

Case Number
4799

Application

Transcripts

Small Exhibits

ETC.

dearnley, meier & mc cormick reporting service, inc.

209 SIMMS BLDG., P.O. BOX 1022, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE
SANTA FE, NEW MEXICO
Wednesday, August 23, 1972
10:45 A. M.

EXAMINER HEARING

IN THE MATTER OF:)
)
The hearing called by the Oil Conservation)
Commission on its own motion to amend Rule)
306 of the Commission Rules and Regulations)
to incorporate therein the provisions of)
Order Number R-4070 which regulate the)
flaring or venting of casinghead gas.)
)

Case No. 4799

BEFORE: RICHARD L. STAMETS, Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick reporting services, inc.

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

MR. HATCH: In the matter of the hearing called by the Oil Conservation Commission on its own motion to amend Rule 306 of the Commission Rules and Regulations to incorporate therein the provisions of Order Number R-4070 which regulate the flaring or venting of casinghead gas.

I would like the record to show that Mr. Nutter has been sworn and it is the same Mr. Nutter who previously testified.

THE EXAMINER: You may proceed.

MR. DANIEL S. NUTTER

having already been duly sworn according to law, upon his oath testified as follows:

DIRECT EXAMINATION

BY MR. GEORGE HATCH:

Q Mr. Nutter, would you explain to the Examiner the purpose of Case 4799 and your recommendations?

A Yes, sir. As preliminary background in this case I would like to mention that the Commission entered Order Number R-4070 which prohibited the flaring of casinghead gas effective January 1st, 1971. This was not entered into the rule book at the time as a rule and regulation. It was simply an order of the Commission. At the time the Commission entered the order they wanted to see how

1 workable it was and if any changes or amendments would
2 be necessary before making it a permanent rule in the
3 rules and regulations. The order has been very effective.
4 There is very little casinghead gas being flared or
5 vented at the present time in the state. The order has
6 worked well and at this time we would like to see it
7 incorporated into the rules and regulations so that the
8 operators will know it is there and not just mentioned.
9 At the present time over in the signature page of the
10 rules and regulations Order Number R-4070 should be
11 consulted for special rules governing the flaring or
12 venting of casinghead gas. It is stated there. However,
13 if it is a part of a rule it will be better seen and you
14 won't have to have a special order. We looked for a
15 place to put it in the rules and regulations. We found
16 Rule 306 which at the present time is entitled Vented
17 Casinghead Gas and simply says "Pending arrangement for
18 disposition for some useful purpose all vented casinghead
19 gas shall be burned and the estimated volume reported on
20 Form C-115." So, we have taken the meat of Order Number
21 R-4070 and incorporated it in proposed Rule 306 which
22 is identified here as Exhibit Number 1 in Case Number
23 4799 and this I will read into the record. Essentially
24 it is Order Number 4070 incorporated into 306. There are
25 a couple of little changes here and I will point those out

when I get to them. Rule 306, Casinghead Gas. So, the title changes from Vented Casinghead Gas to Casinghead Gas "(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well. (b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant." I have a copy of Exhibit Number 2 in this case which is the Form C-129. This is the same form by the way that we have been using, however, before it was entitled Application for Exception to Order Number R-4070 but now it is Application for Exception to No Flare Rule 306. "(c) The flaring or venting by an operator of gas from any well in violation of this order will result in suspension of the allowable assigned to the well." I see

dearnley, meier & mc cormick repair service

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6991 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. E. 3RD • ALBUQUERQUE, NEW MEXICO 87103

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-9691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87106

right now we have to revise that. It should say in violation of this rule rather than this order. "(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

"In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant." That's all in Order Number 4070 up to there. Here we are getting into the portion of this new Rule 306 which is contained in the existing old Rule 306.

"(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report,

1 Form C-115.

2 "(f) The provisions of Section (a) of this rule
3 shall not be applicable to wells completed prior to
4 January 1, 1971, in pools which had no gas-gathering
5 facilities on that date, provided however, said provi-
6 sions shall be applicable to all wells in such a pool 60
7 days after the date of first casinghead gas connection
8 in the pool." So, it simply says that old pools that
9 didn't have any casinghead gas-gathering facilities back
10 on January 1, '71 were excepted. However, once you get
11 a pipeline connection in the pool, the casinghead gas
12 pipeline connection, then all the wells in the pool would
13 have to have an exception or be connected within 60 days
14 after the date of that first connection. Outside of this
15 in essence this is the same thing that was in Order
16 Number 4070.

