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- Form C-117 - Tank Cleaning Report
- Form C-118 - Treating Plant Report
- Form C-119 - Carbon Black Plant Monthly Report
- Form C-120 - Injection Report
- Form C-121 - Crude Oil Purchaser's Nomination
- Form C-121-A - Gas Purchaser's Preliminary Nomination
- Form C-122 - Back Pressure Data Sheet
- Form C-122-A - Gas Well Test Data Sheet - San Juan Basin
- Form C-122-B - Initial Potential Test - Data Sheet
- Form C-122-C - One-point Back Pressure Test for Gas Wells - Data Sheet (Deliverability)
- Form C-123 - Request for the Extension of an Existing Pool or the Creation of a New Pool
- Form C-124 - Bottom Hole Pressure Test
- Form C-125 - Gas Well Shut-in Pressure Test
- Form C-126 - Permit for Transporting Recovered Load Oil
- Form C-127 - Nomination Form

RULE 1104. NOTICE OF INTENTION TO DRILL OR RECOMPLETE

Before beginning drilling, and before beginning recompletion operations, the owner or operator of the well shall give notice thereof by filing with the Commission in QUINTUPLICATE Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modifications considered advisable, or the rejection of the plan submitted. Drilling or recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes name and number of the well, exact location, status of land, (whether state or privately owned), type drilling equipment to be used, drilling contractor, formation to be completed in and approximate depth, casing program, and any other pertinent information. In case of recompletions the details shall be fully explained under the "Remarks" column. For all locations an official Commission well location plat made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted in triplicate with Form C-101. (Note: on State land, the State Land Office requires 1 copy, of Form C-101. Therefore submit 6 copies).

RULE 1105. MISCELLANEOUS NOTICES

Form C-102, 'Miscellaneous Notices,' shall be filed by the operator in triplicate and approval obtained from the District Office of the Commission before starting operations leading to:

1. A change in drilling plans

2. Plugging a well
3. Temporary abandonment of a well, or
4. Remedial work, such as plugging back, drilling deeper, acidizing, squeezing operations, formation fracturing, setting a liner, gun perforating or other similar operations not specifically covered herein.

Form C-102 shall not be required to cover the operations described in Item 4 above for new wells in the process of completion.

In case of well-plugging operations, the notice shall give a detailed statement of the proposed work, including length and depth of plugs, plans for mudding cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well, the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

RULE 1106. MISCELLANEOUS REPORTS ON WELLS

Form C-103, 'Miscellaneous Reports on Wells', shall be submitted for approval to the appropriate District Office of the New Mexico Oil Conservation Commission within the time specified in the section of this rule applying to the particular operation to be reported.

Mailing addresses of the District Offices of the Commission are as follows:

P. O. Box 2045, Hobbs, New Mexico

321 Carper Building, Artesia, New Mexico

P. O. Box 697, Aztec, New Mexico

The report submitted on Form C-103 shall cover the work outlined previously on Form C-102, 'Miscellaneous Notices', and shall include a detailed account of the work done, the manner in which the work was performed and other pertinent information.

Form C-103 is to be used in reporting various operations such as:

- (a) Commencement of Drilling Operations
- (b) Plugging Operations
- (c) Results of Test of Casing Shut-off

- (d) Remedial Work
- (e) Change of ownership of Drilling Well

or any similar operations which affect the original status of the well and which are not specifically covered herein.

Information to be entered on Form C-103 for a particular operation is as follows:

(a) Report on Commencement of Drilling Operations:

Within ten days following the commencement of drilling operations, the owner of the well shall file with the Commission a report on Form C-103, in TRIPLICATE. Such report shall indicate any pertinent data not previously submitted on Forms C-101 or C-102, whichever is applicable.

(b) Report on Plugging of Well:

Within thirty days following the completion of plugging operations on any well, a record of the work done shall be filed with the Commission, in TRIPLICATE, on Form C-103. Such report shall be filed by the owner of the well and shall include the date the plugging operations were begun, along with the date the work was completed; a detailed account of the manner in which the work was performed; the depths and lengths of the various plugs set; the nature and quantities of materials employed in plugging operations; the amount, size and depth of all casing left in the hole and the weight of mud employed in plugging the well and any other pertinent information. No plugging report submitted on Form C-103 shall be approved by the Commission unless such report specifically states that pits have been filled and the location levelled and cleared of junk. The filing of Form C-105, 'Well Record', is also necessary to obtain Commission approval of a plugging report.

It shall be the responsibility of the owner of the plugged well to contact the appropriate District Office of the Commission to arrange for an inspection of the plugged well and the location by a Commission representative.

(c) Report on Results of Test of Casing Shut-off

A report on a test of casing shut-off shall be filed with the Commission on Form C-103, in TRIPLICATE, within ten days following the completion of the test. Such report shall

be filed by the owner of the well and shall indicate any changes in the casing program previously outlined and approved on Form C-101 or C-102, whichever is applicable. The report shall also present a detailed description of the test method employed and the results obtained by such test, and any other pertinent information.

(d) Report on Remedial Work

Within thirty days following the completion of remedial work on a well, a report on the operation shall be filed with the Commission on Form C-103, submitted in QUADRUPPLICATE. Such report shall be filed by the operator of the well and shall present a detailed account of the work done and the manner in which such work was performed; the daily production of oil, gas and water both prior to and after the remedial operation; the size and depth of shots; the quantity of sand, crude, chemical or other materials employed in the operation, and any other pertinent information. Remedial work to be reported on Form C-103 is as follows:

1. Report on shooting, fluid fracturing or chemical treatment of a previously completed well.
2. Report on results obtained through drilling deeper.
3. Report on squeeze job.
4. Report on plugback operations.
5. Report on setting of liner, packer or pump.
6. Report on installation of gas lift facilities,

or any similar operations which affect the original status of the well and which are not specifically covered herein.

(e) Report on Change in Ownership of Drilling Well.

Within ten days following the official change in ownership of a drilling well, such change in ownership will be reported to the Commission on Form C-103, submitted in TRIPLICATE. Such report shall be filed by the new owner of the well, and shall include the name and address of the previous owner, the effective date of the change in ownership, and any other pertinent information. No change in the ownership of a drilling

well will be approved by the Commission until a \$5,000.00 one-well plugging bond or a \$10,000.00 blanket plugging bond has been filed with and approved by the Commission in the name of the new owner.

(f) Other Report on Wells.

Reports on operations not specifically covered herein shall be submitted to the Commission on Form C-103, in TRIPLICATE, by the operator of the subject well within ten days following the completion of the work specified.

RULE 1107. REQUEST FOR (OIL) (GAS) ALLOWABLE (Form C-104)

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil or gas well. Form C-104 is to be submitted in QUADRUPPLICATE to the Commission office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a. m. on the date of completion, provided completion report is filed during month of completion. The completion date shall be that date, in the case of an oil well, when oil is delivered into the stock tanks. For all gas wells, the Form C-104 must be accompanied by a Commission Gas Well Plat in DUPLICATE showing (a) the location of the well with respect to the outer boundaries of the Section, (b) the acreage to be dedicated to the well, and (c) the location of all other wells, both oil and gas, located within the area of said plat.

Form C-110, Certificate of Compliance and Authorization to Transport Oil or Natural Gas, shall accompany Form C-104.

RULE 1108. WELL RECORD FORM (Form C-105)

Within 20 days after the completion of a well the owner shall file in QUINTUPPLICATE with the Commission Form C-105 with ONE COPY of all logs run on the well. The well record with the attached log shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report and log confidential for 90 days from the date of completion of the well; provided, however, that the report, log, or data therein when pertinent may be introduced in any public hearing before the Commission or any court regardless of the request that the report be kept confidential. If the Form C-105 with attached log or logs is not received by the Commission in the specified 20 days, the well will be dropped from the proration schedule.

