

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 791
Order No. R-552

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER REVISING RULE 502, PARAGRAPH II,
MONTHLY TOLERANCE; RULE 503, PARAGRAPH
(a) - RELATING TO DATE OF COMMISSION HEAR-
INGS; AND RULE 505, PARAGRAPH (g) - OIL
PRORATION: ALL OF WHICH ARE INCLUDED IN
SECTION "G" - OIL PRORATION AND ALLOCATION
OF THE COMMISSION'S RULES AND REGULATIONS,
AND FURTHER FOR REVISION OF RULE 1114, RELATING
TO OPERATOR'S MONTHLY REPORT (FORM C-115),
AND FOR ADOPTION OF A NEW RULE TO BE DESIGNATED
AS RULE 1126, NOMINATION REQUEST, AND FOR
ADOPTION FOR A NEW FORM C-127 AS NOMINATION
FORM, THE LATTER TWO RULES RELATING TO
SECTION "M" - REPORTS, OF THE COMMISSION'S
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on November 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 22nd day of November, 1954, the Commission, a quorum being present, having considered the records and the testimony adduced, and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the subject matter thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
- (2) That there is need for revision of the following Rules and Regulations of the Commission:
 - (a) Rule 502, Paragraph II - Relating to Monthly Tolerance.
 - (b) Rule 503, Paragraph (a) - Relating to the date of Commission hearings.

(c) Rule 505, Paragraph (g) - Oil Proration - Relating to the use of Form C-127 in place of Form C-115 in nominating wells.

(3) That there is need for a revision of Rule 1114 relating to the filing of Form C-115 - Operator's Monthly Report.

(4) That there is need for adoption of Rule 1126, Nomination Request and for adoption of a new Form C-127, for use as a nomination form.

IT IS THEREFORE ORDERED:

(1) That Rule 502, II, be, and the same is hereby amended to read as follows:

II. MONTHLY TOLERANCE:

No unit shall produce during any one proration period more than the allowable production of such unit for the proration period plus a tolerance of not to exceed 5 days allowable production. This permissive tolerance of overproduction from a unit shall be subject to all other provisions of Rule 502 and particularly to the provisions of Paragraph IV. This permissive tolerance of overproduction from a unit shall be adjusted or balanced by subsequent corresponding underproduction from the same unit. Overproduction within the permitted tolerance shall be considered as oil produced against the allowable production assigned to the unit for the proration period during which such overproduction is adjusted or balanced by underproduction.

(2) That Rule 503, (a) be, and the same hereby is amended to read as follows:

(a) The Commission shall meet between the 13th 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.

(3) That Rule 505 (g) be, and the same is hereby amended to read as follows:

(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 wells, other than those affected by gas-oil ratios, will be assigned on the basis of nominations submitted by the operator on Form C-127. 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.

(4) That Rule 1114, be and the same is hereby amended to read as follows:

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. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests.

The reports on this form shall be filed by the producer as follows: the original to the Oil Conservation Commission, Box 871, Santa Fe; one copy to the proration office at Box 2045, Hobbs; one copy to the district office in which district the lease is located; and one copy to each transporter involved.

Each report for each month shall be postmarked not later than the 24th day of the next succeeding month. Repeated failure of an operator to file this report in accordance with the provisions of this rule may result in cancellation of Form C-110 for the affected well or wells.

(5) That Rules 1126: Nomination Form C-127 be and the same hereby is adopted.

RULE 1126 - NOMINATION FORM C-127

One copy of Form C-127 shall be filed with the Oil Conservation Commission, Box 2045, Hobbs, New Mexico, not later than the 15th of the month preceding the month for which allowable changes are requested.

This form shall include only the wells for which allowable changes are desired.

(6) That Form C-127 - Nomination Form (a copy of which is attached hereto and made a part hereof) be and the same hereby is adopted.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary

