

CASE 4293: Motion of OCC TO CON-  
SIDER REVISION OF RULES 503, 505  
(i), 701 E 4, 1121 and Form C-121.

Case Number

4293

Application  
Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 14, 1970  
REGULAR HEARING

IN THE MATTER OF:

Hearing called by the Oil Conservation Comm-  
ission upon its own motion to consider the  
revision of Rules 503, 505 (i), 701 E 4,  
1121, and Form C-121 to permit bimonthly  
hearings for the determination of oil allow-  
ables and issuance of oil proration schedules.)

CASE 4293

BEFORE: A. L. PORTER, JR., EXAMINER

TRANSCRIPT OF HEARING

## NEW MEXICO OIL CONSERVATION COMMISSION

## REGULAR HEARING

SANTA FE, NEW MEXICO

Hearing Date JANUARY 14, 1970 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
CW Briggs	Gulf Oil Co - US	Midland Tex
J.H. Jovette	Mobil Oil Corp	Midland, Tex.
W. D. Kline	Permian Corp	✓ ✓
WR Linhart	Permian Corp	Jarmington, N.M.
Dwight Glover	Atlantic Richfield	Midland
Rich Booker	Cities Service oil	✓
W.H. Jeter	Signal Oil & Gas	Houston
W.T. Loyd	Navajo Ref Co.	Albusia
MT. Smith	Signal Oil & Gas	Midland
John B. Basswell	ATLANTIC RICHFIELD	Midland &
W.S. Dumas	Shell oil co.	Houston
Mary Madden	✓	✓
R.L. Denton	Admiral Fuel Oil	Midland
R. D. Robertson	Union Oil Co. of Calif	Midland
J. J. Savage	Texaco	Midland
Harold Smith	El Paso Natural Gas	El Paso
Quattro Tomacini	Tenneco Oil	Holt
J. E. Redeker	Param. Oil Corp.	
La. Bracken	Shell	
	Farmacia S.R.	

MR. PORTER: The hearing will come to order, please. This morning, we are going to change the order we usually take the cases, and we will take Case 4293, which has to do with the changing consideration, changing some of our coalition and allocation rules. We will take that case first.

But, first, I think it fitting if we pay tribute to a very close friend of mine and a very fine public servant who is no longer with us. Early last week we were shocked to hear that John Anderson, the Regional Supervisor of the United States Geological Survey, had passed away suddenly during the night.

John's tenure as Regional Supervisor at Roswell started a relatively short time before I came to Santa Fe as Secretary-Director of the Oil Conservation Commission, and our respective positions required close cooperation in the coordination of the work of these two agencies.

I'm certainly glad now that over the years I expressed my appreciation on numerous occasions to John for his understanding and patience and his willingness to cooperate in every possible way to make the conservation of oil and gas more effective in our state.

Now, John was a great public servant in the true

sense of the word. He not only had great knowledge and understanding of the operations of the oil and gas industry, but he expressed great judgment in administering the rules of his Department. And the State of New Mexico, and the Oil Conservation Commission, in particular, is indeed fortunate that John Anderson was permitted to serve in this area, and, certainly, our sympathy goes out to his family.

We feel very deeply the loss of John Anderson in this state.

We'll take up now Case 4293.

MR. HATCH: Case 4293. In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the revision of Rules 503, 505 (1), 701 E 4, 1121, and Form C-121 to permit bimonthly hearings for the determination of oil allowables and issuance of oil proration schedules.

If the Commission please, George Hatch appearing on behalf of the Commission, and we have Mr. Nutter.

(Witness sworn.)

DANIEL S. NUTTER,

called as a witness, having been first cautioned and duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q Mr. Nutter, would you state your name and position for the record?

A Daniel Nutter, Chief Engineer for the Oil Conservation Commission of the State of New Mexico.

Q Are you familiar with Case 4293, and what it proposes?

A Yes, sir.

Q And, as a member of the Commission's staff, have you made a study of the feasibility of the Commission's setting oil allowables and issues its proration schedules on a bi-monthly basis?

A Yes.

Q Does that study include an analysis of the proposed effect that change would be on the periodic forecast and market demand for crude oil in the state?

A Yes. I have made an analysis of the forecast for the demand of crude oil from the State of New Mexico by the United States Bureau of Mines. This analysis extends over a period of time from 1961 through 1967, which was in the area of fluctuating demand.

I would identify that exhibit as Staff's Exhibit

Number One in Case 4293.

(Whereupon, Staff's Exhibit  
Number One was marked for  
identification.)

All that exhibit is is simply a graph showing the forecast of demand by the United States Bureau of Mines from January of 1961 through December of 1967. The forecast is in thousands of barrels per day. We start off in January of 1961, the forecast for demand was three hundred and ten thousand barrels per day. By the time we get to December, 1967, the forecast of demand was three hundred forty thousand barrels per day.

The general curve, as anyone can see, has been upward. The trend for demand for oil from the state has been continually increasing. Now, there are two curves on this exhibit. One is a black and one is a red line. The black line is the forecast for demand each month, as made by the Bureau of Mines.

The red line is taking every other month; in other words, taking the demand for January and extending that same demand through February and taking a new demand through March and extending that through April, taking a two-month extension of the demand, as forecast each month by the Bureau of Mines.

Now, we would expect that the area above the red



line and below the red line as exemplified by the black line, would be equal. In other words, if we take this curve and put it on every other month, because we would expect that the Mines' estimates would, every other month, the excess and the overage and the underage; in other words, by extension of the curve on an every other month basis would be equal to each other.

And it appears that this is true. But in order to establish that the fact is true, we made a tabulation of the forecasts each month. This tabulation is for the same period of time from January of '61 through 1967. And by tabulating the actual forecasts of demand, month by month, taking the number of days into account each month -- in other words, for January of 1961, the forecast was three hundred and ten thousand barrels per day.

We multiply that by thirty-one days in the month of January. We get a total demand for that month of nine million, six hundred ten thousand barrels for the month. For February, the forecast of demand was three hundred and ten thousand barrels per day times twenty-eight days that month. We have a total demand of eight million, six hundred thirty-eight thousand.

If we take that month by month over this period of

time, '61 through '67, and then total those up month by month, we have a total estimated demand by the United States Bureau of Mines of six hundred eighty-six million, nine hundred seventy-five thousand barrels. Now, if we take every other month and take the forecast, for example, of January, 1961, of three hundred and ten thousand barrels per day and then multiply that by thirty-one for January and twenty-eight by February.

In other words, extend that demand for January into a two-month period of the January and February, and then total those estimates up, we come to a total for the seven-year period of six hundred eighty-seven thousand, two hundred and ten barrels per day. I recall the other estimate was six hundred eighty-six thousand, nine hundred seventy-five thousand barrels per day.

This is a total difference of only two hundred thirty-five thousand barrels per day, going on a month by month, as compared to every other month estimate. In other words, the difference, going month by month compared with every other month, is only two hundred thirty-five thousand barrels per day.

This is less than one day's production in a seven-year period, in which the forecast has deviated on an every

other month basis, compared with a month by month basis. Percent-wise, this is 34/1000 of one percent, and I feel that this is a relatively close approximation that you can come relatively close, going every other month, as compared with a monthly forecast.

Q Does your study also include an analysis of the effect of this proposed effect made upon the establishment of the normal unit allowable?

A Yes, I made a comparative study of the normal unit allowables over a fifteen-year period. My normal unit allowable study starts with January of 1955 and comes up through December of 1969. And here I've taken the normal unit allowable, as established by the Commission, for each month during each one of those fifteen years.

I tabulated those up, multiplying the normal unit allowable barrels per day times the number of days in the month, for each of the months during the fifteen-year period, and I come to a total of two hundred thirty-one thousand, two hundred ninety-six barrel days, that's barrel days of normal unit allowable, or normal unit allowable days, if you please, during the fifteen year period.

Now, taking the normal unit allowable that was established by the Commission in January, March, May, July, and so forth, through the years, every other month, and

extrapolating that on the basis of the number of days that month, plus the normal unit allowable times the number of days the following month. In other words, using the same approach that I used on the Bureau of Mines forecast, and taking the normal unit allowable as established and extending it for a two-month period. Then I totaled those up and I found that the number of normal unit allowable days, barrel days, in the fifteen-year period was two hundred thirty-one thousand, two hundred twenty-eight barrel days in the fifteen-year period.

Again, this compares with two hundred thirty-one thousand, two hundred sixty-nine barrel days. The difference here is, again, less than one percent, so I feel that not only the forecast, but also the actual setting of the allowable itself is well under one percent deviation by doing it each -- every other month, rather than each month.

Q Of course, if the Commission does see fit to go to a bimonthly basis on this, then, they would go into consideration, they would be looking two months ahead, too, wouldn't they?

A Yes, and you would think that the accuracy could be improved upon, because this has just been coincidental, that the accuracy has been so close over the period of time

that we have made the study. It hasn't been intentional to make the allowables coincidental with each other month after month. But you would think that if an effort was made, that it could be made even more accurate than it has been.

Q Now, you spoke of bimonthly system here of setting allowables, or issuing proration schedules. Does the Commission contemplate a two-months proration period?

A No, we wouldn't think of a two-month proration period. The proration period is defined by the rules and regulations as being a proration period, shall mean for oil the proration month, and for gas, six consecutive calendar months, which shall begin at 7:00 A.M. on the first day of the calendar month and end at 7:00 A.M. on the first day of the seventh succeeding month.

For oil, it's from 7:00 A.M. on the first day of the month to 7:00 A.M. on the first day of the next succeeding month. We wouldn't contemplate there would be any change in the definition of the proration period. You would still have it constituting one calendar month. The only thing we are talking about is changing the times in which the allowables would be fixed.

