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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 15, 1962

IN THE MATTER OF:

Application of El Paso Natural Gas
Company for a revision of Rule 314.
Applicant, in the above-styled cause,
seeks the revision of Rule 314 pertain-
ing to the gathering, transporting and
sale of drip to provide for the re-
definition of drip also to include con-
densate; to further regulate the trans-
portation of drip, as redefined; and to
require the reporting of such transpor-
tation on Forms C-110-A and C-110-B.

Case 2618

BEFORE: Honorable Edwin L. Mechem
Mr. A. L. "Pete" Porter
Mr. E. S. "Johnny" Walker

TRANSCRIPT OF HEARING

MR. PORTER: The meeting will come to order. We'll take
up Case 2618.

MR. PAYNE: Application of El Paso Natural Gas Company
for a revision of Rule 314.

MR. WHITWORTH: Garrett Whitworth, Ben Howell and the
Santa Fe law firm of Seth, Montgomery, Federici and Andrews,
representing El Paso Natural Gas Company.

MR. PORTER: Do we have any other appearances in this case?



MR. KELLY: Booker Kelly of Gilbert, White & Gilbert, representing Reagin Trucking Company and Phillips Petroleum Company.

MR. HENSLEY: Mr. Commissioner, Harold Hensley of Hervey, Dow & Hinkle representing Humble Oil & Refining Company.

MR. PORTER: Anyone else desire to make an appearance? We also brought this case on in Hobbs last May. There was some discussion and some testimony put into the record. The Commission decided to designate El Paso Natural Gas Company as a clearing house for ideas which anybody wanted to submit concerning the revision of Rule 314, the handling of drip and condensate, and I know that some suggestions were offered and meetings held in Albuquerque, I know. So, at this time we will recognize Mr. Garrett Whitworth of El Paso.

MR. PAYNE: Do you want to stand and be sworn, Mr. Rainey?

MR. RAINEY: Yes, sir.

(Witness sworn.)

MR. WHITWORTH: In conformance with the suggestion of the Commission at the Hobbs hearing that a record of that hearing be incorporated and made a part of this hearing, at this time El Paso requests that the record of the previous hearing be incorporated and made a part of this hearing today.

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MR. PORTER: Any objection to the motion? The record of the previous hearing will be made a part of this hearing.

DAVID RAINEY

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you state your full name and by whom and in what capacity you are employed?

A David Rainey, Chief Assistant in the Proration Department of the El Paso Natural Gas Company.

Q You have previously testified before this Commission on a number of occasions and your qualifications have been made a matter of record?

A Yes, sir.

Q Would you outline to the Commission what has been done on this matter of revising Rule 314 since the Hobbs hearing?

A Yes, sir, in accordance with the Commission directive, at the end of that hearing, El Paso had waited for approximately three weeks for suggestions and notifications from operators who were interested in the matter, and at that time we called a meeting for June 27 in Albuquerque, sent out notice to some, oh, twenty-five operators, trucking companies and individuals, some

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of whom had specifically indicated an interest in the matter and requested that they be permitted to make suggestions and attend any meeting that we had; others we just added to the list because of our knowledge of the drip and condensate that those operators produced in the State of New Mexico. That June 27 meeting in Albuquerque we went over the original proposals and some suggested changes to the original proposals, and attempted to come up with a workable solution to the difficulties that had been raised by various parties at the May hearing in Hobbs.

We then set a ten-day period for further written suggestions, and after that ten-day period had elapsed, El Paso attempted to rephrase the rules and the forms and redesign the forms so that they would meet the suggestions of the operators that had attended the hearing.

We had another meeting on July 24 in Albuquerque, at which time additional suggestions and changes were suggested, and we then from that came up with what we thought was the composite suggestions and the meeting of the minds of the people that attended those meetings and had sent in written suggestions and have presented at this hearing those suggestions, and they are attached to the docket for today, both the proposed new rules and the proposed forms.

Q Mr. Rainey, would you take the proposed new Rule 314



that has been attached to the application and explain it to the Commission?

A Yes, sir. We first felt it was necessary to redefine drip from the old definition in existing Rule 314 to include condensate within the scope of that definition so that all of the products incidental to the production of gas in the State of New Mexico are included in the definition of drip.

Now, in other words, both condensate and the so-called drip which accumulates in the gathering lines of gathering systems. So that is a change from the old definition of drip.

Paragraph (b) is exactly the same as paragraph (b) of the existing rule. Paragraphs (c) and (d) are reworded sections, but which provide for the same things as are provided for in the current paragraphs (c), (d) and (e) of the existing 314. As I say, the wording has been changed, but the meaning is the same.

Now, paragraph (e) is a completely new paragraph to provide for the filing of certain forms before drip can be transported. I believe it might be well to read through those hurriedly and comment somewhat about the purpose of it. "The owner during transportation and all persons transporting drip by truck or other vehicle shall make report of such transportation on Commission Form C-110-A." That's a new Commission form which I'll discuss in a moment. "When the owner is also the transporter, the owner

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shall complete Sections I and II of the Form, furnish one copy to the driver of the vehicle and, when the trip has been completed, file one completed copy with the Commission. When the owner is not the transporter, the owner shall complete Section I of Form C-110-A and deliver the Form to the transporter, who shall complete Section II of Form C-110-A and furnish the driver of the vehicle with one copy and, when the trip has been completed, file one completed copy with the Commission. The driver of the vehicle shall complete Section III of Form C-110-A. The person driving or operating a vehicle transporting drip shall have in his possession a copy of Form C-110-A signed by the owner and transporter, or an authorized agent, in the appropriate Section thereof, showing the name and address of the owner, the source and destination of the drip, the name and address of the owner of the vehicle, type of vehicle, license number of vehicle, name and address of driver of vehicle, quantity of drip transported, and date and time and places loaded.

If the owner of said drip is not the producer thereof, each and every operator of such truck or other vehicle shall have in his possession, in addition to the above requirements, a completed copy of Commission Form C-110-B, signed and certified by the producer and the purchaser of said drip, or their agents, in the appropriate Section thereof, showing the name and address



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of the producer, the name and address of the purchaser, the source of the drip and the expiration date of the authority of the purchaser to transport drip from the producer's system or other facility."

It has been suggested this morning that the wording of the remainder of that paragraph be changed somewhat to clarify it a little bit. I will read the proposed wording, which I believe does clarify it. "The producer and the purchaser, or purchasers, shall each retain one completed copy of C-110-B, and the purchaser, or purchasers, shall file one completed copy thereof with the New Mexico Oil Conservation Commission and make one completed copy available to each vehicle driver having need thereof, and such other copies as the purchaser or producer may find necessary." In other words, that was to provide that there shall be a certain number of specified copies that must be made of that, and if it's necessary for the producer or purchasers to have additional copies for some of their records, they can make any additional copies they may deem appropriate.

Now, paragraph (f) is actually the same as the old paragraph (h) in the existing rule. We've changed no wording there. That's the paragraph that provides that each gas transporter shall file a map of their system showing the drips and gathering points on that system once a year with the Commission.



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When we turn to Form C-110-A, unless there are questions in regard to the rules, we have one or two typographical errors at the outset on that. After No. 1 in Section I, we have got a little "a", "produced by owner", and then we have "purchased from producer", there should be a little "b" put in front of "purchased from producer", because we say in an explanation right before that if little "b" is checked, why you have to attach a copy of C-110-B.

Q That is on the copy that was attached to the application?

A That is correct. It's not on the Commission's copy that's attached to the copy for today's hearing.

Q But it is on the copy attached to the application.

A Okay, fine.

Q Proceed.

A Section I, we propose that the owner of the drip shall fill out and sign. Now, the question has been raised that in many instances the owner or the producer may desire to specifically identify and number the tickets so that he can keep track for purposes of his records of what load we are talking about. For that purpose this producer's identification number is placed at the top of this form in the upper left-hand corner. The ticket number is a number which will be numbered in sequence



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as it was visualized by the committee or the group that met, so that there can be a running sequential record kept of the tickets that were used by various truckers or trucking firms.

Now, I might point out at this time that there was considerable question raised as to the desirability of a specific trip ticket which had to be signed by the owner, and the point was brought out that many times it's virtually impossible for the owner to present personally to a trucker each time each individual trip is made a trip ticket as we propose here. It was our visualization, and I think agreed upon by the operators that met together on this, that where a producer or an owner of drip has a contract trucker that hauls his drip for him regularly, that it would probably be feasible and desirable if he furnished that trucker a stack of these trip tickets, the owner would keep a record of the numbers of the tickets that he had issued to a particular trucker, and then at the time that he wanted a particular load picked up from a series of tanks on a series of drips he would phone the trucker and say "by my ticket number so and so, go out and pick up the drip from a series of tanks in such and such a part of the field." The trucker would then fill in Section, I mean line 4 of Section II, "Name of owners agent ordering trip" at that time, and the owner and the trucker then would have a check on who had authorized the specific trip and the owner



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at that time could furnish the trucker with any specific number, identification number that he wanted to put on these tickets so that he could keep a check in his records, and that any inspecting officer, if he needed to check or suspected that the ticket was not all proper, could then contact this owners agent and determine whether or not this trucker was authorized by a certain ticket number to go pick up a certain load of drip.

Going then to the remainder of Section II, it would be filled out by the truck owner, the trucking company, and given to the driver at the time that this driver is to make the pickup as authorized by telephone call, or if the owner specifically wants to issue an individual ticket for each load, why then it can be filled out by the trucker after he gets a copy of the ticket.

Section III will then be filled out by the driver. He's the only one who will know at that time how much drip he has picked up from what sources, and he fills it out and any time a driver has a loaded truck he should have at least a portion of this Section III filled out.

Now, he may be picking it up from several sets of tanks. He may have a partial load from one tank and pick up another partial load from another set of tanks and still another part of the load from a third set of tanks. Any time he has any product in his truck he should have at least a portion of Section III



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filled out, and at the time that he's hauling to some central delivery point for the owner as specified in Section I, he should have the entire section filled out and have it signed by himself, in other words, the driver.

Q As contemplated by the rule, a completed Form C-110-A should be in the possession of the driver of every load of drip, as defined?

A Yes, sir, that's true. As I say, it may not be completed at a particular stage of his journey, if he's still in the field picking up drip he may have only a partial load and may be going elsewhere to pick up more drip as authorized by the owner thereof. But he will have at least some portion of Section III filled out any time he's got drip on that truck, or any product on that truck.

Q What is the purpose of proposed Form C-110-B?

A Form C-110-B, we would also like to make a correction on before we discuss it. We changed the name of producer and address of producer to owner. That, again, is something we thought we had covered, and it's been pointed out to me today that sometimes there are succeeding transactions where the actual producer of drip may make a contract with a particular trucking company to pick up the drip. That trucking company may in turn, on occasion before he ever picks it up, contract to some further



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trucker or some purchasing company to go directly to the field and pick up the drip. Consequently, there are times and occasions when the producer would not necessarily be the owner at the time that the drip was being picked up in the field. So in that event it would be necessary that two copies of this Form C-110-B be on the vehicle.

Now, C-110-B, I think, maybe I got partly into the explanation and explained why we changed from producer to owner. If the producer is not the owner at the time the drip is picked up, frequently contracts are made, as I understand it, to a trucking company and the producer sells the drip in the field in his tanks or in his drips so that when the drip is picked up the producer thereof is not actually the owner of it. This form is merely intended to show the transfer of ownership so that the authorization can be on the truck when the drip is being picked up. In other words, why is this truck on the XYZ Oil Company lease when this truck has no relationship to XYZ Oil Company? It's a contract trucker completely separate and apart from the XYZ Oil Company, and I believe that is the most explanation we can make.