In the case of well-plugging operations, a complete record of the well on Form C-105 with the log or logs run on the well shall accompany the notice of intention to plug the well, if not previously filed.

(Note: On State Land submit one additional copy of C-105)

RULE 1109. CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO
TRANSPORT OIL AND NATURAL GAS(FORM C-110)

(a) Each producer of crude petroleum oil, casinghead gas, liquid hydrocarbons, and natural gas shall execute, in QUINTUPLICATE, and file Form C-110 with the Commission, setting forth fully therein the data and information indicated by such form covering each well from which crude petroleum oil, casinghead gas, natural gas or liquid hydrocarbons are produced.

(b) Whenever there shall occur a change in the operating ownership of any producing well, or whenever there shall occur a change of transporter from any producing well, or whenever there shall occur a change of well numbers or lease designation, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter when oil is moved from any lease by anyone other than the transporter authorized by the Form C-110, the operator shall notify the appropriate District Office of the Commission in writing 3 days after the oil is moved, furnishing the information as instructed by the District Office.

RULE 1110. MONTHLY GAS REPORT (ACQUISITION AND DISPOSITION)
(Form C-111)

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceding month, and shall be submitted in DUPLICATE.

RULE 1111. TRANSPORTER'S AND STORER'S MONTHLY REPORT (Form C-112)

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and truck within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in DUPLICATE on or before the 15th day of the next succeeding month.

RULE 1112. REFINER'S MONTHLY REPORT (FORM C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month, in DUPLICATE.

**RULE 1113. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT
(Form C-114)**

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico shall furnish for each calendar month a Gasoline or Other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month in DUPLICATE.

RULE 1114. OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report, Form C-115, shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said form. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests.

The reports on this form shall be filed by the producer as follows:

Original to the Oil Conservation Commission, Box 871, Santa Fe; one copy to the Oil Conservation Commission District Office at Box 2045, Hobbs; one copy to the District Office in which district the lease is located; and one copy to each transporter involved. Each report for each month shall be postmarked not later than the 24th day of the next succeeding month. Repeated failure of an operator to file this report in accordance with the provisions of this rule may result in cancellation of Form C-110 for the affected well or wells.

RULE 1115. GAS-OIL RATIO TEST (Form C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301, Gas-Oil Ratio Test. This form shall be submitted in DUPLICATE, to the District Office of the Oil Conservation Commission.

RULE 1116. TANK CLEANING PERMIT (Form C-117)

- (a) Form C-117 shall be submitted in QUADRUPLICATE pursuant to Rule 311.
- (b) Tank cleaning permit is not necessary in the following cases:
 - 1. Where "tank bottoms" are to be used on operator's lease roads or fire walls.
 - 2. Where merchantable oil is reclaimed by operated and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
 - 3. Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms."
 - 4. Where there is the reclaiming of pipe line break oil or the treating of "tank bottoms" at a pipe line station, crude oil storage terminal or refinery, or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas-gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 1117. TREATING PLANTS (Form C-118)

Form C-118 shall be submitted in QUADRUPLICATE and in accordance with Rule 312.

RULE 1118. CARBON BLACK PLANT MONTHLY REPORT (Form C-119)

Each operator of carbon black plant within the State of New Mexico shall file for each calendar month, the monthly volume of gas received by him from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received by him from each lease operator delivering natural gas directly to such plant, together with the opening and closing stocks, the production and deliveries of carbon black or other products produced. Such reports containing information as required by the form shall be prepared and filed in DUPLICATE on Form C-119, "Carbon Black Monthly Report", on or before the 15th day of the next succeeding month.

RULE 1119. INJECTION REPORT (Form C-120)

Form C-120 shall be submitted in TRIPLICATE and used for reports required under Rule 701, et seq.

RULE 1120. PURCHASER'S NOMINATION FORM (Forms C-121 and C-121a)

Form C-121, crude oil purchasers nomination, and Form C-121a, gas purchasers preliminary nomination, shall be submitted to the Commission not later than 5 days prior to said Commission's statewide proration hearing on nominations for the succeeding month. One copy of Form C-121 and one copy of Form C-121a shall be mailed to the Oil Conservation Commission, Santa Fe, New Mexico.

RULE 1121. BACK PRESSURE DATA SHEET (Form C-122)

Form C-122 shall be submitted in TRIPLICATE to the Oil Conservation Commission, and shall be used to show back pressure data as required under the provisions of Rule 401.

RULE 1122. REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE CREATION OF A NEW POOL (Form C-123)

The owner or operator of a well which requires the creation or extension of a pool shall be given written instructions by the appropriate District Office in regard to the filing of Form C-123.

RULE 1123. BOTTOM HOLE PRESSURE TESTS (Form C-124)

Form C-124 shall be submitted in TRIPLICATE to the Oil Conservation Commission, and shall be used to report bottom hole pressures as required under the provisions of Rule 302.

RULE 1124. GAS WELL SHUT-IN PRESSURE TESTS (Form C-125)

Form C-125 shall be submitted in TRIPLICATE to the Oil Conservation Commission, and shall be used to report shut-in pressure tests on gas wells as required under the provisions of Rule 402.

RULE 1125. PERMIT FOR TRANSPORTING RECOVERED LOAD OIL (Form C-126)

Form C-126 shall be submitted in QUADRUPLICATE to the Proration Manager at Hobbs, New Mexico, (Box 2045) and shall be used in conformance with Rule 508 and Rule 1109 (b).

RULE 1126. NOMINATION FORM C-127

One copy of Form C-127 shall be filed with the Oil Conservation Commission, Box 2045, Hobbs, New Mexico, not later than the 15th day of the month preceding the month for which allowable changes are requested.

RULE 1127. FORMS REQUIRED ON WELLS LOCATED ON FEDERAL LAND

It is not necessary to file and to receive approval of NOTICE OF INTENTION TO DRILL, MISCELLANEOUS NOTICES, MISCELLANEOUS REPORTS ON WELLS, or WELL RECORDS on state forms for wells drilled on Federal land in the State of New Mexico; however, it shall be the duty of each operator in the State of New Mexico who drills on Federal land to see to it that the Commission receives copies in DUPLICATE of all forms submitted to and approved by the USGS whether on the forms of the Commission or those forms provided by the USGS. The following USGS forms will be accepted in lieu of the regular Commission forms from operators of wells on Federal land:

<u>USGS</u> <u>FORM</u>	<u>TITLE OF FORM</u>	<u>SIMILAR</u> <u>OCC FORM</u>
9-331a -	SUNDRY NOTICES AND REPORTS ON WELLS -	C-101
9-331a -		C-102
9-331a -		C-103
9-330 -	LOG OF OIL OR GAS WELL -	C-105

The above forms as may be revised, are the only forms that may be submitted in the place of the regular Commission forms.

After a well is completed and ready for pipe-line connection, it is necessary to file Oil Conservation Commission Forms C-104 and C-110 with the Commission on any and all wells drilled in the State, regardless of land status. Further, all reports and forms as required under the preceding rules of this section of the Rules and Regulations that pertain to production must be filed on the proper Oil Conservation Commission form as set out in said Rule - no other forms will be accepted.

Failure to comply with the provisions of this Rule will result in the cancellation of Form C-110 for the affected well or wells.