Q And how often the proration schedules could be issued?

A This is correct; how often they would be issued.

Q All right. Now, Rule 502, in its various sections, has to do with the daily and monthly producing tolerance. Will these provisions be required in changing?

A I don't believe Rule 502, Roman Numeral One, that section is identified as daily tolerance. This would not change. Rule 502, Roman Numeral Two, is monthly tolerance. I don't believe this would change. You would still have your proration period constituting one month, balancing, and under production and over production on a monthly basis would remain the same.

Rule 502, III, IV, and V, have to do with monthly and daily tolerance and the keeping of storage records and runs and et cetera. These would not change in any way, because your proration period would remain the same.

Q Are there any rules or forms that will have to be revised?

A Yes. Certain changing would have to be made in Rules 503, 701, 1121 to implement these proposed changes. Also, Form Number C-121 would have to have certain changes in it. This is the purchasers nomination. At the present time, it calls for making a nomination for a one-month period. This would have to be a minor change for a two-month period.

Q Would Rule 505 also have to have some changes?

A You will notice in Rule 505 (i), it starts out

with each calendar month.

Q Distribution?

A This is another change that would have to be made. Rule 505 would have certain changes in it.

Q In our past hearings, each month, the Commission has, among other factors, considered estimates of market demand issued by the United States Bureau of Mines, which have been issued each month. Will the Bureau be able to furnish this information for two months?

A I can't answer that at the present time. We have contacted the United States Bureau of Mines in Washington and asked them if they could furnish this data on a two-month basis. They weren't able to advise us, as of yesterday, whether they would be able to or not. They thought they might be able to, but the answer will be forthcoming.

Even in the absence of a two-month forecast, they would be able to continue to give us a one-month forecast, and I think we would be able to extrapolate that ourselves into a two-month forecast.

Q The North Mason-Delaware and Carter-San Andres Pools have their allowables set in a special method, because they are in Texas. Do you contemplate any particular problem if the Commission changes?

A No. There won't be any particular difficulties

about establishing the allowable for those two pools. The only thing is where, as we now take the Texas allowable for a one-month period and use that to compute an allowable for a one-month period, in New Mexico, we would do it on a two-month basis; take two months in Texas, compute that into a two-month allowable in New Mexico for those two pools.

Q There are some other pools along the Texas line that have special allowables?

A Yes, but these are either non fluctuating and are just established at a fixed rate, which doesn't change from month to month, or the allowables in Texas are established on the basis of the New Mexico allowable, and presumably, in those cases, they would have to make their changes to a two-month basis, rather than one-month, as presently do.

Q Do you have anything further?

A I don't believe so.

Q Was Exhibit One prepared by you?

A Yes, it was.

MR. HATCH: I would like to move for the introduction of Exhibit One at this time.

MR. PORTER: If there are no objections, Exhibit One will be admitted.

(Whereupon, Staff's Exhibit 1 was admitted into evidence.)



MR. HATCH: I would like to point out that the Commission has received a number of communications from various companies and I'll read their names. Expressing approval of this proposed rule change and method of setting allowables initially, proration schedules, communications have been received from Phillips Petroleum Company, Skelly, Mobil Oil Corporation, Pan American Petroleum Corporation, Texaco, Signal Oil and Gas, Getty, Permian Corporation, Gulf Oil Company, Shell Oil Company, Atlantic-Richfield Company.

Now, Mobil Oil and Pan American Petroleum Corporation, while expressing the opinion that they are in favor of this change, pointed out that they would like to be assured that in an emergency situation, there can be a change in the allowable more often than every two months.

I have these communications in a package here. There are thirteen letters and telegrams. I would like to have these marked as Exhibit Two and introduce them into the record.

(Whereupon, Exhibit Two was marked for identification.)

MR. PORTER: Gentlemen, you have heard the testimony of Mr. Nutter for the Commission, in which he has outlined his methods of arriving at how little, we will say, that the allowables might be affected by going to the system which he

recommends in establishing the allowable every two months.

As I understand it, these recommendations would result in your having, as purchasers, to submit your nominations for a period of two months, rather than one month. It would result in having the hearing to establish oil allowables during only the even months of the year, starting with February of each year, and in the publication of an oil proration schedule for each section of the state, only every two months.

This would cut our printing and postage bill in half, for this particular publication. Do you have any questions of Mr. Nutter concerning any of his testimony, or how this might affect you?

MR. FAMARIN: Walter Famarin, Famarin Oil Company from Hobbs. I have no objection to testimony as presented by Mr. Nutter and that admitted by Mr. Hatch. I would like to perhaps call to the attention of the Commission the fact that the statistics, as presented, are very germane to the historical position that we have had in New Mexico for allowables and demand.

I would like to also point out the fact that we are living in a time of transition in the oil business, and very serious transition. And I think that this transition is not only in the Western Hemisphere, it's world-wide, as we

have all read in the industry publications. These things which might occur, as a result of the studies of President Nixon's task force, could well rearrange the distribution of crude oil, not only within the United States, but, again, world-wide. We have everything on Canadian Crude being talked about from six hundred thousand barrels a day to an imposed lid by the United States Government of three hundred thousand barrels per day.

We have discussions which are daily, not only in industry papers, but in the daily press, of invoking a tariff system which would be to the disadvantage of the importation of Middle East Crude, where the unstable governments of the world exist, on crude oil supply. There is pressure through the task force and through this tariff system, and they have admitted it in public and in public press and by public statements, that the intent is to reduce the price of crude oil and they started out at a dollar ninety cents, and currently they are talking about two dollars.

They say that this will reduce the price of the petroleum products to the consumer, which apparently is the aim of the entire task force study. I had the privilege of an hour and a half's visit with Doctor Rita on the subject to see how it would affect the small refining industry in

the United States, and some of the frightening things that you hear is perhaps small reducers or small refiners are expendable. I don't concur in that, of course. We are also talking about the Federal regulations of proration where the right to regulate the flow of wells according to market demand, prevent waste, and protect correlative rights may be preempted by the Federal Government, and we would have no hearings.

But, on the other hand, although I agree thoroughly with the bimonthly hearings, in normal times, I wonder if in this period of transition, that it would be fair to the State of New Mexico and fair to my industry to wait sixty days to be heard, realizing, of course, as two of the companies asked, for the chance to be heard in case of emergencies.

Of course, this must be provided, I think. And I wonder even if we should break the pattern until such a time as we know what the report of the task force will be, what the recommendation of the President will be, what the rules and regulations invoked.

As far as the import program will be, and will be promulgated by the Department of the Interior, and I question the wisdom of changing our pattern. During these critical times, these serious times, these may be catastrophic times

of transition within our industry. I would say once this period is passed, we knew where we were going, which we don't, that the bimonthly would certainly be most practical, because we all have other things to do than running to Santa Fe every month. I think the practicality of it must be faced. Also, I would like to present that to the consideration of the Commission.

MR. PORTER: Thank you. Does anyone else have a comment concerning any phase of this whole -- if not, the witness may be excused.

THE WITNESS: There was one other little point I wanted to bring out, Mr. Porter. Rule 503-B, at the present time, requires the exact date, time, and place of each such meeting for each calendar year shall be established and notice thereof given on or before the tenth day of January each year.

I would recommend that that be rephrased to require that the notice in the establishment of the dates and time and place of hearing be made during the month of December each year for the following year, rather than before the tenth of January.

MR. PORTER: As a practical matter, Mr. Nutter, as you know, we do give unofficial notice of these dates in December, even in November, the preceding year. But officially

we do it between the 1st and 10th of January.

THE WITNESS: The reason I suggest this is because all of our other regulations require that notice be given at least ten days before the date of hearing, and here, you could have a hearing on the 13th of January and you wouldn't have to give notice until the 10th of January.

MR. PORTER: Thank you very much. If there are no questions, the witness may be excused. Does anyone else have anything to offer in this case? The Commission is going to take this case under advisement.

Let me say now that in any eventuality of a hearing in February to establish the allowables for March, because at this hearing today, we will only establish the allowables for February. I think, too, that in commenting for Mr. Famarin, I have to say all of these thoughts have been running through my mind for some time, too, in regard to the instability of the world market.

Now, crude oil, at the present time, I followed this pretty closely, particularly watching the recommendations of the Cabinet task force crew, to which he referred Doctor Rita has had it. The accounts -- the most recent accounts -- that I have read have indicated that a decision may be forthcoming in the near future as to what system will be employed

to control imports. Of course, it's the hope of some people to phase out the entire import control program within the next three years. Other accounts indicate that it might be a year before there is any basic change in the system of controlling imports.

It might go on through the year of 1970 as it now is, with a view, probably getting into 1971 to changing our system. So, all of this will be considered by the Commission before an order is issued. We may issue an order within the next thirty days on this subject. We may hold the case in abeyance for a longer period of time, but, anyway, you'll be notified in advance of changes that will be made, so that you can make your preparations concerning your nominations.

And also at the end of such hearings.

We will move on now and take up Case -- the allowable case number, for the month of February -- oil allowables.

I N D E X

## WITNESS

DANIEL NUTTER

Direct Examination by Mr. Hatch

4

E X H I B I T S

	MARKED	ADMITTED
Staff's Exhibit Number 1	5	13
Staff's Exhibit Number 2	14	



STATE OF NEW MEXICO    )  
                                  )  
COUNTY OF BERNALILLO    )

I, DAVID BINGHAM, Court Reporter in and for the  
County of Bernalillo, State of New Mexico, do hereby  
certify that the foregoing and attached Transcript of  
Hearing before the New Mexico Oil Conservation Commission  
was reported by me; and that the same is a true and correct  
record of the said proceedings to the best of my knowledge,  
skill and ability.

