

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 11793
Order No. R-10835**

**APPLICATION OF OIL CONSERVATION
DIVISION FOR AN ORDER AMENDING
RULE 1104 OF ITS GENERAL RULES AND
REGULATIONS PERTAINING TO THE
REQUIREMENT OF FILING C-104 FOR
CHANGE OF TRANSPORTER**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 5, 1997, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 14th day of July, 1997, the Commission, a quorum being present, having considered the record and being fully advised in the premises.

FINDS THAT:

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

(2) The New Mexico Oil Conservation Division Rule 1104. "Request for Allowable and Authorization to Transport Oil and Natural Gas" requires operators to file Form C-104 when a change of transporter of oil, condensate, casinghead gas or dry gas occurs.

(3) Due to rapid changes in crude oil pricing in the market place, oil transporter changes occur with much more frequency than in the past causing a back log of unfilled C-104 transporter changes in District offices. Gas transportation changes are less frequent since a change in transporter would require different gathering pipe to be laid to the gas well.

(4) Transporter changes for both oil and gas are now listed on Form C-115, Operator's Monthly Report", and this information is available via the ONGARD system, although delayed from 45 to 75 days.

(5) By letter, Amoco Production Company expressed concern over the responsibility of the transporter in moving unauthorized oil without an approved C-104. The Division has not historically held the transporter liable for receiving and moving unauthorized oil and the discontinued use of the C-104 form would not affect this policy. Only if the transporter received notification from the Division that oil or gas from a specific well or wells was illegal oil or gas would the transporter be held liable for unauthorized transportation of that oil or gas.

(6) There were no objections to the elimination of C-104 filing requirements for changes in transporters.

(7) Elimination of this rule will provide savings in time, money and effort and will not cause waste or impair correlative rights.

IT IS THEREFORE ORDERED THAT:

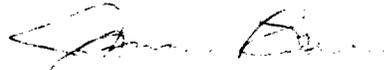
(1) Division Rule 1104 is hereby amended, compiled, recodified and adopted as shown on Exhibit A, attached hereto and made part of this order.

(2) Revised Rule 1104, as amended, shall be effective as of the date of its publication in the New Mexico Register.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



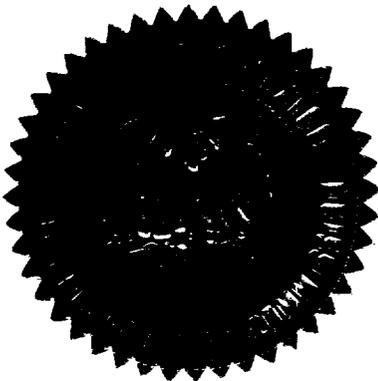
JAMI BAILEY, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman



S E A L

EXHIBIT "A"
CASE NO. 11793
Order No. R-10835

**1104 REQUEST FOR ALLOWABLE AND AUTHORIZATION TO
TRANSPORT OIL AND NATURAL GAS (Form C-104)**

1104.A Form C-104 completely filled out by the operator of the well must be filed in QUINTUPLICATE before an allowable will be assigned to any newly completed or recompleted well. (A recompleted well shall be considered one which has been deepened or plugged back to produce from a different pool than previously.) Form C-104 must be accompanied by a tabulation of all deviation tests taken on the well as provided by Rule 111. [1-1-65...2-1-96]

1104.B The allowable assigned to an oil well shall be effective at 7:00 o'clock a.m. on the date of completion, provided the Form C-104 is received by the Division during the month of completion. Date of completion shall be that date when new oil is delivered into the stock tanks. Unless otherwise specified by special pool rules, the allowable assigned to a gas well shall be effective at 7:00 o'clock a.m. on the date of connection to a gas transportation facility, as evidenced by an affidavit of connection from the transporter to the Division, or the date of receipt of Form C-104 by the Division, whichever date is later. [1-1-65...2-1-96]

1104.C No allowable will be assigned to any well until a standard unit for the pool in which the well is completed has been dedicated by the operator, or a non-standard unit has been approved by the Division, or a standard unit has been communitized or pooled and dedicated to the well. [1-1-65...2-1-96]

1104.D No allowable will be assigned to any well until all forms and reports due have been received by the Division and the well is otherwise in full compliance with these rules. [1-1-65...2-1-96]

1104.E Form C-104 with Sections I, II, III, and VI, completely filled out shall be filed in QUINTUPLICATE by the operator of the well in the event there is a change of operator of any producing well, injection well, or disposal well, ~~or a change of transporter (oil, condensate, casinghead gas, or dry gas);~~ a change in pool designation, lease name, or well number, or any other pertinent change in condition of any such well. When filing Form C-104 for change of operator, the new operator shall file the form in the above manner, and shall give the name and address of the previous as well as the present operator. The Form C-104 will not be approved by the Division unless the new operator has an approved bond in compliance with Rule 101. [1-1-65...2-1-96]

~~1104.F Whenever there is a temporary change in transporter and oil is to be moved from the lease by anyone other than the regular transporter authorized by an approved Form C-104, the operator shall notify the appropriate District Office of the Division in writing within three days after the oil is moved, furnishing such information as may be required by the District Office. The operator shall furnish copies of the notification to the regular transporter and to the temporary transporter. This paragraph is intended to deal primarily with authorized batch movements of oil by the operator for use as load oil, frac oil, etc., eventual sale of this oil is governed by Rules 508 and 1126. [1-1-65...2-1-96]~~