

~~\_\_\_\_\_~~  
Casa No.

308

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Application, Transcript,  
Small Exhibits, Etc.

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## SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN  
VICE PRESIDENT

E. A. JENKINS  
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

July 10, 1952

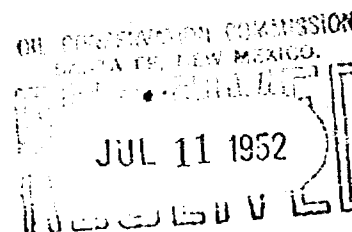
W. P. WHITMORE  
CHIEF PETROLEUM ENGINEER

G. W. SELINGER  
PROVATION ATTORNEY

J. H. MCCULLOCH  
CHIEF CLERK

Re: Gas-Oil Ratio  
Pool Limits

Mr. R. R. Spurrier  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico



Dear Sir:

We are in receipt of Order No. R-98-A in Case 308, which is styled "Application of the Oil Conservation Commission of the State of New Mexico on its own motion to revise certain sections and provisions of Order No. 850", and we wish to direct your attention to one phase of this order with respect to Rule 506 applicable to gas oil ratios, and particularly Appendix B which lists a number of fields in the State of New Mexico indicating a gas-oil ratio limit.

We are at a loss to understand the changes made in Appendix B applicable to gas-oil ratios under Rule 506, in view of the last word that we had from Mr. W. B. Macey, Chief Engineer of the Oil Conservation Commission, in which was stated that a statewide gas-oil ratio hearing was to be held in August. We have particularly in mind those fields which have for the past 8 to 10 years been exempt from any limited gas-oil ratios. Under Order No. 633, which was a result of some 8 to 10 hearings held by the Commission and innumerable operators meetings held under the auspices of the Lea County Operators Committee, a considerable amount of investigation was had which resulted in the following fields being exempt from any limiting gas-oil ratio because of circumstances peculiar to those particular pools and reservoirs. These pools are: Hardy, Penrose Skelly, Langlie Mattix, Rhodes, Cooper Jal and South Eunice in Lea County and Scanlon in Eddy County.

Under your Appendix B, some of these fields are not listed and therefore are presumed to be not limited by any particular gas-oil ratio, but others are listed under Appendix B and we wish to protest the Commission's action in issuing Order No. R 98-A insofar as it establishes a limiting gas-oil ratio on those pools heretofore exempt from the terms of Appendix B, issued pursuant to Rule 506 without a hearing and without any presentation of information concerning those pools.

Mr. R. R. Spurrier  
Santa Fe, New Mexico

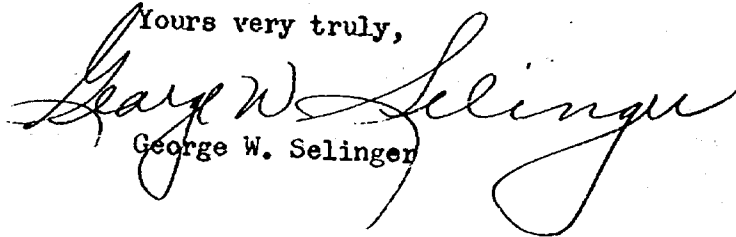
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July 10, 1952

As you probably are aware, we operate the largest number of wells in the Penrose Skelly Area and we specifically have this field in mind in objecting to Appendix B including these fields, and particularly the Penrose Skelly Field in the list of fields carried under Appendix B of Rule 506 in Order No. R 98-A.

We earnestly, therefore, request that this phase of the order be held up pending an open hearing in which notice is given to all operators so that they may be aware of the matter coming up for a hearing.

Yours very truly,

  
George W. Selinger

GWS:dd

cc: Mr. Dunlavy

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

February 26, 1952

C  
O  
P  
Y

Mr. S. G. Stolts  
Cities Service Oil Company  
Hebbs, New Mexico

Dear Sam:

I should like to thank you for the time and great amount of energy which you have spent in revising our rules and regulations.

The Commission also would like to extend their thanks for your cooperation and thoroughness in studying and recommending the changes as set forth in Case 308.

Sincerely,

RRS:W

Secretary and Director

cc: Mr. Dan Bodie

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

February 26, 1952

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Y

Mr. Jerry Jernigan  
Fullerton Oil Company  
Hobbs, New Mexico

Dear Jerry:

I should like to thank you for the time and great amount of energy which you have spent in revising our rules and regulations.

The Commission also would like to extend their thanks for your cooperation and thoroughness in studying and recommending the changes as set forth in Case 3081.

q

Sincerely,

RRS:W

Secretary and Director

cc: Mr. Kenneth Midkiff  
Division Prod. Supt.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

January 25, 1952

C  
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Y

Mr. F. C. Brown, Chairman  
Joint Committee New Mexico O. C. C.  
Rules and Regulations  
Shell Pipe Line Corporation  
Houston, Texas

Dear Mr. Brown:

I should like to thank you for the time and great amount of energy which your committee has spent in revising our rules and regulations.

The Commission would appreciate it if you would extend our thanks to the committee members for their co-operation and thoroughness in studying and recommending the changes as set forth in Case 308.

Sincerely,

RRS:W

Secretary and Director

cc: Pete Porter

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

February 11, 1952

*Case 308*

C

MEMORANDUM TO: All Crude Oil Purchasers

O

According to the decision of the Commission at the last hearing, purchasers may nominate by affidavit, i. e., in writing.

P

We do not feel it is necessary to designate a particular purchaser to testify on the general demand picture and will assume that one purchaser among you will be present to testify verbally on the witness stand.

Y

OIL CONSERVATION COMMISSION

*R. R. Gouvier*  
Secretary and Director

RRS:W

cc: Governor Edwin L. Mechem  
Land Commissioner Guy Shepard



# CONTINENTAL OIL COMPANY

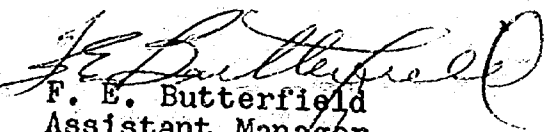
Ponca City, Oklahoma  
January 2, 1952

State of New Mexico  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

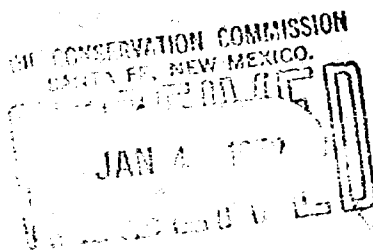
Gentlemen:

In conjunction with your request that Continental Oil Company be represented at your regular allowable hearings in order to submit verbal testimony, we would appreciate notification of date of each monthly hearing.

Yours very truly,

  
F. E. Butterfield  
Assistant Manager  
Crude Oil Trading Department

FEB-VP



PIONEERING IN PETROLEUM PROGRESS SINCE 1875



OIL CONSERVATION COMMISSION  
HOBBS, NEW MEXICO

RS

208

December 26, 1951

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.  
RECEIVED  
JAN 2 1952

Mr. F. C. Brown  
Box 2648  
Houston, Texas

Dear Sir:

With permission from Mr. Spurrier, I am publishing the January proration schedule in essentially the same form as that recommended by your committee, since this change does not require a revision in the rules. This will determine how much time and material can be saved by publishing the proration schedule in the condensed form before the next hearing.

After a thorough study of the matter I am firmly convinced that it will be to our advantage to continue the publication of a monthly proration schedule. I have come to this conclusion after a study of the number of requests for changes in allowables at the beginning of and during proration periods. These requests as a rule are occasioned by workers and the fact that the field personnel of some of the operators are required to account for shortages in production. These requests would necessitate hundreds of supplementary schedules. In addition to these there would be many supplements each month covering entire pools on the basis of gas oil ratio surveys. The issuance and tabulation of all these supplements would involve more work than publishing a monthly schedule and would render it practically impossible to maintain a balanced work schedule.

If we can save as much time and effort by publishing a condensed schedule as I anticipate I believe we can publish it each month in time to be distributed by the time it becomes effective. This would require two changes:

1. The Commission would establish Normal Unit Allowable between the 15th and 20th of the month.
2. Strict compliance with the provision for filing form O-115 by the 20th of the month.

I am also convinced that the well nomination column in form O-115 should be retained. To the person making up the proration schedule this form supplies the information necessary (the latest production figures and the operators nominations) to intelligently assign allowables.

C  
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Y

Mr. Brown OIL CONSERVATION COMMISSION December 26, 1951

HOBBS, NEW MEXICO  
With your permission I would like to rewrite the rules on pro-  
ration and allocation (501 through 507) and present the revision  
to the committee at its next meeting. If it is acceptable to the  
committee such time would be saved that could be devoted to the  
other rules under consideration. It might be that other members  
of the committee could devote some time to the other rules involved.  
I would like for this committee to be able to present something  
to the Commission at the next hearing that they can put into the  
form of an order. I believe you can understand my anxiety concern-  
ing this case when you consider that I have been working on it since  
September 1st.

I shall be awaiting your reply with interest.

Yours very truly,

A. L. Porter, Jr.  
Proration Manager

ALP/mw

cc: Mr. R. R. Spurrier

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REPORT OF COMMITTEE ON PROPOSED CHANGES  
IN RULES 501 TO 507, INCLUSIVE

Case 308

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.

11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

J. O. SETH, Chairman

JACK CAMPBELL

A. L. PORTER, JR.

GLENN STALEY

JUSTIN P. NEWMAN

JASON KELLAHIN

FOSTER MORRELL (Advisory)

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.  
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following <sup>proration period.</sup> The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00<sup>A.M.</sup> on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the



RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (c) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL	PROD. GOR	* Effective G.O.R.	
			<u>NORTH DRINKARD</u>						
			G.O.R. limit 2,000						
Top allowable 94									
JOHN DOE CO.									
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570	TNM
"	2-Q	"	94	2914	2632	4/51	97	1475	"
"	3-R	"	94	2914	2632	4/51	100	1400	"
"	4-H	"	7	217	196	5/51	7	TSTM	"
"	5-M	"	94	2914	2632	4/51	98	1790	"
"	6-A	"	35	1085	980	5/51	40	1940	"
TOTAL	6		357	11067	9996				

(SUGGESTED FORM)

FORM C-124

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
WELL NOMINATION FORM

The following are the nominations for all the producing oil wells of \_\_\_\_\_  
for the proration period \_\_\_\_\_ (Company or Operator)  
(Months) 19 \_\_\_\_\_

POOL	LEASE	WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	DAILY NOMINATIONS	REMARKS

Representing: \_\_\_\_\_ (Company or Operator) Signed: \_\_\_\_\_  
Address: \_\_\_\_\_ Position: \_\_\_\_\_  
Date: \_\_\_\_\_

(Instructions on reverse side)

### INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.  
Proration Manager



(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following proration period. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00<sup>A.M.</sup> on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 50; CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceeding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (c) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD.	GOR	P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
<b>TOTAL</b>	<b>6</b>		<b>357</b>	<b>11067</b>	<b>9996</b>			



(SUGGESTED FORM)

FORM C-124

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
WELL NOMINATION FORM

The following are the nominations for all the producing oil wells of \_\_\_\_\_  
for the proration period \_\_\_\_\_ 19 \_\_\_\_\_  
(Company or Operator)  
(Months)

POOL	LEASE	WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	DAILY NOMINATIONS	REMARKS

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_  
(Company or Operator)

Position: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

REPORT OF COMMITTEE ON PROPOSED CHANGES  
IN RULES 501 TO 507, INCLUSIVE

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

- 6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.

11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

J. O. SETH, Chairman

JACK CAMPBELL

A. L. PORTER, JR.

GLENN STALEY

JUSTIN P. NEWMAN

JASON KELLAHIN

FOSTER MORRELL (Advisory)

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.  
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following / <sup>proration period.</sup> The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00<sup>A.M.</sup>/on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

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No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

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1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the



RULE 50 $\frac{1}{2}$  CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulas:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the ~~respective units~~ in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD.	GOR	P.L.
<u>NORTH DRINKARD</u>								
Top allowable $\frac{9}{4}$			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	$\frac{9}{4}$	2914	2632	4/51	97	1475 "
"	3-R	"	$\frac{9}{4}$	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	$\frac{9}{4}$	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

(SUGGESTED FORM)

FORM C-124

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
WELL NOMINATION FORM

The following are the nominations for all the producing oil wells of \_\_\_\_\_  
(Company or Operator)  
for the proration period \_\_\_\_\_ 19\_\_  
(Months)

POOL	LEASE	WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	DAILY NOMINATIONS	REMARKS

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_  
(Company or Operator)

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

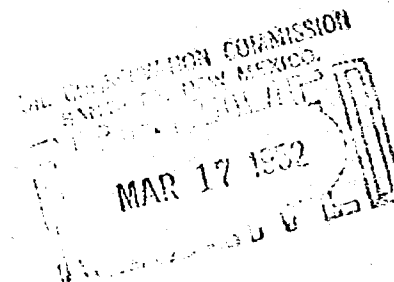
RS

New Mexico  
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM  
CHAIRMAN  
LAND COMMISSIONER GUY SHEPARD  
MEMBER  
STATE GEOLOGIST R. B. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1548  
HOBBS, NEW MEXICO  
March 14, 1952



Oil Conservation Commission  
W. B. Macy, Chief Engineer  
Box 871  
Santa Fe, New Mexico

Dear Bill:

After our telephone conversation of this morning Bob and I decided that it would be better for us if we hold the session on Case 308 on Wednesday instead of waiting until the Hearing is over for the reasons that there is no way of telling how long the hearings will last and if the session is held on Wednesday we might be able to get back to our offices by Friday morning, otherwise we would be away from Wednesday until Monday. We feel that it is altogether possible that a full day may be needed on Case 308.

If it is convenient for you and the other personnel of the Santa Fe office to meet on Wednesday, please advise by wire and I will notify Mr. Hanson.

Yours very truly,

OIL CONSERVATION COMMISSION

*A. L. Porter, Jr.*  
A. L. Porter, Jr.  
Proration Manager

ALP/cd



(Case 308)

WOM

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 13, 1952

C

Mr. A. L. Porter, Jr.  
Box 2045  
Hobbs, New Mexico

O

Dear Pete:

Bill Macey and I have been thinking that it might be advisable for you and Mr. Hanson to prolong your stay in Santa Fe next week in order to be here on Friday (March 21) after the hearing, in order that we might have time to discuss the revisions proposed in Case 308. We will appreciate your doing so, if this is convenient.

P

Sincerely,

Y

IRF:mf

cc: Mr. L. A. Hanson  
Arbacia

F

REPORT OF COMMITTEE ON PROPOSED CHANGES  
IN RULES 501 TO 507, INCLUSIVE

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted. *60 days - no runne (over & short)*

- 6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for <sup>oil</sup> ~~gas~~) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced. *Test all wells*

11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential. *Survey & hearing*

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

*Transporter  
Shall be by 5th*

J. O. SETH, Chairman

JACK CAMPBELL

A. L. PORTER, JR.

GLENN STALEY

JUSTIN P. NEWMAN

JASON KELLAHIN

FOSTER MORRELL (Advisory)

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO

October 10, 1951

Mr. J. O. Seth  
Box 828  
Santa Fe, New Mexico

Dear Sir:

I am enclosing a copy of my recommendations concerning the revision of the rules governing proration and allocation. These proposals suggest a two calendar month proration period which would allow us to publish and distribute the proration schedule prior to the beginning of a proration period. I believe this would take care of your suggestion in the second paragraph of your letter.

The committee meeting called for October 22 in the office of the Oil Conservation Commission at Santa Fe waits no fine, since I will have to be there for the by-ring on the 25th anyway.

Yours very truly,

A. L. Porter, Jr.  
Proration Manager

ALP/w

cc/Mr. Glenn Staley  
Mr. Justin Norman  
Mr. Foster Morrell  
Mr. Jack Campbell  
Mr. Jason Kallahan  
Mr. R. R. Spurrier

C  
O  
P  
Y

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

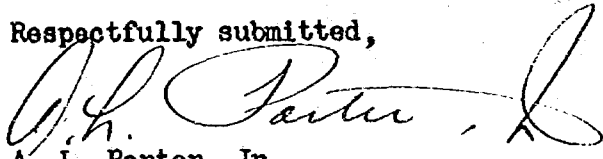
I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

  
A. L. Porter, Jr.  
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following <sup>proration period.</sup> The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile <sup>see well report</sup> a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00 <sup>A.M.</sup> on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.)

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the



RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the <sup>on the report</sup> Manager of Probation, on the basis of the latest available production figures. <sup>3 months?</sup> The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool.

In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (b) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

#### Recommendations For G.O.R. Survey Schedule

Since the rules governing gas oil ratio tests affect proration it is recommended that a gas oil ratio survey schedule for the allocated pools of Southeastern New Mexico be adopted by the Commission; Such survey to become effective January 1st, 1952.

Rule 301 (a) provides that no well shall be given an allowable greater than the amount of oil produced on official G. O. R. test during a 24 hour period. It is further recommended, therefore, that a test be required of each producing oil well, regardless of whether or not there is a limiting gas oil ratio for the pool in which it is located.

Beginning with the first survey period of 1952, the date of test, the amount of oil produced on test and the gas oil ratio for each unit should be shown on the proration schedule as illustrated on the attached page of the proposed proration schedule.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR	P.L.
<u>NORTH DRINKARD</u>							
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.	
JOHN DOE CO.							
Smith	1-P	3-21-37	33	1023	924	4/51 46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51 97	1475 "
"	3-R	"	94	2914	2632	4/51 100	1400 "
"	4-H	"	7	217	196	5/51 7	TSTM "
"	5-M	"	94	2914	2632	4/51 98	1790 "
"	6-A	"	35	1085	980	5/51 40	1940 "
TOTAL	6		357	11067	9996		

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
WELL NOMINATION FORM

The following are the nominations for all the producing oil wells of \_\_\_\_\_  
(Company or Operator)  
for the proration period \_\_\_\_\_ 19\_\_\_\_\_  
(Months)

POOL	LEASE	WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	DAILY NOMINATIONS	REMARKS

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_ Position: \_\_\_\_\_  
                                  (Company or Operator)

Address: \_\_\_\_\_ Date: \_\_\_\_\_

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.



①  
Add the following at the end of Rule 503 (b):

RULE 503

After the statewide allowable shall have been fixed at each of the foregoing meeting, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval.

New Mexico

Case 308

OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM  
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD  
MEMBER

STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1545  
HOBBS, NEW MEXICO

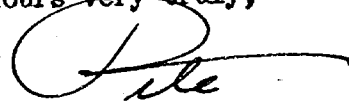
February 6, 1952

Mr. R. R. Spurrier  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

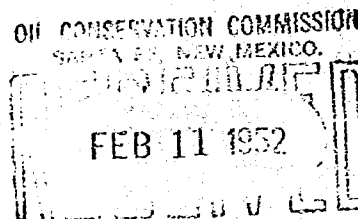
In a conversation with Mr. Frank Brown, Chairman of the Rules Committee, yesterday, I suggested that it might be well that he and possibly other members of the Committee attend the Hearing on the 21st. He agreed and stated that he would be glad to attend but that it would be necessary for you to give him a wire requesting his attendance.

Yours very truly,



A. L. Porter, Jr.  
Proration Manager

ALP/hs



DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent at a full rate telegram	
<input checked="" type="checkbox"/> FULL RATE TELEGRAM	SERIAL
<input type="checkbox"/> DAY LETTER	<input type="checkbox"/> NIGHT LETTER

# WESTERN UNION

1200

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
<input type="checkbox"/> FULL RATE	<input type="checkbox"/> DEFERRED
<input type="checkbox"/> CODE	<input type="checkbox"/> NIGHT LETTER

W. P. MARSHALL, PRESIDENT

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			Oil Conservation Commission	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, N. M. FEBRUARY 11, 1952

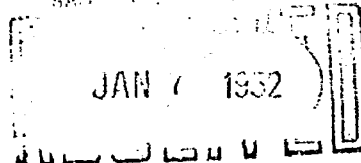
MR. FRANK C. BROWN  
SHELL PIPE LINE CORPORATION  
HOUSTON, TEXAS

THE COMMISSION WOULD APPRECIATE YOUR ATTENDANCE  
AT THE FEBRUARY 21 HEARING IN SANTA FE TO AID IN REVISING  
PRORATION RULES.

R. R. SPURRIER, DIRECTOR

January 3, 1952

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.



Mr. A. L. Porter, Jr.  
Preparation Manager  
New Mexico Oil Conservation Commission  
P. O. Box 1545  
Hobbs, New Mexico

Dear Mr. Porter:

Many thanks for your letter of December 26, 1951.

As stated in phone conversation with you December 31, I feel that your conclusions on the preparation schedule are entirely sound. Any departures from the Committee's recommendations in the publication and issuance of schedules that are helpful to you in the final internal mechanics of your most efficient office routine are satisfactory and your cooperation in this respect is appreciated.

A letter is going forward to all members of the Joint Committee today assigning all sections of the Rules and Regulations mentioned in Case No. 308 to the various members for study and rewrite. You have been assigned Rules 501 through 507 as per your request. The definitions have also been assigned for re-write when necessary.

This will give all subcommittees an opportunity to work on their assignments prior to a preliminary meeting which has been called for January 16 in Santa Fe.

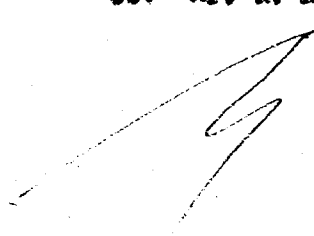
It is my hope that we will be able to finalize all of 308 for presentation to the Commission before the 22nd with an order for adoption.

Yours very truly,

  
F. C. Brown

FCB:il

cc: Mr. R. R. Spurrier



SUGGESTED REVISION OF RULE 503, PARAGRAPH D

Upon written application by the operator the allowable on any marginal unit, not limited by an excessive gas oil ratio, may be increased during any proration period up to and including the amount of oil produced on the latest official gas oil ratio test; or up to and including top allowable for the pool in which it is located; whichever is the lesser. The revised allowable shall be set forth in a supplementary proration schedule to become effective at 7 A. M., upon the date the application is filed.



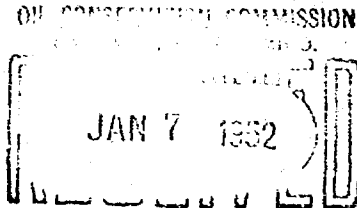
# SHELL PIPE LINE CORPORATION

SHELL BUILDING

HOUSTON 1, TEXAS

January 2, 1952

TELEPHONE CAPITOL 1181



Members Joint Committee, Pipe Line and Production  
State of New Mexico, Oil Conservation Commission

Gentlemen:

This will refer to Mr. Spurrier's memorandum of December 27, 1951 addressed to several members of the Production and Pipe Line Committees, in which he asked that a Joint Committee be formed to make final recommendations at the January 22 hearing on Case No. 308.

Accordingly, Judge Seth, Chairman of the Production Committee, has asked me to act as temporary Chairman of the Joint Committee in making the following assignments to members for study, rewrite, clarification, and extensions of rules and regulations, as contained in Case No. 308.

Will you gentlemen work on your several assignments individually and bring your findings to a preliminary meeting to be held in Santa Fe on Wednesday January 16, 9 a.m. La Fonda Hotel. Between this date and the 22nd, (Statewide Hearing) you as subcommittees will have the opportunity of meeting together for final discussion of your views before presentation to the Committee.

- (1) Section "G" Rules 501-507, Inc. Mr. Porter.
- (2) Section "H" Rules 601-605, Inc. Messrs. Anderson, Campbell, Hunter, Blymn.
- (3) Section "J" Rules 801-803, Inc. Messrs. Staley, Wilbur, Goodwin, Brown.
- (4) Section "M" Rules 1101-1125 Inc. Messrs. Pennington, Thorpe, Staley, Brown.
- (5) Section "N" Rules 1201-1212 Inc. Messrs. Wilbur, Staley, Thorpe, Blymn.
- (6) Section "O" Rules 1301-1304 Inc. Messrs. Hunter, Pennington, Anderson, Brown.
- (7) Definitions: Messrs. Wilbur, Goodwin, Thorpe, Campbell.

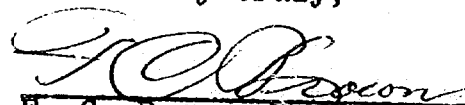
Any other suggestions or ideas not specifically mentioned above should be brought up at this preliminary meeting.

Since some of us are on more than one sub-committee, meetings will be so scheduled as to avoid any conflict.

Please feel free to call upon me if I can be of any help on these matters.

Thanking you, I am

Yours very truly,



F. C. Brown, Temporary Chairman  
Joint Committee New Mexico O.C.C.  
Rules Regulations.

Copies to Joint Committee Members  
Mr. R. R. Spurrier

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

December 27, 1951

MEMORANDUM TO: F. C. Brown  
J. O. Seth  
C. J. Goodwin  
C. G. Staley  
Jack M. Campbell  
A. L. Porter, Jr.  
O. E. Hunter  
D. B. Anderson  
R. S. Blymn

The Commission has chosen four members from each of the production and pipeline committees, plus R. S. Blymn, to serve on a combined committee to make final recommendations at the January 22, 1952 hearing in Case No. 308.

The Committee will choose their own chairman and set dates for any meetings before the hearing.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*R. L. Gourrier*  
Secretary and Director

C  
O  
P  
Y



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Case 308

November 21, 1951

Mr. J. O. Seth  
SETH AND MONTGOMERY  
Santa Fe, New Mexico

Dear Judge Seth: RE: OCC Case 308

The Commission has received a letter from Mr. F. C. Brown, chairman of the pipe line committee of New Mexico on the Oil Conservation Commission's Rules and Regulations.

Mr. Brown informs us that a committee has been appointed to consider the proposed changes contemplated in Case 308 and will make every effort to present its recommendations prior to our December 20 hearing.

I will see that you have an opportunity to look over these recommendations as soon as they are received.

Yours very truly,

Jason Kellahin, Attorney

JK:nr

C  
O  
P  
Y

Does Seth know  
these recommendations  
are coming

Case 308



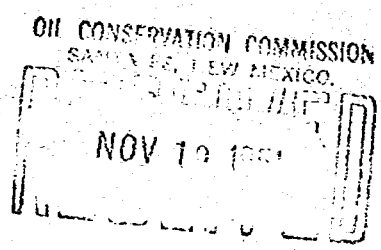
# SHELL PIPE LINE CORPORATION

SHELL BUILDING

TELEPHONE CAPITOL 1181

HOUSTON 2, TEXAS

November 16, 1951



Mr. R. R. Spurrier, Secretary  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Spurrier:

In line with conversation with Mr. Graham in Santa Fe recently and your phone conversation of a few days ago in which you asked me to contact the various pipe line companies operating in New Mexico, requesting that they submit to me recommendations and suggestions on the proposed revisions in rules and regulations as contained in the Commission Case No. 308.

Accordingly, I have asked Mr. A. D. Wilbur of Humble Pipe Line Company, Houston, to act as Vice Chairman of the committee. The following named gentlemen have agreed to serve with us as a committee:

- Mr. E. V. Allen, Artesia Pipe Line Co., Box 367, Artesia, N. M.
- Mr. T. E. Loper, Atlantic Pipe Line Co., Box 2819, Dallas, Tex.
- Mr. J. J. Thorpe, Gulf Refining Co., Pipe Line Div., Ft. Worth, Tex.
- Mr. M. S. Priddy, or alternate, Magnolia Pipe Line Co., Dallas, Tex.
- Mr. D. B. Anderson, Malco Pipe Line Co., Box 660, Roswell, N. M.
- Mr. F. L. Beissner, M & C Pipe Line Co., 1904 Alamo Nat. Bldg., San Antonio, Texas
- Mr. D. M. Hankins, Mextex Pipe Line Company, Box 6666, Odessa, Tex.
- Mr. E. W. Allen, N. M. A. & R. Co., Box 367, Artesia, N. M.
- Mr. O. E. Hunter, or alternate, Service Pipe Line Co., Tulsa, Okla.
- Mr. C. J. Goodwin, Texas-New Mexico Pipe Line Co., Houston, Tex.
- Mr. E. W. Allen, Neil Wills, Box 367, Artesia, N. M.

Every effort will be made by the committee to complete its work for presentation to you and your associates at a meeting in Santa Fe well in advance of the regular December 20th hearing. This will give the committee the opportunity of working with you on its suggestions and recommendations, prior to your final submission to the Commission.

Trusting the above is satisfactory and assuring you of our cooperation at all times, I am,

Yours very truly,

F. C. Brown, Chairman  
Pipe Line Committee, New Mexico  
O.C.C. Rules and Regulations

- cc - Mr. A. D. Wilbur, Vice Chairman,  
c/o Humble Pipe Line Company,  
Humble Bldg., Houston, Texas
- cc - All Committee Members Named Above

RS



SHELL OIL COMPANY

SHELL BUILDING

P. O. BOX 2099

HOUSTON 1, TEXAS

January 3, 1952

Hon. Guy Shepard  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Guy:

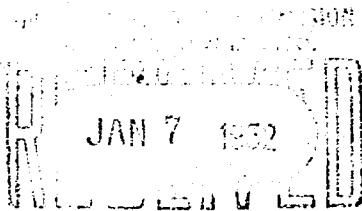
I received your "Memorandum To: Crude Oil Purchasers" issued by the Commission under date of December 19, 1951. It is my understanding that your January, 1952 hearing will be held on Tuesday the 22nd. Not know exactly what verbal testimony you folk may have in mind to be presented at your monthly statewide hearing, I plan on making the hearing of the 22nd so that we may be in position to fully cooperate.

If you and Dick can so arrange, I would appreciate having lunch with you at the La Fonda Monday, January 21, at which time we can not only talk business but reminisce. Should the Governor care to come along, I will be more than pleased to have him join us.

Very truly yours,

O. D. Crites, Manager  
T. & S.-Crude Oil Department

cc: Hon. R. E. Spurrer, Secretary  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico



COPY

ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL  
CHARLES F. MALONE

J. F. WHITE BUILDING  
ROSWELL, NEW MEXICO  
January 12, 1952

Mr. F. C. Brown,  
Shell Pipe Line Corporation,  
Shell Building,  
Houston 2, Texas.

Dear Mr. Brown:

I have your letter of January 2 in which you have made assignments to various members of the Joint Committee appointed by the Commission to consider matters in Case No. 308.

In connection with Section "H" Rules 601-605, it is my opinion that no changes should be recommended or made at this time. The Commission has not yet seen fit to apply the gas proration statutes or regulations and until such action is contemplated, and the gas purchasers have had a full opportunity to be heard, I do not favor precipitating any unnecessary discussion by recommending changes. It is my recollection that at the time the rules were amended the Committee then working upon them undertook to follow closely the statutory provisions when framing Section "H", Rules 601-605.

Insofar as the "definitions" are concerned, which is the other subcommittee to which I have been designated, I feel it is impossible for definitions to be revised until the various rule changes have been agreed upon. At such time as the Committee feels that it is ready for a report I consider that the adjustment of the definitions to the rules will be relatively simple.

In view of the above, I feel that my presence in Santa Fe on January 16 is certainly not essential and unless there is some impelling reason for my being there, I would prefer that, if it is appropriate, you simply advise the Committee of my views as expressed in this letter.

Very truly yours,

Jack M. Campbell

JMC:hl

cc. Mr. R. R. Spurrier

December 18, 1951

Mr. R. R. Spurrier  
Secretary & Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Spurrier:

In response to your request, a committee has been appointed and met and as a result makes the following recommendation with respect to Case No. 308 advertised for hearing December 20, 1951.

Proration Schedules:

It is recommended that the Commission discontinue issuing a proration schedule each month and in lieu thereof that the Commission issue new proration schedules only at such times as there is a change in the total state allowable which would necessitate a change in the top per well allowable, and that such schedules when issued continue in effect until further ordered.

It is also recommended that the form of the proration schedule be revised and that future schedules show only:

1. The name of the field.
2. The effective date of the schedule.
3. The top unit allowable for the field.
4. The name of the operator.
5. The name of the Lease.
6. The unit and well number.
7. The daily allowable production for each such well.
8. The gas-oil ratio of each well.

A sample of schedule so prepared is attached.

These recommendations do not contemplate any change in the definition of the "proration period" as shown in Order 850 or the procedure for monthly hearings. It is recognized, however, that it may be necessary for the Commission to hold hearings earlier each month, particularly at such times as there is a change in the state allowable production necessitating the issuance of a new proration schedule.

Rule 503

The adoption of the above recommendations will necessitate some revisions of Sections (a), (b) and (c) of Rule 503.

It is recommended that Section (e) of Rule 503 as amended by Order No. R 39 be eliminated from the rules as adopted by Order 850.

It is also recommended that Section (f) of Rule 503 be eliminated as recommended by Mr. A. L. Porter.

### Rule 1114

It is recommended that Rule 1114 be amended as follows:

#### **Rule 1114: Application For Authority to Connect and Authorization to Transport Oil and Natural Gas.**

- (a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute under oath, in quadruplicate, and file with the Commission an application for Authority to Connect and Authorization to Transport Oil, Natural Gas, or Liquid Hydrocarbons, Form C 110 setting forth fully thereon the data and information indicated by such form covering each lease in the state of New Mexico from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.
- (b) Whenever there shall occur a change in operating ownership of any producing lease or any part thereof or whenever there shall occur a change in the transporter from any producing lease or part thereof, Form C 110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable production for one month, the producer may in lieu of filing a new Form C 110, notify the Commission and the transporter then authorized to transport crude petroleum oil, natural gas or liquid hydrocarbons, by letter of the estimated amount of crude petroleum, natural gas or liquid hydrocarbons to be moved by the temporary transporter and a copy of such notice shall also be furnished to such temporary transporter. In no case shall the temporary transporter move any greater quantity of crude petroleum oil, natural gas or liquid hydrocarbons than the estimated amount shown in said notice.

The adoption of the above change will necessitate a revision in Form C-110 as per the attached.

It will also require a revision of C-104.

### Rule 803

It is recommended that Rule 803 be amended as follows:

#### **Rule 803. Production of Liquid Hydrocarbons From Gas Wells.**

The owner or operator of a natural gas proration unit may produce liquid hydrocarbons from such unit provided such owner or operator shall file a written application with the Commission setting forth the amount of liquid hydrocarbons to be produced from such unit and a supplemental proration schedule is issued authorizing the production of such liquid hydrocarbons.

Form C-115

It is recommended that Form C-115 "Operators Monthly Report" be filed not later than the 15th day of each month and that the Commission revise this form to such extent as may be necessary to enable the operators to file such report on the earlier date.

Rule 1213

It is recommended that the following rule be added:

Rule 1213. Revisions of Rules, Forms and Reports.

Any change in the Rules, Forms and Reports shall be made only after formal hearing before the Commission and shall be supported by evidence at such hearing.

Rule 1116

It is recommended that Section (a) of Rule 1116 be amended as follows:

Said report shall show the amounts of crude petroleum oil and liquid hydrocarbons transported from each producing lease, the owner or operator of the lease, the name of the lease from which transported; the amount of oil received from all other sources showing the person from whom received, the place of receipt, and the amount received from each person; the amount of oil delivered, to each person, the place of delivery, and the amount of oil delivered to each person; the amount of oil and liquid hydrocarbons on hand at the beginning of the month, and the amount of oil and liquid hydrocarbons on hand at the close of the month, all in accordance with the instructions contained on said Form C-112.

Rule 1125

It is recommended that Rule 1125 "Pipe Line Data Required" be eliminated.

Respectfully submitted:

F. C. Brown, Chairman  
A. D. Wilbur, Vice-Chairman  
O. E. Hunter, Secretary  
Fred H. Pennington  
J. J. Thorp  
C. J. Goodwin  
E. W. Allen  
Donald B. Anderson



OIL CONSERVATION COMMISSION

PRORATION SCHEDULE - EFFECTIVE DECEMBER 1, 1951

ARROWHEAD POOL - LEA COUNTY, NEW MEXICO

TOP UNIT ALLOWABLE

Company Lease	Well Unit	Dec. Daily G. O. R.	Company Lease	Well Unit	Dec. Daily G. O. R.
<b>Amerada Pet. Corp.</b>			<b>Gulf Oil Corp.</b>		
State PA	1-K	5	Leonard C	1-N	15
"	2-N	20	"	2-K	25
<b>TOTAL</b>	<b>2</b>	<b>25</b>	"	3-E	20
<b>Cities Service Oil Co.</b>			"	4-D	30
State M	1-M	51	"	5-C	3
"	2-L	51	"	6-F	32
" N	2-K	30	"	7-G	13
"	3-L	10	"	8-H	Shut In
"	4-M	30	" D	1-H	9
<b>TOTAL</b>	<b>5</b>	<b>172</b>	"	2-A	10
<b>Continental Oil Co.</b>			Mattern A	2-J	10
Lockhart B	1-E	51	" D	1-K	7
"	2-F	51	"	2-E	16
"	3-J	35	"	3-F	13
"	4-G	51	"	4-D	5
"	5-O	9	"	5-C	9
State J-2	1-B	36	"	6-N	8
"	2-I	51	" E	1-L	26
"	3-H	40	"	2-K	25
"	4-A	51	"	3-D	31
"	5-P	51	"	4-M	35
"	6-O	51	"	5-E	30
"	7-J	51	"	6-F	30
"	8-F	41	"	7-G	45
"	9-G	51	"	8-H	14
"	10-E	51	"	9-C	10
"	11-C	44	"	10-N	30
"	12-D	34	"	11-B	51
<b>TOTAL</b>	<b>17</b>	<b>749</b>	"	12-A	21
<b>Drilling &amp; Exploration Co.</b>			" F	1-B	16
State D	1-O	2	Ramsey, W. A.	3-O	9
"	2-J	3	"	4-P	38
<b>TOTAL</b>	<b>2</b>	<b>5</b>	"	5-I	51
			"	6-H	51
			"	7-H	25
			"	8-J	Shut In
			"	9-G	51

It is necessary that Form C-104 be approved before this form can be approved and an initial allowable be assigned to any completed oil or gas well.

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR AUTHORITY TO CONVEY/
GENERAL RELEASE OF OIL AND AUTHORIZATION
TO TRANSPORT OIL

Company or Operator..... Lease.....

Address.....
(Local or Field Office) (Principal Place of Business)

Pool..... County.....

Kind of Lease..... Location of Tanks.....

Transporter..... Address of Transporter.....
(Local or Field Office)

Percent of oil to be transported..... Other transporters authorized
(Principal Place of Business)

to transport oil from this unit are.....%

REMARKS:

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the..... day of....., 195.....

(Company or Operator)

By.....

Title.....

Approved:....., 195.....

OIL CONSERVATION COMMISSION

By.....

(See Instructions on Reverse Side)

## INSTRUCTIONS

Form C-110

This form shall be executed and filed in quadruplicate with the District Office of the Oil Conservation Commission, covering each unit from which oil or gas is produced. A separate certificate shall be filed for each transporter authorized to transport oil or gas from a unit. After said certificate has been approved by the Oil Conservation Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Oil Conservation Commission.

A new certificate shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one proration period, the operator shall in lieu of filing a new certificate, notify the Oil Conservation Commission District Office, and the transporter authorized by certificate on file with the Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from the unit and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This certificate when properly executed and approved by the Oil Conservation Commission shall constitute a permit for pipe line connection and authorization to transport oil or gas from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

If any of the rules and regulations of the Oil Conservation Commission have not been complied with at the same time this report is filed, explain fully under the heading "REMARKS."

In all cases where this certificate is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

A separate report shall be filed to cover each producing unit as designated by the Oil Conservation Commission.

It is necessary that Form C-104 be approved before this form can be approved and an initial allowable be assigned to any completed oil or gas well.

NEW MEXICO OIL CONSERVATION COMMISSION  
CERTIFICATE OF COMPLIANCE AND AUTHORIZATION  
TO TRANSPORT OIL

Company or Operator..... Lease.....

Address.....  
(Local or Field Office) (Principal Place of Business)

Unit..... Wells No..... Sec..... T..... R..... Pool..... County.....

Kind of Lease..... Location of Tanks.....

Transporter..... Address of Transporter.....  
(Local or Field Office)

..... Percent of oil to be transported..... Other transporters authorized  
(Principal Place of Business)

to transport oil from this unit are.....%

REMARKS:

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gaining agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the..... day of....., 195.....

(Company or Operator)

By.....

Title.....

Approved:....., 195.....

OIL CONSERVATION COMMISSION

By.....

(See Instructions on Reverse Side)

**INSTRUCTIONS**

Form C-110

This form shall be executed and filed in quadruplicate with the District Office of the Oil Conservation Commission, covering each unit from which oil or gas is produced. A separate certificate shall be filed for each transporter authorized to transport oil or gas from a unit. After said certificate has been approved by the Oil Conservation Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Oil Conservation Commission.

A new certificate shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one proration period, the operator shall in lieu of filing a new certificate, notify the Oil Conservation Commission District Office, and the transporter authorized by certificate on file with the Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from the unit and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This certificate when properly executed and approved by the Oil Conservation Commission shall constitute a permit for pipe line connection and authorization to transport oil or gas from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

If any of the rules and regulations of the Oil Conservation Commission have not been complied with at the same time this report is filed, explain fully under the heading "REMARKS."

In all cases where this certificate is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

A separate report shall be filed to cover each producing unit as designated by the Oil Conservation Commission.

HUMBLE OIL & REFINING COMPANY  
HOUSTON 1, TEXAS

Page 308  
COPY

*Shelly  
C. W. W. W. W.  
Sent to Ho.*

October 22, 1951

Mr. W. E. Hubbard:

I return to you herewith a mimeographed copy of the proposed changes in the New Mexico Statewide Rules 501 to 507 inclusive. We have the following suggestions.

- (1) The first clause of the first sentence of Rule 502 should be amended to read as follows:

"In allocated oil pools the owner or operator of any producing unit shall not produce therefrom during any proration period any more oil than the allowable production of oil from the unit as shown by the proration schedule, provided, however, . . ."

This does not change the meaning but makes a few grammatical changes which may be helpful.

- (2) The following changes are suggested in the proposed amendment to Rule 503(c):

- OK* (a) Strike out the words "instruct the Manager of Proration to" in the second sentence so that the sentence will read in part:

"For allocated pools, effective the first day of the proration period, the Commission will issue a proration schedule . . ."

- already done* (b) Change the word "order" to "schedule" in the fifth sentence of Rule 503(c) and change the words "Manager of Proration" in the same sentence to "Commission" so that this sentence will read in part:

"A supplementary schedule will be issued by the Commission to the operator . . ."

These suggestions and some of the other suggestions are based on the legal proposition that (i) the Commission cannot delegate the authority to issue orders, rules or regulations and (ii) orders, rules or regulations must be issued after reasonable notice and a public hearing; the Commission can have any of its employees, including its Manager of Proration, make computations, prepare schedules, prepare orders and do clerical work, including mailing or distributing schedules but the schedules must be issued by the Commission, and orders must be

HUMBLE OIL & REFINING COMPANY  
HOUSTON 1, TEXAS

COPY

Mr. W. E. Hubbard

October 22, 1951

-2-

entered only by the Commission and only after notice.

(c) We call your attention to the fact that in the fifth sentence of Rule 503(c) the words "purchaser or" should be eliminated, because it is the transporter, not the purchaser, who moves the oil from the lease, and in this same sentence the words "amount of" preceding the words "production permitted during the remainder of the proration period" should be eliminated and the words "daily allowable" should be substituted therefor.

*Right?*

(3) Change the words "Manager of Proration" in the first and second sentences of Rule 503(d) to "Commission", and change the word "order" appearing several times in Rule 503(d) to the word "schedule".

(4) We see no objection to the elimination of Rule 503(f) but do not believe that Rule 503(e) should be reworded as suggested. Oil lawfully produced may be run from the lease at any time. We suggest that Rule 503(e) if retained in the Rules be unchanged. If Rule 503(f) is eliminated from the Rules, the definition of "back allowables" should also be eliminated.

*Necessary*

Change the word "orders" in two places in Rule 503(h) to "schedules" and the word "order" in one place to "schedule", and change the words "Manager of Proration" to "Commission".

*✓ good*

(6) In the third sentence of Paragraph 5 of Rule 505 add the words "without waste" after the word "produce", and change the words "Manager of Proration" to "Commission".

HPP:HD  
Encl.

H. P. Pressler

cc: Mr. J. W. House

CLASS OF SERVICE  
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

*Case 308*

# WESTERN UNION

1201

*(53) 1/2*

SYMBOLS	
DL	= Day Letter
NL	= Night Letter
LT	= Int'l Letter Telegram
VLT	= Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

Log time shown in the ... is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

LA29 DB074

D. MDAO47 PD=MIDLAND TEX 19 950A= 1952 NOV 19 AM 11 52.

R R SPURRIER=

NEW MEXICO OIL CON COMMISSION SANTA FE NMEX=

IT IS THE RECOMMENDATION OF THE HUMBLE OIL AND REFINING CO THAT THERE BE NO CHANGE IN RULE 104 PARAGRAPH (H) AND THAT THE PROVISIONS OF THIS PARAGRAPH (H) BE STRICTLY ENFORCED=

J W HOUSE=

104 (H) (H)=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

December 27, 1951

MEMORANDUM TO: F. C. Brown  
J. O. Seth  
C. J. Goodwin  
C. G. Staley  
Jack M. Campbell  
A. L. Porter, Jr.  
O. E. Hunter  
D. B. Anderson  
R. S. Blymn

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The Commission has chosen four members from each of the production and pipeline committees, plus R. S. Blymn, to serve on a combined committee to make final recommendations at the January 22, 1952 hearing in Case No. 308.