17 Q Do you have anything further to add to your testimony?

18 A No, just those exhibits.

19 MR. HATCH: I would like to move the introduction
20 of Exhibits 1 and 2 in Case 4/99 and that's all the
21 questions I have.

22 THE EXAMINER: Without objection the exhibits will
23 be admitted into evidence. Are there any questions of
24 the witness?

25 The form which you have committed here would be

dearnley, meier & mc cormick recording service, inc.

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 subject to the usual modifications that the Commission makes
2 from time to time on its forms?

3 THE WITNESS: Yes, sir. It is adopted as a
4 Commission numbered form. I also--we would also have to adopt
5 a Rule 1129 to correspond with this form and mention it over
6 in the rules section, but it would be just like any other form.

7 THE EXAMINER: If there are no further questions the
8 witness may be excused. Are there statements in this case?

9 We will take the case under advisement and call the
10 next case 4807.

11 * * * * *

| | | |
|----|--|-------------|
| 1 | <u>I N D E X</u> | |
| 2 | <u>WITNESS</u> | <u>PAGE</u> |
| 3 | MR. DANIEL S. NUTTER | |
| 4 | Direct Examination by Mr. George Hatch | 3 |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | <u>E X H I B I T S</u> | |
| 10 | | <u>PAGE</u> |
| 11 | Exhibit Number 1 - | |
| 12 | Proposed Rule 306 | 7 |
| 13 | Exhibit Number 2 - | |
| 14 | Form C-129 | 7 |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |

STATE OF NEW MEXICO)
: ss.
COUNTY OF BERNALILLO)

I, MARCIA J. HUGHES, Court Reporter, do hereby certify
that the above and foregoing pages are a true and correct
transcript of the proceedings had before the New Mexico Oil
Conservation Commission on Wednesday, August 23, 1972.

Marcia J. Hughes

August 23, 1972
Richard F. Stewart

4799

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION TO AMEND RULE 306
OF THE COMMISSION RULES AND REGULATIONS
TO INCORPORATE THEREIN THE PROVISIONS
OF ORDER NO. R-4070 WHICH REGULATE
THE FLARING OR VENTING OF CASINGHEAD
GAS.

CASE NO. 4799
Order No. R-4382

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of August, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 by Order No. R-4070 dated December 1, 1970, the Commission prohibited the flaring or venting of casinghead gas from any well in the State or from any extraction plant in the State except under certain limited and specified conditions.
- (3) That after a period of time in which to test the efficacy of said order and the provisions contained therein, the Commission believes that said order has been a useful tool in promoting the beneficial use of even small amounts of casinghead gas and has been in the interest of conservation and the prevention of waste.
- (4) That Rule 306 of the Commission Rules and Regulations should be amended to incorporate the provisions of Order No. R-4070 therein.
- (5) That Form C-129, "Application for Exception to No-Flare Rule 306," should be adopted to provide a uniform means for operators to request exceptions to Rule 306, and to provide the Commission certain basic criteria upon which to analyze the justification for each such exception.

-2-

CASE NO. 4799
Order No. R-4382

(6) That Rule 1129 should be added to the Commission's Rules and Regulations, reading in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in accordance with Rule 306."

(7) That the adoption of the foregoing will prevent unnecessary waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 306 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 306. CASINGHEAD GAS

(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well.

(b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(c) The flaring or venting by an operator of gas from any well in violation of this rule will result in suspension of the allowable assigned to the well.

(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the

-3-

CASE NO. 4799
Order No. R-4382

Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant.

(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report, Form C-115.

(f) The provisions of Section (a) of this rule shall not be applicable to wells completed prior to January 1, 1971, in pools which had no gas-gathering facilities on that date, provided however, said provisions shall be applicable to all wells in such a pool 60 days after the date of first casinghead gas connection in the pool."

(2) That the Rule and Regulations of the Commission are hereby amended by the addition of Rule 1129, which shall read in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in accordance with Rule 306."

