

Case No.

155

---

Application, Transcript,  
Small Exhibits, Etc.

NO. 155 Application of N.M. Oil Commission  
for an order clarifying Order 52. (Rules  
and regulations for Lea County pools)

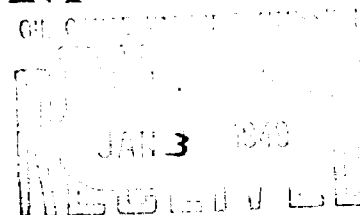
DATE

# STANOLIND OIL AND GAS COMPANY

Fort Worth, Texas  
December 31, 1948

File: ARP-2721-175

Re: Order No. 792 of the  
New Mexico Oil Conservation  
Commission - Case 155



Mr. R. R. Spurrier  
New Mexico Oil Conservation  
Commission  
Santa Fe, New Mexico

Dear Sir:

In reviewing the recently published orders of the Commission, which came as a result of hearings conducted June 15, 1948 at Santa Fe, New Mexico, I wish to express the appreciation of the Lea County Operators Committee for the Commission's action on these matters.

It is believed that perhaps a typographical error has occurred in the re-production of Order No. 792, Case No. 155 which was "In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order clarifying and amending Commission Order No. 52, dated February 1, 1947, and relating to rules and regulations for Lea County Pools." Item 12 of the subject order was presented by the Lea County Operators Committee as "Method of Producing Wells" which was to supersede the old title under the old order entitled "Method of Producing Flowing Wells". As brought out in the hearing, it is desirable to eliminate the word "flowing" from the title of this particular item inasmuch as it appeared to be the consensus of opinion that the daily rate of production not show any differentiation between physical methods of producing the wells. Inasmuch as the subject matter contained in Item 12 of the subject order is re-produced verbatim in accordance with the proposal submitted at the hearing, it is believed that a typographical error occurred in incorporating this revision into the new order in this particular item's heading.

It would be appreciated if you would advise me if you do not have a similar understanding of the desired heading for this Item 12, and if you would advise Mr. Staley if an error was made in re-production so that he may take appropriate measures to correct this on his records, as well as in the re-production of the order.

Yours very truly,

*G. H. Card*

G. H. Card

GHC/bc  
CC: Mr. C. G. Staley

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 90

ORDER NO. 698

THE APPLICATION OF STANOLIND OIL  
AND GAS COMPANY FOR MODIFICATION OF  
THE RULES AND REGULATIONS OF THE  
COMMISSION WITH RESPECT TO THE PERIODS  
PRESCRIBED FOR WAITING ON CEMENT IN  
CONNECTION WITH THE CEMENTING OF  
CASING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M. January 10, 1947  
at Santa Fe, New Mexico before the Oil Conservation Commission of New  
Mexico, hereinafter referred to as the "Commission".

NOW, on this 8 day of April, 1947, the Commission having  
before it for consideration the testimony adduced at the hearing of said  
case, and being fully advised in the premises;

IT IS THEREFORE ORDERED THAT:

SECTION 1. That part of Order 52 (Lea County Rules), captioned  
"Casing Tests for all Fields" be and the same is hereby amended to read  
as follows:

The surface casing string shall be tested after drilling plug by  
bailing the hole dry. The hole shall remain dry for one hour to constitute  
satisfactory proof of a water shut-off. The surface casing shall stand  
cemented for at least 24 hours before drilling plug. The conductor string  
of one to three joints need not be tested after cementing.

The intermediate string shall stand cemented not less than 30 hours  
before testing pipe and cement. Tests of pipe and cement shall consist  
of building up a pressure of 1,000 pounds, closing valves, and allowing  
to stand 30 minutes. If the pressure does not drop more than 100 pounds  
during that period, the test shall be considered satisfactory. This test  
shall be made both before and after drilling plug.

The production string shall stand cemented not less than 30 hours  
before testing casing. This test shall be made by building up a pressure  
of 1,000 pounds, closing valves, and allowing to stand 30 minutes. If  
the pressure does not drop more than 100 pounds during that period, the  
test shall be considered satisfactory.

All cementing shall be done by the pump and plug method, except that  
this method shall be optional for a conductor of one to three joints.

Bailing tests may be used on all casing and cement tests and drill  
stem tests may be used on cement tests, in lieu of pressure tests. In  
making bailing tests, the well shall be bailed dry and remain approximately  
dry for 30 minutes.