The Committee will choose their own chairman and set dates for any meetings before the hearing.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*R. R. Guirrier*  
Secretary and Director

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1951

Mr. J. O. Seth  
Seth and Montgomery  
Santa Fe, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308:

Jack Campbell, Roswell; A. L. Porter, Jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Merrill, Roswell; and Jason Kellahin, Santa Fe.

The committee is constituted with you as chairman. Criticisms and suggestions will be accepted from the various operators and interested parties and will be handed over to the committee for study.

Very truly yours,

R. R. Spurrier

RRS:mr

File: Case 308 \_\_\_\_\_

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OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1953

Mr. A. L. Porter, Jr.  
Box 1545  
Hobbs, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1953):

J. C. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, Jr., and Glenn Talley, Hobbs; Justin P. Newman, Artesia; Foster Herrall, Roswell; and Jason Kellison, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:mr

File: Case 308

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OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1951

Mr. Jack Campbell  
Atwood, Malone and Campbell  
Roswell, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, Jr., and Glenn Wiley, Hobbs; Justin F. Newman, Artesia; Porter Norrell, Roswell; and Jason Kelliham, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:mf

File: Case 308 \_\_\_\_\_

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OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1951

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Mr. Glenn Staley  
New Mexico Oil and Gas  
Engineering Committee  
Drawer "Eye"  
Hobbs, New Mexico

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Merrell, Roswell; and Jason Kellahin, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:mr

File: Case 308 \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1951

Mr. Justin P. Newman  
205 Booker Building  
Santa Fe, N. M.

Dear Justin:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, Jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jasen Kollahn, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:mf

File: Case 308

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OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1951

Mr. Foster Morrell  
U. S. Geological Survey  
Box 997  
Roswell, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, Jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jason Kellahin, Santa Fe.

Very truly yours,

F. R. Spurrier

RRS:mf

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cc - Case 308

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

September 25, 1951

Mr. O. E. Bedford  
Stanolind Oil & Gas Co.  
Box 1410  
Ft. Worth, Texas

Dear Mr. Bedford:

Mr. Spurrier has asked me to reply to your telegram of September 21, which he received just before leaving on his vacation.

He very much appreciated your offer of Stanolind's assistance in working out material relative to Case 308, which will be up for hearing again on October 23. However, the committee appointed is a very small one and had already been designated when your message was received.

As you know, the hearing of Case 308 was postponed in order that a careful study might be made of the proposed changes. The Commission hopes that interested operators will submit suggestions and criticisms for use of the committee in working out these revisions. These will be incorporated into the record, of course, and we feel that they will be of invaluable aid. We will be glad to receive a letter or report from Stanolind, and if you will send such material to the Commission we will see that it is placed before the group at once.

Very truly yours,

JK:nr

Jason Kellahin, Attorney

File: Case 308 \_\_\_\_\_

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**CLASS OF SERVICE**  
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

1201

**SYMBOLS**  
DL=Day Letter  
NL=Night Letter  
LT=Long Letter Telegram  
VLT=Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

The filing time shown in the data line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA22 DB387

FWA77FW BJ163 PD=BJ FTWORTH TEX 21 438P=

R R SPURRIER=

NEW MEXICO OIL CONSERVATION COMM SANTA FE NMEX=

REFERENCE STATEWIDE HEARING HELD SEPTEMBER 20, 1951, STANOLIND

WILL BE GLAD TO FURNISH ASSISTANCE IN REVIEWING PROPOSED STATE  
WIDE RULE CHANGES IF A STANOLIND REPRESENTATIVE IS NEEDED ON

THE ENGINEERING COMMITTEE, OUR APPOINTMENT WILL BE LEWIS H  
BOND JR=

C F BEDFORD STANOLIND OIL AND GAS CO=(

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

J. O. Seth of Santa Fe has been named chairman of a small committee chosen by the Oil Conservation Commission to consider the proposed revision of regulations relating chiefly to the statewide allowable.

The revisions were proposed upon the motion of the Oil Commission in its Case 308, which in its initial stages was heard at the Commission's regular monthly hearing on September 20.

The case was postponed until the October 23 instant hearing in order to give both the Oil Commission and the New Mexico oil operators a chance to study the proposed changes and submit any suggestions or criticisms for incorporation into the record.

Other members of the committee are Jack Campbell, Roswell attorney; A. L. Porter, jr., Hobbs, production engineer for the Oil Commission; Glenn Daley, Hobbs, chairman of the New Mexico Oil and Gas Engineering Committee; Foster Morrell, Roswell, U. S. Geological Survey supervisor; J. P. Newman, Artesia, oil and gas inspector for the Oil Commission; and Jason Kellahan, Commission attorney in Santa Fe.

NR

News release 9-25-51

File: Case 308

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December 18, 1951

RS

Mr. R. R. Spurrier  
Secretary & Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Spurrier:

In response to your request, a committee has been appointed and met and as a result makes the following recommendation with respect to Case No. 308 advertised for hearing December 20, 1951.

Proration Schedules:

It is recommended that the Commission discontinue issuing a proration schedule each month and in lieu thereof that the Commission issue new proration schedules only at such times as there is a change in the total state allowable which would necessitate a change in the top per well allowable, and that such schedules when issued continue in effect until further ordered.

It is also recommended that the form of the proration schedule be revised and that future schedules show only:

1. The name of the field.
2. The effective date of the schedule.
3. The top unit allowable for the field.
4. The name of the operator.
5. The name of the Lease.
6. The unit and well number.
7. The daily allowable production for each such well.
8. The gas-oil ratio of each well.

A sample of schedule so prepared is attached.

These recommendations do not contemplate any change in the definition of the "proration period" as shown in Order 850 or the procedure for monthly hearings. It is recognized, however, that it may be necessary for the Commission to hold hearings earlier each month, particularly at such times as there is a change in the state allowable production necessitating the issuance of a new proration schedule.

Rule 503

The adoption of the above recommendations will necessitate some revisions of Sections (a), (b) and (c) of Rule 503.

It is recommended that Section (e) of Rule 503 as amended by Order No. R 39 be eliminated from the rules as adopted by Order 850.

It is also recommended that Section (f) of Rule 503 be eliminated as recommended by Mr. A. L. Porter.

Rule 1114

It is recommended that Rule 1114 be amended as follows:

**Rule 1114: Application For Authority to Connect and Authorization to Transport Oil and Natural Gas.**

- (a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute under oath, in quadruplicate, and file with the Commission an application for Authority to Connect and Authorization to Transport Oil, Natural Gas, or Liquid Hydrocarbons, Form C 110 setting forth fully thereon the data and information indicated by such form covering each lease in the state of New Mexico from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.
- (b) Whenever there shall occur a change in operating ownership of any producing lease or any part thereof or whenever there shall occur a change in the transporter from any producing lease or part thereof, Form C 110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable production for one month, the producer may in lieu of filing a new Form C 110, notify the Commission and the transporter then authorized to transport crude petroleum oil, natural gas or liquid hydrocarbons, by letter of the estimated amount of crude petroleum, natural gas or liquid hydrocarbons to be moved by the temporary transporter and a copy of such notice shall also be furnished to such temporary transporter. In no case shall the temporary transporter move any greater quantity of crude petroleum oil, natural gas or liquid hydrocarbons than the estimated amount shown in said notice.

The adoption of the above change will necessitate a revision in Form C-110 as per the attached.

It will also require a revision of C-104.

Rule 803

It is recommended that Rule 803 be amended as follows:

**Rule 803. Production of Liquid Hydrocarbons From Gas Wells.**

The owner or operator of a natural gas proration unit may produce liquid hydrocarbons from such unit provided such owner or operator shall file a written application with the Commission setting forth the amount of liquid hydrocarbons to be produced from such unit and a supplemental proration schedule is issued authorizing the production of such liquid hydrocarbons.

Form C-115

It is recommended that Form C-115 "Operators Monthly Report" be filed not later than the 15th day of each month and that the Commission revise this form to such extent as may be necessary to enable the operators to file such report on the earlier date.

Rule 1213

It is recommended that the following rule be added:

**Rule 1213. Revisions of Rules, Forms and Reports.**

Any change in the Rules, Forms and Reports shall be made only after formal hearing before the Commission and shall be supported by evidence at such hearing.

Rule 1116

It is recommended that Section (a) of Rule 1116 be amended as follows:

Said report shall show the amounts of crude petroleum oil and liquid hydrocarbons transported from each producing lease, the owner or operator of the lease, the name of the lease from which transported; the amount of oil received from all other sources showing the person from whom received, the place of receipt, and the amount received from each person; the amount of oil delivered, to each person, the place of delivery, and the amount of oil delivered to each person; the amount of oil and liquid hydrocarbons on hand at the beginning of the month, and the amount of oil and liquid hydrocarbons on hand at the close of the month, all in accordance with the instructions contained on said Form C-112.

Rule 1125

It is recommended that Rule 1125 "Pipe Line Data Required" be eliminated.

Respectfully submitted:

F. C. Brown, Chairman  
A. D. Wilbur, Vice-Chairman  
O. E. Hunter, Secretary  
Fred H. Pennington  
J. J. Thorp  
C. J. Goodwin  
E. W. Allen  
Donald B. Anderson

OIL CONSERVATION COMMISSION  
 PRORATION SCHEDULE - EFFECTIVE DECEMBER 1, 1951  
 ARROWHEAD POOL - LEA COUNTY, NEW MEXICO  
 TOP UNIT ALLOWABLE

Company Lease	Well Unit	Dec. Daily G. O. R.	Company Lease	Well Unit	Dec. Daily G. O. R.
<b>Amerada Pet. Corp.</b>			<b>Gulf Oil Corp.</b>		
State PA	1-K	5	Leonard C	1-N	15
"	2-N	20	"	2-K	25
<b>TOTAL</b>	<b>2</b>	<b>25</b>	"	3-E	20
<b>Cities Service Oil Co.</b>			"	4-D	30
State M	1-M	51	"	5-C	3
"	2-L	51	"	6-F	32
" N	2-K	30	"	7-G	13
"	3-L	10	"	8-H	Shut In
"	4-M	30	" D	1-H	9
<b>TOTAL</b>	<b>5</b>	<b>172</b>	"	2-A	10
<b>Continental Oil Co.</b>			Mattern A	2-J	10
Lockhart B	1-E	51	" D	1-K	7
"	2-F	51	"	2-E	16
"	3-J	35	"	3-F	13
"	4-G	51	"	4-D	5
"	5-O	9	"	5-C	9
State J-2	1-B	36	"	6-N	8
"	2-I	51	" E	1-L	26
"	3-H	40	"	2-K	25
"	4-A	51	"	3-D	31
"	5-P	51	"	4-M	35
"	6-O	51	"	5-E	30
"	7-J	51	"	6-F	30
"	8-F	41	"	7-G	45
"	9-G	51	"	8-H	14
"	10-E	51	"	9-C	10
"	11-C	44	"	10-N	30
"	12-D	34	"	11-B	51
<b>TOTAL</b>	<b>17</b>	<b>749</b>	"	12-A	21
<b>Drilling &amp; Exploration Co.</b>			" F	1-B	16
State D	1-O	2	Ramsey, W.A.	3-O	9
"	2-J	3	"	4-P	38
<b>TOTAL</b>	<b>2</b>	<b>5</b>	"	5-I	51
			"	6-H	51
			"	7-H	25
			"	8-J	Shut In
			"	9-G	51

It is necessary that Form C-104 be approved before this form can be approved and an initial allowable be assigned to any completed oil or gas well.

NEW MEXICO OIL CONSERVATION COMMISSION  
APPLICATION FOR AUTHORITY TO CONVEY/  
~~THE PRODUCTION OF OIL AND GAS FROM~~ AND AUTHORIZATION  
TO TRANSPORT OIL

Company or Operator..... Lease.....

Address.....  
(Local or Field Office) (Principal Place of Business)

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ Pool..... County.....

Kind of Lease..... Location of Tanks.....

Transporter..... Address of Transporter.....  
(Local or Field Office)

..... Percent of oil to be transported..... Other transporters authorized  
(Principal Place of Business) to transport oil from this unit are..... %

REMARKS:

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the..... day of....., 195.....

.....  
(Company or Operator)

By.....

Title.....

Approved:....., 195.....

OIL CONSERVATION COMMISSION

By.....

(See Instructions on Reverse Side)

**INSTRUCTIONS**

Form C-110

This form shall be executed and filed in quadruplicate with the District Office of the Oil Conservation Commission, covering each unit from which oil or gas is produced. A separate certificate shall be filed for each transporter authorized to transport oil or gas from a unit. After said certificate has been approved by the Oil Conservation Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Oil Conservation Commission.

A new certificate shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one proration period, the operator shall in lieu of filing a new certificate, notify the Oil Conservation Commission District Office, and the transporter authorized by certificate on file with the Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from the unit and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This certificate when properly executed and approved by the Oil Conservation Commission shall constitute a permit for pipe line connection and authorization to transport oil or gas from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

If any of the rules and regulations of the Oil Conservation Commission have not been complied with at the same time this report is filed, explain fully under the heading "REMARKS."

In all cases where this certificate is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

A separate report shall be filed to cover each producing unit as designated by the Oil Conservation Commission.



It is necessary that Form C-104 be approved before this form can be approved and an initial allowable be assigned to any completed oil or gas well.

NEW MEXICO OIL CONSERVATION COMMISSION  
CERTIFICATE OF COMPLIANCE AND AUTHORIZATION  
TO TRANSPORT OIL

Company or Operator..... Lease.....

Address.....  
(Local or Field Office) (Principal Place of Business)

Unit..... Wells No..... Sec..... T..... R..... Pool..... County.....

Kind of Lease..... Location of Tanks.....

Transporter..... Address of Transporter.....  
(Local or Field Office)

.....  
(Principal Place of Business) Percent of oil to be transported..... Other transporters authorized  
to transport oil from this unit are.....%

REMARKS:

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the..... day of....., 195.....

.....  
(Company or Operator)

By.....

Title.....

Approved:....., 195.....

OIL CONSERVATION COMMISSION

By.....

(See Instructions on Reverse Side)

**INSTRUCTIONS**

Form C-110

This form shall be executed and filed in quadruplicate with the District Office of the Oil Conservation Commission, covering each unit from which oil or gas is produced. A separate certificate shall be filed for each transporter authorized to transport oil or gas from a unit. After said certificate has been approved by the Oil Conservation Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Oil Conservation Commission.

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- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

If any of the rules and regulations of the Oil Conservation Commission have not been complied with at the same time this report is filed, explain fully under the heading "REMARKS."

In all cases where this certificate is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

A separate report shall be filed to cover each producing unit as designated by the Oil Conservation Commission.

Case 308

DEC 19 '51

MEMORANDUM TO: Crude Oil Purchasers

The Commission feels that the testimony on demand, storage, and other pertinent factors which is entered each month in the testimony for the determination of allowable should come from the companies themselves.

We, therefore, request that you be prepared at all hearings after January 1, 1952 to submit such testimony verbally at the regular allowable hearing.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*  
EDWIN L. MECHEM, Chairman

*Guy Shepard*  
GUY SHEPARD, Member

*R. R. Spurrer*  
R. R. SPURRIER, Secretary

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

DECEMBER 19, 1951

MEMORANDUM TO: Crude Oil Purchasers

The Commission feels that the testimony on demand, storage, and other pertinent factors which is entered each month in the testimony for the determination of allowable should come from the companies themselves.

We, therefore, request that you be prepared at all hearings after January 1, 1952 to submit such testimony verbally at the regular allowable hearing.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

/s/ EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

/s/ R. R. SPURRIER, Secretary

Mailed to purchasers 12-27-51 as  
per list compiled by NR 2-28-51

GENERAL OFFICES: PHILADELPHIA, PA.

# SUN OIL COMPANY

SOUTHWEST DIVISION

FIRST NATIONAL BANK BUILDING

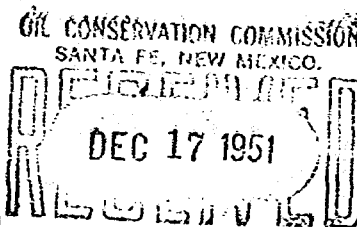
DALLAS-1, TEXAS

J. H. PRESSLEY  
AGENT AND MANAGER  
S. M. GLADNEY  
AGENT AND ASSISTANT MANAGER

JNO. G. PEW  
VICE PRESIDENT & DIRECTOR  
PHILADELPHIA 3 PA  
JOHN A. RITTER  
PRODUCTION SUPERINTENDENT  
DALLAS 1, TEXAS

December 13, 1951.

Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico



In Re: Case No. 308

Gentlemen:

We understand that the above Case No. 308 is "In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for reconsideration, clarification, amendment, revocation and necessary extension of certain rules of the Commission," as itemized in your notice of cases to be heard at your regular hearing on September 20, 1951, and that said hearing has been continued and reset for your regular December, 1951, hearing to be held on December 20, 1951.

We have before us a copy of the "Report of Committee on Proposed Changes in Rules 501 to 507, Inclusive" and we also have before us a copy of the proposals made to that committee by Mr. A. L. Porter, Jr. Likewise we have before us the suggestions and recommendations of Mr. H. P. Pressler, attorney for Humble Oil & Refining Company, which suggestions and recommendations were apparently presented to you at your regular October hearing.

We have considered the various suggestions and recommendations made therein. With particular reference to the changes suggested by Mr. Porter and apparently approved by your Committee which would purport to delegate certain duties to the Manager of Proration, it is our present thought that such an attempted delegation of authority would be invalid and in violation of the New Mexico Conservation Law (Sen. Bill 163, Nineteenth Legislature).

For that reason, we would very much appreciate your considering this letter, at your hearing, as being our protest against the adoption of such changes in the rules. We have no objections to the changes suggested by Mr. Pressler, since they do not appear to materially affect the rules in principle.

MAR:CP

Yours very truly,  
SUN OIL COMPANY

By A. L. Porter

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

December 10, 1951

C

**MEMORANDUM TO ALL OIL COMMISSION OFFICES**

Hobbs  
Atec  
Artesia

O

Gentlemen:

P

A meeting has been called for 9:00 a. m., December 17 by the pipe line committee to consider the proposed changes contemplated in Case 308. We would appreciate your making arrangements to attend.

Y

Also, another meeting has been called to be held in the Commission's offices in Santa Fe for 2:00 p. m., December 17. This meeting will take up matters of Commission policy.

Very truly yours,

RRS:bpw

Secretary and Director

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

December 10, 1951

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P  
Y

**MEMORANDUM TO ALL OIL COMMISSION OFFICES**

Hobbs  
Aztec  
Artesia

**Gentlemen:**

A meeting has been called for 9:00 a. m. , December 17 by the pipe line committee to consider the proposed changes contemplated in Case 308. We would appreciate your making arrangements to attend.

Also, another meeting has been called to be held in the Commission's offices in Santa Fe for 2:00 p. m. , December 17. This meeting will take up matters of Commission policy.

Very truly yours,

RRS:bpw

Secretary and Director

Case 308

Oct. 26

Branch of Shell Pipeline Co. called George,  
in regard to case 308, charges in production  
rules.

This problem is where the purchaser  
from a lease has been taking oil from  
a lease, and transporting, for example,  
with Humble. Then, for some reason  
dictated by purchaser's disposition of  
the oil, it is necessary to transport  
by Shell, Shell has no authority to  
move the oil. Need some means of  
transferring the authority to transport  
from one company to another, or  
cancelling remaining portion of what  
one transporter is authorized to move,  
and issue new one to other transporter.



9/20/51

October 26, 1951

Case no.  
308

Mr. J. O. Seth  
Seth and Montgomery  
Attorneys at Law  
Santa Fe, New Mexico

Dear Judge Seth:

I am writing you as chairman of the committee to consider changes in Rules 501-507, inclusive, promulgated by the Oil Conservation Commission of New Mexico.

I know that the committee has been concerned with the question of the delegation by the Oil Conservation Commission of its powers and duties to subordinates. As far as I know, none of the suggested changes has mentioned the provisions of Rule 104 (f) of the Statewide Rules of the Commission. This rule delegates to the secretary of the Commission authority to grant an exception to the requirements of the provisions of (a), (b), and (c) of Rule 104 without notice and hearing upon the filing of an application and when certain other facts appear.

It appears to me that this rule provides for the delegation of the powers and functions of the Commission to the secretary of the Commission and is therefore within the same category of those things condemned by Judge Hatch in the Humble Not Oil Case.

Since the committee was concerned primarily with considering the provisions of Rules 501-507, inclusive, it occurred to me that the provisions of this rule may not have come to the attention of the committee and that, if in the opinion of the committee

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
RECEIVED  
OCT 29 1951

RS

Mr. J. O. Seth

-2-

October 26, 1951

there is such a delegation of the powers and duties of the Commission to the secretary of the Commission, the committee would desire to make recommendation for changing the rule at the next hearing of the Commission in November.

With personal regards and best wishes, I am

Sincerely yours,  
ORIGINAL SIGNED BY  
E. H. FOSTER

E. H. Foster

HW:fo

cc: Messrs: Jack Campbell  
A. L. Foster, Jr.  
Glenn Staley  
Justin P. Newman  
Jason Kellahan  
Foster Merrill

J. O. SETH  
A. K. MONTGOMERY  
OLIVER SETH  
WM. FEDERICI  
JUSTIN T. REID

SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
III SAN FRANCISCO ST.  
SANTA FE, NEW MEXICO

October 30, 1951

RS  
Case 308

Mr. R. R. Spurrier  
Oil Conservation Commission  
Santa Fe, New Mexico

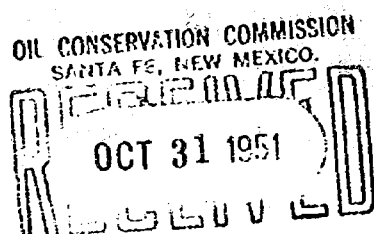
Dear Mr. Spurrier:

I enclose a letter from Mr. E. H. Foster,  
of the Phillips Petroleum Company, with reference  
to Regulation 104 (f).

It would seem that the matters set out in  
Judge Foster's letter require some attention, but  
I think they are scarcely within the scope of the  
hearing had in connection with Rule 501, et seq.

Very truly yours,

JOS:CB  
Enc.-1



# PHILLIPS PETROLEUM COMPANY

AMARILLO, TEXAS

October 26, 1951

LEGAL DEPARTMENT

RAYBURN L. FOSTER  
VICE PRESIDENT  
AND GENERAL COUNSEL

HARRY D. TURNER  
GENERAL ATTORNEY

AMARILLO DIVISION

E. H. FOSTER  
CHIEF ATTORNEY  
W. M. SPARKS  
R. S. SUTTON  
E. C. NELSON  
CLIFFORD J. ROBERTS  
REX BOYD  
JACK RITCHIE  
THOMAS M. BLUME  
JOE V. PEACOCK  
STAFF ATTORNEYS

Mr. J. O. Seth  
Seth and Montgomery  
Attorneys at Law  
Santa Fe, New Mexico

Dear Judge Seth:

I am writing you as chairman of the committee to consider changes in Rules 501-507, inclusive, promulgated by the Oil Conservation Commission of New Mexico.

I know that the committee has been concerned with the question of the delegation by the Oil Conservation Commission of its powers and duties to subordinates. As far as I know, none of the suggested changes has mentioned the provisions of Rule 104 (f) of the Statewide Rules of the Commission. This rule delegates to the secretary of the Commission authority to grant an exception to the requirements of the provisions of (a), (b), and (c) of Rule 104 without notice and hearing upon the filing of an application and when certain other facts appear.

It appears to me that this rule provides for the delegation of the powers and functions of the Commission to the secretary of the Commission and is therefore within the same category of those things condemned by Judge Hatch in the Humble Hot Oil Case.

Since the committee was concerned primarily with considering the provisions of Rules 501-507, inclusive, it occurred to me that the provisions of this rule may not have come to the attention of the committee and that, if in the opinion of the committee

Mr. J. O. Seth

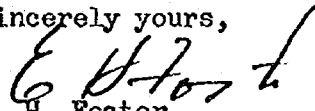
-2-

October 26, 1951

there is such a delegation of the powers and duties of the Commission to the secretary of the Commission, the committee would desire to make recommendation for changing the rule at the next hearing of the Commission in November.

With personal regards and best wishes, I am

Sincerely yours,

  
E. H. Foster

EHF:fe

cc: Messrs: Jack Campbell  
A. L. Porter, Jr.  
Glenn Staley  
Justin P. Newman  
Jason Kellahin  
Foster Morrell

Rule 503 (d)

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.  
Proration Manager

Rule 803  
R+R  
+ PP 3

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

10. 50  
Jan 28.  
RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following <sup>proration period.</sup> The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00<sup>A.M.</sup>/on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

*increase* (d) Suggested changes; to be rewritten as follows:

*should be effective as of the date of application*  
A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.



RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.)

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Production, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U+(B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eldy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (c) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allcated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

#### Recommendations For G.O.R. Survey Schedule

Since the rules governing gas oil ratio tests affect proration it is recommended that a gas oil ratio survey schedule for the allocated pools of Southeastern New Mexico be adopted by the Commission; Such survey to become effective January 1st, 1952.

Rule 301 (a) provides that no well shall be given an allowable greater than the amount of oil produced on official G. O. R. test during a 24 hour period. It is further recommended, therefore, that a test be required of each producing oil well, regardless of whether or not there is a limiting gas oil ratio for the pool in which it is located.

Beginning with the first survey period of 1952, the date of test, the amount of oil produced on test and the gas oil ratio for each unit should be shown on the proration schedule as illustrated on the attached page of the proposed proration schedule.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL.	PROD. GOR	P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

(SUGGESTED FORM)

FORM O-124

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
WELL NOMINATION FORM

The following are the nominations for all the producing oil wells of \_\_\_\_\_  
(Company or Operator)  
for the proration period \_\_\_\_\_ 19\_\_\_\_  
(Months)

POOL	LEASE	WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	DAILY NOMINATIONS	REMARKS

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_ Position: \_\_\_\_\_

(Company or Operator)

Date: \_\_\_\_\_

Address: \_\_\_\_\_

(Instructions on reverse side)



### INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form G-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form G-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

Graham

308

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

- in own  
see last sheet*
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form G-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.

3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form G-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

*A. L. Porter, Jr.*

A. L. Porter, Jr.  
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all <sup>AVAILABLE</sup> evidence of market demand for oil and determine the amount of oil to be produced <sup>IN THE State, and</sup> from all oil pools during the <sup>Succeeding</sup> following / proration period. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the <sup>Commission</sup> ~~Manager of Proration~~ will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00 <sup>A.M.</sup> on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the <sup>COMMISSION</sup> ~~Manager of Proration~~ to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file and application with the <sup>Commission, attached</sup> ~~Manager of Proration~~, for a supplemental schedule covering the increase above the amount shown on the proration schedule. The <sup>Commission</sup> ~~Manager of Proration~~ shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the <sup>Commission</sup> Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 50<sup>g</sup> CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.
4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.
5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the <sup>Commission</sup> ~~Manager of Production~~, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

- (1) Corrected top allowable = top allowable times correction factor;
- (2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular



RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

I should think that the provisions  
of Rule indicated should be made  
and a separate section be  
added in somewhere (under  
employees, sec 3 part) assigning duties  
of proration manager - inspectors  
engineers etc

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.	
			<u>NORTH DRINKARD</u>						
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.			
JOHN DOE CO.									
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570	TNM
"	2-Q	"	94	2914	2632	4/51	97	1475	"
"	3-R	"	94	2914	2632	4/51	100	1400	"
"	4-H	"	7	217	196	5/51	7	TSTM	"
"	5-M	"	94	2914	2632	4/51	98	1790	"
"	6-A	"	35	1085	980	5/51	40	1940	"
TOTAL	6		357	11067	9996				



### INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124, the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

REPORT OF COMMITTEE ON PROPOSED CHANGES  
IN RULES 501 TO 507, INCLUSIVE

Case #308

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

- 6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for <sup>oil</sup> Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

*Don't mix*  
10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.

11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

J. O. SETH, Chairman

JACK CAMPBELL

A. L. PORTER, JR.

GLENN STALEY

JUSTIN P. NEWMAN

JASON KELLAHIN

FOSTER MORRELL (Advisory)

Case # 308

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.  
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:



RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following <sup>proration period.</sup> / The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00<sup>A.M.</sup>/on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.)

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form G-104 and G-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (c) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD.	GOR	P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

(SUGGESTED FORM)

FORM C-124

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
WELL NOMINATION FORM

The following are the nominations for all the producing oil wells of \_\_\_\_\_  
(Company or Operator)  
for the proration period \_\_\_\_\_ 19\_\_\_\_  
(Months)

POOL	LEASE	WELL NO.	UNIT LETTER	SEC.	TWP.	RQE.	DAILY NOMINATIONS	REMARKS

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_  
(Company or Operator)

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

(Instructions on reverse side)



### INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

DRAFT 1:

Meeting 10-22-51

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations...."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

Page Two:

6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration, and shall perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

*gather all information necessary to enable the Commission to issue the proration schedules, and*

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7 a.m. on the first day of the first month in such period, and ending at 7 a.m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7 a.m. on the first day of the first month in said period and end at 7 a.m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Forter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests; and that said order when amended be strictly enforced.

11 - We further recommend that ~~the~~ the Commission call a hearing

Page Three:

for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.

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13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down <sup>for</sup> hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

J. O. Seth, Chairman


Fate M. M. (Advising)

REPORT OF COMMITTEE ON PROPOSED CHANGES  
IN RULES 501 TO 507, INCLUSIVE

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The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

**7 - Amend Definition 51 (of Rules and Regulations) to read as follows:**

**"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."**

**8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."**

**9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."**

**10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.**

**11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.**

**12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.**

**13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.**

**J. O. SETH, Chairman**

**JACK CAMPBELL**

**A. L. PORTER, JR.**

**GLENN STALEY**

**JUSTIN P. NEWMAN**

**JASON KELLAHIN**

**FOSTER MORRELL (Advisory)**

HUMBLE OIL & REFINING COMPANY  
HOUSTON 1, TEXAS

October 22, 1951

Case # 308

Mr. W. E. Hubbard:

I return to you herewith a mimeographed copy of the proposed changes in the New Mexico Statewide Rules 501 to 507 inclusive. We have the following suggestions.

- (1) The first clause of the first sentence of Rule 502 should be amended to read as follows:

"In allocated oil pools the owner or operator of any producing unit shall not produce therefrom during any proration period any more oil than the allowable production of oil from the unit as shown by the proration schedule, provided, however, . . ."

This does not change the meaning but makes a few grammatical changes which may be helpful.

- (2) The following changes are suggested in the proposed amendment to Rule 503(c):

- (a) Strike out the words "instruct the Manager of Proration to" in the second sentence so that the sentence will read in part:

"For allocated pools, effective the first day of the proration period, the Commission will issue a proration schedule . . ."

- (b) Change the word "order" to "schedule" in the fifth sentence of Rule 503(c) and change the words "Manager of Proration" in the same sentence to "Commission" so that this sentence will read in part:

"A supplementary schedule will be issued by the Commission to the operator . . ."

These suggestions and some of the other suggestions are based on the legal proposition that (i) the Commission cannot delegate the authority to issue orders, rules or regulations and (ii) orders, rules or regulations must be issued after reasonable notice and a public hearing; the Commission can have any of its employees, including its Manager of Proration, make computations, prepare schedules, prepare orders and do clerical work, including mailing or distributing schedules but the schedules must be issued by the Commission, and orders must be

Mr. W. E. Hubbard

October 22, 1951

-2-

entered only by the Commission and only after notice.

- (c) We call your attention to the fact that in the fifth sentence of Rule 503(c) the words "purchaser or" should be eliminated, because it is the transporter, not the purchaser, who moves the oil from the lease, and in this same sentence the words "amount of" preceding the words "production permitted during the remainder of the proration period" should be eliminated and the words "daily allowable" should be substituted therefor.
- (3) Change the words "Manager of Proration" in the first and second sentences of Rule 503(d) to "Commission", and change the word "order" appearing several times in Rule 503(d) to the word "schedule".
- (4) We see no objection to the elimination of Rule 503(f) but do not believe that Rule 503(e) should be reworded as suggested. Oil lawfully produced may be run from the lease at any time. We suggest that Rule 503(e) if retained in the Rules be unchanged. If Rule 503(f) is eliminated from the Rules, the definition of "back allowables" should also be eliminated.
- (5) Change the word "orders" in two places in Rule 503(h) to "schedules" and the word "order" in one place to "schedule", and change the words "Manager of Proration" to "Commission".
- (6) In the third sentence of Paragraph 5 of Rule 505 add the words "without waste" after the word "produce", and change the words "Manager of Proration" to "Commission".

HPP:HD  
Encl.

  
H. P. Pressler

cc: Mr. J. W. House



J. O. SETH  
A. K. MONTGOMERY  
OLIVER SETH  
Wm. FEDERICI  
JUSTIN T. REID

SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
III SAN FRANCISCO ST.  
SANTA FE, NEW MEXICO

October 17, 1951

OIL CONSERVATION COMMISSION  
State Capitol Building  
Santa Fe, New Mexico

Gentlemen:

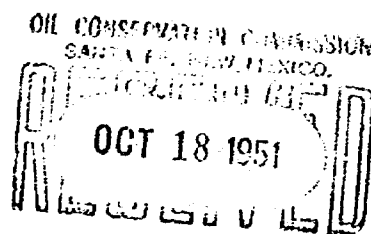
Attention: Mr. Jason Kellahin

I have just received Mr. Porter's suggested amendment to the Rules governing the fixing of allowable. I suggest you consider the enclosed additional amendment to Rule 503 (b).

Very truly yours,



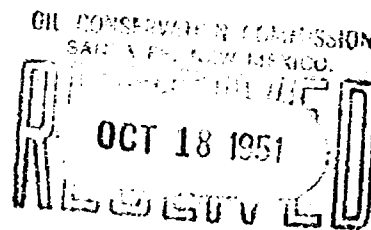
JOS:f  
Enc.



Add the following at the end of Rule 503 (b):

RULE 503

After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval.



OIL CONSERVATION COMMISSION  
HOBBS, NEW MEXICO

October 10, 1951

Mr. J. O. Seth  
Box 828  
Santa Fe, New Mexico

Dear Sir:

I am enclosing a copy of my recommendations concerning the revision of the rules governing proration and allocation. These proposals suggest a two calendar month proration period which would allow us to publish and distribute the proration schedule prior to the beginning of a proration period. I believe this would take care of your suggestion in the second paragraph of your letter.

The committee meeting called for October 22 in the offices of the Oil Conservation Commission at Santa Fe suits me fine, since I will have to be there for the hearing on the 23rd anyway.

Yours very truly,

A. L. Porter, Jr.  
Proration Manager

ALP/wr

cc/Mr. Glenn Staley  
Mr. Justin Newman  
Mr. Foster Morrell  
Mr. Jack Campbell  
Mr. James Kallahan  
Mr. R. R. Spurrier

C  
O  
P  
Y

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

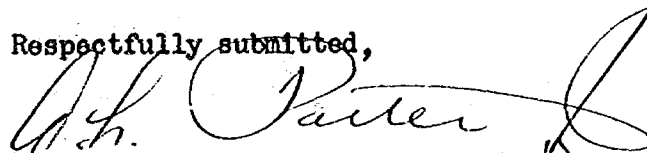
I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
  1. January - February
  2. March - April
  3. May - June
  4. July - August
  5. September - October
  6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,



A. L. Porter, Jr.  
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following <sup>proration period.</sup> / The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 is completed. Otherwise, the allowable will become effective at 7:00<sup>A.M.</sup> on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 50½ CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulas:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$



RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (b) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 505. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

### Recommendations For G.O.R. Survey Schedule

Since the rules governing gas oil ratio tests affect proration it is recommended that a gas oil ratio survey schedule for the allocated pools of Southeastern New Mexico be adopted by the Commission; Such survey to become effective January 1st, 1952.

Rule 301 (a) provides that no well shall be given an allowable greater than the amount of oil produced on official G. O. R. test during a 24 hour period. It is further recommended, therefore, that a test be required of each producing oil well, regardless of whether or not there is a limiting gas oil ratio for the pool in which it is located.

Beginning with the first survey period of 1952, the date of test, the amount of oil produced on test and the gas oil ratio for each unit should be shown on the proration schedule as illustrated on the attached page of the proposed proration schedule.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.	
			<u>NORTH DRINKARD</u>						
Top allowable 9/4			G.O.R. limit 2,000			* Effective G.O.R.			
JOHN DOE CO.									
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570	TNM
"	2-Q	"	9/4	2914	2632	4/51	97	1475	"
"	3-R	"	9/4	2914	2632	4/51	100	1400	"
"	4-H	"	7	217	196	5/51	7	TSTM	"
"	5-M	"	9/4	2914	2632	4/51	98	1790	"
"	6-A	"	35	1085	980	5/51	40	1940	"
TOTAL	6		357	11067	9996				



INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

BETH AND MONTGOMERY  
ATTORNEYS AND COUNSELLORS AT LAW  
SANTA FE, NEW MEXICO

Case 308

October 9, 1951

Mr. A. L. Porter, Jr.  
Oil Conservation Commission  
Hobbs, New Mexico

Dear Mr. Porter:

I understand that you ordinarily complete the proration schedule about this time of the month, and I also understand that you intend to modify or supplement the suggested amendments to the regulations governing the allocation of oil to the various pools and wells, which you submitted at the last hearing.

I wish you would consider the feasibility of having the proration month begin on the fifteenth of the month. This might interfere with the accounting methods of the various oil companies, but you would probably know the situation with respect to this. This would obviate the gap of ten days or more each month when no proration schedule is in effect or at best, the one of the preceding month is being carried over.

I personally see no reason for a meeting of the Committee prior to the day of the hearing, and unless you or some other member of the Committee feels that a meeting should be held earlier, I am calling a meeting of the Committee for ten o'clock a.m., on October 22nd, at the offices of the Commission here in Santa Fe.

Very truly yours,

JOS:CB

cc - Jack M. Campbell, Esquire  
Roswell, New Mexico

Mr. Glenn Staley  
Hobbs, New Mexico

Mr. Justin P. Newman  
Artesia, New Mexico

Mr. Foster Morrell  
Roswell, New Mexico

Mr. Jason Kellahin  
Santa Fe, New Mexico



J. O. SETH  
A. K. MONTGOMERY  
OLIVER SETH  
Wm. FEDERICI  
JUSTIN T. REID

SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
III SAN FRANCISCO ST.  
SANTA FE, NEW MEXICO

#308

October 4, 1951

OIL CONSERVATION COMMISSION  
State Capitol Building  
Santa Fe, New Mexico

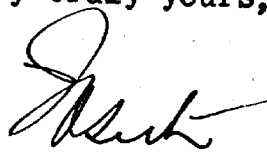
Gentlemen:

Attention: Mr. Kellahin

Please place the enclosed letter from Mr. Campbell, dated October 1, 1951, together with the enclosed copy of my reply, with the matters to be considered by the committee appointed to consider the necessity for changes in the rules and regulations concerning the procedure in setting up the allowables.

Please send me a copy of the existing rules and regulations.

Very truly yours,



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
RECEIVED  
OCT 8 1951

*Copies of rules & regulations received,  
Thomas J. J.*

BETH AND MONTGOMERY  
ATTORNEYS AND COUNSELLORS AT LAW  
SANTA FE, NEW MEXICO

October 4, 1951

Mr. Jack M. Campbell  
ATWOOD, MALONE & CAMPBELL  
Roswell, New Mexico

Dear Mr. Campbell:

I have your letter of the first with reference to the Committee to consider revisions in the rules and regulations of the Oil Conservation Commission -- Case No. 308.

I agree with your understanding that the purpose of the Committee is primarily to consider changes in the procedure in setting up the allowables.

Mr. Porter will be tied up until after the 10th of this month, and in any event it seems to me that in view of the very limited scope of the Committee it would be well to hold any meeting on the 22nd immediately prior to the next meeting of the Commission. If you have a different idea, I shall be glad if you will advise me.

Very truly yours,

JOS:f

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

RECEIVED  
OCT 8 1951  
REGISTERED

ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL

CHARLES F. MALONE

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

October 1, 1951

Mr. J. O. Seth,  
Seth & Montgomery,  
Attorneys at Law,  
Santa Fe, New Mexico.

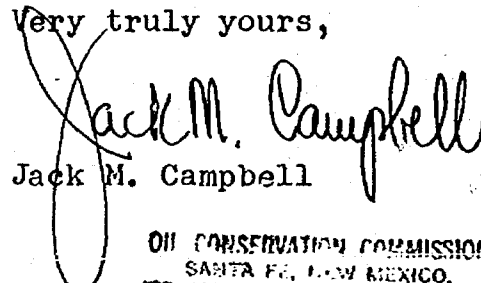
Dear Judge Seth:

I will be pleased to serve on the committee, of which you are chairman, to consider the necessity for changes in the rules and regulations of the Oil Conservation Commission.

As I understand the purpose of the committee, it is to consider primarily changes in the procedure now followed in setting up the allowables.

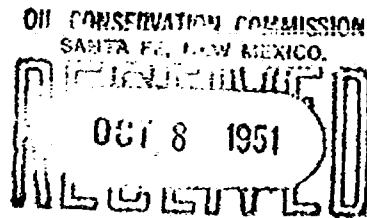
It is my present feeling that except for a ratification by the Commission in their Minutes, the procedure now being followed is proper and I cannot see that the ratification needs to be included in a part of the rules and regulations provided it is accomplished at a meeting of the Commission subsequent to the distribution of the allowable schedule.

Very truly yours,

  
Jack M. Campbell

JMC:hl

cc. Mr. R. R. Spurrier



DOCKET  
OIL CONSERVATION COMMISSION

Regular Hearing  
September 20, 1951

Resume of cases to be heard at hearing of the New Mexico Oil Conservation Commission September 20, 1951, at 10 o'clock a. m. on that day at Mabry Hall (the new Capitol office building), Santa Fe, New Mexico:

FIRST - Consideration of the Allowable for October, 1951.

CASE 307: In the matter of application of Amerada Petroleum Corporation for an order excepting it from Rule 404 of the Rules and Regulations of the New Mexico Oil Conservation Commission in the specific matter of gas-lift operations with gas from its Birdie C. Roach well No. 1 in NW SW Section 26, Township 12 South, Range 33 East, NMPM, Hightower Pennsylvanian Pool, Lea County, New Mexico.

CASE 308: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for reconsideration, clarification, amendment, revocation and necessary extension of certain rules and regulations of the Commission, as follows:

- (1) Oil and gas proration and allocation, being Section "G", Rules 501 - 507, inclusive, and Section "H", Rules 601 - 605, inclusive.
- (2) Oil purchasing and transporting, being Section "J", Rules 801-803, inclusive.
- (3) Rules in regard to reports, being Section "M", Rules 1101-1125, inclusive.
- (4) Rules of procedure, being Section "N", Rules 1201-1212, inclusive.
- (5) Rules of administration, being Section "O", Rules 1301-1304, inclusive.

The listed paragraphs 1, 2, 3, 4 and 5 having reference to the Rules and Regulations of the New Mexico Oil Conservation Commission heretofore adopted and effective January 1, 1950.

# STANOLIND OIL AND GAS COMPANY

FAIR BUILDING

FORT WORTH, TEXAS

Case 308

C. F. BEDFORD  
DIVISION PRODUCTION SUPERINTENDENT

October 5, 1951

File: LHB-5892-175

Subject: Proposed Statewide Rule Changes,  
New Mexico

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. Jason Kellahin

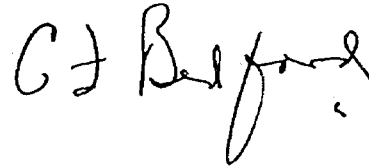
Gentlemen:

Reference is made to your letter of September 25, 1951, in regard to Case 308.

Our Legal Staff has reviewed the proposed changes in Statewide Rules which were discussed at the September Statewide Hearing and is of the opinion that the changes proposed at that hearing are desirable. We would like to suggest further, however, that the Commission officially adopt each proration schedule and supplementary order; in this manner it is believed that there could be no question of the validity of the order.

Please advise if we may be of further assistance.

Yours very truly,



LHB:dhs



**THE ATLANTIC REFINING COMPANY**

**PETROLEUM PRODUCTS**

ATLANTIC BUILDING

DALLAS 1, TEXAS

October 3, 1951

File: SW 67-3-1

MAILING ADDRESS  
P. O. BOX 2819  
DALLAS 1, TEXAS

ROY W. JOHNS  
GENERAL COUNSEL  
PHILADELPHIA, PA.

LEGAL DEPARTMENT  
DALLAS  
CHAS. B. ELLARD  
RESIDENT COUNSEL

A. B. TANCO  
PERRY B. CARROLL  
WM. R. DOTSON  
JOHN F. DRAKE  
A. C. GROSE  
EDWIN A. COLLIER  
EDWARD J. KREMER, JR.  
L. LEROY LASALLE  
GEO. L. ROBERTSON

Mr. R. R. Spurrier  
Oil Conservation Commission  
State of New Mexico  
P.O. Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

This has reference to Case No. 308 in connection with which the Commission is considering certain amendments of the Statewide rules and regulations pertaining to oil proration and allocation.