NEW MEXICO OIL CONSERVATION COMMISSION
MONTHLY GAS REPORT

Report of _____ Month _____ 19____

Address _____
Main Office _____ Local or Field Office _____

Report All Volumes in MCF at 15.025 lbs. and 60°F.

ACQUISITION

Total take. (From total of Sheet (s) #2) _____ MCF

DISPOSITION

Used for	Name of Company - Address	Volume
Fuel System	_____	_____
Lease Use	_____	_____
Gas Lift	_____	_____
Transmission System #1	_____	_____
" " #2	_____	_____
Other Disposition:	_____	_____
Detail	_____	_____
	_____	_____
	Total	_____

REMARKS _____

I hereby certify that this Report is true and complete to the best of my knowledge.

Name of Initial Taker _____ Signature _____

Address _____ Title _____

(See Instructions Reverse Side)

INSTRUCTIONS

The address, as required on this report, shall be clear and definite as to Street Number, City and State.

Where gas is taken from an oil and/or gas well by the producer into a fuel or other gas system and used outside the basic lease said producer is required to make this report. In case gas is taken at the well by any person other than the producer then such person is required to make this report.

This report shall be filed in triplicate on or before the 15th day of each calendar month and shall be complete as to data covering the calendar month next preceding the date of filing. One executed copy shall be filed with the Oil Conservation Commission at Santa Fe, and one executed copy shall be filed with the District Office at Hobbs and one executed copy shall be filed with district office at Aztec.

Report the volume of gas taken from each gas well separately, Report the volume of gas taken from oil wells by units.

On sheet #2:

- (1) List Pools alphabetically.
- (2) List Operators alphabetically within the pools.
- (3) Total each Pool.
- (4) Total each company within a Pool.

If any space does not apply fill in the word "NONE".

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NEW MEXICO
OIL CONSERVATION COMMISSION
MONTHLY INJECTION REPORT

Submit this report in triplicate to the District Office, Oil Conservation Commission

COMPANY _____ LEASE _____
POOL _____ COUNTY _____ MONTH _____ 19 ____

INJECTION WELLS

Location					MCF GAS Injected	BBLs. WATER Injected	AVGE. INJECTION Pressures
Well #	U	S	- T -	R			
TOTAL							

PRODUCING WELLS

Location					BBLs. OIL Produced	MCF GAS Produced	BBLs. WATER Produced
Well #	U	S	- T -	R			
TOTAL							

REMARKS:

I hereby certify that the above information is true and complete to the best of my knowledge.

NAME _____

TITLE _____

ADDRESS _____

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 17, 1955

IN THE MATTER OF:

CASE NO. 943

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 17, 1955

IN THE MATTER OF:)

Application of the Commission upon its own)
motion for an order revising, amending and)
clarifying Section "M" of the Commission's)
Statewide Rules and Regulations dealing)
with reports and forms adopted by the)
Commission for use by the industry.)

Case No. 943

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 943.

C H A R L E S M. R I E D E R ,

called as a witness, having been previously duly sworn, testified
as follows:

DIRECT EXAMINATION

By MR. KITTS:

Q Will you state your name and position, please?

A Charles M. Rieder, Engineer with the Oil Conservation
Commission.

Q Mr. Rieder, in connection with this case I believe you pre-
pared a proposed revision of Section "M" of the Statewide Rules?

A Yes, I have.

(Marked Commission's Exhibit No. 1
for identification.)

Q Have you marked that as an exhibit?

A Yes, I have. I have prepared it as an exhibit and it has been duly marked, Exhibit 1.

Q Mr. Rieder, will you discuss for the Commission your proposals which are embodied in Exhibit 1?

A For the benefit of the gentlemen of the industry, the proposed revision, any alteration, change or addition to Section "M" of the Statewide Rules and Regulations is underlined. If we will start with the first page it might be possible to explain any of the revisions we have, or additions.

The first addition we have is at the top of what would be Page 1 of Section "M" of the Statewide Rules and Regulations. In that it says, "All reports and forms as required by the following rules shall be filed with the appropriate District Office of the Commission, et cetera". The purpose of that, where not specifically spelled out in the rule, all formal reports are to be sent to the District Office in which the well is located. Considerable confusion has arisen in the past by having reports sent to the incorrect District Office. In Rule 1103, the forms there are no changes. In 1104 you will notice the underlining "For all locations an official Commission well location plat shall be submitted." If you will notice on the back of the Section "M", which you have in your hands, is the proposed well location plat which will be the accepted plat, an official plat for the New Mexico Oil Conservation Commission. The purpose of this is that the various operators have different methods and means of surveying their different leases. Some send in lease plats which are quite large, and it makes it very difficult to get them properly filed and to use them properly. It is the proposal of the staff that the adoption of this well location plat will give

uniformity to all plats submitted to the Commission and will make it more readily available to the Commission for their use. It will also make it a lot easier for everybody to understand where the well location is. It says further that it will be submitted in triplicate with C-101.

There are no changes in 1105 or 1106. However, the recent changes that have been granted by prior hearing have been adopted in this form so that the one Section "M" will be a clear record of what has been done and what is required by the Commission.

I refer you to 1107. In Rule 1107 we have added one additional paragraph. We have deleted nothing, just the addition of what is underlined there for all gas wells. The C-104 must be accompanied by a Commission gas well plat in duplicate. I believe everyone is familiar with a gas well plat which has been adopted.

In Rule 1108 we have made the additions that are underlined. I don't believe there will be any question there. What has been included in the requirement is that one copy of all logs run on any well in the State of New Mexico will be submitted with the C-105 to the District Office.

MR. SMITH: J. K. Smith. May it please the Commission, I am not sure if it is proper at this time to register our objection to the filing of electric logs. Shall we wait until he gets through with the entire analysis?

A I might suggest, Mr. Kitts, that in the interest of keeping it clear, it might be well to object as we discuss the individual points.

MR. MACEY: I think so.

MR. SMITH: I would like to, on behalf of Stanolind, object

to the requirement that we file electric logs. We have always considered that information to be of a confidential nature and I note that the requirements of the rule only make it confidential for 90 days, and we think that since it is of a confidential nature and required, . . . that we should be privileged to withhold it unless there is some particular reason that the Commission may have in mind that would require some analysis. Of just simply filing every log that comes in, most of the logs we have, we have no objection to filing. There are some type wells that we would like to keep under our hat for some period of time.

MR. MACEY: Would you have any objection to allowing you to file a letter in lieu of the log that it is confidential and that it is available if we need it at the Commission?

MR. SMITH: I think some would be all right.

A We feel, Mr. Smith, that to be given as many logs as we possibly can, we know any tight well would remain tight. Mr. Montgomery at Hobbs, and Mr. Arnold at Aztec, it is necessary from time to time, for us to conduct various studies, and without logs the study is pretty useless. It has been our practice, if the log is not submitted, to secure it from the various agencies that have them available. It would be a convenience to the Commission if on all wells that you could, you would submit the log immediately. On those wells that you could not, if you attached a letter stating that when the well was no longer classified as tight, you would submit the log, it would be of considerable help to Mr. Montgomery and Mr. Arnold.

MR. SMITH: Our primary concern is keeping them confidential within the company, and I assume that might be acceptable to my company

although I don't know. This suggestion has just come up. I would like to suggest further that you may have quite a storage problem with logs that will be coming in on all these wells.

A Yes, sir, we already have room for them.

MR. SMITH: I might make the suggestion that if you have a particular area you want to study, that it might be more convenient for you to pool the operators to see what logs they have, and conduct your study rather than to have a tremendous storage problem with all the logs that do come in.