If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be recemented and retested, or an additional string of casing shall be run and cemented. If an additional string is used, the same tests shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

Done at Santa Fe, New Mexico as of the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

Thomas J. Mabry, Chairman

*John E. Miles*  
John E. Miles, Member

*R. R. Spurrier*  
R. R. Spurrier, Secretary

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 155

ORDER NO. 792

IN THE MATTER OF THE APPLICATION OF THE  
NEW MEXICO OIL CONSERVATION COMMISSION, AT  
THE REQUEST OF THE LEA COUNTY OPERATORS  
COMMITTEE FOR AN ORDER CLARIFYING AND  
AMENDING COMMISSION ORDER NO. 52, DATED  
FEBRUARY 1, 1947, AND RELATING TO RULES AND  
REGULATIONS FOR LEA COUNTY POOLS

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock a.m. June 15, 1948, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of September, 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case, and being fully advised in the premises;

FINDS:

That clarification of Order No. 52 of February 1, 1937 as amended by Order No. 72, effective August 1, 1937, being known as the "Special Rules and Regulations for The Lea County Fields," and heretofore published in Oil Commission Circular 6, Division 2 thereof.

That clarification of that rule would result in more orderly disposition of crude petroleum and remove uncertainties in the dealings between producer and purchaser.

IT IS THEREFORE ORDERED:

That Order No. 52 of February 1, 1937, as amended by Order No. 72 of August 1, 1937, published as Division 2 of the Oil Conservation Commission Circular 6 and known as the "Special Rules and Regulations for the Lea County Fields, New Mexico," be, and the same hereby is amended so as to read as follows:

SPECIAL RULES AND REGULATIONS FOR THE LEA COUNTY FIELDS, NEW MEXICO

Explanation

The special rules and regulations for the Lea County fields, New Mexico, were adopted by the Commission December 30, 1936, and became effective February 1, 1937. They include the rules and regulations of the Commission in Circular No. 2, "Special Rules and Regulations for the Hobbs, Jal, Cooper and Monument Fields, New Mexico," that have been retained by the Commission. Modifications and additions have been made, and these special rules and regulations now apply to all the Lea County fields, with the exception of the part of the Maljamar Field that is in Lea County.

General rules and Regulations

The general rules and regulations of the New Mexico Oil Conservation Commission established by Order No. 4 and published in Division I of Circular No. 6, "Oil and Gas Conservation Law and General Rules and Regulations for the Conservation of Oil and Gas in New Mexico," shall apply to all present and all future wells in the Lea County fields, except as such rules and regulations are modified or amplified herein to meet the special conditions in the various Lea County fields and to control and prevent waste in those fields.

## 1. Scope of Special Field Rules

The special rules and regulations for the Hobbs Field contained herein shall be limited in their application to the present 4200-foot productive horizon, and for the other Lea County fields to the horizons now producing.

## 2. Deviation Tests

When the deviation from vertical in any 500-foot interval averages more than 5 degrees, the hole shall be straightened.

## Stratigraphic Markers in the Hobbs Field

The average depths at which the various stratigraphic markers in the Hobbs pool may be expected are as follows:

	<u>Feet</u>
Potable Water	90
Top of Anhydrite	1550
Top of Salt	1700
Base of Salt	2650
Top of Brown Lime	2775
"Bowers" Sand	3200
"Big Gas" Sand	3700
"Sandy Dolomite"	3975
"White Crystalline Lime"	4025

## 3. Casing and Cementing Programs for the Hobbs Field

Casing programs for the Hobbs pool shall consist of (A) a surface casing string, (b) an intermediate casing string, except as hereinafter provided, and (c) a production casing string.

A. Surface Casing String.

In order to protect the fresh water supply, the surface casing string shall be set at least ten feet into the "Red Bed" Section and cemented back to the bottom of the cellar.

B. Intermediate Casing String.

The intermediate casing string, if required, may consist of either (1) a short string, or (2) a long string, at the option of the operator.

1. The short string, if used, shall be set in the Rustler formation above the top of the main salt and shall be cemented with 150 per cent of the calculated amount of cement to fill back to the bottom of the cellar.

2. The long string, if used, shall be set at least 100 feet below the base of the salt and cemented with 150 per cent of the calculated amount to fill back to the bottom of the cellar.

The intermediate string may be dispensed with only by special permission of the Commission, in wells where the "Brown Lime," "Bowers Sand" and "Big Gas" horizons have, by adequate and satisfactory proof, been found to contain neither oil nor gas.

C. Production Casing String.

The production string shall be set and cemented below the top of the "Sandy Dolomite." Where a short intermediate string is used, the production string shall be cemented with 150 per cent of the calculated cement to bring it to the base of the salt. Where a long intermediate casing string is used, the production string shall be cemented with 150 per cent of the calculated amount to fill back to above the top of "Bowers Sand."

Where no intermediate string is used the production string shall be cemented with 150 per cent of the calculated amount required to fill back to bottom of cellar.

Casing and Cementing Programs for Lea County Fields, Except the Hobbs Field

Casing programs for the Lea County Fields, except Hobbs, shall consist of: (A) a surface casing string, (B) an intermediate casing string, and (C) a production casing string.

