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CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**

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E. S. JOHNNY WALKER  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 871  
SANTA FE

August 28, 1962

Mr. C. J. Beaupre  
Socony Mobil Oil Company  
P. O. Box 2406  
Hobbs, New Mexico

Re: Case No. 2561  
Order No. R-2308  
Applicant:

OIL CONSERVATION COMMISSION

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC   x  

Artesia OCC   x  

Aztec OCC   x  

OTHER \_\_\_\_\_  
\_\_\_\_\_

NMOCC  
Rule 111  
Deviation tests and  
Directional Drilling  
Committee Report  
Case 2561

Prepared by:  
C. J. Beaupre

July 27, 1962

DEVIATIONAL TESTS AND DIRECTIONAL  
DRILLING COMMITTEE

Members

C. J. Beaupre (Chairman)  
Clark E. Storm  
J. E. Newkirk  
R. M. Anderson  
J. E. Willingham  
Merrill Wilson  
W. E. Bingman  
J. E. Robinson

Company

Mobil Oil Company  
Carper Drilling Company  
Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Great Western Drilling Company  
Shell Oil Company  
Texaco, Inc.

Participants

Johny Hampton  
W. R. Harrison  
J. G. Yope  
E. G. Hays  
A. E. Snyder  
A. J. Troop  
J. B. Peddy  
George R. Hoy

Great Western Drilling Company  
Mobil Oil Company  
Shell Oil Company  
Humble Oil & Refining Company  
Amerada Petroleum Corporation  
Amerada Petroleum Corporation  
Sperry-Sun Company  
Great Western Drilling Company

Commission Participants

Daniel S. Nutter  
Joe D. Ramey  
J. W. Runyan



## Mobil Oil Company

A Division of Socony Mobil Oil Company, Inc.

P. O. BOX 2406, HOBBS, NEW MEXICO

July 25, 1962

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

Gentlemen:

The following is a resume of the meetings of the Deviation Tests and Directional Drilling Committee which was formed by you, the Commission, for the specific reason of studying and recommending a clarification and revision of Commission Rule 111. The Commission designation is Case 2561. The following is the recommended revision to Rule 111 and has the unanimous support of all committee members. The recommended rule reads as follows:

### Rule 111. Deviation Tests and Directional Drilling

(a) Any well which is drilled or deepened with Rotary Tools shall be tested at reasonably frequent intervals not to exceed 500 feet or at the next subsequent bit change to determine the deviation from the vertical. A sworn notarized tabulation of all tests run shall be filed with Form C-105, Well Record. When such deviation averages more than five degrees in any 500 foot interval, the Commission may request that a directional survey be run to establish the location of the producing interval(s).

The Commission, at the request of an offset operator, may require any operator to make a directional survey of any well. Said directional survey and all associated costs shall be at the expense of the requesting party and shall be secured in advance by a \$5,000 bond indemnity posted with and approved by the Commission. The requesting party may designate the well survey company, and said survey shall be witnessed by the Commission.

(b) No well shall be intentionally deviated in a predetermined direction without special permission from the Commission. Permission to deviate toward the vertical to straighten an excessively deviated well bore as defined in (a) above; or to sidetrack junk in the hole in an indeterminate direction or toward the vertical; or to drill a relief well to control a blow-out shall be obtained from the appropriate District Office of the

Commission on Commission Form C-102 with copies of said Form C-102 being furnished to all offset operators. Permission to deviate a well in any other manner or for any other reason will be granted only after notice and hearing. Upon completion of any well that was deviated in a predetermined direction, except toward the vertical, a directional survey of the entire well bore must be run and filed with the Commission. In addition, all directional surveys run on any well that was intentionally deviated in any manner for any reason must be filed by the operator with the Commission upon completion of the well. Prior to the assignment of an allowable, operator shall submit a sworn notarized statement to the effect that all directional surveys run on the well have been filed.

The above recommendation is not a rigid, detailed, complicated rule, but does represent a reasonable yet complete rule which the prudent operator will have no difficulty in following. Also, the proposed rule may save both the Commission and the operator considerable money in the future and it is hoped that this rule will encourage rather than discourage continued drilling.

The following will present the findings of the committee and present the analysis of the important items which were discussed that pertain to hole deviation and directional drilling. The fine details of the meeting will not be listed for the simple reason that it would be too time consuming and will not add to the clarity of the findings; the meetings to date 7-19-62 required 24½ hours or approximately 251 man hours in the conference room and an indeterminate amount of time outside of the conference room. The first meeting was held in Hobbs, New Mexico, on May 18, 1962. The minutes of the Commission called hearing to amend Rule 111 (Case 2561) were read to the committee. The present Rule 111 was also read. Mr. D. S. Nutter stated the need for clarification of the rule and briefly described the hearings involved. Two proposed revisions were presented at this time; one by Mr. Nutter and Mr. Morris of the NMOCC, and one by Mr. E. G. Hays of Humble Oil & Refining Company. Most of the discussion that took place evolved around the following topics:

1. Bottom hole location with respect to surface location.
2. The 5° in any 500 ft. present yardstick.
3. Whether or not to include cable tools in the hole deviation rules.
4. The method of handling of controlled directional drilling - administratively or by notice and hearing.

The discussion that took place ended with no acceptable conclusions. The discussion and other data were to be continued at the next meeting. Also, it was agreed that a well deviational and directional survey expert would be present at the next meeting and that cable tool drilling companies would be contacted with regard to hole deviation and survey practices.

The second meeting was held in Midland, Texas on June 22, 1962. Prior to this, the members of the committee were furnished with copies of the hole deviation and directional drilling rules from 12 of the states in the United States which have rules pertaining to hole deviation. A copy of such is enclosed along with a tabulation of the various points covered in these rules. Surveying experts were consulted and information obtained from them indicated that cable tool drilled holes could be drilled as crooked as rotary drilled holes. Continued discussion pertaining to cable tool drilling resulted in the following conclusions:

1. That since the depth of cable tool drilling is limited, it is possible but improbable that cable tool rigs would "bottom the hole" off the proration unit.
2. That when deviation changes rapidly in a cable tool hole, the tools no longer work freely in the hole.
3. That generally cable tool drilling usually drifts down dip rather than up dip; rotary drilled holes usually drift up dip.

Several deviational and directional surveys were presented at this meeting. Most of these surveys showed that in Eastern New Mexico low deviational holes usually, but not always, tend to spiral while high deviational holes (over 4 or 5°) nearly always trend toward one direction. At this time three proposed rule amendments were presented by Texaco, Sinclair, and Mobil. Considerable discussion evolved around such items as bottom hole location with respect to surface location. In other words, should an operator who drills a well one foot from the proration unit boundary have the same allowable as an operator who bottoms his hole under the 330 ft. from lease line location. It appeared to be difficult to formulate a rule which would seemingly be a contradiction to Rule 104. Mr. D. S. Nutter stated that, in the past, as long as a random drilled well is bottomed within the proration unit boundaries the well would receive a full allowable.

The third meeting was held in Midland, Texas, on July 2, 1962. At this meeting the following was agreed upon concerning deviation tests:

1. That a practical minimum hole deviation be adopted; this is to be 5° for any 500 foot interval.
2. The Commission may require a directional survey if the deviation stated in "1" is exceeded.

3. Deviation tests should be taken at reasonably frequent intervals at least every 500 feet or the next subsequent bit change and these tests be filed with Form C-105 and made a part thereof.
4. That the first paragraph of Rule 111 (a) pertain to rotary tools.
5. That the Commission may require a directional and deviational survey of any well at the request of the offset operator; the cost and other expenses (including loss of production, pulling unit costs, etc.) of this survey would be borne by the requesting company, since it was agreed that the operator may either refuse or be unable to pay for the survey. It was not intended that these surveys be limited to rotary tools.