We have been furnished with copies of the proposed amendments and from an operating standpoint they appear to be satisfactory. From a legal standpoint we understand that some question has been raised with respect to the proposed amendments as to whether or not the Commission has the power to delegate to the manager of proration its duty to issue the proration schedules. Following this proposed amendment delegating this authority to the manager of proration, we find the following parenthetical note on the copy of the amendments which were sent to us:

"(Note: This should eliminate the necessity of the Commission's having to adopt the proration schedule after publication)."

It would seem that this procedure might well be questioned as an unlawful delegation of authority by the Commission to the manager of proration since it could be argued that the issuance of the proration schedules should be the act of the Commission. It would certainly strengthen the proration orders as against any attack upon their validity if they were clearly shown to be the act of the Commission.

It further appears to the writer that the office of the "Manager of Proration" appears for the first time in the proposed amendments. If the proposed amendments are adopted it might be well to include a definition to be included under the section of the rules con-

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

RECEIVED  
OCT 5 1951  
REGISTERED

308

Mr. R. R. Spurrier

-2-

October 3, 1951

taining definitions a definition of "Manager of Proration" which will serve to identify and describe that particular office.

Yours very truly,



ABT:rk

cc: Mr. A. V. Krukiel  
Dallas Office

Mr. N. B. Winter  
Mr. R. E. Howard  
Midland Office

Mr. T. C. Frick  
Midland Office

Mr. D. W. Buchanan  
Dallas Office

CLASS OF SERVICE  
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

1201

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=Int'l Letter Telegram  
VLT=Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

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R R SPURRIER=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX=

SUN OIL COMPANYS LEGAL DEPARTMENT HAS SOME OBJECTIONS TO THE WORD ING IN THE PROPOSED CHANGE IN RULES THAT YOU SENT US A COPY OF IT WILL TAKE A FEW MORE DAYS TO OUTLINE OUR OBJECTIONS AND THESE WILL BE SENT TO YOU AS SOON AS POSSIBLE=

SUN OIL CO A R BALLOU=

*Case 308 ✓*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



COPY

ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL  
CHARLES F. MALONE

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO  
October 1, 1951

Mr. J. O. Seth,  
Seth & Montgomery,  
Attorneys at Law,  
Santa Fe, New Mexico.

Dear Judge Seth:

I will be pleased to serve on the committee, of which you are chairman, to consider the necessity for changes in the rules and regulations of the Oil Conservation Commission.

As I understand the purpose of the committee, it is to consider primarily changes in the procedure now followed in setting up the allowables.

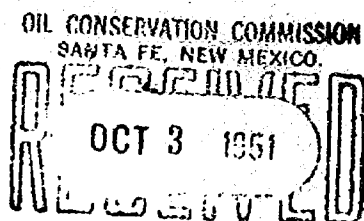
It is my present feeling that except for a ratification by the Commission in their Minutes, the procedure now being followed is proper and I cannot see that the ratification needs to be included in a part of the rules and regulations provided it is accomplished at a meeting of the Commission subsequent to the distribution of the allowable schedule.

Very truly yours,

Jack M. Campbell

JMC:hl

cc. Mr. R. R. Spurrier



New Mexico  
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM  
CHAIRMAN  
LAND COMMISSIONER GUY SHEPARD  
MEMBER  
STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1545  
HOBBS, NEW MEXICO  
September 28, 1951

Case 308

Mr. J. O. Seth  
Box 828  
Santa Fe, New Mexico

Dear Mr. Seth:

I am advised that you have been appointed chairman of the committee of which I am a member to consider revision in Rules and Regulations of the Oil Conservation Commission as set forth in Case 308.

I am very anxious to attend the meeting or meetings of this committee, however, I will be tied down in my office until the October proration schedule is published and distributed which should be around October 10.

My plans now are to submit to the committee new proposals based on a two calendar month proration period. Other than the change in the proration period my new suggestions will now materially change those which I presented to the Commission at the September 20 hearing. I am convinced, however, that a two calendar month period should be seriously considered which would under my proposed plan allow us time to publish and distribute the proration schedule prior to the beginning of the proration period. As you know this has been a point in question among the transporters and operators for years.

As soon as we are through with the October proration schedule I will send to you and the other members of the committee copies of my suggestions.

Yours very truly,

A handwritten signature in cursive script that reads "A. L. Porter, Jr." followed by a large flourish.

A. L. Porter, Jr.  
Proration Manager

ALP/cjr



# MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

Box 727, Kermit, Texas  
September 29, 1951

*Case 308*

Judge J. O. Seth  
Chairman, Committee appointed to  
Consider Revision of Rules and  
Regulations of the Oil Conservation  
Commission of the State of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

MAGNOLIA PETROLEUM COMPANY'S  
State "K" Lease  
Vacuum Field, Lea County  
New Mexico

Dear Judge Seth:

The subject lease has approximately 555 barrels of legal storage on hand--an accumulation over a period of years. At various times this circumstance has been discussed with the proration office of the Oil Conservation Commission at Hobbs, New Mexico. In their opinion this oil can not be cleared to the pipe line under existing rules and regulations. It is a handicap to operate this lease from month to month with this legal storage. Unless it is cleared to the pipe line, it will be necessary to reduce the current allowable, which will be a penalty.

Any assistance will be appreciated.

Yours very truly,

MAGNOLIA PETROLEUM COMPANY

*Malcolm Keeble*

Malcolm Keeble  
District Superintendent

cls

cc: Mr. A. L. Porter  
Hobbs, New Mexico

J. P. CUSACK  
3724 COUNTRY CLUB CIRCLE  
FORT WORTH 9, TEXAS

September 28, 1951.

Re; Case 308  
New Mexico Oil Conservation  
Commission.

Mr. R. R. Spurrier,  
New Mexico Oil Conservation Commission,  
Santa Fe, New Mexico.

Dear Mr. Spurrier:

With reference to changes suggested by Mr. Porter. If Sec.(f) is eliminated by adoption of Sec.(e) then as I interpret these sections as a whole, section (e) should be amended to require a supplemental order from the Manager of Proration to the operator permitting him to make up such back allowable and a copy thereof to the transporter authorized to transport such crude from the unit. In other words you should incorporate in Sec.(e) such portions of Sec.(f) as determines legal back allowable.

Yours very truly,

*J. P. Cusack*  
J. P. Cusack.





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Case 308

P. O. Box 997  
Roswell, New Mexico

September 27, 1951

Mr. R. R. Spurrier  
Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

Receipt is acknowledged of your letter of September 25 in which you include my name as a member of a committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case No. 308 (which has been continued to October 23, 1951).

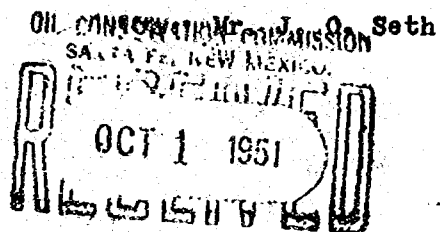
I appreciate your thinking of this office in connection with the study of revisions of your rules and regulations. However, in view of my official position, I am unable to accept the appointment as a reporting member of a committee appointed by the Oil Conservation Commission.

I will be happy to work with your committee as an advisory member, if so desired. This is the manner of cooperation extended in connection with your committee appointed to recommend rules and regulations of the Oil Conservation Commission which were adopted effective January 1, 1950 and the Oil-Potash Committee appointed by the State Land Commissioner.

A copy of this letter is being forwarded to Mr. J. O. Seth of Santa Fe, Chairman of the committee appointed by your letter of September 25, 1951, for his information.

Very truly yours,

*Foster Morrell*  
FOSTER MORRELL  
Oil and Gas Supervisor  
Southwestern Region



OIL CONSERVATION COMMISSION  
HOBBS, NEW MEXICO

September 28, 1951

Case 308

Mr. J. O. Seth  
Box 828  
Santa Fe, New Mexico

Dear Mr. Seth:

I am advised that you have been appointed chairman of the committee of which I am a member to consider revision in Rules and Regulations of the Oil Conservation Commission as set forth in Case 308.

I am very anxious to attend the meeting or meetings of this committee, however, I will be tied down in my office until the October proration schedule is published and distributed which should be around October 10.

My plans now are to submit to the committee new proposals based on a two calendar month proration period. Other than the change in the proration period my new suggestions will not materially change those which I presented to the Commission at the September 20 hearing. I am convinced, however, that a two calendar month period should be seriously considered which would under my proposed plan allow us time to publish and distribute the proration schedule prior to the beginning of the proration period. As you know this has been a point in question among the transporters and operators for years.

As soon as we are through with the October proration schedule I will send to you and the other members of the committee copies of my suggestions.

Yours very truly,

A. L. Porter, Jr.  
Proration Manager

ALP/ejr

C  
O  
P  
Y

**BUFFALO OIL COMPANY**  
A MARYLAND CORPORATION  
GULF STATES BUILDING

DALLAS, TEXAS

CARPER BUILDING  
ARTESIA, N. M.

Sept. 26, 1951

Case 308

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

We have received a copy of proposed changes by Mr. A. L. Porter in regard to proration and allocation rules which are to be amended. Mr. Glenn Staley's letter circularizing this proposal states that any suggestions should be addressed to the Oil Conservation Commission in order that they might be considered in the hearing scheduled for October 23, 1951.

We would like to comment on Mr. Porter's suggested changes under Par. 5 of Rule 505. Mr. Porter recommends that in the event well nominations are not submitted by the operators on the basis of the ability of the well to produce, then the Manager of Proration will assign proper allowables on the basis of latest production figures. We recently encountered some difficulty due to this practice. No doubt some operators do not make proper nominations on the marginal wells and in extreme cases there are probably wide variations between the operators nominated allowable as compared to the true ability of the well to produce. However, there are many conditions that can exist in the field which might cause temporary shortages and on many occasions work will be performed which will restore the producing ability of the wells so that the allowable can be approximately maintained. It is impossible for the Commission to know the individual conditions, or work being performed on each lease and we do not believe that the Commission can satisfactorily make nominations on these marginal wells, except where a well consistently under produces very materially.

We would suggest that Mr. Porter's statement be changed by deleting the following: "otherwise the allowables will be assigned by the Manager of Proration on the basis of the latest production figures". In place of this we suggest the following:



N. M. Oil Conservation Commission  
Sept. 26, 1951  
Page #2

"In the event a well consistently produces materially less than the assigned allowable, the Manager of Proration may require the operator to show reasons why the allowable should not be reduced to the average production of the well during the preceding three months period."

Yours very truly,

BUFFALO OIL COMPANY

By Ralph L Gray  
Asst. Supt.

RLG:lt

Case 308

G -- OIL PRORATION AND ALLOCATION

SEP 15 1934

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) The Commission shall meet between the 20th and the 25th of each month for the purpose of setting the allowable production for the State for the following calendar month. (No change unless proration period is changed).

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:  
The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Commission will instruct the Manager of Proration to issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form G-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00 A.M. on the first day of the proration period in which form G-104 is approved. A supplementary order will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well. (Note: This should eliminate the necessity of the Commission's having to adopt the proration schedule after publication)

(d) Suggested changes; to be rewritten as follows:  
A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such

RULE 503 CONT'D  
(d) Cont'd

unit shall file with the Manager of Proration for a supplemental order covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental order setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental order to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.)

(e) Suggested changes; to be rewritten as follows:

Current oil ~~Under-Production or Under-Runs~~ may be made up or current and unavoidable ~~over-production or over-runs~~ shall be compensated for at any time or times during the two proration periods next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; ~~To be discontinued.~~ (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.)

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary orders issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period will be numbered in the order issued. A tabulation of such supplementary orders will be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until Form G-104 and G-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

2.	Pool Depth Range		Proportional Factor
From	0	to 5,000 Feet	1.00
Below	5,000	to 6,000 "	1.33
	6,000	to 7,000 "	1.77
	7,000	to 8,000 "	2.33
	8,000	to 9,000 "	3.00
	9,000	to 10,000 "	3.77
	10,000	to 11,000 "	4.67
	11,000	to 12,000 "	5.67
	12,000	to 13,000 "	6.75

RULE 505 CONT'D

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas-oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-115. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30 - N) U (B - 30U)}$$

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 25th of the month will be assigned an allowable for the next month by supplementary order. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7:00 A.M. on the date of completion and for the remainder of that calendar month. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the month. This, of course, will result in an earlier distribution of the proration schedule.

RULE 505 CONT'D

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS-OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

New Mexico  
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM  
CHAIRMAN  
LAND COMMISSIONER GUY SHEPARD  
MEMBER  
STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1545  
HOBBS, NEW MEXICO  
September 11, 1951

SEP 15 1951

Mr. R. R. Spurrier  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

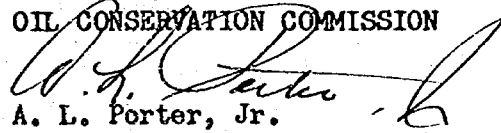
Dear Mr. Spurrier:

Pursuant to our telephone conversation of recent date I have rewritten the Rules pertaining to Oil proration and allocation, incorporating therein the changes which I believe to be necessary. I am enclosing two copies on which I have underlined with red pencil my suggested changes.

I do not presume to be qualified to revise these rules as they should be. I suggest that you go over my revisions with the attorney's for the Commission so that they may be acquainted with what I have in mind before I come to Santa Fe on next Wednesday, September 19th. If the changes which I have suggested are in line with what you and the attorney's have in mind I would suggest that they be read by the attorney at the hearing, then if necessary I would be glad to answer questions as to my reasons for these suggestions.

Yours very truly,

OIL CONSERVATION COMMISSION

  
A. L. Porter, Jr.  
Proration Manager

ALP/cd

N. M. OIL & GAS ENGINEERING COMMITTEE  
DRAWER I  
HOBBS, NEW MEXICO

September 21, 1951

TO ALL OPERATORS:

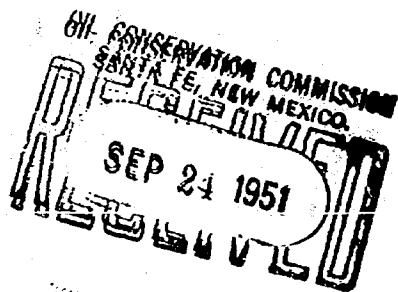
Enclosed are some suggested changes prepared by Mr. A. L. Porter, Proration  
Manager, regarding Case 308 of the New Mexico Oil Conservation Commission.

Mr. R. R. Spurrier stated at the hearing that anyone having any suggestions  
regarding Case 308 should put them in the form of a letter and mail to his  
office before October 5, 1951. Mr. Spurrier will appoint a committee to study  
the suggested changes which will be presented at the hearing of the New Mexico  
Oil Conservation Commission on October 23, 1951.

Yours very truly,

Glenn Staley

CGS:rm



G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) The Commission shall meet between the 20th and the 25th of each month for the purpose of setting the allowable production for the State for the following calendar month. (No change unless proration period is changed).

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of



RULE 503 (c) CONT'D.

each proration period, the Commission will instruct the Manager of Proration to issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 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. A supplementary order will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well. (Note: This should eliminate the necessity of the Commission's having to adopt the proration schedule after publication)

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file with the Manager of Proration for a supplemental order covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental order setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental order to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for at any time or times during the two proration periods next following the proration period in which such

RULE 503 (e) CONT'D.

occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.)

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary orders issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period will be numbered in the order issued. A tabulation of such supplementary orders will be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until Form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

RULE 505 CONT'D.

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75

RULE 505 CONT'D.

3. Normal unit allowable shall be set by the Commission.
4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.
5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas-oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-115. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor = 
$$\frac{(B-30U)}{(30-N)U(B-30U)}$$

Where:

B = Total allocation to Lea, Eddy and Cheves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

RULE 505 CONT'D.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 25th of the month will be assigned an allowable for the next month by supplementary order. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7:00 A.M. on the date of completion and for the remainder of that calendar month. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the month. This, of course, will result in an earlier distribution of the proration schedule.

RULE 505 CONT'D.

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS-OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

RULE 506 CONT'D. G O R Limitation

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.



# SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN  
VICE PRESIDENT

E. A. JENKINS  
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

W. P. WHITMORE  
CHIEF PETROLEUM ENGINEER

G. W. SELINGER  
PRORATION ATTORNEY

J. H. MCCULLOCH  
CHIEF CLERK

September 25, 1951

Re: Case 308

Mr. R. R. Spurrier  
Box 871  
Santa Fe, New Mexico

Dear Sir:

We have considered the proposed changes to the state-wide rules, particularly Paragraph (g) - Oil Proration and Allocation.

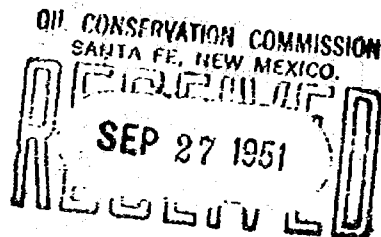
With respect to Rule 503-(c), we are in accord with the suggested changes; however, we believe that the proration schedule should carry not only the monthly allowable but also the monthly runs and the over and under for that particular month.

We make that suggestion in view of the proposed change in 503-(e) which will permit the automatic making up of current or unavoidable under-production or under-runs without special authorization, and we believe that operators are entitled to have this information on such schedules. We, therefore, believe that provision should be made for same in Rule 503-(c) and 503-(e).

Very truly yours,

*George W. Selinger*  
George W. Selinger

GWS:meh  
CC: Mr. Dunlavey





Ex #1  
Case 308  
22 Jan. 52

RECOMMENDATIONS OF  
PRODUCERS AND TRANSPORTERS COMMITTEE  
ON CASE 308  
FOR HEARING BEFORE THE OIL CONSERVATION COMMISSION  
AT SANTA FE JANUARY 22, 1952

SANTA FE, NEW MEXICO

JANUARY 21, 1952

Mr. R. R. Spurrier,  
Secretary and Director,  
New Mexico Oil Conservation Commission,  
Santa Fe, New Mexico

Dear Mr. Spurrier:

The Committee named in your letter of December 27, 1951 to study the recommendations previously made in Case No. 308, has reviewed the recommendations submitted at the hearing in October 1951 and those submitted at the hearing in December 1951 and has also reviewed the Sections "G", "H", "J", "M", "N", and "O" of Order No. 850 and amendments thereto.

The Committee makes the following recommendations:

1. That a hearing be called to consider the following recommendations made by the Committee of which Mr. J. O. Seth was chairman:
  - (a) "We recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced."
  - (b) "We recommend that the Commission call a hearing for the purpose of revision of Rule 104, paragraph (h) for the purpose of changing the differential."
2. That the Commission continue to issue monthly proration schedules.
3. That the definitions contained in Order No. 850 be changed as follows:
  - (a) Delete the definition No. 4 "Back Allowable".
  - (b) Amend Definition No. 41 as follows:  
"41 Overage or Over Production shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.
  - (c) Amend Definition No. 56 as follows:  
"56 Shortage or Under Production shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

Mr. R. R. Spurrier

4. That the following be substituted for Rules 501 to 507; which, in addition to other changes, eliminates from the Rules, rule 503 (e) and 503 (f) relating to current shortages and back allowables respectively.

#### PROPOSED REVISIONS

#### G-OIL PRORATION AND ALLOCATION

##### RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.

##### RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce therefrom during any proration period any more oil than the allowable production of oil from such unit as shown by the proration schedule, provided, that such owners or operators shall be permitted to balance the production for each unit during the proration period. Except for the purpose of testing in the process of completing, or recompleting a well and for drawdown tests no oil unit shall be permitted to produce in any one/an amount of oil in excess of 125% of the daily allowable. day

*( see Feb. Trans. Pg. 2  
for change*

##### RULE 503. AUTHORIZATION FOR PRODUCTION, OF OIL

(a) After the effective date of this order the Commission shall meet between the 15th and 20th of each month for the purpose of determining the amount of oil to be produced from all oil pools for the following Calendar month.

(b) Within ten (10) days after the effective date of the Order the Commission shall establish the exact date, time and place of such meetings for the remainder of the Calendar year; and notice thereof given by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year.

Mr. R. R. Spurrier

(c) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of the 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 504. The allowable production for such well 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 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 supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted the remainder of the proration period.

(d) A marginal unit shall be permitted to produce any amount oil which it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing; and, provided further a supplementary proration schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which shall be the date on which said application is received in the office of the Commission.

(e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedule.

**RULE 504 Authorization For Production of Oil while Completing, Recompleting, or Testing an Oil Well.**

In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances at said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

**RULE 505 Oil Proration.**

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever-----

Mr. R. R. Spurrier

is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

2.	POOL DEPTH RANGE	PROPORTIONAL FACTOR
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75

3. Normal unit allowable shall be set by the Commission

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

5. The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool. (The balance of this paragraph and all of paragraph 6 should be deleted since the reference is to a formula to be used to compute corrected top allowables when normal unit allowable is less than 30 barrels. The formula was designed for use under old Commission Order 637 and is not workable under the present proration plan.)

6. The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

Mr. R. R. Spurrier

7. Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is 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 supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

8. The provision of Rule 104 (b) et seq., shall be adhered to where applicable in fixing top unit allowables.

**RULE 506. GAS-OIL RATIO LIMITATION.**

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

Mr. R. R. Spurrier

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel unit such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

#### RULE 507 UNITIZED AREAS

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

5. We have no recommendations to make with respect to Section H - Gas Proration and allocation.

6. That the following be added to Rule 802:

"(c) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing." And that Rule 803 be amended to read as follows:

#### RULE 803. Production and Transportation of Condensate.

The operator of a gas well may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

7. That section M-"Reports" be amended to conform to the suggested Rules and Forms as shown on the attached pages identified by Rule Number, Form Numbers and revision date "1-22-52". The foregoing consists of 43 pages, numbered 26 to 68 inclusive.

Respectfully submitted,

F. C. BROWN, Chairman

GLENN STALEY, Vice-Chairman

Revised (1-22-52)

**M-REPORTS**

**RULE 1101 ADDITIONAL INFORMATION MAY BE REQUIRED**

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

**RULE 1102. BOOKS AND RECORDS TO BE KEPT TO SUBSTANTIATE REPORTS.**

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than 5 years, covering their operations in New Mexico from which they may be able to make and substantiate the reports required by this Order.



(Revised 1-22-52)

**RULE 1103. WRITTEN NOTICES, REQUESTS, PERMITS AND REPORTS**

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - Certificate of Compliance and Request for (oil) (gas) allowable
- Form C-105 - Well Record
- Form C-110 - Application for Authority to Connect and Authorization to Transport Oil and Natural Gas From Lease
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Forms (C-115A - Operator's Monthly Report (oil & Condensate)  
(C-115B - Operator's Monthly Report (gas)  
(C-115C - Instructions for Forms C-115A, and C-115B
- Form C-116 - Gas-Oil Ratio Report
- Form C-117 - Tank Cleaning Permit
- Form C-118 - Treating Plant Report
- Form C-119 - Carbon Black Plant Monthly Report
- Form C-120 - Injection Report
- Form C-121 - Crude Oil Purchaser's Nomination
- Form C-122 - Back Pressure Data Sheet
- Form C-123 - Request for the Extension of an Existing Pool or the Creation of a new pool

(Revised 1-22-52)

**RULE 1104. NOTICE OF INTENTION TO DRILL OR RECOMPLETE (Form C-101)**

Before beginning drilling, and before beginning recompletion operations, the owner of the well shall give notice thereof by filing with the Commission in quintuplicate Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modification considered advisable, or the rejection of the plan submitted. Drilling and recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes the name and number of the well, exact location, status of land, (whether State, Federal or privately owned,) type of drilling equipment to be used, proposed casing program, probable depth to first productive oil or gas sand, and name of drilling contractor, if known, and any additional pertinent information. In case of wildcat locations a plat made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted with Form C-101.

**RULE 1105 MISCELLANEOUS NOTICES (Form C-102)**

Form C-102, "Miscellaneous Notices," shall be filed by the owner in triplicate with the Commission and approval obtained from it before starting operations leading to a proposed change of drilling plan, repairing or deepening a well, pulling or altering casing, plugging back, re-drilling, or starting of any other similar operations not specifically covered herein. A copy of the notice giving the decision of the Commission will be returned to the owner.

**RULE 1106. NOTICE OF INTENTION TO PLUG WELL (Form C-102)**

Before plugging a well, notice shall be given to the Commission by filing in triplicate Form C-102, "Miscellaneous Notices." Work shall not begin until approval is obtained from the Commission or one of its representatives authorized to approve these forms as specified in Rule 1303. A copy of the notice will be returned to the owner. The notice shall give a detailed statement of the proposed work; including length and depth of plugs; plans for mudding, cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well, the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

**RULE 1107. REPORT ON BEGINNING DRILLING OPERATIONS (Form C-103)**

Within 10 days after drilling or recompletion operations are begun, the owner of the well shall file with the Commission a report on Form C-103, "Miscellaneous Reports on Wells."

(Revised 1-22-52)

**RULE 1108. REPORT ON RESULT OF TEST OF CASING SHUT-OFF (Form C-103)**

A report on the result of test of casing shut-off shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," within 10 days after the completion of work. It shall indicate any changes made in the approved plan outlined previously on Form C-101. It shall also give a detailed report of the method used and of the results obtained and any other pertinent information.

**RULE 1109. REPORT ON RESULTS OF PLUGGING WELL (Form C-103)**

Within 10 days after plugging a well, a record of the work done shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner. The report shall include the date the work was started and the date it was completed; a detailed account of the manner in which the work was performed; the nature and quantities of materials used in plugging, and the depths and lengths of the various plugs; records of any tests or measurements made; the amount, size and depth of all casing left in the well; the volume and gravity of mud-laden fluid used; pressure retained in mudding; a complete record of any shooting done, and names, addresses and positions of all those in charge of the work. The report shall also state whether or not the pits have been filled and leveled and the location cleared of junk.

**RULE 1110. REPORT OF RESULT OF SHOOTING OR CHEMICAL TREATMENT OF WELL (Form C-103)**

Within 20 days after the shooting or chemical treatment of a well, report shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner giving the size and depth of the shot, or amount of chemical used, and the daily production of oil, gas, and water before and after shooting or chemical treatment.

**RULE 1111. MISCELLANEOUS REPORT ON WELLS (Form C-103)**

Form C-103, "Miscellaneous Reports on Wells" shall be used for reports of various operations, such as:

- a. Change of Drilling Plan
- b. Repairing or Deepening Well
- c. Pulling or Altering Casing
- d. Plugging Back
- e. Re-Drilling
- f. Perforating casing (or of any other similar operations not specifically covered herein).

The report with respect to such operation shall be filed with the Commission within 10 days after such operation is completed.

The status prior to and results of the work completed shall be given in detail.

(Revised 1-22-52)

**RULE 1112. CERTIFICATE OF COMPLIANCE AND REQUEST FOR (OIL) (GAS) ALLOWABLE (Form C-104)**

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil well. Form C-104 is to be submitted in triplicate to the Commission Office, to which Form C-101 was sent. The allowable will be assigned effective 7:00 A. M., on date of completion provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well, when oil is delivered into the stock tanks.

**RULE 1113. WELL RECORD FORM (Form C-105)**

Within 20 days after the completion of a well the owner shall file in quintuplicate with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report confidential for 90 days from the date of the completion of the well; provided, however, that the report or data therein when pertinent may be introduced in any public hearing before the Commission or any court regardless of the request that the report be kept confidential. If the C-105 is not received by the Commission in the specified 20 days the well will be dropped from the proration schedule.

**RULE 1114. APPLICATION FOR AUTHORITY TO CONNECT AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS FROM LEASE. (Form C-110)**

(a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute, in quadruplicate, and file with the Commission Form C-110, setting forth fully therein the data and information indicated by such form covering each lease from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing lease or whenever there shall occur a change of transporter from any producing lease, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable for one proration period the producer may, in lieu of filing a new application, notify the Commission, and the transporter then authorized by letter, of the estimated amount of crude petroleum, dry gas or liquid hydrocarbons to be moved by temporary transporter and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. In no instance shall the temporary transporter move any greater quantity of crude petroleum oil or natural gas than the estimated amount shown in said notice.

**RULE 1115. MONTHLY GAS REPORT (ACQUISITION AND DISPOSITION) (Form C-111)**

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceeding month.

(Revised 1-22-52)

**RULE 1116. TRANSPORTER'S AND STORER'S MONTHLY REPORT (Form C-112)**

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in duplicate on or before the 15th day of the next succeeding month.

**RULE 1117. REFINER'S MONTHLY REPORT (Form C-113)**

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

**RULE 1118. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT (Form C-114)**

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico, shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

**RULE 1119. OPERATOR'S MONTHLY REPORT (Form C-115)**

Operator's Monthly Report Form C-115 A and Form C-115 B shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms. Such reports for each month shall be filed the next succeeding month - on or before the 16th with respect to Form C-115A, and on or before the 25th with respect to Form C-115 B.

**RULE 1120 GAS-OIL RATIO TEST (Form C-116)**

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301 - Gas-Oil Ratio Test.

(Revised 1-22-52)

**RULE 1121. TANK CLEANING PERMIT (Form C-117)**

- (a) Form C-117 shall be used pursuant to Rule 311.
- (b) Tank cleaning permit is not necessary in the following cases:
- (1) Where "tank bottoms" are to be used on operator's lease roads or fire walls.
  - (2) Where merchantable oil is reclaimed by operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
  - (3) Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms."
  - (4) Where there is the 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 1122. TREATING PLANTS (Form C-118)**

Form C-118 shall be used in accordance with Rule 312.

**RULE 1123. CARBON BLACK PLANT MONTHLY REPORT (Form C-119)**

Each operator of a carbon black plant within the State of New Mexico shall file for each calendar month, the monthly volume of gas received by him from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received by him from each lease and lease operator delivering natural gas directly to such plant together with the opening and the closing stocks, the production and deliveries of carbon black or other products produced. Such reports containing information as required by the form shall be prepared and filed <sup>in duplicate</sup> on Form C-119, "Carbon Black Plant Monthly Report," on or before the 15th day of the next succeeding month.

**RULE 1124. INJECTION REPORT (Form C-120)**

Form C-120 shall be used for reports required under Rule 701, et seq.

**RULE 1125. CRUDE OIL PURCHASER'S NOMINATION (Form C-121)**

Re: Form C-121

Re: Rule 1125

It is recommended that the present Rule 1124-A "Crude Oil Purchaser's Nomination (Form C-121)" be renumbered to read "Rule 1125" and that the rule now

(Revised 1-22-52)

under 1124A be revised to read:

"Form C-121 shall be used by crude oil purchasers for nomination of purchases, and shall be submitted to the Commission not later than five days prior to said Commission's statewide proration hearing on nominations for the succeeding month"

and that the same be adopted as Rule 1125.

**RULE 1126. BACK PRESSURE DATA SHEET (Form C-122)**

Re: Form C-122

Re: Rule 1126

It is recommended that the present Rule 1124-B "Back Pressure Data Sheet (Form C-122)" be renumbered to read "Rule 1126" and that the Rule now under 1124-B which reads:

"Form C-122 shall be used to show back pressure data as required under the provisions of Rule 401"  
be adopted as Rule 1126.

Re: Rule 1125  
(Revised 1-22-52)

This Committee recommends that the "PIPE LINE DATA REQUIRED" report be deleted, and that this Rule 1125 be applied to cover Form C-121 "CRUDE OIL PURCHASER'S NOMINATION" statement.



Form C-123  
(Revised 1-22-52)  
Re: Rule 1127

It is recommended that the present Rule 1124-C "REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE CREATION OF A NEW POOL (Form C-123)" be renumbered to read "RULE 1127", and that the Rule now under 1124-C which reads:

"Form C-123, shall be used where a well is completed outside the boundaries of any pool producing from the same formation, and shall be submitted in triplicate to the Commission not later than twenty (20) days after completion of well and shall accompany Form C-105.",

be adopted as Rule 1127.

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
NOTICE OF INTENTION TO DRILL OR COMPLETE

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in quintuplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Place \_\_\_\_\_ Date \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a \_\_\_\_\_ well to be known as \_\_\_\_\_

\_\_\_\_\_ Well No. \_\_\_\_\_ in \_\_\_\_\_  
Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_

of Sec. \_\_\_\_\_, T. \_\_\_\_\_, R. \_\_\_\_\_, N. M. P. M. \_\_\_\_\_, Field, \_\_\_\_\_ County.

N


The well is \_\_\_\_\_ feet (N) (S) of the \_\_\_\_\_ line and \_\_\_\_\_ feet (E) (W) of the \_\_\_\_\_ line of \_\_\_\_\_

(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. \_\_\_\_\_ Assignment No. \_\_\_\_\_

If patented land the owner is \_\_\_\_\_

Address \_\_\_\_\_

If government land the permittee is \_\_\_\_\_

Address \_\_\_\_\_

The lessee is \_\_\_\_\_

Address \_\_\_\_\_

The s  
Comm

We pr  
indica

Size of  
Hole

If chan  
landin  
depth

Additional

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

Notice of Intention to Test Casing Shut -Off	<input type="checkbox"/>	Notice of Intention to Shoot or Chemically treat well	<input type="checkbox"/>
Notice of Intention to Change Plans	<input type="checkbox"/>	Notice of Intention to Pull or Otherwise alter casing	<input type="checkbox"/>
Notice of Intention to Repair Well	<input type="checkbox"/>	Notice of Intention to Plug Well	<input type="checkbox"/>
Notice of Intention to Deepen Well	<input type="checkbox"/>		<input type="checkbox"/>

Oil Conservation Commission  
Santa Fe, New Mexico

Place

Date

Gentlemen:

Following is a notice of intention to do certain work as described below at the \_\_\_\_\_

\_\_\_\_\_ Company or Operator Lease Well No. \_\_\_\_\_ in \_\_\_\_\_

\_\_\_\_\_ of Sec. \_\_\_\_\_, T. \_\_\_\_\_ R. \_\_\_\_\_, N. M. P. M. \_\_\_\_\_ Field.

\_\_\_\_\_ County.

FULL DETAILS OF PROPOSED PLAN OF WORK  
Follow instructions in the Rules and Regulations of the Commission

Approved \_\_\_\_\_, 19\_\_\_\_

Except as follows

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

Title \_\_\_\_\_

Company or Operator

By \_\_\_\_\_  
Position \_\_\_\_\_

Send communications regarding  
well to:

Name \_\_\_\_\_

Address \_\_\_\_\_

NEW MEXICO OIL CONSERVATION COMMISSION  
MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission District Office within ten days after the work specified is completed. It should be signed and filed as a report on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

Report on Beginning Drilling Operations		Report on Repairing Well	
Report on Result of Shooting or Chemical Treatment of Well		Report on Pulling or otherwise Altering Casing	
Report on Result of Test of Casing Shut-Off		Report on Deepening Well	
Report on Result of Plugging of Well		Report on Recompletion Operation	

Date \_\_\_\_\_ Place \_\_\_\_\_

Following is a report on the work done and the results obtained under the heading noted above at the \_\_\_\_\_

Company or Operator \_\_\_\_\_ Contractor \_\_\_\_\_ Lease \_\_\_\_\_ Well No. \_\_\_\_\_ in the \_\_\_\_\_ of Sec. \_\_\_\_\_, T. \_\_\_\_\_ R. \_\_\_\_\_, N. M. P. M., \_\_\_\_\_ Pool \_\_\_\_\_ County.

The dates of this work were as follows:

Notice of Intention to do the work was (was not) submitted on Form C-102 on \_\_\_\_\_ 19. , and approval of the proposed plan was (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Witnessed by \_\_\_\_\_  
Name \_\_\_\_\_ Company \_\_\_\_\_ Title \_\_\_\_\_

Approved: \_\_\_\_\_  
Oil Conservation Commission

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

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Representing \_\_\_\_\_  
Company or Operator \_\_\_\_\_

\_\_\_\_\_ 19 \_\_\_\_\_  
Date \_\_\_\_\_ Address \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
CERTIFICATE OF COMPLIANCE  
AND  
REQUEST FOR (OIL) - (GAS) ALLOWABLE

This form shall be submitted by the operator before an initial allowable will be assigned to any completed oil or gas well. Form C-104, is to be submitted in triplicate to the office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a.m. on date of completion, provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 psia at 60° Fahrenheit.

\_\_\_\_\_ Place \_\_\_\_\_ Date \_\_\_\_\_

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

\_\_\_\_\_ Well No. \_\_\_\_\_ in \_\_\_\_\_ 1/4 \_\_\_\_\_ 1/4  
\_\_\_\_\_ Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_  
\_\_\_\_\_ section \_\_\_\_\_, T. \_\_\_\_\_, R. \_\_\_\_\_, N. M. P. M. \_\_\_\_\_ Pool \_\_\_\_\_ County \_\_\_\_\_

Please indicate location: Elevation \_\_\_\_\_ Spudded \_\_\_\_\_ Completed \_\_\_\_\_


Total Depth \_\_\_\_\_ P. B. \_\_\_\_\_

Top Oil/Gas Pay \_\_\_\_\_ Top Water Pay \_\_\_\_\_

Initial Production Test: Pump \_\_\_\_\_ Flow \_\_\_\_\_ (BOPD or Cu. Ft. Gas per Day)

Based on \_\_\_\_\_ Bbls. Oil in \_\_\_\_\_ Hrs. \_\_\_\_\_ Mins.

Unit is

Casing Size


Form C-104  
(Rev. 1-22-52)

Date first oil run to tanks or gas to pipe line: \_\_\_\_\_

Transporter taking oil or gas: \_\_\_\_\_

Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned hereby certifies that the Rules and Regulations of the Commission have been complied with.

\_\_\_\_\_  
Company or Operator

By: \_\_\_\_\_  
Signature

Position: \_\_\_\_\_

Send communications regarding well to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

APPROVED \_\_\_\_\_ 19\_\_\_\_

OIL CONSERVATION COMMISSION

By: \_\_\_\_\_

Title: \_\_\_\_\_



Address \_\_\_\_\_  
 Representing \_\_\_\_\_ Company or Operator.  
 Position \_\_\_\_\_  
 Name \_\_\_\_\_  
 Date \_\_\_\_\_ Since \_\_\_\_\_

Information given herewith is a complete and correct record of the well and all from available records.

**PRODUCTION RECORD ON OTHER SIDE**

Driller \_\_\_\_\_  
 Driller \_\_\_\_\_  
 Driller \_\_\_\_\_

**EMPLOYEES**

Gallons Gasoline per 1,000 cu. ft. of gas \_\_\_\_\_  
 % sediment, Gravity, Be \_\_\_\_\_  
 barrels of fluid of which % was oil; \_\_\_\_\_  
 \_\_\_\_\_, 19\_\_\_\_

**PRODUCTION**

feet to \_\_\_\_\_ feet, and from \_\_\_\_\_ feet.  
 feet to \_\_\_\_\_ feet, and from \_\_\_\_\_ feet.

**TOOLS USED**

On surveys were made, submit report on separate sheet and attach hereto.

**OF DRILL-STEM AND SPECIAL TESTS**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

DATE	DEPTH SHOT OR TREATED	DEPTH CLEANED OUT

**SHOOTING OR CHEMICAL TREATMENT**

Size \_\_\_\_\_  
 Length \_\_\_\_\_  
 Depth Set \_\_\_\_\_

**PLUGS AND ADAPTERS**


METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED

**LOGGING AND CEMENTING RECORD**

\_\_\_\_\_ (State):  
 \_\_\_\_\_ Mexico



NEW MEXICO OIL CONSERVATION COMMISSION  
APPLICATION FOR AUTHORITY TO CONNECT AND AUTHORIZATION  
TO TRANSPORT OIL AND NATURAL GAS FROM LEASE

Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_  
Address \_\_\_\_\_  
(Local or Field Office) (Principal Place of Business)  
Sec. \_\_\_\_\_ T. \_\_\_\_\_ R. \_\_\_\_\_; Sec. \_\_\_\_\_ T. \_\_\_\_\_ R. \_\_\_\_\_; Sec. \_\_\_\_\_ T. \_\_\_\_\_ R. \_\_\_\_\_  
Lease \_\_\_\_\_ Pool \_\_\_\_\_ County \_\_\_\_\_  
Kind of Lease \_\_\_\_\_ Location of Tanks \_\_\_\_\_  
(State, Fed., or Fee) (If not on this lease)  
Transporter \_\_\_\_\_ Address of Transporter \_\_\_\_\_  
(Local or Field Office)  
\_\_\_\_\_  
(Principal Place of Business)

REMARKS:

The undersigned certifies that the transporter named herein is authorized to transport the oil produced from the above described property and that this authorization will be valid until further notice to said transporter or until cancelled by the Commission.

Executed this the \_\_\_\_\_ day of \_\_\_\_\_, 195 \_\_\_\_\_

\_\_\_\_\_  
(Company or Operator)

By \_\_\_\_\_  
Title \_\_\_\_\_

Approved: \_\_\_\_\_, 195 \_\_\_\_\_

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

(See instructions on Reverse Side)

Form C-110  
(Revised 1-22-52)

### INSTRUCTIONS

This form shall be executed and filed in quadruplicate with the District Office of the Commission, covering each lease in each pool from which oil or gas is produced. A separate form shall be filed for each transporter authorized to transport oil or gas from a lease. After said form has been approved by the Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Commission.

A new form shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one proration period, the operator shall in lieu of filing a new form, notify the Commission District Office, and the transporter authorized by form C-110 on file with the Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from the lease and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This form when properly executed and approved by the Commission shall constitute a permit for pipe line connection and authorization to transport oil or gas from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

In all cases where this form is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

In the event two or more transporters are connected to one lease, a separate form C-110 shall be filed for each such transporter and said forms shall designate under "REMARKS" the battery or batteries, on the lease involved, from which each transporter is authorized to transport oil or gas.



Form C-111  
(Revised 1-22-52)

### INSTRUCTIONS

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

Where gas is taken from an oil and/or gas well by the producer into a fuel or other gas system and used outside the basic lease said producer is required to make this report. In case gas is taken at the well by any person other than the producer then such person is required to make this report.

This report shall be filed in duplicate in the District Office of the Commission in which the well or wells are located, on or before the 15th day of each calendar month and shall be complete as to data covering the calendar month next preceding the date of filing.

Report the volume of gas taken from each gas well separately. Report the volume of gas taken from oil wells by leases. All volumes shall be reported in M. C. F. at 15.025 psia at a standard base temperature of 60 degrees Fahrenheit.

If any space does not apply fill in the word "NONE."

Make a separate report for each field or pool.

Please use typewriter if possible.

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

Form C-112  
Sheet 1  
(Revised 1-22-52)

TRANSPORTER'S AND STORER'S MONTHLY REPORT

Report of \_\_\_\_\_ Month of \_\_\_\_\_ 19\_\_

Address \_\_\_\_\_  
(Street) (City) (State)

Total Stock Beginning of Month \_\_\_\_\_ Barrels

Receipts By Fields, By Leases -Total Each Field

County	Field or Pool	Name of Producer	Name of Lease	Barrels

Total

Receipts From Other Sources

Received From	Place of Receipt	Barrels

Total

Total Receipts

Stock First of period plus receipts

Deliveries

To Whom	Place of Delivery	Barrels

Total Deliveries

Total Stock End of Month

Shortage

Overage

Total Deliveries and Stocks Plus Shortage or Minus Overage

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Name of Transporter or Storer \_\_\_\_\_

(Signature)

(Title)

C-112 - Sheet 1  
(Revised 1-22-52)

### INSTRUCTIONS

This report is required of all Transporters of oil and liquid hydrocarbons by pipe line, by water or by truck, and by all Storers of oil and liquid hydrocarbons. In case products are blended with oil, receipts of such products shall be reported, separately.

This report shall be filed in duplicate on or before the 15th day of each calendar month and shall be complete as to data covering the month next preceding the date of filing.

When delivery is made to a transporter show under "To Whom" column the name of transporter and the type of transportation.

Where the space in any section on Sheet 1 is insufficient use sheet 1-A, Sheet 1-B, Sheet 1-C, or sheet 2 of Form C-112 and show in the applicable section of Sheet 1 the number of sheets of 1-A, 1-B, 1-C or 2 attached and made a part of this report.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE".

Please use typewriter if possible.