We have had several suggested changes, as I say, this morning. El Paso is not specifically wedded to the wording or the form on this. At the time of our last meeting in Albuquerque we thought



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we had answered most of the questions that needed to be answered, but I find there are other questions this morning already. I might point out that basically the reason for the need of this was pointed out at the May hearing in Hobbs, and at that time I don't recall whether or not the penalty provision of the existing statutes were gone into, but the only penalties at the present time are relatively minor penalties and there's no provision, as I understand it, in the statutes for any inspecting officer to stop vehicles on the highway and check them to see whether they are hauling authorized products. They have to catch them in the act of stealing drip out of somebody's tank before they can prosecute.

Even in that case it's a relatively minor **fine**. Under the provision of the rules and the forms as we propose them here, there would be the statutory penalty of failure to comply with Commission rules and regulations and falsifying forms, which do provide as a maximum up to three years in the penitentiary and \$5,000 fine, which we feel puts a stiff penalty on the thing, and one or two violations which can be prosecuted will probably be a large deterrent to particularly the small thief that's just picking up a barrel or two at a time. If they can catch a few of those and prosecute one or two of them, it seems to us it would be a considerable deterrent to those people to stealing the



drip. I think it's probably recognized that a large portion of the theft is from small volume thefts rather than big tank truck lots of it.

Q We are asking only that the Commission prescribe the forms to be used and not furnish the form, is that true?

A That's correct. It would be our intention and the intention of the operators that met and discussed this that the Commission will prescribe a particular form somewhat similar to the 110-A, or exactly like the 110-A as proposed here, and then the operators would have made up their own copies of that form so they can imprint their own numbers, their own numeral series or sequence on those forms.

Q Mr. Rainey, are you familiar with trip tickets that are now being used by producers?

A Yes, sir. Specifically El Paso and Southern Union in the San Juan Basin use their own form of trip ticket or manifest or purchase order, or whatever you might want to call it. It has worked very well as far as keeping track of the drip from our contract truckers, knowing where it's going and when it's being picked up, and things of that kind.

The intention of asking that the Commission authorize a form and provide a form for this is merely for purposes of the penalty which may be attached if the form is falsified or not used.

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It's my understanding that virtually all trucking concerns have some form of manifest or trip ticket that is used on their trucks at the time they are hauling drip, or any other product for that matter, and this form could very readily be substituted for any other form that companies may be using at the present time.

Q The forms that we propose, are they similar to the forms that are now being used?

A In general they provide for essentially the same type of information. The format is somewhat different in some companies. I think each company has pretty well their own ideas as to what they need on the form, but it's our understanding, in discussing this with other companies and with trucking concerns, that this form, as proposed here, this C-110-A would fulfill the needs of all the companies involved in regard to a manifest or trip ticket or what have you.

MR. WHITWORTH: That completes the testimony of this witness.

MR. PORTER: Does anyone have any questions of Mr. Rainey? Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Rainey, at the meeting of the group which considered the adoption of a proposed rule and these forms which was held



at the Western Skies Motel in Albuquerque on July the 24th, consideration was given to the requirement in the rule that trucks be labeled or identified?

A Yes, sir.

Q What is the status of that insofar as El Paso's thinking is concerned?

A El Paso has no objection whatsoever to a Commission rule requiring that the truck be labeled. It was our understanding, and I have not personally checked it out, it was our understanding that the Commission attorney had some misgiving as to the authority of the Commission ordering such a thing being done, because of the ramifications with the Corporation Commission and their certification of certain trucking firms, and so forth.

Q El Paso, however, would not be adverse to the Commission giving consideration to the label system as long as it is not in conflict with the State Corporation Commission or the Gasoline Tax Division of the Bureau of Revenue?

A No, sir, we'd not only not object, but I think we'd think it would be a good thing to do if the Commission feels their authority extends that far.

Q If it could be worked out?

A Yes, sir.

Q Now, Mr. Rainey, I have here a copy of a Form C-110-A

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which has been proposed by one member of the staff of the Commission and includes a couple of minor changes. You'll note that in Section III, the portion which is to be filled out by the driver, that there is an item 2, "Load to be delivered to --"?

A Yes, sir.

Q And a specific destination and point of delivery would be indicated. Would El Paso be adverse to the inclusion of that line in that form?

A No, sir, I see no objection to that. A specific load could be directed to be delivered to a specific destination other than maybe the general destination which is set out in Section I or line 4 of Section I.

Q Then, in Section IV, this staff member has also included a Section IV in which the agent at the point of delivery would certify that the delivery had been made. In your opinion, is there anything seriously wrong with the inclusion of something along those lines?

A I personally have no objection to that, but it's my recollection that that matter was discussed at some length in one or another of the meetings that we had, and there was objection to it, as I recall, on the grounds that many times these deliveries are made to central tank batteries or central storage points of some kind and that the contract trucker, if such be

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the case, frequently will just go ahead and pump the stuff out of the truck into the receiving tanks and there may not even be anybody there at the receiving point to certify the thing, and that it would require sort of a liaison to be sure there was a man there, which some of the operators or some of the trucking concerns felt was unduly burdensome. As a result, it was not put on our original form. As I say, it was discussed and that point was raised. I personally have no objection to it, but it's my understanding that many of the trucking companies did not like it.

Q But in some instances Section IV can not be complete when it's a driver to a centralized battery out in the field?

A That's my understanding, yes, sir.

MR. NUTTER: That's all. Thank you.

MR. PORTER: Anyone else have a question of Mr. Rainey?

MR. PAYNE: Yes, sir.

MR. PORTER: Mr. Payne.

BY MR. PAYNE:

Q Even if you adopt these two forms, you are still going to have considerable policing problems in the field, are you not?

A That's true, there's no question about it. This will just put some teeth in the present problem of policing it. Right now they have to catch them in the act of stealing it before there's anything they can do about it. This way they can at least



check them on the highway and see if they have a legal load.

Q Did the study committee, due to this fact, consider the possibility of making the drip unusable for motor vehicle fuel by the addition of an additive of some sort?

A Yes, sir, that suggestion was made, and as I recall, there was some testimony in May and some discussion in the meetings that that has been tried from time to time. In one particular instance that I recall, and I don't know any of the particulars other than a general story, I don't know the operators or the farmer or who it was, but as I understand it, a farmer in the San Juan Basin area felt that one of the prerogatives that he had after leasing the land was to use whatever drip he might need in his farm machinery, and things like that, and the operator of the well finally got sick of it and put an additive in there and that ruined the machinery, and in retribution the farmer went out on the ground and flipped a match into it and burned up the whole installation.

There has been some question as to the additives difficulties, the small thief feels it's his prerogative to steal as much as he can get away and he tends to destroy equipment. It was felt from our company's standpoint that we would rather not do that. We have had some experience ourselves.

MR. PORTER: You would like to catch these people, but

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you don't want to antagonize them?

A You could put it that way, yes.

Q Did El Paso have any additional recommendations to make concerning policing?

A No, sir. It's my understanding, in discussion with the policing agencies that we have in the San Juan Basin area at the present time, that they felt this would go a long way toward helping them to police the problem. Mr. Ramsey, with the Bureau of Revenue, is here today and testified at the previous hearing and told us of some experience he had to go through spending all night wandering around the field and using night glasses and things of that kind. I think he felt that he would get a little more sleep if he could catch them on the highway rather than chase them around the field all night. It was my understanding that this would help them considerably.

MR. PORTER: Mr. Kelly, I believe you have a question.

BY MR. KELLY:

Q I believe you testified on direct that in your opinion the majority of the thefts of this nature are by people just taking several gallons or a small quantity?

A That's my understanding. Now, as to the volume, I mean the quantity of the product that is stolen, of course, one or two big trucks sneaking in and getting off with a big truck load can

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steal a whole lot more quantity than these people that go out with a barrel in the back end of a pickup. The number of people stealing is much greater in this barrel or two-barrel theft range.

Q This proposed new rule would have no change on the small theft, though, isn't that right?

A If the policing officer catches a man with a barrel of drip in the back of the pickup and he doesn't have a C-110-A, he can prosecute him because he doesn't have a C-110-A just like a big truck.

Q Isn't it possible to work out a system where the supervising officer would have authority to stop automobiles without going through this complicated bookkeeping system?

A Mr. Kelly, I doubt it. They haven't been able to. They don't have the authority, as I understand it, under the present statutes or under any other rules or regulations of the Commission to stop anybody on the highway. The statutory changes would have to be made so that the policing officers could stop somebody on the highway and check them. This would be one method of doing it.

Q Going on to Form C-110-B --

A Yes.

Q -- we discussed this with you this morning. As I understand the rule, when you have a purchaser who is not the



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producer he is required to have a C-110-B from the producer?

A That's correct.

Q Or the owner, as we've changed it this morning?

A Yes.

Q And if he, as you described in your direct testimony, immediately sells that drip without trucking it in himself, he has to furnish a C-110-B to whatever trucking company or purchaser purchased it from him?

A Yes, sir, that would be the intent of the present rule.

Q That would require that the trucker have two copies of the 110-B in his possession?

A Yes, sir.

Q If you had a case where a trucking company had a fleet of a hundred trucks and purchased from say four or five different producers or owners, that would mean that each truck would have to have the two copies in their possession from each of the producers?

A Yes, under the present rule, that's correct.

Q Do you feel that there's any way that this particular bookkeeping system could be improved upon as far as that situation?

A Yes, sir. I think so, as you mentioned, we've discussed it already some this morning and the idea that occurs to me off-hand of a means of alleviating this situation where a trucking



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concern may have a great number of trucks and a great number of contracts with original purchasers to subsequently pick up the drip, the rules provide that a copy of this C-110-B must be filed with the Commission.

Upon application, merely a letter requesting it from this trucking concern, it has a great number of companies it's buying from on a great number of secondary purchases it's making, the Commission, it would seem to me, could write a letter back to that trucking concern which would outline, it could be a form line with blanks in to just be filled in, subsequently outline the authorizations for which the Commission has copies of C-110-B in their files for that trucking concern in a particular area.

In other words, if trucking concern B is purchasing from W, X, Y, Z trucking firms or purchasers or original purchasers, and they're from twenty-five or thirty operators or owners, original owners, why the Commission could merely outline that the trucking concern is authorized to pick up for the first trucking concern, or, in other words, the original purchaser who is authorized by C-110-B to pick up from twenty-five different producers and name those producers. Then this secondary purchaser would only have to have one document, one instrument in addition to his individual trip ticket on his truck at any one time.



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Q An additional question has been raised as to the definition of drip.

A Yes, sir.

Q Assuming the situation which you have described where an outfit purchases this drip gas, and without trucking it, treats it as reclaimed crude and then passes it on to a trucker--

A Yes.

Q -- in your opinion, is the definition of the rule, would that exclude this type of transportation.

A My initial impression is, Mr. Kelly, that it probably would. This would not be, I mean the situation you described would not, the product would not at that time be condensate or drip as it's defined here. As we found in our meeting, our meetings, we can conceive of a great number of situations that maybe the rule doesn't cover specifically. Most of the reputable trucking concerns and firms and most of the producers are going to have contracts with concerns that they feel they can trust are going to abide by the rule. They, at the present time, have some sort of a manifest or something that they could substitute the papers for. The burden of the paper work would not be any greater than they now have.