  
\_\_\_\_\_  
COURT REPORTER

**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO CONSIDER THE REVISION OF RULES 503, 505 (1), 701 E 4, 1121, AND FORM C-121 TO PERMIT BIMONTHLY HEARINGS FOR THE DETERMINATION OF OIL ALLOWABLES AND ISSUANCE OF OIL PRORATION SCHEDULES.**

**CASE No. 4293  
Order No. R-3933**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 a.m. on January 14, 1970, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of April, 1970, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

**FINDS:**

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

(2) That certain existing rules and regulations of the New Mexico Oil Conservation Commission require setting the allowable production of oil and the issuance of oil proration schedules each month.

(3) That it is feasible and will not result in waste nor impair correlative rights for the Commission to set the allowable production of oil and issue proration schedules bimonthly.

(4) That the administrative burden upon purchasers of crude oil and upon the Commission will be substantially lessened if oil allowable hearings are held and proration schedules are issued bimonthly.

CASE No. 4293

Order No. R-3933

(5) That in order to ease the administrative burden upon the purchasers and the Commission and to enable the Commission to more efficiently and economically administer the laws of the State of New Mexico concerning the prevention of waste and the protection of correlative rights, Rules 503 (a), 503 (b), 503 (c), 505 (i), 701 E 4, 1121, and Form C-121 should be revised to permit the establishment of the oil allowable and the issuance of the oil proration schedules bimonthly.

IT IS THEREFORE ORDERED:

(1) That Rules 503 (a), 503 (b), 503 (c), and 505 (i) of the New Mexico Oil Conservation Commission Rules and Regulations are hereby amended to read in their entirety as follows:

**RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL**

(a) The Commission shall meet between the 13th and 20th day of each even-numbered month at open hearing for the purpose of determining the amount of oil to be produced daily from all oil pools for each of the following two calendar months.

(b) The exact date, time, and place of each such meeting for each calendar year shall be established and notice thereof given by publication during December of the preceding year.

(c) The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced daily from all oil pools during each of the following two months. The amount so determined shall be allocated among the various pools in accordance with existing regulations governing each pool, and effective the first day of each odd-numbered month, the Commission will issue a proration schedule covering two consecutive proration periods and authorizing the production of oil from the various units in allocated pools in strict accordance with the schedule. Any well completed on or after the first day of a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 505. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well

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Order No. R-3933

is completed; otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplement to the proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period or periods.

**RULE 505. OIL PRORATION**

(1) The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule, with the exception that any newly completed or recompleted well on which Form C-104 is approved after the bimonthly proration schedule has been prepared shall be authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplement to the proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

(2) That Rule 701 E 4 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended by deleting therefrom the following-quoted words:

First line - "Each month"

(3) That paragraph one of Rule 1121 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its entirety as follows:

**RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)**

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's bimonthly statewide oil allowable hearing. Nominations shall be filed by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

(4) That Commission Form C-121, Crude Oil Purchaser's Nomination, is hereby revised as shown on Exhibit 1 attached hereto and made a part hereof.

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CASE No. 4293

Order No. R-3933

(5) That this order shall become effective June 1, 1970.

(6) That 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

  
DAVID F. CARGO, Chairman

  
ALEX J. ARMIGO, Member

  
A. L. PORTER, Jr., Member & Secretary



esr/

NEW MEXICO OIL CONSERVATION COMMISSION

Form O-121  
Revised 1-6-70

CRUDE OIL PURCHASER'S NOMINATION

Acting in accordance with the request of the New Mexico Oil Conservation Commission that Crude Oil Purchase Nominations be submitted not later than five days prior to said Commission's statewide proration hearing on nominations for the succeeding months, the undersigned purchaser's daily nomination for the months of \_\_\_\_\_ and \_\_\_\_\_, 19\_\_\_\_, is as follows:

1. All purchases from producing wells in all pools in Eddy,  
Lea, Chaves and Roosevelt Counties (1) . . . . . \_\_\_\_\_ Bbls./day
2. All purchases from producing wells in all pools in San Juan,  
McKinley, Sandoval, and Rio Arriba Counties (1) . . . . . \_\_\_\_\_ Bbls./day
3. Total nomination for all producing wells in state . . . . . \_\_\_\_\_ Bbls./day
4. Additional purchases from all other sources to satisfy  
purchase requirements (2) . . . . . \_\_\_\_\_ Bbls./day
5. Total Nominations . . . . . \_\_\_\_\_ Bbls./day

NOTES:

- (1) - List Nominations by pools  
on an attached sheet.
- (2) - List Sources and Quantities  
on an attached sheet.

\_\_\_\_\_  
(Name of Purchasing Company)

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Order No. R-3933  
Case No. 4293

Exhibit 1

NEW MEXICO OIL CONSERVATION COMMISSION

Form O-121  
Revised 6-1-75

CRUDE OIL PURCHASER'S NOMINATION

Acting in accordance with the request of the New Mexico Oil Conservation Commission that Crude Oil Purchase Nominations be submitted not later than five days prior to said Commission's statewide proration hearing on nominations for the succeeding months, the undersigned purchaser's daily nomination for the months of \_\_\_\_\_ and \_\_\_\_\_, 19\_\_\_\_, is as follows:

1. All purchases from producing wells in all pools in Eddy,  
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2. All purchases from producing wells in all pools in San Juan,  
McKinley, Sandoval, and Rio Arriba Counties (1) . . . . . Bbls./day
3. Total nomination for all producing wells in state . . . . . Bbls./day
4. Additional purchases from all other sources to satisfy  
purchase requirements (2) . . . . . Bbls./day
5. Total Nominations . . . . . Bbls./day

NOTES:

- (1) - List Nominations by pools  
on an attached sheet.
- (2) - List Sources and Quantities  
on an attached sheet.

\_\_\_\_\_  
(Name of Purchasing Company)

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Order No. R-3933

Case No. 4293

Exhibit 1

- (a) The Commission shall meet between the 13th and 20 day of February, April, June, August, October, and December at open hearing for the purpose of determining the amount of oil to be produced daily from all oil pools during the each of the two calendar months following the month of the hearing.
- (b) The exact date, time, and place of each such meeting for each calendar year shall be established and notice thereof given by publication during December of the preceding year.
- (c) The Commission will consider all evidence of market demand for oil and shall determine the amount of oil to be produced daily from all pools <sup>during</sup> the following two months. The amounts so determined shall be allocated among the various pools in accordance with existing regulations, and among the various units in each pool in accordance with the regulations governing each pool. For <sup>each</sup> allocated pools, effective ~~the~~ for a two-month period commencing the first day of January, March, May, July, September, and November,



Docket No. 2-70

DOCKET: REGULAR HEARING - WEDNESDAY - JANUARY 14, 1970 -5-

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND  
OFFICE BUILDING, SANTA FE, NEW MEXICO (5)

ALLOWABLE (1) Consideration of the oil allowable for February, 1970;

(2) Consideration of the allowable production of gas for February, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for February, 1970.

CASE 4293: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the revision of Rules 503, 505 (i), 701 E 4, 1121, and Form C-121 to permit bimonthly hearings for the determination of oil allowables and issuance of oil proration schedules.

CASE 4294: Southeastern New Mexico nomenclature case calling for an order for the creation, extension and contraction of certain pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Big Eddy-Bone Spring Pool. The discovery well is the Pennzoil United, Inc. Big Eddy Unit No. 12 located in Unit D of Section 21, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM  
SECTION 21: NW/4 NW/4

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the Cline-Drinkard Pool. The discovery well is the Solar Oil Company Lineberry No. 1 located in Unit I of Section 11, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
SECTION 11: E/2

(c) Create a new pool in Lea County, New Mexico, classified as a gas pool for Blinebry production and designated as the House-Blinebry Gas Pool. The discovery well is the Damson Exploration L. D. Jones No. 1 located in Unit H of Section 1, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

(c) continued - Case 4294)

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
SECTION 1: NE/4

(d) Contract the Bough Permo-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
SECTION 11: N/2

(e) Extend the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM  
SECTION 36: W/2

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
SECTION 11: N/2

(f) Extend the Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
SECTION 4: S/2  
SECTION 5: S/2

(g) Extend the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM  
SECTION 1: NW/4

(h) Extend the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
SECTION 30: S/2

(i) Extend the Double L-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM  
SECTION 36: N/2 NE/4

Regular Hearing - January 14, 1970

-3-

Docket No. 2-70

(j) Extend the Justis-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
SECTION 27: SE/4

(k) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
SECTION 32: NE/4

(l) Extend the Sulimar-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
SECTION 26: NE/4 NE/4

(m) Extend the East Weir-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
SECTION 11: SE/4

			TOTAL	
			9610	
1961	J	31	9610	9610
	F	30	9610	9610
	M	29	9455	9455
	A	28	9450	9450
	N	27	9445	9445
	J	26	9000	8850
	S	25	9455	9455
	A	24	9610	9455
	S	23	9150	9150
	O	22	9300	9455
	N	21	9450	9450
	D	20	9920	9765
1962	J	31	10075	10075
	F	30	8960	9100
	M	29	9610	9610
	A	28	9150	9300
	M	27	9610	9610
	J	26	9450	9300
	J	25	9765	9765
	A	24	9765	9765
	S	23	9300	9300
	O	22	9455	9610
	N	21	9300	9300
	D	20	9765	9610
1962	J	30	9920	9765
	F	29	8960	9100
	M	28	9610	9610
	A	27	9000	9300
	M	26	9455	9455
	J	25	9150	9150
	J	24	9610	9610
	A	23	9610	9610
	S	22	9000	9000
	O	21	9455	9455
	N	20	9455	9455
	D	19	9455	9455
	J	18	9455	9455
	J	17	9455	9455
	A	16	9455	9455
	S	15	9455	9455
	O	14	9455	9455
	N	13	9455	9455
	D	12	9455	9455
	J	11	9455	9455
	J	10	9455	9455
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687,210,000