Since it was agreed by most of the committee members that rotary drilled wells with deviations less than 3° tend to spiral, it was proposed that the Commission use only the cumulative of drifts in excess of 3° deviation in determining whether or not a survey is necessary as in "2" above.

A motion was made and seconded to adopt Part (a) of the proposed Rule 111 by Mr. Clark E. Storm and Mr. R. M. Anderson, respectively. The proposed rule vote was unanimously accepted by all committee members present. Paragraph (b) of Rule 111 pertaining to intentional directional drilling appeared to be less controversial than paragraph (a). The committee members agreed on the following:

1. That the rule must contain a suitable emergency clause, one which would permit the operator to take action immediately in the event of emergency.
2. That other than for those reasons stated in the emergency clause, all planned directional drilling should require a hearing.
3. That a deviational and directional survey of the entire well bore, sworn and notarized, of any intentional directionally drilled holes (except those deviating toward the vertical) should be required by and filed with the Commission.
4. That all surveys run in an intentionally deviated hole, be filed with the Commission.

Considerable discussion evolved around whether the operator or the survey company would file the deviational and directional surveys. Mr. Joe D. Ramey of the Commission stated that the Commission does not have any jurisdiction over the survey company, while it does have jurisdiction over the operator. A motion was made by Mr. E. G. Hays to require that the directional survey companies file the required directional surveys. Mr. Clark E. Storm seconded this motion. This motion was defeated. A motion was made and seconded that the committee accept Rule 111 part (b) similar to the way it appears above by Mr. R. M. Anderson and Mr. J. E. Robinson, respectively. The meeting was then adjourned. Therefore, it was decided by vote that the operator file the surveys.

The last meeting of the committee was held at Santa Fe, New Mexico on July 19, 1962. This meeting was arranged so as to familiarize the commission members with the work of the committee and to determine if the Four Corners or other areas presented deviation problems different from those of Eastern New Mexico. Mr. J. M. Durette (Commission Legal Staff) suggested that the proposed "Rule 111 a" (second paragraph) contain a \$5,000 bond requirement. After a discussion, a motion was made and seconded by Mr. J. E. Willingham and Messrs. R. M. Anderson and J. E. Robinson, Jr., respectively, that the wording of the second paragraph of the proposed rule be reworded to include the posting of a bond by the party requesting a survey. The committee voted to accept this addition.

A motion to adopt the proposed Rule 111 as it appears in this letter was made and seconded by Mr. J. E. Willingham and Mr. W. E. Bingman, respectively. The vote by the committee to adopt the proposed rule to be presented to the August commission hearing was unanimously accepted.

It is sincerely hoped that the Commission will accept the proposed revision of Rule 111. The committee believes that it will be accepted by all operators and that it will not place any additional burdens on any operator or the Commission.

Yours very truly,

CJB/mc

Enclosures

C. J. Beaupre  
Chairman, Deviational Tests &  
Directional Drilling Committee

APPENDIX

Deviation Regulations

Illinois  
Montana  
Nebraska  
North Dakota  
Oklahoma  
Colorado  
Wyoming  
Alabama  
Arkansas  
Florida  
Louisiana  
Mississippi

Survey of 12 states.

- DEVIATION REGULATIONS -

Illinois (RULES AND REGULATIONS OF THE DEPARTMENT  
OF MINES AND MINERALS)

Rule II (G) -- Directional Drilling

"In controlled directional drilling when the intent is to direct the bottom of the well bore away from the vertical position, in addition to an application for a well permit the applicant shall furnish the Mining Board with the proposed direction of deviation and proposed horizontal distance between the bottom of the well bore and the surface location. If a permit is issued by the Mining Board, the permittee shall file with the Mining Board, within thirty (30) days after the completion of the well, a certified accurate and complete copy of the directional survey of said well. No person, company or organization shall direct, or assist in directing, any well bore away from the vertical position until the Mining Board has issued a permit for such directional drilling."

Montana (GENERAL RULES AND REGULATIONS OF THE OIL  
AND GAS CONSERVATION COMMISSION)

Rule 213 -- Deviation

"Unless otherwise ordered by the Commission upon hearing, all wells shall be so drilled that the horizontal distance between the bottom of the hole and the location of the top of the hole shall be at all times at a practical minimum.

"Before beginning controlled directional drilling, other than whipstocking due to hole conditions, when the intent is to direct the bottom of the hole away from the vertical, notice of intention on Form No. 2 to do so shall be filed with the Commission and approval obtained. Such notice shall state clearly the depth, exact surface location of the well bore, proposed direction of deviation, and proposed horizontal distance between the bottom of the hole and the surface location. If approval is obtained, the owner shall file with the Commission, within thirty (30) days after the completion of the work, an accurate and complete copy of the survey made."

Nebraska (RULES AND REGULATIONS OF THE NEBRASKA OIL  
AND GAS CONSERVATION COMMISSION)

Rule 314 -- Directional Drilling

"When the intent is to direct the bottom of the hole away from vertical, other than whipstocking necessitated by hole conditions, and the spacing pattern is not altered thereby, notice of intention to do so shall be filed with the Director and approval obtained before beginning controlled directional drilling operations. Such notice shall state clearly the depth, exact surface location of the well bore, proposed direction deviation and proposed horizontal distance between the proposed bottom of the hole and the surface location. If approval is obtained the owner shall file with the Commission, within thirty (30) days after the completion of the work, an accurate and complete copy of the directional survey made."

North  
Dakota (GENERAL RULES AND REGULATIONS OF  
THE INDUSTRIAL COMMISSION)

Rule 111 -- Deviation Tests

"When any well is drilled or deepened, tests to determine the deviation from the vertical shall be taken. When the deviation from the vertical averages more than 4 degrees, the State Geologist may require that the hole be straightened. Directional surveys may be required by the Commission, whenever, in its judgment, the location of the bottom of the well is in doubt.

"A deviational and directional survey shall be made and filed with the State Geologist on any well utilizing a whipstock or any method of deviating the well bore in a pre-determined direction except to sidetrack junk in the hole, straighten a crooked hole or to control a blow-out. Special permits may be obtained to drill directionally in a pre-determined direction as provided above, only after a hearing before the Commission."

Oklahoma (GENERAL RULES AND REGULATIONS OF THE  
CORPORATION COMMISSION OF OKLAHOMA)

Rule 210 -- Deviation from the Vertical

"Unless otherwise ordered by the Commission upon hearing,

all wells shall be drilled in a manner so that the horizontal distance between the bottom of the hole and the location at the top of the hole shall be at all times at a minimum, except as provided in Rule 209."

\* \* \*

#### Rule 209 -- Controlled Directional Drilling

"(a) Controlled Directional Drilling shall mean intentional drilling of a well in a predetermined direction, so as to intentionally deviate said well from vertical; provided, however, the setting of a whipstock, or other tools, during the drilling operation, for the purpose of drilling by an obstruction in the hole or to deviate the hole toward a vertical direction shall not be construed to be Controlled Directional Drilling for the administration of these rules.

"(b) Any well may be controlled directionally drilled provided the operator desiring to carry on such controlled directional drilling, files with the Commission before, or not later than ten (10) days after such drilling operation has commenced, an application in triplicate to determine the allowable production factor for such well.

"(c) Such application shall contain the following:

1. The name of the operator;
2. The lease name, and well number;
3. The legal description, and the exact surface location of the well;
4. The depth at which whipstocks are set, or to be set;
5. The name and approximate depth of producing formation, or formations;
6. The proposed direction of deviation;
7. The estimated horizontal distance between surface location and bottom of hole;
8. Additional information deemed necessary in such application.

"(d) Accompanying each copy of such application, the applicant shall file a plat drawn to scale, showing the surface location of the well and the anticipated location of the bottom of the hole. A copy of such application and attached plat shall be

delivered, or mailed, to operators of offset leases at the time such application is filed with the Corporation Commission. The applicant, or his attorney, shall make affidavit that he has delivered, or mailed, copy of such application with attached plat.