The man that we are trying to catch is the one that's not complying with any rules or regulations. He's just out there



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stealing it. I think this rule would be a long step in attempting to alleviate some of that situation. As I say, we can think of many situations that the rule doesn't specifically cover, and maybe after some experience operating under the rule it may need to be amended. At the present time the companies that met felt this covered most of the situations that we could think of.

Q Is it El Paso's recommendation that reclaimed crude would not be under the rule?

A I would think so, yes, sir.

MR. KELLY: That's all.

MR. PORTER: Does anyone else have a question of Mr. Rainey? Mr. Nutter.

BY MR. NUTTER:

Q You mentioned on your direct testimony that this is merely a proposed form for the rule, but that the companies would be able to produce the form themselves.

A The company should reproduce a Commission-designed or Commission-authenticated form. It was not our intention or the intention of the people that worked on this that the Commission would have to put serial numbers on a whole stack of forms and issue them to each individual trucking company or each individual producer, but that each producer or company would print their own forms with their own numerical sequence on it in compliance with



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the form authorized by the Commission.

Q Was it also your thought, then, Mr. Rainey, that in the event that a company had other information that it needed for its manifest or for its trip ticket, that it could also include that on the form that it itself used?

A I see no objection to that as long as there is no --

Q The information would be on the form and such additional information that the company would want could be included?

A Right. I think that it would be advisable that the basic format of the form should be as close to the Commission form as possible so that the arresting officer, or investigating officer, would not have to become familiar with a dozen different types of forms, but any other information could readily be put on there, and I see no objection to it.

MR. PORTER: Does anyone else have a question?

MR. WHITWORTH: I have one more.

REDIRECT EXAMINATION

BY MR. WHITWORTH:

Q Mr. Rainey, was proposed Rule 314 and proposed Form C-110-A and C-110-B prepared by you or under your supervision?

A I think it was typed by my secretary. It's the composite work of a great number of people.

MR. WHITWORTH: El Paso would label the rule and the two forms, the



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rule, as El Paso's Exhibit A, and C-110-A as El Paso's Exhibit B and C-110-B as El Paso's Exhibit C. We ask that these exhibits be accepted into evidence.

(Whereupon, El Paso's Exhibits A, B and C were marked for identification and offered into evidence.)

MR. PORTER: Without objection, the exhibits will be made a part of the record.

(Whereupon, El Paso's Exhibits A, B and C were admitted into evidence.)

MR. PORTER: Does anyone else have a question of Mr. Rainey? Mr. Nutter.

MR. NUTTER: For the record, I would like to offer the form that I presented as Staff Exhibit A in this case.

MR. PORTER: Without objection, the Staff Exhibit will be admitted.

(Whereupon, Staff Exhibit A was offered and admitted into evidence.)

MR. PORTER: No further questions, the witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone else desire to present testimony in the case?



MR. KELLY: I have one witness.

MR. PORTER: Will you call your witness, please?

(Witness sworn.)

W. A. REAGIN

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, please?

A W. A. Reagin, General Superintendent of Reagin Trucking Company.

Q Will you explain to the Commission what business the Reagin Trucking Company is in?

A We're in New Mexico buying and selling reclaimed drip, scrubber oil, tank bottom oil, from salt water disposal units and other waste petroleum products.

Q Mr. Reagin, have you been present at the various meetings held by El Paso concerning the adoption of proposed Rule 314?

A I have.

Q Are you in general agreement on the rule?

A I am.

Q Could you tell the Commission if there is any objection that you have to the rule and what it is?

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A Yes. I have one objection. It's to the C-110-B. It's not an objection to it in its purpose, but in our business we are selling to these trucking companies that are crude oil purchasers, and in talking with them they tell me according to the way the rule is at the present, I would have to have a C-110-B from the people I buy it from. In turn, I would make a C-110-B to the company I'm going to sell it to, and they would have to have a copy of this C-110-B on each truck. They have better than 200 trucks. They are also purchasing from several other companies in the same business that I'm in. Therefore, the pile of C-110-B's on their trucks is going to get out of hand in their opinion.

They're hauling over two million barrels of oil a month in the New Mexico-Texas area, of which there's less than 10,000 barrels of drip and scrubber oil. They tell me if they have to haul all that paper around they'd just as soon forget about buying it. It kind of leaves me on a limb.

What I would like to propose, and I can't say that they're going to accept it, is that the C-110-B would either have a number, or as El Paso suggested, a form letter from the Commission where one piece of paper, the companies might accept that.

My objection is there's too much bookkeeping for the companies I'm selling to to be interested from me, and if they don't buy I am out of a market.



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Q Now, by the use of a number, you mean a number that would be issued to the various producers that would be a substitute for the C-110-B with the individual trucker that would be on the C-110-A form?

A The way I understand it, when we get a C-110-B it will be issued the same as the C-110 is by the Commission, and when it is issued they would give it a number and the number could be used in substitution of a copy.

Q So, anyone who is examining the C-110-A form that was in possession of a trucker could look at the top and see the number and then from that number just figure out who the original owner or producer of the oil was, is that correct?

A That is my intention, yes.

Q You've testified that you have reason to believe that you will lose markets as the result of the use of the C-110-B form in its proposed use. Do you feel that this could result in the waste of this drip gas, possibly not be sold, actually be wasted?

A Certain areas of our gathering system we have pipeline connections. That oil that we gather there we can sell to the pipeline. But there's areas specifically around the town of Artesia where we have no pipeline connection and the hauling distance to our nearest pipeline connection would be prohibitive



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to us trying to gather this oil at its present price and contracting conditions. Therefore, there's a chance that we would have to turn it down. I understand the other people in that area that's gathering are selling to the same people we are. We lose our markets, they lose theirs.

Q Does your company, for the majority of the drip it purchases, does it treat it at the purchase site?

A Yes. Yes, most of the drip, when the drip comes out of the line it's, as all of us know, it's cut crude or gasoline with a certain amount of water condensate in the line. We apparently have the unusual situation of having our own tanks set on a company's drips, when the oil comes out of the drips into the tanks it is contaminated, we add chemical there and it takes a certain amount of settling time until it becomes good oil. At that time we sell it to our market.

Q So, actually, you are not selling drip, the majority of your sales are not selling drip as defined under the proposed rule?

A That's a question I am not smart enough to answer. I've asked everybody I've come accross.

Q Would you join in El Paso's recommendation that that not be included in the rule?

A I would hope to, because I think it would save my



markets, yes.

MR. KELLY: That's all.

MR. PORTER: Does anyone have any question of Mr. Reagin? If no questions of the witness, he may be excused.

(Witness excused.)

MR. PORTER: Does anyone else desire to present testimony? Anyone like to make a statement? Mr. Hensley.

MR. HENSLEY: Please let the record reflect that the Humble Oil & Refining Company recommends and supports the proposed revision of Rule 314, Gathering, Transporting and Sale of Drip Condensate as written in the proposal of El Paso Natural Gas Company.

MR. PORTER: Mr. Eaton.

MR. EATON: For Pan American Petroleum Corporation, George W. Eaton, Jr. Pan American recommends the adoption of the proposed revised Rule 314 and the new Form C-110-A and C-110-B. We do so because we are of the opinion that this is a step in the right direction towards the solution of a problem that's a common one to us all. We also recognize, however, that subsequent events may show us that another change in this rule is necessary to completely solve this problem. In other words, while Pan American supports the proposed revision, we are completely flexible with regard to any further revision that may be warranted.

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MR. PORTER: Anyone else like to make a statement?

Mr. Payne.

MR. PAYNE: We have received two communications, one from Texaco, Inc., which says that Texaco would like to go on record as concurring with the proposed revision and urges the Commission to adopt the rule as submitted.

The second one is from the Famariss Oil & Refining Company and reads as follows: "Re Case 2618 for inclusion in testimony of hearing our company opposes the adoption of the proposed change to Rule 314 as we feel it is imposing unjustified expense and hardship by unnecessary record keeping by parties who are disinterested in the production of condensate and are parties after the fact. True remedy should be found in the addition of additives of heavy hydro carbon fraction making such condensate unfit for motor fuel use. There are substantial funds granted the Gasoline Tax Division of the Bureau of Revenue for administration and collection of taxes and the greater portion of such appropriation is being returned to the general fund as excess above administrative needs. We suggest that these sums which I am informed exceed \$700,000 be retained in that portion necessary for additional personnel who can properly police the producing leases and prevent theft. Parties policing should have the fortitude to vigorously pursue prosecution of guilty parties and every effort

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should be made to involk more severe penalties and fines for violators." Signed "Walter Famariss, Jr., President."

MR. PORTER: Mr. Whitworth.

MR. WHITWORTH: If it please the Commission, El Paso would like to recall Mr. Rainey to clarify a possible misunderstanding.

MR. PORTER: You may do so. Mr. Rainey.

DAVID RAINEY

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

REDIRECT EXAMINATION

BY MR. WHITWORTH:

Q You have heard the testimony, Mr. Rainey, of the previous witness--

A Yes, sir.

Q -- concerning recommendations by El Paso that some provision be made in the rule to exclude drip gasoline that has been treated in a certain manner? Would you care to comment on that?

A Yes, sir. I misunderstood Mr. Kelly's question, but I hesitate to argue with Mr. Reagin about the treating business. What I thought he meant about the oil that has been treated not being included under the rule, I had in mind a refining process

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or actual treating plant processes. It's my understanding, or has always been my understanding, that the drip and the crude oil, if it is sometimes in the lines that way that Mr. Reagin is talking about where he merely settles it out and by some chemical additive makes the water separate from the condensate and crude, is the very stuff we're trying to catch by this rule. It was not my intention to indicate that that type of treating would be an exception, because to my way of thinking, what I meant by the treating was something that actually changes the physical or chemical composition of the product.

If I understand Mr. Reagin's testimony, all he's doing is settling the oil and BS&W out of the bottom of the tanks. This drip that he picks up from these tanks attached to gathering system lines is the very stuff we're trying to keep control over.

Q Drip as defined in paragraph (a) of proposed Rule 314 is the recommendation of El Paso, is that true?

A Yes, sir. That's correct.

Q And we stand by that definition?

A Yes, sir. My understanding of what Mr. Kelly was talking about a moment ago was waste, sediment oil, tank bottoms and things of that kind that you would actually physically treat in special treating plant facilities.

Q Do you have anything else you would like to add to your



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testimony?

A No. I just didn't want to leave that misunderstanding, because I didn't understand your question properly.

MR. WHITWORTH: That's all we have.

MR. PORTER: Excuse us just a moment, Mr. Whitworth.

Mr. Rainey, will you remain on the stand?

Does anyone have a question of Mr. Rainey?

A If I might add one thing, Mr. Porter.

MR. PORTER: Surely.

A I would recall to the Commission's attention that Rule 311 provides for disposal and use and transportation, and so forth, of the tank bottoms and sediment oil and waste oil. It's already taken care of.

MR. PORTER: If there are no questions, the witness may be excused.

(Witness excused.)

MR. PORTER: At this time the Commission would be interested in hearing the opinion of any attorney or any number of attorneys present as to whether or not it is felt that the Commission has the jurisdiction to go as far as has been recommended in the enforcement of this rule. Anyone care to state an opinion? Maybe I should have asked the engineers. Mr. Whitworth.