(3) That Commission Form C-129, Application for Exception to No-Flare Rule 306, as shown by Exhibit 1 attached hereto and made a part hereof, is hereby adopted.

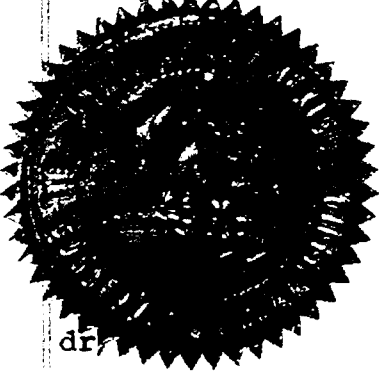
(4) That Order No. R-4070 is hereby superseded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

(6) That the effective date of this order and all the provisions therein shall be September 1, 1972.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

NFO Permit No. _____
(Commission Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

- A. Applicant, _____,
whose address is _____,
hereby requests an exception to Rule 306 for _____ days or
until _____, 19____, for the following described tank battery
(or LACT):

Name of Lease _____ Name of Pool _____

Location of Battery: Unit Letter _____ Section _____ Township _____ Range _____

Number of wells producing into battery _____

- B. Based upon oil production of _____ barrels per day, the estimated(*) volume
of gas to be flared is _____ MCF; Value _____ per day.

- C. Name and location of the nearest gas gathering facility:

- D. Distance _____ Estimated cost of connection _____

- E. This exception is requested for the following reasons:

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

By _____ Title _____ Date _____

- G. Approved until _____

New Mexico Oil Conservation Commission

By _____

Title _____

Date _____

*Gas-Oil ratio test may be required to verify estimated gas volume.

Exhibit No. 1
Order No. R-4382

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO CONSIDER THE PROMULGATION OF AN ORDER PROHIBITING THE FLARING OR VENTING OF CASINGHEAD GAS IN THE STATE OF NEW MEXICO ON OR AFTER DECEMBER 31, 1970, WHEN CERTAIN CONDITIONS EXIST.

CASE No. 4453
Order No. R-4070

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 18, 1970, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 1st day of December, 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 substantial amounts of casinghead gas produced from oil wells in the State of New Mexico are presently being flared or vented to the atmosphere.

(3) That the flaring or venting to the atmosphere of substantial amounts of casinghead gas results in the unnecessary or excessive surface loss or destruction without beneficial use of much of such natural gas.

(4) That in order to prevent the unnecessary or excessive surface loss of a valuable natural resource, the wasteful flaring or venting of casinghead gas should be prohibited.

(5) That in order to prevent waste, the flaring or venting of casinghead gas, except as provided in this order, produced by

-2-

CASE No. 4453
Order No. R-4070

oil wells located in pools having gas gathering facilities should be prohibited on or after January 1, 1971, or 60 days from the date such well is completed, whichever is later.

(6) That in order to prevent waste, the flaring or venting of casinghead gas, except as provided in this order, produced by oil wells completed on or after January 1, 1971, for more than 60 days following completion of said wells should be prohibited.

IT IS THEREFORE ORDERED:

(1) That, except as provided in this order, no casinghead gas produced from any well in this state located in a pool having a gas gathering facility shall be flared or vented on or after January 1, 1971, or 60 days from the date such well is completed, whichever is later.

(2) That, except as provided in this order, no casinghead gas produced from any well in this state completed after January 1, 1971, shall be flared or vented after 60 days following completion of the well.

(3) That any operator who desires to obtain an exception to the foregoing provisions shall file an application in triplicate with the appropriate district office of the Oil Conservation Commission upon a form designated by the Commission. The district supervisors are hereby authorized to grant such exception whenever the granting of the exception is reasonably necessary to protect correlative rights, prevent waste or prevent undue hardship on the applicant. The district supervisor shall either grant the exception within 10 days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(4) That the flaring or venting by an operator of gas from any well in violation of this order will result in suspension of the allowable of the affected well or wells.

(5) That no extraction plant processing any gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty

Docket No. 19-72

DOCKET: EXAMINER HEARING-- WEDNESDAY - AUGUST 23, 1972

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4775: (Continued from the July 26, 1972 Examiner Hearing)

Application of Continental Oil Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations governing the Blinebry Pool, Lea County, New Mexico, to provide for annual bottom-hole pressure, gas-oil ratio, and gas-liquid tests in the pool. Applicant further seeks the designation of oil areas and gas areas in the pool with allowables within each area equalized on a per-acre basis and total withdrawals from the gas area to be volumetrically equivalent to the total withdrawals from the oil area.

