



October 17, 1988

INTER-OFFICE CORRESPONDENCE / SUBJECT:

Proposed Changes to the NMOCD  
Statewide Rules

The Permian Basin Region would like for Phillips Petroleum Company to offer a few suggested changes to the proposals offered by the NMOCD.

1. Rule 4. United States Government Leases.

The Division recognizes that all persons drilling on United States Government land shall comply with the United States government regulations. Such persons shall also comply with all applicable State rules and regulations which are not in conflict therewith. Copies of BLM Approved "Application for Permit to Drill, Deepen or Plug Back," [(USGS Form No. 9-331C)] (BLM Form No. 3160-3), "Sundry Notices and Reports on Wells," [(USGS Form No. 9-331)] (BLM Form 3160-5), and "Well Completion or Recompletion Report and Log," [(USGS Form No. 9-330)] (BLM Form No. 3160-4), for wells on U. S. Government land shall be furnished to the Division[.] by the BLM.

This well defines who is to provide the forms to the OCD.

2. Rule 503. Authorization for Production of Oil.

Change the second paragraph under (b) to:

If the Division determines that such capacity may be in excess of the anticipated reasonable market demand, and that a market demand factor of less than 100 percent may be necessary to prevent waste, it shall immediately institute proper proceedings for a hearing to be held before the 20th day of the following month to determine actual reasonable market demand [for the next two succeeding months] up to a maximum of six months.

As written to OCD, there would be no limitation as to how long reduced market demand could be instituted by the OCD. Six months would be inline with the new proration schedule.

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3. Rule 1103. Sundry Notices and Reports on Wells (Form C-103).

Change paragraph B. (3) to:

(3) Report of Temporary Abandonment.

A report of temporary abandonment of a well shall be filed by the operator of the well within [ten days] thirty days following completion of the work. The report shall be filed in TRIPLICATE and shall present a detailed account for the work done on the well, including location and type of plugs used, if any, and status of surface and downhole equipment, and any other pertinent information to the overall status of the well.

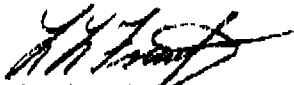
This will make Temporary Abandonment and Plugging and Abandonment requirements the same.

4. Rule 1128. Forms Required on Federal Land.

Change the fourth paragraph to:

After a well is completed and ready for pipeline connection, Division Form C-104 shall be filed, along with a copy of BLM Form No. 3160-4, with the Division on any and all wells drilled in the State, regardless of land status. Further, all reports and forms as required under the preceding rules of the section of the Rules and Regulations that pertain to production must be filed on the proper Oil Conservation Division form as set out in said rule - no other forms will be accepted.

This will allow the OCD to process the Form C-104 and assign the appropriate allowable without waiting for the BLM to be forwarded the Completion Reports. When the completion reports are received from the BLM, the OCD copy can be destroyed.



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LLF:LMS:sdb  
REG3:changes1