"(e) The Corporation Commission, after notice and hearing, will enter an order setting forth the allowable production factor to be used in computing the allowable for such well that has been controlled directionally drilled.

"(f) Well survey shall be made of each well drilled under the provisions of this order, and shall furnish the Corporation Commission and offset operators, not later than thirty (30) days after the completion of said well, a certified, accurate and complete copy of such survey.

"(g) No allowable will be assigned any well drilled under the provisions of this order until the Corporation Commission has determined the production allowable factor for such well after notice and hearing.

"(h) Provided that this rule shall not apply where directional drilling has been authorized by special field rules."

Colorado (RULES AND REGULATIONS OF THE OIL AND GAS  
CONSERVATION COMMISSION)

Rule 318 -- Directional Drilling

"Before beginning controlled directional drilling, other than whipstocking due to hole conditions, when the intent is to direct the bottom of the hole away from the vertical, notice of intention to do so shall be filed with the Director and approval obtained. Such notice shall state clearly the depth, exact surface location of the well bore, proposed direction of deviation, and proposed horizontal distance between the bottom of the hole and surface location. If approval is obtained, the owner shall file with the Commission, within thirty (30) days after the completion of the work, an accurate and complete copy of the survey made."

Wyoming (RULES AND REGULATIONS OF THE OIL  
AND GAS CONSERVATION COMMISSION)

Rule 318 -- Directional Drilling

Same as Colorado, cited above.

*Alabama*

**RULE B-16. DRILLING FLUID.** At the time of drilling any well, the operator shall continuously maintain in the hole, from top to bottom, good drilling fluid of sufficient weight to control pressures which may be normally encountered, and shall test the blow-out preventer on said well at 24-hour intervals, or less.

**RULE B-17. WELL HEAD FITTINGS.** Christmas tree fittings or well head connections shall have a working pressure in keeping with the pressure expected to be encountered.

**RULE B-18. DAYLIGHT HOURS.** All drill stem tests shall be completed in the daylight hours before sunset. No well shall be brought into production except during daylight hours.

**RULE B-19. CLEANING WELLS.** All wells shall be cleaned into a depth not less than one hundred (100) feet from the derrick floor and shall be maintained (100 feet from any fire hazard).

**RULE B-20. BOILER OR LIGHT PLANT.** No boiler or electric light generator shall be placed or remain nearer than one hundred (100) feet to any producing well or oil tank.

**RULE B-21. RUBBISH OR DEBRIS.** Any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least one hundred fifty (150) feet from the vicinity of wells, tanks and pump stations. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard or polluting streams and rough water strata.

**RULE B-22. TUBING.** All flowing wells shall be produced through tubing not larger than 2 1/2 inches in diameter and shall be equipped with a master valve.

**RULE B-23. CHOKES.** All flowing wells shall be equipped with adequate chokes, or beams, to properly control the flow thereof.

**RULE B-24. SEPARATORS.** All flowing oil wells must be produced through an approved oil and gas separator.

**RULE B-25. USE OF EARTHEN RESERVOIRS.** Oil shall not be stored or retained in earthen reservoirs or open receptacles.

**RULE B-26. DEVIATION TESTS.** All wells must be drilled with

due diligence to maintain a reasonably vertical well bore. The Board shall have the right to make or to require the operator to make a directional survey of the hole, at the request of an offset operator and at the expense of said offset operator prior to the completion of the well.

**RULE B-27. NOTIFICATION OF FIRE, BREAKS, LEAKS OR BLOW-OUTS.** All drillers, owners, operators and individuals having control of the operation of any oil and gas wells or pipe lines, or receiving tanks, storage tanks or receiving and storage receptacles into which crude oil is produced, received or stored, or through which oil is piped or transported, shall immediately notify the Board by letter giving full details concerning all fires which occur at oil or gas wells, or tanks or receptacles owned, operated or controlled by them or on their property, and all such persons shall immediately report all tanks or receptacles struck by lightning and any other fire which destroys oil or gas, and shall immediately report any breaks or leaks in or from tanks, or other receptacles and pipe lines from which oil or gas is escaping or has escaped. In all such reports of fire, breaks, leaks, or escapes, or other accidents of this nature, the location of the well, tanks, receptacle, or line break shall be given by county, section, township and range or other political subdivision, and property ownership and the exact location thereof can be readily located on the ground. Such report shall likewise specify what steps have been taken or are in progress to remedy the situation reported and shall detail the quantity estimated, if no accurate measurement can be obtained, in which case the report shall show that the same is an estimate) of oil or gas lost, destroyed, or permitted to escape. In case any tank or receptacle is permitted to run over, the escape thus occurring shall be reported as in the case of a leak. The report hereby required as to oil losses shall be necessary only in the case such oil loss exceeds twenty-five (25) barrels in the aggregate.

**RULE B-28. DETERMINING AND NAMING COMMON SOURCES OF SUPPLY.** Wells shall be classified as to the common sources of supply from which they produce and common sources of supply shall be determined and named by the Board, provided that in the event any person is dissatisfied with any such classification or determination, an application may be made to the Board for such classification or determination deemed proper and the Board will hear and determine the same. In naming the common sources of supply, reference shall be given to common usage and geographic names. Separators

distance of at least one hundred fifty (150) feet from the vicinity of wells, tanks and pump stations. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard or polluting streams and fresh water strata.

**RULE B-23 TUBING**

All wells shall be equipped with, and produced through, tubing of not more than two and a half (2½) inches in diameter. Bottom of tubing on flowing wells shall not be higher than top of producing sand. If tubing is perforated, the perforations shall not extend above the top of the sand. Tubing shall be free from obstructions, and have orange peel weld or bar on bottom.

**RULE B-24 CHOKES**

All wells shall be equipped with adequate chokes, or beans, to properly control the flow thereof.

**RULE B-25 SEPARATORS**

All flowing wells must be produced through an approved oil and gas separator.

**RULE B-26 FIRE WALLS**

All permanent oil tanks, or battery of tanks, must be surrounded by a dyke or fire wall with a capacity of one and one-half (1½) times that of the tanks or battery of tanks.

**RULE B-27 SALT WATER**

All wells producing two per cent (2%) or more salt water in the controlled fields must be reported monthly by their owner or operator to the Commission on "Well Status Report and Gas Oil Ratio."

**RULE B-28 EMULSION, B. S., AND WASTE OIL**

Wells producing oil shall be operated in such manner as will reduce as much as practicable the formation of emulsion and B. S. These substances and waste oil shall not be allowed to pollute streams or cause surface damage.

**RULE B-29 CASING TESTS**

The operator shall notify the Commission, before completing any well, that a test of each string of casing has been made in accordance with the provisions of the special rules governing the field or area in which the well was drilled.

**RULE B-30 DEVIATION TESTS**

The maximum point at which a well penetrates the producing formation shall not unreasonably vary from the vertical drawn from the center of hole at the surface. Deviations in excess of the following shall be deemed to be unreasonable: more than 3 degrees from the vertical drawn from the center of the hole at the surface.

The Commission shall have the right to make, or to require the operator to make a directional survey of the hole, at the request of an offset operator, prior to the completion of the well; and the Commission shall have the right to make or to require the operator to make a directional survey of the hole at any time, and at the expense of the operator, in order to ascertain that the well has not deviated beyond the boundaries of property on which the well is located.

**RULE B-31 REPORT OF RESULT OF SHOOTING, PERFORATING OR TREATING OF WELL.**

A. All companies that perform any special function (usually referred to as service companies) during the drilling and completion operations of an oil or gas well for the operator, his agent or representative, he and shall be required to file (with the El Dorado office of the Arkansas Oil and Gas Commission) a legible and acceptable copy of all reports furnished to the operator of said well. All such reports shall be filed within 10 days after the work performed by the service company has been completed.

B. That all service company reports should commence to be filed on and after 15 February 1956 and continue to be filed unless a waiver in writing is specifically granted by the Arkansas Oil and Gas Commission.