Applicant further seeks to extend the vertical limits of the Blinebry Pool down to the top of the Tubb Pool.

Also to be considered by the Commission on its own motion will be amendment of the special rules and regulations to require that intermediate- or low-pressure gas be charged against a well's allowable; elimination of the requirement to conduct bottom-hole pressure, gas-oil ratio, and gas-liquid tests; and to require that all gas production be reported on Form G-111.

CASE 4779: (Continued from the July 26, 1972, Examiner Hearing)

Application of Merrion & Bayless for a non-standard proration unit. San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 35, Township 30 North, Range 12 West, within one mile of Flora Vista-Masaverde Pool, San Juan County, New Mexico, to be dedicated to its Carnahan Well No. 1 located in Unit P of said Section 35.

CASE 4798: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider revision of Rule 701 E of the Commission Rules and Regulations to provide for unrestricted allowables for water-flood projects and to eliminate the necessity of response for administrative approval of additional injection wells.

CASE 4799: In the matter of the hearing called by the Oil Conservation Commission on its own motion to amend Rule 306 of the Commission Rules and Regulations to incorporate therein the provisions of Order No. R-4070 which regulate the flaring or venting of casinghead gas.

- CASE 4807: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the amendment of Rule 104 C. I of the Commission Rules and Regulations to permit the drilling of development oil wells as close as 330 feet to another well on the same unit drilling to or capable of producing from the same pool.
- CASE 4800: Application of Mobil Oil Corporation for waterflood expansion and capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Bridges State Waterflood Project, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, by the addition of its Bridges State Wells Nos. 12 and 174 located, respectively, in Unit P of Section 26 and Unit J of Section 15, Township 17 South, Range 34 East.
- Applicant further seeks the assignment of capacity allowable to said Well No. 12.
- CASE 4801: Application of The Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Parkway West Unit Area comprising 3840 acres, more or less, of State lands in Sections 20, 21, 22, 27, 28, and 29 of Township 19 South, Range 29 East, Eddy County, New Mexico.
- CASE 4802: Application of Crown Central Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation in the open-hole interval from 4011 feet to 4083 feet in its Fred Turner Well No. 2 located in Unit O of Section 6, Township 20 South, Range 38 East, Skaggs (Grayburg) Pool, Lea County, New Mexico.
- CASE 4803: Application of Yates Petroleum Corporation to directionally drill and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter a dry hole having an unorthodox surface location 1980 feet from the North line and 660 feet from the East line of Section 25, Township 18 South, Range 25 East, Eddy County, New Mexico, and to directionally drill in such a manner as to bottom the well in the West Atoka-Morrow Gas Pool at an unorthodox bottom hole location 500 feet from the North line and 600 feet from the East line of said Section 25. The N/2 of said Section 25 to be dedicated to the well.
- CASE 4804: Application of Dugan Production Corporation for downhole commingling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 303 of the Commission Rules and Regulations, authority to commingle oil production from the Amarillo-Gallup Oil Pool and gas from the

(Case 4804 continued)

Basin-Dakota Pool in the wellbore of its Fullerton Well No. 1 located 1850 feet from the North and West lines of Section 34, Township 28 North, Range 13 West, San Juan County, New Mexico. Applicant further seeks approval for a non-standard 160-acre gas proration unit for the Basin-Dakota Pool comprising the NW/4 of said Section 34 to be dedicated to the subject well.

CASE 4805: Application of W. C. Montgomery for a non-standard proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the NE/4 NE/4 of Section 20 and the NW/4 NW/4 of Section 21, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled in the NE/4 NE/4 of said Section 20.