+ 235,000

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1271	1271	1372	1147	1054
1148	1189	1304	1036	952
1271	1271	1333	1085	1054
1170	1200	1230	990	1050
1209	1209	1340	1023	1116
1170	1140	1140	990	1080
1209	1178	1178	1023	1085
1209	1209	1178	1085	1054
1170	1170	1110	1050	990
1209	1209	1147	1054	1085
1200	1170	1110	1020	1050
1240	1240	1147	1054	1116
1147	1085	1116	1116	1209
1073	980	1008	1008	1131
1116	1085	1116	1116	1209
1050	1050	1050	1080	1170
1023	1054	1054	1116	1178
990	1020	1020	1110	1110
1073	1054	1054	1178	1147
1023	1054	1054	1240	1147
990	1020	1050	1200	1110
1023	1054	1085	1209	1147
1054	1073	1110	1170	1140
1054	1054	1147	1209	1209
1240	1302	1412	1736	1860
1120	1232	1461	1632	1680
1209	1364	1510	1700	1800
1140	1320	1440	1740	1800
1178	1364	1461	1798	1922
1110	1410	1410	1740	1920
1147	1395	1482	1798	1984
1147	1395	1700	1798	1922
1110	1395	1700	1798	1860
1170	1457	1674	1798	2100
1170	1500	1650	1740	2
1170	1612	1736	1798	

[illegible]



REWRITE

RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL.

(a) The Commission shall meet between the 13th and 20th day of February, April, June, August, October, and December at open hearing for the purpose of determining the amount of oil to be produced daily from all oil pools during each of the two calendar months following each hearing.

(c) The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced daily from all oil pools during the following two months. The amounts so determined shall be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of January, March, May, July, September, and November, the Commission shall issue proration schedules which will authorize the production of oil from the various units in strict accordance with the schedules. Any well completed on or after the first day of a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 504. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during

the proration period in which the well is completed; otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period.

Case 4293 -  
PROPOSED RULE REVISIONS  
~~RULES~~ ~~REWRITES~~

**RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL**

(a) The Commission shall meet between the 13th and 20th day of each even numbered month at open hearing for the purpose of determining the amount of oil to be produced <sup>from</sup> from all oil pools for each of the following two calendar months.

(c) The Commission will consider all evidence of market demand ~~and~~ for oil and determine the amount of oil to be produced <sup>daily</sup> from all oil pools during each of the following two months. The amounts so determined ~~will~~ shall be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each ~~proration period~~ odd numbered month, the Commission ~~will~~ issue a proration schedule which ~~will~~ authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of ~~the~~ a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 504. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well is completed;

otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period. On

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#### RULE 505. OIL PRORATION

(i) ~~/Each-calendar-month/~~ The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule ~~/during the-previous-calendar-month/~~; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month in which an oil allowable hearing is held is authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

RULE 701. INJECTION OF FLUIDS INTO RESERVOIRS

B. Water Flood Projects

4. ~~Each-month~~ The Commission shall, in its Statewide Oil Proration Order, establish basic 40-acre Area Allowable Factors for waterfloods in Southeast New Mexico and Northwest New Mexico. Such waterflood allowable factors shall be equal to the basic 40-acre normal unit allowable established in said order for wells on primary production in each of said areas, provided however, in no event shall said waterflood allowable factors be less than 42 for Southeast New Mexico or 70 for Northwest New Mexico.
- - - - -

RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's statewide oil allowable hearing on nominations for the succeeding two months. Nominations shall be filed ~~each month~~ by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

(b) The date, time, and place of each such meeting for each calendar year shall be established and notice thereof given by publication [on or before the 10<sup>th</sup> day of January each year] during December of the preceding year.

U

RULES - REWRITES

RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL

(a) The Commission shall meet between the 13th and 20th day of each even numbered month at open hearing for the purpose of determining the amount of oil to be produced from all oil pools for each of the following two calendar months.

(c) The Commission will consider all evidence of market demand ~~/of/~~ for oil and determine the amount of oil to be produced from all oil pools during each of the following two months. The amounts so determined ~~/will/~~ shall be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each ~~/Proration period/~~ odd numbered month, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of ~~/the/~~ a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 504. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well is completed;

otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period.

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#### RULE 505. OIL PRORATION

(i). ~~/Each-calendar-month/~~ The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule ~~/during the-previous-calendar-month/~~; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month in which an oil allowable hearing is held is authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.



RULE 701. INJECTION OF FLUIDS INTO RESERVOIRS

E. Water Flood Projects

4. ~~/Each-month/~~ The Commission shall, in its Statewide Oil Proration Order, establish basic 40-acre Area Allowable Factors for waterfloods in Southeast New Mexico and Northwest New Mexico. Such waterflood allowable factors shall be equal to the basic 40-acre normal unit allowable established in said order for wells on primary production in each of said areas, provided however, in no event shall said waterflood allowable factors be less than 42 for Southeast New Mexico or 70 for Northwest New Mexico.

- - - - -

RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's statewide oil allowable hearing on nominations for the succeeding two months. Nominations shall be filed ~~[each-month]~~ by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico

Form C-121  
Revised (12/1/55)

CRUDE OIL PURCHASER'S NOMINATION

Acting in accordance with the request of the New Mexico Oil Conservation Commission that Crude Oil Purchase Nominations be submitted not later than five days prior to said Commission's statewide proration hearing on nominations for the succeeding month <sup>Two months,</sup> the undersigned purchaser's daily nomination for the month of \_\_\_\_\_, 19\_\_\_\_, is as follows:

1. All purchases from producing wells in all pools in Eddy, Lea, Chaves and Roosevelt Counties (1) ..... Bbls./day
2. All purchases from producing wells in all pools in San Juan, McKinley and Rio Arriba Counties (1) ..... Bbls./day
3. Total nomination for all producing wells in state ..... Bbls./day
4. Additional purchases from all other sources to satisfy purchase requirements (2) ..... Bbls./day
5. Total nominations ..... Bbls./day
6. The total purchases from producing wells for the second month preceding date of this nomination was: Month \_\_\_\_\_ 19\_\_\_\_ Bbls.

Dated this.....day of....., 19.....

Notes:

- (1)- List Nominations by pools on Attached Sheet.
- (2)- List Sources and Quantities on an attached sheet.

.....  
(Name of Purchasing Company)

By:.....  
(Name of Agent)

SWORN TO AND SUBSCRIBED Before me this the.....day of....., 19.....

.....  
Notary Public



# Telegram

KA053

(1118)

K RWA018 HO PDF=ROSWELL NMEX 13 1108A MST=

NEW MEXICO OIL CONSERVATION COMMISSION=

SANTA FE NMEX=

1970 JAN 13 AM 11 23

RE CASE 4293 ATLANTIC RICHFIELD CO BELIEVES THAT THE  
HOLDING OF BI-MONTHLY HEARINGS FOR THE DETERMINATION  
OF OIL ALLOWABLES AND ISSUANCE OF OIL PRODUCTION SCHEDULE  
AS YOU PROPOSED WILL BE BENEFICIAL FROM THE STAND POINT  
OF REDUCING CLERICAL WORK IN OUR OPERATIONS THEREFORE  
WE URGE THAT YOU ADOPT THIS CHANGE=

W P TOMLINSON ATLANTIC RICHFIELD CO=



**PHILLIPS PETROLEUM COMPANY**

BARTLESVILLE, OKLAHOMA 74003 918 336-6600

EXPLORATION AND PRODUCTION DEPARTMENT

JAN 12 1970

January 8, 1970

State of New Mexico  
Bi-Monthly Oil Allowable Hearings

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

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

Gentlemen:

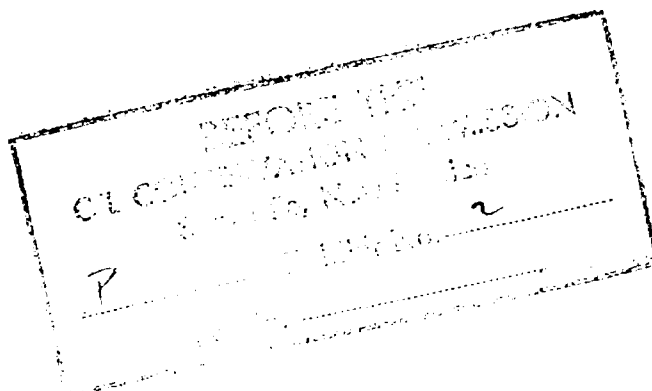
Phillips Petroleum Company concurs in the recommendation of the  
New Mexico Oil Conservation Commission to revise Statewide Rules  
Nos. 503, 505(i), 703 E 4, 1121 and Form C-121, to permit bi-  
monthly oil allowable hearings and issuance of bi-monthly oil  
proration schedules.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

*Jack Turner*  
Jack Turner  
Vice President

RSE:lmw





## SKELLY OIL COMPANY

P. O. BOX 1850

TULSA, OKLAHOMA 74102

LAW DEPARTMENT  
GEORGE W. SELINGER  
SENIOR ATTORNEY

December 18, 1969

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Since you are polling the opinions of operators and purchasers in the State of New Mexico in the matter of reducing the number of monthly allowable hearings from twelve to six per year to be held in February, April, June, August, October and December, we wish to advise that we would favor such reduction in the oil hearings as per the above suggestion. We say this in view of the fact that the level of activity has declined, and commensurate with such decline we would favor such a program.