A If I am correct, and Mr. Montgomery will correct me if I am wrong, as the logs come in on various wells in the Eumont area, the wells that would be coming in, the majority of them would be in an interesting area in which we would like to extend the contour maps we maintain of that area. Taking the area, for instance, which is under consideration, as you know now, there is a considerable problem in trying to dissolve a number of phases of things down there. Without the logs, Mr. Montgomery is almost helpless. It would mean he would have to stop when he ran into an area and consult the operators. In the main, the majority of the logs are available from the logging services, almost immediately.

MR. SMITH: The majority of the logs we take, we have no particular reason why anybody that wants to can't see them.

A I think that would be except to anything you want to keep tight.

MR. SMITH: I think that probably will be acceptable.

MR. Harrington: Mr. Harrington of the Gulf Oil Corporation. You say a copy of all the logs run on the well. You want caliper surveys?

A No, the electric log that would be of interest to us.

If you run a microlateral, it wouldn't hurt to throw one of those in as well as a gamma ray.

MR. Harrington: The only thing I want to qualify is the caliper and the temperature surveys and so forth.

A Those would not be necessary. Any log, if you felt it was an interesting well, to run a whole series of logs, it would prove interesting to the Commission.

MR. Harrington: It presents no problem because it is just as easy to mail five different logs as it is to mail one. We have plenty of logs, but a temperature survey is a log.

A Yes, sir.

MR. MACEY: Perhaps we ought to rephrase that to eliminate those so there wouldn't be any question.

MR. WALKER: Gamma ray and electrical?

A Both. We would rather have the electric logs because that is what we have the most of.

MR. NESTOR: I might also like to protest for Shell Oil Company, the word "oil", because that covers a tremendous amount of ground, and we certainly would be reluctant to submit dip meter surveys and things of that nature, which would be for our own information.

A With the depletion of all --

MR. NESTOR: I think we should be explicit, to state that you want the regular electrical surveys and/or gamma ray surveys.

MR. MALONE: Gulf would like to concur in that suggestion also. There are some penalty provisions for failing to provide with the requirements of the regulations. This is an absolute requirement. I think it would be desirable to define the logs in-

cluded. We would like to concur in the suggestion that Mr. Macey made, of providing a letter in lieu of a log on the confidential wells.

MR. MONTGOMERY: I would like to make a suggestion on the confidential 90 days. It would be difficult for me to try to determine when the 90 days was up.

MR. MACEY: I think we will eliminate the 90-day provision. If it is confidential they don't have to submit it. We wouldn't be obligated to keep them confidential.

MR. MONTGOMERY: If they are confidential I don't want them in my file.

MR. MACEY: Anyone else?

A The paragraph which is underlined, this is still with reference to 1108, is merely to set out a requirement of one of the other rules in the case of a well-plugging operation, a complete record of the well on C-105 will be submitted to the Commission along with the log.

1109, that is a division of the bottom paragraph, and further, the requirement that -- Well, it isn't a new requirement, I think most everybody has been observing it. It is just spelling it out. Where there should occur a change of well numbers or lease designation, the C-110 should be filed. In the last paragraph, that provision is to make possible the movement of load oil, frac oil and oil used in remedial operations where heretofore it has been required you submit a letter, not for approval, but a letter shall be submitted requesting the approximate number of barrels of oil. That has worked a hardship, in that you might want more and you have asked for so much, and the transporter may object to taking any more

than the amount in the letter. We have inserted the part in the paragraph which allows that you will file with the Commission, three days after the movement of the oil, what was moved and indicating by whom and to where, and from where.

The particular note we would like to call to your attention, is that copies of this would be submitted, one to the authorized transporter, two to the temporary transporter, as well as the regular distribution.

1110 is unchanged. 1111 is unchanged.

MR. WALKER: Don Walker with Gulf. I would like to go back to 1109, on C-110.

A Yes.

MR. WALKER: There is a little complication we have. I don't know if other people bother with it or not. When we are making a lot of copies of C-110, it is vital information to us and a lot of people want copies. When the Commission approves the fourth copy and sends it back to us for our use, I wonder if it would be possible to specify that we get the second copy.

MR. MACEY: In other words, you want a legible copy?

MR. WALKER: Yes, we want one we can photostat and reproduce and send to our people.

MR. SMITH: I am puzzled by this temporary change of transporter, when would that ever occur?

A It occurs if you are transferring oil, for the purpose of loading your oil, or frac oil which you are using to mix, to form the fracturing medium or use as a displacing medium, you are transferring oil from one lease to another, possibly. Some companies do, some companies don't. Some use regular crude runs, some use refined

oil, there is a variety. In this temporary change of transporter, which has occurred up to date, it has been required in the old rule that the Commission be notified of any temporary change prior to the movement of the product and while it isn't an approved form, the Commission in a way approves it, you are supposed to notify us. It would come to where you wanted the oil actually moved, and it may be you have what appears to be the approval of six and you may want six and he may not want to take it. Inasmuch as it is not an approved form, we felt that just the submitting of the notice after three days following the movement of the oil, you wouldn't be giving an approximate figure, you would be giving an exact figure of the oil moved. It would allow us to keep our records, it would keep the records clearer and it would also allow you to do just, move as much oil as you wanted within reason.

MR. SMITH: I have no objection to it. I was puzzled by it, particularly inasmuch as it was broad and theoretically a man could be caught with two or three truck loads of oil, and we were going to file a notice of change of transport a couple of days from now. Had you given thought to that possibility?

A Yes. Inasmuch as we don't require tenders for movement in this State, it seems that might be a little unnecessary and burdensome for the operator. I grant you, administratively, it would be a better method if they had a strict authorization, but inasmuch as we don't require a tender, why it would seem like an unnecessary requirement.

MR. SMITH: As I said, I have no objection to it.

MR. McGRATH: P. T. McGrath, United States Geological Survey.
On your well location pattern, just looking at it, is on legal size

paper.

A It will not be.

MR. McGRATH: All my files are set up on eight and a half by eleven.

A We put it on this because of the limitation of the typewriter we use to duplicate this. It will be available at the District Offices and Santa Fe, for anybody.

MR. MONTGOMERY: Since you are on the plat deal, there is a point there in the elevation. In the past our forms have been revised and we have elevation for ~~the~~^{tubing} head, and then revised later for elevation for casinghead, and often times the operator doesn't know the elevation and reports the ground elevation, or ~~derrick~~^{derrick} floor elevation, and therefore, there is a plus or minus ten feet of error in the elevation. Often times ten feet of elevation is critical. If you have no elevation you have no information geologically when you go to work with a log. If your elevation is wrong, naturally your information is going to be off a little bit. I wonder if we could specify the initials, DF and ~~GL~~^{derrick}, ~~dirt~~ floor and ground level.

MR. MACEY: I doubt if they would know unless they knew the exact rate of moving in there, it is very variable. Possibly we should specify the ground elevation on the survey and 105, the well log, the ~~dirt~~^{derrick} floor.

A In most cases I think it would be a ground level elevation.

MR. MACEY: On a survey some of them don't run, they don't run the elevation.

MR. MONTGOMERY: That brings up the point that the elevation they might put down to fill in the blank would often times be in

error. You would be surprised how often that occurs in a form.

MR. NESTOR: Particularly in drilling shallow wells which require just relatively few days of rig time we often don't receive the ^{height} Loft and Simmons elevation until several weeks after completion of the well. That is another phase of the problem. It would delay accurate reporting of such a figure.

MR. MONTGOMERY: An inaccurate figure --

MR. NESTOR: (Interrupting) It would be better to give none.