*(Amended)  
1-1-61*

*Florida*

which shall be properly cemented at a sufficient depth adequately to protect the oil-bearing stratum. Cement shall be allowed to stand at least a total of 24 hours before drilling plug. Gas-producing wells shall be cased in a similar manner.

**Rule B-11—Blow-Out Prevention**

In drilling in areas where high pressures are likely to exist, all proper and necessary precautions shall be taken for keeping the well under control, including the use of blow-out preventers and high pressure fittings attached to properly anchored and cemented casing strings.

**Rule B-15—Drilling Fluid**

At the time of drilling any well, the operator shall continuously maintain in the hole, from top to bottom, good drilling fluid of sufficient weight to control pressures which may be encountered, and shall test the blow-out preventer on said well at 24-hour intervals or less.

**Rule B-16—Well Head Fittings**

Christmas tree fittings or well head connections shall have a working pressure or a test pressure in keeping with the expected depth of the well.

**Rule B-17—Daylight Hours**

All swabbing, bailing operations, or drill stem tests shall be completed in the daylight hours before sunset. No well shall be brought into production except during daylight hours.

**Rule B-18—Cleaning Wells**

All wells shall be cleaned into a pit not less than one hundred fifty (150) feet from the derrick floor and one hundred fifty (150) feet from any fire hazard.

**Rule B-19—Boiler or Light Plant**

No boiler or electric light generator shall be placed or remain nearer than one hundred (100) feet to any producing well or oil tank.

**Rule B-20—Rubbish or Debris**

Any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least one hundred fifty (150) feet from the vicinity of wells, tanks and pump stations. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard or polluting streams and fresh water strata.

**Rule B-21—Tubing**

All wells shall be equipped with and produced through tubing.

**Rule B-22—Chokes**

All wells shall be equipped with adequate chokes, or beans, to properly control the flow thereof.

**Rule B-23—Separators**

All flowing oil wells must be produced through an approved oil and gas separator.

**Rule B-24—Fire Walls**

All permanent oil tanks, or battery of tanks, must be surrounded by a dyke or fire wall with a capacity of one and one-half (1½) times that of the tanks, or battery of tanks.

**Rule B-25—Emulsion, B.S., and Waste Oil**

Wells producing oil shall be operated in such manner as will reduce as much as practicable the formation of emulsion and B.S. These substances and waste oil shall not be allowed to pollute streams or cause surface damage.

**Rule B-26—Casing Tests**

The operator shall test each string of casing, in accordance with the provisions of the rules governing the field or area in which the well was drilled, and report same on form to be supplied by the Board.

**Rule B-27—Deviation Tests**

All wells must be drilled with due diligence to maintain a reasonably vertical well bore. The Board shall have the right to make or to require the operator to make a directional survey of the hole, at the request of an off-set operator and at the expense of said off-set operator prior to the completion of the well; and the Board shall have the right to make or to require the operator to make a directional survey of the hole at any time, and at the expense of the operator, in order to ascertain that the well has not deviated beyond the boundaries of property on which well is located.

**Rule B-28—Notification of Fire, Breaks, Leaks or Blow-Outs**

All drillers, owners, operators and individuals having an interest in any oil and gas wells or pipe lines, or receiving tanks, storage tanks, or receiving and storage receptacles into which crude oil is produced, received or stored, or through which oil is piped or transported, shall immediately notify the Board by letter giving full details concerning all

**(STATEWIDE OPERATING RULES—Cont'd.)****SECTION XV.—PRODUCTION AND DISPOSAL OF SALT WATER:**

When a well starts producing salt water, the operator or company shall report that condition to the Department. Permits must be secured before disposing of salt water underground.

**SECTION XVI.—DEFICIENT WELLS:**

In the event a well does not have the capacity to produce its total allowable, then it shall produce such amount of oil and gas less than its allowable that it is able to produce, and the deficiency of such well shall not be made up by the overproduction of any other well.

**SECTION XVII.—MONTHLY REPORTS:**

The producing, transporting, storing and/or refining of oil shall be reported in accordance with Order No. 25, or as it may be amended, or superseded. The length of time reports and other pertinent data, as defined by Section 16 of Act 157 of the Regular Legislative Session of 1940, shall be kept on file by operators and companies in their offices, and available for inspection by any Agent of the Department of Conservation, shall in no case be less than a period of three (3) years.

**SECTION XVIII.—DIRECTIONAL DRILLING AND WELL SURVEYS:**

No well shall be drilled in the State of Louisiana in which the well bore shall deviate laterally at any point a distance greater than that determined by a three (3) degree angle from a vertical line passing through the center of the surface location of the well bore; provided, however, that in the event the operator desires to whipstock or intentionally deflect said hole more than said three degrees from vertical, except to straighten the hole or to side-track junk in the hole or other mechanical difficulties, then and in that event, said operator shall first obtain a special permit from the District Manager to so deflect said hole and shall furnish the Department a copy of the survey of said hole when the drilling has been completed and before the casing has been set if an objection has been filed. Nothing in these rules shall be construed to permit the drilling of any well in such a manner that it crosses property lines. The Department shall have the right to make or to require the operator to make a directional survey of any hole, on its own initiative or at the request of an offset operator, and at the expense of said offset operator, prior to the completion of the well; and it shall have the authority to make or to require the operator to make, a directional survey of any hole at any time, and at the expense of the offending party, i.e., if the operator contends his hole is in a certain condition and it is found so to be, then party requesting survey should pay. In cases of directional drilling, the Department shall assess appropriate allowable penalties to prevent undue drainage from the offset properties. All new wells that have surface locations 300 feet or less from any property or unit line and that reach a depth of 4,000 feet or more shall, beginning with the effective date of this order have directional surveys made to the total depth of the hole before setting final string of casing. Three certified copies of such directional surveys shall be filed with the District Manager by the well owner or by the service company which made the survey.

**SECTION XIX.—ABANDONMENT AND CASING PULLING:**

A. All wells which are to be abandoned shall be filled with a mud-fluid of sufficient weight to offset the hydrostatic pressure of any of the formations penetrated. Substantial cement plugs must be efficiently placed in sufficient number and at proper locations as to prevent the commingling of oil, gas, salt water and fresh water from one formation to another (mud is not permanently efficient for this purpose). Before the work of abandonment is begun, a permit must be secured and a detailed plan of abandonment must be submitted to the District Manager for approval or modification to meet the local and specific needs. Any drilling well which is to be temporarily abandoned and the rig moved away, shall be

mudded and cemented as it would for permanent abandonment, except a cement plug at the surface may be omitted.

B. The District Manager or his representative will inspect the work of abandonment as it progresses, check the location and quality of plugs, check the amount of casing pulled, check the demonstration of movement, if any, of oil, gas or water, and finally submit to his superiors a complete report on the work.

C. The plan of abandonment may be altered after the work has started, provided new or unforeseen conditions arise but only after approval by the District Manager.

D. For wells that have produced, the production formation shall, where practicable, be protected by cement plug extending from well below the bottom to well above the top of the reservoir and the cement shall be made to bond with the walls of the hole where possible.

E. All cement plugs shall be placed by the displacement method unless exception is granted by the Department.

F. The Commissioner or his Agent may require the posting of a reasonable bond with good and sufficient surety in order to secure the performance of the work of proper abandonment.

G. The District Manager shall be immediately notified by the vendor whenever change of title occurs as to lease, well or equipment appertaining thereto.