MR. WHITWORTH: I think the Commission certainly has



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authority to provide for certificates of clearance and tenders as provided in the New Mexico statutes. This is in the nature of a certificate of clearance, or trip ticket, and I think the statute authorizing those things encompasses what we have tried to do here. I don't think there's any question about the Commission authority.

MR. PORTER: Mr. Kelly.

MR. KELLY: I might say that I don't feel that merely by some forms that I feel that are to be filled out by too many individuals and too great a bookkeeping problem, that the Commission then has authority where it didn't have before to stop trucks on the highway. I think what needs to be done is to go back and actually change the law, the authority of the supervising officers of the Commission. I don't think by creating a form you therefore can stop trucks. I do think that by creating all these forms for truckers that are in this business, and it is not where the crimes are being committed, you are not going after the real individuals who are responsible for this.

I think the question is to get the Commission authority to stop any suspect and not to require a bunch of truckers to have forty forms in their possession and a trucking company to have about five hundred copies of one individual form.

MR. PORTER: Mr. Whitworth.



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MR. WHITWORTH: Specifically, I was talking about

Section 65-3-11 of New Mexico Statutes. It reads thusly:

"Included in the power given to the Commission is the authority to collect data; to make investigations and inspections; to examine properties, leases, papers, books and records; to examine, check, test and gauge oil and gas wells, and tanks, plants, refineries, and all means and modes of transportation and equipment; to hold hearings; to provide for the keeping of records and the making of reports and for the checking of the accuracy thereof; to limit and prorate production of crude petroleum oil or natural gas, or both, as in this act provided; to require either generally or in particular areas certificates of clearance or tenders in connection with the transportation of crude petroleum oil or natural gas or any products thereof, or both such oil and products, or both such natural gas and products."

I think the language of that portion of the statute is very clear and that the Commission does have the authority to stop trucks and make inspections and enforce it's rule.

MR. PORTER: Mr. Kelly.

MR. KELLY: If that's the question, then I feel that probably all of this is unnecessary if they have the authority to stop it now. If these forms are going to be printed up by the truckers even though it's a form prescribed by the Commission,



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anyone can read the statute and find out how to forge it. I don't see the fact that someone is going to be in the business of stealing this drip, he's going to go to the problem of forging a couple of forms and carrying them with him at all times. It's going to require the investigating officer to do some checking around, at any rate, even if the forms are there. Without the forms he can still get all the necessary information right from the trucker and then check back to whatever authority or the person who he claims sold it to him or to the Commission, or whatever system the Commission works out, to find out if this man is actually authorized because I think it's clear that if you can read the statute and find out how to forge a form, that anyone who is going to be in the business is going to be forging the forms.

MR. PORTER: Anyone else care to state an opinion?

Mr. Payne.

MR. PAYNE: There is some doubt in my mind whether the Commission has this authority, because I believe that particular portion of 65-3-11 that Mr. Whitworth refers to is actually designed to prevent production in excess of the allowable, and the transportation of the production in excess of the allowable.

As I understand it, this condensate is not, it's not production in excess of the allowable. I don't believe it comes under the



definition of surplus waste in 65-3-3, because beneficial use is probably made of it even though it is stolen. So while I wouldn't state any firm opinion one way or another, there is some doubt in my mind.

MR. PORTER: Are you making this statement as a representative of the Attorney General's office?

MR. PAYNE: As attorney for the Commission and not as Assistant Attorney General.

MR. PORTER: That's what I wanted to clear up. Does anyone care to state an opinion? The Commission will take the case under advisement.

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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 31st day of August, 1962.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:

June 19, 1963.

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BEFORE THE OIL CONSERVATION COMMISSION
OF NEW MEXICO

APPLICATION EL PASO NATURAL GAS COMPANY FOR
AN ORDER OF THE OIL CONSERVATION COMMISSION
REVISING RULE 314 OF THE COMMISSION RULES
AND REGULATIONS TO PROVIDE FOR THE
REGULATION OF GATHERING, TRANSPORTING AND
SALE OF DRIP AS REDEFINED IN SAID PROPOSED
REVISED RULE, AND TO REQUIRE EVERY VEHICLE
TRANSPORTING DRIP TO HAVE IN ITS POSSESSION
FORMS EVIDENCING AUTHORITY.

Case
2618

APPLICATION

Comes now EL PASO NATURAL GAS COMPANY, a Delaware corporation
authorized to do business in New Mexico, and applies to the OIL
CONSERVATION COMMISSION OF NEW MEXICO for an order revising Rule
314 of the Commission rules and regulations pertaining to the
gathering, transporting and sale of drip. In support of this
application, applicant states:

1. That by Section 65-3-11, New Mexico Statutes, Annotated,
1953 Compilation, the Commission is authorized "to require either
generally or in particular areas certificates of clearance or
tenders in connection with the transportation of crude petroleum
oil or natural gas or any products thereof, or both such oil and
products, or both such natural gas and products," and is
authorized to make rules, regulations and orders "to identify
the ownership of oil or gas producing leases . . . and all
transportation equipment and facilities."

2. That EL PASO NATURAL GAS COMPANY is the owner and
operator of producing oil and gas wells and gas gathering
facilities in the State of New Mexico, and together with other

Revised
Mailed
8-3-62
JK

such owners and operators has experienced substantial loss of products ordinarily referred to as drip and condensate by reason of theft or other unauthorized taking and transportation of such products.

3. That Rule 314 of the Commission's rules and regulations as presently constituted, attempts to regulate the gathering, transporting and sale of drip, but provides no adequate means for the detection of violations of its provisions.

4. That in order to provide an adequate means for enforcing rules concerning the gathering, transporting and sale of drip, Rule 314 should be revised to provide for the redefinition of drip to include condensate; to further regulate the transportation of drip, as redefined; and to require the reporting of such transportation on forms C-110-A and C-110-B. Applicant will furnish to the Commission forthwith its proposed revision of Rule 314 and proposed forms C-110-A and C-110-B.

WHEREFORE, applicant prays that this application be set for hearing before the full Commission on August 15, 1962, and that Rule 314 be revised in accordance with the rule to be proposed by applicant. Applicant further prays that forms C-110-A and C-110-B, as proposed by applicant, be adopted, and further prays for such further relief as the Commission may deem proper.

SETH, MONTGOMERY, FEDERIC & ANDREWS
By Richard S. Morris
Attorneys for the Applicant, El
Paso Natural Gas Company

NEW MEXICO OIL CONSERVATION COMMISSION

RULE 314: GATHERING, TRANSPORTING, AND SALE OF DRIP OR CONDENSATE

(As proposed by El Paso Natural Gas Company)

- (a) For the purpose of this Rule, condensate is defined as any liquid hydrocarbon which is produced at the wellhead incidental to the production of gas well gas and separated from the gas by conventional separation methods; ^{includes} drip ~~is~~ condensate, as defined above, or any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system, or any mixture of such hydrocarbons.
- (b) The waste of drip is hereby prohibited when it is economically feasible to salvage same.
- (c) Transportation and sale of drip is hereby authorized provided the provisions of this Rule are complied with and Commission Form C-110 has been completed and filed in compliance with the provisions of Statewide Rule 1109.
- (d) Every person transporting drip within the State of New Mexico shall file Commission Form C-112 in compliance with the provisions of Statewide Rule 1111.
- (e) The owner during transportation and all persons transporting drip by truck or other vehicle shall make report ^{C-} of such transportation on Commission Form 110-A. When the owner is also the transporter, the owner shall complete Sections I and II of the Form, furnish one copy to the driver of the vehicle and, when the trip has been completed, file one completed copy with the Commission. When the owner is not the transporter, the owner shall complete Section I of Form ^{C-} 110-A and deliver the Form to the transporter, who shall complete Section II of Form ^{C-} 110-A and furnish the driver of the vehicle with one copy and, when the trip has been completed, file one completed copy with the Commission. The driver of the vehicle shall complete ^{C-} Section III of Form 110-A. The person driving or operating a vehicle transporting

drip shall have in his possession a copy of Form 110-A signed by the owner and transporter, or an authorized agent, in the appropriate Section thereof, showing the name and address of the owner, the source and destination of the drip, the name and address of the owner of the vehicle, type of vehicle, license number of vehicle, name and address of driver of vehicle, quantity of drip transported, and date and time and places loaded.

If the owner of said drip is not the producer thereof, each and every operator of such truck or other vehicle shall have in his possession, in addition to the above requirements, a completed copy of Commission Form C-110-B, signed and certified by the producer and the purchaser of said drip, or their agents, in the appropriate Section thereof, showing the name and address of the producer, the name and address of the purchaser, the source of the drip and the expiration date of the authority of the purchaser to transport drip from the producer's system or other facility. Commission Form C-110-B shall be prepared in sufficient number by the purchaser. One copy shall be retained by the producer, one copy by the purchaser, one copy shall be filed by the purchaser with the Commission, and one copy shall be given to each vehicle driver having need thereof.

- (f) Every gas transporter in the State of New Mexico shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and

transportation systems ^{within} the State of New Mexico, locating and identifying thereon each drip trap and/or tank in said systems. said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip from each of such facilities.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DRIP TRANSPORTATION REPORT

FORM C-110-A

PRODUCER'S IDENTIFICATION NO. _____
(To Be Inserted by Owner of Drip)

As proposed by
El Paso Natural Gas Company

SECTION I

1. NAME OF OWNER OF DRIP _____

a. PRODUCED BY OWNER ☐ PURCHASED FROM PRODUCER ☐
(Check one. If b. is checked, attach copy of Form C-110-B showing transfer of title)

2. ADDRESS OF OWNER _____

3. SOURCE OF DRIP _____

4. DESTINATION _____

(Name of Person and Physical Place to Which Delivery Authorized)

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell the same.

SECTION II

Signature of Owner or Agent

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____

2. TYPE OF VEHICLE _____ 3. LICENSE NO. OF VEHICLE _____

4. NAME OF OWNER'S AGENT ORDERING TRIP _____

5. DATE ORDERED _____

6. FACILITIES TO BE SERVICED _____

The undersigned accepts drip for delivery in accordance with the above directions.

SECTION III

Signature of Transporter or Agent

1. NAME AND ADDRESS OF DRIVER _____

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		

Total _____

I hereby certify that drip transported by me was obtained by me from the source described in Section I and loaded as described in Section III.

Signature of Driver

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

DRIP SALE AND PURCHASE REPORT

As Proposed by
El Paso Natural
Gas Company

I

NAME OF PRODUCER _____

ADDRESS OF PRODUCER _____

SOURCE OF DRIP _____

EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the drip from the above source or sources to the below-named purchaser and he is hereby authorized to obtain drip from such source or sources until the expiration of this authorization.

Producer

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the drip from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

Purchaser

El Paso Natural Gas Company

El Paso, Texas

July 30, 1962

Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

I have enclosed three (3) copies of proposed Rule 314 and Proposed Forms C-110-A and C-110-B to be attached to the Application that Dick Morris filed with the Commission Friday, July 27, 1962.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth

Enclosures (3)
GCW/ck
cc: file

NEW MEXICO OIL CONSERVATION COMMISSION

RULE 314: GATHERING, TRANSPORTING, AND SALE OF DRIP

- (a) For the purpose of this Rule, condensate is defined as any liquid hydrocarbon which is produced at the wellhead incidental to the production of gas well gas and separated from the gas by conventional separation methods; drip includes condensate, as defined above, or any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system, or any mixture of such hydrocarbons.
- (b) The waste of drip is hereby prohibited when it is economically feasible to salvage same.
- (c) Transportation and sale of drip is hereby authorized provided the provisions of this Rule are complied with and Commission Form C-110 has been completed and filed in compliance with the provisions of Statewide Rule 1109.
- (d) Every person transporting drip within the State of New Mexico shall file Commission Form C-112 in compliance with the provisions of Statewide Rule 1111.
- (e) The owner during transportation and all persons transporting drip by truck or other vehicle shall make report of such transportation on Commission Form C-110-A. When the owner is also the transporter, the owner shall complete Sections I and II of the Form, furnish one copy to the driver of the vehicle and, when the trip has been completed, file one completed copy with the Commission.