A The operator, in completing the form, could state this is a ground level. We could spell that out for the rule, or just say unknown, and leave it at that.

MR. MACEY: If it is unknown, it is unknown, there is nothing you can do about it.

A The log will have the elevation on it.

GOVERNOR SIMMS: If you have a note right on the plat itself it will remind him they are working with a certain elevation, isn't that it?

MR. MONTGOMERY: That is correct.

GOVERNOR SIMMS: Even though there are forms that give some other information.

MR. NESTOR: They are generally far more accurate than the electric log people. They have slipped some pretty bad cogs, no reflection on their work, it is something additional, it is not part of their technical service.

MR. MACEY: I think that is something we can work out. If it is not available, we certainly couldn't expect it on a survey plat, and when the log submitted is not available, which is frequently the case, you can't expect it.

MR. WALKER: Don Walker with Gulf, In connection with this form where it says registered professional engineer and land surveyor-- It says the plat made by a regular ~~survey~~^{Surveyor}, or a ~~survey~~^{Surveyor} approved by the Commission. I just wonder about the advisability of changing that "and" to an "or."

MR. MACEY: I agree with you. Do you understand what he said?

A Yes.

MR. MACEY: Anyone else?

A In Rule 1110, the rule remains unchanged. However, we have revised the C-111 so that the Sheet 1 will be submitted once. Sheet 2 will cover all the wells that are covered by, reported by the one producer. No change now until we get to Page 10 of Section "M", in Rule 1120. That was revised to allow, to set out for Form C-121-a which in the old rule was omitted. That is the only additional requirement there. If we can go back, in Rule 1119, we have revised the Form C-120, which is the injection report, the monthly injection report. The previous form limited to the injection more or less to water, and did not provide sufficient space, nor room, for sufficient information. This form will be on a legal size sheet, and makes possible the reporting of injection of water, gas or whatever the injection medium is. In a number of these rules over here in the previous order they did not definitely spell out the number of copies required to be sent to the Commission. In that case, although they are not underlined, the affected rules, 1117 and 1119 in which case we included, they will be submitted in quadruplicate, and the 120 in triplicate.

Rule 1121 we have prepared, and would like to recommend the

adoption of a new revised form C-122, which the Commission feels and the staff feels places the information in a more useable manner, and will make the form a lot easier to use.

I refer you now to Rule 1127. This is a new rule that we have not heretofore had. The agreement has been an unwritten but understood agreement between the operators and the Commission and the United States Geological Survey. I think it might be well to read the rule. "It is not necessary to file and to receive approval of NOTICE OF INTENTION TO DRILL, MISCELLANEOUS NOTICES, MISCELLANEOUS REPORTS ON WELLS, or WELL RECORDS on state forms for wells drilled on Federal land in the State of New Mexico; however, it shall be the duty of each operator in the State of New Mexico who drills on Federal land to see to it that the Commission receives copies in DUPLICATE of all forms submitted to and approved by the USGS whether on the forms of the Commission or those forms provided by the USGS." That is the main requirement.

The rule went on further: "The following USGS forms will be accepted in lieu of the regular Commission forms from operators of wells on Federal land:

<u>USGS FORM</u>	<u>TITLE OF FORM</u>	<u>SIMILAR OCC FORM</u>
9-331a -	SUNDRY NOTICES AND REPORTS ON WELLS	- C-101
9-331a -		- C-102
9-331a -		- C-103
9-330 -	LOG OF OIL OR GAS WELL	- C-105

The above forms as may be revised, are the only forms that may be submitted in the place of the regular Commission forms.

After a well is completed and ready for pipe-line connection,

it is necessary to file Oil Conservation Commission Forms C-104 and C-110 with the Commission on any and all wells drilled in the State, regardless of land status. Further, all reports and forms as required under the preceding rules of this section of the Rules and Regulations that pertain to production must be filed on the proper Oil Conservation Commission form as set out in said Rule - no other forms will be accepted.

Failure to comply with the provisions of this Rule will result in the cancellation of Form C-110 for the affected well or wells."

MR. McGRATH: Do you still want these sent to us?

A Yes.

MR. McGRATH: We have not been sending other than the 331-a. We haven't been sending you copies, do you want those? A Yes, sir.

MR. McGRATH: You haven't been getting them, I suppose you know?

A Well, the big problem has been that sometimes we have gone back and found where our records reflect nothing on the well.

MR. McGRATH: We talked it over and decided we would exchange information on wells. You said all you wanted was the intention to drill, and the log which on the log form has the pipe and where it is set and how much cement to use. It doesn't have the testing of the pipe.

A The testing forms wouldn't be absolutely necessary. What we need more than anything else is the work-over reports. That is the one thing, our work-over reports are badly lacking.

MR. McGRATH: We don't require them, unless the well is plugged back and drilled deeper.

A That is probably where the missing files, that is what it is accountable to.

MR. McGRATH: If they go in and re-^{shoot} shoe, or sand-frac, we do require it.

A With this rule, the additional requirement would force them to send you two copies. We don't want the copy coming directly from the operators because for one reason or another the form might not be ~~used~~ ^{approved}. It is better to use the system we have, where you just send two additional copies to the United States Geological Survey and they will forward them to us. That way we will know when it is an approved form, and we don't end up with forms that were denied by United States Geological Survey that we know nothing about.

That is all I have.

Q (By MR. KITTS) Is it your intention in making this proposal that we can only get copies of the approved notice and intention to drill?

A Yes, sir.

Q After they are approved by the United States Geological Survey?

A Yes, sir. The purpose of the rule is to merely put into writing and make it a rule, what has been an understanding; and to provide the Commission with a fairly complete record of wells located on Federal acreage on which we are required, from time to time, to take administrative action, such as requests for allowable deliverability changes, and it is very difficult to handle these things administratively when you don't know what has been done. It requires the additional writing to the operator to get the information you require. It holds up his request and exercises a lot of confusion and extra burden.

MR. MANKIN: To be in line with what Mr. McGrath suggests,

I want to insert one short sentence to indicate that they have to continue as they have on Federal lands, to submit all the forms to United States Geological Survey. The person might think they would send them direct to the Commission.

A Well, that would be --

Q (By MR. KITTS) In other words, to say to submit the forms to the United States Geological Survey, and they in turn will make distribution. The way that it leaves it here, see that it shall be their duty to see that the Commission receives a copy.

A It could easily be spelled out.

Q Spell out a few more words. Actually though, it is sent to them, it should be spelled out that it is sent to them, that they approve it and we get a copy.

A However, we left it, the intention in the writing of it this way was to see to it that the Commission receives, was to give the operator the option how it was to be submitted, so long as it is a copy of an approved form.

Q We don't want them direct, they should come from the United States Geological Survey.

A I would say this, so long as it is an approved form it wouldn't make a great deal of difference whether the operator would send it or not. It would be easier to work with the United States Geological Survey, to send them two additional copies and have them forward it to us. I think we could include that.

Q It has happened some have sent them direct before going to the United States Geological Survey.

MR. MACEY: Do you have anything further?

MR. KITTS: No.

MR. DUPONT: Just one suggestion. If this rule is adopted that all the operators be notified by letter or something. Under the present set-up, they have been sending to us any reports for us to furnish the Commission, so I am afraid just the rule in the book, well, all the ^{operators} officers wouldn't be notified if the rule is adopted. We don't mind passing the two copies on to you, and I think a letter to each office would specifically call it to our attention.

MR. MACEY: Anyone else?