Form C-112  
Sheet 1-A  
(Revised 1-22-52)

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
TRANSPORTER'S AND STORER'S MONTHLY REPORT

Report of \_\_\_\_\_ Month of \_\_\_\_\_ 19\_\_\_\_

Address \_\_\_\_\_  
(Street) (City) (State)

Receipts by Fields, by Leases - - Total Each Field

County	Field or Pool	Name of Producer	Name of Lease or Unit	Barrels





Form C-112  
Sheet 1-C  
(Revised 1-22-52)

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
TRANSPORTER'S AND STORER'S MONTHLY REPORT

Report of \_\_\_\_\_ Month of \_\_\_\_\_ 19\_\_\_\_

Address \_\_\_\_\_  
(Street) (City) (State)

Deliveries

To Whom	Place of Delivery	Barrels



Notice of Intention to change class	Notice of Intention to repair well:
Notice of Intention to Plug well	Drill deeper <input type="checkbox"/> Plug back <input type="checkbox"/>
Notice of Intention to temporarily abandon well	set liner <input type="checkbox"/> Squeeze <input type="checkbox"/>
	acidize <input checked="" type="checkbox"/> Fluid fracture <input type="checkbox"/>
	N. Gly. Strat <input type="checkbox"/> Exp. perforate <input type="checkbox"/>
	Other <input type="checkbox"/>

	Date	Quantity	Balance
Acid			
Shot			
Fluid Free.			
Open Hole			

Form C-113  
 Sheet 1  
 (Rev. 1-22-52)

OIL CONSERVATION COMMISSION  
 STATE OF NEW MEXICO

REFINER'S MONTHLY REPORT

Report of \_\_\_\_\_ Month of \_\_\_\_\_ 19\_\_

Address \_\_\_\_\_

(Main Office)

(Plant)

(Barrels of 42 U. S. Gallons)

Kind	Stock On Hand Beginning Of Month	Receipts (Detail on Sheet 1-A)	Runs To Stills, Re-Runs and/or Blended	Products Manufac- tured	Deliv. (Detail On Sheet 1-B)	Plant Use and Losses	Stock On Hand End Of Month
Crude Petr.							
Casinghead Gasoline							
Gasoline							
Kerosene							
Gas Oil							
Fuel Oil							
Lubricating Oil							
Refinery Dists.							
Cracking Stock							
Other Prods.							
Processing Losses							
<b>TOTAL</b>							

REMARKS:

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Name of Refiner \_\_\_\_\_

(Signature)

(Title)

Form C-113  
Sheet 1  
(Rev. 1-22-52)

### INSTRUCTIONS

This report, including Sheet 1-A, Sheet 1-B and Sheet 2, of Form C-113, is required of all refiners of oil within the State of New Mexico, for each plant, and must be filed in duplicate on or before the 15th day of each month, and shall be complete as to data required on said forms, covering the calendar month next preceding the date of filing.

In the preparation of Sheet 1-B of this report group each commodity and show the total thereof, and show the Grand Total of all commodities delivered.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE".

Please use typewriter if possible.







OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
REFINER'S MONTHLY REPORT

Report of \_\_\_\_\_ Month of \_\_\_\_\_ 19\_\_\_\_

Address \_\_\_\_\_  
(Main Office) \_\_\_\_\_ (Plant) \_\_\_\_\_

Detail Statement of Crude Petroleum Oil Stocks at end of Month  
(Barrels of 42 U.S. Gallons)

Number of Tanks	Capacity	Barrels	Number Of Tanks	Capacity	Barrels

OIL CONSERVATION COMMISSION  
 STATE OF NEW MEXICO

GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT

Report of \_\_\_\_\_ Month of \_\_\_\_\_ 19\_\_\_\_

Address \_\_\_\_\_  
 \_\_\_\_\_ (Main Office) \_\_\_\_\_ (Plant)

Report All Volumes in M. C. F. at 15.025 Lbs. PSIA at 60° Fahrenheit

INTAKE VOLUME

	Volume MCF
Total Gas From Oil Wells (Details on Sheet 2)	
Total Gas From Gas Wells (Details on Sheet 2)	
Total Gas from other sources (Details on Sheet 2)	
<b>Total</b>	

Disposition of Residue

	Volume MCF
Plant Fuel	
Returned For Lease Fuel	
Sold or Other Disposition (Detail Below)	
Returned to Earth	
Vented	
Shrinkage	
<b>Total</b>	

Detail of Sale or Other Disposition of Residue

Name of Purchaser or User	Address	Used For	M. C. F.
<b>Total</b>			

Plant Production, Receipts, Deliveries and Stock in Barrels of 42 U.S. Gallons

Product	Opening Stock	Receipts	Production	Deliveries	Closing Stock
Oil					
Condensate					
Gasoline					
Butane					
Propane					
Kerosene					
Other					
<b>Total</b>					

REMARKS; \_\_\_\_\_

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Name of Operator \_\_\_\_\_

(Signature) (Title)

**RULE 1118. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT**

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico, shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoirs together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

**INSTRUCTIONS**

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

This report, including Sheet 2, shall be made by each Operator of a Gasoline Plant, Cycling Plant, or any other plant, at which gasoline, butane, propane, condensate, kerosene, oil or other liquid products are extracted from natural gas.

This report, including Sheet 2, shall be filed in duplicate on or before the 15th day of each calendar month and shall be complete as to data required by such forms covering the calendar month next preceding the date of filing.

Note: Under "Remarks" show the name of the transporter and the quantity delivered to each, except deliveries to trucks may be reported in total only.

In the preparation of Sheet 2 of this report, group and report by unit the volumes of "Gas From Oil Wells" and the total thereof; group and report by well the volume of "Gas From Gas Wells" and the total thereof; report by each source the volume of "Gas From Other Sources" and the total thereof; and report the total intake Volume from all Sources.

Make a separate report for each plant.

Please use typewriter if possible.

If any space does not apply fill in the word "NONE".



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Sheet No. \_\_\_\_\_

OPERATOR'S MONTHLY REPORT

The following is a correct report of all oil and condensate produced by \_\_\_\_\_

(Company or Operator)  
Lease \_\_\_\_\_ Field \_\_\_\_\_ County \_\_\_\_\_ for month of \_\_\_\_\_ 19\_\_

State Land; Lease No. \_\_\_\_\_ Assignment No. \_\_\_\_\_ Gov't Lease No. \_\_\_\_\_ Pat. Land \_\_\_\_\_

(Following to be Reported on Unit Basis)

Location		Oil and Water (Bbls.)				Daily Well Nom.	No. Days Prod.	Show Whether Flowing, Pumping, Gas Lift, or Dead
Well No.	Unit Letter	Net Allow. for Mb.	(1) Net Oil Prod.	(3) Grav-ity	(2) Water Bbls.			
<b>TOTALS</b>								

(1) Distribution to units based on: Test \_\_\_\_\_ Meter \_\_\_\_\_ Estimate \_\_\_\_\_

(2) Method of determining water production: Shake out \_\_\_\_\_ Est. \_\_\_\_\_ Draw Off \_\_\_\_\_

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, indicating with\*.

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beg. of Month (Bbls.)	Sched. Allow. for Mo.	Actual Amt. of Oil Prod.	Over Prod.	Under Prod.	Disposition of Oil				Total on Hand End of Mo. (Bbls.)	Total Capacity of Lease Tanks
						Bbls. to Pipe Line	Bbls. to Truck or Tank Car	Bbls. to Other	Trans.		

I hereby swear or affirm that the information given is true and correct to the best of my knowledge and belief,

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_ Position \_\_\_\_\_  
(Co, or Oper.)

Address \_\_\_\_\_ Date: \_\_\_\_\_



INSTRUCTIONS

OIL CONSERVATION COMMISSION

FORM C-115-A and C-115-B

The addresses of the producer, as required on this report, shall be clear and definite as to Street Number, City, State and Mailing address.

Report on Form C-115A shall be filed monthly in quadruplicate on or before the 16th of the succeeding month by each producer of crude petroleum oil and condensate. Show thereon the data required by such form relative to the production of all crude petroleum oil and condensate.

Report on Form C-115B shall be filed monthly, in quadruplicate, on or before the 25th of the succeeding month by each producer of gas, natural and casinghead.

Make a separate report for each lease. Where a lease is comprised of two or more units, list each unit separately. The oil on hand at the beginning of month, the oil on hand at the end of the month, and total capacity of lease tanks shall be reported by leases.

The reports on these forms shall be filed by the producer, as follows: The original to the Commission at Santa Fe, one copy to the proration office at Hobbs, one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

All amounts of oil shall be reported in barrels computed from 100% tank tables and based upon actual physical gauges.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE."

Please use typewriter if possible.





Form C-116  
(Revised 1-22-52)

### INSTRUCTIONS

Mail original to Oil Conservation Commission, Santa Fe, New Mexico, and one copy to District Office, Hobbs, New Mexico.

This report shall be mailed to the Commission on or before the 15th of the month following the period in which the well is scheduled to be tested. The ratios, as reported, shall become effective for proration purposes the first of the month following the end of the period in which the test is scheduled to be made. Failure to make the required test and report will be penalized as the Commission's Regulations provide.

Under "producing methods", show flowing, pumping, or gas lift; under "hours", show the duration of the test in hours, which includes all time the well is open for production of oil or gas during the 24-hour test period. The allowable is the daily allowable for the well at the time of test.

**METHOD OF TESTING:** Produce each well in the normal operating manner and the customary production rate and measure all gas, oil and water produced during 24 hours.

**MEASUREMENTS:** To be made in accordance with Rule 301. In computing the gas-oil ratio on gas lift wells, input is subtracted from output to obtain net gas volume.

**PRESSURE BASE:** 15.025 lbs. per sq. in., Specific Gravity .70. Temperature 60° F.

Form C-117  
Re: Rule 1121  
(Revised 1-22-52)

Form C-118  
Re: Rule 1122  
(Revised 1-22-52)

Rules 1121 and 1122 require use of Forms C-117 and C-118 respectively. It is recognized that there is need for revision of these forms, however, since the use of these forms are made pursuant to Rules 311 and 312 which rules have not been advertised and up for consideration at the January 1952 hearing, this Committee recommends that consideration be given to revision of these forms and Rules 311 and 312 when said Rules are advertised for hearing at a future date.

NEW MEXICO OIL CONSERVATION COMMISSION  
CARBON BLACK PLANT MONTHLY REPORT

Company \_\_\_\_\_ Plant Location \_\_\_\_\_  
Month \_\_\_\_\_  
Type of Plant (Channel or furnace) \_\_\_\_\_

ACQUISITION	M. C. F. Gas
From gasoline or other extraction plants: _____	
_____	
_____	
Total from plants	
From leases: _____	
_____	
_____	
_____	
Total from leases	
	M. C. F.
Total M. C. F. take	

CARBON BLACK				
Grade:	Opening Stock	Production	Deliveries	Closing Stock
Rubber (lbs.)				
Ink (lbs.)				
Other (lbs.)				
<b>TOTAL</b>				

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Company \_\_\_\_\_  
By: \_\_\_\_\_

Form C-120  
(Revised 1-22-52)  
Re: Rule 1124

This Committee has no recommendations at this time, as to revision of Form C-120 "INJECTION REPORT", and Rule 1124 under which said form is required.

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
SANTA FE, NEW MEXICO

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 month, the undersigned purchaser's daily nomination for the month of \_\_\_\_\_, 19\_\_\_\_, is as follows:

1. All purchases from producing wells in all pools in Eddy, Lea and Chaves Counties. \_\_\_\_\_ Bbls./day
2. All purchases from producing wells in all pools in San Juan, McKinley and Rio Arriba Counties. \_\_\_\_\_ Bbls./day
3. Total nomination for all producing wells in state. \_\_\_\_\_ Bbls./day
4. Additional purchases from all other sources to satisfy purchase requirements. \_\_\_\_\_ Bbls./day
5. Total nominations. \_\_\_\_\_ Bbls./day
6. The total purchases from producing wells for the month preceding date of this nomination was: \_\_\_\_\_ Bbls.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Name of Purchasing Company

By: \_\_\_\_\_  
Name of Agent

NEW MEXICO  
OIL CONSERVATION COMMISSION  
Back Pressure Data Sheet

Form C-122  
(Revised 1-22-52)

Pool: \_\_\_\_\_ Date: \_\_\_\_\_

Company: \_\_\_\_\_ Lease: \_\_\_\_\_ Well No. \_\_\_\_\_

County: \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_ Loc. \_\_\_\_\_

\_\_\_\_\_ ID casing set @ \_\_\_\_\_ ; \_\_\_\_\_ ID tubing \_\_\_\_\_ OD tubing set @ \_\_\_\_\_

Pay zone from \_\_\_\_\_ to \_\_\_\_\_ ; Separator gas gr. \_\_\_\_\_ Barometer rdg. \_\_\_\_\_

Reservoir temperature \_\_\_\_\_ ° Produced through: csg. \_\_\_\_\_ tbg. \_\_\_\_\_

Average gas/liquid ratio during test: \_\_\_\_\_ Cu. ft. /bbl. gravity of liquid \_\_\_\_\_ ° API

Size of meter run or prover: \_\_\_\_\_

OBSERVED DATA

Wellhead shut-in pressure,  $P_w$  \_\_\_\_\_ Casing \_\_\_\_\_ Tubing \_\_\_\_\_ PSIA

Run No.	Orifice Size	Orifice x Line	Meter Pressures		Coefficient C Flg. tap _____ Pipe tap _____	Wellhead Pr.		Flowing Temp.	
			Static $P_m$ Abs.	Diff. $h_w$		Casing $P_{wc}$ Abs.	Tubing $P_{wc}$ Abs.	Meter	Wellhead

DATA FOR PLOTTING CURVE

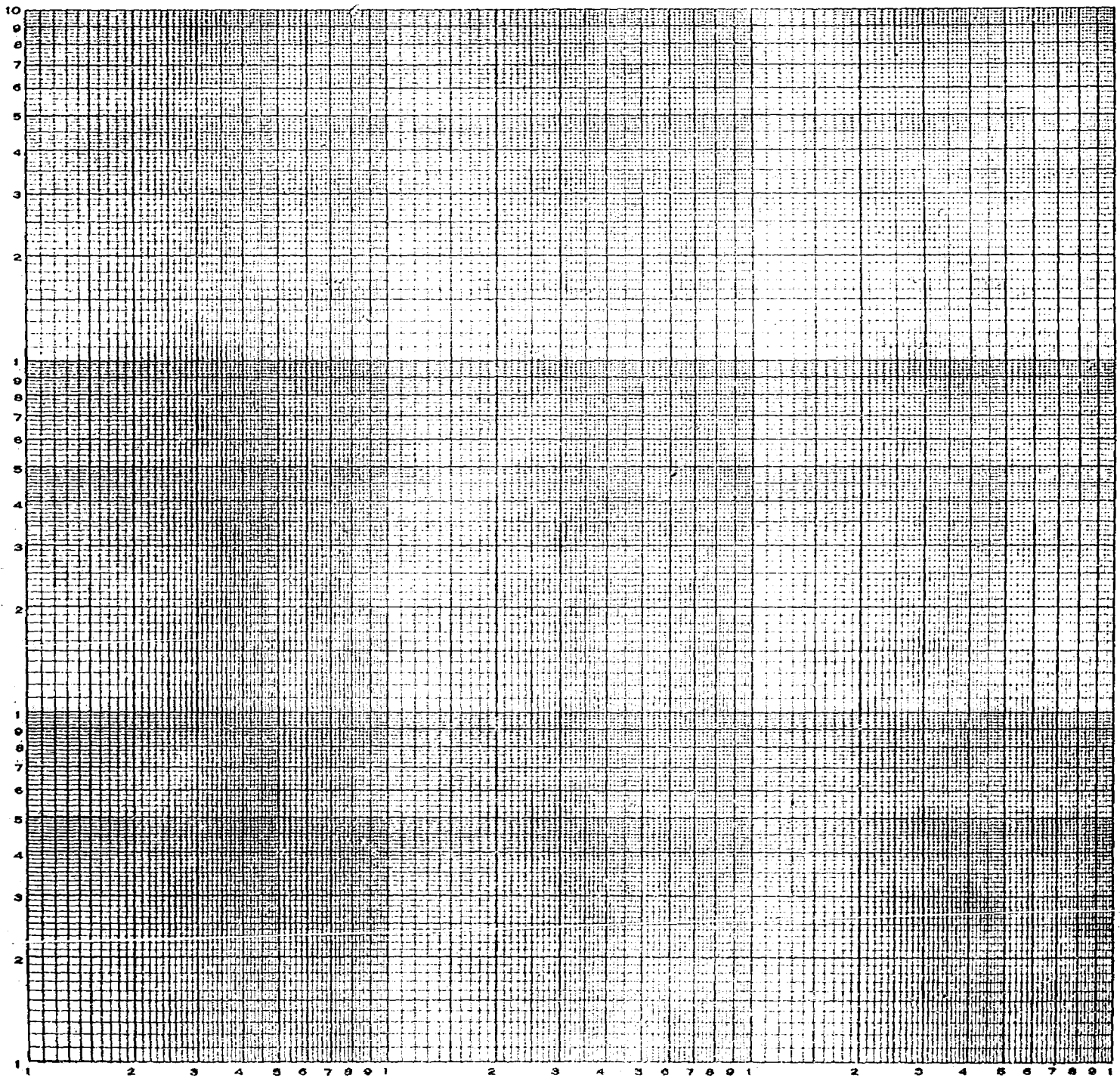
Run No.	Delivery Rate in MCF per 24 hours (Q)	$P_f^2 - P_s^2$ (thousands)
1		
2		
3		
4		
5		

Absolute Open Flow \_\_\_\_\_ MCF

CERTIFICATION: I hereby swear or affirm that, to the best of my knowledge, the information given above is true and correct.

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Company: \_\_\_\_\_ Address: \_\_\_\_\_



REQUEST FOR THE EXTENSION OF AN EXISTING POOL  
or

THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission  
State of New Mexico

The \_\_\_\_\_  
Name of Operator Name of Lease

\_\_\_\_\_ Located \_\_\_\_\_ feet from the (N) or (S) line and \_\_\_\_\_ feet  
Well No.

from the (E) or (W) line of \_\_\_\_\_  
Section Township Range

is outside the boundaries of any pool producing from the same formation. On the basis  
of the information submitted herewith on form C-105, we hereby request that the \_\_\_\_\_

\_\_\_\_\_ pool be extended to include the following area

or that a new pool be created to include the following described area \_\_\_\_\_

Suggested name: \_\_\_\_\_

Name of Producing Formation: \_\_\_\_\_

\_\_\_\_\_  
Operator

\_\_\_\_\_  
Representative



N - RULES ON PROCEDURE

**RULE 1201. NECESSITY FOR HEARINGS**

Except as provided for in some general rule herein, before any rule, regulation or order, including revocation, changes, renewal or extension thereof shall be made by the Commission, a public hearing shall be held at such time and place as may be prescribed by the Commission.

**RULE 1202. EMERGENCY ORDERS**

In case an emergency is found to exist by the Commission, which, in its judgment, requires the making of a rule, regulation or order without first having a hearing, such emergency rule, regulation or order shall have the same validity as if a hearing with respect to the same had been held after due notice. Such emergency rule, regulation or order shall remain in force no longer than 15 days from its effective date, and in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

**RULE 1203. METHOD OF INITIATING A HEARING**

The Commission upon its own motion and the Attorney General on behalf of the State and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. An application shall state (1) the name or general description of the common source or sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire State, in which event the application shall so state, and (2) briefly the general nature of the order, rule or regulation sought, and (3) any other matter required by a particular rule or rules.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by a specific rule, an application need not be verified.

**RULE 1204. METHOD OF GIVING NOTICE FOR HEARINGS**

Notice of a hearing before the Commission shall be given by personal service on the person affected or by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties if there be more than one in which any land, oil or gas or other property which may be affected shall be situated.

**RULE 1205. CONTENTS OF NOTICE FOR HEARING**

Such notice shall be issued in the name of "The State of New Mexico" and shall be signed by two of the members of the Commission or by the Secretary of the Commission and the seal of the Commission shall be impressed thereon.

The notice shall specify the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant if any and unless the contemplated order, rule or

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regulation is intended to apply to and affect the entire State it shall specify or generally describe the common source or sources of supply which may be affected by such order, rule or regulation.

**RULE 1206. SERVICE OF NOTICE**

Personal service of the notice of hearing may be made by any agent of the Commission or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this State. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.

**RULE 1207. PREPARATION OF NOTICES**

After a motion or application is filed with the Commission the notice or notices required shall be prepared by the Commission and service and publication thereof shall be taken care of by the Commission without cost to the applicant.

**RULE 1208. CONTINUANCE OF HEARING WITHOUT NEW SERVICE**

Any hearing before the Commission had after due notice may be continued to a specified time and place without the necessity of notice of the same being again served or published. In the event of such continuance, a record thereof shall be made in the minutes of the hearing at which the continuance was ordered.

**RULE 1209. CONDUCT OF HEARINGS**

Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent records of the Commission. Any person testifying in response to a subpoena issued by the Commission and any person seeking to testify in support of an application or motion or in opposition thereto shall be required to do so under oath. However, unsworn comments and observations by any interested party will be invited and made a part of the record. Comments and observations by representatives of operators' committees, the United States Geological Survey, the United States Bureau of Mines, the New Mexico Bureau of Mines and other competent persons are welcomed. Two members of the Commission constitute a quorum for the transaction of business and for the holding of hearings, but one member of the Commission may conduct a hearing for the purpose of receiving testimony only.

**RULE 1210. STATUTORY POWERS AS TO WITNESSES, RECORDS, ETC.**

The Commission or any member thereof has statutory power to subpoena witnesses and to require the production of books, papers, records, etc. A subpoena will be issued by the Commission for attendance at a hearing upon the written request of any person interested in the subject matter of the hearing. In case of the failure of a person to comply with the subpoena issued by the Commission, an attachment of the person

(Revised 1-22-52)

may be issued by the district court of any district in the State, and such court has powers to punish for contempt. Any person guilty of swearing falsely at any hearing may be punished for contempt.

**RULE 1211. RULES OF EVIDENCE**

Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable in a trial before a court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better served. No order shall be made which is not supported by some competent legal evidence.

**RULE 1212. REHEARINGS**

Within 20 days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within 10 days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

**RULE 1213. CHANGES IN FORMS AND REPORTS**

Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing.

(Revised 1-22-52)

O - RULES ON ADMINISTRATION

**RULE 1301. DISTRICT OFFICES**

To expedite administration of the work of the Commission and enforcement of its rules and regulations, the State shall be divided into four districts as follows:

District 1	Lea, Roosevelt, Curry, De Baca and Chaves counties with office at Hobbs.
District 2	Eddy, Otero, Dona Ana and Lincoln counties, with office at Artesia.
District 3	San Juan, Rio Arriba, McKinley and Sandoval counties with office at Aztec.
District 4	Balance of State, office of Oil Conservation Commission in Santa Fe.

Each district office shall be under the charge of an oil and gas inspector, a deputy oil and gas inspector or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the land that is affected lies.

**RULE 1302. WHERE TO FILE REPORTS AND FORMS**

All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115-A and C-115-B "OPERATOR'S MONTHLY REPORT", shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Office at Hobbs; one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

**RULE 1303. DUTIES AND AUTHORITY OF FIELD PERSONNEL**

Oil and gas inspectors, deputy oil and gas inspectors, scouts, engineers and geologists duly appointed by the Commission have the authority and duty to enforce the rules and regulations of the Commission. Only oil and gas inspectors or their deputies or members of the Commission have authority to endorse the approval of the Commission on any form which requires such approval. Oil and gas inspectors and their deputies shall have discretion to allow minor deviations from requirements of the rules as to field practices where, by so doing, waste will be prevented or burdensome delay or expenses on the part of the operator will be avoided.

(Revised 1-22-52)

**RULE 1304. NUMBERING OF COMMISSION ORDERS**

All orders of the Commission made after 1 January, 1950, pertaining to allocation of the production of oil or gas shall be prefixed with the letter "A" and shall be numbered consecutively, commencing with No. 1, i. e. the first allocation order issued after 1 January, 1950, shall be No. A-1, and the next shall be No. A-2.

All other orders of the Commission made after 1 January, 1950, shall be prefixed with the letter "R" and shall be consecutively numbered, commencing with the number 1, i. e. the first such order issued after 1 January, 1950, shall be No. R-1, and the next shall be No. R-2.

**OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
OPERATOR'S MONTHLY REPORT**

Sheet No. \_\_\_\_\_

The following is a correct report of all oil and gas producing wells of \_\_\_\_\_  
(Company or Operator)

Lease \_\_\_\_\_ POOL \_\_\_\_\_ County \_\_\_\_\_ for month of \_\_\_\_\_ 19\_\_

State Land; Lease No. \_\_\_\_\_ Assignment No. \_\_\_\_\_ Government Lease No. \_\_\_\_\_ Pat. Land \_\_\_\_\_  
(Following to be Reported on Unit Basis)

LOCATION					OIL AND WATER [BBLS.]				GAS--15.025 Lbs. BASE			DAILY WELL NOMINATION	NO. DAYS PRODUCED	SHOW WHETHER FLOWING PUMPING GAS LIFT, OR DEAD	
WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	[1] Accor(6) NET OIL	[1] NET OIL	[3] GRAVITY	[2] WATER BBLS.	TOTAL GAS PROD. M. C. F.	ANNUAL OFFICIAL G.O.R. CU. FT. BBL.	DATE OF TEST				
1-2-4-5	N					<del>PROD.</del>									
<b>TOTALS</b>									10,000						

(1) Distribution to units based on: Test \_\_\_\_\_ Meter \_\_\_\_\_ Estimate \_\_\_\_\_  
 (2) Method of determining water production: Shake out \_\_\_\_\_ Estimate \_\_\_\_\_ Draw Off \_\_\_\_\_  
 (3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with\*.

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beginning of Month (Barrels)	Scheduled Allowable for Month	Actual Amount of Oil Produced	Over-Produced	Under-Produced	Disposition of Oil			Total on Hand End of Month (Barrels)	Total Capacity of Lease Tanks
						Bbls. To Pipe Line	Bbls. to Truck or Tank Car	Transporter		

<b>GAS</b>		<b>Used For Gas Lift</b>	
3,000 MCF Used on Lease			MCF Used on Lease
6,000 MCF Sold to _____			MCF On _____ Lease
1,000 MCF Blown to Air, (By Difference)			MCF On _____ Lease

Remarks: \_\_\_\_\_

I hereby swear and affirm that the information given is true and correct.  
 \_\_\_\_\_  
 to the best of my knowledge. *Complete*  
 Representing: \_\_\_\_\_ Position: \_\_\_\_\_  
 (Company or Operator)  
 Address: \_\_\_\_\_ Date: \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Sheet No. \_\_\_\_\_

OPERATOR'S MONTHLY REPORT

The following is a correct report of all oil and condensate produced by \_\_\_\_\_

(Company or Operator)  
Lease \_\_\_\_\_ Field \_\_\_\_\_ County \_\_\_\_\_ for month of \_\_\_\_\_ 19 \_\_\_\_\_

State Land; Lease No. \_\_\_\_\_ Assignment No. \_\_\_\_\_ Gov't Lease No. \_\_\_\_\_ Pat. Land \_\_\_\_\_

(Following to be Reported on Unit Basis)

Location		Oil and Water (Bbls.)				Daily Well Nom.	No. Days Prod.	Show Whether Flowing, Pumping, Gas Lift, or Dead
Well No.	Unit Letter	Net Allow. for Mo.	(1) (3) Net Oil Prod.	Grav-ity	(2) Water Bbls.			
<b>TOTALS</b>								

(1) Distribution to units based on: Test \_\_\_\_\_ Meter \_\_\_\_\_ Estimate \_\_\_\_\_

(2) Method of determining water production: Shake out \_\_\_\_\_ Est. \_\_\_\_\_ Draw Off \_\_\_\_\_

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, indicating with\*.

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beg. of Month (Bbls.)	Sched. Allow. for Mo.	Actual Amt. of Oil Prod.	Over Prod.	Under Prod.	Disposition of Oil			Total on Hand End of Mo. (Bbls.)	Total Capacity of Lease Tanks
						Bbls. to Pipe Line	Bbls. to Truck or Tank Car	Bbls. to Other Trans.		

I hereby swear or affirm that the information given is true and correct to the best of my knowledge and belief.

Signed: \_\_\_\_\_

Representing: \_\_\_\_\_ Position \_\_\_\_\_  
(Co. or Oper.)

Date: \_\_\_\_\_





INSTRUCTIONS  
OIL CONSERVATION COMMISSION  
FORM C-115-A and C-115-B

The addresses of the producer, as required on this report, shall be clear and definite as to Street Number, City, State and Mailing address.

Report on Form C-115A shall be filed monthly in quadruplicate on or before the 16th of the succeeding month by each producer or crude petroleum oil and condensate. Show thereon the data required by such form relative to the production of all crude petroleum oil and condensate.

Report on Form C-115B shall be filed monthly, in quadruplicate, on or before the 25th of the succeeding month by each producer of gas, natural and casinghead.

Make a separate report for each lease. Where a lease is comprised of two or more units, list each unit separately. The oil on hand at the beginning of month, the oil on hand at the end of the month, and total capacity of lease tanks shall be reported by leases.

The reports on these forms shall be filed by the producer, as follows: The original to the Commission at Santa Fe, one copy to the proration office at Hobbs, one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

All amounts of oil shall be reported in barrels computed from 100% tank tables and based upon actual physical gauges.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE."

Please use typewriter if possible.

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

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Transcript of Hearing

CASE NO. 308

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January 22, 1952

Henrickson's Reporting Service  
2224 - 47th Street  
Los Alamos, New Mexico

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

January 22, 1952

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MR. SPURRIER: The next case on the agenda is case 254, but we will take up case 308 first; because this case has been continued and probably will be continued again. I'm speaking of 308 now, not 254. We will take up 308 at this time. Mr. Graham?

MR. GRAHAM: Case 308: (Re-advertisement). In the matter of the application of the Oil Conservation Commission of New Mexico on its own motion for reconsideration, clarification, amendment, revocation, and necessary extension of certain rules and regulations of the Commission, as follows:

(A) To amend Rule 503, sub-section (a), to provide for proration of oil production on a two-month's basis for approval of the proration schedule by the Commission.

(B) To amend Rule 503 sub-section (b) to fix dates for approval by the Commission of proration schedules.

(C) To amend Rule 503 sub-section (c) to provide for the issuance and approval of supplementary schedules for nearly completed or recompleted wells and setting the effective date for the allowable for such wells.

(D) To amend Rule 503 sub-section (d) to provide for the handling of applications for supplementary proration schedules by

the Manager of Proration.

(E) To amend Rule 503 sub-section (e) to provide for compensation for current under-production or under-runs during the next ensuing proration period following the proration period in which such under-production or under-runs occurred.

(F) To rescind sub-section (f) of Rule 503.

(G) To add a sub-section to Rule 503 to be designated as sub-section (h) to provide for the tabulation of supplementary schedules and for their approval by the Commission.

(H) To amend Rule 505 sub-section (5) to provide for the setting of allowables to marginal units in accordance with the nominations based upon the bids that the wells will produce or latest production figures.

(I) To amend Rule 505 sub-section (8) to provide for assignment of allowable to wells completed during the month immediately preceding the beginning of a proration period by supplemental schedule for the proration period following completion.

(J) To adopt such other changes and amendments and other rules necessary and proper to give full force and effect to the changes and amendments contemplated in this case. Such proposed changes to include, and not to be limited to, the adoption of a definition of a Manager of Proration and the delineation of his duties. Adoption of a Well Nomination Form to be designated as Commission Form Cpl24; changes in the form of proration schedules and adoption of form for supplementary schedules. Amendments to definition 60, Top Unit

Allowable for Oil. The list of rules for sections and sub-sections thereof, having reference to the Rules and Regulations of the New Mexico Oil Conservation Commission heretofore adopted and effective January 1st, 1950. Case 308.

MR. SHEPARD: Is the Committee here?

VOICE: Yes.

MR. GRAHAM: Will you please come forward if you have anything to offer?

F. O. BROWN.

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. GRAHAM:

Q. Will you state your name and special capacity, please?

A. F. O. Brown, Shell Pipe Line Corporation, Houston.

Q. You are also Chairman of a committee appointed to submit suggestions for changes of the rules in Case 308?

A. I am.

Q. Mr. Brown, will you proceed with your suggestions in your own way. I know you've done a great amount of work on that.

A. All right. At the request of Mr. Spurrier on December 27, he asked a number of us - four from the Producers Committee which was organized some two or three months ago and four from the Transporters Committee to form a joint committee for the study and review of the Rules and Regulations pertaining to Case 308, with further

respect to Sections G, H, J, M, N, and O.

This committee was formed with Glenn Staley as vice chairman, myself as chairman, with Mr. Pennington of Magnolia, Mr. C.V. Goodwin of Texas, Mr. A.D. Wilbur of Humble, Mr. <sup>Sack</sup> John Campbell of Malco as members. We have been in session in Santa Fe for a number of days and reviewing the various recommendations contained in this case and we have a definite recommendation on all of the forms covered by these various Rules and Regulations which we have prepared in this form and submitted to the Commission for its consideration.

MR. GRAHAM: Your Committee's deliberations included also a re-draft and changing of the 1950 Rules, as well as the forms?

MR. BROWN: To some extent. With respect to the various Rules and the accompanying forms, where we felt agreeable from the standpoint of the Committee as a whole, we have made various changes and recommendations, in both the forms and the Rules and Regulations.

MR. GRAHAM: Would you care to go into those changes as your Committee has - - -

MR. BROWN: Starting with Rule 301, which I might digress for a moment and say that this was a recommendation of the Committee which was shared by Judge Seth and the present Committee concurred in his recommendation. That is also true of Judge Seth's Committee on Rule 104 on which we also concurred. We made the recommendation that the Commission continue to issue monthly preration schedules, Definition contained in Order No. 850 be changed as follows: Delete

the definition of "Back Allowable" and amend Definition No. 41 and 56.

MR. GRAHAM: I'm sure it would be - - -

MR. BROWN: It's rather voluminous what we have here. We get down to Oil Proration and Allocation in the Proposed Revisions there, Regulation of Pools, Rate of Producing Wells, the Authorization for the Production of Oil, Oil Proration which is Rule 505, Gas-Oil Ratio Limitation and then that brings us to Rule 507 and then to Rule 802 which we propose to add as well as 803, Production and Transportation of Condensate.

The next, Section M. is the next in line and the forms which we felt were necessary to change, we have made the changes and have the forms, or at least that is, the recommended forms contained in the recommendation.

MR. GRAHAM: Your committee has devoted itself to the changing of the forms and the authorizations of the additional forms to more nearly meet the actual emphasis of the new district?

MR. BROWN: That is right.

MR. GRAHAM: Mr. Brown, would you go into that point. I believe everyone here has a copy of your recommendation.

MR. BROWN: Which one did you want me to discuss?

MR. GRAHAM: The one which your Committee very carefully considered and did change.

MR. BROWN: For one, we proposed one change on the Form C-115 which is the Operator's Monthly Report. It was changed to make two

forms of it - 115-A and 115-B; 115-A being for the production of oil and condensates and 115-B for gas. We felt it was necessary, at Mr. Fuller's suggestion, in order to enable him to get the information necessary for his operation schedules each month and to aid him in compiling his schedules from the information shown on this particular form which was necessary and pertinent to the operation. Also by making one for oil and one for gas, it would aid him materially and we felt that the change would be helpful to the industry as a whole.

MR. GRAHAM: That would make at least one additional form.

MR. BROWN: Yes. One additional form - we made two forms out of one form.

MR. GRAHAM: Would you like to take the others?

MR. BROWN: We have made several changes in some of the forms by more or less changing the columns from one place to another to make it read in a better routine for the information that was required.

MR. GRAHAM: Simplified it.

MR. BROWN: That's right. I can't recall just off-hand which ones they are without reference to the other forms but they were - - - there were a number of forms that we arranged and rearranged the matter to make the continuity flow better - - the continuity of the information which the Commission required.

MR. MOELLER: Mr. Spurrier, I can't follow Mr. Brown one by



one as he goes over these things. If it is the intent of the Commission to carry this over until next month, why don't you -- I don't like to run your hearing -- but why don't you introduce a copy of this into the record and let everyone take them back and study them this month and then come up here -- we can see what he's done, we've got the old one and the new one -- we'll be here all day reading these one by one and we still won't have a copy of it. We can't follow him and think about it as he goes along over them. This thing is tedious -- they've been working on it a week and I sure can't sit here and digest it in an hour or two, I know.

MR. SPURRIER: Mr. Brown, I think with your indulgence and if you concur, that Mr. McKellar probably has a very good suggestion. This thing is tedious. We realize that you worked awfully hard for a week to get this stuff ready but by the same token, we certainly can't digest it and I know that it will be necessary to continue the thing. I suggest, therefore, that you enter it into the record as your recommendation.

MR. MCKELLAR: With your letter too, Mr. Spurrer. I think it ought to be read or be shown in the record. Didn't you write a letter appointing this committee and setting forth what had to get done?

MR. SPURRIER: Yes.

MR. MCKELLAR: That will show that these members of this team have worked on this at the specific written request of the Commission

and I want to be sure that it gets into the record.

MR. SPURRIER: Yes, sir. According to a letter dated December 27th signed by myself, which reads as follows:

"A memorandum to F. C. Brown, J. O. Seth, C. J. Goodwin, G. Staley, Jack M. Campbell, A. L. Porter, Jr., O. E. Hunter, E. V. Anderson and R. F. Flynn. The Commission has chosen four members from each of the Production and Pipe Line Committee plus R. F. Flynn to serve on a combined committee to make final recommendations at the January 22nd hearing in Case No. 308. The Committee will choose their own chairman and set dates for any meetings before the hearing. The State of New Mexico, Oil Conservation Commission, signed by R. R. Spurrier."

MR. GRAHAM: Mr. Brown, do you wish to introduce a copy of your work into the record and do you care to make any general recommendation?

MR. BROWN: We are pleased, Mr. Secretary, very pleased to have had this opportunity to make these recommendations and we wish to let you know that we, the Committee, stand ready to be of further assistance if the Commission so desires.

(The Recommendations of Producers and Transporters Committee on Case 308 for Hearing before the Oil Conservation Commission at Santa Fe, January 22, 1952, was made a part of the record by reference.)

MR. GRAHAM: It's yours and the Committee's opinion that these recommendations that you have made will be of benefit to the industry as a whole and contribute to the conservation of oil in New Mexico?

MR. BROWN: Yes.

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STATE OF NEW MEXICO )  
COUNTY OF LOS ALAMOS ) ss

I certify hereby that the foregoing and attached transcript of hearing in Case 308 before the Oil Conservation Commission on January 22, 1952, at Santa Fe is a true record of the same to the best of my knowledge, skill and ability.

DATED at Los Alamos, this 28th day of January, 1952.

  
Audrey M. Henrikson

My Commission expires September 20, 1955.

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

IN THE MATTER OF:

In the matter of proposed  
revisions in the Oil Con-  
servation Commission's rules  
relating to proration.

CASE NO. 308

TRANSCRIPT OF HEARING

February 21, 1952

MR. SPURRIER: Mr. Brown, would you care to come forward, please. Because Mr. Brown has been Chairman of the company which has drawn up these recommended changes, I should like for him to sit where he is now to respond, if necessary, to questions from the floor. We understand that there are possibly comments to come from the floor. You have had a month to criticize the proposed changes in the rules and regulations. Here again I should like to move this thing along as quickly as possible, but we do want to hear from everyone who has a comment on these proposed changes. Mr. Brown, do you have any comment before we start?

MR. BROWN: None, Mr. Spurrier, except to say, or to reiterate what you have said, that we present this to the Commission and have presented it a month ago, and it was introduced as a

matter of record, and if there is any question that I can answer I will be very happy to do so.

CHAIRMAN SPURRIER: I suggest before we start taking these floor comments that you be chronological about it because we can proceed through these recommendations that way. Let's start on Page 2 with proposed revisions, Rule 501. Is there any comment on that rule, 501? Is there any comment on Rule 502?

MR. BLYMM: On 501, I believe there is something that needs to be said in regard to it. Don't you have something on that?

MR. McKELLER: 501, no change from the present rule. If it please the Commission, after studying this report of Mr. Brown's and his committee, there is a number of us in the industry that got together in discussing Rule 502 and we have a suggested change which I would like to dictate into the record. This is not, of course, I am appearing as attorney for Magnolia and we would like to recommend the following change to 502.

I will dictate. It is recognized that the producing units capable of producing their daily allowable may over-produce one day and under-produce another. Such deficiencies as may occur may be made up by excess production from the same unit or such excess production may be adjusted by under-production provided, however, one: that no producing unit except for the purpose of testing in the process of completing or re-completing a well and for draw down test shall produce during any day more than 125% of the daily top unit allowable for the pool in which the unit is located or 10 barrels per day, whichever is greater. Two:

That no producing unit shall produce in any one month more than its monthly allowable plus an amount equal to one day's allowable production. The tolerance so allowed shall not be construed to increase the allowable of a producing unit or to grant authority to any producer to market or to any transporter to transport any quantity of oil in excess of the unit allowed. The allowed monthly tolerance of over-production shall be adjusted for during the following month. The processing of a quantity of oil in less storage at the end plus any unrun allowable oil shall be construed as a violation of this rule. That is all of that.

Now, my purpose in bringing this to the Commission's attention is it is impossible, as you know, to produce these wells and wind up at 7:00 A. M. on the first day of the succeeding month with just exactly a month's allowable. And by allowing the industry this one day's tolerance no one will be allowed any excess oil, but we will be able to run our allowable for the current month. You see it doesn't grant us any oil. We will adjust for this. If we have one day's storage at the end of the month, we will adjust for that to the next month so as not to run any excess oil. If there is any question from the Commission or any members of the industry here, I will be glad to answer them. I am now open for any questions.

MR. SPURRIER: Are there any more comments?

MR. McKELLER: If not, if there is anyone that supports me in this, I would like for them to stand and be heard.

MR. PRESSLER: I represent Humble Oil, and I would like to

join on the part of and on behalf of Humble Oil & Refining Company in the support of the suggestion that Mr. McKeller has just made.

MR. SPURRIER: Mr. McPheron.

MR. MCPHERON: Mr. Bob McPheron, Gulf Oil. We concur with the recommendation made, however, we are of the opinion that some consideration should be given to the fact that a form be supplied by the Commission for us to take exception on this on wells produced from a water-driven field that cannot be produced at a rate of 125% of its allowable. We have wells which produce three and four days at a time water only and then come on oil and produce considerably in excess of 125. Rather than to have a hearing on the wells, we are of the opinion that some provision should be made where we could get permission to do that from the Commission representative in the field, who knows about the conditions.

MR. MCKELLER: I think Mr. McPheron was trying to get away from the top of 125% per day. Of course, if the proper form could be provided we would certainly have no objection to the Commission granting those exceptions.

MR. BLYMM: In addition to those wells that Mr. McPheron referred to that would produce large quantities or produce oil for a number of days and then produce nothing but water for a number of days, there are other wells that do not produce water at all but which are produced by a stop calk method. Possibly produced one day and shut in for one day, then experimentation having indicated

that to be the most efficient manner of producing the well. There is considerable feeling among the men in the field that they should have some means of getting exceptions to Rule 502 without open hearing. That is, they would like to be permitted to have the field personnel grant exceptions to Rule 502 if that could be, if that is legal.

MR. MCPHERON: We are of the opinion that the Commission's personnel in the field is thoroughly qualified to take care of the matter. We have a number of wells, all companies I am sure do, I know we do, that we cannot produce and live within that regulation. We do our best to live within it and we want to protect our management. I am sure that the Commission feels it is something that should be considered.

MR. SPURRIER: Anyone else?

MR. MCKELLER: Would you have any objection, as Chairman of your committee, to change the rule as I dictated it into the record?

MR. BROWN: It is quite agreeable.

MR. MCKELLER: It would not interfere with the spirit?

MR. BROWN: It would not.

MR. PRESSLER: On the part of Humble, I would like to say we can see why they, you understand, we are joined in the suggestion made by Mr. McKeller. The suggested change by Mr. McPheron, we have some doubt as to the advisability of giving a blanket exception to a well from this 502 without a hearing. Offset operators are affected, and we feel that it probably would be advisable to.



have hearings on those exceptions and grant, not that there would be any objection to granting them in the proper case, but that there should be an opportunity for offset operators to be heard.

MR. SPURRIER: Any more comments on 502? 503?

MR. BOND: Lewis Bond, I would like to make a statement on 503. Stanolind Oil and Gas. We believe that the provisions now in Rule 503, which permit back allowable, encourage the operator to gather engineering data and to work over wells since they can make up production which is lost during those activities. I would like to recommend that the back allowable provision be left in Rule 503 and not deleted like the committee has recommended.

MR. SPURRIER: Any other comment on 503?

MR. McPHERON: Mr. McPheron, Gulf Oil Corporation. I would like to speak for the Gulf, that the Gulf concurs with the committee's recommendation in deleting the back allowable.

MR. SPURRIER: Anyone else for or against back allowable? Mr. Pressler.

MR. PRESSLER: We concur in the committee's recommendation also.

MR. SPURRIER: Mr. Colliston.

MR. COLLISTON: I have no comment.

MR. SPURRIER: Is there any other comment on 503? Then we will take up Rule 504. Any comment on Rule 504? We will take up Rule 505, oil proration. We haven't given notice, I might say, in this pool depth range proportional factor, but we would like to

have an expression. If anyone should care to give it on our new factors set from 13 to 14 thousand, which re-established to be 8. It was my understanding that that was the original committee's recommendation that the factor should be 8 from 13 to 14 thousand. Mr. Dewey, weren't you on that first committee?

MR. DEWEY: That met four or five years ago.

MR. SPURRIER: That was in 1945.

MR. DEWEY: I think that is right.

MR. SPURRIER: Does anyone have any comment, any further comment on 505? Then we will take up Rule 506, gas-oil ratio limitation, any comment on that? No comment on 506, we will take up Rule 507, unadvertised area, Rule 803.

