

The following is a suggested procedure for use by the Conservation Commission of New Mexico in dealing with the matter of making up oil previously allocated to producing 40 acre units. Shortage, or back allowable should be allowed, where an operator has not had an opportunity to produce the total number of barrels allocated to a producing unit in any given proration period, for the following reasons:

1. When a pipe line, for mechanical or other reasons, does not purchase the total number of barrels allocated to a producing unit for the current proration period.
2. Lack of pipe line connection. When for mechanical or other reasons a producing unit does not receive a pipe line connection during the proration period following the completion of a well.
3. Remedial work. Production lost during that period in which a well is shut in while setting packer or doing other remedial work that tends to conserve reservoir energy and prevent waste.

Shortage caused by inability of a well to produce the amount allocated should be cancelled. All shortage incurred prior to <sup>?</sup> \_\_\_ date and the cause of such shortage being in accordance with the reasons set out above, the producer, the producer be required to write a letter in the form of an affidavit, together with a tabulation, showing the name of the company, lease, well number and unit letter, setting out by months the amount allocated, amount produced and the shortage up to \_\_\_ date as indicated above. This letter and tabulation should be submitted to the Hobbs Proration Office in quintuplicate. These figures should conform to the figures shown on monthly over and short statements issued by the Proration Office. They should then be checked by the Proration Office and the Oil Conservation Commission and if found to be correct the following form of authorization be issued to all parties:

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It is also suggested that subsequent to \_\_\_\_\_ date the proration schedule for the various fields and the monthly over and short statement be combined so that the current allowable and the over and short figures can be shown on the same tabulation. The schedule attached hereto (with minor alterations) is suggested as a guide.

Hobbs, New Mexico

Date \_\_\_\_\_

Re: Company \_\_\_\_\_  
Lease \_\_\_\_\_  
Well No. \_\_\_\_\_  
S.T. & R. \_\_\_\_\_

AUTHORIZATION TO PRODUCING COMPANY

\_\_\_\_\_ Oil Company

This letter is your authority to produce \_\_\_\_\_ barrels of crude oil in excess of the current allowable from the above designated unit. This excess production is accumulated shortage of allowable oil as indicated in the attached letter.

AUTHORIZATION TO PURCHASING COMPANY

\_\_\_\_\_ Crude Oil Purchasing Co.

This letter is your authority to purchase \_\_\_\_\_ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as indicated by the attached letter.

AUTHORIZATION TO TRANSPORTING COMPANY

\_\_\_\_\_ Pipe Line Company

This letter is your authority to transport \_\_\_\_\_ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as shown by the attached letter.

OIL CONSERVATION COMMISSION

LEA COUNTY OPERATORS COMMITTEE

By: Roy Yarbrough  
Oil & Gas Inspector

By: Glenn Staley, Representat.