

Entered April 16, 1970
A.S.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO CONSIDER THE REVISION OF RULES 503, 505 (i), 701 E 4, 1121, AND FORM C-121 TO PERMIT BIMONTHLY HEARINGS FOR THE DETERMINATION OF OIL ALLOWABLES AND ISSUANCE OF OIL PRORATION SCHEDULES.

CASE No. 4293
Order No. R-3933

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 14, 1970, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of April, 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 certain existing rules and regulations of the New Mexico Oil Conservation Commission require setting the allowable production of oil and the issuance of oil proration schedules each month.

(3) That it is feasible and will not result in waste nor impair correlative rights for the Commission to set the allowable production of oil and issue proration schedules bimonthly.

(4) That the administrative burden upon purchasers of crude oil and upon the Commission will be substantially lessened if oil allowable hearings are held and proration schedules are issued bimonthly.

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(5) That in order to ease the administrative burden upon the purchasers and the Commission and to enable the Commission to more efficiently and economically administer the laws of the State of New Mexico concerning the prevention of waste and the protection of correlative rights, Rules 503 (a), 503 (b), 503 (c), 505 (i), 701 E 4, 1121, and Form C-121 should be revised to permit the establishment of the oil allowable and the issuance of the oil proration schedules bimonthly.

IT IS THEREFORE ORDERED:

(1) That Rules 503 (a), 503 (b), 503 (c), and 505 (i) of the New Mexico Oil Conservation Commission Rules and Regulations are hereby amended to read in their entirety as follows:

RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL

(a) The Commission shall meet between the 13th and 20th day of each even-numbered month at open hearing for the purpose of determining the amount of oil to be produced daily from all oil pools for each of the following two calendar months.

(b) The exact date, time, and place of each such meeting for each calendar year shall be established and notice thereof given by publication during December of the preceding year.

(c) The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced daily from all oil pools during each of the following two months. The amount so determined shall be allocated among the various pools in accordance with existing regulations governing each pool, and effective the first day of each odd-numbered month, the Commission will issue a proration schedule covering two consecutive proration periods and authorizing the production of oil from the various units in allocated pools in strict accordance with the schedule. Any well completed on or after the first day of a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 505. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well

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is completed; otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplement to the proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period or periods.

RULE 505. OIL PRORATION

(i) The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule, with the exception that any newly completed or recompleted well on which Form C-104 is approved after the bimonthly proration schedule has been prepared shall be authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplement to the proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

(2) That Rule 701 E 4 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended by deleting therefrom the following-quoted words:

First line - "Each month"

(3) That paragraph one of Rule 1121 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its entirety as follows:

RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's bimonthly statewide oil allowable hearing. Nominations shall be filed by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

(4) That Commission Form C-121, Crude Oil Purchaser's Nomination, is hereby revised as shown on Exhibit 1 attached hereto and made a part hereof.

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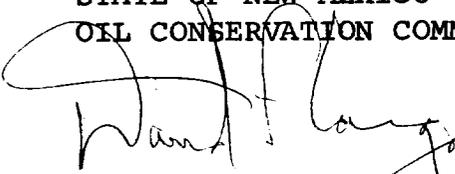
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(5) That this order shall become effective June 1, 1970.

(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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NEW MEXICO OIL CONSERVATION COMMISSION

Form C-121
Revised 6-1-70

CRUDE OIL PURCHASER'S NOMINATION

Acting in accordance with the request of the New Mexico Oil Conservation Commission that Crude Oil Purchase Nominations be submitted not later than five days prior to said Commission's statewide proration hearing on nominations for the succeeding months, the undersigned purchaser's daily nomination for the months of _____ and _____, 19____, is as follows:

- 1. All purchases from producing wells in all pools in Eddy, Lea, Chaves and Roosevelt Counties (1) _____ Bbls./day
- 2. All purchases from producing wells in all pools in San Juan, McKinley, Sandoval, and Rio Arriba Counties (1) _____ Bbls./day
- 3. Total nomination for all producing wells in state _____ Bbls./day
- 4. Additional purchases from all other sources to satisfy purchase requirements (2) _____ Bbls./day
- 5. Total Nominations _____ Bbls./day

NOTES:

- (1) - List Nominations by pools on an attached sheet.
- (2) - List Sources and Quantities on an attached sheet.

(Name of Purchasing Company)

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

Signed _____ Title _____ Date _____

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Exhibit 1