MR. MONTGOMERY: Back to rule -- to the rule pertaining to logs, Rule 1108. In the past we have required in shallow oil-gas areas, for the operators to file logs. Some file large scale and some small scale. It is quite difficult wherever you are correlating to work from a large to a small scale log. I wonder if it would be possible to spell out in there to furnish the reduced scale log? It would certainly be easier to work with them and also to file.

MR. MACEY: I don't know that they want to do that.

MR. HARRINGTON: Clayton Harrington, with Gulf. I think your time limit there would have to be changed because those logs are reduced by the West Texas Electrical Log Service, and quite often you have quite a period of time before you get that small scale copy back. Also, you are furnished from the large scale and the small ones cost a buck and a quarter.

MR. MACEY: We realize that. Does anyone else have anything further in this case?

MR. KITTS: I have something further. Perhaps as Examining ^{Attorney} Attorney, I am not the one to make the comment. Referring to 1127,

the first line in particular, where we say, "It is not necessary to file and to receive approval of --" I think by implication there, we are stating what the affect will be, more or less for all purposes of copies of certain government forms. I think maybe we are going -- It ought to be spelled out more specifically, I am thinking of a case I am studying at the present time, where I feel that stating the effect of the mere receipt of a copy of a United States Geological Survey report an approved notice for intention to drill. The way it reads here, that for all purposes, the receipt of a copy of notice of intention approved by United States Geological Survey would be sufficient for all Commission purposes. I wonder if that is not stated a little more broader.

MR. MACEY: You are speaking of intention to drill involving communitized units. I think we could put out an administrative order pertaining to the filing of those forms that would eliminate those forms, by requiring them to submit an extra copy.

MR. KITTS: Any such rule or regulation being a supplement to this order?

MR. MACEY: That is right, it is only necessary on a unitization.

MR. KITTS: That is the only instance I could think of where this might be some question.

MR. MACEY: Anyone else? If nothing further, Mr. Rieder may be excused.

(Witness excused.)

MR. MALONE: May it please the Commission, the operators have not had an opportunity to examine some of these revised forms that are attached to this recommendation, and we would like to suggest

that we be afforded time to examine them before the record is closed on this, and to submit any suggestions that we might have.

MR. MACEY: Would you want the case continued, Mr. Malone, or would you just like 20 or 30 days to submit?

MR. MALONE: If we could have 30 days to submit in writing our comments we would appreciate it.

MR. MACEY: We would welcome your comments. We will take the case under advisement.

STATE OF NEW MEXICO)
 : SS.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 24th day of August, 1955.

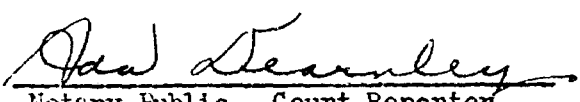
Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:
June 19, 1959.

STATE OF NEW MEXICO)
 : ss.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby
certify that the foregoing and attached transcript of proceedings
before the New Mexico Oil Conservation Commission at Santa Fe,
New Mexico, is a true and correct record to the best of my
knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial
seal this 19th day of August, 1955.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1959

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 943
Order No. R-722

IN THE MATTER OF THE APPLICATION
OF THE OIL CONSERVATION COMMISSION
OF NEW MEXICO UPON ITS MOTION FOR
AN ORDER REVISING SECTION "M" - REPORTS,
OF THE RULES AND REGULATIONS OF THE
COMMISSION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on August 17, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 21st day of November, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That experience has demonstrated to the Commission that certain sections and provisions of Section M - Reports, of its Rules and Regulations are in need of revision to enable the Commission more efficiently to control and regulate the reports which are submitted to it.

IT IS THEREFORE ORDERED:

1. That Section M - Reports, of the Rules and Regulations of the New Mexico Oil Conservation Commission be, and the same is hereby, revised to read as follows:

M - REPORTS

All reports and forms as required by the following rules shall be filed with the appropriate District Office of the Commission as provided for in Rule 1302 of the Statewide Rules and Regulations unless otherwise specifically provided for in one of the following rules.

Mailing addresses of the District Offices of the Commission are as follows:

P. O. Box 2045, Hobbs, New Mexico

321 Carper Building, Artesia, New Mexico

P. O. Box 697, Aztec, New Mexico

P. O. Box 871, Santa Fe, New Mexico

RULE 1101. ADDITIONAL INFORMATION MAY BE REQUIRED.

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

RULE 1102. BOOKS AND RECORDS TO BE KEPT TO SUBSTANTIATE REPORTS.

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than five years, covering their operations in New Mexico, from which they may be able to make and substantiate the reports required by this order.

RULE 1103. WRITTEN NOTICES, REQUESTS, PERMITS AND REPORTS.

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

Form C-101	Notice of Intention to Drill
Form C-102	Miscellaneous Notices
Form C-103	Miscellaneous Reports on Wells
Form C-104	Request for (oil) - (gas) allowable
Form C-105	Well Record
Form C-110	Certificate of Compliance and Authorization to Transport Oil and Natural Gas
Form C-111	Monthly Gas Report
Form C-112	Transporter's and Storer's Monthly Report
Form C-113	Refiner's Monthly Report
Form C-114	Gasoline or Other Extraction Plant Monthly Report

Form C-115	Operator's Monthly Report (Oil, Condensate and Gas)
Form C-116	Gas-Oil Ratio Report
Form C-117	Tank Cleaning Report
Form C-118	Treating Plant Report
Form C-119	Carbon Black Plant Monthly Report
Form C-120	Monthly Injection Report
Form C-121	Crude Oil Purchaser's Nomination
Form C-121-A	Gas Purchaser's Preliminary Nomination
Form C-122	Multi-point Back Pressure Test for Gas Wells
Form C-122-A	Gas Well Test Data Sheet - San Juan Basin
Form C-122-B	Initial Potential Test - Data Sheet
Form C-122-C	One-point Back Pressure Test for Gas Wells - Data Sheet (Deliverability)
Form C-123	Request for the Extension of an Existing Pool or the Creation of a New Pool.
Form C-124	Bottom Hole Pressures
Form C-125	Shut-in Pressures on Gas Wells
Form C-126	Permit for Transporting Recovered Load Oil
Form C-127	Oil Producers Nomination
Form C-128	Well location and/or gas proration plat

RULE 1104. NOTICE OF INTENTION TO DRILL (Form C-101)

Before beginning drilling operations, the owner or operator of the well shall give notice thereof by filing with the Commission in **QUINTUPPLICATE**, Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modifications considered advisable, or the rejection of the plan submitted. Drilling operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101 (Note: on State Land, the State Land Office requires 1 copy of Form C-101, therefore in that case submit 6 copies).

The information required on Form C-101 shall include the name and number of the well, exact location, status of land, (whether federal, state or privately owned), type drilling equipment to be used, drilling contractor, formation to be completed in and approximate depth, casing program, and any other pertinent information. For all locations an official Commission well location and/or gas well plat, Form C-128, made by a registered professional engineer and/or land surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted in **TRIPLICATE** with Form C-101.

RULE 1105. MISCELLANEOUS NOTICES (Form C-102)

Form C-102, 'Miscellaneous Notices', shall be filed by the operator in **TRIPLICATE** and approval obtained from the District Office of the Commission before starting operations leading to:

1. A change in drilling plans
2. Plugging a well
3. Temporary abandonment of a well, or
4. Remedial work; such as, acidizing, squeezing operations, formation fracturing, setting a liner, gun perforating or other similar operations not specifically covered herein.
5. Plugging back or drilling deeper

Form C-102 shall not be required to cover the operations described in Item 4 above for new wells in the process of completion, however, work done and results obtained should be reported on Form C-103.

