

U. L. P.

Entered December 1, 1970
U. L. P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO CONSIDER THE PROMULGATION
OF AN ORDER PROHIBITING THE FLARING OR VENTING OF CASINGHEAD
GAS IN THE STATE OF NEW MEXICO ON OR AFTER DECEMBER 31, 1970,
WHEN CERTAIN CONDITIONS EXIST.

CASE No. 4453
Order No. R-4070

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 18, 1970,
at Santa Fe, New Mexico, before the Oil Conservation Commission of
New Mexico, hereinafter referred to as the "Commission."

NOW, on this 1st day of December, 1970, the Commission, a
quorum being present, having considered the testimony presented
and the exhibits received at said hearing, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That substantial amounts of casinghead gas produced from
oil wells in the State of New Mexico are presently being flared or
vented to the atmosphere.

(3) That the flaring or venting to the atmosphere of sub-
stantial amounts of casinghead gas results in the unnecessary or
excessive surface loss or destruction without beneficial use of
much of such natural gas.

(4) That in order to prevent the unnecessary or excessive
surface loss of a valuable natural resource, the wasteful flaring
or venting of casinghead gas should be prohibited.

(5) That in order to prevent waste, the flaring or venting
of casinghead gas, except as provided in this order, produced by

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oil wells located in pools having gas gathering facilities should be prohibited on or after January 1, 1971, or 60 days from the date such well is completed, whichever is later.

(6) That in order to prevent waste, the flaring or venting of casinghead gas, except as provided in this order, produced by oil wells completed on or after January 1, 1971, for more than 60 days following completion of said wells should be prohibited.

IT IS THEREFORE ORDERED:

(1) That, except as provided in this order, no casinghead gas produced from any well in this state located in a pool having a gas gathering facility shall be flared or vented on or after January 1, 1971, or 60 days from the date such well is completed, whichever is later.

(2) That, except as provided in this order, no casinghead gas produced from any well in this state completed after January 1, 1971, shall be flared or vented after 60 days following completion of the well.

(3) That any operator who desires to obtain an exception to the foregoing provisions shall file an application in triplicate with the appropriate district office of the Oil Conservation Commission upon a form designated by the Commission. The district supervisors are hereby authorized to grant such exception whenever the granting of the exception is reasonably necessary to protect correlative rights, prevent waste or prevent undue hardship on the applicant. The district supervisor shall either grant the exception within 10 days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(4) That the flaring or venting by an operator of gas from any well in violation of this order will result in suspension of the allowable of the affected well or wells.

(5) That no extraction plant processing any gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty

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of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission will take such action as is necessary to reduce the total flow of casinghead gas to such plant.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

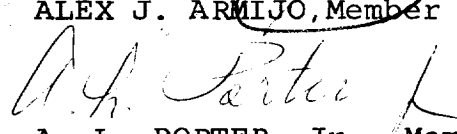
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



DAVID F. CARGO, Chairman



ALEX J. ARMIJO, Member



A. L. PORTER, Jr., Member & Secretary

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Entered August 30, 1972
R.L.S.

OCD Exhibit 56

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION TO AMEND RULE 306
OF THE COMMISSION RULES AND REGULATIONS
TO INCORPORATE THEREIN THE PROVISIONS
OF ORDER NO. R-4070 WHICH REGULATE
THE FLARING OR VENTING OF CASINGHEAD
GAS.

CASE NO. 4799
Order No. R-4382

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of August, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That by Order No. R-4070 dated December 1, 1970, the Commission prohibited the flaring or venting of casinghead gas from any well in the State or from any extraction plant in the State except under certain limited and specified conditions.
- (3) That after a period of time in which to test the efficacy of said order and the provisions contained therein, the Commission believes that said order has been a useful tool in promoting the beneficial use of even small amounts of casinghead gas and has been in the interest of conservation and the prevention of waste.
- (4) That Rule 306 of the Commission Rules and Regulations should be amended to incorporate the provisions of Order No. R-4070 therein.
- (5) That Form C-129, "Application for Exception to No-Flare Rule 306," should be adopted to provide a uniform means for operators to request exceptions to Rule 306, and to provide the Commission certain basic criteria upon which to analyze the justification for each such exception.

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(6) That Rule 1129 should be added to the Commission's Rules and Regulations, reading in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in
accordance with Rule 306."

(7) That the adoption of the foregoing will prevent unnecessary waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 306 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 306. CASINGHEAD GAS

(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well.

(b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(c) The flaring or venting by an operator of gas from any well in violation of this rule will result in suspension of the allowable assigned to the well.

(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the

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Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant.

(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report, Form C-115.

(f) The provisions of Section (a) of this rule shall not be applicable to wells completed prior to January 1, 1971, in pools which had no gas-gathering facilities on that date, provided however, said provisions shall be applicable to all wells in such a pool 60 days after the date of first casinghead gas connection in the pool."

(2) That the Rule and Regulations of the Commission are hereby amended by the addition of Rule 1129, which shall read in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in
accordance with Rule 306."

(3) That Commission Form C-129, Application for Exception to No-Flare Rule 306, as shown by Exhibit 1 attached hereto and made a part hereof, is hereby adopted.

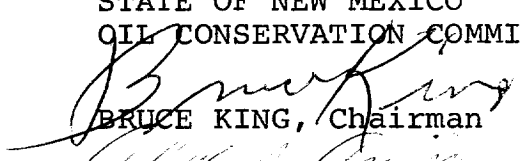
(4) That Order No. R-4070 is hereby superseded.

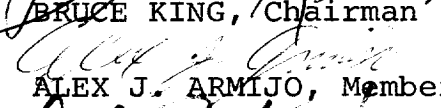
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.


(6) That the effective date of this order and all the provisions therein shall be September 1, 1972.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

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NFO Permit No. _____
(Commission Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

- A. Applicant, _____,
whose address is _____,
hereby requests an exception to Rule 306 for _____ days or
until _____, 19____, for the following described tank battery
(or LACT):

Name of Lease _____ Name of Pool _____

Location of Battery: Unit Letter _____ Section _____ Township _____ Range _____

Number of wells producing into battery _____

- B. Based upon oil production of _____ barrels per day, the estimated(*) volume
of gas to be flared is _____ MCF; Value _____ per day.

- C. Name and location of the nearest gas gathering facility:

- D. Distance _____ Estimated cost of connection _____

- E. This exception is requested for the following reasons:

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

By _____ Title _____ Date _____

- G. Approved until _____

New Mexico Oil Conservation Commission

By _____

Title _____

Date _____

*Gas-Oil ratio test may be required to verify estimated gas volume.