MR. BOND: I would just like to point out, Mr. Spurrier, Lewis Bond of Stanolind, that there was some possible conflict between 803 and Section D-2 of Rule 506. 803 possibly should be qualified to indicate that a gas well, I believe that the rule states that a gas well can produce as much condensate as may be produced without waste. 506, Section D-2, limits a gas well and in an oil reservoir to producing the amount of gas, volume of gas obtained by multiplying the gas-oil ratio by the gas limits. Possibly 803 should be clarified to show it is a well still subjection to provisions of Rule 506.

MR. SPURRIER: Any further comments on 803?

MR. GRAHAM: Do you have a suggestion on that, Mr. Bond?

MR. BOND: Mr. Graham, something that notwithstanding anything

in this rule, a gas well in an oil reservoir will not be permitted to produce a quantity of gas in excess of the gas-oil ratio times the unit allowable.

MR. COLLISTON: Mr. Spurrier, might I make a suggestion, if Rule 803 read the operator of a gas well in a gas field, I don't think there could be any confusion. One is talking about a gas well in a gas field, the other is talking about a gas well in an oil reservoir.

MR. SPURRIER: Any further comment on that? The next is page 26, Rule 1101.

MR. BROWN: No changes in Rule 1101.

MR. SPURRIER: There is no change in either Rule 1101 or 1102 recommended.

MR. BROWN: Right.

MR. SPURRIER: 1103?

MR. JERNIGAN: Mr. Spurrier, we met with Mr. Blymm and Mr. Porter and Mr. Staley and myself. We would like to call your attention to just a few of the discrepancies and things that we felt might be amended from your reports, and that would simplify them from an operator's standpoint. Under Form C101, the first correction we found there should be that the form should show notice of intention to drill or recomplete. The form shows complete. In your recommendation you ask for the name of the drilling contractor on your form and there is no space provided for it.

MR. BROWN: You might add that these forms were drawn up

without any thought of pendency, simply drawn up as a proposal, and while they might be on 8½ by 11 paper, when they are printed they might be on 8½ by -

MR. JERNIGAN (interrupting): I wanted to call your attention to the fact that there was no place for the contractor provided.

MR. BROWN: That is right.

MR. JERNIGAN: Your statement there takes care of the next one, that the casing program description there wasn't large enough to take care of the casing program. I think your statement there would take care of that.

MR. BROWN: That is right.

MR. JERNIGAN: Then on Form 102 we believe from an operational standpoint that it is not feasible to give a notice of intention to test the casing shut off. Neither by the same token on 103 the results, we believe that could be incorporated on your Form C105, which is a well record. We also feel that the notice of intention to shut or chemically treat a well should probably apply only to old wells and that could be covered by your notice of intention to repair a well, and not incorporate those things because both of those are incorporated on C105. You get the same results and the same answers and just a duplication of work. By suggesting that it would eliminate eight reports on each drilling well that your office has to file. If anybody has any comments on this as we go through with it, say so.

MR. BLYMM: I would like to enlarge on Mr. Jernigan's statement

that notice of intention to test casing shut off we do not have a rule currently requiring a notice of intention to test casing shut off. We had it in circular 6, and the form still has a block showing it, and we have been requiring it as a part of our completion file before we would sign a certificate of compliance, but we do not have a specific rule in the current set of regulations requiring a notice to test casing shut off. As we see it, the only thing necessary in that regard is to eliminate that block from the miscellaneous notice.

MR. BROWN: Could cut it down to 7 instead of 8 as on here now.

MR. JERNIGAN: Yes, we are just asking you to eliminate that from the report.

MR. DAILEY: Of course, there is one area where you would not be able to eliminate that and that would be in your artesian water basin there at Roswell.

MR. JERNIGAN: Shall I go ahead?

MR. SPURRIER: Yes.

MR. BLYMM: I would like to make a comment in that regard. Those notices of intention to test casing shut off in the water basin should be handled in another manner because there is only 30 hours cement setting time, and if somebody has a plug down at the beginning of the weekend he may not even be able to find anybody in the Commission office to get approval of the forms. He should be required in most cases then to contact a Commission representative in some positive manner, but the notice of intention to test casing shut off on Form C102 is, it just doesn't work out

with cement setting time of maximum of 30 hours on a long string.

MR. JERNIGAN: It is ambiguous at the present time.

MR. SPURRIER: Go ahead.

MR. JERNIGAN: We go on to Form C104. We believe that you have a very definite case of duplication there in requiring the casing cementing record, the ~~and~~ record, shut-in record shows of oil or gas or water and your test. We believe that is a duplication of the same thing that you again will find on Form C105.

MR. BROWN: Completion form.

MR. JERNIGAN: Yes sir. We feel it should be eliminated. We think after our discussion with Mr. Blymm and Mr. Porter, we felt that the gas-oil ratio on your request for oil allowable should be eliminated and that report because your first gas-oil ratio is not a good one. Sometimes when you have 16 or 17 wells to be taken care of the operator doesn't have time to take an official gas-oil ratio. You have to submit one in thirty days. We recommend that that be eliminated. We also recommend that you add your casing corporation which you have here, but you have provided no space for it, or depth in casing shoe, to that form.

MR. MACY: You mean to recommend that you don't report oil ratio when you ask for an allowable.

MR. JERNIGAN: You don't on the first well. You have thirty days. You have an official test at that time that has to be reported on Form 116, I believe. So many times some of these have 16 or 17 wells running and it is just hard for them to get around

setting up the equipment and getting the gas-oil ratio. This report is reported just as quickly as you can because you want to get the well on production. You wouldn't want to delay getting this report in to get gas-oil ratio test on it. Then on your C Form 105 we recommended that the casing record be deleted to show size, weight per foot, show mat, kind of shoe, we couldn't find anybody that knew what cut and fill meant. We asked that be deleted. We think on that casing record that where you delete these other forms that will give you room to show test with pounds, length of test drop in pressure noted, that would give you the information that you would, that you normally have now on your notice of intention to test casing in result of casing shut-off. We also ask that you delete the plugs and adapters because we haven't found anybody that knows what a heaving plug is. Apparently that form was made up years ago, and we are just still carrying it and it is space that you could probably use for something else.

MR. BROWN: It was the original form just put in here as is.

MR. JERNIGAN: That is right. We are not criticizing the form. Also, where you show the name of employee, such as drillers, on your form, drillers change on wells and that is almost an impossibility. I think that could be covered by, is covered on your form by the name of your drilling contractor because as you know in the drilling business you are always changing your drilling men. That is all I have on this.

MR. SPURRIER: Anyone else have a comment on these forms?

MR. PORTER: The only comment that I have, Mr. Spurrier, is that in the space for the description of location like when the new forms are drafted that we make that description uniform throughout the series. In other words, on some it shows quarter section and some we don't -

MR. DAILEY (Interrupting): I have something on the C115 Form.

MR. SPURRIER: 115.

MR. DAILEY: At the present time we have one form which now will be set into two forms. In the present forms it shows the complete operation of a lease for one month, whereas by two forms it is going to practically double the work of preparation. It is going to necessitate additional filing and it is going to be a little bit harder to find the information, and I just wondered why the form was put in two.

MR. BROWN: May I say here, Mr. Spurrier, 115 was made into two forms principally and primarily to try and lighten the load on the industry. That we could have accomplished the same thing by taking a pair of scissors and cutting the form in two, the oil is on 115A and gas is on 115B, and in our research and studies on these and various ones in the industry the information available on gas is not readily available as soon as it was on oil, and the date for filing the 115 originally was the 20th of the month, and in order to aid the proration manager in getting his schedules out to the industry on or before the first of the month and the 115



carries the well nominations on marginal wells on which information it is necessary for him to get the schedules out, we felt that the 115A would reach him to give him that information and at the same time would not impose any great burden on the industry by virtue of the fact that we still have two forms instead of one.

MR. SPURRIER: Any other comments?

MR. BERNARD: Fred Bernard, El Paso Natural Gas. Under Form C115B it is specified that the gas reported at the pressure basis 15025 temperature of 80 degrees, whereas in Rule 17 in your definition of rules and regulations it specifies the temperature base of 60 degrees. That is not concurrent.

MR. SPURRIER: The degree is a misprint.

MR. BROWN: That is right. That will be corrected in the re-writing of the regulations.

MR. SPURRIER: Yes, sir.

MR. BROWN: I would like to state on Form 115 that we would prefer to submit the information on one form instead of two proposed forms.

MR. MCKELLER: I would like to ask the gentlemen who want to send the one form, how are you going to get the gas figures from the plants in order to get it down to the peak by the 18th or 20th of the month? We have to have pro-ration schedule out in the hands of the pipeline by the first, or about the first. The business of running the oil in a pipeline schedule coming out around the 15th or 20th, I think it's just asking these pipeliners, it is just

MR. SPURRIER: If he will please by the 15th or 20th of the present time.

taking advantage of them, and that is the spirit that the committee was trying to get away from. Whether we submitted it on one, two, three or ten, I don't care. But now can you get your reports from those gas people and send this book in to peak by the 18th or 20th of the month?

MR. SPURRIER: Let's go off the record.

(Discussion off the record.)

MR. SPURRIER: Let's go back on the record unless you have some more things that you want to discuss. Let's get back on the record in the interest of time. Does anyone else have any comment on this C115 for the record?

MR. McKELLER: I would like to say that Magnolia is heartily in favor of the committee report splitting the Form-C 115.

MR. SPURRIER: I understand that the Humble is also.

MR. PRESSLER: I would like to repeat for the record that we are in favor of the report and think it essential in the operation of the pipeline that we have the proration schedules before the first day of the month. Otherwise the pipeline company is put in the position of running oil that it doesn't know whether it is legal oil or allowable oil or what it is. It is essential for the pipeline company's operation.

MR. SPURRIER: Mr. Porter, can you get the proration schedule out for the first of the month if you had two forms C115, which are submitted to you according to schedule?

MR. PORTER: Yes, sir.

MR. BROWN: If he gets them by the 20th as prescribed at the present time.

MR. McKELLER: The 16th.

MR. BROWN: The 16th under the new regulations.

MR. SPURRIER: Any further comment? I assume that we have covered the forms. Is there any comment on any other form?

MR. RAY: Mr. Ray with the Texas Company. I would like to concur with the statements that have been made as to the possibility of simplifying information presented to the Commission between the C105 and the miscellaneous notices forms. I think that perhaps may be a more definite recommendation on the possibility of combining that information. In other words, if it were posted in a more definite form so that we could see what it looked like it would help the situation out in that respect and would prevent duplication of records both for the companies and for the Commission.

MR. SPURRIER: Anyone else?

MR. PORTER: Just one comment, Mr. Spurrier, on these forms. With reference to Form C110, I believe there we should somewhere on that form have a space provided for giving the reason for filing. Now there are about three or four reasons for filing C110 and sometimes there is no explanation whatever on the forms. We have a hard time figuring out why the form has been filed.

MR. SPURRIER: Anyone else on the forms? If not, let's move on. That would carry us to Rule 1201 on Page 64. Any comment on 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213? Next is 1301.

MR. BROWN: I might state there, Mr. Spurrier, that the district offices, that is the fields lying in these various districts,

I believe were copied verbatim from that of the Commission at the moment and should be brought up to date with those that have been added since this was written. I believe that is correct.

MR. SPURRIER: Any other comment on 1301? 1302? I notice in 1302 it sets out the way to file the Form C115 A and B, original copy to the Commission at Santa Fe, one copy to the proration office at Hobbs, and one copy to the district office. I don't believe that applies any longer. Or does it, Mr. Staley?

MR. BROWN: When we said the office of proration I think that meant Mr. Porter.

MR. STALEY: I think that meant Mr. Porter.

MR. BROWN: That was the intent, to say the office of manager of proration.

MR. SPURRIER: I think we had better make it to the person, the proration manager. He is at Hobbs.

MR. BROWN: Instead of office we just put proration manager.

MR. PORTER: Leave out the district office, will you Mr. Spurrier?

MR. SPURRIER: Yes. 1303, 1304. Is there any other comment on any of these rules? If not, we will assume that the committee's report is accepted except for the changes recommended here for the record. We certainly want to thank you, Mr. Brown, and take this opportunity of doing so. Thank you, and your hard-working committee.

MR. BROWN: Thank you.

MR. SPURRIER: We appreciate your efforts very much.

MR. BROWN: Thank you. It has been a pleasure, Mr. Spurrier.

MR. SPURRIER: Any other comments in this Case 308? If not, it will be taken under advisement.

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing and attached Transcript of Hearing, in Case No. 308, before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 21, 1952, is a true and correct record of the matters herein contained to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 25<sup>th</sup> day of Feb., 1952.

*Vda Dearely*  
COURT REPORTER

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

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TRANSCRIPT OF HEARING

December 20, 1951

Case No. 308

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1303  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

- - - - -

IN RE:

This case concerns proposed revisions )  
in the Oil Conservation Commission's )  
rules relating to proration of oil. )  
The proposed changes have been )  
readvertised extensively prior to this )  
hearing and should have been available )  
to all interested parties. )

Case 308

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TRANSCRIPT OF HEARING

December 20, 1951.

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MR. SPURRIER: The next case we will take up this  
Case 308 which has been successively continued and in the  
interest of time, without objection, we will waive the  
reading of the advertisement. Is there any objection?  
Very well, we will take up Case 308. Now I have a  
recommendation from the Chairman of the Pipe Line Committee,  
Mr. Brown. Mr. Brown, would you like to say something on  
this recommendation?

MR. BROWN: Not a thing, Mr. Spurrier.

MR. SPURRIER: We find that the Pipe Line Representatives, the Pipe Line Committee, and the Producers Committee are not in full agreement on their recommendations to the Commission. You have I believe all of you copies of the recommendations as made by the Pipe Line Committee. You received copies of the Producers recommendations at the last hearing. I think that probably before the Commission can write an order it will be necessary to get these Committees together for a joint recommendation. Mr. Porter, do you have any comments you would like to make on this?

MR. PORTER: I think your idea, your suggestion, is excellent for the appointing of a joint Committee, since some of the proposals by this Pipe Line Committee are radical departures from what we are now doing. And I think it will require some study on the part of the operators and all concerned before we are actually able to form an opinion as to whether it is workable or not. But I had a few minor suggestions concerning this case myself, but in the event the Committee is appointed I think I might as well forego that at this time and make those recommendations to the Committee.

MR. SPURRIER: Very well. Does anyone else have a comment on this particular case?

MR. PORTER: If the operators here have had time to look over this proposal, which I passed out a few minutes ago, I



would like to hear some comments from them. Now the basic proposal there is that the proration schedule be published only when the normal unit allowable is changed by the Commission. There wouldn't be a change in the proration. It would remain on a monthly basis but the proration schedule would be published only when the normal unit allowable is changed, and changes in new wells would be handled by supplement just as they are now. Of course, sometimes that might require something covering an entire pool in the case of a gas oil ratio survey.

MR. SPURRIER: Does anyone have a comment? Is there any objection to combining these Committees to get a recommendation? We don't like to see the thing drag on any further. As you know we had hoped to set the thing up by the first of January, but these changes are very important and very far reaching if they are made, and I think we can well wait until we get a complete agreement between the producer and the purchaser.

MR. PORTER: One thing again. I can concur in, and that is the form of proration schedule suggested by the Committee.

MR. SPURRIER: You will notice this is a considerably abbreviated form as compared to what the proration schedule contains now.

MR. PORTER: My thought on that, Mr. Spurrier, is either

we will have to cut down the volume of schedules or reduce the number of schedules for the year because that thing is becoming increasingly voluminous from month to month, especially in the size of the new development.

MR. SPURRIER: Does anyone else have a comment?

MR. DAILEY: I have one question. Is it possible to split the proration schedules up by pools and help Mr. Porter out and only send copies to the operators within the pool?

MR. SPURRIER: It might be, I don't know.

MR. PORTER: Off hand I would object to splitting the prorations schedules up, although that suggestion was made by some of the Pipe Line Committee. It would certainly complicate our mailing list and we would have to prepare a certain number of different stencils. In other words, it wouldn't be uniform. At present we publish 640 copies of the Lea County proration schedule. Well, we run 640 copies of each stencil and it might become quite complicated.

MR. SPURRIER: I think probably the thing to do is just to combine these two Committees and get their Committee recommendations at the next hearing which will be in January. I believe it will save time and we will get a more compatible set of recommendations. If there are no further comments on this case we will proceed to the next case which is Case 329. Let the record show that Case 308 is continued until the January hearing.



BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

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Transcript of Hearing

Case No. 308

October 23, 1951

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1202  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO



MR. SPURRIER: We will go to Case 308. This case as you know was continued from the September 20 hearing in order that the Commission might appoint an advisory committee which would make recommendations to the Commission. That committee was appointed and the recommendations are now in the Commission's hands, and I believe each and every one of you has available a copy of the recommendations. Now, if there are any objections or additions or delutions to these recommendations, we should like to hear from any of you in the circumstances.

MR. WHITE: The Humble Oil Company has offered some suggestions, I think it would be well to read into the record. The first clause of the first sentence of Rule 502 should be amended to read as follows:

"In allocated oil pools the owner or operator of any producing unit shall not produce therefrom during any proration period anymore oil than the allowable production of oil from the unit as shown by the proration schedule."

Then otherwise the rule would read as it presently exists. The changes are as follows:

It presently reads, "In allocated oil pools the owner or operator of any producing units -- " they changed the plural to singular to read "unit". They strike the words, "any unit", and insert the word "therefrom", and "shall not produce therefrom", that remains the same. They changed

the word "from such" to the "unit". That is the only change. And they state in their suggestion that doesn't change the meaning but makes a few gramatical changes which may be helpful.

Their second suggestion pertains to Rule 503 (C).

They recommend that we strike out the words "instruct the manager of proration to" in the second sentence so that the sentence will read in part: "For allocated pools, effective the first day of the proration period, the Commission will issue a proration schedule." And so on.

Change the word "order" to "schedule" in the fifth sentence of Rule 503 (C) and change the words "manager of proration" in the same sentence to "commission" so that this sentence will read in part: "A supplementary schedule will be issued by the Commission to the operator."

I might state that the suggested changes as revised by the committee, I believe takes care of this suggestion.

Continuing with Humble's suggestion, we call your attention to the fact that in the fifth sentence of Rule 503 (C) the words "purchaser or" should be eliminated, because it is the transporter not the purchaser who moves the oil from the lease, and in this same sentence the words, "amount of" preceeding the words "production permitted during the remainder of the proration period," should be eliminated and the words "daily allowable" should be substituted therefore.

I don't believe we passed on that part at all in our recommendations.

Change the words "manager of proration" in the first and second sentences of Rule 503 (D) to "commission" and change the word "order" appearing several times in Rule 503 (D) to the word "schedule".

I believe that has also been taken care of by our suggested amendments.

We see no objection to the elimination of Rule 503 (F) but we do not believe Rule 503 (E) should be reworded as suggested. Oil lawfully produced may be run from the lease at any time. We suggest that Rule 503 (E) if retained in the rules be unchanged. If Rule 503 (F) is eliminated from the rules, the definition of "back allowables" should also be eliminated.

Change the word "orders" in two places in Rule 503 (H) to "schedules" and the word "order" in one place to "schedule" and change the words "manager of proration" to "commission".

In the third sentence of Paragraph 5 of Rule 505 add the words "without waste" after the word "produce" and change the words "manager of proration" to "commission".

That is submitted by Mr. Pressler.

MR. SPURRIER: In order that we may have some continuity let's consider the items recommended by the committee, one by one. Does anyone have any comment on Item No. 1, which



reads:

(Reads Item No. 1.)

Item No. 2.

MR. SELINGER: Mr. Spurrier, before you get off Item No. 1 we would like to concur in the Humble's suggestion whereas the words "manager of proration" appear the word "Commission" shall be substituted therefore.

MR. WHITE: I might state that in the Humble's suggestions in regard to that they say this. These suggestions and some of the other suggestions are based on the legal proposition that, one, the Commission cannot delegate the authority to issue orders, rules or regulations; and two, orders, rules or regulations must be issued after reasonable notice and a public hearing; the Commission can have any of its employees including its manager of proration make computations, prepare schedules, prepare orders and do clerical work, including mailing or distributing the schedules, but the schedules must be issued by the Commission, and orders must be entered only by the Commission and only after notice.

Now, the suggested amendments that the Committee has drawn definitely makes it mandatory on the Commission to approve its schedules. Although it is the manager of proration that compiles them.

MR. BALLOU: My name is Sheridan Ballou for the Sun Oil Company. This matter has been discussed with our legal

department, and the Sun Oil Company wants to concur with the recommendations of the Humble Oil and Refining Company in all respects here.

MR. SPURRIER: Any other comment on No. 1?

MR. SELINGER: I would like to explain my concurrence with the Humble. We believe that obviously the Commission must necessarily act through its employees. It cannot naturally, handle all the mechanics of thousands of wells in the state and thousands of operators involved. It must necessarily therefore, rely upon its own employees. We think after the Commission lays down certain general fundamental principles, like establishing a 51 or 52 barrel allowable for wells in the zero to 5,000 foot and other depth brackets, after the Commission does that, after a properly filed order after notice and hearing, it makes no difference who will execute this order. It may be a stenographer, it may be anybody, it doesn't necessarily have to<sup>be</sup> the manager of proration. This is true in operations in other states. The Commission itself establishes general principles in making these decisions, and thereafter any number of its employees executes the decisions of the Commission. We think it would be hard for the Commission itself in its proper function to delegate or appoint just one particular individual to do certain things. Because that individual may be

incapacitated for one reason or another and then by your own rules, no one is able to act. And we think it would be better not to have it or spell it out. That the Commission adhere to the general theory of law that they themselves make the decision. And that that be executed by its employees and not delegated.

MR. SPURRIER: Are there any other comments?

MR. CAMPBELL: If the Commission please, I was a member of the committee that suggested these changes. I might state for the benefit of this hearing what my understanding was for the reason the manager of proration was set up here rather than the Commission. However, I want to state at the outset I certainly don't pretend to know as much about the case as I should, certainly not as much as the Humble does about it.

(Laughter.)

I would be glad to take their word on it. This was the impression I had: The the Court indicated that even in the period from January 1, 1950, until whatever the pertinent date was in the difficulty there, when the Commission or its employees were doing all the work as distinguished from the operators' committee employees, that there was still some question in the court's mind as to whether the duties of these employees were properly defined and limited. Now, if the court didn't say that and doesn't think it is necessary,

I certainly concur it would be better to have the rule refer solely to the Commission. But if the Court indicated he wanted those employees' duties defined in rules and regulations, perhaps they should be in there.

MR. SETH: I agree with Mr. Campbell. The Court indicated very clearly the duties of the employees should be defined by the Commission.

MR. BALLOU: I would like to add here, in the opinion of our legal department, the Sun Oil Company, the New Mexico Oil Conservation Commission does have the statutory power to delegate such authority to Mr. Porter or anyone else. As suggested by Mr. Pressler, the Commission cannot delegate the authority, but after notice and hearing the Commission can have any of its employees, including this manager of proration, make computations and prepare schedules and so forth.

MR. McKELLAR: What discretion does Mr. Porter have right now other than the issuance of supplemental schedules?

MR. SPURRIER: To whom are you directing your question, Mr. McKellar?

MR. McKELLAR: To the Commission, as your employee, sir.

MR. SPURRIER: As far as I know he has no discretion. The Commission doesn't give him any discretion except in the issuance of those supplemental -- putting those additional wells in the schedules, so to speak.

MR. SELINGER: In other words, he acts for the Commission on behalf of the Commission. Just carries out the judgment of the Commission.

MR. CAMPBELL: The only discretion he has is whether to give the allowable or not. He has to give the allowable on the basis of the existing proration order established by the Commission. Then the rules prescribe the supplementary orders issued in the 60 day period would come before the Commission at the next regular hearing to be formally approved by the Commission in the same manner the schedule is approved before it is put out.

MR. SPURRIER: Mr. Campbell, do you think he has discretion to put a well on or leave it off? I don't think he does by our rules and regulations.

MR. CAMPBELL: No, I think if a person drilling the well complied with all rules and regulations, he has to give him an allowable.

MR. SPURRIER: Then he has no discretion.

MR. McKELLAR: I took the position last month, and it is my position again today that Mr. Porter has no discretion as to whether or not I get an allowable, and if I get an allowable, how much allowable I will get. Under any given set of facts, I am entitled and get the same allowable as every other operator in the State of New Mexico. Now as to supplemental schedules

since last month, I have investigated that a little further, and it is my opinion our procedure as to supplemental schedules is invalid and illegal if Mr. Porter issues those and the Commission never does approve or adopt or ratify them or anything else. That is the only reason I raise that question. You have a formula written out in the rules and regulations and it is found on the first and second pages of each proration schedule.

MR. BALLOU: I think it is pretty well evident that a lot of operators have a lot of ideas about the validity of these orders. Judge Hatch didn't seem to agree with everybody. It would have no bearing upon the actual duties of Mr. Porter. But I think it would certainly eliminate any question to take the first course, to follow the procedure Humble has suggested here to have the Commission making the orders, and certainly no one can object to that, and Mr. Porter can be advised by the Commission specifically what to do in the orders.

MR. SELINGER: Apparently the point seems to be involved around the question of supplemental allowables. It is my suggestion he can issue monthly allowables to make provision that thereafter all wells completed be assigned the allowable by the Commission in line with the schedule or order made a

part thereof. And to further sew it up, you can in the subsequent order, ratify all supplemental schedules issued by putting in a sheet showing the issuance of the supplemental schedule. In other words, have it at the first of the month the Commission is doing it and at the end of the period the Commission is ratifying it. I don't see where you could have any trouble whatsoever.

MR. SPURRIER: I think your comment is well taken. I think the consensus up here is all we need do to make the schedule official and valid. Anymore comments?

Is there comment on Item No. 2? We will go onto No. 3.

MR. MCKELLAR: Before you leave No. 2. It is stated in Rule 503 here, it will have to be followed because the supplemental schedule established by the manager of proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. Mr. Porter doesn't have the authority to issue any supplemental schedules unless provision is made for the Commission to specifically ratify that.

MR. SELINGER: Is that No. 3, Mac, is that 3?

(Off the record.)

MR. SELINGER: No. 2 I believe is covered by Humble's suggestion in which the committee substituted manager of proration and Humble has suggested it be returned to its present way of writing by substituting the words, "the commission".

MR. SPURRIER: Are there anymore comments on Items 2 or 3? Item 4.

MR. KELLY: If it please the Commission I would like to make a comment on 503 (E). I would like to agree with the Humble's comment that under-productions and under-runs may be made up at anytime and not limited to a specific period. I would like to point out to the Commission that the practice of some pipeline companies is only to run full tanks of oil, and due to this practice there is always a little shortage each month. Never run over, but always run you under. So, over a period of time you build up a little shortage, say, only 40 or 50 barrels a month. And it will take 6 months to build up a tank of oil. If you limit under-production, you are cutting out some legally produced oil in the tanks at the end of the month which the pipeline company doesn't run.

MR. SPURRIER: I think that comment is well taken. We have had that problem come up several times recently.

Anymore comments on No. 3? No. 4. Is there any objection to Item 4? No. 5.



MR. SELINGER: Mr. Spurrier, I believe No. 5 refers to the proration schedule as to the form of proration schedule based on the 60 day period. For example, January and February or November and December. We have written you direct with respect to the form of the proration schedule, and we believe that the proration schedule should not only include the allowable but should also include the runs and the matter of over and under currently for that particular month. We say that in view of the importance placed on the matter of underproduction which is to be carried forward. We think it is no more than fair and right that all operators should be advised as to his having an underage carried forward. The only place I know that can have wide circulation is the proration schedule itself which is before each operator every second month. We still feel that the Commission activities should include an all inclusive one containing everything with regard to allowables. In that respect there could be no criticism as to the schedule and having certain information which may or may not be pertinent. In our opinion, we think it is pertinent to do it. We believe the schedules should carry not only the scheduled allowable but also the runs and also the status of that particular lease as of the first of the month. So that we all know where the underage is accumulating and where it is occurring.

MR. SPURRIER: Does anyone else have anymore comment

on that particular item? Mr. Porter.

MR. PORTER: Well, if that were done, it couldn't be done under the form prescribed or recommended by this Commission. Now it might possibly be done under a separate provision, but there simply isn't room for it here. There is a question in my mind -- I don't know whether I am qualified to say or not -- but there is a question in my mind as to the responsibility of the Commission for publishing that information. If it were done, it would have to be under separate cover in my opinion.

MR. SPURRIER: Do you have any idea of how many extra employees you would need to accomplish that?

MR. PORTER: Well, offhand I don't know. With the matter of proration -- well, that in itself gives me a rather crowded curriculum and a full-time job. I know I would have to have at least two or three extra employees to prepare that information on 6,000 wells. And at best, that information would be two months old. Due to the system of reporting, which we haven't proposed to change and which you couldn't speed up.

MR. SELINGER: May I ask Mr. Porter a question?  
Mr. Porter, how do you ascertain a lease as under-production to be carried forward?

A We could check that on one particular well.

MR. SELINGER: You have that information available in your

office?

A I have the C-115. I do not keep books on that in the Hobbs office. It is kept in the Santa Fe office.

MR. SPURRIER: Do you all understand Mr. Porter suggested that the runs of over and shorts might be incorporated in a separate circular so to speak? It is obvious if you look at the committee-recommended form of publishing the proration schedule that you can't get two more columns in there. Unless two columns are deleted.

MR. PORTER: Well, it is necessary to use the same -- to use this month's schedule for next month's work sheet. You can't reduce the schedule. It is physically impossible in the time allotted. You have to leave a certain space between those columns of figures.

MR. SPURRIER: Is there any other comment on this particular item?

MR. KELLY: At the present time has the Commission taken any legal action to validate the oil that has been run? That is, by the proration schedule to give an operator the authority to run 1,000 barrels. If he runs, say, 900 barrels, do you in any way notify the purchaser or the pipeline company or the operator that he has sold that oil legally?

MR. SPURRIER: Not that I know of.

MR. KELLY: Don't you think the only way it could be done is issue an over and short statement showing actual runs and

the Commission certifying these are runs from the well or wells?

MR. PORTER: We are not doing that at present. It might be the only way. I would like to ask this question. Is this information published by other states, other oil commissions in other states as a matter of publishing shorts?

MR. SELINGER: Yes, it is published in Kansas and Oklahoma.

A VOICE: In Texas, with regard to gas.

MR. SELINGER: That is because those two states permit under-production to be carried forward for a certain period. In Texas it isn't carried forward at all. Therefore, no necessity for carrying it forward in Texas. My point was whereas you make some disposition of carrying forward under-production, as Mr. Kelly pointed out, there should be some approval by the Commission. And the only way you can show it is in the schedule. Whether on the same schedule or not -- issue two schedules -- could issue another one. All done under the order of the Commission. And the producers and the operators would know where the under-production was occurring.

MR. PORTER: Are you talking about under-production or under-run?

MR. SELINGER: I will stand corrected. Where ever I said under-production I mean under-run.

MR. McKELLAR: In Texas, if you don't produce it you lose it. You don't get it. That is one reason why it isn't done in Texas. If you don't produce it by the end of the proration period, you lose it. That is the end of it.

MR. SPURRIER: Mr. Porter says that is an idea.

MR. PORTER: Mr. Kelly, I believe it was, said under-production or under-run should be allowed to be made<sup>up</sup>/at any time. Mr. Kelly, in your statement awhile ago, did you say under-production or under-runs should be allowed to be made up at any time?

MR. KELLY: Yes, sir.

MR. PORTER: Do you mean under-runs or under-production?

MR. KELLY: The under-runs. Production has to be produced in the proration period, but if it isn't run the pipeling company should be allowed to pick up the oil that is legally produced and run it at any time.

MR. PORTER: Well, how about the authorization? Do you think it would have to be authorized by the Commission, that shortage? It would require quite a bit of bookkeeping if you went back over a long period of years. We have been asked to check these things as far back as 1937. There should be a time limit placed on it.

MR. KELLY: I think there is a time limit placed on it, placed on it a few years ago, that cut it all off at a certain period of time, wasn't there?

MR. SELINGER: 90 days.

MR. PORTER: That is in effect now, but before you could job the whole accumulated shortage, and I remember we carried wells for as much as 20,000 barrels. Then it was cut to 90 days and that is what we are operating under at present.

MR. SPURRIER: Are there anymore comments or anything on Items 5 and 6? On 5 rather, excuse me. All right, let's take up Item 6.

MR. SELINGER: As far as Item 6 is concerned, Humble's suggestion covered that and we concur that there is no reason for defining the duties of the proration manager if left exclusively with the Commission as such.

MR. SPURRIER: Item No. 7.

MR. McKELLAR: I wonder if the committee talked with any of the large purchasers or pipeline companies as to whether or not there was enough flexibility provided within the 60 day period.

MR. CAMPBELL: I undertook to contact one directly and another one indirectly on that question. And apparently their present attitude is that the condition for New Mexico now -- there is sufficient flexibility, they can know at the end of the 60 day proration period they can nominate that far in advance. Of course, we would not have the Bureau of Mines' estimate. It would be purely a matter of nominations

and the allowable would have to be based on that. But the purchasing companies haven't indicated to my knowledge it would cause them any trouble at this time.

MR. SPURRIER: Any further comment? The Commission is to assume if you have no comment everyone agrees to a 60 day prorotation period.

MR. FOSTER: I don't want you to assume the Phillips Petroleum Company does because I didn't know anything about a 60 day prorotation period until this morning. I didn't have an advanced copy of these suggestions and I don't know what the attitude of my company will be.

MR. SPURRIER: Any other comments?

MR. BALLOU: Mr. Spurrier, will you issue a schedule each month as a regular part of the hearing held every other month.

MR. SPURRIER: No.

MR. BALLOU: In other words, some states have a hearing for the purpose of determining market demand for a 60 or 62 day period, and then on the 25th day of each month they issue a schedule for the next succeeding month. Is that the way you planned to handle this or does this mean you issue a schedule say on the 25th for the months of January and February?

MR. SPURRIER: Only issue one schedule every two months and the way I understand the proposal -- am I correct Mr.

Campbell or Mr. Seth?

MR. SETH: That is my understanding.

MR. CAMPBELL: That is my understanding.

MR. FOSTER: Mr. Commissioner, before you pass that I think you are going to find out at times this 60 day period will work all right and at times it isn't. We have had experience with issuing a 90 day order in Texas and as long as demand is steady and everything going all right we have no trouble. But when demand slackens off, you will find you are going to have trouble on a 60 day basis. You will have to call hearings to cut your allowable back. You will get everything full... (Reporter's note: The balance of Mr. Foster's remark was inaudible.)

MR. KELLY: You will issue a schedule once every two months under your recommendation. <sup>Then</sup> / Mr. Porter's objection to an over and short statement might be eliminated if he could issue it on alternate months with the same number of employees. He is issuing one schedule a month right now.

MR. PORTER: The fact is there is more work. You will notice in the form there there is about one-third or approximately more to it than the present proration schedule. With my present force and present facilities, equipment and so forth I couldn't do it. It might be published separately if we had added facilities and office space and so forth.



MR. KELLY: What would your employees be doing every other month?

MR. PORTER: I can find something for them to do. Well

MR. KELLY: Well, you will have a lull actually every other month and if you take it in between months, I think spread the work out --

MR. PORTER: Well, I expect quite a bit of increase. In fact, there is no doubt in my mind but that the girls will be kept busy on this schedule. Now, it might be worked out some way or other. I am not objecting to the publishing of over and shorts. I certainly couldn't do it with the present facilities.

MR. SPURRIER: Are there any other comments on this 60 day proration period?

MR. PORTER: Mr. Spurrier, I might clarify that a little. My purpose in recommending a longer proration period was in order to -- that we might compile the proration schedule and have it adopted by the Commission and in the hands of you people who need it prior to or on the beginning of the proration period. Now, that has been a point in question a long time. The ten days which elapse between the first of the month and the effective date of the order and the time the proration schedule appears, of course, this wouldn't take care of that situation.

MR. SPURRIER: Anyone else? Item No. 8.

A VOICE: Item No. 8 contemplates you will have 60 days

allowable for gas as well as oil.

MR. CAMPBELL: No, I think that was intended to be oil. Gas is set up on a six-months basis in the statute I believe.

MR. SPURRIER: According to what I hear in the front row, I think the word "gas" in Item 8 should be changed oil and not gas.

Item No. 9. Item No. 10.

MR. SELINGER: May I ask why they recommend that another hearing be held with respect to gas-oil ratios?

MR. SPURRIER: That's right.

MR. SELINGER: We had about a 2 year period in which we had continuous, virtually continuous hearings from month to month. It is quite a problem and I hate to see us get back into that question again. I was just wondering why it was brought up.

MR. SPURRIER: One reason I hear of is about 80 per cent of the operators are not complying with the rules.

MR. SELINGER: Do you have to change it?

MR. WHITE: Proposed changes in the rules is what the hearing is for.

MR. CAMPBELL: Mr. Porter, didn't you have some suggestion on that?

MR. PORTER: I had the suggestion the Commission should adopt a gas-oil ratio survey schedule. I believe under the

rule it is stated that the gas-oil ratio should be taken during the anniversary date of the discovery well in the field. It is my suggestion the Commission publish each year a definite schedule stating which month gas-oil ratios shall be run and submit it for all pools in the state. That is for the allocated pools. And a test be required of all wells in the state regardless whether any gas is run. At least that could show the oil production test on the form C-116. This provision provides a well shall<sup>not</sup> be assigned an allowable higher than the amount of oil made on the gas-oil ratio test. It seems you can't enforce that provision until you get complete coverage with the C-116.

MR. SELINGER: Your present orders require an annual gas-oil ratio test. And I think it requires mostly an administrative act on the part of the Commission to set the dates and that is all. I don't think it necessitates a separate hearing. You have it already in your orders. You have to have an annual gas-oil ratio test. If you set forth the dates in your appendix B, as you have in your state-wide rules, you have a gas-oil ratio established pursuant to Rule 506 and really as to dates I don't think it necessitates a hearing.

MR. PORTER: That part wouldn't necessitate a hearing, because in this statement of when gas-oil ratio tests shall be

run it says, at such other times as the Commission shall specify.  
So a schedule could be adopted under those provisions.

MR. SPURRIER: Any further comment on item 10?

MR. McKELLAR: I agree with Mr. Selinger of Skelly. I see no reason for revising the rule. If they don't comply as provided in the rules with it drop them. I see no need for revising the rule.

MR. SPURRIER: It occurs to me this is perhaps a good time for the Commission to be -- I was going to say everyone, everyone doesn't need to be on notice, but each person can be on notice. We must enforce our own rules and regulations.

No. 11.

A VOICE: What is the purpose of that. I don't understand it.

MR. SPURRIER: It seems a lot of you don't know what the proposed change is. There is a figure, two figures, in rule 104. The one is  $39\frac{1}{2}$  and the other  $40\frac{1}{2}$  and you have that much tolerance in the size of your 40-acre subdivision.

A VOICE: Proration unit?

MR. SPURRIER: That is right. Proration unit, you have that much tolerance. And the proposal is one I believe to give that tolerance, widen that tolerance. Somebody has suggested that from 35 to 45 there should be no change made in the allowable for the unit. In other words, any tract between 35 and 45 acres should be considered a 40-acre proration unit for

allowable purposes. Does anyone on the Committee disagree with that?

MR. CAMPBELL: If the Commission please, I might explain my understanding of the reason for suggesting these two matters is that those are two of the factors that the man who makes up the schedule has to consider in allocating the oil and we have a lot of tracts in New Mexico that run off the 40-acre surface. What is happening now is that I think we are just shutting our eyes when they get a unit say of 37 or 38 acres. Under this rule they would have to give it 38-40ths of an allowable. The number of tracts makes it a considerable burden on the proration man to require those to be surveyed and to break it down on such a small fraction. The suggestion is a Committee might be appointed to make a survey of the extent of the problem in these areas where smaller or larger tracts occur and arrive at some fair figure for the variation between those amounts. The same thing is true in rule 301. He is not offering to give a well an allowable in excess of the gas-oil ratio limits, but he doesn't have the test in many cases. So he is giving the well more allowable than it should be getting under the rule. That is why we put that in this report.

MR. SPURRIER: Item 12.

MR. BOND: My name is L. H. Bond representing the Standolind Oil and Gas Company. Before we leave this last one perhaps that 39½ and 40½ acres is cutting it pretty fine. But it seems to me a figure as large as five acres would be

a little too much. That would be a difference in acreage of 12½ per cent.

MR. SPURRIER: What would be your suggestion for the latitude.

MR. BOND: I would say one acre.

MR. SPURRIER: 39, 41. Any other comment.

MR. KELLY: I would like to make the suggestion ten per cent 36 to 44. That is one job I would like to help Mr. Porter on.

MR. SPURRIER: I presume you have a bunch of over 40 acres.

MR. MCKELLAR: Since proration is based entirely on acreage how do you protect correlative rights if you give a man with 35 acres the same allowable you give a man for 40. I can't speak for the Magnolia management, as Judge Foster brought up we were just given the proposed changes today, but it poses such a basic question I recommend that the matter be continued.

MR. CAMPBELL: The Commission - the recommendation is to have a hearing on it?

MR. MCKELLAR: To have a hearing.

MR. SPURRIER: Since we are talking about a hearing here to consider this point, let's go on to item 12.

MR. BALLOU: Mr. Spurrier, do you intend to issue a schedule of the hearings you are going to have and point out

what matters will be discussed in the hearing in November as a result of the suggestion here?

MR. WHITE: No. 12 says indicate in the notice of hearing changes what/will be taken into consideration and it will be done.

MR. SPURRIER: Might I ask the Committee if it is mandatory these be considered in November.

MR. CAMPBELL: As far as I am concerned it isn't.

MR. SPURRIER: I am told the reason for setting the hearing in November would be to start out the new year on the new proration basis of 60 days.

A VOICE: With respect to notice of hearing, I wonder if there is some way the operators could have these docket supplements a little ahead of time. Instead of coming up at the last minute and some of us not prepared to discuss or go on record for our management with regard to certain of these cases.

MR. SPURRIER: Item 13.

MR. FOSTER: I have a comment I would like to make about 13 in connection with the Number 1 item over here on this mimeographed sheet that has been issued. Where you set up the six months proration. If I read that correctly it is possible for the Commission to set a hearing down and have a hearing on the question of allowable before the nominations are in. The nominations are required to be in by the 10th. In other words

the operator has until the 10th of the month to get his nominations in but the Commission may have a hearing say on the 6th. I think possibly that ought to be corrected and require them to give a fixed time so that the nominations would be required to be in before the Commission calls any hearing. Of course, the Commission can control that itself but since you are attempting to spell it out, I think it would be better to put it down and fix the date definitely.

MR. SPURRIER: Any other comments on 13?

MR. PORTER: At the present time on the allowable the evidence considered in setting it is based on the transporter's nominations and not operators of individual wells. The date for the transporter filing his nominations might have to be changed.

A VOICE: Transporters do not nominate, purchasers nominate.

A VOICE: That is right.

A VOICE: As far as Shell is concerned we could determine what our nominations would be on the 5th of the month which is as easy as the tenth.

MR. SPURRIER: Any other comment on 13?

MR. FOSTER: Mr. Commissioner before we leave this part of the hearing I want to make a comment on this second item up here from the report of the Committee.

It seems to me and it comes



It seems to me there the Commission has delegated to the manager of proration the assigning or advising of the allowable during the proration period.. Of course, the suggestion has been made that could be cured by the Commission ratifying it. But if you are actually delegating some of your authority to somebody else and it wouldn't be proper, I don't see what good ratifying it would do.

MR. SPURRIER: Any other comment. We will stand in recess until 2:00 o'clock.

(Noon recess.)

MR. SPURRIER: The meeting will come to order. Case 308 which we were considering will be taken under advisement.

(Off the record between members of the Commission.)

MR. SPURRIER: The case as I said will be taken under advisement. The items that will come up for change will come up in a notice of hearing and you will all be advised of any changes the Commission hopes to make at the next hearing. We realize you were on short notice for the Committee recommendation but at the same time you will have a 30 day notice of intended or proposed changes which will come up for hearing.

A VOICE: you will reopen that at the next hearing.

MR. SPURRIER: That is right.



BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

TRANSCRIPT OF HEARING

CASE NO. 308

September 20, 1951

E. E. GREEBON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1402  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

- - -

In Re: )

In the Matter of the application of )  
the Oil Conservation Commission of )  
New Mexico upon its own motion for )  
reconsideration, clarification, )  
amendment, revocation and necessary )  
extension of certain rules and )  
regulations of the Commission, )  
as follows: )

Case No. 308

- (1) Oil and gas proration and allocation, being Section "G", Rules 501-507, inclusive, and Section "H", Rules 601-605, inclusive.
- (2) Oil purchasing and transporting, being Section "J", Rules 801-803, inclusive.
- (3) Rules in regard to reports, being Section "M", Rules 1101-1125, inclusive.
- (4) Rules of procedure, being Section "N", Rules 1201-1212, inclusive.
- (5) Rules of administration, being Section "O", Rules 1301-1304, inclusive.

The listed paragraphs 1, 2, 3, 4 and 5 having reference to the Rules and Regulations of the New Mexico Oil Conservation Commission heretofore adopted and effective January 1, 1950.

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TRANSCRIPT OF HEARING

Regular Hearing  
September 20, 1951

MR. SPURRIER: The next case is Case No. 308.

(Mr. Kellahin reads the Notice of Publication.)