**SECTION XX.—EXCEPTION AND HEARINGS:**

If any operator can show to the Commissioner that the drilling and producing methods herein prescribed or the particular method by him prescribed for securing tests of wells, or any other part of this order, as applies to his well or wells, result in waste, or as to such operator are unreasonable, the Commissioner may enter such an order, as a special exception to the aforesaid rules and regulations, as will prevent such waste or eliminate such unreasonable restraint, as may result from the application of the aforesaid rules and regulations to the well or wells of such operators; provided, however, that before any operator shall be allowed the benefit of an order granting an exception as authorized by this Section, such operator must establish that such exception, if granted, will not result in waste in the field as a whole or give him an inequitable and unfair advantage over another operator or other operators in the field. No special exception will be granted except upon written application, fully stating the alleged facts, which shall be the subject of a hearing to be held not earlier than ten (10) days after filing of the application. Prior to the hearing upon such application, at least ten (10) days notice thereof shall be given by publication to all operators in the field. In addition to said notice by publication, adjacent operators where appropriate may be given at least ten (10) days notice of said hearing by personal service, or by Registered Mail.

**SECTION XXI.—APPLICATION OF SPECIAL FIELD ORDERS:**

This order shall be cumulative of, and in addition to, all special orders, rules and regulations affecting the drilling and production of oil and gas, as heretofore promulgated. In case of any conflict between this order and the special orders on specific fields, said special orders on specific fields shall govern.

**SECTION XXII.—PENALTY FOR INFRACTIONS:**

In accordance with the laws of the State of Louisiana, and especially Act 157 of the Legislature of 1940, any infraction of these rules and regulations may result in shutting in and sealing of any drilling or producing well or wells, tank storage or lease or leases, involved in the infraction, and prohibition of acceptance of oil or gas from such well or lease for purchasing or transporting by agency, or, in the alternative, as an additional penalty, be prosecuted under Section 17 of Act 157 of 1940.

**SECTION XXIII.—EFFECTIVE DATE:**

This order shall be effective from and after the 1st day of August, 1943.

string by two-tenths (.2) with the maximum test pressure required, unless otherwise ordered by the Board, not to exceed fifteen hundred (1500) pounds per square inch.

If at the end of thirty minutes the pressure gauge shows a drop of ten per cent (10%) of the test pressure or more, such corrective measures must be taken as will insure that the producing string of casing is so set and cemented that it will hold the pressure for thirty minutes without a drop of more than ten percent of the test pressure on the gauge.

The Board may, at its discretion, require that the operator give sufficient notice prior to conducting casing tests so that a Board representative may be present at such time as either the surface or producing casing is tested in any well.

**RULE 13 Blowout Preventers**

In drilling areas where high pressures are likely to exist and on all wildcat wells, all proper and necessary precautions shall be taken for keeping the well under control, including the use of blowout preventers and high pressure fittings attached to properly anchored and cemented casing strings.

✓ **RULE 14 Deviation of Hole and Directional Survey**

(a) Each operator shall file on Form No. 3 a record of all deviation tests taken.

(b) No well shall cross drilling unit lines unless permit is obtained from the Board after notice and hearing.

(c) Intentional deviations of short distances necessary to straighten the hole, sidetrack, junk, or correct other mechanical difficulties may be accomplished without the issuance of a permit, but the operator shall immediately notify the Board by letter or telegram of the fact thereof.

(d) Except as set forth in paragraphs (d) and (e) hereof, no well may be directionally deviated from its normal course unless authorization so to do is first obtained from the Board after notice and hearing.

(e) In the event an operator in good faith commences and proceeds with the drilling of a straight well and thereafter, for reasons acceptable to the operator, desires to directionally deviate the well, he may do so at his own risk, first notifying the Board by letter or telegram of the fact thereof. On completion of such well as a producer, the operator must immediately apply for a permit from the Board on notice and hearing for approval of such intentional deviation. Pending such approval or disapproval, the Board may assign a temporary allowable only to such well.

(f) In cases of directionally deviated drilling the Board shall have the right to assess appropriate allowable penalties to prevent undue drainage from offset properties and to adjust possible inequities caused by the directional drilling.

(g) When a well is directionally deviated from its normal course for any reason, a complete angular deviation and directional survey of the finished hole shall be made at the expense of the operator and a certified copy of such survey shall be filed with the Board within 30 days.

(h) The Board shall have the right to make or to require any operator to make a directional survey of any hole at such operator's expense. The Board shall also have the right to require an operator to make a directional survey of any hole at the request of an offset operator, if, in the Board's opinion, such is necessary, but at the expense and risk of said offset operator unless it is found that such well is completed at a point outside the operator's drilling unit.

(i) All producible wells drilled from the effective date of this order which are located 300 ft. or less from any drilling unit line and that reach a depth of 4,000 feet or more shall have directional surveys made to the total depth of the hole before setting the final string of casing. A certified copy of such directional surveys shall be filed with the Board by the operator within 30 days.

**RULE 15 Multiple and Dual Completions**

No well shall be permitted to produce either oil or gas from different pools through the same string of casing and no well shall be completed with the casing open to one pool and the tubing open to another, unless a permit is obtained from the Board after notice and hearing.

**RULE 16 Fire Hazards**

(a) Anything that might constitute a fire hazard and which is used, or useful, in the operation of the well, tanks, separator or other equipment shall be removed to a distance of at least 100 feet from the well location, tanks and separators. All heaters, boilers and other fired vessels shall be located at least 100 feet from all vessels handling or storing crude oil.

(b) All open hole drill stem tests shall be completed in the daylight hours before sunset. No well shall be swabbed into production except during daylight hours, except in known low pressure areas.

(c) Oil shall not be stored in earthen reservoirs or in open receptacles.

SURVEY OF 12 STATES \*

<u>Natural Hole deviation</u>	<u>Percent</u>
1. Require no special rules. - - - - -	25
2. Require practical minimum hole deviation (none stated) - -	33
3. Require reported deviation tests - - - - -	17
4. Require minimum reasonable deviation from vertical not to exceed 3° - - - - -	17
5. May require straightening of hole if deviation exceeds 4° - - - - -	8
6. Commission may require survey when bottom of hole location is in doubt - - - - -	8
7. Require survey (if demanded by offset operator)	
Paid for by offset operator - - - - -	33
Paid for by operator - - - - -	17
Paid for by offender - - - - -	17

Controlled Directional Drilling

1. Requires application and approval - - - - -	50
2. Require hearing - - - - -	25
3. Require depth and exact surface location - - - - -	42
4. Require direction of deviation and distance bottom hole - surface - - - - -	50
5. Require directional survey upon completion - - - - -	66
6. Require no special rules for deviating well due to hole conditions (other than notification in some states) - - - - -	58
7. Commission will assess appropriate allowable penalties - -	25
8. Proceed at own risk with hearing later - - - - -	8
9. Require or state other details - - - - -	17
10. No special rules - - - - -	8

\* -- Illinois, Montana, Nebraska, North Dakota, Oklahoma, Colorado  
Wyoming, Alabama, Arkansas, Florida, Louisiana, Mississippi

**CLASS OF SERVICE**  
This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

**SYMBOLS**  
DL=Day Letter  
NL=Night Letter  
LT=International Letter Telegram

1220  
R-4-60

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

...LA113 DC196

D MDA130 LONG PD=FAX MIDLAND TEX 21 158P CST=  
A L PORTER JR, NEW MEXICO OIL CONSERVATION COMM=  
PO BOX 871 SANTA FE NMEX=

REFERENCE IS MADE TO THE INDUSTRY COMMITTEE APPOINTED BY THE COMMISSION TO STUDY THE PROPOSED CLARIFICATION AND REVISION OF RULE 111. TEXACO WAS UNABLE TO HAVE PERSONAL REPRESENTATION AT THE MAY 15TH STATE-WIDE HEARING HOWEVER WE CONCURRED BY LETTER WITH THE PROPOSED CHANGES RECOMMENDED BY THE COMMISSION. DURING 1961 TEXACO DRILLED 64 WELLS IN THE STATE OF NEW MEXICO AND AT THE PRESENT TIME WE ARE CONTINUING AN ACTIVE DRILLING PROGRAM IN THE STATE. TEXACO IS THEREFORE VITALLY INTERESTED IN THE FORMULATION OF RULES AND REGULATIONS GOVERNING THE DRILLING AND PRODUCTION OF OIL WELLS IN THE STATE OF NEW MEXICO. TEXACO RESPECTFULLY REQUESTS THAT IT BE APPOINTED AS A MEMBER OF THE ABOVE MENTIONED COMMITTEE IN ORDER THAT WE MAY PARTICIPATE IN THE REMAINING WORK SESSIONS=

B L FRANCIS ASSISTANT DIVISION MANAGER==

=111 15TH 1961 64 ...