Yours very truly,

GWS:br

DEC 22 1969

CELEBRATING OUR



50th ANNIVERSARY

# Mobil Oil Corporation

JAN 5 1970

P.O. BOX 633  
MIDLAND, TEXAS 79701

January 2, 1970

Mr. A. L. Porter, Jr., Secretary-Director  
• New Mexico Oil Conservation Commission  
Post Office Box 2088  
Santa Fe, New Mexico 87501

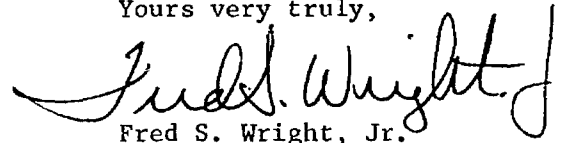
Re: Case 4293  
January 14, 1970

Dear Mr. Porter:

Mobil Oil Corporation supports the proposal to use a bi-monthly schedule of oil allowable hearings and proration schedules. Such a procedure will be beneficial to the state and all parties concerned.

It is assumed that the Commission will continue to have the authority to handle emergency allowable situations.

Yours very truly,



Fred S. Wright, Jr.  
Division Producing Manager

/nmw

## Mobil Oil Corporation

DEC 30 1969

P.O. BOX 900  
DALLAS, TEXAS 75221

December 29, 1969

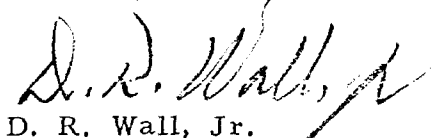
Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Pete:

J. H. Jouette, our crude oil representative at Midland, Texas, has requested that we advise you regarding Mobil Oil Corporation's position on the New Mexico Oil Conservation Commission holding bi-monthly allowable hearings instead of the currently held monthly hearings.

Mobil Oil Corporation is agreeable to the bi-monthly hearings provided the New Mexico Oil Conservation Commission has the authority to call a special hearing on allowables should an emergency occur.

Sincerely,

  
D. R. Wall, Jr.  
Regional Manager  
Crude Oil Department

DRW:gg

DEC 12 1969

# PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS—76101

D. L. RAY  
DIVISION ENGINEER

December 8, 1969

File: PEH-594-986.510.1

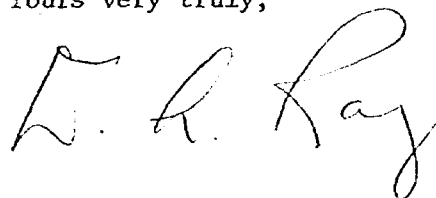
Subject: Change of Schedule  
New Mexico Statewide Oil  
Conservation Commission  
Hearing

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico 87501

Gentlemen:

Reference is made to the proposed change in the Statewide Hearing Schedule from monthly to bi-monthly meetings. Pan American Petroleum Corporation feels that this change is justifiable considering the current market situation and, therefore, supports the Commission in their proposed scheduling of statewide hearings once every two months. We do feel, however, that some provision for monthly hearings should be included in the order in the event the market situation may dictate the need for such.

Yours very truly,



WCW:jn





PETROLEUM PRODUCTS

CRUDE OIL PURCHASES & SALES  
DEPARTMENT (UNITED STATES)

W. L. EWELL  
MANAGER  
J. T. ELSIK  
ASSISTANT MANAGER

DEC 10 1969

TEXACO INC.  
P. O. BOX 52332  
HOUSTON, TEXAS 77052

December 8, 1969

Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Dear Mr. Porter:

Our Mr. Savage advised us that you had given some thought and consideration to a change in the regularity of holding the New Mexico Statewide Proration Hearings from a monthly basis to a bimonthly basis and to setting allowables on a bimonthly basis.

We have discussed this matter with interested departments in our company, and it is the consensus of our opinion that we would favor such a change.

With kindest regards, I am,

Yours very truly,

JTE-JG

cc: Mr. T. J. Savage  
Texaco Inc.  
P. O. Box 3109  
Midland, Texas 79701

# Signal Oil and Gas Company

Houston Division: P. O. Box 5008, Houston, Texas 77012 • WAlnut 3-1651 • Cable address: SIGOILGAS

November 24, 1969

Mr. A. L. Porter, Jr.  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

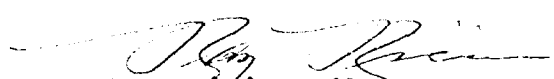
Dear Pete:

Per your request at last week's market demand hearing, this is to advise that Signal has no objections to the proposed every-other-month proration hearing establishing the allowable for two months instead of the present one-month policy.

If we are to be included under this new policy as one of the companies to present testimony pertaining to the crude oil market outlook in 1970, we would like very much to be considered for either August or October since these are more desirable months for a party honoring the Commission and our many friends in New Mexico.

Yours very truly,

---

  
Ray Risien, Manager  
Crude Oil Department

RR:pb

NOV 25 1969

## Getty Oil Company

P.O. Box 1404, Houston, Texas 77001

Mid-Continent Division G. H. Truran, Production Manager H. E. Wendt, Assistant Manager

November 24, 1969

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

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

Gentlemen:

This is regarding your announcement at the hearing at Roswell last week concerning the Commission's proposal to set oil allowables for two month periods. We understand this matter will be set on your January, 1970, Docket and that you will hereafter hold six hearings a year in February, April, June, August, October and December to set the oil allowables. We also understand that gas allowables will be set for six month periods.

Please be advised that Getty Oil Company supports this procedure and urges its prompt adoption.

Thank you and your staff for your courtesy and co-operation extended to Mr. Dowling and me at the hearing last week.

Very truly yours,

  
John S. Cameron, Jr.

JSC/nw

cc: Mr. N. E. Barnett - Houston  
Mr. J. E. Pierce - Midland



NOV 20 1969

THE PERMIAN CORPORATION

1509 W. WALL P. O. BOX 3119  
MIDLAND, TEXAS 79701

915-683-4711

November 19, 1969

A. L. Porter, Jr.  
Director, Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico

Dear Sir:

This has reference to your interest in the possibility of changing the oil allowable hearings from its present monthly basis to a basis of holding these hearings every other month. As a purchaser and gatherer in the State of New Mexico we would strongly favor this approach. We feel there would be much savings for both the oil industry and the Oil Conservation Commission and the same goal would be achieved. If you should care for any further expression from us on this feel free to contact us at this office.

Yours very truly,

THE PERMIAN CORPORATION

*W. D. Kleine*  
W. D. Kleine  
Vice President

WDK/tc

DEC 4 1969

# Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT  
ROSWELL DISTRICT

T. W. Kidd  
DISTRICT MANAGER  
M. I. Taylor  
DISTRICT PRODUCTION  
MANAGER  
P. E. Wyche  
DISTRICT EXPLORATION  
MANAGER  
H. A. Rankin  
DISTRICT SERVICES MANAGER

P. O. Drawer 1938  
Roswell, New Mexico 88201

December 3, 1969

Oil Conservation Commission  
State of New Mexico  
Post Office Box 2088  
Santa Fe, New Mexico 87501

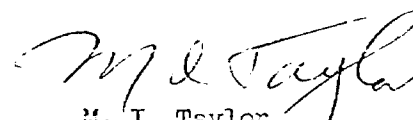
Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Reference is made to the proposal by the Commission to change the oil proration procedure by having six hearings per year instead of the current monthly hearings.

Please be advised that Gulf concurs with your proposal.

Yours very truly,

  
M. I. Taylor

JHH:mmmr



A DIVISION OF GULF OIL CORPORATION

# Gulf Oil Corporation

CRUDE OIL DEPARTMENT—U. S. OPERATIONS

J. G. Coates  
MANAGER

January 27, 1967

P. O. Box 2100  
Houston, Texas 77001

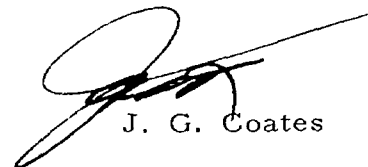
Mr. A. L. Porter, Jr.  
Secretary - Director  
Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Dear Pete:

Insofar as Gulf is concerned, we see no reason  
why New Mexico should not change its scheduled monthly  
proration hearings to a bimonthly basis.

Certainly enjoyed the visit with you in September,  
and hope to see you again before too long.

Cordially,



J. G. Coates

JGC/vd



DEC 4 1969



## SHELL OIL COMPANY

SHELL BUILDING  
P. O. BOX 2099  
HOUSTON, TEXAS 77001

December 2, 1969

Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Dear Pete:

I understand that you are considering a bimonthly statewide hearing for 1970, and also considering having some of the hearings at Hobbs, Farmington, and Roswell. We agree wholeheartedly with both these proposals. Actually, changes in your proration factor in New Mexico at present levels of demand and those levels which we predict for next year affect our supply by very little and I think this is true of most of the New Mexico purchasers with the possible exception of those purchasing predominantly sweet oil in the northern part of Lea County. Therefore, I feel that a bimonthly meeting will receive more and better attention and attendance at your meetings will be better by having a bimonthly meeting.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'J. K. Moore', with a stylized, flowing script.

J. K. Moore, Manager  
Raw Materials Supply Department

503

505 (1)

701 E. 4.

Form C-121

1121

Page Paragraph

35

201 (a)

10

505 (a)

100

1003 (2)

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

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Oil formation changes  
to check -

Form C-127 wording and Rule 11.7.7 are not the same -

(Form 104 has a mistake)





## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

DRAWER DD - ARTESIA

88210

October 2, 1969

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX ARMIJO  
MEMBER

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

N. M. Oil Conservation  
P. O. Box 1980  
Hobbs, New Mexico

Attention: Joe D. Ramey

Re: Revision of the Oil  
Proration Schedule

Dear Joe:

As per our conversation of September 25, 1969, I am sending you this letter outlining my thoughts concerning possible revisions to the oil proration schedule.