MR. SPURRIER: Gentlemen, at this time I should like to make a few comments on what we have in mind on this case.

Some of you are quite well acquainted with what we have in mind and some of you are not. As you know, Judge Carl Hatch of the Federal District Court has made a ruling which effects our proration status here in New Mexico.

In the audience today we have a gentleman who is the Chairman of the Federal Tender Board, Mr. James Lewis, who, of course, has followed the case that has come up in Judge Hatch's Court from beginning to end. He has some comments which he has agreed he will deliver to you about the proration in New Mexico and what Judge Hatch's ruling is and how it will effect us and probably some of the changes we should make to perfect our allocation system.

MR. LEWIS: Governor Mechem and Members of the Oil and Gas Conservation Commission and Gentlemen:

I didn't come to this meeting today with the idea of delivering any particular remarks. Naturally in our official work in the administration of the Connally Act, we are slightly interested in proration problems where ever they may arise, and as has been stated to you, the litigation that is now

pending in Judge Hatch's Court has resulted in a judicial determination that the proration schedules which have been in effect in your state here during the period involved in the transactions in question in the court which cover the period from about 1948 possibly earlier, but primarily from 1948 to June 1950, the Court, as we understand has held, not that the proration schedules were invalid, he carries that conception that he never reached the question of whether the orders were valid or invalid. He merely held that they were not orders at all of the proration Commission, but documents which were made by the Oil Conservation delegate, the committee down there.

says

He/quite clearly that he didn't determine that the orders were invalid, but that they just weren't orders at all of the Conservation Commission.

It is his opinion, made orally from the bench. I happen to have, however, the court reporter's transcript of the comments made both on the original proceeding on August 14 and subsequent proceeding on September 10. The comments from the bench on September 10th tend to clarify the original holding. The comments on the later date made it very clear that he did not reach the question of validity of the order of the Oil Conservation Commission, but found that those schedules were not the act of the Commission.

In commenting about the matter, however, his remarks indicated that his difficulty with the schedules in question was not that the investigative work to determine the factual questions which had to take place before the schedules were prepared. He didn't find anything wrong apparently with the fact that those determinations had been made by Mr. Staley's committee down there, nor in my opinion was his objection that the schedules were made by Mr. Staley's Commission.

It seemed implicit to us that all of that would have been acceptable to the Court if only the schedules prior to their being distributed to the industry had been returned to the Commission and given at least some casual or perfunctory examination and formally ratified or adopted.

I am told that the Court informally elaborated on that somewhat to those interested quite recently and made the observation that he thought the Commission was going to have to adopt those schedules. That had been my notion about it based upon his holdings in the matter. As many of you know, Texas has followed somewhat the same procedure for a good many years now. They issued their state-wide general allowable orders pursuant to hearing on notice just as you are doing here now. The schedules are prepared, of course, by subordinate personnel of the Commission. But after those schedules are prepared they come back to the central office

in Austin, at least a master copy does, and it is formally adopted by an order of the Commission. In conversation this morning with attorneys in your state, the inquiry was made as to whether in my opinion, to satisfy the indication to the Court, would it probably be necessary for the Commission in adopting these schedules to have another hearing on notice. In my opinion you would not need to have another hearing on notice. Your hearing on notice is to take the evidence, as you have done here this morning. But after the mechanics of preparing the schedules have been completed, if that schedule come back, in my opinion, all that would be necessary would be for the members of the Commission to have a formal meeting of their own and take some step which would amount to a formal ratification or adoption of proration schedules and that would be probably signified by a very simple adopting order. I think if you examine the procedure in that respect of the Texas Commission, you will find it admirably adopted to your needs here.

I believe that would cover substantially my thoughts,  
Mr. Chairman.

MR. SPURRIER: Thank you very much, Mr. Lewis.

MR. MCKELLAR: McKellar from Magnolia. May I ask you a question? I would like to get a few points. The period



that was at issue covered the time in 1948 or previous, up to June 1950?

MR. LEWIS: Up to June 1950.

MR. McKELLAR: It did include the first six months of 1950 after we made the change here?

A MR. LEWIS: That is correct.

MR. McKELLAR: You spoke of the committee.

MR. LEWIS: Yes.

MR. McKELLAR: Were you referring to the old Lea County operators Committee or the committee that Mr. Staley is now working with?

MR. LEWIS: I was referring to them both insofar as either one of them prepared these schedules.

MR. McKELLAR: Well, of course, the old Lea County Operators Committee was dissolved effective January 1, 1950, and then we changed that date our old proration set up out here in this state and began -- that is the reason I am some what --

MR. LEWIS: (Interrupting) Well, your order 850 provided for a complete change in your procedures but under the evidence before the Court in this matter, the undisputed evidence was that the schedules themselves continued to be made by Mr. Staley's committee through June of 1950.

MR. McKELLAR: Thank you. I just wanted to get that

period.

<sup>PORTER</sup>  
MR. ~~BORDER~~: May I ask one? <sup>PORTER</sup> A. L. Border with the Oil Commission, New Mexico. In our present procedure sometimes it becomes necessary to change allowables during a proration period and, of course, it is always necessary to issue what we refer to as a supplement for the purpose of assigning allowables to new wells or re-completed wells. Since that is a part of your proration schedule, do you feel that it would be necessary for the Commission to meet to adopt those supplements?

MR. LEWIS: No, sir, I do not think that would be necessary. That is a minor aspect of the operation of your general system and it is my opinion that none of the courts are going to impose any possible or unreasonable burden upon the administrative body and where it is obvious that even in your state that the completion, re-completions and abandonments are continually occurring and it would, in my opinion, entail a burden to attempt to require the body to formulize the procedure every time one of those changes occur. I do think you can take care of that by having your general procedural orders set up a definite plan by which those steps will be carried out as a matter of course. They should not be left to the arbitrary or unformulized act of the person on the Commission, but should be governed, in my opinion, by

some formal order.

MR. BORDER: Thank you.

MR. SPURRIER: Thank you, Mr. Lewis. Mr. Seth, would you care to make any comment?

MR. SETH: My suggestion was that this Commission adjourn this hearing on the allowable as to a definite date so that anyone who wants to appear could appear and object.

MR. SPURRIER: I believe at this time we will have our Proration Manager, Mr. Porter, come forward with some recommendations which he has in writing. These recommendations are not necessarily the Commission's final ideas, they are Mr. Porter's ideas of exactly how proration should be set up. If there is an expert on proration in New Mexico, certainly Mr. Porter is that. We will welcome suggestions on these comments of Mr. Porter's. I hope that some of you have his comments before you so you can follow this.

I believe that the hearing would best be continued from this date forward, either to October 23 or the regular November hearing. In the meantime, the Commission would like to ask some of the legal and engineering experts here to serve on advisory committees, make recommendations to the Commission before the next hearing and those committees can accept suggestions from any and all operators.

*White 7*

I believe if we get into a full ~~lean~~ discussion here this morning the morning will be so cluttered that it will be hard to figure out just what everybody did have in mind. Mr. White is going to read Mr. Porter's written suggestions and Mr. Porter is here to try to answer questions if there are any.

MR. WHITE: I might state before reading these that these are suggestions made by Mr. Porter from a practical standpoint. He hasn't approached it from the legal aspect whatsoever, but they are just suggestions that if they were incorporated in our rules it would make it more practical from a functioning standpoint. As to Rule 501: he suggests no change as to Part A or B. He makes no suggestion as to changing Rule 502. As to Rule 503, Part A, there is no change. 503, Part B, no change, and as to Part C, he makes these suggested changes. The Commission will consider all evidence of market demand for oil and determining the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated on the various pools in accordance with existing regulations and among the various units in each pool according to the regulations governing each pool. These are the suggested changes for allocated pools effective the first day of each proration period. The Manager of Proration, in accordance with any rule or order of the Commission, shall issue a proration schedule which will authorize the production of oil

from the various units and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become 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 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. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

As to Part D of Rule 503, he suggests that the whole Section D be re-written as follows: A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for that particular proration period; provided the operator of such unit shall file with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental order setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for

the particular proration period and shall furnish such supplemental order to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

He suggests Part E be re-written as follows: Current oil Under-Production or Under-Runs to be made up or current and unavoidable over-production or over-runs shall be compensated for at any time or times during the two proration periods next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

He suggests that Part F be discontinued, stating "It is my opinion that if the provisions of paragraph E are complied with the necessity for back allowable clause will no longer exist.

He suggests paragraph G read as follows: In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability

inssofar as they are capable of producing.

I don't believe there is any change in that respect.

MR. PORTER: No.

MR. WHITE: As to Rule 504, he suggests no change.

As to Rule 505, under oil proration, he suggests changes only as to Parts 5 and 8. As to Part 5, he recommends the following: The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas-oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-115. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned on the basis of the latest available production figures.

As to Part 8, he suggests that it be re-written as follows: At the beginning of each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that all newly completed or recompleted wells on which form C-104 is approved on or after the 25th of the month will be assigned an allowable for the next month by supplementary schedule.

As to the remaining portion of that paragraph, he suggests that it be stricken. I believe that is because it is covered elsewhere in the rule.

MR. PORTER: That is right, it is covered under 503.

MR. WHITE: As to 506 he suggests no changes. Same as to Rule 507.

CHAIRMAN SPURRIER: Mr. Porter will be glad to answer any questions or further explain his suggestions if anyone cares to inquire.

MR. CAMPBELL: Jack Campbell, Roswell. If the Commission please, Mr. Porter, I take it that these suggestions have been made on the assumption that some program can be worked out where it will be unnecessary for the schedule to return to the Commission for ratification. I gather that from some of your notes.

MR. PORTER: That is what was intended by the revisions in Paragraph C, I believe.

MR. CAMPBELL: What practical difficulty would be involved except from the point of view of the time element and what administrative problems would that create if it were necessary to send the schedule back up to the Commission for ratification?

MR. PORTER: The only thing that I could see would be that it would delay the distribution date of the proration schedule, which has been the point in question for some time anyway.

MR. CAMPBELL: How much, of course, that would depend whether the Commission were available when it gets up here.

MR. PORTER: That would depend on the action of the Commission.



MR. CAMPBELL: What is the timing suggestion now?  
How close are you running?

MR. PORTER: Well, we actually begin the typing and printing of the schedule the first day of the month. We have always endeavored to distribute the proration schedule by the tenth day of the month. We have, well I believe once during the last eighteen months, we failed to meet that ten-day deadline which we ourselves set, and at that time we sent it out on the eleventh of the month.

MR. CAMPBELL: What happens in that ten-day period from the expiration of the previous month's schedule to the time that you get the new schedule? They take on the new proration schedule?

MR. PORTER: I suppose the transporters do abide by the old schedule.

MR. WHITE: Would it be possible for you, Mr. Porter, to submit the schedule to the Commission on or before the first of each month?

MR. PORTER: On the present arrangement of reportings it would not be.

MR. WHITE: Explain why.

MR. PORTER: We receive the form C-115, which is submitted by the operator and which carries the nomination for each proration unit any time from the first of the month up through practically all through the month as far as that is concerned.

MR. WHITE: Is it possible to have those forms submitted prior to the twentieth of the month?

MR. PORTER: The opinions that I have gathered from the operators are that it would not be possible to, in the case of most major companies, to submit those earlier than the twentieth of the month due to the fact that they are depending upon the gas line plants for the figures on their gas take for the completion of these records. They do not get those in time to allow them to compile their C-115 in time to reach us by the twentieth.

MR. WHITE: Oftentimes the essential information that you need is not received by you until after the twenty-fifth of the month, is that right?

MR. PORTER: That is right.

CHAIRMAN SPURRIER: Is there an operator here who would shed any light on that matter?

MR. CHRISTIE: Mr. Christie with Amerada. Do you use those gas figures that are supplied by the gas line plant in making up your schedule?

MR. PORTER: No, sir.

MR. CHRISTIE: If that were contained in some other report and you got only the production report you might be able to get them out a little earlier, is that true?

MR. PORTER: I think so.

MR. MCKELLAR: There are three attorneys on the advisory commission now, and I would like to ask the gentlemen if it

is their opinion as of today there is anything invalid or illegal about our picture out here and our set-up. I am firmly convinced I can defend it, and I don't think there is anything wrong with it. I haven't heard a single lawyer tell me that he really thought it was illegal. I had some small part in working this procedure out and I personally am convinced we are on solid ground.

I would like to know if, since the Commission took this thing over, our set-up was not an issue in this case as I understand it. It was only the first of June or the first of July, 1950. You have today taken testimony, and based upon your testimony and your evidence you are going to get what the allowable for the state should be. You have already determined in which manner that is going to be broken down and distributed. Mr. Porter's is simply a mathematical process and administrative. Your schedule, you promulgate them, you adopt them, and you have an order to that effect signed by all the other members of the Commission. I am firmly convinced that our position is sound.

CHAIRMAN SPURRIER: Anyone else have anything to say?

MR. HOWARD: Pinkston Howard of Shell. I would like to state my feeling. Basically I agree with the statement that has been made that the procedure at this time is sound. I can't help but recognize that there may be some question involved as to this question of the delegation of authority. That is, by having the schedule prepared by the Proration

Manager. In other words, I think I have to agree that the thing would be air-tight, so to speak, if it were possible to prepare the schedule by the Proration Manager and have it returned to the Commission before issuance and then have just a notation that they would be adopted and issued and signed by the Commission. I think that would be just an air-tight procedure. A very conservative procedure. My opinion is that it probably is not necessary to go that far in order to have a procedure that can be defended. In other words, it is my thought that the making up, the mechanical making up of the schedule, is not the delegation of such authority, that the Commission is prohibited from doing. In other words, when the law says the Commission shall do so and so, I don't believe it contemplates that each individual member of the Commission himself has to do those particular things or that the Commission as a body has to do all those things. The Commission clearly, I know, could not delegate to the Manager of Proration, for example, the fixing of the statewide allowable. That is a duty that it could just not delegate.

But it would seem to me that if the Manager of Proration, as any employee of the Commission, is told by the Commission to prepare the mechanical schedule allocating the production that the Commission has fixed and then issue that schedule as the act of the Commission, quite honestly I think that is

sound.

Mr. McKellar: And distribute that in with the fixed formula that the Commission has adopted.

MR. PARKIN: I understand you don't care to get into a discussion today on the proposed suggestion, but when the proper time comes on that I think there could be some additions made to these proposals to emphasize that fact that the Manager of Proration is not exercising discretion or issuing a schedule of his own but that as an employee of the Commission he is merely carrying out the mechanical features of the rules and regulations of the Commission. I think our present procedure can be defended. I think it is sound. As I say, I think it would be unquestioned if it were possible to return that schedule. But you sometimes run into a practical situation in which it isn't possible in order to operate in order to plug all legal loopholes. I think that when such a situation arises you have to weigh the practical requirements of the situation against your best reasoning as to the procedure you are following and then make up your own mind. May I suggest just one other thing while I am on my feet. I know there is a question that Mr. Campbell raised a little while ago. In the event the schedule is late in coming out after the first of the month. I know that the Commission in the past and in its order has in effect stated that if the schedule is elected

that producers may produce and purchasers may purchase on the basis of the prior month's schedule until the new schedule comes out. Due to some wording in the last order I believe it was there has been some question in the minds of some of the purchasers as to whether or not there has been any change on that. I just want to urge that when the orders are prepared that there be that close statement if that is the intention of the Commission that the operators and the purchasers may rely upon the previous month's schedule until a new one comes out.

MR. WHITE: That will be done.

MR. LOLLY: Mr. Lolly with Shell. These suggested rules here, we have taken care of the top allowable wells and you have taken care of the marginal wells so called, but I question that we have protected the correlative rights for the operator in the wells that are penalized because of high gas-oil ratio. I may be wrong but it is my question that the penalized allowable is a fixed thing. It doesn't change from month to month. If the production is raised the unit allowable is raised, and the already penalized well on the high gas-oil ratio does not get any benefit in that increased production. Whereas to protect correlative rights it seems to me they should be allowed their pro-rata share of their allowable.

MR. PORTER: That is the practice now.

MR. LEVERING: I thought it was a fixed thing.

MR. PORTER: No. As your normal unit allowable is increased your wells affected by the high gas-oil ratio are increased accordingly.

MR. KELLOUGH: I am attorney for the Amerada. I have the same confidence in the legality of the present proceedings as Mr. McKellar and Mr. Howard. I have just one idea that I want to throw in for what it is worth. That is this. That under your law if it is that the Commission fix the allowable on notice and hearing then you have given your notice and you have had your notice. Judge Seth suggested that perhaps then the matter could be continued and set down at some future time. Now then this thought I wish to make. If the only purpose of bringing this schedule back and having it ratified or adopted by the Commission is to make it an act of the Commission if it isn't already one is simply to eliminate any question that the procedure already set up is not the act of the Commission what difference would it make whether that ratification or adoption was made before the issuance of the schedule? In other words, right now you have a hearing upon notice and you determine total amount of allowable for the whole state. You then have by order a schedule which breaks that down, eliminates the marginal wells and the high gas-oil ratio wells and divides it up among your units. That is fixed and definite. The

actual computation of that is purely mechanical. It would seem it attributed more authority to Mr. Staley than he actually had. If that is the present set-up then it is the opinion here at least of the lawyers that you are all right now. What do you want to do? In order to have additional insurance let's have the Commission adopt and ratify the schedule, why do you have to do that before you send it out? If there is no purpose is to assure that this is the act of the Commission then the suggestion to make is to you lawyers and other men as to what difference you make when you do it. As long as during the month as adopted and ratified and made official by the Commission which in the opinion of a good many already is.

MR. DOW: Mr. Dow of Hervey, Dow, and Hinkle. In actual operation in the Railroad Commission of Texas not necessarily that schedule is approved before the first of the month. The one thing that they guard against is that they don't do it in their office. That was attacked in a previous suit in Texas years ago and the order was actually being prepared and signed by taking it around to the various offices. That was attacked and they said that before the Commission had the power to make that they must be in a meeting and invoke the powers of the Commission. Now nowhere there do they set a timetable as to when they have to sign the order. So I think, Mr. Kellough is exactly correct that at the same time



that the schedule is distributed by Mr. Porter the master copy could come to the Commission and by formal approval it would be of valid approval of the Commission of the schedule and would clear up all legal loopholes in that order. In that way nobody will be prejudiced or inconvenienced or delayed. If that procedure was followed I think that there would be no way that the legal eagles could attack it.

CHAIRMAN SPURRIER: Is there some other attorney that wants the floor for a minute or two?

MR. CAMPBELL: So there won't be any mistake or misunderstanding I would like the record to show that I concur thoroughly in the view that the procedure which has been followed since January 1, 1950, particularly since the schedule has been prepared by the office of the Commission, is completely valid and not subject to attack. However, I agree that if Judge Hatch has raised this possibility that for future protection if it can be done by practical means that most certainly we should undertake to have some kind of a ratification by the Commission. I further agree that it is proper and passable for the Commission to approve the schedule after the physical distribution has started. They can approve the master copy and let the minutes show so. I don't see how anybody can be hurt on that situation.

CHAIRMAN SPURRIER: Anyone else?

MR. SANDERS: Mr. Sanders from Continental. I concur in that method of procedure. I believe that someone else has stated that we'll plug all loopholes as we know them now.

CHAIRMAN SPURRIER: Is there anyone else? Mr. Morrell, do you have any comment.

MR. MORRELL: No comment at this time.

CHAIRMAN SPURRIER: I should like to make a few comments in defense of the Commission's calling this matter for a hearing. In the first place, as Mr. Campbell said, there has been a question raised by no less than Judge Carl Hatch. If the Commission needs to plug some legal loophole the Commission certainly stands ready to do just that.

We thought, and I am sure a lot of other people thought, that for about sixteen years we were putting out a legal proration schedule and yet when the case is brought up as a criminal case, maybe we did and maybe we didn't.

There are some administrative details that I am sure very few of you are thoroughly acquainted with in the matter of preparing a proration schedule. It is incumbent on the Commission to straighten out all those little details, and Mr. Porter, who actually does most of the detail work in preparing these schedules has made these suggested changes. For example, what about the ten days from the first of the month until the proration schedules are actually available?

Our rules and regulations do not state to my particular knowledge, although Mr. Howard said he believed there was an order somewhere to that effect, it is not clearly stated in our <sup>"500"</sup> five hundred rules and regulations. Therefore, if the rules were changed so that the previous month's schedule would absolutely be in effect until the current month's schedule was received. I am bringing these things up to show you what we were thinking about when we called this hearing.

To enlarge on my original comments, the Governor has a suggestion here that the operators submit in writing to the committee, which we will appoint immediately, any suggested change in writing to these committees, and I think we will have to put a deadline on that. We also will have to continue this case until a future date. The next regular hearing is October 23rd, and this case will be continued until that date.

I think we will put this out in writing to all operators, but I think you should have about two weeks to submit your suggestions to the committee, and then the committee will have two weeks in which to consider those suggestions and be prepared to recommend to the Commission on October 23rd. If that doesn't seem feasible, is there anyone that has a comment? Apparently there will not need to be any major changes in the actual wording of the rules and regulations.

The Commission itself will have to revise some of its procedure.

We have considered, apparently to the satisfaction of all, the number one item under Case 308. Now we have item No. 2, which says Oil Purchasing and Transporting, Section J, Rules 801 and 803 inclusive. There again and on through these numbered items the Commission does not have any particular recommendation. If any of you do have we should like to hear them or if you would prefer to put them in writing and submit them to the committee on these matters it will be held open until October 23rd.

Does anyone have anything to say on 801, 802, 803?

MR. MCKELLAR: I think these rules follow the statute.

CHAIRMAN SPURRIER: You mean the rules are practically as the statute is worded.

MR. MCKELLAR: I think so.

CHAIRMAN SPURRIER: Then they cannot be changed but can be added to. I assume there are no comments on Item 2. We will take up Item 3. Rules in regard to reports, being Section M, Rules 1101 to 1123 inclusive.

MR. NEWMAN: Well these rules are advertised as open for change. We have in Rule 1105, the last sentence, a copy of the notice giving the decision of the Commission will be returned to the owner. We will, of course, the Commission doesn't consider these forms, and I would like

to see inserted in there decision of the Commission or the deputy of the Commission. Since it would be impossible for the Commission to consider all of those forms that come in.

CHAIRMAN SPURRIER: What Mr. Newman is raising there is when is the Commission a Commission and when are the agents and employees of the Commission, when should they take over. It seems obvious in a practical way that the Commission can't sign all the C-101s or approve all the C-103s and that sort of detail.

MR. NEWMAN: Also in Rule 1107, as a matter of practice we do not have these forms, C-103, sworn and some of the new, newer forms don't have a place on them where the operator can swear to the forms. I would like to see that last part of the last sentence sworn and signed before a notary public taken out of that rule.

CHAIRMAN SPURRIER: There again, it has been suggested that if the statute requires that the forms be notarized then we cannot make that change and the forms will have to provide for notarization.

MR. NEWMAN: Then the forms referred to in Rule 1108, 1109, 1110, 1111, and 1114, paragraph A, have that same provision that they will be sworn to. Then in rule 1119, the last sentence in that rule reads "It is in regard to the C-115 under discussion this morning". Such report for

each month shall be filed on or before the twentieth day of each succeeding month. One operator in particular was of the opinion last week that if that form were mailed out of his Denver office on the fifteenth it would be considered filed, and I should like to see this defined so that filed would mean in the hands of the Commission since these forms are necessary to make out the proration schedule.

MR. WHITE: You also want that the copy be -

MR. NEWMAN (interrupting): Yes, it is not clear where the file goes. It should state that the file goes to proration office in Hobbs, Oil Commission in Santa Fe and the transport.

MR. PORTER: Still in regard to the eleven hundred rules, Rule 1112, which has to do with the request for allowable form C-104, I would like to make the same suggestion there that I made in the proration procedure. Under that rule it says that the allowable will be assigned effective 7:00 A. M. on the day of completion. I wonder if it is necessary for that statement to be in there since it is elsewhere in the rules or regulations, or if it is I think we should go further and say that the allowable will be effective as of 7:00 A. M. on the day of completion provided that form C-104 during the month in which the well is completed - see, you are placing no limit on it there.

CHAIRMAN SPURRIER: I think Mr. Morrell has something

to say on that.

MR. MORRELL: If the Commission please, I would like to propose for consideration of the Commission and this committee that is to report to the Commission on proposed revisions that some clarification be made to Rule 1104. I am offering this thought in connection with the action taken by the Commission recently in calling attention of the operators to their desire to have filed with the Commission copies of reports on wells drilled on Federal land. Reference is also made to Rule 4, which states that the Commission recognizes that all persons drilling on United States Government land shall comply with the United States Government regulations. Further that such persons shall also comply with all applicable state rules and regulations which are not in conflict therewith. The question has been raised with us several times as to whether Rule 1104 requires the prior approval of the state as well as the Federal government before a well is drilled on Federal land. That raises the question of dual control or regulation of the operator. Possibly some clarification of Rule 1104 would be helpful to the operators. If the Commission merely wants the information on the copies of well reports on Federal land for record purposes arrangements could be made so that an approved copy of the reports, reports approved by representatives of the United States Government, could be furnished

by the operators. As now furnished to us the operator gives us three copies. They could furnish four copies of which we could return two and they could mail the Commission a approved copy. That is offered merely as a suggestion, but I do not believe that section, Rule 1104, says that before beginning drilling they must file a form C-101. The inference is also there that it would require approval by the Commission before drilling. I don't know that that was intended. I am merely raising this for possible clarification. It is subject to amendment at this time.

CHAIRMAN SPURRIER: Thank you, Mr. Morrell. Does anyone have anything else on Item No. 3? If not, I think we will continue the comments on Items 4 and 5 and ask they be written and submitted to the committee for consideration on October 23rd. If no one has anything further, no further comments, the meeting will stand adjourned.

MR. MCKELLAR: That gives just two weeks to get the reports in to the Chairman of the committee. How long will it before we find out who he is and where he is?


CHAIRMAN SPURRIER: Mr. McKellar, if all the operators will mail their suggestions to the Commission we will see that they get to the proper person. If nothing further, the meeting is adjourned. (Whereupon, the meeting was adjourned.)



STATE OF NEW MEXICO    }  
COUNTY OF BERNALILLO } SS.

I HEREBY CERTIFY that the foregoing and attached  
Transcript of Hearing Before the Oil Conservation Commission,  
in Case No. 308, taken on September 20, 1951, at Santa Fe,  
Is a true and correct record of the same to the best of  
my knowledge skill and ability.

DATED at Albuquerque, New Mexico, this 1st day of  
December, 1951.

  
REPORTER

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 308  
ORDER NO. R-288A

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION OF NEW  
MEXICO ON ITS OWN MOTION FOR AN  
ORDER (a). REVISING AND AMENDING  
SECTIONS "G", "H", "J", "M", "N",  
AND "O" OF ORDER NO. 850 ~~XXXXXX~~  
~~THE STATE OF NEW MEXICO~~ ~~COMMISSION'S~~  
~~RULES AND~~ (b). THE ADOPTION  
OF SUCH OTHER CHANGES AND ~~AND~~  
AMENDMENTS IN OTHER RULES  
NECESSARY AND PROPER TO GIVE  
FULL FORCE AND EFFECT TO THE  
REVISIONS AND AMENDMENTS  
CONTEMPLATED.

Tape "A"

1. RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.

2. RULE 502. RATE OF PRODUCING WELLS

It is recognized that the producing units capable of producing their daily allowable may over-produce one day and under-produce another. Such deficiencies as may occur may be made up by the excess production from the same unit or such excess production may be adjusted by under-production provided, however,

(a) That no producing unit, except for the purpose of testing in the process of completing or recompleting a well and for draw-down tests, shall produce during any day more than 125% of the daily top unit allowable for the pool in which the unit is located or 10 barrels per day, whichever is greater.

(b) That no producing unit shall produce in any one month more than its monthly allowable plus an amount equal to one day's allowable production. The tolerance so allowed shall not be construed to increase the allowable of a producing unit or to grant authority to any producer to market or to any transporter to transport any quantity of oil in excess of the units allowable. The allowed monthly tolerance of over-production shall be adjusted for during the following month, The possession of a quantity of oil in lease storage at the end of the month in excess of one day's allowable plus any unrun allowable oil shall be construed as a violation of this rule.

Tape B

~~Max R. R. Saurier~~

(c) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of the 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 504. The allowable production for such well 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 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 supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted the remainder of the proration period.

(d) A marginal unit shall be permitted to produce any amount <sup>of</sup> oil which it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing; and, provided further a supplementary proration schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which shall be the date on which said application is received in the office of the Commission.

(e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedule.

2. RULE 504 Authorization For Production of Oil while Completing, Recompleting, or Testing an Oil Well.

(a) In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances of said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

(b) *Tape C -*  
3. RULE 505 Oil Proration.

(a) In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever-----

is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

<del>4.</del> (b)	POOL DEPTH RANGE	PROPORTIONAL FACTOR
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75
	13,000 to 14,000 "	8.00

(c) Normal unit allowable shall be set by the Commission

(d) Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

(e) The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool. ~~(The balance of this paragraph and all of paragraph 6 should be deleted since the reference is to a formula to be used to compute corrected top allowables when normal unit allowable is less than 30 barrels. The formula was designed for use under old Commission Order 637 and is not workable under the present proration plan.~~

(f) The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

~~Mr. R. R. Spurrer~~

(g) Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is 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 supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

(h) The provision of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

4. RULE 506. GAS-OIL RATIO LIMITATION.

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel (unit) such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507 UNITIZED AREAS

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

~~5. We have no recommendations to make with respect to Section H - Gas Proration and allocation.~~

V. Tape D

~~6. That the following be added to Rule 802:~~

"(c) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing." ~~And that Rule 803 be amended to read as follows:~~

(3) RULE 803. Production and Transportation of Condensate.

The operator of a gas well <sup>in a gas pool</sup> may produce from such well the amount of condensate which such well is capable of producing without waste, provided, with the Commission a written application setting

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel ~~(unit)~~ <sup>unit</sup> such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

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*Tape D to include (a) & (b) of rule 802 + the (c) below*

"(c) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing." ~~And that Rule 803 be amended to read as follows:~~

#### (3) RULE 803. Production and Transportation of Condensate.

*in a gas pool*

The operator of a gas well may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

7. That section M - "Reports" be amended to conform to the suggested Rules and Forms as shown on the attached pages identified by Rule Number, Form Numbers and revision date "1-22-52". The foregoing consists of 43 pages, numbered 26 to 68 inclusive.

Respectfully submitted,

F. C. BROWN, Chairman

GLENN STALEY, Vice-Chairman

VI. That Section "M" Reports be amended and revised in accordance with the following:

1. RULE 1101 ADDITIONAL INFORMATION MAY BE REQUIRED

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

2. RULE 1102. BOOKS AND RECORDS TO BE KEPT TO SUBSTANTIATE REPORTS.

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than 5 years, covering their operations in New Mexico from which they may be able to make and substantiate the reports required by this Order.

3. RULE 1103. WRITTEN NOTICES, REQUESTS, PERMITS AND REPORTS

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - ~~Certificate of Compliance~~ and Request for (oil) (gas) allowable
- Form C-105 - Well Record
- Form C-110 - Application for Authority to Connect and Authorization to Transport Oil and Natural Gas From ~~\_\_\_\_\_~~  
*see below*
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Forms (C-115A - Operator's Monthly Report (oil & Condensate) and gas)  
(C-115B - Operator's Monthly Report (gas)  
(C-115C - Instructions for Forms C-115A, and C-115B)
- Form C-116 - Gas-Oil Ratio Report
- Form C-117 - Tank Cleaning Permit
- Form C-118 - Treating Plant Report
- Form C-119 - Carbon Black Plant Monthly Report
- Form C-120 - Injection Report
- Form C-121 - Crude Oil Purchaser's Nomination
- Form C-122 - Back Pressure Data Sheet
- Form C-123 - Request for the Extension of an Existing Pool or the Creation of a new pool

Form C-110 - Certificate of compliance and authorization to Transport Oil and Natural Gas.

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4. RULE 1104. NOTICE OF INTENTION TO DRILL OR RECOMPLETE. (Form C-101)

Before beginning drilling, and before beginning recompletion operations, the owner or Operator of the well shall give notice thereof by filing with the Commission in QUINTUPLICATE Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modifications considered advisable, or the rejection of the plan submitted. Drilling or Recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes Name and number of the well, exact location, Status of Land (whether state or privately owned) Type drilling equipment to be used, Drilling Contractor, Formation to be completed in and approximate depth, Casing program, and any other pertinent information. In case of recompletions the details shall be fully explained under the "Remarks" column. In the case of wildcat locations a plat made by a registered Surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted with Form C-101.

5. RULE 1105 (CAPS Miscellaneous Notices.)

Form C-102, "Miscellaneous Notices", shall be filed by the Operator in TRIPLICATE with the District Office of the Commission and approval obtained ~~before~~ from the District Office of the Commission before starting operations leading to a proposed change in drilling plan, before plugging a well, before squeezing operations are begun, Before gun perforating, Before temporarily abandonment of well, before plugging back, Before acidizing, Before drilling to a ~~depth~~ greater depth than indicated on Form C-101, Before setting a liner, Before shooting with Nitroglycerin, and before starting any other similar operations not specifically covered herein, A copy of this notice giving decision of the Commission will be returned to the owner.

In the case of well plugging operations, the notice ~~shall~~ etc.

~~the~~ notice shall give a detailed statement of the proposed work; including length and depth of plugs; plans for mudding, cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well, the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

6. RULE 1106 MISCELLANEOUS REPORTS ON WELLS - Form C-103.

Form C-103, "Miscellaneous Reports on Wells", shall be filed by the Operator in TRIPLICATE with the District Office of the Commission within 10 days after the work specified is completed. This report shall cover the work outlined on Form C-102 and shall include a detailed account of the manner in which the work was performed. Specific information as to the exact information to be contained in Form C-103 with respect to each operation is as follows:

(a) ~~RULE 1107.~~ REPORT ON BEGINNING DRILLING OPERATIONS (Form C-103)

Within 10 days after drilling or recompletion operations are begun, the owner of the well shall file with the Commission a report on Form C-103, "Miscellaneous Reports on Wells."



(Revised 1-22-52)

(b)  
~~RULE 108.~~ REPORT ON RESULT OF TEST OF CASING SHUT-OFF (Form C-103)

A report on the result of test of casing shut-off shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," within 10 days after the completion of work. It shall indicate any changes made in the approved plan outlined previously on Form C-101. It shall also give a detailed report of the method used and of the results obtained and any other pertinent information.

(c)  
~~RULE 109.~~ REPORT ON RESULTS OF PLUGGING WELL (Form C-103)

Within 10 days after plugging a well, a record of the work done shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner. The report shall include the date the work was started and the date it was completed; a detailed account of the manner in which the work was performed; the nature and quantities of materials used in plugging, and the depths and lengths of the various plugs; records of any tests or measurements made; the amount, size and depth of all casing left in the well; the volume and gravity of mud-laden fluid used; pressure retained in mudding; a complete record of any shooting done, and names, addresses and positions of all those in charge of the work. The report shall also state whether or not the pits have been filled and leveled and the location cleared of junk.

(d)  
~~RULE 110.~~ REPORT OF RESULT OF SHOOTING OR CHEMICAL TREATMENT OF WELL (Form C-103)

Within 20 days after the shooting or chemical treatment of a well, report shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner giving the size and depth of the shot, or amount of chemical used, and the daily production of oil, gas, and water before and after shooting or chemical treatment.

(e)  
~~RULE 111.~~ MISCELLANEOUS REPORT ON WELLS (Form C-103)

Form C-103, "Miscellaneous Reports on Wells" shall be used for reports of various operations, such as:

- a. Change of Drilling Plan
- b. Repairing or Deepening Well
- c. Pulling or Altering Casing
- d. Plugging Back
- e. Re-Drilling
- f. Perforating casing (or of any other similar operations not specifically covered herein).

The report with respect to such operation shall be filed with the Commission within 10 days after such operation is completed.

The status prior to and results of the work completed shall be given in detail.

11

7. Rule 1107

~~RULE 1102. CERTIFICATE OF COMPLIANCE AND REQUEST FOR (OIL) (GAS)~~  
ALLOWABLE (Form C-104)

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil well. Form C-104 is to be submitted in ~~triplicate~~ to the Commission Office, to which Form C-101 was sent. The allowable will be assigned effective 7:00 A. M., on date of completion provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well, when oil is delivered into the stock tanks.

Form C-110, "Certificate of Compliance and Authorization to Transport Oil or Natural Gas" shall accompany Form C-104.

8. ~~RULE 1105.~~ WELL RECORD FORM (Form C-105)  
1108

Within 20 days after the completion of a well the owner shall file in <sup>copy</sup> (quintuplicate) with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report confidential for 90 days from the date of the completion of the well; provided, however, that the report or data therein when pertinent may be introduced in any public hearing before the Commission or any court regardless of the request that the report be kept confidential. If the C-105 is not received by the Commission in the specified 20 days the well will be dropped from the proration schedule.

9. RULE 1109 CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL OR NATURAL GAS. - Form C-110.

(a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute, in quadruplicate, and file with the Commission Form C-110, setting forth fully therein the data and information indicated by such form covering each <sup>well</sup> lease from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing <sup>well</sup> lease or whenever there shall occur a change of transporter from any producing <sup>well</sup> lease, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable for one proration period the producer may, in lieu of filing a new application, notify the Commission, and the transporter then authorized by letter, of the estimated amount of crude petroleum, dry gas or liquid hydrocarbons to be moved by temporary transporter and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. In no instance shall the temporary transporter move any greater quantity of crude petroleum oil or natural gas than the estimated amount shown in said notice.

10. ~~RULE 1110.~~ MONTHLY GAS REPORT (ACQUISITION AND DISPOSITION) (Form C-111)  
1110

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceding month, and shall be submitted in - 30 - duplicate.

~~(Bureau of Geology)~~

11, <sup>1111</sup> RULE ~~1110~~ TRANSPORTER'S AND STORER'S MONTHLY REPORT (Form C-112)

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in <sup>copy</sup> (duplicate) on or before the 15th day of the next succeeding month.

12, <sup>1112</sup> RULE ~~1111~~ REFINER'S MONTHLY REPORT (Form C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month, <sup>in</sup> ~~in~~ **DUPLICATE**

13, <sup>1113</sup> RULE ~~1112~~ GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT (Form C-114)

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico, shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month, <sup>in</sup> ~~in~~ **DUPLICATE**.

14, <sup>1114</sup> RULE ~~1113~~ OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report Form C-115 ~~shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said form. Such reports for each month shall be filed the next succeeding month - on or before the 16th, with respect to Form C-115A, and on or before the 25th, with respect to Form C-115B.~~ shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said form. <sup>Such</sup> reports for each month shall be filed the next succeeding month - on or before the 16th, with respect to Form C-115A, and on or before the 25th, with respect to Form C-115B.

The reports on this form shall be filed by the producer, as follows:  
The original to the Oil Conservation Commission, Santa Fe; One copy to the probation office at Hobbs, One copy to the district office in which district the lease is located, and one copy to each transporter involved. (NOTE: On state leases the State Land Office, Santa Fe, New Mexico requires one copy of Form C-115)

15, <sup>1115</sup> RULE ~~1114~~ GAS-OIL RATIO TEST (Form C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301 - Gas-Oil Ratio Test. <sup>31</sup> This form shall be submitted <sup>in duplicate, one copy being sent to Hobbs District office, one copy sent to Oil Conservation Commission, Santa Fe, New Mexico.</sup>

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1116  
16. RULE ~~1101~~ TANK CLEANING PERMIT (Form C-117)

- (a) Form C-117 shall be used pursuant to Rule 311.
- (b) Tank cleaning permit is not necessary in the following cases:
  - (1) Where "tank bottoms" are to be used on operator's lease roads or fire walls.
  - (2) Where merchantable oil is reclaimed by operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
  - (3) Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms."
  - (4) Where there is the 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.

1117  
17. RULE ~~1122~~ TREATING PLANTS (Form C-118)

Form C-118 shall be used in accordance with Rule 312.

1118  
18. RULE ~~1123~~ CARBON BLACK PLANT MONTHLY REPORT (Form C-119)

Each operator of a carbon black plant within the State of New Mexico shall file for each calendar month, the monthly volume of gas received by him from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received by him from each lease and lease operator delivering natural gas directly to such plant together with the opening and the closing stocks, the production and deliveries of carbon black or other products produced. Such reports containing information as required by the form shall be prepared and filed <sup>in duplicate</sup> on Form C-119, "Carbon Black Plant Monthly Report," on or before the 15th day of the next succeeding month.

1119  
19. RULE ~~1124~~ INJECTION REPORT (Form C-120)

Form C-120 shall be used for reports required under Rule 701, et seq.

1120  
20. RULE ~~1125~~ CRUDE OIL PURCHASER'S NOMINATION (Form C-121)

Form C-121 shall be used by crude Oil Purchasers for nomination of purchases, and shall be submitted to the Commission not later than 5 days prior to said Commission's statewide proration hearing on nominations for the succeeding month. *one copy of Form C-121 shall be mailed to Oil Conservation Commission, Santa Fe, New Mexico*

21. RULE 1121- BACK PRESSURE DATA SHEET. FORM C-122.

Form C-122 shall be submitted in TRIPLICATE to Oil Conservation Commission, Santa Fe, New Mexico and shall be used to show back pressure data as required under the provisions of Rule 401.

22. RULE 1122- REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE CREATION OF A NEW POOL (Form C-123)

Form C-123, shall be used where a well is completed outside the boundaries of any pool producing from the same formation and shall be submitted in TRIPLICATE to the Commission not later than twenty (20) days after completion of Form C-105

VII. That Section ~~XX~~ "N" Rules on Procedure be amended and revised as follows.

1. RULE 1201. NECESSITY FOR HEARINGS

Except as provided for in some general rule herein, before any rule, regulation or order, including revocation, changes, renewal or extension thereof shall be made by the Commission, a public hearing shall be held at such time and place as may be prescribed by the Commission.

2. RULE 1202. EMERGENCY ORDERS

In case an emergency is found to exist by the Commission, which, in its judgment, requires the making of a rule, regulation or order without first having a hearing, such emergency rule, regulation or order shall have the same validity as if a hearing with respect to the same had been held after due notice. Such emergency rule, regulation or order shall remain in force no longer than 15 days from its effective date, and in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

3. RULE 1203. METHOD OF INITIATING A HEARING

The Commission upon its own motion and the Attorney General on behalf of the State and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. An application shall state (1) the name or general description of the common source or sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire State, in which event the application shall so state, and (2) briefly the general nature of the order, rule or regulation sought, and (3) any other matter required by a particular rule or rules.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by a specific rule, an application need not be verified.

4. RULE 1204. METHOD OF GIVING NOTICE FOR HEARINGS

Notice of a hearing before the Commission shall be given by personal service on the person affected or by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties if there be more than one in which any land, oil or gas or other property which may be affected shall be situated.

5. RULE 1205. CONTENTS OF NOTICE FOR HEARING

Such notice shall be issued in the name of "The State of New Mexico" and shall be signed by two of the members of the Commission or by the Secretary of the Commission and the seal of the Commission shall be impressed thereon.

The notice shall specify the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant if any and unless the contemplated order, rule or

-64-

regulation is intended to apply to and affect the entire State it shall specify or generally describe the common source or sources of supply which may be affected by such order, rule or regulation.

6. RULE 1206. SERVICE OF NOTICE

Personal service of the notice of hearing may be made by any agent of the Commission or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this State. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.

## 7. RULE 1207. PREPARATION OF NOTICES

After a motion or application is filed with the Commission the notice or notices required shall be prepared by the Commission and service and publication thereof shall be taken care of by the Commission without cost to the applicant.

## 8. RULE 1208. CONTINUANCE OF HEARING WITHOUT NEW SERVICE

Any hearing before the Commission had after due notice may be continued to a specified time and place without the necessity of notice of the same being again served or published. In the event of such continuance, a record thereof shall be made in the minutes of the hearing at which the continuance was ordered.

## 9. RULE 1209. CONDUCT OF HEARINGS

Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent records of the Commission. Any person testifying in response to a subpoena issued by the Commission and any person seeking to testify in support of an application or motion or in opposition thereto shall be required to do so under oath. However, unsworn comments and observations by any interested party will be invited and made a part of the record. Comments and observations by representatives of operators' committees, the United States Geological Survey, the United States Bureau of Mines, the New Mexico Bureau of Mines and other competent persons are welcomed. Two members of the Commission constitute a quorum for the transaction of business and for the holding of hearings, but one member of the Commission may conduct a hearing for the purpose of receiving testimony only.

## 10. RULE 1210. STATUTORY POWERS AS TO WITNESSES, RECORDS, ETC.

The Commission or any member thereof has statutory power to subpoena witnesses and to require the production of books, papers, records, etc. A subpoena will be issued by the Commission for attendance at a hearing upon the written request of any person interested in the subject matter of the hearing. In case of the failure of a person to comply with the subpoena issued by the Commission, an attachment of the person

may be issued by the district court of any district in the State, and such court has powers to punish for contempt. Any person guilty of swearing falsely at any hearing may be punished for contempt.

## 11. RULE 1211. RULES OF EVIDENCE

Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable in a trial before a court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better served. No order shall be made which is not supported by some competent legal evidence.

