

BEFORE THE OIL CONSERVATION  
COMMISSION OF THE STATE OF  
NEW MEXICO

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

CASE NO. 189  
ORDER NO. 850

**RULES AND REGULATIONS**

**ORDER OF THE COMMISSION**

BY THE COMMISSION:

After due notice and hearings in Santa Fe, New Mexico, on September 7, 1949, and November 1, 1949, the Commission finds that certain rules, regulations and orders should be adopted and others repealed.

IT IS THEREFORE ORDERED:

1. All rules, regulations and orders heretofore issued by the Commission are repealed and rescinded, effective January 1, 1950, except the following orders which are of a special nature and are not of statewide application, they being:

- a. All orders heretofore issued granting permission for specific unorthodox locations.
- b. Orders relating to approval of unit agreements No. 570, 583, 603, 602, 628, 629, 648, 655, 656, 676, 677, 684, 706, 717, 731, 737, 755, 759, 772, 774, 786, 794, 796, 836.
- c. Orders relating to Carbon Black Plants No. 650, 651, 724, 806.
- d. Orders relating to spacing in the Fulcher Basin Pool No. 541, 647, 748, 815.
- e. Orders relating to specific five (5) spot locations No. 733, 819, 826, 821, 828, 844.
- f. Order No. 799 relating to spacing in the Blanco Pool.
- g. Orders relating to specified pressure maintenance projects as follows:
  - (1) Loco Hills Pressure Maintenance Association, 339, 484, 498, 540, 562.
  - (2) Maljamar Cooperative Repressuring Agreement, 485, 495, 736, 793.
  - (3) Grayburg Unit Association, 659, 791, 802.
  - (4) Culbertson-Irwin Pressure Maintenance Project, 388.
  - (5) Langlie Unitized Pressuring Project, 340.
- h. Orders relating to pooling of interests in specified leases, No. 739, 780.
- i. Order No. 795 relating to a specific tank battery.
- j. Orders relating to dual completions on specified wells, No. 740, 750, 801, 810, 816, 829, 838.
- k. Order No. 831 rescinding the bonus discovery allowable.
- l. Order No. 779 relating to 80-acre spacing in the Crossroads Pool.
- m. Section 2 of Order No. 835, relating to gas-oil ratios.
- n. Order 846, establishing 80-acre spacing in Bagley-Hightower Pool.
- o. Order 33, relating to the proration plan for Monument Pool, Lea County, New Mexico.
- p. Order 398, relating to proration plan for Hobbs Pool.
- q. Orders No. 66 and 67, relating to carbon dioxide.

2. This order shall not affect in any way the validity of any statewide proration order heretofore issued.

Before the OCC  
Case No. 13142 - *De Novo*  
OCD Ex. 30

New Mexico Oil Conservation Commission  
Rules and Regulations. Effective Jan. 1, 1950

**A**  
OCD Exhibit  
Case No. 13142  
October 23, 2003

It is hereby certified that this is a true copy of the original document  
in the custody of the State of New Mexico Records  
and Archives  
Secretary of State  
October 16-3-03

3. An exception from the rules and regulations hereby adopted is granted until March 31, 1950, as to all presently existing oil and gas wells that have been in the past and are presently operated or the products thereof utilized in a manner differing from the requirements herein, but in compliance with former rules and regulations. If during said period the operator of any such well files with the Commission an application for a permanent exception for such well from the requirements of these rules and regulations, the temporary exception herein granted shall continue in force until the Commission has acted on such application.

4. The following rules and regulations are hereby adopted, effective January 1, 1950.  
DONE at Santa Fe, New Mexico, on this 9th day of December, 1949.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

I certify that this is a true copy of the original document  
in the custody of the State of New Mexico Records  
Center and Archives.

THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPURRIER, SECRETARY

DATE 10-3-03

### **RULE 306. VENTED CASINGHEAD GAS**

Pending arrangement for disposition for some useful purpose, all vented casinghead gas shall be burned, and the estimated volume reported on Form C-115.