1962 JUN 21 PM 1 38

MAIN OFFICE 000

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

1201 (4-60)

1962 AUG 14 PM 8 58

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA171 SSJ269

L RWA103 PD=ROSWELL NMEX 14 315P MST=

OIL CONSERVATION COMMISSION=

STATE OF NMEX PO BOX 871 SANTA FE NMEX=

ATTN MR A L PORTER JR

REFERENCE CASE NO 2561 SCHEDULED FOR HEARING  
ON AUGUST 15 1962, GULF OIL CORPORATION CONCURS WITH  
THE PROPOSED REVISION OF RULE 111=

GULF OIL CORP W A SHELLSHEAR...

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

TEXACO  
INC.

PETROLEUM PRODUCTS

17

DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION



P. O. BOX 8109  
MIDLAND, TEXAS

B. L. FRANCIS, ASSISTANT DIVISION MANAGER

August 7, 1962

*File*

CASE 2561  
~~PROPOSED REVISION OF RULE 111~~

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Texaco Inc. is appreciative of the Commission's action in honoring our request that we be appointed to the Industry Committee to consider revising Rule 111. The Commission is to be congratulated in your method of selecting industry committees to study and present recommendations for revision of certain regulations of the New Mexico Oil Conservation Commission. By permitting various members of the industry an opportunity to express their opinions and recommendations in an informal manner, we believe that a rule or policy can be made that will be equitable for all concerned parties.

Texaco Inc. believes that the proposed rule that has been presented by the Industry Committee is equitable for all operators in the State of New Mexico. The proposed rule adds clarity to the intention of the previous rule and will encourage additional drilling in the State of New Mexico.

Attached is a statement that we wish to be entered in Case No. 2561.

*note* →

Yours very truly,

*B. L. Francis*  
B. L. Francis

JER/kg  
Attach.



# SINCLAIR OIL & GAS COMPANY

P.O. BOX 1470 12

MIDLAND, TEXAS

MUtual 3-2761

R. L. ELSTON  
VICE PRES. & DIVISION MANAGER

June 4, 1962

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

Attention: Mr. A. L. Porter, Jr.  
Secretary-Director

Gentlemen:

By letter dated May 23, 1962, you advised that Sinclair Oil & Gas Company had been designated to serve on an industry committee to make a further study of the matters of deviation tests and whipstocking.

We are pleased to serve on this committee and designate Mr. R. M. Anderson as our representative. Mr. Anderson's address is Post Office Box 1470, Midland, Texas.

Yours very truly,

R. L. Elston

RLE:REP:esa

# HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

MIDLAND AREA

PRODUCTION DEPARTMENT

R. R. MCCARTY  
MANAGER

H. L. HENSLEY  
J. M. SHEPHERD  
OPERATIONS SUPERINTENDENTS

H. E. MEADOWS  
ENGINEERING COORDINATOR

June 1, 1962

POST OFFICE BOX 1600

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

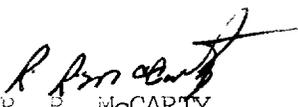
Attention: Mr. A. L. Porter, Jr., Secretary-Director

Dear Sir:

In reply to your letter of May 23, 1962, requesting that Humble be represented on an Industry Committee to study and make recommendations for rules relating to deviation tests and whipstocking, we wish to advise that Humble will serve on this committee and that Mr. J. E. Willingham, Box 1600, Midland, Texas, will be Humble's representative. Notice of committee meetings should be directed to Mr. Willingham.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

  
R. R. McCARTY

JWG/rs

cc: Mr. Daniel S. Nutter, Santa Fe, N. M.  
Mr. Joe D. Ramey, Hobbs, N. M.  
Mr. J. E. Willingham, Midland



# SHELL OIL COMPANY

PETROLEUM BUILDING

P. O. BOX 1509

MIDLAND, TEXAS

May 31, 1962

MAIL OFFICE 000

1962 JUN 22 AM 8:36

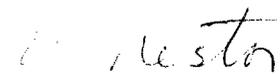
Mr. A. L. Porter, Jr.  
Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

We refer to your letter of May 23, announcing the formation of an industry committee to study the problem of deviation tests and whipstocking.

Shell Oil Company will be pleased to serve on this committee, with Mr. W. E. Bingman designated as our representative. Please have any information directed to Mr. Bingman through Shell Oil Company, Box 1509, Midland, Texas.

Yours very truly,

  
E. W. Nestor

EWN:RJ

1962 JUN 2 AM 11:13



R. C. TUCKER, PRES.

May 30, 1962

PHONE MU 2-5241  
ADDRESS REPLY TO:  
BOX 1659  
MIDLAND, TEXAS

Mr. A. L. Porter, Jr., Secretary-Director  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

We have received your letter of May 23, 1962, designating Great Western Drilling Company as a member of an industry committee to study the matter of rules concerning deviation tests and whipstocking in New Mexico.

Great Western gladly accepts this assignment and the writer will serve on the committee. If you will, please advise me as to the date or dates and place that the committee will meet.

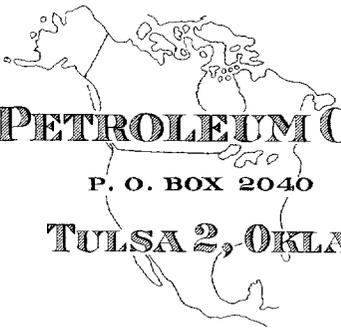
Yours very truly,

GREAT WESTERN DRILLING COMPANY

M. B. Wilson  
Vice President - Production

MBW:ect





AMERADA PETROLEUM CORPORATION

P. O. BOX 2040

TULSA 2, OKLA.

PRODUCTION DEPARTMENT  
JAMES E. LOW  
GENERAL SUPERINTENDENT

May 29, 1962

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

This is to advise that Amerada Petroleum Corporation will be glad to serve on the industrial committee to make a further study of deviation tests and whipstocking (Case 2561) and to present recommendations to the Commission at the hearing to be held on August 15, 1962.

Amerada's representative on this committee will be Mr. J. E. Newkirk, P. O. Box 312, Midland, Texas.

Very truly yours,



BWW:mk

c.c. - Mr. J. E. Newkirk  
Mr. R. S. Christie  
Mr. H. A. Nedom

# CARPER

# DRILLING COMPANY, INC.

O I L P R O D U C T I O N A N D D R I L L I N G

STANLEY CARPER, PRESIDENT  
MARSHALL ROWLEY, EXEC. VICE-PRES. & TREAS.  
GLENN A. CASKEY, SECRETARY

ARTESIA, NEW MEXICO  
CARPER BUILDING  
SHERWOOD 6-2783

May 25, 1962

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

Attention: Mr. A. L. Porter  
Secretary-Director

Gentlemen:

We are pleased to have been selected as one of the  
companies to make a further study of Case 2561.

We hereby designate Mr. Clark E. Storm, Production  
Superintendent, as the person to represent us on the Industry Committee.