When the owner is not the transporter, the owner shall complete Section I of Form C-110-A and deliver the Form to the transporter, who shall complete Section II of Form C-110-A and furnish the driver of the vehicle with one copy and, when the trip has been completed, file one completed copy with the Commission. The driver of the vehicle shall complete Section III of Form C-110-A. The person driving or operating a vehicle transporting drip shall have in his possession a copy of Form C-110-A signed by the owner and transporter, or an authorized agent, in the appropriate Section thereof, showing the name and address of the owner, the source and destination of the drip, the name and address of the owner of the vehicle, type of vehicle, license number of vehicle, name and address of driver of vehicle, quantity of drip transported, and date and time and places loaded.

If the owner of said drip is not the producer thereof, each and every operator of such truck or other vehicle shall have in his possession in addition to the above requirements, a completed copy of Commission Form C-110-B, signed and certified by the producer and the purchaser of said drip, or their agents, in the appropriate Section thereof, showing the name and address of the producer, the name and address of the purchaser, the source of the drip and the expiration date of the authority of the purchaser to transport drip from the producer's system or other facility. Commission Form C-110-B shall be

prepared in sufficient number by the purchaser. One copy shall be retained by the producer, one copy by the purchaser, one copy shall be filed by the purchaser with the Commission, and one copy shall be given to each vehicle driver having need thereof.

- (f) Every gas transporter in the State of New Mexico shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and transportation systems with the State of New Mexico, locating and identifying thereon each drip trap and/or tank in said systems, said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip from each of such facilities.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DRIP TRANSPORTATION REPORT

FORM C-110-A

PRODUCER'S IDENTIFICATION NO.
(To Be Inserted by Owner of Drip)

SECTION I

1. NAME OF OWNER OF DRIP _____
- a. PRODUCED BY OWNER ☐ b. PURCHASED FROM PRODUCER ☐
(Check one. If b. is checked, attach copy of Form C-110-B showing transfer of title)
2. ADDRESS OF OWNER _____
3. SOURCE OF DRIP _____
4. DESTINATION
(Name of Person and Physical Place to Which Delivery Authorized) _____

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell the same.

Signature of Owner or Agent

SECTION II

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____
2. TYPE OF VEHICLE _____ 3. LICENSE NO. OF VEHICLE _____
4. NAME OF OWNERS AGENT ORDERING TRIP _____
5. DATE ORDERED _____
6. FACILITIES TO BE SERVICED _____

The undersigned accepts drip for delivery in accordance with the above directions.

Signature of Transporter or Agent

SECTION III

1. NAME AND ADDRESS OF DRIVER _____

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		

Total _____

I hereby certify that drip transported by me was obtained by me from the source described in Section I and loaded as described in Section III.

Signature of Driver

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

DRIP SALE AND PURCHASE REPORT

I

NAME OF PRODUCER _____

ADDRESS OF PRODUCER _____

SOURCE OF DRIP _____

EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the drip from the above source or sources to the below-named purchaser and he is hereby authorized to obtain drip from such source or sources until the expiration of this authorization.

Producer

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the drip from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

Purchaser

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

301 DON GASPAR AVENUE

SANTA FE, NEW MEXICO

August 15, 1962

J. O. SETH
COUNSEL

POST OFFICE BOX 828
TELEPHONE YU 3-7315

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
GEORGE A. GRAHAM, JR.
RICHARD S. MORRIS

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: Case 2618

Gentlemen:

Please consider this letter as this firm's entry of appearance on behalf of El Paso Natural Gas Company in Case 2618, Application of El Paso Natural Gas Co. for a revision of Rule 31¹/₄, to be heard before the Commission on August 15, 1962.

Mr. Ben Howell and Mr. Garrett Whitworth, both members of the Texas Bar will present the case for El Paso.

Very truly yours,

Richard S. Morris

M

A/B

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



B. L. FRANCIS, ASSISTANT DIVISION MANAGER

P. O. BOX 8109
MIDLAND, TEXAS

File Case
2618

August 10, 1962

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

Reference is made to Case No. 2618 set for hearing on the August 15, Regular Hearing Docket. Texaco Inc. has received the revised Rule 314 as proposed by El Paso Natural Gas Company and we believe that it is equitable for all parties concerned.

Texaco would like to go on record as concurring with the proposed revision and urges the Commission to adopt the rule as submitted.

Yours very truly,

B. L. Francis

CRB-MM

NUMBER OF COPIES RECEIVED	
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FILE	
U.S.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
PRODUCTION OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
CERTIFICATE OF COMPLIANCE AND AUTHORIZATION
TO TRANSPORT OIL AND NATURAL GAS

FORM C-110
 (Rev. 7-60)

FILE THE ORIGINAL AND 4 COPIES WITH THE APPROPRIATE OFFICE

Company or Operator				Lease		Well No.	
Unit Letter	Section	Township	Range	County			
Pool				Kind of Lease (State, Fed, Fee)			
If well produces oil or condensate give location of tanks		Unit Letter	Section	Township	Range		

Authorized transporter of oil <input type="checkbox"/> or condensate <input type="checkbox"/> 	Address (give address to which approved copy of this form is to be sent)
---	--

Is Gas Actually Connected? Yes _____ No _____

Authorized transporter of casing head gas <input type="checkbox"/> or dry gas <input type="checkbox"/> 	Date Connected 	Address (give address to which approved copy of this form is to be sent)
--	------------------------	--

If gas is not being sold, give reasons and also explain its present disposition:

REASON(S) FOR FILING (please check proper box)

- | | |
|--|--|
| New Well <input type="checkbox"/> | Change in Ownership <input type="checkbox"/> |
| Change in Transporter (check one) | Other (explain below) |
| Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/> | |
| Casing head gas . <input type="checkbox"/> Condensate . . <input type="checkbox"/> | |

Remarks

The undersigned certifies that the Rules and Regulations of the Oil Conservation Commission have been complied with.

Executed this the _____ day of _____, 19 ____.

OIL CONSERVATION COMMISSION		By
Approved by		Title
Title		Company
Date		Address

El Paso Natural Gas Company

1962 JUL 23 AM 10 15

El Paso, Texas

July 17, 1962

TO WHOM IT MAY CONCERN:

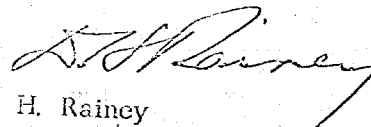
Re: Meeting Concerning Proposed Statewide Rule 314

As a result of our meeting in Albuquerque on June 27, 1962, there is attached a revised draft of proposed statewide rule 314 and forms C-110-A and C-110-B. We are scheduling another meeting at the Western Skies Motel in Albuquerque for 9:00 a. m., Tuesday, July 24 in hopes that the problem may be finally resolved to such an extent that we may file an application for a new hearing in the near future.

We are looking forward to seeing all of you in Albuquerque at that time.

Very truly yours,

PRORATION DEPARTMENT



D. H. Rainey
Administrative Assistant

DHR:br
Attachment

Mr. W. D. Kleine
The Permian Corporation
P. O. Box 3119
Midland, Texas

Mr. A. M. Wiederkerhr, Vice President
Southern Union Gas Company
Fidelity Union Tower
Dallas 1, Texas

Mr. Amos Persons
Southern Union Gas Company
P. O. Box 750
Farmington, New Mexico

Mr. L. S. Muennink
Southern Union Production Company
P. O. Box 750
Farmington, New Mexico

Mr. P. J. Clote
Southern Union Production Company
Fidelity Union Tower
Dallas 1, Texas

Mr. W. A. Reagin, General Superintendent
Reagin Trucking Company
P. O. Box 889
Cushing, Oklahoma

Mr. Edward H. Hill
Phillips Petroleum Company
P. O. Box 791
Midland, Texas

Mr. James E. Low, General Superintendent
Amerada Petroleum Corporation
P. O. Box 2040
Tulsa 2, Oklahoma

Mr. Guy Buell
Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas

Mr. George Eaton
Pan American Petroleum Corporation
P. O. Box 480
Farmington, New Mexico

Mr. T. A. Dugan
709 Bloomfield Road
Farmington, New Mexico

Mr. S. J. McKim
1500 Cagua Drive, N. E.
Albuquerque, New Mexico

Mr. Al Greer
Benson-Montin-Greer Drilling Corp.
158 Petroleum Center
Farmington, New Mexico

Mr. Joe Hauge
Socony Mobil Oil Company, Inc.
P. O. Box 196
Farmington, New Mexico

Mr. L. B. Plumb
Tenneco Oil Company
P. O. Box 1714
Durango, Colorado

Mr. Harold E. Aab
Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico

Mr. Joe Salman
Aztec Oil and Gas Company
P. O. Box 786
Farmington, New Mexico

Mr. Jack Berry
Delhi Taylor Oil Corporation
P. O. Box 1185
Farmington, New Mexico

Mr. N. Randolph Reese
New Mexico Bank and Trust Building
Hobbs, New Mexico

Mr. Walter Famariss, Jr.
Famariss Oil and Refining Company
P. O. Box 2497
Hobbs, New Mexico

Mr. Emery Arnold
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

Mr. A. L. Porter
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Mr. D. S. Nutter
New Mexico Oil Conservation
P. O. Box 871
Santa Fe, New Mexico

Mr. Joe Palmer
New Mexico Petr. Industries Committee
124 Truman, N. E.
Albuquerque, New Mexico

El Paso Natural Gas Company:

Mr. George W. Hewitt
Mr. R. T. Wright, Jal
Mr. R. H. Barnett, Jal
Mr. E. E. Alsup, Farmington
Mr. J. W. Jones, Farmington
Mr. B. R. Howell
Mr. G. C. Whitworth
Mr. F. N. Woodruff

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1220
R-4-60

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA190 SSB645

1962 AUG 14 PM 5:14

L HBA078 LONG PD=HOBBS NMEX 14 436P MST=

A L PORTER=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX=

RE CASE 2618 FOR INCLUSION IN TESTIMONY OF HEARING OUR
COMPANY OPPOSES THE ADOPTION OF THE PROPOSED CHANGE TO
RULE 314 AS WE FEEL IT IS IMPOSING UNJUSTIFIED EXPENSE AND
HARDSHIP BY UNNECESSARY RECORD KEEPING BY PARTIES WHO ARE
DISINTERESTED IN THE PRODUCTION OF CONDENSATE AND ARE
PARTIES AFTER THE FACT. TRUE REMEDY SHOULD BE FOUND IN
THE ADDITION OF ADDITIVES OF HEAVY HYDRO CARBON FRACTION
MAKING SUCH CONDENSATE UNFIT FOR MOTOR FUEL USE. THERE ARE
SUBSTANTIAL FUNDS GRANTED THE GASOLINE TAX DIVISION OF THE
BUREAU OF REVENUE FOR ADMINISTRATION AND COLLECTION OF TAXES
AND THE GREATER PORTION OF SUCH APPROPRIATION IS BEING
RETURNED TO THE GENERAL FUND AS EXCESS ABOVE ADMINISTRATIVE
NEEDS. WE SUGGEST THAT THESE SUMS WHICH I AM INFORMED
EXCEED \$700,000 BE RETAINED IN THAT PORTION NECESSARY FOR
ADDITIONAL PERSONNEL WHO CAN PROPERLY POLICE THE PRODUCING
LEASES AND PREVENT THEFT. PARTIES POLICING SHOULD HAVE THE
FORTITUDE TO VIGOROUSLY PERSUE PROSECUTION OF GUILTY PARTIES
AND EVERY EFFORT SHOULD BE MADE TO ENVOLE MORE SEVERE
PENALTIES AND FINES FOR VIOLATORS=

WALTER FAMARISS JR PRESIDENT

FAMARISS OIL AND REFINING CO...