### **RULE 307. USE OF VACUUM PUMPS**

Vacuum pumps or other devices shall not be used for the purpose of creating a partial vacuum in any stratum containing oil or gas.

### **RULE 308. SALT OR SULPHUR WATER**

Operators shall report monthly on Form C-115, the amount or percentage of salt or sulphur water produced with the oil by each well making 2% or more water.

### **RULE 309. CENTRAL TANK BATTERIES**

Oil shall not be transported from a lease until it has been received and measured in tanks located on the lease. At the option of the operator, common tankage may be used to receive the production from as many as 8 units of the same basic lease, provided adequate tankage and other equipment is installed so that the production from each well can be accurately determined at reasonable intervals.

### **RULE 310. OIL TANKS AND FIRE WALLS**

Oil shall not be stored or retained in earthen reservoirs, or in open receptacles. Dikes or fire walls shall not be required except such fire walls must be erected and kept around all permanent oil tanks, or battery of tanks that are within the corporate limits of any city, town, or village, or where such tanks are closer than 150 feet to any producing oil or gas well or 500 feet to any highway or inhabited dwelling or closer than 1000 feet to any school or church; or where such tanks are so located as to be deemed an objectionable hazard within the discretion of the Commission. Where fire walls are required, fire walls shall form a reservoir having a capacity one-third larger than the capacity of the enclosed tank or tanks.

### **RULE 311. TANK CLEANING PERMIT**

No tank bottom shall be removed from any tank used for the storage of crude petroleum oil unless and until application for tank-cleaning permit is approved by Agent of the Commission. To obtain approval, owner shall submit Commission's Form C-117 reporting an accurate gauge of the contents of the tank and the amount of merchantable oil determinable from a representative sample of the tank bottom by the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil. Number 25, Section 5. The amount of merchantable oil shall be shown as a separate item on Commission Form C-115, and shall be charged against the allowable of the unit or units producing into such tank or pit where such merchantable oil accumulated. Nothing contained in this rule shall apply to the use of tank bottoms on the originating lease where owner retains custody and control of the tank bottom or to the treating of tank bottoms by operator where the merchantable oil recovered is disposed of through a duly authorized transporter and is reported on Commission Form C-115. Nothing contained in this Rule shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

### **RULE 312. TREATING PLANT**

No treating plant shall operate except in conformity with the following provisions:

(a) Before construction of a treating plant and upon written application for treating plant permit stating in detail the location, type, and capacity of the plant contemplated and method of processing proposed, the Commission in not less than 20 days will set such application for hearing to determine whether the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and whether there is need for such a plant at the proposed location thereof. Before actual operations are begun, the permittee shall file with the Commission a surety bond of performance satisfactory to the Commission and payable in the amount of \$25,000.00 to the Commission of the State of New Mexico.

(b) Such permit, if granted, shall be valid for 1 year, shall be renewed by the Commission at any time after hearing is had on 10 days' notice by the operator to an approved Certificate of Compliance and Authorized Agent Form C-110, for the total amount of products secured from

OCD Exhibit **B**  
Case No. 13142  
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processed. Any operating treating plant shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission, a monthly report on Commission Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a Commission Form C-110 for the net oil on hand at the end of the reported period. In no event shall Commission Form C-110 be issued for moving the products of a treating plant without supporting Commission Form C-118 being completed and approved.

(c) None of the provisions of this rule are applicable to the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of by owner to an authorized transporter and accounted for on Commission Form C-110. Before any person other than owner shall pick up, reclaim or salvage wash-in oil, creek oil, or pit oil, a permit to do so shall be obtained from owner or operator of lease and from the duly authorized agent of the Commission. Application for permit shall state the name and location of the lease, the number of well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

### **RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS**

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and B. S. These substances and tank bottoms shall not be allowed to pollute streams or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair.

I certify that this is a true copy of the original document  
in the custody of the State of New Mexico Records  
Center and Archives.

DATE

*J. P. Rivera* 10-3-03