Thus far every plan for major revision of the schedule or the procedure in preparing the schedule has run afoul on one of the following problems:

1. Periodic receipt of new GOR tests out dates current schedules.
2. Many leases are partially in and out of waterflood projects making the assignment of lease allowables difficult.
3. "As is" continuation of allowables to leases or pools would cause transporters, operators and us to have to look at two or more different schedules monthly to determine allowables.
4. Any incomplete schedule is of less value for daily use by field men, office personnel, etc.
5. Changes in NUA can cause a number of wells to fluctuate between marginal and non-marginal status.

However, there appear to be several items which might be incorporated to improve and simplify the schedule or its preparation.

1. Extend the proration period to two months. The work would be cut in half with minimum changes in procedure and no loss of information from the schedule.

-2-

Joe D. Ramey

2. List injection wells first in waterfloods. Experience has shown this simplifies our preparation of the schedule and the order would then be the same as on Form C-120.
3. Eliminate or suspend project allowable requirements for waterfloods. No project in the SE Schedules appears to be affected and the monthly calculations seem valueless.
4. Remove the individual page headings showing Company, Lease, # U, S-T-R, daily and GOR. Headings on page one or on the front cover should be sufficient.
5. Place undesignated wells directly in their proper pool upon assignment of allowable. See separate attachment.

The recommendations above are not revolutionary as the current situation does not appear to require extreme changes. However, this should not preclude our consideration of possible "way out" ideas for the future. At some time we might wish to consider completely eliminating the prorationing of certain essentially depleted fields such as Acme, Aid and Empire. Monthly reporting of production, runs, etc. would still be required. A permanent maximum monthly run authorization could be furnished transporters for their use in preparing run schedules for their gaugers. Perhaps at some point we may wish to do away with the schedule altogether and have the allowable based on annual production tests furnished the Commission and to transporters through the Commission. That point might be reached when demand has reduced all wells to marginal status or increased allowables to the point of physical waste.

Very truly yours,

OIL CONSERVATION COMMISSION



R. L. Stamets

RLS:jw

#### PROPOSED UNDESIGNATED WELL PROCEEDURE

When an undesignated well is completed, if there is no disagreement between the operator and the Commission, we would place the same in the appropriate pool immediately. The well would be shown in its proper pool in the schedule and a form would be attached to the operators copy of Form C-104 notifying him of the nomenclature, (not necessary if he shows pool name on C-104). At the end of each month a nomenclature "advertisement" would be made to formally extend the pool or to allow the Commission to take administrative note of the extensions.

#### ADVANTAGES

1. Wells would not then be "lost" in the undesignated section of the schedule.
2. The undesignated section and the length of the schedule would be reduced.
3. No letters placing undesignated wells in pools would have to be written.
4. General simplification of the nomenclature proceedure and elimination of the time delay between a well's completion and its placement in a pool.

No change in proceedure for handling wildcat wells or contested undesignated wells is proposed.

65-3-13

(a) --- Com. shall promote or distribute the allowable production among the producers in the field - what does producers mean?

(b) speaking of illegal oil

65-3-18

65-3-19

} illegal oil

producers defined in 65-3-29 F.R. as the owner of a well or wells.

65-3-28

65-3-14 (b) defines a production unit -

---

### Rules

503(a)

503(c) says production schedule out of production from unit

(d) says - production schedule -

(1)

## G Oil Proration and Allocation

501

(a) -- distribute allowable production among the producers --

502

I ) speaks of production from a unit

II ) speaks of oil from a unit

503

- Auth. for Production of Oil

(a) - time of reg. hearing

(b) - notice of hearing

(c)

-- allocated among the various units in  
each pool --

-- The Commission will issue a  
proration schedule which will  
authorize the production of oil from  
the various units --

--- any well -- up to top unit allow.

-- sup. proration schedule

d -- marginal unit

e -- sup. schedule

504

(b) No well shall be placed on proration schedule --  
-- until C-10x approved --

(g) -- allowable to marginal wells

(h) -- prorated to marginal and non-marginal  
units --

Rule 509 - Oil Disc. Allowable

--- may be assigned to a well --

## Oil Production Operating Practices

Rule

301

Gas - Oil Ratio and Production

How would lease allowable be  
affected by GOR?

How would productivity test affect lease allowable.

*From Dick Stanette*

Derinitions

- ✓Marginal Unit ) Substitute month for
- ✓Non Marginal Unit) period
- ✓Proration Period
- ✓Shortage or underproduction redefine for oil only

Rule 301

- (a) Effective date GOR Test first day of subsequent proration period from report date
- (b) Change filing date to first of month  
(Make minimum scheduled test period two months)  
(Revise schedule to make filing dates, Jan., Mar., May, July, Sept., Nov.)  
Effective date GOR scheduled Test first day of subsequent proration period
- (g) (Revise schedule to make filing date as above.)

Rule 309 A

- 3 (d) Change allowable to monthly allowable.

Rule 502

- I (a) Change period to month
- II Change period to month??
- III " " " " ??
- IV " " " " .
- V " " " " .

Rule 503

- (a) Change hearing date and period for consideration.
- (c) Month to period  
Period to month  
" " "
- (f) Period to month

Rule 505

- (1) Change calender month to reflect proration period  
Change 20th to 15th or, subsequent to hearing date.

Rule 1121

- Change month to period 3 times?

Rule 1127

- Change month to period

## Two Month Proration Change

### Definitions:

1. Marginal unit shall mean a proration unit that will not produce at a rate equal to the top unit allowable for the proration period for the pool.
2. Non-Marginal unit shall mean a proration unit that will produce at a rate equal to the top unit allowable for the proration period for the pool.
3. Proration month shall mean the Calendar month which shall begin at 7 a. m. on the first day of such month and end at 7 a. m. on the first day of ~~such~~ the next succeeding month.



4. Proration Period shall mean for oil the proration month and for gas six consecutive calendar months which shall begin at 7 a. m. on the first day of a calendar month and end at 7 a. m. on the first day of the seventh succeeding month.
5. Shortage or Underproduction shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

6. Average or Overproduction shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.

Proration Schedule shall mean the periodic order of the Commission authorizing the production, purchase and transportation of oil or of natural gas from the various units of oil or natural gas in allocated pools.

Top Unit Allowable For Oil shall mean the maximum number of barrels of oil daily for each calendar month allocated on a proration unit basis in a pool to non-marginal units.

### Rule 301. Gas-Oil Ratio and Production Tests

(a) Each operator shall take a gas-oil ratio test no sooner than 20 days nor later than 30 days following the completion or recompletion of each oil well, if (1) the well is a wildcat, or (2) the well is located in a pool which is not exempt from the requirements of this rule. (Wells completed within one mile of the outer boundary of a defined oil pool producing from the same formation shall be governed by the provisions of this rule which are applicable to the pool.) The results of the test shall be reported to the Commission on Form C-116 within 10 days following completion of the test. The gas-oil ratios thus reported shall become effective for proration purposes on the first day of the calendar month following the date they are reported.

## Rule 301

(b) The results of gas-oil ratio tests taken during survey periods shall be filed with the Commission on Form C-116 not later than the 10th of the month following the close of the survey period for the pool in which the well is located. The gas oil ratios thus reported shall become effective for proration purposes on the first day of the second month following the close of the survey period. Unless Form C-116 is filed within the required time limit, no further allowable will be assigned the affected well until Form C-116 is filed.

## Rule 301

(g) The results of productivity tests taken during survey periods shall be filed with the Commission on Form C-116 (with the word "Exempt" inserted in the column normally used for reporting gas production) not later than the 10th of the month following the close of the survey period for the pool in which the well is located. Unless Form C-116 is filed within the required time limit, no further allowable will be assigned the affected well ~~was~~ until Form C-116 is filed.

## Rule 309 A

3.

(d) Provision must be made for set-stop counters to stop the flow of oil through the act system at or prior to the time the allowable has been run. All counters shall provide non-reset totalizers which shall be visible for inspection at all times.

## Rule 502: Rate of Producing wells

### I. Daily Allowance

(a) It is recognized that oil wells located on units capable of producing their allowables may overproduce one day and underproduce another. No unit capable of producing its allowable, except for the purpose of testing, in the process of completing or recompleting a well, or tests made for the purpose of obtaining scientific data, shall produce any day more than 125% of the daily top unit allowable for the pool in which the same is located. (Subject to the foregoing, any underproduction may be made up by production from the same unit within the same month, and in like manner any overproduction shall be adjusted or balanced by underproduction from the same unit, within the same prorating period.)

502(cont.)

II. Monthly Tolerance

No unit shall produce during one production period more than the allowable production of such unit for the production period plus a tolerance of not to exceed five (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 from against the allowable production assigned to the unit for the production period during which <sup>such</sup> overproduction is adjusted or balanced by underproduction.



502 (cont.)

### III Production in Excess of Monthly Allowable, Plus Tolerance.

Oil produced from any unit in excess of the assigned monthly allowable plus the permissive production period tolerance shall be "illegal oil" as defined in the Oil Conservation Law, unless (a) such excess oil ~~to~~ be produced as a result of mistake or error, (b) mechanical failure beyond the immediate control of the operator, or, (c) resulting from essential tests of the unit within the purview of Oil Commission Rules. Whenever production from any unit for a production period is in excess of the assigned allowable, plus the permitted tolerance authorized herein and the cause of such excess reasonably falls within (a), (b), or (c) of this paragraph, the producer or operator shall briefly set forth the cause of such excess production together with a proposed plan of adjustment thereof, upon all copies of the operator's monthly report (Form C-115) for the month in which such excess production occurs. Such excess production shall be considered as oil produced against the allowable assigned to the unit for the

502 (cont) <sup>III</sup> following production period, and it may be transported from the lease tanks only as and when the unit accrues daily allowable to offset such excess production.