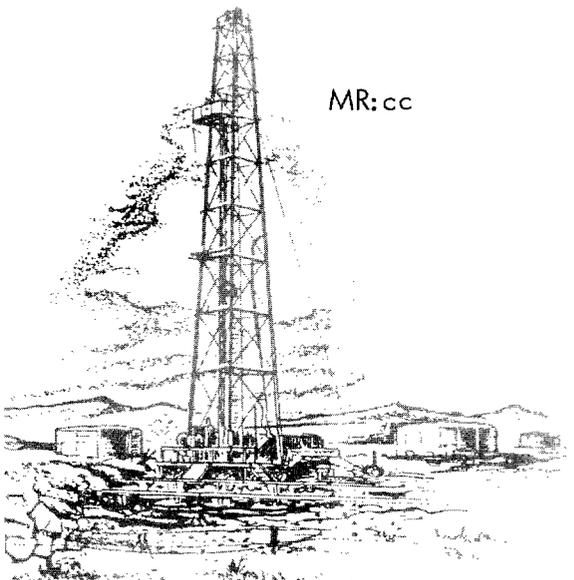
Yours very truly,

CARPER DRILLING COMPANY, INC.



Marshall Rowley

MR:cc



# PAN AMERICAN PETROLEUM CORPORATION

DEPT. OF OIL AND GAS BUILDING P. O. BOX 1410

FORT WORTH 1, TEXAS

*Case 2561*

KENNETH J. BARR  
DIVISION ENGINEER

1962 MAY 24 AM 11 27

May 11, 1962

File: GHF-211-986.510.1

Subject: Amendment of Statewide Rule 111  
Case 2561

Mr. A. L. Porter, Jr.  
Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

Reference is to Case 2561 on the regular hearing docket for May 16, 1962, which is on the application of the Commission to amend Statewide Rule 111. This is to advise that Pan American Petroleum Corporation concurs in the Commission's proposed amendment of Statewide Rule 111.

Yours very truly,

*Kenneth J. Barr*

*Rechecked  
Mailed  
8-2/62  
[Signature]*

STATEMENT OF TEXACO INC. FOR CASE 2561

Texaco Inc. supports the proposed revision of Rule 111 as presented by the Commission appointed Industry Committee. We believe the proposed rule is equitable for all operators and will promote rather than hinder additional drilling within the State of New Mexico.

8/7/62  
JER/kg

OIL CONSERVATION COMMISSION.

P. O. BOX 871

SANTA FE, NEW MEXICO

*File 151*  
*[Signature]*

June 21, 1962

Mr. B. L. Francis  
Assistant Division Manager  
Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Dear Sir:

Complying with your request by telegram of this date, the Commission is hereby appointing Texaco Inc as a member of the Industry Committee which has been appointed to make a study of deviation tests and whipstocking.

The next meeting of the Committee will be held at 9 a.m. at the Mobil Building, Legal Library, Midland, Texas on June 27, 1962.

Please notify this office as to the name and address of the Texaco representative, sending a copy of your letter to Mr. C. J. Beaupre, Socony Mobil Oil Company, P. O. Box 2406, Hobbs, New Mexico.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ix

cc: Mr. R. M. Anderson  
Mr. W. E. Singman  
Mr. J. E. Newhirk  
Mr. Daniel S. Hutter  
Mr. C. J. Beaupre

Mr. J. E. Willingham  
Mr. M. B. Wilson  
Mr. Clark E. Storm  
Mr. Joe D. Ramsey

C  
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Y

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

*File*  
*10*

June 21, 1962

C  
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Y

Mr. B. L. Francis  
Assistant Division Manager  
Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Dear Sir:

Complying with your request by telegram of this date, the Commission is hereby appointing Texaco Inc as a member of the Industry Committee which has been appointed to make a study of deviation tests and whipstocking.

The next meeting of the Committee will be held at 9 a.m. at the Mobil Building, Legal Library, Midland, Texas on June 27, 1962.

Please notify this office as to the name and address of the Texaco representative, sending a copy of your letter to Mr. C. J. Beaupre, Socony Mobil Oil Company, P. O. Box 2406, Hobbs, New Mexico.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

cc. Mr. R. M. Anderson  
Mr. W. E. Singman  
Mr. J. E. Newkirk  
Mr. Daniel S. Nutter  
Mr. C. J. Beaupre

Mr. J. E. Willingham  
Mr. M. B. Wilson  
Mr. Clark E. Storm  
Mr. Joe D. Rasey

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 4, 1962

Mr. C J. Beauprey  
Socony Mobil Oil Company  
P. O. Box 2406  
Hobbs, New Mexico

Dear Mr. Beauprey:

I am enclosing copies of letters which I have received from Humble Oil & Refining Company, Amerada Petroleum Corporation, Shell Oil Company, Great Western Drilling Company and Carper Drilling Company. These letters indicate the willingness of each of these companies to serve on the committee of which you have been named chairman, and they designate the representatives who will serve on the committee.

As soon as I hear from Sinclair Oil & Gas Company, I will forward the information to you.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Enclosures

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**U.S. CONSERVATION COMMISSION**

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

**Socony Mobil Oil Company  
P. O. Box 2406  
Hobbs, New Mexico**

**Attention: Mr. C. J. Beauprey**

**Gentlemen:**

**I am enclosing a copy of a letter designating an Industry Committee to make a study of the problems of deviation tests and whipstocking, in connection with Case No. 2561.**

**Your company has been designated as chairman and it will be the duty of the chairman to inform the members of the time and place of the first meeting. In this connection, I would like to advise that the meeting rooms of any of our district offices as well as our conference room here in Santa Fe will be made available at any time.**

**Very truly yours,**

**A. L. PORTER, Jr.  
Secretary-Director**

**ALP:ir**

**cc: Mr. Daniel S. Nutter - Santa Fe, New Mexico  
Mr. Joe Ramey - Hobbs, New Mexico**

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**OIL CONSERVATION COMMISSION**

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

Shell Oil Company  
P. O. Box 1509  
Midland, Texas

Attention: Mr. Ed Nestor

Gentlemen:

On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:

Carper Drilling Company  
Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company

It will be the duty of the committee to make a thorough study of the problem and to be prepared to present its findings and recommendations at the hearing on August 15, 1962.

Mr. Nutter and Mr. Ramey of the Commission staff will work with the committee.

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**CIL CONSERVATION COMMISSION**

**P. O. BOX 871**

**SANTA FE, NEW MEXICO**

**-2-**

**Please advise the Commission as to whether your company will serve on the committee, and the name of the person whom you will designate to represent you.**

**Very truly yours,**

**A. L. PORTER, Jr.  
Secretary-Director**

**ALP/ir**

**cc: Mr. Daniel S. Nutter, Santa Fe, New Mexico  
Mr. Joe D. Ramey, Hobbs, New Mexico**

C  
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Y

C. L. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

C  
O  
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Y  
  
Amerada Petroleum Corporation  
P. O. Box 2040  
Tulsa 2, Oklahoma

Attention: Mr. Bob Christie

Gentlemen:

On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:

Carper Drilling Company  
Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company

It will be the duty of the committee to make a thorough study of the problem and to be prepared to present its findings and recommendations at the hearing on August 15, 1962.

Mr. Nutter and Mr. Ramey of the Commission staff will work with the committee.