## 12. RULE 1212. REHEARINGS

Within 20 days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within 10 days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

## 13. RULE 1213. CHANGES IN FORMS AND REPORTS

Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing.

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VII. That Section "10" Rules on Administration be amended and revised as follows:

1. RULE 1301. DISTRICT OFFICES

To expedite administration of the work of the Commission and enforcement of its rules and regulations, the State shall be divided into four districts as follows:

District 1	Lea, Roosevelt, Curry, De Baca and Chaves counties with office at Hobbs.
District 2	Eddy, Otero, Dona Ana and Lincoln counties, with office at Artesia.
District 3	San Juan, Rio Arriba, McKinley and Sandoval counties with office at Aztec.
District 4	Balance of State, office of Oil Conservation Commission in Santa Fe.

Each district office shall be under the charge of an oil and gas inspector, a deputy oil and gas inspector or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the land that is affected lies.

2. RULE 1302. WHERE TO FILE REPORTS AND FORMS

All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115 ~~and~~ ~~C-116~~ "OPERATOR'S MONTHLY REPORT", shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Office at Hobbs; one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

3. RULE 1303. DUTIES AND AUTHORITY OF FIELD PERSONNEL

Oil and gas inspectors, deputy oil and gas inspectors, scouts, engineers and geologists duly appointed by the Commission have the authority and duty to enforce the rules and regulations of the Commission. Only oil and gas inspectors or their deputies or members of the Commission have authority to endorse the approval of the Commission on any form which requires such approval. Oil and gas inspectors and their deputies shall have discretion to allow minor deviations from requirements of the rules as to field practices where, by so doing, waste will be prevented or burdensome delay or expenses on the part of the operator will be avoided.

4. RULE 1304. NUMBERING OF COMMISSION ORDERS

All orders of the Commission made after 1 January, 1950, pertaining to allocation of the production of oil or gas shall be prefixed with the letter "A" and shall be numbered consecutively, commencing with No. 1, i. e. the first allocation order issued after 1 January, 1950, shall be No. A-1, and the next shall be No. A-2.

All other orders of the Commission made after 1 January, 1950, shall be prefixed with the letter "R" and shall be consecutively numbered, commencing with the number 1, i. e. the first such order issued after 1 January, 1950, shall be No. R-1, and the next shall be No. R-2.

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IT IS THEREFORE ORDERED:

I. That the definitions contained in Order No. 350, Section A, be changed as follows:

<sup>1.</sup> (a) That Definition No. 4, 'Back Allowable,' be deleted.

<sup>2.</sup> (b) That Definition No. 41 be amended as follows: 'Overage or overproduction' shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.

<sup>3.</sup> (3) *This definition no. 56 etc (see attached sheet)*  
 II. That the following provisions of Section G, 'Oil Proration and Allocation,' be eliminated from Order No. 850.

<sup>1.</sup> (a) Rule 503 (e) relative to current oil shortages; and

<sup>2.</sup> (b) Rule 503 (f) relative to back allowables.

III. That Section G of Order No. 850, 'Oil Proration and Allocation,' be amended and revised in accordance with the following:

1. RULE 501. Regulation of Pools.

(a) To prevent waste, the Commission shall prorate and distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights, may promulgate special rules, regulations of orders pertaining to any pool.

2. RULE 502. Rate of Producing Wells.

It is recognized that the producing units capable of producing their daily allowable may overproduce one day and underproduce another. Such deficiencies as may occur may be made up by the excess production from the same unit or such excess production may be adjusted by underproduction; provided, however:

(a) That no producing unit, except for the purpose of testing in the process of completing or recompleting a well and for draw-down tests, shall produce during any day more than 125 per cent of the daily top unit allowable for the pool in which the unit is located, or ten (10) barrels per day, whichever is greater.

(b) That no producing unit shall produce in any one month more than its monthly allowable plus an amount equal to one day's allowable production. The tolerance so allowed shall not be construed to increase the allowable of a pro-



(3) That definition No. 56 be amended as follows: Shortage or Under-production shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 308  
ORDER NO. R-98 A

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO ON ITS OWN MOTION  
FOR AN ORDER (a) REVISING AND AMENDING  
SECTIONS 'G', 'H', 'J', 'M', 'N' AND 'O'  
OF ORDER NO. 850; AND (b) PERMITTING THE  
ADOPTION OF SUCH OTHER CHANGES AND AMEND-  
MENTS IN OTHER RULES NECESSARY AND PROPER  
TO GIVE FULL FORCE AND EFFECT TO THE  
REVISIONS AND AMENDMENTS CONTEMPLATED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

*Tape 'A'*  
This case came on for hearing at 10 a.m. September 20, 1951,  
October 23, 1951, December 20, 1951, January 22, 1952, and February 21, 1952,  
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,  
hereinafter referred to as the "Commission."

NOW, on this day of May, 1952, the Commission, a quorum being present,  
having considered the testimony adduced and the exhibits received at said hearings,  
and being fully advised in the premises,

FINDS:

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

(2) That the Commission has experienced difficulty in the proper adminis-  
tration of Sections "G," "H," "J," "M," "N" and "O" of Order No. 850 and realizes  
the need for a revision of these sections.

(3) That the Commission has appointed Committees representing a cross-  
section of the oil industry of New Mexico to study revisions of Order No. 850, and

That these committees have made a study of Sections G, H, J, M, N,  
and O of Order No. 850, and these reports and recommendations are a part of the  
record  
in this case.

(4) That the following revisions to Order No. 850 will result in a more  
efficient and economic administration of the conservation laws of the state of  
New Mexico.

IT IS THEREFORE ORDERED:

*I* That the definitions contained in Order No. 850, Section A, be  
changed as follows:

(a) That Definition No. 4, "Back Allowable," be deleted.

(b) That Definition No. 41 be amended as follows: "Overage or overproduction" shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.

"Oil Proration and Allocation"

~~III~~ That Section G of Order No. 850 be amended and revised in accordance with the following:

~~( )~~

1. Rule 501. Regulation of Pools.

- a.
- b.

2. Rule 502. Rate of Producing Wells.

- a.
- b.

~~II~~ That the following provisions of Section G, "Oil Proration and Allocation," be eliminated from Order No. 850.

- ~~(a)~~ Rule 503 (e) relative to current oil shortages and ~~( )~~
- ~~(b)~~ Rule ~~503~~ <sup>503</sup> (f) relative to Back Allowables.

~~(III)~~

~~3.~~ Rule 503. AUTHORIZATION FOR PRODUCTION OF OIL.

(See Copy)

- a.
- b.
- c.
- d.
- e.
- f.
- g.
- h.

~~4.~~ Rule 504.

- a.
- b. (Type c)

5. Rule 505

- a.
- b.
- c.
- d.
- e.
- f.
- g.
- h.

6. Rule 506

THE PRINCIPAL CHANGES, REVISIONS AND AMENDMENTS TO THE RULES,  
REGULATIONS AND FORMS RECOMMENDED BY THE COMMITTEE APPOINTED  
BY MR. SPURRIER.

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(0) Section "M" "REPORTS" - Rules and Forms

(1) AFFIDAVITS

That the affidavit requirements be eliminated from all forms and in lieu thereof a standard certification appear:

"I hereby certify that this report is true and correct to the best of my knowledge and belief."

(2) FILING OF FORMS

Rule 1302 "Where to File Reports and Forms"

Changes were recommended in this Rule in order to be specific as to where all forms are required to be filed. Under the revision all forms to be filed "with the Commission" are to be sent to the district office of the district in which the land that is the subject matter of the report lies, except:

(A) All Plugging Bonds go direct to the Commission at Santa Fe.

(B) Forms C-115A & C-115B "Operator's Monthly Report" - oil, condensates, and gas - are filed as follows:

- (a) Original to Commission at Santa Fe
- (b) One copy to Proration Office at Hobbs
- (c) One copy to district office in which district the lease is located
- (d) One copy to the Transporter involved.

(3) COMPLETE DELETIONS

(A) That Form C-124 "Well Nomination Form By Producer" be done away with. This was a monthly form - detailed to show nominations on each Well No., and by Pool, Lease, Unit letter, Sec., Twp., Range, Daily Nominations, and Remarks -. (Form C-121 "Crude Oil Purchaser's Nomination by Pools" and the one column indication "Daily Well Nominations" on Form C-115A, are deemed to suffice.)

(B) Delete complete Rule 1125 "Pipe Line Data Required". This Rule contained heavy requirements, such as, - Intention to operate Pipe Line must be stated to the Commission showing size of lines, locations, depth, tankage, and maps showing lines and tankage - subsequent alterations require similar notification. (This was quite a burden, and too, since similar information is required to be on file with the Corporation Commission, the Oil Conservation Commission is expected to agree to the recommended deletion.) (Rule #1125 has been re-assigned by the Committee to cover "Crude Oil Purchaser's Nomination" - Form C-121. This form and Rule covering it was 1124-A.)

(4) RULES, and FORMS pursuant thereto

- (A) RULE 1101 : "Additional Information May Be Required"  
FORM (None) : (None)

Rule Changes:  
(None)

- (B) RULE 1102 : "Books and Records To Be Kept To Substantiate Reports"  
FORM (None) : (None)

Rule Changes:  
(None)

- (C) RULE 1103 : "Written Notices, Requests, Permits and Reports"  
FORM (None) : (None)

Rule Changes:  
Wording changes some for clarity. All Form Numbers and their titles correctly stated in line with changed titles made by this Committee, and additional forms added as necessary to be complete.

Form Changes:  
As indicated with respect to the forms themselves hereinafter treated. - C-101 thru C-105, and, C-110 thru C-122.

- (D) RULE 1104 : "Notice of Intention To Drill or Recomplete"  
FORM C-101 : "Notice of Intention To Drill or Recomplete"

Rule Changes:  
Added "Recompletion Operation" to notice requirement. To now be filed in quintuplicate (instead of triplicate). The name of Contractor to be shown, if known. On wildcat locations, the plat required to be submitted with Form C-101 must be made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission.

Form Changes:  
Add "or Recomplete" to title. Requires report in quintuplicate. Cut out mention of obsolete rule "Rule 39."

- (E) RULE 1105 : "Miscellaneous Notices"  
FORM C-102 : "Miscellaneous Notices"

Rule Changes:  
(None)

Form Changes:  
(None)

- (F) RULE 1106 : "Notice of Intention to Plug"  
FORM C-102 : "Miscellaneous Notices"

Rule Changes:  
Added - Approval may be made by Commission or one of its authorized representatives.

Form Changes:  
(None)

- (G) RULE 1107 : "Report on Beginning Drilling Operations"  
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Report now required in triplicate. "Recompletion" operation added. Deleted Affidavit, added Certification.

Form Changes:

Added "Recompletion Operation." Added requirement that name of Contractor be shown. Affidavit changed to Certification.

(Note: The use of the words "now" and "now required" in commenting under "Rules" and/or "Forms" herein means the requirement after official order is issued by the Commission in conformity with Committee's report and does not necessarily mean what is now required under present existing order.)

- (H) RULE 1108 : "Report on Result of Test of Casing Shut-Off"  
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Deleted requirement that "name of witness be given on the report", and regarding Affidavit. Report may now be certified to.

Form Changes:

Affidavit requirement deleted. Certification added.

- (I) RULE 1109 : "Report on Results of Plugging Well"  
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Changed language to be less specific, to say - The report shall 'include' certain information, instead of 'give'.  
Deleted Affidavit requirement. Added Certification.

Form Changes:

Deleted Affidavit requirement. Added Certification.

- (J) RULE 1110 : "Report of Result of Shooting or Chemical Treating of Well"  
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Rearranged words. Deleted requirement as to giving the "condition of the well both before and after shooting or chemical treatment." Deleted requirement of "other pertinent information." Deleted Affidavit. Added Certification. (This Rule was formerly 1111.)

Form Changes:

Deleted Affidavit requirement. Added Certification.

- (K) RULE 1111 : "Miscellaneous Report on Wells"  
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Deleted Affidavit requirement. Added Certification.  
(This Rule was formerly 1110.)

Form Changes:

Deleted Affidavit requirement. Added Certification.

- (L) RULE 1112 : "Certificate of Compliance and Request for  
(Oil) (Gas) Allowable"  
FORM C-104 : "Certificate of Compliance and Request for  
(Oil) (Gas) Allowable"

Rule Changes:

Deleted - requirement that "C-110 Certificate of Compliance will not be approved until C-104 is filed with the Commission."  
Deleted disposition of copies information. Added - "The allowable will be assigned effective 7:00 A. M. on date of completion provided completion report is filed during month of completion." Added - Certification as to compliance with Rules and Regulations. (This formerly required under Rule 1114 and Form C-110.)

Form Changes:

Made changes on form to conform to above rule. Deleted requirement as to "Formation Tops, in conformance with geographical section of State." (This permits earlier filing of request for allowable.) Changed "Pipe Line taking oil" to "Transporter taking oil." Added Certification statement. (The Formation Tops information is now to be shown on C-105 "Well Record".) Added - Certification as to compliance with Rules and Regulations. (This formerly on Form C-110 - under Rule 1114.)

- (M) RULE 1113 : "Well Record"  
FORM C-105 : "Well Record"

Rule changes:

The sea level is now (when official order is issued at next hearing) required to be shown as at "the top of tubing head" (formerly "at top of casing"). Added information as to "Formation Tops" on bottom of last page. (This formerly was on C-104.) Amended - to be filed in quintuplicate (formerly triplicate).

Form Changes:

Amended - Show sea level as "top of tubing head." Added - This report to show "Formation Tops" (formerly on C-104). (Since this report not due until 20 days after well completion, this information then available and serves some purpose to Commission.)

- (N) RULE 1114 : "Application For Authority To Connect, and  
Authorization To Transport Oil and Natural  
Gas From Lease"  
FORM C-110 : "Application For Authority To Connect, and  
Authorization To Transport Oil and Natural  
Gas From Lease"

Rule Changes:

Amended - To require this form for each entire Lease instead of for each well as heretofore.  
Deleted - The Certification as to Compliance with Rules and Regulations. (This now on Form C-104.)  
Amended - To file letter with Commission instead of a Certificate in case of "temporary change in transporter involving less than the allowable for one proration period." (Takes care of wash-in oil.)

Form Changes:

Delete - requirement that Form C-104, Request for Allowable, be filed and approved before C-110 authority to move oil is granted by the Commission.

Added - Authority for transport oil upon approval, and that this authorization is valid, without further notice, until cancelled by the Commission.

Added - This authority is for an entire lease, taken out at time of completion of first well, and good for all subsequent wells drilled on the lease.

Added - In case of two transporters from one lease, each such transporter gets a copy of this Form C-110 filed by the producer designating on each the battery or batteries each transporter can take oil from.

- (O) RULE 1115 : "Monthly Gas Report (Acquisition and Disposition)"  
FORM C-111 : "Monthly Gas Report (Acquisition and Disposition)"

Rule Changes:

Adds - "and all casinghead gas produced", to "natural gas".

Adds - If gas taken by producer, he makes the report; if taken by other than producer, such taker makes report.

Form Changes:

No material change in form setup.

Changed - Volumes now be reported by leases, not units.

Adds - Report to be filed in district office of the Commission in which the well being reported is located.

Adds - Measurement at 15.025 psia at 60° F.

Changed - Affidavit to Certification.

- (P) RULE 1116 : "Transporter's and Storer's Monthly Report"  
FORM C-112 : "Transporter's and Storer's Monthly Report"

Rule Changes:

Changed - Every transporter and/or storer "shall file" (instead of "furnish").

Changed - All receipts and deliveries" (instead of "all movements").

Added - "and trucks" (was just "pipelines").

Deleted - "other conveyances including railroads."

Added - Report to be filed in duplicate.

Form Changes:

Deleted - Affidavit (now to be certified only).

Added - "and liquid hydrocarbons".

Deleted - "report must group and report separately by leases, the oil run for the account of each shipper or consignor with a sub-total for each shipper or consignor for each field or pool."

Changed - Use different forms now provided for "Receipts from Leases", "Receipts from Others", "Deliveries" and "Stocks".

Deleted - Requirement that stocks be shown by tank numbers and size - Now (recommended) to be shown as "Location", "Number of Tanks" (aggregate), "Total Capacity" (aggregate).



- (Q) RULE 1117 : "Refiner's Monthly Report"  
FORM C-113 : "Refiner'S Monthly Report"

Rule Changes:  
(None)

Form Changes:

Delete - Affidavit (now certify only).  
Change - Now to show oil stocks by: "Number of Tanks" (aggregate),  
"Capacity" (aggregate) and "Barrels", rather than by grades by  
tanks.

- (R) RULE 1118 : "Gasoline or Other Extraction Plant Monthly Report"  
FORM C-114 : "Gasoline or Other Extraction Plant Monthly Report"

Rule Changes:  
None of particular consequence.

Form Changes:

Form now carries extract from Rules, Rule 1118 verbatim, as  
instructions.

Change - Volume now requires MCF at 15.025 psia at 60° F.

Change - Report now requires Certification (not Affidavit).

- (S) RULE 1119 : "Operator's Monthly Report"  
FORM C-115 : "Operator's Monthly Report"

Rule Changes:

Change - This report was required to be filed for each well,  
now recommended to be filed for each lease only.

On oil recommendation is that the report be filed "on or before  
16th of the month" - This is at least 4 days earlier than at  
present to permit pipe lines to make runs earlier. That is,  
the pipe lines (Transporters) will be able to know earlier  
the legal stock on hand and be able to run such stock along  
with the current month's allowable production. (This together  
with change in Proration Schedule will be a great aid to  
Producers, Transporters, and the Commission.)

On gas the report may be filed "on or before 25th of the month"  
which is 5 days later than before to give gas departments needed  
time to obtain information. (Rule 1302 regarding filing of  
reports now specifies where these reports shall be filed and  
when.)

Change, - The form of Certification improved.

Form Changes:

Many changes have been made in the forms required under this  
Rule.

Change - Separate forms are now provided for oil (C-115A) and  
gas (C-115B) and instructions therefor (C-115C).

Change - Re: Form C-115A - "Oil and Condensates"

- (a) Deleted showing of Sec., Twp., and Rge. on each unit; (item or line).
- (b) Deleted all gas information from forms.
- (c) The information is to now be given on a separate Form C-115A for each Lease by showing by wells, the "allowable", and "net oil produced" along with other information.
- (d) The disposition need not be shown by wells but may now be shown in one figure, by class of disposition, for each lease.
- (e) Report to be filed on or before 16th of each month.

Change - Re: Form C-115B - "Gas"

- (a) Deleted showing of Sec., Twp., and Range, for each well item or line listed on each lease report.
- (b) Deleted all oil and condensate information from this form.
- (c) The information is to now be given on a separate Form C-115B for each unit but disposition made by classes for the entire unit, as indicated on the form.
- (d) Report to be filed in quadruplicate on or before 25th of each month.

Change - Re: Form C-115C - "Instructions"

An additional form has been provided to carry the instructions as regards Forms C-115A and C-115B.

Filing - The forms are to be filed by the Producer as follows:

- Originals to the Commission at Santa Fe
- One copy to Proration Office at Hobbs
- One copy to district office of the Commission in which district the lease reported is located
- One copy to each transporter involved.

- (T) RULE 1120 : "Gas-Oil Ratio Test"
- FORM C-116 : "Gas-Oil Ratio Report"

Rule Changes:

No change

Form Changes:

No change - only Certification is required.

- (U) RULE 1121 : "Tank Cleaning Permit"
- FORM C-117 :

Rule Changes:

The Committee recognized that some changes should be made in the Rule but since the form (C-117) is required to be made pursuant to Rule 311, which Rule is not up for hearing at this time, the Committee recommended that consideration be given to revision of this form and Rule 311 at a future date.

Form Changes:

None - See above comment.

- (V) RULE 1122 : "Treating Plants"  
FORM C-118 :

Rule Changes:

The same principle as Rule 1121 above applies. Rule 312, under which C-118 is required to conform, is not up at this hearing. Consideration recommended when it does come up.

Form Changes:

None - See above comment.

- (W) RULE 1123 : "Carbon Black Plant Monthly Report"  
FORM C-119 : "Carbon Black Plant Monthly Report"

Rule Changes:

Rule revised to be more specific as to gas receipts, plant production, deliveries and stocks.

Form Changes:

Changed only as to form - requirements thereon unchanged. Requires Certification only.

- (X) RULE 1124 : "Injection Report"  
FORM C-120 : "Injection Report"

Rule Changes:

(None)

Form Changes:

(None)

- (Y) RULE 1125 : "Crude Oil Purchaser's Nomination"  
FORM C-121 : "Crude Oil Purchaser's Nomination"

Rule Changes:

This Rule now bears #1125. (It formerly was #1124A. #1124A is no more.)

Added - Form to be "submitted to the Commission not later than five (5) days prior to statewide proration hearing on nominations for the succeeding month." (Formerly to be filed by 18th of month.)

Form Changes:

Heading changed only to conform to the above rule. Form requires to show purchase nominations by pools, as to wells, and one total only for purchases from "other sources." No affidavit required at this time. (The Commission, it is rumored, may later on require this statement under oath.)

- (Z) RULE \_\_\_\_\_ : Old Rule 1125 "Pipe Line Data Required" Deleted.  
FORM (None):

Rule Changes:

The Committee recommended that the above referred to Rule, which has been of long standing, be entirely eliminated.

Its requirements were burdensome and of no value to the Commission in conservation matters. The Rule read:

"Any person intending to operate a pipe line, whether now existing or hereafter laid, shall notify the Commission in writing of such intention and shall state the size and location of the pipe line and its depth, the appurtenant tankage and location thereof, and any other pertinent data requested by the Commission, and shall furnish a map showing the location of the line and tankage. In the case of a line to be constructed, if any changes from the plan submitted are made during construction, the Commission shall be notified of such changes. The Commission shall also be notified of any subsequent alterations in pipe lines. Nothing contained in this rule shall apply to lease lines which are merely used in the operation of the lease on which located, nor to any line or appurtenant tankage not located within the State of New Mexico." (Underscoring added)

- (AA) RULE 1126 : "Back Pressure Data Sheet"  
FORM C-122 : "Back Pressure Data Sheet"

Rule Changes:

No changes in Rule itself. (This rule was formerly #1124B - so numbered to get it in consecutive numerical sequence ahead of the old Rule 1125 "Pipe Line Data Required.")

Form Changes:

None in substance.

- (BB) RULE 1127 : "Request For The Extension of An Existing Pool or The Creation of A New Pool"  
FORM C-123 : "Request For The Extension of An Existing Pool or The Creation of A New Pool"

Rule Changes:

(None)

Form Changes:

(None)

(This Rule was formerly #1124-C, so numbered to get it in ahead of the old Rule 1125 "Pipe Line Data Required.")

- (CC) RULE 1213 : "Changes in Forms and Reports"

This is a new Rule recommended by the Committee to be added, for the protection of all concerned. It is a good Rule. It reads:

"Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing."

(DD) RULE 1302 : "Where to File Reports and Forms"

This Rule has been revised completely to be applicable to all reports and to be specific as to where reports are to be filed.

The Rule as revised is important. It reads:

"All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115-A and C-115-B 'OPERATOR'S MONTHLY REPORT', shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Office at Hobbs; one copy to the District Office in which district the lease is located, and one copy to each transporter involved."

PRORATION SCHEDULES:

The Committee recommended that the Proration Schedule be issued on a "continuing basis," but the Proration Manager advised that there was too much work involved on his office to do this; therefore, he would prefer to issue the Schedule each month.

The Schedule recommended, and which is acceptable to the Commission, is to be much simpler. Many requirements have been deleted, such as - computing daily allowable times the calendar days of month. The Schedule will now show By Operator, Lease, Well, Unit, Barrels Daily, The Producer will know how much he can produce early in the month and the Pipe Line Company will be able to set up its Schedule of Runs from the various leases earlier in the month.

The first month this was put into practice, following Committee's December 1951 meeting, the Schedules were received by Producers and Transporters from 6 to 9 days earlier than usual. The Manager of Proration hopes in the future to have the Schedules in the hands of the Producers and Transporters by the first (1st) of each month, covering that same month's production, instead of on the 15th to 17th of such month - that is, some 15 days earlier than heretofore.

1. That a hearing be called to consider the following recommendations made by the Committee of which Mr. J. O. Seth was chairman:

- (a) "We recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced."
- (b) "We recommend that the Commission call a hearing for the purpose of revision of Rule 104, paragraph (h) for the purpose of changing the differential."

2. That the Commission continue to issue monthly proration schedules.

3. That the definitions contained in Order No. 850 be changed as follows

- (a) Delete the definition No. 4 "Back Allowable".
- (b) Amend Definition No. 41 as follows:  
"41. Overage or Over Production shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.
- (c) Amend Definition No. 56 as follows:  
"56 Shortage or Under Production shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

4. That the following be substituted for Rules 501 to 507; which, in addition to other changes, eliminates from the Rules, rule 503 (e) and 503 (f) relating to current shortages and back allowables respectively.

#### PROPOSED REVISIONS

##### G-OIL PRORATION AND ALLOCATION

###### RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.

###### RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce therefrom during any proration period any more oil than the allowable production of oil from such unit as shown by the proration schedule, provided, that such owners or operators shall be permitted to balance the production for each unit during the proration period. Except for the purpose of testing in the process of completing, or recompleting a well and for drawdown tests no oil unit shall be permitted to produce in any one day an amount of oil in excess of 125% of the daily allowable.

RULE 503. AUTHORIZATION FOR PRODUCTION, OF OIL

(a) After the effective date of this order the Commission shall meet between the 15th and 20th of each month for the purpose of determining the amount of oil to be produced from all oil pools for the following Calendar month.

(b) Within ten (10) days after the effective date of the Order the Commission shall establish the exact date, time and place of such meetings for the remainder of the Calendar year; and notice thereof given by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year.

(c) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of the 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 504. The allowable production for such well 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 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 supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted the remainder of the proration period.

(d) A marginal unit shall be permitted to produce any amount oil which it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing and, provided further a supplementary proration schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which shall be the date on which said application is received in the office of the Commission.

(e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedule.

RULE 504. AUTHORIZATION FOR PRODUCTION OF OIL WHILE COMPLETING, RECOMPLETING, OR TESTING AN OIL WELL.

In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances at said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

RULE 505 OIL PRORATION.

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever----- is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

2.	POOL DEPTH RANGE	PROPORTIONAL FACTOR
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75

3. Normal unit allowable shall be set by the Commission

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

5. The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool. (The balance of this paragraph and all of paragraph 6 should be deleted since the reference is to a formula to be used to compute corrected top allowables when normal unit allowable is less than 30 barrels. The formula was designed for use under old Commission Order 637 and is not workable under the present proration plan.)

6. The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

7. Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is 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 supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.



8. The provision of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

**RULE 506. GAS-OIL RATIO LIMITATION.**

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel unit such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

**RULE 507 UNITIZED AREAS**

After petition, notice and hearing, the Commission may grant approval for the Combining of contiguous developed proration units into a unitized area.

5. We have no recommendations to make with respect to Section H - Gas Proration and allocation.

6. That the following be added to Rule 802:

"(c) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing." And that Rule 803 be amended to read as follows:

**RULE 803. PRODUCTION AND TRANSPORTATION OF CONDENSATE.**

The operator of a gas well may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

7. That section M-"Reports" be amended to conform to the suggested Rules and Forms as shown on the attached pages identified by Rule Number, Form Numbers and revision date "1-22-52". The foregoing consists of 43 pages, numbered 26 to 68 inclusive.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 308  
ORDER NO. \_\_\_\_\_

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO ON ITS OWN MOTION  
FOR AN ORDER REVISING AND AMENDING SECTIONS  
"G", "H", "J", "M", "N" AND "O" OF ORDER  
NO. 850 *of the Commission's Rules & Regs.*  
*and to adapt such other changes and*  
*amendments in other rules necessary &*  
*proper to give full force and effect to the*  
ORDER OF THE COMMISSION  
*changes & amendments contemplated.*

BY THE COMMISSION:

This case came on for hearing at 10:00 A.M., February 21,  
1952, at Santa Fe, New Mexico, before the Oil Conservation Commission  
of New Mexico, hereinafter referred to as the "Commission". *change on dates*

NOW, on this the \_\_\_\_\_ day of \_\_\_\_\_, 1952, the  
Commission, a quorum being present, having considered the testimony  
adduced and the exhibits received at said hearing, and being fully  
advised in the premises,

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

(2) That the Commission has experienced difficulty in  
the proper administration of Sections "G", "H", "J", "M", "N", and  
"O" of Order No. 850 and realizes the need for a revision of these  
sections.

(3) That the Commission has appointed committees re-  
presenting a cross-section of the oil industry of New Mexico to  
study revisions of Order No. 850. These committees have made a  
study of Sections "G", "H", "J", "M", "N" and "O" of Order No. 850,  
and these reports and recommendations are a part of the record in  
this case.

(4) That the following revisions to Order No. 850 will  
result in a more efficient and economic administration of the Con-  
servation Laws of the State of New Mexico.

IT IS THEREFORE ORDERED:

- (1) 1. That the definitions contained in Order No. 850 *Section A* be changed  
as follows:
- (1) *That* Definition No. 4, "Back Allowable" be deleted.
  - (2) *That* Definition No. 41 be amended as follows: "Average  
or Over Production" shall mean the amount of oil  
or the amount of natural gas during a proration  
period in excess of the amount authorized on the  
proration schedule.

*Frank Brown  
Shell P. L.*

- (3) Definition No. 56 be amended as follows: "Shortage or Under Production" shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

*IV* 4. That the following provisions of Section "G", "Oil Proration and Allocation" be eliminated from Order No. 850.

- (1) Rule 503 (e) relative to current oil shortages.  
(2) Rule 503 (f) relative to back allowables.

*II (1) X* That Section "G" of Order No. 850 be amended and revised in accordance with the following:

- (1) Rule 501 - Regulation of Oil Pools.  
(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.  
(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.  
(2) Rule 502 - Rate of Producing Wells.

It is recognized that producing units capable of producing their daily allowable may over produce one day and under produce another; such deficiencies as may occur may be made up by excess production from the same unit, or such excess production may be adjusted by under production, provided, however,

- (a) that no producing unit, except for the purpose of testing in the process of completing or re-completing a well and for draw-down tests, shall produce during any day more than 125% of the daily top unit allowable for the pool in which the unit is located or ten (10) barrels, whichever is greater. *OK*
- (b) that no producing unit shall produce in any one month more than its monthly allowable plus an amount equal to one day's allowable production. The tolerance so allowed shall not be construed to increase the allowable of a producing unit or to grant authority to any producer to market or to any transporter to transport any quantity of oil in excess of the unit's allowable. The allowed monthly tolerance of over production shall be adjusted for during the following month. The possession of a quantity of oil in lease storage at the end of any month in excess of one day's allowable plus any unrun allowable oil shall be construed as a violation of this rule. *OK*

- (3) Rule 503 - Authorization for Production of Oil.

- (a) The Commission shall meet between the 15th and 20th of each month for the purpose of determining the amount of oil to be produced from all oil pools for the following calendar month. *OK*

(b) Within ten (10) days after the effective date of this order the Commission shall establish the exact date, time and place of such meetings for the remainder of the calendar year and give notice thereof by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year. OK

(c) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed or or after the first day of the 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 504. 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 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 supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted the remainder of the proration period. OK

(d) A marginal unit shall be permitted to produce any amount of oil which it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing; and, provided further a supplementary proration schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which shall be the date on which said application is received in the office of the Commission.

(e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedule.

(4) Rule 504 - Authorization For Production of Oil While Completing, Recompleting, or Testing an Oil Well.

In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances at said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

(5) Rule 505 - Oil Proration

(1) In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever ----- is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

(2)	POOL DEPTH RANGE	PROPORTIONAL FACTOR
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75
	13,000 to 14,000 "	8.00

(3) Normal unit allowable shall be set by the Commission.

(4) Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

(5) The top unit allowables herein determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable

will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool. OK

(6) The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove. OK

(7) Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is 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 supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof. OK

(8) The provision of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables. OK

6. Rule 506 - Gas-Oil Ratio Limitation.

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule. OK

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the

numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.
3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.
4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel ~~unit~~ until such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool

*need appendix listing all oil pools*

(7) Rule 507 - Unitized Areas.

After petition, notice and hearing, the Commission may grant approval for the Combining of contiguous developed proration units into a unitized area.

4. That Section "H", "Gas Proration and Allocation" remain unchanged.

5. That Section "J", "Oil Purchasing and Transporting" be amended and revised in accordance with the following:

(1) Rule 801 - Illegal Sale Prohibited.

The sale or purchase or acquisition, or the transporting, refining, processing, or handling in any other way, of crude petroleum oil or of any product of crude petroleum produced in excess of the amount allowed by any statute of this State, or by any rule, regulation or order of the Commission made thereunder, is prohibited.

(2) Rule 802 - Ratable Take; Common Purchaser.

(a) Every person now engaged or hereafter engaging in the business of purchasing oil to be transported through pipe lines shall be a common purchaser thereof, and shall, without discrimination in favor of one producer as against another in

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the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity or which may be reasonably reached by pipe lines through which it is transporting oil, or the gathering branches thereof, or which may be delivered to the pipe line or gathering branches thereof by truck or otherwise, and shall fully perform all the duties of a common purchaser. If any common purchaser shall not have need for all such oil lawfully produced within a field, or if for any reason it shall be unable to purchase all such oil, then it shall purchase from each producer in a field ratably taking and purchasing the same quantity of oil from each well to the extent that each well is capable of producing its ratable portions; provided, however, nothing herein contained shall be construed to require more than one pipe line connection for each producing well. In the event any such common purchaser of oil is likewise a producer or is affiliated with a producer, directly or indirectly, it is hereby expressly prohibited from discriminating in favor of its own production, of an affiliated producer as against that of others and the oil produced by such common purchaser or by the affiliate of such common purchaser shall be treated as that of any other producer for the purposes of ratable taking.

- (b) It shall be unlawful for any common purchaser to unjustly or unreasonably discriminate as to the relative quantities of oil purchased by it in the various fields of the state; the question of the justice or reasonableness to be determined by the Commission, taking into consideration the production and age of the wells in the respective fields and all other factors. It is the intent of this rule that all fields shall be allowed to produce and market a just and equitable share of the oil produced and marketed in the state, insofar as the same can be effected economically and without waste.
- (c) In order to preclude premature abandonment a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing ten (10) barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's taking are curtailed below ten (10) barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing.

(3) Rule 803 - Production and Transportation of Condensate.

The operator of a gas well <sup>in a gas well</sup> may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth

the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

6. That Section "M-Reports" of Order No. 850 be amended and revised as follows:

(1) Rule 1101 - Additional Information may be Required.

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

(2) Rule 1102 - Books and Records to be Kept to Substantiate Reports.

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than 5 years, covering their operations in New Mexico from which they may be able to make and substantiate the reports required by this Order.

(3) Rule 1103.- Written Notices, Requests, Permits and Reports.

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - Certificate of Compliance and Request for (oil) (gas) allowable
- Form C-105 - Well Record
- Form C-110 - Application for Authority to connect and Authorization to Transport Oil and Natural Gas From Lease
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Forms (C-115A- Operator's Monthly Report (oil & Condensate)  
(C-115B- Operator's Monthly Report (gas)  
(C-115C- Instructions for Forms C-115A, and C-115B

Form C-116 - Gas-Oil Ratio Report  
Form C-117 - Tank Cleaning Permit  
Form C-118 - Treating Plant Report  
Form C-119 - Carbon Black Plant Monthly Report  
Form C-120 - Injection Report  
Form C-121 - Crude Oil Purchaser's Nomination  
Form C-122 - Back Pressure Data Sheet  
Form C-123 - Request for the Extension of an  
Existing Pool or the Creation of a  
new pool

(4) Rule 1104 - Notice of Intention to Drill or Recomplete  
(Form C-101)

Before beginning drilling, and before beginning recompletion operations, the owner of the well shall give notice thereof by filing with the Commission in quintuplicate Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modification considered advisable, or the rejection of the plan submitted. Drilling and recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes the name and number of the well; exact location, status of land, (whether State, Federal or privately owned,) type of drilling equipment to be used, proposed casing program, probable depth to first productive oil or gas sand, and name of drilling contractor, if known, and any additional pertinent information. In case of wildcat locations a plat made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted with Form C-101.

(5) Rule 1105 - Miscellaneous Notices (Form C-102).

Form C-102, "Miscellaneous Notices," shall be filed by the owner in triplicate with the Commission and approval obtained from it before starting operations leading to a proposed change of drilling plan, repairing or deepening a well, pulling or altering casing, plugging back, redrilling, or starting of any other similar operations not specifically covered herein. A copy of the notice giving the decision of the Commission will be returned to the owner.

(6) Rule 1106 - Notice of Intention to Plug Well (Form C-102)

Before plugging a well, notice shall be given to the Commission by filing in triplicate Form C-102, "Miscellaneous Notices". Work shall not begin until approval is obtained from the Commission or one of its representatives authorized to approve these forms as specified in Rule 1303. A copy of the notice will be returned to the owner. The notice shall give a detailed statement of the proposed work; including length and depth of plugs; plans for mudding, cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well,

the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

(7) Rule 1107 - Report on Beginning Drilling Operations  
(Form C-103)

Within 10 days after drilling or recompletion operations are begun, the owner of the well shall file with the Commission a report on Form C-103, "Miscellaneous Reports on Wells."

(8) Rule 1108 - Report on Result of Test of Casing Shut-Off (Form C-103)

A report on the result of test of casing shut-off shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," within 10 days after the completion of work. It shall indicate any changes made in the approval plan outlined previously on Form C-101. It shall also give a detailed report of the method used and of the results obtained and any other pertinent information.

(9) Rule 1109 - Report on Results of Plugging Well  
(Form C-103)

Within 10 days after plugging a well, a record of the work done shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner. The report shall include the date the work was started and the date it was completed; a detailed account of the manner in which the work was performed; the nature and quantities of materials used in plugging, and the depths and lengths of the various plugs; records of any tests or measurements made; the amount, size and depth of all casing left in the well; the volume and gravity of mud-laden fluid used; pressure retained in mudding; a complete record of any shooting done, and names, addresses and positions of all those in charge of the work. The report shall also state whether or not the pits have been filled and leveled and the location cleared of junk.

(10) Rule 1110 - Report of Result of Shooting or Chemical Treatment of Well (Form-C-103)

Within 20 days after the shooting or chemical treatment of a well, report shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner giving the size and depth of the shot, or amount of chemical used, and the daily production of oil, gas, and water before and after shooting or chemical treatment.

(11) Rule 1111 - Miscellaneous Report on Wells  
(Form C-103)

Form C-103, "Miscellaneous Reports on Wells" shall be used for reports of various operations, such as:

- a. Change of Drilling Plan
- b. Repairing or Deepening Well
- c. Pulling or Altering Casing
- d. Plugging Back
- e. Re-Drilling
- f. Perforating casing (or of any other similar operations not specifically covered herein).

The report with respect to such operation shall be filed with the Commission within 10 days after such operation is completed.

The status prior to and results of the work completed shall be given in detail.

(12) Rule 1112 - Certificate of Compliance and Request for (Oil)(Gas) Allowable (Form C-104)

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil well. Form C-104 is to be submitted in triplicate to the Commission Office, to which Form C-101 was sent. The allowable will be assigned effective 7:00 A.M., on date of completion provided completion report is filed during month of completion. The Completion date shall be that date in the case of an oil well, when oil is delivered into the stock tanks.

(13) Rule 1113 - Well Record Form (Form C-105)

Within 20 days after the completion of a well the owner shall file in quintuplicate with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report confidential for 90 days from the date of the completion of the well; provided, however, that the report or data therein when pertinent may be introduced in any public hearing before the Commission or any Court regardless of the request that the report be kept confidential. If the C-105 is not received by the Commission in the specified 20 days the well will be dropped from the proration schedule.

(14) Rule 1114 - Application for authority to Connect and Authorization to Transport Oil and Natural Gas from Lease. (Form C-110)

(a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute, in quadruplicate, and file with the Commission Form C-110, setting forth fully therein the data and information indicated by such form covering each lease from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing lease or whenever there shall occur a change of transporter from any producing lease, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the

allowable for one proration period the producer may, in lieu of filing a new application, notify the Commission, and the transporter then authorized by letter, of the estimated amount of crude petroleum, dry gas or liquid hydrocarbons to be moved by temporary transporter and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. In no instance shall the temporary transporter move any greater quantity of crude petroleum oil or natural gas than the estimated amount shown in said notice.

(15) Rule 1115- Monthly Gas Report (Acquisition and Disposition)(Form C-111)

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceding month.

(16) Rule 1116 - Transporter's and Storer's Monthly Report (Form C-112)

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in duplicate on or before the 15th day of the next succeeding month.

(17) Rule 1117 - Refiner's Monthly Report (Form C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

(18) Rule 1118 - Gasoline or other Extraction Plant Monthly Report (Form C-114)

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico,

shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

(19) Rule 1119 - Operator's Monthly Report (Form C-115)

Operator's Monthly Report Form C-115 A and Form C-115 B shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms. Such reports for each month shall be filed the next succeeding month - on or before the 16th with respect to Form C-115A, and on or before the 25th with respect to Form C-115B.

(20) Rule 1120 - Gas-Oil Ratio Test (Form C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301 - Gas-Oil Ratio Test.

(21) Rule 1121 - Tank Cleaning Permit (Form C-117)

(a) Form C-117 shall be used pursuant to Rule 311.

(b) Tank cleaning permit is not necessary in the following cases:

- (1) Where "tank bottoms" are to be used on operator's lease roads or fire walls.
- (2) Where merchantable oil is reclaimed by operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
- (3) Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms".
- (4) Where there is the 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.

(22) Rule 1122 - Treating Plants (Form C-118)

Form C-118 shall be used in accordance with Rule 312.

having a hearing, such emergency rule, regulation or order shall have the same validity as if a hearing, with respect to the same had been held after due notice. Such emergency rule, regulation or order shall remain in force no longer than 15 days from its effective date, and in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

(3) Rule 1203 - Method of Initiating a Hearing

The Commission upon its own motion and the Attorney General on behalf of the State and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. An application shall state (1) the name or general description of the common source or sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire State, in which event the application shall so state, and (2) briefly the general nature of the order, rule or regulation sought, and (3) any other matter required by a particular rule or rules.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by a specific rule, an application need not be verified.

(4) Rule 1204 - Method of Giving Notice for Hearings

Notice of a hearing before the Commission shall be given by personal service on the person affected or by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties if there be more than one in which any land, oil or gas or other property which may be affected shall be situated.

(5) Rule 1205 - Contents of Notice for Hearing

Such notice shall be issued in the name of "The State of New Mexico" and shall be signed by two of the members of the Commission or by the Secretary of the Commission and the seal of the Commission shall be impressed thereon.

The notice shall specify the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant if any and unless the contemplated order, rule or regulation is intended to apply to and affect the entire State it shall specify or generally describe the Common source or sources of supply which may be affected by such order, rule or regulation.



(6) Rule 1206 - Service of Notice

Personal service of the notice of hearing may be made by any agent of the Commission or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this State. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.

(7) Rule 1207 - Preparation of Notices

After a motion or application is filed with the Commission the notice or notices required shall be prepared by the Commission and service and publication thereof shall be taken care of by the Commission without cost to the applicant.

(8) Rule 1208 - Continuance of Hearing Without New Service

Any hearing before the Commission had after due notice may be continued to a specified time and place without the necessity of notice of the same being again served or published. In the event of such continuance, a record thereof shall be made in the minutes of the hearing at which the continuance was ordered.

(9) Rule 1209 - Conduct of Hearings

Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent records of the Commission. Any person testifying in response to a subpoena issued by the Commission and any person seeking to testify in support of an application or motion or in opposition thereto shall be required to do so under oath. However, unsworn comments and observations by any interested party will be invited and made a part of the record. Comments and observations by representatives of operators' committees, the United States Geological Survey, the United States Bureau of Mines, the New Mexico Bureau of Mines and other competent persons are welcomed. Two members of the Commission constitute a quorum for the transaction of business and for the holding of hearings, but one member of the Commission may conduct a hearing for the purpose of receiving testimony only.

(10) Rule 1210 - Statutory Powers as to Witnesses, Records, Etc.

The Commission or any member thereof has statutory power to subpoena witnesses and to require the production of books, papers, records, etc. A subpoena will be issued by the Commission for attendance at a hearing upon the written request of any person interested in the subject matter of the hearing. In case of the failure of a person to comply with the subpoena issued by the Commission, an attachment of the person may be issued by the district court of any district in the State, and such court has powers to punish for contempt. Any person guilty of swearing falsely at any hearing may be punished for contempt.

(11) Rule 1211 - Rules of Evidence

Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable in a trial before a court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better served. No order shall be made which is not supported by some competent legal evidence.

(12) Rule 1212 - Rehearings

Within 20 days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within 10 days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

(13) Rule 1213 - Changes in Forms and Reports

Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing.

8. That Section "0", Rules on Administration be amended and revised as follows:

(1) Rule 1301 - District Offices

To expedite administration of the work of the Commission and enforcement of its rules and regulations, the State shall be divided into four districts as follows:

- |            |                                                                            |
|------------|----------------------------------------------------------------------------|
| District 1 | Lea, Roosevelt, Curry, De Baca and Chaves counties with office at Hobbs.   |
| District 2 | Eddy, Otero, Dona Ana and Lincoln counties, with office at Artesia.        |
| District 3 | San Juan, Rio Arriba, McKinley and Sandoval counties with office at Aztec. |
| District 4 | Balance of State, office of Oil Conservation Commission in Santa Fe.       |

Each district office shall be under the charge of an oil and gas inspector, a deputy oil and gas inspector or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the land that is affected lies.

(2) Rule 1302 - Where to file Reports and Forms

All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office

of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115-A and C-115-B "OPERATOR'S MONTHLY REPORT", shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Manager at Hobbs; and one copy to each transporter involved.

(3) Rule 1303 - Duties and Authority of Field Personnel

Oil and gas inspectors, deputy oil and gas inspectors, scouts, engineers and geologists duly appointed by the Commission have the authority and duty to enforce the rules and regulations of the Commission. Only oil and gas inspectors or their deputies or members of the Commission have authority to endorse the approval of the Commission on any form which requires such approval. Oil and gas inspectors and their deputies shall have discretion to allow minor deviations from requirements of the rules as to field practices where, by so doing, waste will be prevented or burdensome delay or expenses on the part of the operator will be avoided.

(4) Rule 1304 - Numbering of Commission Orders

All orders of the Commission made after 1 January, 1950, pertaining to allocation of the production of oil or gas shall be prefixed with the letter "A" and shall be numbered consecutively, commencing with No. 1, i.e. the first allocation order issued after 1 January, 1950, shall be No. A-1, and the next shall be No. A-2.

All other orders of the Commission made after 1 January, 1950, shall be prefixed with the letter "R" and shall be consecutively numbered, commencing with the number 1, i.e. the first such order issued after 1 January, 1950, shall be No. R-1, and the next shall be No. R-2.

9. Within two months after the effective date of this order all operators must submit new forms C-110 on each and every producing lease owned by such operators within the State of New Mexico.
10. The attached forms are hereby embodied in and made a part of this order.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
NOTICE OF INTENTION TO DRILL OR <sup>re</sup>COMPLETE

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in quintuplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Place \_\_\_\_\_ Date \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a \_\_\_\_\_ well to be known as \_\_\_\_\_

Well No. \_\_\_\_\_ in \_\_\_\_\_  
Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_

of Sec. \_\_\_\_\_, T. \_\_\_\_\_, R. \_\_\_\_\_, N. M. P. M. \_\_\_\_\_, Field, \_\_\_\_\_ County.

N									

The well is \_\_\_\_\_ feet (N) (S) of the \_\_\_\_\_ line and \_\_\_\_\_ feet (E) (W) of the \_\_\_\_\_ line of \_\_\_\_\_

(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. \_\_\_\_\_ Assignment No. \_\_\_\_\_

If patented land the owner is \_\_\_\_\_

Address \_\_\_\_\_

If government land the permittee is \_\_\_\_\_

Address \_\_\_\_\_

The lessee is \_\_\_\_\_

Address \_\_\_\_\_

We propose to drill well with drilling equipment as follows: \_\_\_\_\_

The status of a bond for this well in conformance with Rules and Regulations of the Commission is as follows: \_\_\_\_\_

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Landed or Cemented	Sacks Cement

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about \_\_\_\_\_ feet.

Additional information:

Approved \_\_\_\_\_, 19 \_\_\_\_\_

Except as follows \_\_\_\_\_

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

Title \_\_\_\_\_ -36-

Sincerely yours,

\_\_\_\_\_  
Company or Operator

By \_\_\_\_\_

Position \_\_\_\_\_

Send communications regarding well to

Name \_\_\_\_\_

Address \_\_\_\_\_

NEW MEXICO OIL CONSERVATION COMMISSION

(Revised 1-22-52)

SANTA FE, NEW MEXICO

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

Notice of Intention to Test Casing Shut -Off	<input type="checkbox"/>	Notice of Intention to Shoot or Chemically treat well	<input type="checkbox"/>
Notice of Intention to Change Plans	<input type="checkbox"/>	Notice of Intention to Pull or Otherwise alter casing	<input type="checkbox"/>
Notice of Intention to Repair Well	<input type="checkbox"/>	Notice of Intention to Plug Well	<input type="checkbox"/>
Notice of Intention to Deepen Well	<input type="checkbox"/>		<input type="checkbox"/>

Oil Conservation Commission  
Santa Fe, New Mexico

\_\_\_\_\_ Place \_\_\_\_\_ Date

Gentlemen:

Following is a notice of intention to do certain work as described below at the \_\_\_\_\_

\_\_\_\_\_ Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_ Well No. \_\_\_\_\_ in \_\_\_\_\_  
\_\_\_\_\_ of Sec. \_\_\_\_\_, T. \_\_\_\_\_ R. \_\_\_\_\_, N. M. P. M. \_\_\_\_\_ Field.  
\_\_\_\_\_ County.

FULL DETAILS OF PROPOSED PLAN OF WORK  
Follow instructions in the Rules and Regulations of the Commission

Approved \_\_\_\_\_, 19\_\_\_\_

Except as follows

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

Title \_\_\_\_\_

Company or Operator

By \_\_\_\_\_  
Position \_\_\_\_\_

Send communications regarding well to:

Name \_\_\_\_\_

Address \_\_\_\_\_

NEW MEXICO OIL CONSERVATION COMMISSION  
MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission District Office within ten days after the work specified is completed. It should be signed and filed as a report on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

Report on Beginning Drilling Operations		Report on Repairing Well	
Report on Result of Shooting or Chemical Treatment of Well		Report on Pulling or otherwise Altering Casing	
Report on Result of Test of Casing Shut-Off		Report on Deepening Well	
Report on Result of Plugging of Well		Report on Recompletion Operation	

Date \_\_\_\_\_ Place \_\_\_\_\_

Following is a report on the work done and the results obtained under the heading noted above at the \_\_\_\_\_

Company or Operator \_\_\_\_\_ Contractor \_\_\_\_\_ Lease \_\_\_\_\_ Well No. \_\_\_\_\_ in the  
\_\_\_\_\_ of Sec. \_\_\_\_\_, T. \_\_\_\_\_ R. \_\_\_\_\_, N. M. P. M.,  
\_\_\_\_\_ Pool \_\_\_\_\_ County.

The dates of this work were as follows:

Notice of Intention to do the work was (was not) submitted on Form C-102 on \_\_\_\_\_ 19., and approval of the proposed plan was (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Witnessed by \_\_\_\_\_  
Name \_\_\_\_\_ Company \_\_\_\_\_ Title \_\_\_\_\_

Approved: \_\_\_\_\_  
Oil Conservation Commission

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

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Representing \_\_\_\_\_  
Company or Operator \_\_\_\_\_

\_\_\_\_\_ 19 \_\_\_\_\_  
Date \_\_\_\_\_ Address \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

CERTIFICATE OF COMPLIANCE  
AND  
REQUEST FOR (OIL) - (GAS) ALLOWABLE

This form shall be submitted by the operator before an initial allowable will be assigned to any completed oil or gas well. Form C-104, is to be submitted in triplicate to the office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a.m. on date of completion, provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 psia at 60° Fahrenheit.

Place \_\_\_\_\_ Date \_\_\_\_\_

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

Well No. \_\_\_\_\_ in \_\_\_\_\_ 1/4 \_\_\_\_\_ 1/4  
 \_\_\_\_\_  
 Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_  
 section \_\_\_\_\_, T. \_\_\_\_\_, R. \_\_\_\_\_, N.M.P.M. \_\_\_\_\_ Pool \_\_\_\_\_ County \_\_\_\_\_

Please indicate location: Elevation \_\_\_\_\_ Spudded \_\_\_\_\_ Completed \_\_\_\_\_


Total Depth \_\_\_\_\_ P. B. \_\_\_\_\_

Top Oil/Gas Pay \_\_\_\_\_ Top Water Pay \_\_\_\_\_

Initial Production Test: Pump \_\_\_\_\_ Flow \_\_\_\_\_ (BOPD or Cu. Ft. Gas per Day)

Based on \_\_\_\_\_ Bbls. Oil in \_\_\_\_\_ Hrs. \_\_\_\_\_ Mins.

Method of Test (Pitot, guage, prover, meter run): \_\_\_\_\_

Size of choke in inches \_\_\_\_\_

Tubing (Size) \_\_\_\_\_ @ \_\_\_\_\_ Feet

Pressures: Tubing \_\_\_\_\_ Casing \_\_\_\_\_

Gas/Oil Ratio \_\_\_\_\_ Gravity \_\_\_\_\_

Casing Perforations: (*spau*)

Unit letter: \_\_\_\_\_

Casing & Cementing Rec.  
Size Feet Sax


Acid Record: \_\_\_\_\_ Show of Oil, Gas and Water

\_\_\_\_\_ Gals. to \_\_\_\_\_ S/ \_\_\_\_\_

\_\_\_\_\_ Gals. to \_\_\_\_\_ S/ \_\_\_\_\_

\_\_\_\_\_ Gals. to \_\_\_\_\_ S/ \_\_\_\_\_

Shooting Record: \_\_\_\_\_ S/ \_\_\_\_\_

\_\_\_\_\_ Qts. to \_\_\_\_\_ S/ \_\_\_\_\_

\_\_\_\_\_ Qts. to \_\_\_\_\_ S/ \_\_\_\_\_

\_\_\_\_\_ Qts. to \_\_\_\_\_ S/ \_\_\_\_\_

Natural Production Test: \_\_\_\_\_ Pumping \_\_\_\_\_ Flowing

Test after acid or shot: \_\_\_\_\_ Pumping \_\_\_\_\_ Flowing

(Please supply required information on reverse side of form.)





NEW MEXICO OIL CONSERVATION COMMISSION  
APPLICATION FOR AUTHORITY TO CONNECT AND AUTHORIZATION  
TO TRANSPORT OIL AND NATURAL GAS FROM LEASE

Company or Operator \_\_\_\_\_ Lease \_\_\_\_\_  
Address \_\_\_\_\_  
(Local or Field Office) (Principal Place of Business)  
Sec. \_\_\_\_\_ T. \_\_\_\_\_ R. \_\_\_\_\_; Sec. \_\_\_\_\_ T. \_\_\_\_\_ R. \_\_\_\_\_; Sec. \_\_\_\_\_ T. \_\_\_\_\_ R. \_\_\_\_\_  
Lease \_\_\_\_\_ Pool \_\_\_\_\_ County \_\_\_\_\_  
Kind of Lease \_\_\_\_\_ Location of Tanks \_\_\_\_\_  
(State, Fed., or Fee) (If not on this lease)  
Transporter \_\_\_\_\_ Address of Transporter \_\_\_\_\_  
(Local or Field Office)  
\_\_\_\_\_  
(Principal Place of Business)

REMARKS:

The undersigned certifies that the transporter named herein is authorized to transport the oil produced from the above described property and that this authorization will be valid until further notice to said transporter or until cancelled by the Commission.

Executed this the \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_\_

\_\_\_\_\_  
(Company or Operator)

By \_\_\_\_\_  
Title \_\_\_\_\_

Approved: \_\_\_\_\_, 195\_\_\_\_\_

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

(See instructions on Reverse Side)



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 308  
ORDER NO. R-98

THE MATTER OF THE APPLICATION OF  
THE OIL CONSERVATION COMMISSION OF  
NEW MEXICO UPON ITS OWN MOTION FOR  
RECONSIDERATION, CLARIFICATION,  
AMENDMENT, REVOCATION AND NECESSARY  
EXTENSION OF CERTAIN RULES AND REGULATIONS  
OF THE COMMISSION.

ORDER OF CONTINUANCE

This matter came on regularly for hearing before the Oil Conserva-  
tion Commission of New Mexico, at Santa Fe, New Mexico, at 10 a. m.,  
September 20, 1951, and, after hearing testimony in the matter it appeared  
to the Commission a continuance until the regular Commission hearing,  
October 23, 1951, should be granted to allow further study, and

There appearing no objection thereto,

IT IS THEREFORE ORDERED, that Case No. 308 be and the same  
hereby is continued until the regular session of the Commission October  
23, 1951, at Santa Fe, New Mexico.

DONE at Santa Fe, New Mexico this 20 day of September, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*  
EDWIN L. MECHEM, Chairman

*Guy Shepard*  
GUY SHEPARD, Member

*R. R. Spurrer*  
R. R. SPURRIER, Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 308  
ORDER NO. R-98-B

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO ON ITS OWN  
MOTION FOR AN ORDER (a) REVISING AND  
AMENDING SECTIONS 'G', 'H', 'J', 'M', 'N',  
AND 'O' OF ORDER NO. 850; AND (b) PERMITTING  
THE ADOPTION OF SUCH OTHER CHANGES AND  
AMENDMENTS IN OTHER RULES NECESSARY AND  
PROPER TO GIVE FULL FORCE AND EFFECT TO  
THE REVISIONS AND AMENDMENTS CONTEMPLATED.

NUNC PRO TUNC ORDER OF THE COMMISSION

It appearing to the Commission that the order heretofore entered in  
the above entitled cause is not a correct memorial of the judgment as  
rendered and announced by this Commission in that Appendix B of said order,  
through inadvertence and clerical error, established gas-oil ratio limits  
pursuant to Rule 506, as follows:

<u>POOL</u>	<u>GAS-OIL RATIO LIMIT</u>
Hardy	2000
Eunice, South	2000
Penrose-Skelly	2000
Vacuum	2000

when it should have been shown, as follows:

<u>POOL</u>	<u>GAS-OIL RATIO LIMIT</u>
Hardy	No Limiting gas-oil ratio
Eunice, South	"
Penrose-Skelly	"
Vacuum	2500

No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly,  
Langlie-Mattix, Rhodes, Cooper-Jal and South Eunice Pools in Lea County, now  
primarily gas reservoirs; Provided that the oil produced with the gas shall  
not be in excess of the current top unit allowable; and provided further that  
the gas produced from said pools shall be put to beneficial use so as not to  
constitute waste, except as to proration units in said pools for which there  
are no facilities for the marketing or application to beneficial use of the  
gas produced therefrom. As to such proration units the limiting gas-oil ratio  
in effect immediately prior to the effective date of the order herein shall  
apply.

THEREFORE, it is hereby ordered that the order heretofore entered by  
this Commission in the above entitled cause on June 24, 1952, be, and the same  
hereby is corrected to conform to the actual findings announced and rendered  
by the Commission by modifying Appendix B to read, as follows:

POOL

GAS-OIL RATIO LIMIT

Hardy  
Eunice, South  
Penrose-Skelly  
Vacuum

No limiting gas-oil ratio  
"  
"  
2500

No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly, Langlie-Mattix, Rhodes, Cooper-Jal and South Eunice Pools in Lea County, now primarily gas reservoirs; Provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said pools shall be put to beneficial use so as not to constitute waste, except as to proration units in said pools for which there are no facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such proration units the limiting gas-oil ratio in effect immediately prior to the effective date of the order herein shall apply, and said order in all other respects is hereby ratified and confirmed, and,

IT IS FURTHER ORDERED that this order correcting the record of said order be entered nunc pro tunc as of the 24th day of June, 1952, that being the date when said order was originally made and entered.

DONE this 24<sup>th</sup> day of July, 1952.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*

EDWIN L. MECHEM, Chairman

*Guy Shepard*

GUY SHEPARD, Member

*R. R. Spurrler*

R. R. SPURRLER, Secretary

S E A L

Case 308 RB



SHELL PIPE LINE CORPORATION

SHELL BUILDING  
HOUSTON 2, TEXAS

TELEPHONE CAPITOL 1181

June 12, 1952

AIR MAIL

Mr. R. R. Spurrier, Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Spurrier:

This will refer to our telephone conversation June 11th regarding Case 308 and the recommendations of the Committee as particularly concerns Form C-115.

As you know we recommended that C-115-A be filed on oil on or before the 16th and the C-115-B be filed on gas on or before the 25th; the first date to provide information for your proration department in preparing schedules; the second date (on gas) to give more time to the operators to assemble information necessary for filing, as this Committee in its survey learned that additional time was needed by some operators.

Should the Commission not see fit to adopt recommended Forms C-115-A and C-115-B, we should like to suggest that permission be given to alternately file the present C-115 for oil on or before the 16th and the same form for gas on or before the 25th. If this authority could be incorporated in the forthcoming Order it would be most timely.

*(option?)*

Yours very truly,

F. C. Brown, Chairman Joint  
Committee  
New Mexico O. C. C. Rules  
Regulations

*No dice: They can  
get the gas info  
if they will coordinate  
with purchasers*

FCB:mp

*WEM*

OIL CONSERVATION COMMISSION  
SANTA FE, N.M.  
JUN 16 1952

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 308  
ORDER NO. R-98 A

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO ON ITS OWN MOTION  
FOR AN ORDER (a) REVISING AND AMENDING  
SECTIONS 'G', 'H', 'J', 'K', 'L' AND 'O' OF  
ORDER NO. 850; AND (b) PERMITTING THE  
ADOPTION OF SUCH OTHER CHANGES AND AMEND-  
MENTS IN OTHER RULES NECESSARY AND PROPER  
TO GIVE FULL FORCE AND EFFECT TO THE REVISIONS  
AND AMENDMENTS CONTEMPLATED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 10 a.m. September 20, 1951, October 23, 1951, December 20, 1951, January 22, 1952, and February 21, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 24<sup>th</sup> day of June, 1952, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

- (1) That due public notice has been given as required by law, and the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the Commission has experienced difficulty in the proper administration of Sections 'G', 'H', 'J', 'K', 'L' and 'O' of Order No. 850 and realized the need for a revision of these sections.
- (3) That the Commission has appointed committees representing a cross-section of the oil industry of New Mexico to study revisions of Order No. 850, and that these committees have made a study of Sections 'G', 'H', 'J', 'K', 'L' and 'O' of Order No. 850, and these reports and recommendations are a part of the record in this case.
- (4) That the following revisions to Order No. 850 will result in a more efficient and economic administration of the conservation laws of the state of New Mexico.

IT IS THEREFORE ORDERED:

I. That the definitions contained in Order No. 850, Section 'A', be changed as follows:

1. That Definition No. 4, 'Back Allowable,' be deleted.
2. That Definition No. 41 be amended as follows: 'Overage or overproduction shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.'

3. That Definition No. 56 be amended as follows: 'Shortage or underproduction' shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

II. That the following provisions of Section 'G', Oil Proration and Allocation, be eliminated from Order No. 350.

1. Rule 503 (e) relative to current oil shortages; and
2. Rule 503 (f) relative to back allowables.

III. That Section 'G' of Order No. 350, Oil Proration and Allocation, be amended and revised in accordance with the following:

1. RULE 501. REGULATION OF OIL POOLS.

(a) To prevent waste, the Commission shall prorate and distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights, may promulgate special rules, regulations or orders pertaining to any pool.

2. RULE 502. RATE OF PRODUCING UNITS.

It is recognized that producing units capable of producing their daily allowable may overproduce one day and underproduce another. Such deficiencies as may occur may be made up by excess production from the same unit, or such excess production may be adjusted by underproduction; provided, however:

(a) That no producing unit, except for the purpose of testing in the process of completing or recompleting a well and for draw-down tests, shall produce during any day more than 125 per cent of the daily top unit allowable for the pool in which the unit is located, or ten (10) barrels, whichever is greater.

(b) That no producing unit shall produce in any one month more than its monthly allowable plus an amount equal to one day's allowable production. The tolerance so allowed shall not be construed to increase the allowable of a producing unit or to grant authority to any producer to market or to any transporter to transport any quantity of oil in excess of the unit's allowable. The allowed monthly tolerance of overproduction shall be adjusted for during the following month. The possession of a quantity of oil in lease storage at the end of any month in excess of one day's allowable plus any unused allowable oil shall be construed as a violation of this rule.

3. RULE 503. ANNUALIZATION OF PRODUCTION OF OIL.

(a) The Commission shall meet between the 15th and 20th of each month at open hearing for the purpose of determining the amount of oil to be produced from all oil pools for the following calendar month.

(b) Within ten (10) days after the effective date of this order, the Commission shall establish the exact date, time and place of such meetings for the remainder of the calendar year, and give notice thereof by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year.



(c) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of the 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 504. 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 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 supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted the remainder of the proration period.

(d) A marginal unit shall be permitted to produce any amount of oil which it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing; and provided further a supplementary proration schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which shall be the date on which said application is received in the office of the Commission.

(e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedule.

4. RULE 504. AUTHORIZATION FOR PRODUCTION OF OIL WHILE COMPLETING, RECOMPLETING, OR TESTING AN OIL WELL.

(a) In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well; provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances at said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

(b) No well shall be placed on the proration schedule until Forms C-104 and C-110 have been filed with the Commission.

5. RULE 505. OIL PRORATION

(a) In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well

completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions.

(b)	POOL DEPTH RANGE	40-ACRE PROPORTIONAL FACTOR	80-ACRE PROPORTIONAL FACTOR
	0 to 5,000 Feet	1.00	
	5,000 to 6,000 "	1.33	2.33
	6,000 to 7,000 "	1.77	2.77
	7,000 to 8,000 "	2.33	3.33
	8,000 to 9,000 "	3.00	4.00
	9,000 to 10,000 "	3.77	4.77
	10,000 to 11,000 "	4.67	5.67
	11,000 to 12,000 "	5.67	6.67
	12,000 to 13,000 "	6.75	7.75
	13,000 to 14,000 "	8.00	9.00

(c) The 40-acre proportional factor shall be applied to pools developed on the normal statewide 40-acre spacing pattern.

(d) The above 80-acre proportional factor shall hereafter be applied to all pools developed on an 80-acre spacing pattern, which the Commission hereafter authorizes as an exception to the normal statewide 40-acre spacing pattern.

(e) Normal unit allowable shall be set by the Commission.

(f) Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

(g) The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas-oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool.

(h) The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool, where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

(i) Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is 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 supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

(j) The provision of Rule 104 (h) et seq. shall be adhered to where applicable in fixing top unit allowables.

6. RULE 606. GAS-OIL RATIO LIMITATION

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool, the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells, whether oil or casinghead gas, shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools, and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

(1) Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

(2) Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.

(3) A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

(4) All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

(c) All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the proration schedule with adjusted allowables stated.

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix A attached hereto. In cases of new pools, the limit shall be 2,000 cubic feet per barrel until such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

7. RULE 507. UNITIZED AREAS.

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

IV. That Section 'H' (Gas Proration and Allocation) of Order No. 850 be retained in its present form.

V. That Section J, 'Oil Purchasing and Transporting,' be amended and revised in accordance with the following:

1. RULE 801. ILLEGAL DISCRIMINATION

The sale or purchase or acquisition, or the transporting, refining, processing, or handling in any other way, of crude petroleum oil or of any product of crude petroleum produced in excess of the amount allowed by any statute of this state, or by any rule, regulation, or order of the Commission made thereunder, is prohibited.

2. RULE 802. RATABLE TAKING BY COMMON PURCHASER

(a) Every person now engaged or hereafter engaging in the business of purchasing oil to be transported through pipe lines shall be a common purchaser thereof, and shall, without discrimination in favor of one producer as against another in the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity of, or which may be reasonably reached by pipelines through which it is transporting oil, or the gathering branches thereof, or which may be delivered to the pipeline or gathering branches thereof by truck or otherwise, and shall fully perform all the duties of a common purchaser. If any common purchaser shall not have need for all such oil lawfully produced within a field, or if for any reason it shall be unable to purchase all such oil, then it shall purchase from each producer in a field ratably, taking and purchasing the same quantity of oil from each well to the extent that each well is capable of producing its ratable portions; provided, however, nothing herein contained shall be construed to require more than one pipe line connection for each producing well. In the event any such common purchaser of oil is likewise a producer or is affiliated with a producer, directly or indirectly, it is hereby expressly prohibited from discriminating in favor of its own production or in favor of the production of an affiliated producer as against that of others and the oil produced by such common purchaser or by the affiliate of such common purchaser shall be treated as that of any other producer for the purposes of ratable taking.

(b) It shall be unlawful for any common purchaser to unjustly or unreasonably discriminate as to the relative quantities of oil purchased by it in various fields of the state; the question of the justice or reasonableness to be determined by the Commission, taking into consideration the production and age of the wells in the respective fields and all other factors. It is the intent of this rule that all fields shall be allowed to produce and market a just and equitable share of the oil produced and marketed in the state, insofar as the same can be effected economically and without waste.

(c) In order to preclude premature abandonment, the common purchaser within its purchasing area is authorized and directed to make 100 per-cent purchases from units of settled production producing ten (10) barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below ten (10) barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area, regardless of their producing ability insofar as they are capable of producing.

3 RULE 903. PRODUCTION AND ALLOCATION OF CONDENSATE

The operator of a gas well in a gas pool may produce from such well the amount of condensate which such well is capable of producing without waste, provided that said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such well; and provided further, that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

VI. That Section 'M' Reports, be amended and revised in accordance with the following:

1. RULE 1101. ADDITIONAL INFORMATION MAY BE REQUIRED

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

2. RULE 1102. BOOKS AND RECORDS TO BE KEPT TO SUBSTANTIATE REPORTS

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than five years, covering their operations in New Mexico, from which they may be able to make and substantiate the reports required by this order.

3. RULE 1103. WRITTEN NOTICES, REQUESTS, PERMITS AND REPORTS

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - Request for (oil) (gas) Allowable
- Form C-105 - Well Record
- Form C-110 - Certificate of Compliance and Authorization to Transport Oil or Natural Gas
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Form C-115 - Operator's Monthly Report (Oil, Condensate and Gas)
- Form C-116 - Gas-Oil Ratio Report
- Form C-117 - Tank Cleaning Permit

- Form C-118 - Treating Plant Report
- Form C-119 - Carbon Black Plant Monthly Report
- Form C-120 - Injection Report
- Form C-121 - Crude Oil Purchaser's Nomination
- Form C-122 - Back Pressure Data Sheet
- Form C-123 - Request for the Extension of an Existing Pool or the Creation of a New Pool

4. RULE 1104. NOTICE OF INTENTION TO DRILL OR RECOMPLETE

Before beginning drilling, and before beginning recompletion operations, the owner or operator of the well shall give notice thereof by filing with the Commission in QUINTUPLICATE Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modifications considered advisable, or the rejection of the plan submitted. Drilling or recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes name and number of the well, exact location, status of land (whether state or privately owned), type drilling equipment to be used, drilling contractor, formation to be completed in and approximate depth, casing program, and any other pertinent information. In case of recompletions the details shall be fully explained under the "Remarks" column. In the case of wildcat locations a plat made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted with Form C-101. (Note: on State land, the State Land Office requires 2 copies of Form C-101. Therefore submit 7 copies).

5. RULE 1105. MISCELLANEOUS NOTICES.

Form C-102, 'Miscellaneous Notices,' shall be filed by the operator in TRIPPLICATE, with the District Office of the Commission, and approval obtained from the District Office of the Commission before starting operations leading to a proposed change in drilling plan, before plugging a well, before squeezing operations are begun, before gun perforating, before temporarily abandoning well, before plugging back, before acidizing, before drilling to a greater depth than indicated on Form C-101 before setting a liner, before shooting with nitroglycerin, and before starting any other similar operations not specifically covered herein. A copy of this notice giving decision of the Commission will be returned to the owner.

In the case of well-plugging operations, the notice shall give a detailed statement of the proposed work, including length and depth of plugs, plans for mudding, cementing, shooting, testing and removing casing, and the date of the proposed plugging operations. Before plugging any well, the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

6. RULE 1106. MISCELLANEOUS REPORTS ON WELLS. (FORM C-103)

Form C-103, Miscellaneous Reports on Wells, shall be filed by the operator in TRIPPLICATE with the District Office of the Commission within ten days after the work specified is completed. This report shall cover the work outlined on Form C-102 and shall include a detailed account of

the manner in which the work was performed. Specific information as to the exact information to be contained on Form C-103 with respect to each operation is as follows:

(a) Report on Beginning Drilling Operations

Within ten days after drilling or recompletion operations are begun, the owner of the well shall file with the Commission a report on Form C-103, Miscellaneous Reports on Wells.

(b) Report on Result of Test of Casing Shut-Off

A report on the result of test of casing shut-off shall be filed with the Commission in TRIPLICATE on Form C-103, Miscellaneous Reports on Wells, within ten days after the completion of work. It shall indicate any changes made in the approved plan outlined previously on Form C-101. It shall also give a detailed report of the method used and of the results obtained and any other pertinent information.

(c) Report on Results of Plugging Well

Within ten days after plugging a well, a record of the work done shall be filed with the Commission in TRIPLICATE on Form C-103, Miscellaneous Reports on Wells, by the owner. The report shall include the date the work was started and the date it was completed; a detailed account of the manner in which the work was performed; the nature and quantities of materials used in plugging, and the depths and lengths of the various plugs; records of any tests or measurements made; the amount, size and depth of all casing left in the well; the volume and gravity of mud-laden fluid used; pressure retained in mudding; a complete record of any shooting done, and names, addresses and positions of all those in charge of the work. The report shall also state whether or not the pits have been filled and leveled and the location cleared of junk.

(d) Report of Result of Shooting or Chemical Treatment of Well

Within 20 days after the shooting or chemical treatment of a well, report shall be filed with the Commission in TRIPLICATE on Form C-103, Miscellaneous Reports on Wells, by the owner giving the size and depth of the shot, or amount of chemical used, and the daily production of oil, gas and water before and after shooting or chemical treatment.

(e) Miscellaneous Report on Wells

Form C-103, Miscellaneous Reports on Wells, shall be used for reports of various operations, such as:

- (1) Change of Drilling Plan
- (2) Repairing or Deepening Well
- (3) Pulling or Altering Casing
- (4) Plugging Back
- (5) Re-Drilling
- (6) Perforating Casing

or of any other similar operations not specifically covered herein.

The report with respect to such operation shall be filed with the Commission within ten days after such operation is completed.

The status prior to and results of the work completed shall be given in detail.

7. RULE 1107. REQUEST FOR (OIL) (GAS) ALLOWABLE (FORM C-104)

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil well. Form C-104 is to be submitted in QUADRUPPLICATE to the Commission office to

which Form C-101 was sent. The allowable will be assigned effective 7:00 a.m. on the date of completion, provided completion report is filed during month of completion. The completion date shall be that date, in the case of an oil well, when oil is delivered into the stock tanks.

Form C-110, Certificate of Compliance and Authorization to Transport Oil or Natural Gas, shall accompany Form C-104.

8. RULE 1102. WELL RECORD FORM (FORM C-105)

Within 20 days after the completion of a well the owner shall file in QUINTUPLICATE with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report confidential for 90 days from the date of the completion of the well; provided, however, that the report or data therein when pertinent may be introduced in any public hearing before the Commission or any court regardless of the request that the report be kept confidential. If the C-105 is not received by the Commission in the specified 20 days the well will be dropped from the proration schedule. (Note: On State Land submit one additional copy of C-105).

9. RULE 1109. CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL OR NATURAL GAS - FORM C-110

(a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute, in QUADRUPPLICATE, and file with the Commission Form C-110, setting forth fully therein the data and information indicated by such form covering each well from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing well or whenever there shall occur a change of transporter from any producing well, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable for one proration period the producer may, in lieu of filing a new application, notify the Commission, and the transporter then authorized by letter, of the estimated amount of crude petroleum, dry gas or liquid hydrocarbons to be moved by temporary transporter and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. In no instance shall the temporary transporter move any greater quantity of crude petroleum oil or natural gas than the estimated amount shown in said notice.

10. RULE 1110. MONTHLY GAS REPORT (ACQUISITION AND DISPOSITION) - (FORM C-111)

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceding month, and shall be submitted in DUPLICATE.

11. RULE 1111. TRANSPORTER'S AND STORER'S MONTHLY REPORT (FORM C-112)

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each



calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in DUPLICATE on or before the 15th day of the next succeeding month.

12. RULE 1112. REFINER'S MONTHLY REPORT - (FORM C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month, in DUPLICATE.

13. RULE 1113. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT - (FORM C-114)

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico, shall furnish for each calendar month a Gasoline or Other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month in DUPLICATE.

14. RULE 1114. OPERATOR'S MONTHLY REPORT - (FORM C-115)

Operator's Monthly Report, Form C-115, shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said form. Each report for each month shall be filed for the next succeeding month - on or before the 18th.

Daily Well Nominations as reported on Form C-115 shall apply to the next succeeding month. Top allowable units will be indicated by entering a T in the nomination column. Units that are incapable of producing top allowable, will be nominated for the actual amount of oil that they are capable of producing daily.

The reports on this form shall be filed by the producer as follows: the original to the Oil Conservation Commission, Santa Fe; one copy to the proration office at Hobbs; one copy to the district office in which district the lease is located; and one copy to each transporter involved. (NOTE: On state leases the State Land Office, Santa Fe, New Mexico, requires one copy of Form C-115.)

15. RULE 1115. GAS-OIL RATIO TEST (FORM C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301, Gas-Oil Ratio Test. This form shall be

submitted in DUPLICATE, one copy being sent to the Hobbs district office and one copy to the Oil Conservation Commission, Santa Fe, New Mexico.

16. RULE 1116. TANK CLEANING PERMIT (FORM C-117)

(a) Form C-117 shall be used pursuant to Rule 311.

(b) Tank cleaning permit is not necessary in the following cases:

(1) Where "tank bottoms" are to be used on operators lease roads or fire walls.

(2) Where merchantable oil is reclaimed by operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.

(3) Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms."

(4) Where there is the 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.

17. RULE 1117. TREATING PLANTS. (FORM C-118)

Form C-118 shall be used in accordance with Rule 312.

18. RULE 1118. CARBON BLACK PLANT MONTHLY REPORT. (FORM C-119)

Each operator of carbon black plant within the State of New Mexico shall file for each calendar month, the monthly volume of gas received by him from a gasoline extraction plant or plants, and a monthly volume of gas received by him from each lease and lease operator delivering natural gas directly to such plant, together with the opening and closing stocks, the production and deliveries of carbon black or other products produced. Such reports containing information as required by the form shall be prepared and filed in DUPLICATE on Form C-119, "Carbon Black Monthly Report," on or before the 15th day of the next succeeding month.

19. RULE 1119. INJECTION REPORT (FORM C-120)

Form C-120 shall be used for reports required under Rule 701, et seq.

20. RULE 1120. CRUDE OIL PURCHASER'S NOMINATION (FORM C-121)

Form C-121 shall be used by crude oil purchasers for nomination of purchases, and shall be submitted to the Commission not later than 5 days prior to said Commission's statewide proration hearing on nominations for the succeeding month. One copy of Form C-121 shall be mailed to Oil Conservation Commission, Santa Fe, New Mexico.

21. RULE 1121. BACK PRESSURE DATA SHEET (FORM C-122)

Form C-122 shall be submitted in TRIPPLICATE to the Oil Conservation Commission, Santa Fe, New Mexico, and shall be used to show back pressure data as required under the provisions of Rule 401.

22. RULE 1122. REQUEST FOR THE EXTENSION OF AN EXISTING POOL, OR THE CREATION OF A NEW POOL.  
(FORM C-122)

Form C-122 shall be used when a well is completed outside the boundaries of any pool producing from the same formation and shall be submitted in TRIPLICATE to the Proration Office at Hobbs not later than twenty (20) days after completion of well, and shall accompany Form C-105.

VII. That Section 'H', Rules on Procedure, be amended and revised as follows.

1. RULE 1201. NECESSITY FOR HEARINGS.

Except as provided in some general rule herein, before any rule, regulation or order, including revocation, changes, renewal or extension thereof shall be made by the Commission, a public hearing shall be held at such time and place as may be prescribed by the Commission.

2. RULE 1202. EMERGENCY ORDERS

In case an emergency is found to exist by the Commission, which, in its judgment, requires the making of a rule, regulation or order without first having a hearing, such emergency rule, regulation or order shall have the same validity as if a hearing with respect to the same had been held after due notice. Such emergency rule, regulation or order shall remain in force no longer than 15 days from its effective date, and in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

3. RULE 1203. METHOD OF INITIATING A HEARING

The Commission upon its own motion and the Attorney General on behalf of the State and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. The application in TRIPLICATE shall state (1) the name or general description of the common source or sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire state, in which event the application shall so state, and (2) briefly the general nature of the order, rule or regulation sought, and (3) any other matter required by a particular rule or rules.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by a specific rule, an application need not be verified.

4. RULE 1204. METHOD OF GIVING NOTICE FOR HEARINGS.

Notice of a hearing before the Commission shall be given by personal service on the person affected or by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties, if there be more than one, in which any land, oil or gas or other property which may be affected shall be situated.

5. RULE 1205. CONTENTS OF NOTICE FOR HEARING.

Such notice shall be issued in the name of "The State of

New Mexico" and shall be signed by two members of the Commission or by the Secretary of the Commission and the seal of the Commission shall be impressed thereon.

The notice shall specify the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant if any and unless the contemplated order, rule or regulation is intended to apply to and affect the entire State it shall specify or generally describe the common source or sources of supply which may be affected by such order, rule or regulation.

6. RULE 1206. SERVICE OF NOTICE

Personal service of the notice of hearing may be made by any agent of the Commission or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this state. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.

7. RULE 1207. PREPARATION OF NOTICES.

After a motion or application is filed with the Commission the notice or notices required shall be prepared by the Commission and service and publication thereof shall be taken care of by the Commission without cost to the applicant.

8. RULE 1208. CONTINUANCE OF HEARING WITHOUT NEW SERVICE

Any hearing before the Commission had after due notice may be continued to a specified time and place without the necessity of notice of the same being again served or published. In the event of such continuance, a record thereof shall be made in the minutes of the hearing at which the continuance was ordered.

9. RULE 1209. CONDUCT OF HEARINGS.

Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent records of the Commission. Any person testifying in response to a subpoena issued by the Commission and any person seeking to testify in support of an application or motion or in opposition thereto shall be required to do so under oath. However, unsworn comments and observations by any interested party will be invited and made a part of the record. Comments and observations by representatives of operators' committees, the United States Geological Survey, the United States Bureau of Mines, the New Mexico Bureau of Mines and other competent persons are welcomed. Two members of the Commission constitute a quorum for the transaction of business and for the holding of hearings, but one member of the Commission may conduct a hearing for the purpose of receiving testimony only.

10. RULE 1210. STATUTORY POWERS AS TO WITNESSES, RECORDS, ETC.

The Commission or any member thereof has statutory power to subpoena witnesses and to require the production of books, papers, records, etc. A subpoena will be issued by the Commission for attendance at a hearing upon the written request of any person interested in the subject matter of the hearing. In case of the failure of a person to comply with the subpoena issued

by the Commission, an attachment of the person may be issued by the district court of any district in the state, and such court has powers to punish for contempt. Any person guilty of swearing falsely at any hearing may be punished for contempt.

11. RULE 1211. RULES OF EVIDENCE.

Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable in a trial before a court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better served. No order shall be made which is not supported by some competent legal evidence.

12. RULE 1212. REHEARINGS.

Within 20 days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within 10 days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

13. RULE 1213. CHANGES IN FORMS AND REPORTS

Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing.

VIII. That Section 'O', Rules on Administration, be amended and revised as follows:

1. RULE 1301. DISTRICT OFFICES.

To expedite administration of the work of the Commission and enforcement of its rules and regulations, the State shall be divided into four districts as follows:

District 1	Lea, Roosevelt, Curry, De Baca and Chaves Counties, with office at Hobbs
District 2	Eddy, Otero, Dona Ana and Lincoln Counties with office at Artesia
District 3	San Juan, Rio Arriba, McKinley and Sandoval Counties, with office at Atee
District 4	Balance of state, office of the Oil Conservation Commission, Santa Fe

Each district office shall be under the charge of an oil and gas inspector, a deputy oil and gas inspector or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the land that is affected lies.

2. RULE 1302. MIDDLE TO FILE REPORTS AND FORMS.

All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office.

3. RULE 1303. DUTIES AND AUTHORITY OF FIELD PERSONNEL

Oil and gas inspectors, deputy oil and gas inspectors, scouts, engineers and geologists duly appointed by the Commission have the authority and duty to enforce the rules and regulations of the Commission. Only oil and gas inspectors and their deputies shall have discretion to allow minor deviations from requirements of the rules as to field practices where, by so doing, waste will be prevented or burdensome delay or expenses on the part of the operator will be avoided.

4. RULE 1304. NUMBERING OF COMMISSION ORDERS.

All orders of the Commission made after 1 January 1950 pertaining to allocation of the production of oil or gas shall be prefixed with the letter "A" and shall be numbered consecutively, commencing with No. 1 - i.e., the first allocation order issued after 1 January 1950 shall be No. A-1, and the next shall be No. A-2.

All other orders of the Commission made after 1 January 1950 shall be prefixed with the letter "R" and shall be consecutively numbered, commencing with the number 1 - i.e., the first such order issued after 1 January 1950 shall be No. R-1, and the next shall be No. R-2.

IX Provided further, that this order shall be effective July 1, 1952.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*

EDWIN L. MECHEM, Chairman

*Guy Shepard*

GUY SHEPARD, Member

*R. R. Spurr*

R. R. SPURR, Secretary

S E A L

A PENDING B

GAS-OIL RATIO ESTABLISHED PURSUANT TO RULE 506

<u>POOL</u>	<u>GAS-OIL RATIO LIMIT</u>
Acme	2000
Aid	2000
Anderson	2000
Arrowhead	2000
Artesia	3500
Bagley Pennsylvanian	2000
Bagley Siluro Devonian	2000
Baish	2000
Barber	2000
Denson	2000
Black River	2000
Blinedry	2000
Bluit San Andres	2000
Bough	2000
Bowers	2000
Brunson	2000
Burton	2000
Caprock	2000
Caprock, East Devonian	2000
Cary	2000
Cass	2000
Caulill Pennsylvanian	2000
Cedar Hill, Yates	2000
Chisum	2000
Chisum San Andres	2000
Corbin	2000
Crossroads	2000
Crossroads - Penn.	2000
Crossroads - Slaughter	2000
Daughterity	2000
Dayton	2000
Denton	2000
Denton (Wolfcamp)	2000
Dollarhide - West	2000
Dollarhide, West Drinkard	2000
Dollarhide, West Devonian	2000
Dollarhide, West Fusselman	2000
Drinkard	2000
Drinkard, South	2000
Dublin - Devonian	2000
Eaves	2000
Echol - Devonian	2000
Empire	2000
Eunice-Monument	6000
Eunice Portion	3000
Monument	3000
Eunice, South	2000
Forest	2000
Fowler	2000
Fren	2000
Garett	2000
Getty	2000
Gladiola	2000
Gladiola - Wolfcamp	2000
Grayburg-Jackson	2000
Grayburg Keely	4000
Halfway	2000
Hardy	2000
Hare	2000

<u>POOL</u>	<u>NAS-OIL RATIO LIMIT</u>
Hare, South	2000
Henshaw	2000
High-Lonesome	2000
Hightower	2000
Hightower-Porto-Pennsylvanian	2000
Hobbs	2000
Hobbs, Drinkard	3500
Hobbs, East, Blinobry	2000
Hobbs, San Andres	2000
House	2000
House, San Andres	2000
King-Wolfcamp	2000
Knowles	2000
Leo	2000
Leonard	2000
Leonard, South	2000
Lightcap	2000
Loce Hills	2000
Loce Hills, Queen	3000
Lovington	2000
Lovington, Abo	2000
Lovington, East Penn.	2000
Lovington, West	2000
Lusk	2000
Lusk, West	2000
Lynch	2000
Lynch, North	2000
Malaga	2000
Maljamar	3000
Maljamar, Devonian	2000
Maljamar, East	2000
Maljamar, North	2000
Maljamar, South	2000
Maljamar, Paddock	2000
McCormack	2000
McMillian	2000
McMillian, Seven Rivers	2000
Mescalero - Penn.	2000
Millman Grayburg	2000
Monument, Abo	2000
Monument, Blinobry	2000
Monument, Paddock	2000
Moore, Devonian	2000
Nadine	2000
New Hope	2000
Nichols	2000
Paddock	2000
P.C.A.	2000
Pearshall	2000
Penrose - Skelly	2000
Premier	2000
Red Lake	2000
Roberts	2000
Robinson	2000
Russell	2000
Santo Nino	2000
San Simon	2000
Saunders	2000



POOL	GAS-OIL RATIO LIMIT
Saunders, South	2000
Sawyer	2000
Shugart	2000
Shugart, North	2000
Skaggs	2000
Square Lake	2000
Toague	2000
Toague - Devonian	2000
Toague - Ellenburger	2000
Teas	2000
Terry - Blinobry	2000
Tulk, Wolfcamp	2000
Tulk, North Wolfcamp	2000
Turkey Track	2000
Turkey Track, East	2000
Turkey Track, West	2000
Turkey Track, Seven Rivers	2000
Twin Lakes	2000
Vacuum	2000
Wents-Abo	2000
Warren, Drinkard	2000
Warren, McKee	2000
Warren, North McKee	2000
Watkins	2000
Watkins, Grayburg	2000
Weir	2000
Wilson	2000
Wilson, North	2000
Wilson, West	2000
Young	2000