502 IV General

The tolerance permitted on a daily or monthly basis as provided hereinabove shall not be construed to increase the allowable of a producing unit or to grant authority to any operator to market or to any transporter to transport any quantity of oil in excess of the unit's allowable.

The possession of a quantity of oil in lease storage at the end of <sup>any</sup> production period in excess of final days allowable plus any accruals allowable will shall be construed as a violation of this Rule, and will be reported in the summaries and within the time provided for filing Form C-115 provided by Section III above.

502 (Cont.)

### V Storage Records

All producers and all transporters of oil are required to maintain adequate records showing current allowable oil in storage at the end of each production period. Such storage oil shall be the amount of oil in tanks from which oil is measured and delivered to the transporter.

Rule

503

## Authorization for Production of Oil

(A) The Commission shall meet between the 13<sup>th</sup> and 20<sup>th</sup> day 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.

(C) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each production period, the Commission will issue a production schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of the production period is authorized to produce such amount of oil as said well may be

503 (cont.)

Capable of producing without waste up to top unit allowable determined in accordance with Rule 504. The allowable production from such well shall be effective at 7:00 a. m. on the date of completion, provided Form C-104 is approved during the proration period in which the well is completed; otherwise the allowable will become effective at 7:00 a. m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period.

(e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedules.

503 (cont)

(f) - - - - -

~~2d para~~

2d paragraph

In case of pipeline protraction any operator affected thereby has the right to make application to the Commission for authorization to have any shortage or underproduction resulting therefrom included in subsequent protraction schedules. Such applications shall be made upon a form hereby authorized to be prescribed by the Commission and filed therewith within thirty days after the close of the first protraction period in which such pipeline protraction shortage occurred, and such authorization shall be limited in any event to wells capable of producing the daily top unit allowable for such period.

503(Cont)

(d) a marginal unit shall be permitted to produce any amount of oil it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing; and provided further a supplementary production schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which date shall be the date on which said application is received in the office of the Commission.

## Rule 505

(i) Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.



## Rule 506 Gas-Oil Limitation

(a) - - - - - In allocated oil pools all producing wells, whether oil or combined gas, shall be placed on the oil proration schedule

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

## Rule 509 Oil Discovery Allowable

--- (next to last paragraph) --- the provisions of Rule 502 relating to daily tolerance, monthly tolerance. ---

Rule 701.

## Injection of Fluids Into Reservoirs

E. 4. Each month the Commission shall, in its Statewide Oil Production Order, establish a 40-acre Area Allowables Factor for waterfloods in Southeast New Mexico and Northwest New Mexico.

## Forms that need changing

Form C-115 - has monthly allowable  
C-115-EDP printed on it.

Form C-121 - "Acting in accordance with  
the request of the New Mex. Oil  
Conservation Commission that Crude  
Oil Purchase Nominations be  
submitted not later than five  
days prior to said Commission's  
statewide production hearing on  
nominations for the succeeding  
month, the undersigned purchaser's  
daily nominations for the month  
of \_\_\_\_\_

Form C-127 - "One copy of Form C-127  
shall be filed with the appropriate  
district office of the OCC not later  
than the 15<sup>th</sup> 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.

Rule 1121 Purchaser's Nomination Forms (Form C-121 and 121-A)

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe Office of the Commission not later than five days prior to the Commission's statewide oil allowable hearing on nominations for the succeeding month. Nominations shall be filed each month by each person expecting to purchase oil from producing wells in New Mexico during the following month.

One copy of Form C-121-A, Purchaser's Gas Nomination, shall be submitted to the Santa Fe Office of the Commission by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the purchase of gas from wells producing wells in New Mexico during the succeeding month. As an example, purchaser's nominations to take gas from a pool during the month of August would be considered by the Commission at its mid-July hearing, and should be submitted to the Santa Fe office of the Commission by July 1.

In addition to the monthly gas nomination, six-month nomination shall be filed in accordance with the appropriate rules.

Rule 1127 - Request for Allowable Change (Form C-127)  
One copy of Form C-127 shall be  
filed by the oil producer with the  
appropriate district office of the Commission  
not later than the 10th day of the  
month preceding the month for which  
oil well allowable changes are  
requested.

Rule 1216: Hearing which must Be Held Before Commission

--- (3) if the matter involves limiting the  
total production of Crude petroleum oil in the  
state, or ---

Definitions:  
GOR "proration period"  
marginal unit ""  
non- ""  
overage or underage

Proration month  
Proration period

Top unit allowable for gas  
" " " " oil

Mr. Richards - Habbe =  
Joe Ramey = Report Stearns Tank Co.  
for n. of Loco Hills =

114  
whether is a lease treatment  
is a boiler  
under Rule 114

## Two Month Proration Period

Statutes -

65-3-12 - no time named

65-3-13 - (c)

--- " In allocating production pursuant to the provisions of Section 12(c) the Commission shall fix proration periods of not less than six months. It shall determine reasonable market demand and make allocation of production during each period, upon notice and hearing, at least 30 days prior to the beginning of each proration period.

Rules: Gas Proration ~~and~~ and allocation:

602: <sup>the</sup> Proration period shall be at least six months and the pool allowable and allocations thereof shall be made at least 30 days prior to each proration period.

Oil Proration and allocation:

miss it to OK & make up during 2 month period → 502 I " Daily Tolerance  
(a) under production made up in same month - overproduced made up in same proration period  
→ II monthly Tolerance  
shall 5 day tolerance remain → "no unit shall produce during one proration period - 5



# Oil provision continued

502 III

"assigned monthly allowance

"pro

other places indicated in book

IV

same

V

same

XX

503

(a) "The Commission shall meet between the 13<sup>th</sup> and 20<sup>th</sup> - - - - -"

(b) - - - - - 10<sup>th</sup> day of Jan. "

(c) - - - - - "following month" other places -

505: "Each Calendar month" the distribution or provision to the respective units in each pool shall be changed in - - -

506 = GOR ??

Reports - need any forms be changed?

C-115 form has "monthly oil allowance"

C-121 form "nomination for succeeding month -

C-121A ??

C-127 - allowance change?

Form C-111 ??

Check rules that go with these forms ->

## Two Month Proration Change

### Definitions

Proration month shall mean the calendar  
month - - - - such month - - - -  
succeeding month.

Proration period - - - oil the proration  
month - - - -

Top unit allowable for oil - - - -  
each calendar month

## Two Month Proportion Changes

Rule 502: I Daily tolerance

--- within the same month ---  
--- same proportion period.

II Monthly tolerance

-----(5) days

III Production in Excess of Monthly Allowable,  
Plus Tolerance

--- assigned monthly allowable ---  
--- for the month

IV --- daily or monthly  
--- excess of five days

## Two Month Proportion Changes

Rule 503

(a) The Commission shall meet between  
the 13<sup>th</sup> and 20<sup>th</sup> day of each month at  
open hearing for the purpose of determining  
the amount of oil to be produced from  
all oil pools for the following calendar  
month

(b) no change needed

(c) The Commission ----- following month

Rule 505

(i) Each calendar month -----  
previous calendar month -----  
on or after the 20<sup>th</sup> of the month

DRAFTGMH/esr  
1-16-70BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

*[Handwritten signature]*

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO CONSIDER THE REVISION OF RULES 503, 505 (i), 701 E 4, 1121, AND FORM C-121 TO PERMIT BIMONTHLY HEARINGS FOR THE DETERMINATION OF OIL ALLOWABLES AND ISSUANCE OF OIL PRORATION SCHEDULES.

CASE No. 4293

Order No. R- 2923ORDER OF THE COMMISSIONBY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 14, 1970, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this \_\_\_\_\_ day of ~~January~~, 1970, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That certain existing rules and regulations of the New Mexico Oil Conservation Commission require setting the allowable production of oil and the issuance of oil proration schedules each month.

(3) That it is feasible and will not result in waste nor impair correlative rights for the Commission to set the allowable production of oil and issue proration schedules bimonthly.

(4) That the administrative burden upon purchasers of crude oil and upon the Commission will be substantially lessened if oil allowable hearings are held and proration schedules are issued bimonthly.

(5) That in order to ease the administrative burden upon the purchasers and the Commission and to enable the Commission to more efficiently and economically administer the laws of the State of New Mexico concerning the prevention of waste and the protection of correlative rights, Rules 503 (a), 503 (b), 503 (c), 505 (i), 701 E 4, 1121, and Form C-121 should be revised to permit the establishment of the oil allowable and the issuance of the oil proration schedules bimonthly.

IT IS THEREFORE ORDERED:

(1) That Rules 503 (a), 503 (b), 503 (c), and 505 (i) of the New Mexico Oil Conservation Commission Rules and Regulations are hereby amended to read in their entirety as follows:

RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL

(a) The Commission shall meet between the 13th and 20th day of each even numbered month at open hearing for the purpose of determining the amount of oil to be produced daily from all oil pools for each of the following two calendar months.

(b) The exact date, time, and place of each such meeting for each calendar year shall be established and notice thereof given by publication during December of the preceding year.

(c) The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced daily from all oil pools during each of the following

two months. The amount~~s~~ so determined shall be allocated among the various pools in accordance with existing regulations<sup>governing each pool,</sup> and ~~among the various units in each pool in accordance with regulations governing each pool.~~ In allocated pools<sup>and</sup>, effective the first day of each odd-numbered month, the Commission <sup>will</sup> ~~shall~~ issue a proration schedule<sup>covering two consecutive proration periods and authorizing</sup> ~~which shall authorize~~ the production of oil from the various units in <sup>allocated pools in</sup> strict accordance with the schedule. Any well completed on or after the first day of a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule <sup>504</sup> 504. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well is completed; otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a <sup>supplement to the</sup> ~~supplementary~~ proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period or periods.