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Memo

From

D. S. Nutter
Chief Engineer

To

hired transporter hauling
producer owned

producer transporter
hauling own drip

~~purchase~~ transporter
hauling own drip

hired transporter hauling
third party drip

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
GAS FIELD LIQUIDS SALE AND PURCHASE REPORT

I

NAME OF SELLER _____

ADDRESS OF SELLER _____

SOURCE OF ~~PROD~~ ^{FIELD} LIQUIDS _____

EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the gas field liquids from the above source or sources to the below-named purchaser and he is hereby authorized to ~~obtain~~ ^{remove or have removed} said liquids from such source or sources until the expiration of this authorization.

* IS SELLER THE PRODUCER OF THESE LIQUIDS? YES _____ NO _____.

Seller

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the gas field liquids from the source or sources indicated above and am authorized to ~~remove~~ ^{or have removed} the same until the expiration date set out in Section I above.

Purchaser

* Note: If "No" above is marked, then two sets of this form must be executed and copies thereof in the possession of the driver. The first set would cover sale of the liquids by the Producer (as "Seller" in Section I of the form) to the First Buyer (as "Purchaser" in Section II.) The second set would cover the sale of the liquids by the First Buyer (as Seller in Section I) to the Second Buyer (as Purchaser in Section II).
All subsequent sales and purchases of field liquids in tanks or traps in the field shall similarly be verified and reported. Certified and copies thereof furnished the driver.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
GAS FIELD LIQUIDS TRANSPORTATION REPORT

OWNER'S IDENTIFICATION NO. _____
(To Be Inserted by Owner of Gas Field Liquids)

TICKET NO. _____

SECTION I

1. NAME OF OWNER OF LIQUIDS _____

(a) PRODUCED BY OWNER ☐ (b) PURCHASED FROM PRODUCER ☐
(Check one. If (b) is checked, attach copy of Form C-110-B showing transfer of title).

2. ADDRESS OF OWNER _____

3. SOURCE (S) OF LIQUIDS _____

4. DESTINATION _____

(Name of Person and Physical Place to Which Delivery Authorized) as
duly authorized agent of the above-named owner, _____

I hereby certify that on this _____ day of _____ 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of gas field liquids specified below.

Signature of Owner or Agent

SECTION II

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____

2. TYPE OF VEHICLE _____

3. LICENSE NO. OF VEHICLE _____

4. NAME OF OWNER'S AGENT ORDERING TRIP _____

5. DATE ORDERED _____

6. FACILITIES TO BE SERVICED _____

The undersigned accepts gas field liquids for delivery in accordance with the above directions.

Signature of Transporter or Agent

SECTION III

1. NAME AND ADDRESS OF DRIVER _____

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		

Total _____

I hereby certify that the gas field liquids transported by me were obtained by me from the source(s) described in Section I and loaded as described in Section III.

Signature of Driver

Memo

From

M. L. ARMSTRONG
SUPERVISOR AND
OIL & GAS INSPECTOR

To

*H. P. Smith
This Proposed Change is
complicated but we think
it is O.K.*

MLA

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

C
O
P
Y

MEMORANDUM

TO: ALL DISTRICT SUPERVISORS
FROM: A. L. PORTER, JR., SECRETARY-DIRECTOR
SUBJECT: RULE 314 REVISION

I am attaching a rough draft of a revision of Rule 314 which I would like for each of you to go over very carefully, preferably with your staff. This has been a most difficult rule to write and we want to be sure that it can be understood.

Please return the proposed rule with any comments you care to make within the next three days.

October 23, 1962

ix/

Rule 314; Gathering, Transporting, and Sale of Natural
Gas Field Liquids

(a) For the purpose of this Rule, Natural Gas Field liquids, hereinafter referred to as "field liquids," are defined as being condensate and drip or any mixture thereof. Condensate is defined as any liquid hydrocarbon which is produced at the well head incidental to the production of gas well gas and separated from the gas by conventional separation means. Drip is defined as any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system.

(b) The waste of field liquids is hereby prohibited when it is economically feasible to salvage same.

(c) Sale of field liquids and/or transportation thereof is strictly prohibited unless all provisions of this Rule are complied with and unless Commission Form C-110 has been completed and filed in accordance with Rule 1109.

(d) Every person transporting field liquids within the State of New Mexico shall file Commission Form C-112 in compliance with Rule 1111.

(e) All movements of field liquids by any type of motor vehicle also shall be covered by Commission Form C-110-A, properly executed in accordance with these rules. At least one copy of the forms designating, source, volume, destination, etc., shall be in possession of the driver during all trips.

(1) When the transporter of the field liquids is also the owner thereof, he shall complete Sections I and II of Form C-110-A and furnish at least one copy thereof to the driver of the vehicle. Upon completion of Section III by the driver, one completed copy of each Form C-110-A shall be filed with the Commission by the transporter.

(2) When the transporter of the field liquids is not

owner thereof, but is hauling for the owner, the owner shall complete Section I of the C-110-A and deliver the form to the transporter. The transporter shall complete Section II and furnish at least one copy of the form to the driver of the vehicle. Upon completion of Section III by the driver, one completed copy of each Form C-110-A shall be filed with the Commission by the transporter.

(3) In any case where the owner of the field liquids being handled is not the producer thereof, the driver of the vehicle shall have in his possession, in addition to Form C-110-A as prescribed by Rules (1) and (2) above, a completed copy of Commission Form C-110-B executed by both the producer and the

[illegible]

(d) Paula Ann Krombholzer is the niece of Ben Rector.

1970-1971 3rd session 17th

THE OWNER OR LESSEE OF ANY ESTATE IN LANDS CONTAINED HEREIN

(3)

from each of such facilities.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
GAS FIELD LIQUIDS TRANSPORTATION REPORT

FORM C-110-3

OWNER'S IDENTIFICATION NO. _____
(To Be Inserted by Owner of Gas Field Liquids)

TICKET NO. _____

SECTION I

1. NAME OF OWNER OF LIQUIDS _____

(a) PRODUCED BY OWNER ☐ (b) PURCHASED FROM PRODUCER ☐
(Check one. If (b) is checked, attach copy of Form C-110-3 showing transfer of title).

2. ADDRESS OF OWNER _____

3. SOURCE (S) OF LIQUIDS _____

4. DESTINATION _____

(Name of Person and Physical Place to Which Delivery Authorized, as duly authorized agent of the above-named owner).

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of gas field liquids specified below.

Signature of Owner or Agent

SECTION II

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____

2. MAKE OF VEHICLE _____ MAKE NO. OF VEHICLE _____

3. NAME OF OWNER'S AGENT ORDERING TRIP _____

4. NAME ORDERED _____

5. FACILITIES TO BE SERVICED _____

The undersigned accepts gas field liquids for delivery in accordance with the above directions.

Signature of Transporter or Agent

SECTION III

1. NAME AND ADDRESS OF DRIVER _____

SOURCE	Gauge (Top)	Gauge (Bottom)	Barrels	Date
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
Total _____				

I hereby certify that the gas field liquids transported by me were obtained by me from the source(s) described in Section I and loaded as described in Section III.

Signature of Driver

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
GAS FIELD LIQUIDS SALE AND PURCHASE REPORT

I

NAME OF SELLER _____

ADDRESS OF SELLER _____

SOURCE OF ~~NEW~~ LIQUIDS _____

BY EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the gas field liquids from the above source or sources to the below-named purchaser and he is hereby authorized to obtain said liquids from such source or sources until the expiration of this authorization.

* IS SELLER THE PRODUCER OF THESE LIQUIDS? YES _____ NO _____.

Seller

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the gas field liquids from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

Purchaser

* Note: If "No" above is marked, then two sets of this form must be executed and copies thereof in the possession of the driver. The first set would cover sale of the liquids by the Producer (as "Seller" in Section I of the form) to the First Buyer (as "Purchaser" in Section II.) The second set would cover the sale of the liquids by the First Buyer (as Seller in Section I) to the Second Buyer (as Purchaser in Section II)

Memo

From

E. C. Arnold,
Supervisor & Oil & Gas Inspector

To Pete,

Attached are our suggestions
to the new proposed Rule 314.
I have referred paragraph &
sections from the copy mailed us.
Also attached is a form C110-A
with some suggested additions.

Ernest
△

Rule 314:

Paragraph A: No change

Paragraph B: The waste of field liquids is hereby prohibited when the salvage of such liquids is economically feasible.

Paragraph C: The transportation of field liquids is prohibited unless all provisions of this rule are complied with and unless Commission Form C-110 has been completed and filed in accordance with Rule 1109. (Note: Although C-110-B must be submitted showing sales, it would seem that the illegal act would be committed when the liquids are transported, rather than when sold.)

Paragraph D: No Change

Paragraph E: Any movement of field liquids by any type of motor vehicle^{not} carrying a properly executed form C-110-A shall be illegal. Form C-110-A, Sections I and II must be executed in accordance with these rules prior to the loading of any field liquids into any motor vehicle for transportation. Section III shall be completed by the driver of the transporting vehicle at the time of loading and unloading of transported field liquids.

Paragraph E: (1) Last Sentence: Upon completion of Section III by the driver, one completed copy of each form C-110-A shall be filed immediately by the transporter with the District Office of the Commission.

(2) Last Sentence: Upon completion of section III by the driver, one completed copy of each form C-110-A shall be filed immediately by the transporter with the District Office of the Commission.

Paragraph E: (3) Second Sentence: In addition, Form C-110-B covering

*any subsequent sale of field liquids in tanks or
traps in the field shall be executed in accordance
with the instructions on Form C-110-B and at least
one copy thereof furnished the driver of the
transporting vehicle prior to transportation.*

*Third Sentence: The last field purchaser of field
liquids shall furnish to the Commission sufficient
copies of C-110-B to trace ownership from production
to transportation for each source of drip.*

Paragraph F: No Change

Paragraph G: No Change

Memo

From
JOE D. RAMEY
SUPERVISOR & PRORATION
MANAGER

To Mr. Porter

The attached seems
confusing at first but after
a little study it clears.

The only suggestion
or addition would be a
time for submitting 110-A
+ 110-B.

Have noted a correction
on page 2.

JDR

Rule 314: Gathering, Transporting, and Sale of Natural
Gas Field Liquids

(a) For the purpose of this Rule, Natural Gas Field liquids, hereinafter referred to as "field liquids," are defined as being condensate and drip or any mixture thereof. Condensate is defined as any liquid hydrocarbon which is produced at the well head incidental to the production of gas well gas and separated from the gas by conventional separation means. Drip is defined as any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system.

(b) The waste of field liquids is hereby prohibited when it is economically feasible to salvage same.