In case of well-plugging operations, the notice shall give a detailed statement of the proposed work, including length and depth of plugs, plans for mudding, cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well, that has had commercial production, the owner shall give notice to all adjoining lessees, and representatives of such adjoining lessees may be present to witness the plugging, if they so desire. Failure to file notice before plugging shall constitute grounds for delaying the release of the bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well, and the bond will not be released until this is complied with.

RULE 1106. MISCELLANEOUS REPORTS ON WELLS (Form C-103)

Form C-103, 'Miscellaneous Reports on Wells', shall be submitted for approval to the appropriate District Office of the New Mexico Oil Conservation Commission within the time specified in the section of this rule applying to the particular operation to be reported.

The report submitted on Form C-103 shall cover the work outlined previously on Form C-102, 'Miscellaneous Notices', and shall include a detailed account of the work done, the manner in which the work was performed and other pertinent information.

Form C-103 is to be used in reporting various operations such as:

- (a) Commencement of Drilling Operations (spudding date)
- (b) Plugging Operations
- (c) Results of Test of Casing Shut-off
- (d) Remedial Work
- (e) Change of ownership of Drilling Well
- (f) Plugging back or drilling deeper

or any similar operations which affect the original status of the well and which are not specifically covered herein.

Information to be entered on Form C-103 for a particular operation is as follows:

(a) Report on Commencement of Drilling Operations:

Within ten days following the commencement of drilling operations, the owner of the well shall file with the Commission a report on Form C-103, in TRIPLICATE. Such report shall indicate the date well is spudded and any other pertinent data not previously submitted on Forms C-101 or C-102, whichever is applicable.

(b) Report on Plugging of Well:

Within thirty days following the completion of plugging operations on any well, a record of the work done shall be filed with the Commission, in TRIPLICATE, on Form C-103. Such report shall be filed by the owner of the well and shall include the date the plugging operations were begun, along with the date the work was completed; a detailed account of the manner in which the work was performed; the depths and lengths of the various plugs set; the nature and quantities of materials employed in plugging operations; the amount, size and depth of all casing left in the hole and the weight of mud employed in plugging the well and any other pertinent information. No plugging report submitted on Form C-103 shall be approved by the Commission unless such report specifically states that pits have been filled and the location levelled and cleared of junk. The filing of Form C-105, 'Well Record', is also necessary to obtain Commission approval of a plugging report.

It shall be the responsibility of the owner of the plugged well to contact the appropriate District Office of the Commission to arrange for an inspection of the plugged well and the location by a Commission representative.

(c) Report on Results of Test of Casing Shut-off

A report on a test of casing shut-off shall be filed with the Commission on Form C-103, in TRIPLICATE, within ten days following the completion of the test. Such report shall be filed by the owner of the well and shall indicate any changes in the casing program previously outlined and approved on Form C-101 or

C-102, whichever is applicable. The report shall also present a detailed description of the test method employed and the results obtained by such test, and any other pertinent information.

(d) Report on Remedial Work

Within thirty days following the completion of remedial work on a well, a report on the operation shall be filed with the Commission on Form C-103, submitted in QUADRUPPLICATE. Such report shall be filed by the operator of the well and shall present a detailed account of the work done and the manner in which such work was performed; the daily production of oil, gas and water both prior to and after the remedial operation; the size and depth of shots; the quantity of sand, crude, chemical or other materials employed in the operation, and any other pertinent information. Remedial work to be reported on Form C-103 is as follows:

1. Report on shooting, fluid fracturing or chemical treatment of a previously completed well.
2. Report on squeeze job.
3. Report on setting of liner, packer or pump.
4. Report on installation of gas lift facilities,

or any similar operations which affect the original status of the well and which are not specifically covered herein.

(e) Report on Change in Ownership of Drilling Well.

Within ten days following the official change in ownership of a drilling well, such change in ownership will be reported to the Commission on Form C-103, submitted in TRIPLICATE. Such report shall be filed by the new owner of the well, and shall include the name and address of the previous owner, the effective date of the change in ownership, and any other pertinent information. No change in the ownership of a drilling well will be approved by the Commission until a \$5,000.00 one-well plugging bond or a \$10,000.00 blanket plugging bond has been filed with and approved by the Commission in the name of the new owner.

(f) Report on Plugging Back or Drilling Deeper Operations.

Within thirty days following the completion of plugging back or deepening operations, a report of such work must be filed with the Commission on Form C-103, submitted in QUADRUPLICATE. Such report shall be filed by the operator of the well and shall present a detailed account of the work done and the manner in which such work was performed.

(g) Other Report on Wells.

Reports on operations not specifically covered herein shall be submitted to the Commission on Form C-103, in TRIPLICATE, by the operator of the subject well within ten days following the completion of the work specified.

RULE 1107. REQUEST FOR (OIL-GAS) ALLOWABLE (Form C-104)

It is necessary that this form be submitted by the operator before an initial allowable will be assigned to any completed oil or gas well. Form C-104 is to be submitted in QUADRUPLICATE to the Commission District Office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a. m. on the date of completion, provided completion report is filed during month of completion. The completion date shall be that date, in the case of an oil well, when oil is delivered into the stock tanks. For all gas wells, the Form C-104 must be accompanied by a Commission location and/or Gas Well Plat, Form C-128, in DUPLICATE showing (a) the location of the well with respect to the outer boundaries of the Section, (b) the acreage to be dedicated to the well, and (c) the location of all other wells, both oil and gas, located within the area of said plat.

Form C-110, Certificate of Compliance and Authorization to Transport Oil or Natural Gas, shall accompany Form C-104.

RULE 1108. WELL RECORD (Form C-105)

Within 20 days after the completion of any well, the owner shall file in QUINTUPLICATE Form C-105 with ONE COPY of all electrical and radio-activity logs run on the well. The well record with the attached electrical and radio activity logs shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report and log confidential for 90 days from date of completion of the well; provided, however, that the report, log or data therein when pertinent may be introduced in any public hearing before the Commission or any court regardless of the request that the report be kept confidential. If the Form C-105 with attached log or logs is not received by the Commission in the specified 20 days, the allowable for the well will be withheld until this provision is complied with.

In the case of well-plugging operations, a complete record of the well on Form C-105 with the log or logs run on the well shall accompany the notice of intention to plug the well, if not previously filed.

(Note: On State Land submit one additional copy of Form C-105)

RULE 1109. CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS (Form C-110)

(a) Each producer of crude petroleum oil, casinghead gas, liquid hydrocarbons, and natural gas shall execute, in QUINTUPLICATE, and file Form C-110 with the Commission, setting forth fully therein the data and information indicated by such form covering each well from which crude petroleum oil, casinghead gas, natural gas and liquid hydrocarbons are produced.

(b) Whenever there shall occur a change in the operating ownership of any producing well, or whenever there shall occur a change of transporter from any producing well, or whenever there shall occur a change of well numbers or lease designation, Form C-110 shall be executed and filed in accordance with appropriate instructions; except that in the case of a temporary change in transporter when oil is moved from any lease by anyone other than the transporter authorized by the Form C-110, the operator shall notify the appropriate District Office of the Commission in writing 3 days after the oil is moved, furnishing the information as instructed by the District Office. In a temporary change, one copy will be sent to the regular transporter, one copy to the temporary transporter, and one copy will be returned to the operator.

RULE 1110. MONTHLY GAS REPORT (Form C-111)

All gas produced from natural gas wells and all casinghead gas produced which is taken into a fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be postmarked on or before the 15th of the month for all of said gas taken during the preceding month, and shall be submitted in DUPLICATE, except when report concerns District 3 where it will be submitted in TRIPLICATE. One copy shall be sent to the Commission at Santa Fe, one copy to the Commission office at Hobbs and one copy to the Commission office at Aztec, when report concerns District 3 of the Commission.