CASE 4806: Southeastern New Mexico nomenclature case calling for an order for the creation, extension, contraction and abolishment of certain pools in Lea, Chaves, Eddy and Roosevelt Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Boyd-Cisco Gas Pool. The discovery well is the David Fasken Arco "9" Morrison No. 1 located in Unit B of Section 9, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
SECTION 9: N/2

(b) Create a new pool in Chaves County, New Mexico, classified as an oil pool for Queen production and designated as the South Lucky Lake-Queen Pool. The discovery well is the Dalport Oil Corporation Todhunter Federal No. 1 located in Unit F of Section 22, Township 15 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
SECTION 22: SE/4 NW/4

(c) Create a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the East Ranger Lake-Devonian Gas Pool. The discovery well is the Union Texas Petroleum Corporation Shell State Com No. 1 located in Unit E of Section 6, Township 13 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM
SECTION 6: W/2

(d) Abolish the Penrose Skelly-Grayburg Pool in Lea County,
New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

SECTION 13: E/2

SECTION 24: E/2

SECTION 25: NE/4 and E/2 SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 4: Lots 3, 4, 5, 6, 11, 12
13, 14 and SW/4

SECTION 7: S/2

SECTION 8: S/2 and NE/4

SECTION 9: W/2

SECTION 16: S/2 and NW/4

SECTION 17: All

SECTION 18: All

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 19: All

SECTION 20: All

SECTION 21: All

SECTION 27: All

SECTION 28: All

SECTION 29: All

SECTION 30: All

SECTION 31: All

SECTION 32: All

SECTION 33: All

SECTION 34: All

SECTION 35: All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

SECTION 2: All

SECTION 3: All

SECTION 4: All

SECTION 5: All

SECTION 6: E/2

SECTION 7: NE/4

SECTION 8: All

SECTION 9: All

SECTION 10: All

SECTION 11: All

SECTION 14: All

SECTION 15: All

SECTION 16: All

SECTION 17: E/2

(Case 4806 continued)

(e) Extend the vertical limits of the Langlie-Mattix Pool in Lea County, New Mexico, to include the Grayburg formation. Also, extend said Langlie Mattix Pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

SECTION 13: E/2
SECTION 24: E/2
SECTION 25: NE/4 and E/2 SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 4: Lots 3, 4, 5, 6, 11, 12,
13, 14 and SW/4
SECTION 7: S/2
SECTION 8: S/2 and NE/4
SECTION 9: W/2
SECTION 16: S/2 and NW/4
SECTION 17: All
SECTION 18: All
SECTION 19: All
SECTION 20: All
SECTION 21: All

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 27: All
SECTION 28: All
SECTION 29: All
SECTION 30: All
SECTION 31: All
SECTION 32: All
SECTION 33: All
SECTION 34: All
SECTION 35: All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

SECTION 2: All
SECTION 3: All
SECTION 4: All
SECTION 5: All
SECTION 6: E/2
SECTION 7: NE/4
SECTION 8: All
SECTION 9: All
SECTION 10: All
SECTION 11: All
SECTION 14: All
SECTION 15: All
SECTION 16: All
SECTION 17: E/2

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

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
SECTION 35: N/2 NW/4

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

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
SECTION 35: N/2 NW/4

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

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 17: NW/4

(i) Extend the North Benson Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
SECTION 26: S/2 SW/4

(j) Extend the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 8: NW/4

(k) Extend the South Carlsbad-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
SECTION 7: W/2
SECTION 18: N/2

(l) Extend the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
SECTION 7: S/2
SECTION 18: N/2

(m) Extend the Dos Hermanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
SECTION 22: All
SECTION 27: All

- (n) Extend the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
SECTION 6: S/2

- (o) Extend the Fowler-Upper Yaso Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
SECTION 10: SE/4
SECTION 11: SW/4

- (p) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
SECTION 4: Lot 9, 10, 11, 12, 13, 14,
15 and 16

- (q) Extend the Grayburg-Jackson Pool in Eddy County New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
SECTION 9: S/2

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
SECTION 2: SW/4

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

TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM
SECTION 33: SE/4

- (t) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
SECTION 26: NW/4 NE/4

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

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
SECTION 27: SE/4 SE/4
SECTION 34: NE/4 NE/4

- (v) Extend the Vada-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

Examiner Hearing - August 23, 1972

Docket NO. 19-72

-8-

(v continued from page 7 - Case 4806)

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
SECTION 34: SE/4

(w) Extend the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
SECTION 21: SE/4

(x) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM
SECTION 27: All
SECTION 35: W/2

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM
SECTION 3: All
SECTION 4: E/2

CASE 47861 (Continued from August 9, 1972, Examiner Hearing).