(c) Sale of field liquids and/or transportation thereof is strictly prohibited unless all provisions of this Rule are complied with and unless Commission Form C-110 has been completed and filed in accordance with Rule 1109.

(d) Every person transporting field liquids within the State of New Mexico shall file Commission Form C-112 in compliance with Rule 1111.

(e) All movements of field liquids by any type of motor vehicle also shall be covered by Commission Form C-110-A, properly executed in accordance with these rules. At least one copy of the forms designating, source, volume, destination, etc., shall be in possession of the driver during all trips.

(1) When the transporter of the field liquids is also the owner thereof, he shall complete Sections I and II of Form C-110-A and furnish at least one copy thereof to the driver of the vehicle. Upon completion of Section III by the driver, one completed copy of each Form C-110-A shall be filed with the Commission by the transporter.

(2) When the transporter of the field liquids is not

(2)

owner thereof, but is hauling for the owner, the owner shall complete Section I of the C-110-A and deliver the form to the transporter. The transporter shall complete Section II and furnish at least one copy of the form to the driver of the vehicle. Upon completion of Section III by the driver, one completed copy of each Form C-110-A shall be filed with the Commission by the transporter.

(3) In any case where the owner of the field liquids being handled is not the producer thereof, the driver of the vehicle shall have in his possession, in addition to Form C-110-A as prescribed by Rules (1) and (2) above, a completed copy of Commission Form C-110-B executed by both the producer and the owner (as purchaser) of the field liquids. In addition, Form C-110-B covering any subsequent sale or ^{purchase} purchaser of field liquids in tanks or traps in the field shall be executed in accordance with the instructions on Form C-110-B and at least one copy thereof furnished the driver. The last field purchaser of field liquids shall furnish one copy of Form C-110-B covering each transaction to the Commission.

(f) Every motor vehicle used in the gathering or transportation of gas field liquids shall be properly identified by a sign on the right and left sides of the power unit identifying the owner or lessee of such equipment in letters one-half inch wide and 2½ inches high.

(g) Every gas transporter in the State of New Mexico, shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and transportation systems within the State of New Mexico, locating and identifying thereon each drip trap, and/or tank in said systems, said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip

(3)

from each of such facilities.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
GAS FIELD LIQUIDS TRANSPORTATION REPORT

OWNER'S IDENTIFICATION NO. _____

(To Be Inserted by Owner of Gas Field Liquids)

TICKET NO. _____

SECTION I

1. NAME OF OWNER OF LIQUIDS _____

(a) PRODUCED BY OWNER ☐ (b) PURCHASED FROM PRODUCER ☐
(Check one. If (b) is checked, attach copy of Form C-110-B showing transfer of title).

2. ADDRESS OF OWNER _____

3. SOURCE (S) OF LIQUIDS _____

4. DESTINATION _____

(Name of Person and Physical Place to Which Delivery Authorized)

(as duly authorized agent of the above-named owner)

I hereby certify that on this _____ day of _____ 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of gas field liquids specified below.

Signature of Owner or Agent

SECTION II

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____

2. TYPE OF VEHICLE _____ 3. LICENSE NO. OF VEHICLE _____

4. NAME OF OWNER'S AGENT ORDERING TRIP _____

5. DATE ORDERED _____

6. FACILITIES TO BE SERVICED _____

The undersigned accepts gas field liquids for delivery in accordance with the above directions.

Signature of Transporter or Agent

SECTION III

1. NAME AND ADDRESS OF DRIVER _____

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		

Total _____

I hereby certify that the gas field liquids transported by me were obtained by me from the source(s) described in Section I and loaded as described in Section III.

Signature of Driver

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
GAS FIELD LIQUIDS SALE AND PURCHASE REPORT

I

NAME OF SELLER _____

ADDRESS OF SELLER _____

SOURCE OF ~~NEW~~ LIQUIDS _____

EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the gas field liquids from the above source or sources to the below-named purchaser and he is hereby authorized to obtain said liquids from such source or sources until the expiration of this authorization.

IS SELLER THE PRODUCER OF THESE LIQUIDS? YES _____ NO _____

Seller

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the gas field liquids from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

Purchaser

Note: If "No" above is marked, then two sets of this form must be executed and copies thereof in the possession of the driver. The first set would cover sale of the liquids by the Producer (as "Seller" in Section I of the form) to the First Buyer (as "Purchaser" in Section II.) The second set would cover the sale of the liquids by the First Buyer (as Seller in Section I) to the Second Buyer (as Purchaser in Section II)

NEW MEXICO OIL CONSERVATION COMMISSION

(As proposed by
El Paso Natural
Gas Company)

SANTA FE, NEW MEXICO

GAS FIELD LIQUIDS

-DRIP SALE AND PURCHASE REPORT

I

NAME OF ~~PRODUCER~~ ^{SELLER}ADDRESS OF ~~PRODUCER~~ ^{SELLER}

SOURCE OF DRIP

EXPIRATION DATE OF THIS AUTHORIZATION

I certify that I have transferred title to the ^{gas field liquids} ~~drip~~ from the above source or sources to the below-named purchaser and he is hereby authorized to obtain ^{said liquids} ~~drip~~ from such source or sources until the expiration of this authorization.

Is Seller the Producer of These Liquids? Yes ☐ No ☒ *

Producer ~~Producer~~ Seller

II

NAME OF PURCHASER

ADDRESS OF PURCHASER

I certify that I am the purchaser and owner of the ^{gas field liquids} ~~drip~~ from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

*

Note: In the event the gas field liquids being handled ^{Purchaser} are owned by a second buyer, i.e., one who purchased them from the first buyer rather than directly from the producer, then the first buyer should execute Section I of this

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

August 17, 1962

Mr. A. L. Porter, Jr.
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: Case No. 2618

Dear Mr. Porter:

Attached is a copy of N.M.O.C.C. Exhibit "A" of subject case.

If the application is approved, we think the information shown on this exhibit, which does not appear on the applicant's exhibit, should be used for the following reasons:

1. Section III, Item 2.

If the driver identified the delivery point, confusion of written and oral orders will be eliminated.

2. Section IV.

An agent for the receiver should sign each load "off" the truck to avoid additional loads being hauled on one ticket. This signature would "void" the ticket for other loads. Any person putting oil in an unattended tank is acting as an agent for the receiver in our opinions.

We believe that conditions exist whereby one person may validly sign the form in all sections when form G-110-B is attached.

Yours very truly

Emery O. Arnold
Emery O. Arnold
Supervisor, District #3
A. R. Kendrick
A. R. Kendrick
Engineer, District #3

Attachment

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

DRIP TRANSPORTER'S REPORT

Producer's Identification No. _____

Ticket No. _____

SECTION I (Owner)

1. Name of owner of drip _____
 a. Produced by owner _____ b. Purchased from producer _____
 (Check one. If b. is checked, attach copy of Form C-110-B showing transfer of title)
2. Address of owner _____
3. Source of drip _____
4. Destination _____
 (Name and physical place to which delivery authorized)

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell same.

Signature of owner's agent

SECTION II (Transporter)

1. Name and address of owner of vehicle _____
2. Type of vehicle _____ 3. License No. of vehicle _____
4. Name of vehicle owner's agent ordering trip _____
5. Date ordered _____
6. Facilities to be serviced _____

The undersigned accepts drip for delivery in accordance with the above directions.

Signature of transporter's agent

SECTION III (Driver)

1. Name and address of driver _____
2. Load to be delivered to _____
 (Name of company and physical place of delivery)
3. Load consists of the following:

TANK NO.	SOURCE (drip or lease)	GAUGES		GROSS BARRELS	DATE & HR. LOADED
		TOP	BOTTOM		
		Ft. _____ In. _____	Ft. _____ In. _____		
		ft. _____ in. _____	ft. _____ in. _____		
		ft. _____ in. _____	ft. _____ in. _____		
		ft. _____ in. _____	ft. _____ in. _____		

TOTAL BARRELS _____

I hereby certify that drip transported by me was obtained by me from the source indicated and loaded as indicated.

(THIS SECTION TO BE COMPLETED BEFORE LEAVING TANKS)

Signature of driver

SECTION IV (Receiver)

I hereby certify that I am an agent for (company) _____
 and that I have received _____ barrels of drip from (identify truck) _____
 for the account of (owner) _____
 at _____, N.M. on this _____ day of _____, 19____.

Signature of receiver's agent

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

DRIP TRANSPORTER'S REPORT

Producer's Identification No. _____

Ticket No. _____

SECTION I (Owner)

1. Name of owner of drip _____
 a. Produced by owner _____ b. Purchased from producer _____
 (Check one. If b. is checked, attach copy of Form C-110-B showing transfer of title)
 2. Address of owner _____
 3. Source of drip _____
 4. Destination _____
 (Name and physical place to which delivery authorized)

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell same.

Signature of owner's agent

SECTION II (Transporter)

1. Name and address of owner of vehicle _____
 2. Type of vehicle _____ 3. License No. of vehicle _____
 4. Name of vehicle owner's agent ordering trip _____
 5. Date ordered _____
 6. Facilities to be serviced _____

The undersigned accepts drip for delivery in accordance with the above directions.

Signature of transporter's agent

SECTION III (Driver)

1. Name and address of driver _____
 2. Load to be delivered to _____
 (Name of company and physical place of delivery)
 3. Load consists of the following:

TANK NO.	SOURCE (drip or lease)	GAUGES		GROSS BARRELS	DATE & HR. LOADED
		TOP	BOTTOM		
		Ft. ____ In. ____	Ft. ____ In. ____		
		ft. ____ in. ____	ft. ____ in. ____		
		ft. ____ in. ____	ft. ____ in. ____		
		ft. ____ in. ____	ft. ____ in. ____		

TOTAL BARRELS _____

I hereby certify that drip transported by me was obtained by me from the source indicated and loaded as indicated.

(THIS SECTION TO BE COMPLETED BEFORE LEAVING TANKS)

Signature of driver

SECTION IV (Receiver)

I hereby certify that I am an agent for (company) _____
 and that I have received _____ barrels of drip from (Identify truck) _____
 for the account of (owner) _____
 at _____, N.M. on this _____ day of _____, 19____.

Signature of receiver's agent

BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 O.C.C. EXHIBIT No. A
 CASE 2618

If the owner of said drip is not the producer thereof, each and every operator of such truck or other vehicle shall have in his possession, in addition to the above requirements, a completed copy of Commission Form C-110-B, signed and certified by the producer and the purchaser of said drip, or their agents, in the appropriate Section thereof, showing the name and address of the producer, the name and address of the purchaser, the source of the drip and the expiration date of the authority of the purchaser to transport drip from the producer's system or other facility. Commission Form C-110-B shall be prepared in sufficient number by the purchaser. One copy shall be retained by the producer, one copy by the purchaser, one copy shall be filed by the purchaser with the Commission, and one copy shall be given to each vehicle driver having need thereof.

(g) (f) Every gas transporter in the State of New Mexico shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and transportation systems within the State of New Mexico, locating and identifying thereon each drip trap and/or tank in said systems, said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip from each of such facilities.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DRIP TRANSPORTATION REPORT

FORM C-110-A
(As proposed by
El Paso Natural
Gas Company)
TICKET NO. _____

PRODUCER'S IDENTIFICATION NO. _____
(To Be Inserted by Owner of Drip)

SECTION I

1. NAME OF OWNER OF DRIP _____

a. PRODUCED BY OWNER ☐ PURCHASED FROM PRODUCER ☐
(Check one. If b. is checked, attach copy of Form 110-B showing transfer of title)

2. ADDRESS OF OWNER _____

3. SOURCE OF DRIP _____

4. DESTINATION _____
(Name of Person and Physical Place to Which Delivery Authorized)

I hereby certify that on this _____ day of _____ 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell the same.

