

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 "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 No. 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 ~~by~~ to the Division.

RULE 1128. FORMS REQUIRED ON FEDERAL LAND

Federal forms shall be used in lieu of State forms when filing APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK and SUNDRY NOTICES AND REPORTS ON WELLS and WELL COMPLETION OR RECOMPLETION REPORT AND LOG for wells on Federal lands in New Mexico. However, it shall be the duty of the operator to submit two extra copies of each of such forms to the ~~USGS~~ BLM, which, upon approval, will transmit same to the Division. The following ~~USGS~~ BLM forms will be used in lieu of Division forms by operators of wells on Federal land:

<u>USGS BLM Form No.</u>	<u>Title of Form</u> (Same for both agencies)	<u>Form No.</u>
9-331c <u>3160-3</u> (May--1963) <u>(Nov. 1983)</u>	APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK	C-101
9-331 <u>3160-5</u> (May-1963) <u>(Nov. 1983)</u>	SUNDRY NOTICES AND REPORTS ON WELLS	C-103
9-330 <u>3160-4</u> (Rev.-5-63) <u>(Nov. 1983)</u>	WELL COMPLETION OR RECOMPLETION REPORT AND LOG	C-105

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

After a well is completed and ready for pipeline connection, Division Form C-104 shall be filed 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 this 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.

Failure to comply with the provisions of this rule will result in the cancellation of Form C-104 for the affected well or wells.

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 20, 1988

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

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- CASE 9502: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1 to reflect the department name change to Energy, Minerals and Natural Resources Department.
- CASE 9503: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rules 4 and 1128 to reflect the correct Federal agency name and form numbers required on Federal land.
- CASE 9504: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rules 301, 503, and 506. The Division seeks the amendment of said rules to provide for changes in the oil proration schedule including issuing said schedule twice a year instead of three times a year.
- CASE 9505: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rules 1100 and 1123. The Division seeks the amendment of said rules to eliminate the requirement to file Form C-123 for pool extensions.
- CASE 9506: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1102 to eliminate the requirement for certification by a registered engineer on Form C-102.
- CASE 9507: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rules 1103 and 1104. The Division seeks amendment of said rules to reflect a change in language from "ownership" to "operator" of drilling and producing wells.
- CASE 9508: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1301 to reflect changes in district mailing addresses and to show district phone numbers.
- CASE 9509: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the revision of Division Forms C-101, C-102, C-103, C-104, C-105, C-115, C-116, C-120-A, C-123, C-133, and the Southeast Packer Leakage Form.
- CASE 9396: (Continued from September 15, 1988, Commission Hearing.) (De Novo)

Application of BCO, Inc. for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order modifying the standard 40-acre spacing requirements for its State "J" Well No. 1 located 540 feet from the North line and 820 feet from the East line (Unit A) of Section 16, Township 23 North, Range 7 West, which is presently completed as an oil well in both the Undesignated Lybrook-Gallup Oil Pool and Graneros formation (DHC-672) and dedicated to the NE/4 NE/4 of said Section 16, by: (a) permitting dedication of an additional 40 acres (NW/4 NE/4) to said unit, thereby forming a non-standard 80-acre oil spacing and proration unit consisting of the N/2 NE/4 of said Section 16; and (b) said order to be made retroactive to the date of first production, October 13, 1987. Said well is located in Lybrook, New Mexico.

Upon application of BCO, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

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BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9503</u>	Exhibit No. <u>1</u>
Submitted by _____	
Hearing Date _____	

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BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9503</u>	Exhibit No. <u>1-A</u>
Submitted by _____	
Hearing Date _____	

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<u>BLM Form No.</u>	<u>Title of Form</u>	<u>Form No.</u>
	(Same for both agencies)	
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3160-5 (Nov. 1983)	SUNDRY NOTICES AND REPORTS ON WELLS	C-103
3160-4 (Nov. 1983)	WELL COMPLETION OR RECOM- PLETION REPORT AND LOG	C-105

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 9503
Submitted by _____
Hearing Date _____

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RULE 1128. FORMS REQUIRED ON FEDERAL LAND

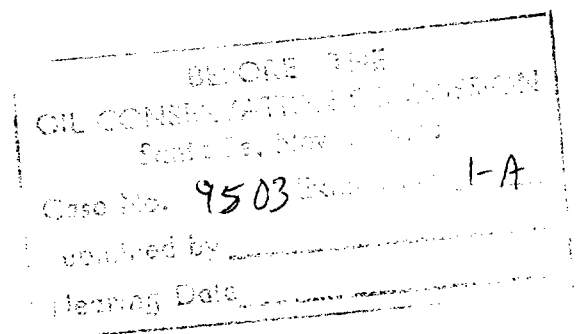
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October 17, 1988

INTER-OFFICE CORRESPONDENCE / SUBJECT:

Proposed Changes to the NMOCD
Statewide Rules

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9502-9509</u>	Exhibit No. <u>1</u>
Submitted by <u>Phillips</u>	
Hearing Date <u>10/20/88</u>	

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.

Proposed Changes to the NMOCD
Statewide Rules
October 17, 1988
Page 2

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.

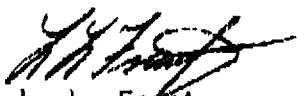
This will make Temporary Abandonment and Plugging and Abandonment requirements the same.

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.



L. L. Frantz
Odessa Office

LLF:LMS:sdb
REG3:changes1