Application of Highland Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open-hole interval from 4378 feet to 4418 feet in its Russell Federal Well No. 6 located in Unit K of Section 20, Township 26 South, Range 32 East, East Mason-Delaware Pool, Lea County, New Mexico.

PROPOSED RULE CHANGE

4070
RULE 306. CASINGHEAD GAS

(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well.

(b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(c) The flaring or venting by an operator of gas from any well in violation of this ~~rule~~ will result in suspension of the allowable assigned to the well.

(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant.

(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report, Form C-115.

(f) The provisions of Section (a) of this rule shall not be applicable to wells completed prior to January 1, 1971, in pools which had no gas-gathering facilities on that date, provided however, said provisions shall be applicable to all wells in such a pool 60 days after the date of first casinghead gas connection in the pool.

CCC EXHIBIT NO. _____
CASE NO. 4-199
SUBMITTED BY _____
Hearing Date 8/23

NFO Permit No. _____
(Commission Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

- A. Applicant, _____,
whose address is _____,
hereby requests an exception to Rule 306 for _____ days or
until _____, 19____, for the following described tank battery
(or LACT):

Name of Lease _____ Name of Pool _____

Location of Battery: Unit Letter _____ Section _____ Township _____ Range _____

Number of wells producing into battery _____

- B. Based upon oil production of _____ barrels per day, the estimated(*) volume
of gas to be flared is _____ MCF; Value _____ per day.

- C. Name and location of the nearest gas gathering facility:

- D. Distance _____ Estimated cost of connection _____

- E. This exception is requested for the following reasons:

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

By _____ Title _____ Date _____

- G. Approved until _____

New Mexico Oil Conservation Commission

By _____

Title _____

Date _____

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 4779
Submitted by _____
Filing Date 8/23

*Gas-Oil ratio test may be required to verify estimated gas volume.

①

Case 4799

heard by Stewart
9 am Aug 23, 72

Finds:

Records Center

- (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 by Order No. R-4070 ~~dated~~^{or vesting of casinghead} December 1, 1970, the Commission prohibited the flaring ~~of~~ gas from any well in the State or from any extraction plant in the State except under certain, ^{limited and} specified conditions.
- (3) That after a period of time to test the efficacy of said order and the provisions contained therein, ~~the Commission~~ ^{in which} the Commission believes that said order has been a useful tool in promoting the beneficial use of even small amounts of casinghead gas and has been in the interest of conservation and the prevention of waste.
- (4) That Rule 306 of the Commission Rules and Regulations should be amended to incorporate the provisions of Order No. R-4070 therein.
- ~~5. That said amendment will not cause notice nor violate~~
- (5) That Rule 306 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

(6) That Form C-129, "Application for Exception to No-Flare Rule 306," should be adopted to provide a uniform ~~steps~~ means ~~of~~ ~~for requesting~~ operators to request exceptions to Rule 306, and to ~~provide~~ provide the Commission certain basic criteria upon which to analyze the justification ~~of~~ ^{for} each such ~~application~~ exception.

(7) That Rule 1129 should be added to the Commission Rules and Regulations, reading in its entirety as follows:

~~Rule~~
 "RULE 1129: APPLICATION FOR EXCEPTION TO
 NO-FLARE RULE 306 (Form C-129)
 Form C-129, when applicable, shall be
 filed in accordance with Rule 306."

(8) That the adoption of the foregoing will ~~not~~ prevent unnecessary waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 306 of the Commission Rules and Regulations, ~~is~~ ^{is hereby} amended to read in its entirety as follows:

4

~~PROPOSED RULE CHANGE~~

7
RULE 306. CASINGHEAD GAS

(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well.

(b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

rule

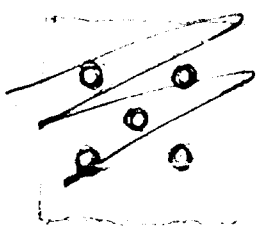
(c) The flaring or venting by an operator of gas from any well in violation of this ~~order~~ will result in suspension of the allowable assigned to the well.

(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant.

(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report, Form C-115.