**U.S. CONSERVATION COMMISSION**

P. O. BOX 871

SANTA FE, NEW MEXICO

-2

**Please advise the Commission as to whether your company will serve on the committee, and the name of the person whom you will designate to represent you.**

**Very truly yours,**

**A. L. PORTER, Jr.  
Secretary-Director**

**ALP:ir**

**cc: Mr. Daniel S. Nutter - Santa Fe, New Mexico  
Mr. Joe D. Ramey - Hobbs, New Mexico**

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**U. S. CONSERVATION COMMISSION**

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

**Sinclair Oil & Gas Company  
P. O. Box 1470  
Midland, Texas**

**Attention: Mr. Foley Wright**

**Gentlemen:**

On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:

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Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company**

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U.S. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

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Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP:ir

cc: Mr. Daniel S. Nutter - Santa Fe, New Mexico  
Mr. Joe D. Ramey - Hobbs, New Mexico

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C. L. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

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Humble Oil & Refining Company  
Box 1600  
Midland, Texas

Attention: Mr. Henry Meadows

Gentlemen:

On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:

Carper Drilling Company  
Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company

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U.S. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

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Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

cc: Mr. Daniel S. Nutter - Santa Fe, New Mexico  
Mr. Joe D. Ramey - Hobbs, New Mexico

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CIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

Socony Mobil Oil Company  
P. O. Box 2406  
Hobbs, New Mexico

Attention: Mr. C. J. Beauprey

Gentlemen:

On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:

Carper Drilling Company  
Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company

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U.S. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Please advise the Commission as to whether your company will serve on the committee, and the name of the person whom you will designate to represent you.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

cc: Mr. Daniel S. Nutter - Santa Fe, New Mexico  
Mr. Joe D. Ramey - Hobbs, New Mexico

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**CIL CONSERVATION COMMISSION**

P. O. BOX 871

SANTA FE, NEW MEXICO

**May 23, 1962**

**Carper Drilling Company  
200 Carper Building  
Artesia, New Mexico**

**Attention: Mr. Marshall Rowley**

**Gentlemen:**

**On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:**

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Amerada Petroleum Corporation  
Sinclair Oil & Gas Company  
Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company**

**It will be the duty of the committee to make a thorough study of the problem and to be prepared to present its findings and recommendations at the hearing on August 15, 1962.**

**Mr. Nutter and Mr. Ramey of the Commission staff will work with the committee.**

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CIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

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Please advise the Commission as to whether your company will serve on the committee, and the name of the person whom you will designate to represent you.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP:ix

cc: Mr. Daniel S. Nutter, - Santa Fe, New Mexico  
Mr. Joe D. Ramey - Hobbs, New Mexico

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C. L. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 23, 1962

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Great Western Drilling Company  
Box 1659  
Midland, Texas

Attention: Mr. Merrill Wilson

Gentlemen:

On May 16, 1962, at the conclusion of testimony in Case 2561, having to do with deviation tests and whipstocking, a motion was made to continue the case to August 15, 1962 and in the meantime to appoint an industry committee to make further study of the matter. The motion was granted and the following companies are hereby designated to serve on the committee:

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Humble Oil & Refining Company  
Socony-Mobil Oil Company (Chairman)  
Great Western Drilling Company  
Shell Oil Company

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Mr. Nutter and Mr. Ramey of the Commission staff will work with the committee.

CIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Please advise the Commission as to whether your company will serve on the committee, and the name of the person whom you will designate to represent you.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

cc: Mr. Daniel S. Nutter, Santa Fe, New Mexico  
Mr. Joe D. Ramey, Hobbs, New Mexico

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**RULE 314: GATHERING, TRANSPORTING, AND SALE OF DRIP OR CONDENSATE**  
(As proposed by El Paso Natural Gas Company)

- (a) For the purpose of this Rule, condensate is defined as any liquid hydrocarbon which is produced at the wellhead incidental to the production of gas well gas and separated from the gas by conventional separation methods; drip includes condensate, as defined above, or any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system, or any mixture of such hydrocarbons.
- (b) The waste of drip is hereby prohibited when it is economically feasible to salvage same.
- (c) Transportation and sale of drip is hereby authorized provided the provisions of this Rule are complied with and Commission Form C-110 has been completed and filed in compliance with the provisions of Statewide Rule 1109.
- (d) Every person transporting drip within the State of New Mexico shall file Commission Form C-112 in compliance with the provisions of Statewide Rule 1111.
- (e) The owner during transportation and all persons transporting drip by truck or other vehicle shall make report of such transportation on Commission Form C-110-A. When the owner is also the transporter, the owner shall complete Sections I and II of the Form, furnish one copy to the driver of the vehicle and, when the trip has been completed, file one completed copy with the Commission. When the owner is not the transporter, the owner shall complete Section I of Form C-110-A and deliver the Form to the transporter, who shall complete Section II of Form C-110-A and furnish the driver of the vehicle with one copy and, when the trip has been completed, file one completed copy with the Commission. The driver of the vehicle shall complete Section III of Form C-110-A. The person driving or operating a vehicle transporting drip shall have in his possession a copy of Form C-110-A signed by the owner and transporter, or an authorized agent, in the appropriate Section thereof, showing the name and address of the owner, the source and destination of the drip, the name and address of the owner of the vehicle, type of vehicle, license number of vehicle, name and address of driver of vehicle, quantity of drip transported, and date and time and places loaded.

(Over)

If the owner of said drip is not the producer thereof, each and every operator of such truck or other vehicle shall have in his possession, in addition to the above requirements, a completed copy of Commission Form C-110-B, signed and certified by the producer and the purchaser of said drip, or their agents, in the appropriate Section thereof, showing the name and address of the producer, the name and address of the purchaser, the source of the drip and the expiration date of the authority of the purchaser to transport drip from the producer's system or other facility. Commission Form C-110-B shall be prepared in sufficient number by the purchaser. One copy shall be retained by the producer, one copy by the purchaser, one copy shall be filed by the purchaser with the Commission, and one copy shall be given to each vehicle driver having need thereof.

- (f) Every gas transporter in the State of New Mexico shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and transportation systems within the State of New Mexico, locating and identifying thereon each drip trap and/or tank in said systems, said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip from each of such facilities.

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
DRIP TRANSPORTATION REPORT

FORM C-110-A  
(As proposed by  
El Paso Natural  
Gas Company)  
TICKET NO. \_\_\_\_\_

PRODUCER'S IDENTIFICATION NO. \_\_\_\_\_  
(To Be Inserted by Owner of Drip)

SECTION I

1. NAME OF OWNER OF DRIP \_\_\_\_\_

a. PRODUCED BY OWNER  PURCHASED FROM PRODUCER   
(Check one. If b. is checked, attach copy of Form 110-B showing transfer of title)

2. ADDRESS OF OWNER \_\_\_\_\_

3. SOURCE OF DRIP \_\_\_\_\_

4. DESTINATION \_\_\_\_\_  
(Name of Person and Physical Place to Which Delivery Authorized)

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell the same.

\_\_\_\_\_  
Signature of Owner or Agent

SECTION II

1. NAME AND ADDRESS OF OWNER OF VEHICLE \_\_\_\_\_

2. TYPE OF VEHICLE \_\_\_\_\_ 3. LICENSE NO. OF VEHICLE \_\_\_\_\_

4. NAME OF OWNERS AGENT ORDERING TRIP \_\_\_\_\_

5. DATE ORDERED \_\_\_\_\_

6. FACILITIES TO BE SERVICED \_\_\_\_\_

The undersigned accepts drip for delivery in accordance with the above directions.

\_\_\_\_\_  
Signature of Transporter or Agent

SECTION III

1. NAME AND ADDRESS OF DRIVER \_\_\_\_\_

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
	Ft. ___ In. ___	Ft. ___ In. ___		
	Ft. ___ In. ___	Ft. ___ In. ___		
	Ft. ___ In. ___	Ft. ___ In. ___		
	Ft. ___ In. ___	Ft. ___ In. ___		
	Ft. ___ In. ___	Ft. ___ In. ___		

Total \_\_\_\_\_

I hereby certify that drip transported by me was obtained by me from the source described in Section I and loaded as described in Section III.

\_\_\_\_\_  
Signature of Driver

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

(As proposed by  
El Paso Natural  
Gas Company)

DRIP SALE AND PURCHASE REPORT

I

NAME OF PRODUCER \_\_\_\_\_

ADDRESS OF PRODUCER \_\_\_\_\_

SOURCE OF DRIP \_\_\_\_\_

EXPIRATION DATE OF THIS AUTHORIZATION \_\_\_\_\_

I certify that I have transferred title to the drip from the above source or sources to the below-named purchaser and he is hereby authorized to obtain drip from such source or sources until the expiration of this authorization.

\_\_\_\_\_  
Producer

II

NAME OF PURCHASER \_\_\_\_\_

ADDRESS OF PURCHASER \_\_\_\_\_

I certify that I am the purchaser and owner of the drip from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

\_\_\_\_\_  
Purchaser