RULE 1111. TRANSPORTER'S AND STORER'S MONTHLY REPORT (Form C-112)

Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude

petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipeline and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State. Form C-112 shall be filed in DUPLICATE and postmarked on or before the 15th day of the next succeeding month.

RULE 112. REFINER'S MONTHLY REPORT (Form C-113)

Every refiner or crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed in DUPLICATE and be postmarked on or before the 15th day of the next succeeding month.

RULE 113. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT (Form C-114)

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico shall furnish for each calendar month a Gasoline or Other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Such report for each month shall be filed in DUPLICATE and postmarked on or before the 15th day of the next succeeding month, except when report concerns District 3 where it will be submitted in TRIPLICATE. One copy shall be sent to the Commission at Santa Fe, one copy to the Commission at Hobbs and one copy to the Commission at Aztec, when report concerns District 3 of the Commission.

RULE 114. OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report, Form C-115, shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said form. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests.

The reports on this form shall be filed by the producer as follows:

Original to the Oil Conservation Commission at Santa Fe; one copy to the Oil Conservation Commission District Office at Hobbs; one copy to the District Office in which district the lease is located; and one copy to each transporter involved. Each report for each month shall be postmarked not later than the 24th day of the next succeeding month. Repeated failure of an operator to file this report in accordance with the provisions of this rule may result in cancellation of Form C-110 for the affected well or wells.

RULE 1115. GAS-OIL RATIO TEST (Form C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301, Gas-Oil Ratio Test. This form shall be submitted in DUPLICATE.

RULE 1116. TANK CLEANING PERMIT (Form C-117)

- (a) Form C-117 shall be submitted in QUADRUPPLICATE pursuant to Rule 311.
- (b) A tank cleaning permit is not necessary in the following cases:
1. Where "tank bottoms" are to be used on operator's lease roads or fire walls.
 2. Where merchantable oil is reclaimed by an operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
 3. Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms."
 4. Where there is the reclaiming of pipe line break oil or the treating of "tank bottoms" at a pipe line station, crude oil storage terminal or refinery, or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas-gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 1117. TREATING PLANTS (Form C-118)

Form C-118 shall be submitted in QUADRUPPLICATE and in accordance with Rule 312. This report shall be postmarked not later than the 15th of the next succeeding month.

RULE 1118. CARBON BLACK PLANT MONTHLY REPORT (Form C-119)

Each operator of a carbon black plant within the State of New Mexico shall file for each calendar month, the monthly volume of gas received by him from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received by him from each lease operator delivering natural gas directly to such plant, together with the opening and closing stocks, the production and deliveries by grades of carbon black or other products produced. Such reports containing information as required by the form shall be filed in DUPLICATE on Form C-119, Carbon Black Monthly Report, and be postmarked on or before the 15th day of the next succeeding month.

RULE 1119. MONTHLY INJECTION REPORT (Form C-120)

Form C-120 shall be submitted in TRIPLICATE and shall be used for reports required under Rule 701. This report shall be postmarked not later than the 15th of the next succeeding month.

RULE 1120. PURCHASER'S NOMINATION FORM (Forms C-121 and C-121A)

One copy of Form C-121, crude oil purchasers nomination, and Form C-121 A, gas purchasers preliminary nomination, shall be submitted to the Commission not later than 5 days prior to said Commission's statewide proration hearing on nominations for the succeeding month. Form C-121 and Form C-121 A shall be mailed to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico.

RULE 1121. MULTI-POINT BACK PRESSURE TEST FOR GAS WELLS (Form C-122)

GAS WELL TEST DATA (C-122-A)
INITIAL POTENTIAL TEST DATA SHEET (C-122-B)
ONE -POINT BACK PRESSURE TEST FOR GAS WELLS (C-122-C)

Form C-122 shall be submitted in TRIPLICATE to the Oil Conservation Commission at Santa Fe, New Mexico, and shall be used to show back pressure data as required under the provisions of Rule 401 and any applicable special pool rules and proration orders. Form's C-122-A, C-122-B and C-122-C shall be submitted according to applicable special pool rules and proration orders.

RULE 1122. REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE CREATION OF A NEW POOL (Form C-123)

The owner or operator of a well which requires the creation or extension of a pool shall be given written instructions by the appropriate District Office in regard to the filing of Form C-123 in DUPLICATE.

RULE 1123. BOTTOM HOLE PRESSURES (Form C-124)

Form C-124 shall be submitted in TRIPLICATE and shall be used to report bottom hole pressures as required under the provisions of Rule 302 and any applicable special pool rules.

RULE 1124. SHUT-IN PRESSURES ON GAS WELLS (Form C-125)

Form C-125 shall be submitted in TRIPLICATE and shall be used to report shut-in pressure tests on gas wells as required under the provisions of Rule 402.

RULE 1125. PERMIT FOR TRANSPORTING RECOVERED LOAD OIL (Form C-126)

Form C-126 shall be submitted in QUADRUPPLICATE to the Proration Manager at Hobbs, New Mexico, (Box 2045) and shall be used in conformance with Rule 506 and Rule 1109 (b).

RULE 1126. OIL PRODUCERS ALLOWABLE CHANGE (Form C-127)

One copy of Form C-127 shall be filed by the oil producer with the Oil Conservation Commission, Box 2045, Hobbs, New Mexico, not later than the 15th day of the month preceding the month for which oil allowable changes are requested.

RULE 1127. WELL LOCATION AND/OR GAS PRORATION PLAT (Form C-128)

This is a combination plat to be used for well locations and gas proration.

Form C-128, Well Location Plat, shall be submitted in **TRIPLICATE** with Form C-101 - according to Rule 1104.

Form C-128, Gas Proration Plat, shall be submitted in **DUPLICATE** with Form C-104 according to Rule 1107.

RULE 1128. FORMS REQUIRED ON WELLS LOCATED ON FEDERAL LAND

Federal forms in lieu of State Forms will be used on Federal Land in New Mexico when filing NOTICE OF INTENTION TO DRILL, MISCELLANEOUS NOTICES, MISCELLANEOUS REPORTS ON WELLS, OR WELL RECORDS. However, it shall be the duty of each operator in the State of New Mexico that drills on Federal Land to submit two extra copies of each of such forms to the USGS, who will approve same and transmit them to the Commission on those forms provided by the USGS. The following USGS forms will be accepted in lieu of the regular Commission forms from operators of wells on Federal Land:

<u>USGS FORM</u>	<u>TITLE OF FORM</u>	<u>SIMILAR OCC FORM</u>
9-331a	Sundry Notices and Reports on Wells	C-101
9-331a	" " " " " "	C-102 Plugback or Drill deeper (only)
9-331a	" " " " " "	C-103 Plugback or Drill deeper (only)
9-330	Log of Oil or Gas Well	C-105

The above forms as may be revised, are the only forms that may be submitted in the place of the regular Commission forms.

After a well is completed and ready for pipe line connection, Oil Conservation Commission Forms C-104 and C-110 shall be filed with the Commission on any and all wells drilled in the State, regardless of land status.

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Further, all reports and forms as required under the preceding rules of this section of the Rules and Regulations that pertain to production must be filed on the proper Oil Conservation Commission form as set out in said Rule - no other forms will be accepted.

Failure to comply with the provisions of this Rule will result in the cancellation of Form C-110 for the affected well or wells.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



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