RULE 505. OIL PRORATION

(i) The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule, with the exception that any newly completed or recompletd well on which Form C-104 is approved <sup>after the bimonthly proration schedule</sup> ~~on or after the 20th of the month~~ <sup>shall be</sup> ~~in which an oil allowable hearing is held~~ is authorized to produce that quantity of oil which said well is capable of

*been prepared*

producing without waste up to the top unit allowable for the pool in which said well is located, and a supplemental<sup>to the</sup> proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

(2) That Rule 701 E 4 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended by deleting therefrom the following-quoted words:

First line - "Each month"

(3) That paragraph one of Rule 1121 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its entirety as follows:

RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's<sup>bi-monthly</sup> statewide oil allowable hearing.~~on nominations for the succeeding two months:~~ Nominations shall be filed by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

(4) That Commission Form C-121, Crude Oil Purchaser's Nomination, is hereby revised as shown on Exhibit 1 attached hereto and made a part hereof.

(5) That this order shall become effective June 1, 1970.

(6) That 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.

Docket No. 2-70

DOCKET: REGULAR HEARING - WEDNESDAY - JANUARY 14, 1970

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND  
OFFICE BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE (1) Consideration of the oil allowable for February, 1970;
- (2) Consideration of the allowable production of gas for February, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for February, 1970.

CASE 4293: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the revision of Rules 503, 505 (i), 701 E 4, 1121, and Form C-121 to permit bimonthly hearings for the determination of oil allowables and issuance of oil proration schedules.

CASE 4294: Southeastern New Mexico nomenclature case calling for an order for the creation, extension and contraction of certain pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

- (a) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Big Eddy-Bone Spring Pool. The discovery well is the Pennzoil United, Inc. Big Eddy Unit No. 12 located in Unit D of Section 21, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM  
SECTION 21: NW/4 NW/4

- (b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the Cline-Drinkard Pool. The discovery well is the Solar Oil Company Lineberry No. 1 located in Unit I of Section 11, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
SECTION 11: E/2

- (c) Create a new pool in Lea County, New Mexico, classified as a gas pool for Blinbry production and designated as the House-Blinbry Gas Pool. The discovery well is the Damson Exploration L. D. Jones No. 1 located in Unit H of Section 1, Township 20 South, Range 38 East, NMPM. Said pool would comprise:



(c) continued - Case 4294)

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
SECTION 1: NE/4

(d) Contract the Bough Permo-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
SECTION 11: N/2

(e) Extend the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM  
SECTION 36: W/2

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
SECTION 11: N/2

(f) Extend the Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
SECTION 4: S/2  
SECTION 5: S/2

(g) Extend the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM  
SECTION 1: NW/4

(h) Extend the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
SECTION 30: S/2

(i) Extend the Double L-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM  
SECTION 36: N/2 NE/4

Regular Hearing - January 14, 1970

-3-

Docket No. 2-70

(j) Extend the Justis-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
SECTION 27: SE/4

(k) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
SECTION 32: NE/4

(l) Extend the Sulimar-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
SECTION 26: NE/4 NE/4

(m) Extend the East Weir-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
SECTION 11: SE/4

CASE 4293

PROPOSED RULE REVISIONS

RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL

(a) The Commission shall meet between the 13th and 20th day of each even numbered month at open hearing for the purpose of determining the amount of oil to be produced daily from all oil pools for each of the following two calendar months.

(b) The exact date, time, and place of each such meeting for each calendar year shall be established and notice thereof given by publication ~~/on or before the 10th day of January each year/~~ during December of the preceding year.

(c) The Commission will consider all evidence of market demand ~~/of/~~ for oil and determine the amount of oil to be produced daily from all oil pools during each of the following two months. The amounts so determined ~~/will/~~ shall be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each ~~/proration period/~~ odd numbered month, the Commission ~~/will/~~ shall issue a proration schedule which ~~/will/~~ shall authorize the production of oil from the various units in strict accordance with the schedule.

Any well completed on or after the first day of ~~/the/~~ a proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 504. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well is completed; otherwise the allowable will become effective at 7:00 a.m. on the first day of the proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period or periods.

- - - - -

RULE 505. OIL PRORATION

(i) ~~/Each-calendar-month/~~ The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule ~~/during the-previous-calendar-month/~~; with the exception that any newly

completed or recompleted well on which Form C-104 is approved on or after the 20th of the month in which an oil allowable hearing is held is authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

- - - - -

RULE 701. INJECTION OF FLUIDS INTO RESERVOIRS

E. Water Flood Projects

4. ~~/Each-month/~~ The Commission shall, in its Statewide Oil Proration Order, establish basic 40-acre Area Allowable Factors for waterfloods in Southeast New Mexico and Northwest New Mexico. Such waterflood allowable factors shall be equal to the basic 40-acre normal unit allowable established in said order for wells on primary production in each of said areas, provided however, in no event shall said waterflood allowable factors be less than 42 for Southeast New Mexico or 70 for Northwest New Mexico.

RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's statewide oil allowable hearing on nominations for the succeeding two months. Nominations shall be filed ~~/each-month/~~ by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

(Paragraphs 2 and 3 of this rule will remain the same.)

Case 4293

~~Findings~~ :

- (1) ~~presently existing~~
- (2) That certain <sup>presently existing</sup> rules and regulations of the New Mexico Oil Conservation Commission require the setting the allowable production of oil and the issuance of oil production schedules ~~once a month~~ each month.
- (3) That it is feasible and will not result in ~~waste~~ <sup>nor impair</sup> ~~correlative rights~~ <sup>for the Commission</sup> to set the allowable production of oil and issue production schedules bimonthly.
- (4) That the administrative burden upon the ~~operator~~ purchasers of crude oil and upon the Commission will be substantially lessened if oil allowable hearings are held and production schedules are issued bimonthly.
- (5) That in order to ease the administrative burden upon the purchasers and the Commission and to enable the Commission to more efficiently and economically administer the laws of the State of New Mexico concerning the prevention of waste and the protection of Correlative rights Rules ~~503, 505~~ 503 (a), 503 (b), 503 (c), 505 (i), 701 E 4, 1121, and Form C-121 should be revised to permit the establishment of the oil allowable and the issuance of the oil production schedules bimonthly.

Ordered:

(1) That Rules 503(a), 503(b), 503(c), and ~~505(x)~~, 701 E 4, and 1121 are hereby  
are hereby amended to read in their entirety as  
follows:

(2) That Rule 701 E 4 is hereby amended by  
deleting therefrom the following - quoted words:

First line - " Each month "

(3) That paragraph one of Rule 1121 is hereby amended  
to read in its entirety as follows:

(4)(2) That Commission Form C-121,  
Crude Oil Purchaser's Nomination,  
is hereby revised as shown on Exhibit  
1 attached hereto and made a part  
hereof.

(5)(2) That this Order shall become  
effective \_\_\_\_\_

(6)(2) Juri -



## Rules - Rewrites

### Rule 503 - Authorization For Production Of Oil

(a) The Commission shall meet between the 13<sup>th</sup> and 20<sup>th</sup> day of each ~~even~~ <sup>not even</sup> numbered month at open hearing for the purpose of determining the amount of oil to be produced from all oil pools <sup>each of</sup> for the following two calendar months.

(c) The Commission will consider all evidence of market demand for ~~oil~~ <sup>oil</sup> and determine the amount of oil to be produced from all oil pools during each of the following two months. The amounts so determined ~~shall~~ <sup>shall</sup> be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In ~~allocated pools~~ <sup>allocated pools</sup>, effective the first day of each ~~calendar~~ <sup>calendar</sup> numbered month, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed on or after the first day of ~~a~~ <sup>the</sup> proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 504. The allowable production for such well shall be effective at 7:00 a.m. on the date of completion, provided Form C-104 is approved during the proration period in which the well is completed; otherwise the allowable will become effective at 7:00 a.m. on the first day of the

proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted during the remainder of the proration period.

505 (i) ~~The distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were not in the previous proration schedule; with the exception~~

505 (i) [Each calendar month] the distribution or proration to the respective units in each pool shall be changed on each proration schedule in order to take into account all new wells which have been completed and were <sup>not in the</sup> ~~previous~~ <sup>during the previous calendar month</sup> proration schedule; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20<sup>th</sup> of the month in which the hearing is held an oil allowable hearing is held is authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.

Rule 701 E. 4.

[Each month] The Commission shall, etc

Rule 1121 Purchaser's Nomination Forms (Form C-121-A)  
Form C-121-A

One copy of Form C-121, Order Oil Purchaser's Nomination, shall be submitted to the Santa Fe office of the Commission not later than five days prior to the Commission's statewide oil allowable hearing on nominations for the succeeding two months. Nominations shall be filed. Nominations shall be filed each month by each person expecting to purchase oil from producing wells in New Mexico during the following two months.

## Rewrite

503

(a) The Commission shall meet between the 13<sup>th</sup> and 20<sup>th</sup> day of <sup>each month</sup> February, April, June, August, October, and December at open hearing for the purpose of determining the amount of oil to be produced <sup>daily</sup> from all oil pools during each of the two calendar months following each hearing.

(c) The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced daily from all oil pools during the ~~two~~ following two months. The amounts so determined shall be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of January, March, May, July, September, and November, the Commission shall issue ~~a~~ prorating schedules which will authorize the production of oil from the various units in strict accordance with the schedules. - - - - - Same as one you have typed -

CASE 4294:

SOUTHEASTERN NEW MEXICO  
NOMENCLATURE