(f) The provisions of Section (a) of this rule shall not be applicable to wells completed prior to January 1, 1971, in pools which had no gas-gathering facilities on that date, provided however, said provisions shall be applicable to all wells in such a pool 60 days after the date of first casinghead gas connection in the pool. "



(2) That the Rules and Regulations of the Commission ~~are hereby~~ ^{are hereby} amended by the addition of Rule 1129, which shall read in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO
NOCLARE RULE 306 (Form C-129)

Form C-129, when applicable, shall be
filed in accordance with Rule 306."

(3) That Commission Form C-129, Application
for Exception to No-Flare Rule 306, ~~is~~
as shown by Exhibit 1 attached hereto
and made a part hereof, is hereby
adopted.

(4) That jurisdiction of this cause is retained
for the entry of such further orders as
the Commission may deem necessary.

~~Done at~~
(5) That the effective date of this order
and all the provisions therein shall be
September 1, 1972.

→ (4) That Order No. R-4070 is hereby
superseded.

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

(RECORDS CENTER)

CASE NO. 4799

Order No. R-4382

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION TO AMEND RULE 306
OF THE COMMISSION RULES AND REGULATIONS
TO INCORPORATE THEREIN THE PROVISIONS
OF ORDER NO. R-4070 WHICH REGULATE
THE FLARING OR VENTING OF CASINGHEAD
GAS.

PLS EXPEDITE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of August, 1972, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 by Order No. R-4070 dated December 1, 1970, the
Commission prohibited the flaring or venting of casinghead gas
from any well in the State or from any extraction plant in the
State except under certain limited and specified conditions.

-2-

CASE NO. 4799

Order No. R-

(3) That after a period of time in which to test the efficacy of said order and the provisions contained therein, the Commission believes that said order has been a useful tool in promoting the beneficial use of even small amounts of casinghead gas and has been in the interest of conservation and the prevention of waste.

(4) That Rule 306 of the Commission Rules and Regulations should be amended to incorporate the provisions of Order No. R-4070 therein.

(5) That Form C-129, "Application for Exception to No-Flare Rule 306," should be adopted to provide a uniform means for operators to request exceptions to Rule 306, and to provide the Commission certain basic criteria upon which to analyze the justification for each such exception.

-4-
CASE NO. 4799
Order No. R-

(6) That Rule 1129 should be added to the Commission's Rules and Regulations, reading in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in accordance with Rule 306."

~~proposed amendment~~
(1) ~~18~~ That the adoption of the foregoing will prevent unnecessary waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 306 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 306. CASINGHEAD GAS

(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well.

(b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(c) The flaring or venting by an operator of gas from any well in violation of this rule will result in suspension of the allowable assigned to the well.

-5-

CASE NO. 4799

Order No. R-

(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant.

(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report, Form C-115.

(f) The provisions of Section (a) of this rule shall not be applicable to wells completed prior to January 1, 1971, in pools which had no gas-gathering facilities on that date, provided however, said provisions shall be applicable to all wells in such a pool 60 days after the date of first casinghead gas connection in the pool."

(2) That the Rule and Regulations of the Commission are hereby amended by the addition of Rule 1129, which shall read in its entirety as follows

"RULE 1129. APPLICATION FOR EXCEPTION TO
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in
accordance with Rule 306."

-6-

CASE NO. 4799

Order No. R-

(3) That Commission Form C-129, Application for Exception to No-Flare Rule 306, as shown by Exhibit 1 attached hereto and made a part hereof, is hereby adopted.

(4) That Order No. R-4070 is hereby superseded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

(6) That the effective date of this order and all the provisions therein shall be September 1, 1972.

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

NFO Permit No. _____
(Commission Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

A. Applicant, _____,
whose address is _____,
hereby requests an exception to Rule 306 for _____ days or
until _____, 19____, for the following described tank battery
(or LACT):

Name of Lease _____ Name of Pool _____

Location of Battery: Unit Letter _____ Section _____ Township _____ Range _____

Number of wells producing into battery _____

B. Based upon oil production of _____ barrels per day, the estimated(*) volume
of gas to be flared is _____ MCF; Value _____ per day.

C. Name and location of the nearest gas gathering facility:

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons:

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

By _____ Title _____ Date _____

G. Approved until _____
New Mexico Oil Conservation Commission

By _____

Title _____

Date _____

*Gas-Oil ratio test may be required to verify estimated gas volume.

Order No. R-
Exhibit No. 1