Signature of Owner or Agent

SECTION II

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____

2. TYPE OF VEHICLE _____ 3. LICENSE NO. OF VEHICLE _____

4. NAME OF OWNERS AGENT ORDERING TRIP _____

5. DATE ORDERED _____

6. FACILITIES TO BE SERVICED _____

The undersigned accepts drip for delivery in accordance with the above directions.

Signature of Transporter or Agent

SECTION III

1. NAME AND ADDRESS OF DRIVER _____

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
BEFORE THE OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO EXHIBIT No. <u>2</u> CASE <u>2618</u>	Ft. ____ In. ____ Ft. ____ In. ____ Ft. ____ In. ____ Ft. ____ In. ____ Ft. ____ In. ____	Ft. ____ In. ____ Ft. ____ In. ____ Ft. ____ In. ____ Ft. ____ In. ____ Ft. ____ In. ____		

Total _____

I hereby certify that drip transported by me was obtained by me from the source described in Section I and loaded as described in Section III.

Signature of Driver

RULE 314: GATHERING, TRANSPORTING, AND SALE OF DRIP OR CONDENSATE
(As proposed by El Paso Natural Gas Company)

- (a) For the purpose of this Rule, condensate is defined as any liquid hydrocarbon which is produced at the wellhead incidental to the production of gas well gas and separated from the gas by conventional separation methods; drip includes condensate, as defined above, or any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system, or any mixture of such hydrocarbons.
- (b) The waste of drip is hereby prohibited when it is economically feasible to salvage same.
- (c) Transportation and sale of drip is hereby authorized provided the provisions of this Rule are complied with and Commission Form C-110 has been completed and filed in compliance with the provisions of Statewide Rule 1109.
- (d) Every person transporting drip within the State of New Mexico shall file Commission Form C-112 in compliance with the provisions of Statewide Rule 1111.
- (e) The owner during transportation and all persons transporting drip by truck or other vehicle shall make report of such transportation on Commission Form C-110-A. When the owner is also the transporter, the owner shall complete Sections I and II of the Form, furnish one copy to the driver of the vehicle and, when the trip has been completed, file one completed copy with the Commission. When the owner is not the transporter, the owner shall complete Section I of Form C-110-A and deliver the Form to the transporter, who shall complete Section II of Form C-110-A and furnish the driver of the vehicle with one copy and, when the trip has been completed, file one completed copy with the Commission. The driver of the vehicle shall complete Section III of Form C-110-A. The person driving or operating a vehicle transporting drip shall have in his possession a copy of Form C-110-A signed by the owner and transporter, or an authorized agent, in the appropriate Section thereof, showing the name and address of the owner, the source and destination of the drip, the name and address of the owner of the vehicle, type of vehicle, license number of vehicle, name and address of driver of vehicle, quantity of drip transported, and date and time and places loaded.

(Over)

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
E. N. A. S. P.
CASE 2618

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

(As proposed by
El Paso Natural
Gas Company)

DRIP SALE AND PURCHASE REPORT

I

NAME OF PRODUCER _____

ADDRESS OF PRODUCER _____

SOURCE OF DRIP _____

EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the drip from the above source or sources to the below-named purchaser and he is hereby authorized to obtain drip from such source or sources until the expiration of this authorization.

Producer

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the drip from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

Purchaser

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
El Paso EXHIBIT No. *3*
CASE *2618*

Rule 111. Deviation Tests and Directional Drilling (Cont.)

The Commission, at the request of an offset operator, may require any operator to make a directional survey of any well. Said directional survey and all associated costs shall be at the expense of the requesting party and shall be secured in advance by a \$5,000 indemnity bond posted with and approved by the Commission. The requesting party may designate the well survey company, and said survey shall be witnessed by the Commission.

(b) No well shall be intentionally deviated in a predetermined direction without special permission from the Commission. Permission to deviate toward the vertical to straighten an excessively deviated well bore as defined in (a) above; or to sidetrack junk in the hole in an indeterminate direction or toward the vertical; or to drill a relief well to control a blow-out shall be obtained from the appropriate District Office of the Commission on Commission Form C-102 with copies of said Form C-102 being furnished to all offset operators. Permission to deviate a well in any other manner or for any other reason will be granted only after notice and hearing. Upon completion of any well that was deviated in a predetermined direction, except toward the vertical, a directional survey of the entire well bore must be run and filed with the Commission. In addition, all directional surveys run on any well that was intentionally deviated in any manner for any reason must be filed by the operator with the Commission upon completion of the well. Prior to the assignment of an allowable, operator shall submit a sworn notarized statement to the effect that all directional surveys run on the well have been filed.

CASE 2618:

Application of El Paso Natural Gas Company for a revision of Rule 314. Applicant, in the above-styled cause, seeks the revision of Rule 314 pertaining to the gathering, transporting and sale of drip to provide for the redefinition of drip also to include condensate; to further regulate the transportation of drip, as redefined; and to require the reporting of such transportation on Forms C-110-A and C-110-B.

CASE 2503:

Application of the Oil Conservation Commission, on its own motion, to consider the establishment of minimum gas allowables in the Blanco-Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, and West Kutz-Pictured Cliffs Gas Pools, San Juan, Rio Arriba and Sandoval Counties, New Mexico.

DOCKET: REGULAR HEARING - WEDNESDAY - AUGUST 15, 1962

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE:
- (1) Consideration of the oil allowable for September, 1962.
 - (2) Consideration of the allowable production of gas for September, 1962, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for September, 1962.

CASE 2504: (REHEARING)
Application of Consolidated Oil & Gas, Inc. for an amendment of Order No. R-1670-C, changing the allocation formula for the Basin-Dakota Gas Pool, San Juan, Rio Arriba and Sandoval Counties, New Mexico.

NOTICE

CASE 2504 has been continued by the Commission to the September 13, 1962 regular hearing, at 9 o'clock a.m., Morgan Hall, State Land Office Building, Santa Fe, New Mexico. All parties who entered a formal appearance have been notified of the continuation by certified mail.

CASE 2561: (Continued)
In the matter of the hearing called on the motion of the Oil Conservation Commission to consider revising Rule 111, Deviation Tests and Whipstocking. The Commission will consider the report and recommended rule of the Industry Committee appointed by the Commission after the May, 1962 hearing. The proposed rule, as stated in the Committee Report, reads in its entirety as follows:

Rule 111. Deviation Tests and Directional Drilling

(a) Any well which is drilled or deepened with Rotary Tools shall be tested at reasonably frequent intervals not to exceed 500 feet or at the next subsequent bit change to determine the deviation from the vertical. A sworn notarized tabulation of all tests run shall be filed with Form C-105, Well Record. When such deviation averages more than five degrees in any 500 foot interval, the Commission may request that a directional survey be run to establish the location of the producing interval(s).

- (h) Extend the North Justis-Blinebry Pool to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 35: SW/4

- (i) Extend the North Justis-Ellenburger Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: SE/4

- (j) Extend the North Justis-Fusselman Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: SE/4

- (k) Extend the North Justis Tubb-Drinkard Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: SE/4

- (l) Extend the Lea-Pennsylvanian Gas Pool to include:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 11: E/2
Section 12: All

- (m) Extend the South Lane-Pennsylvanian Pool to include:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
Section 35: NW/4

- (n) Extend the Medicine Rock-Devonian Pool to include:

TOWNSHIP 15 SOUTH, RANGE 38 EAST, NMPM
Section 23: NW/4

- (o) Extend the Saunders Permo-Pennsylvanian Pool to include:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 21: SW/4

- (p) Extend the East Saunders Permo-Pennsylvanian Pool to include:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 17: NW/4

CASE 2619:

Southeastern New Mexico nomenclature case calling for an order creating new pools and extending certain existing pools in Lea and Roosevelt Counties, New Mexico.

- (a) Create a new oil pool for Montoya production, designated as the North Justis-Montoya Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 1: NW/4

- (b) Create a new oil pool for Waddell production, designated as the North Justis-Waddell Pool, and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 35: SE/4

- (c) Extend the Allison-Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 25: NW/4

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 4: NW/4
Section 8: SW/4

- (d) Extend the Blinebry Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 5: N/2

- (e) Extend the South Crossroads-Devonian Pool to include:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
Section 15: W/2

- (f) Extend the Hobbs Pool to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 22: N/2 NW/4

- (g) Extend the Justis-Blinebry Pool to include:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 1: NE/4

- (q) Extend the Sawyer-San Andres Gas Pool to include:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM
Section 5: NE/4

- (r) Extend the East Weir-Blinebry Pool to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: NW/4

iqg/

If the owner of said drip is not the producer thereof, each and every operator of such truck or other vehicle shall have in his possession, in addition to the above requirements, a completed copy of Commission Form C-110-B, signed and certified by the producer and the purchaser of said drip, or their agents, in the appropriate Section thereof, showing the name and address of the producer, the name and address of the purchaser, the source of the drip and the expiration date of the authority of the purchaser to transport drip from the producer's system or other facility. Commission Form C-110-B shall be prepared in sufficient number by the purchaser. One copy shall be retained by the producer, one copy by the purchaser, one copy shall be filed by the purchaser with the Commission, and one copy shall be given to each vehicle driver having need thereof.

- (f) Every gas transporter in the State of New Mexico shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and transportation systems within the State of New Mexico, locating and identifying thereon each drip trap and/or tank in said systems, said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip from each of such facilities.

RULE 314: GATHERING, TRANSPORTING, AND SALE OF DRIP OR CONDENSATE
(As proposed by El Paso Natural Gas Company)

- (a) For the purpose of this Rule, condensate is defined as any liquid hydrocarbon which is produced at the wellhead incidental to the production of gas well gas and separated from the gas by conventional separation methods; drip includes condensate, as defined above, or any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system, or any mixture of such hydrocarbons.
- (b) The waste of drip is hereby prohibited when it is economically feasible to salvage same.
- (c) Transportation and sale of drip is hereby authorized provided the provisions of this Rule are complied with and Commission Form C-110 has been completed and filed in compliance with the provisions of Statewide Rule 1109.
- (d) Every person transporting drip within the State of New Mexico shall file Commission Form C-112 in compliance with the provisions of Statewide Rule 1111.
- (e) The owner during transportation and all persons transporting drip by truck or other vehicle shall make report of such transportation on Commission Form C-110-A. When the owner is also the transporter, the owner shall complete Sections I and II of the Form, furnish one copy to the driver of the vehicle and, when the trip has been completed, file one completed copy with the Commission. When the owner is not the transporter, the owner shall complete Section I of Form C-110-A and deliver the Form to the transporter, who shall complete Section II of Form C-110-A and furnish the driver of the vehicle with one copy and, when the trip has been completed, file one completed copy with the Commission. The driver of the vehicle shall complete Section III of Form C-110-A. The person driving or operating a vehicle transporting drip shall have in his possession a copy of Form C-110-A signed by the owner and transporter, or an authorized agent, in the appropriate Section thereof, showing the name and address of the owner, the source and destination of the drip, the name and address of the owner of the vehicle, type of vehicle, license number of vehicle, name and address of driver of vehicle, quantity of drip transported, and date and time and places loaded.

(Over)