A. Surface Casing String.

The surface casing string shall consist of (1) a string of sufficient length to shut off all potable surface waters, which shall be carried at least 15 feet into the "Red Beds," and which shall be cemented to the surface; or (2) a conductor of one to three joints of casing which shall either be pulled or cemented to the surface.

B. Intermediate Casing String.

Inside of the surface casing string (1) a short intermediate string of casing shall be set in the top of the main salt, or (2) a long intermediate string shall be set through the salt as follows:

1. A short string shall be set in the top of the main salt and below the Rustler formation. At the Eunice and Monument fields this string may be set in the Rustler anhydrite. If the surface casing string has been carried 15 feet into the "Red Beds," this intermediate string shall be cemented with 200 percent of the calculated amount to bring the cement to the bottom of the surface casing string. If the surface casing string consists only of a conductor of one to three joints, this intermediate string shall be cemented to the surface. If the cement fails to reach the surface, the intermediate string shall be perforated just above the top of the cement and an additional cement job done which shall bring the cement to the surface.

2. A long string of casing shall be run through the salt and at least 25 feet below it. This string shall be cemented with a two-stage cement job. The lower stage shall be cemented with at least that amount of cement which theoretically would bring the cement 200 feet above the casing shoe. The upper stage shall be cemented from the top of the salt and just below the Rustler formation with 200 percent of the calculated amount to bring the cement to the bottom of the surface casing string. If the surface casing string consists only of a conductor of one to three joints, this upper stage shall cement the string to the surface. If the cement fails to reach the surface, the intermediate string shall be perforated just above the top of the cement, and an additional cement job done which shall bring the cement to the surface.

If desired, where the surface casing string has been set in the "Red Beds," the long string through the salt may be cemented with a one-stage job, using 150 percent of the calculated amount to bring the cement 200 feet above the top of the salt. If the surface casing string consists of a conductor of one to three joints the long intermediate string, when cemented with a one-stage job, shall be cemented to the surface. If the cement does not reach the surface, the pipe shall be perforated just above the top of the cement and an additional cement job done that shall bring it to the surface.

C. Production Casing String.

The production string of casing shall be set either on the top of or within the producing zone. It may be perforated if necessary. The production string shall be cemented as follows:

1. If the intermediate string is set at the top of the salt, the production string shall be cemented with 150 percent of the amount calculated to bring the cement to the base of the salt. Mud shall be circulated ahead of the cement.

2. If the intermediate string is set through the salt, the production casing string shall be cemented with 150 percent of the calculated amount to bring the cement to the bottom of the next larger intermediate string.

4. Special Casing Programs.

At wells where the above regulations are not applicable because of exceptional conditions, the Commission may approve special casing programs upon request and provided adequate proof is submitted to justify such special programs and to assure the prevention of waste.

5. Casing tests for all fields.

The surface casing string shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. The surface casing shall stand cemented for at least 36 hours before drilling plug. The conductor string of one to three joints need not be tested after cementing.



The intermediate string shall stand cemented not less than 48 hours before testing pipe and cement. Tests of pipe and cement shall consist of building up a pressure of 1,000 pounds, closing valves, and allowing to stand 30 minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling plug.

The production string shall stand cemented not less than 48 hours before testing casing. This test shall be made by building up a pressure of 1,000 pounds, closing valves, and allowing to stand 30 minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory.

All cementing shall be done by the pump and plug method, except that this method shall be optional for a conductor of one to three joints.

Bailing tests may be used on all casing and cement tests and drillstem tests may be used on cement tests, in lieu of pressure tests. In making bailing tests, the well shall be bailed dry and remain approximately dry for 30 minutes.

If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be recemented and retested, or an additional string of casing shall be run and cemented. If an additional string is used, the same tests shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill," the number of sacks of cement to be used on each string of casing shall be stated.

#### 6. Tubing.

All flowing wells shall be tubed. The tubing shall be set as near the bottom as practicable, but in no case shall tubing perforations be more than 250 feet from bottom. The bottom of the tubing shall be restricted to an opening of less than one inch or bull-plugged in order to prevent the loss of pressure bombs or other devices.

#### 7. Special Equipment.

Meter settings of adequate size to measure efficiently the gas shall be installed on the gas vent line of every flowing well.

Well-head equipment shall be installed and maintained in first-class condition so that static bottom hole pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on both casing and tubing.

#### 8. Safety Requirements.

Blow-out preventers shall be installed on the intermediate string and oil string of casing prior to drilling plugs, and shall be tested against pump pressure at least once every 24-hour period while drilling is in progress.

All connections subject to well pressure and all well-head fittings shall be of first-class material, rated at 1500 pounds working pressure and maintained in gas-tight condition. Bradenheads rated at 1500 pounds working pressure shall be installed on all intermediate and oil casing strings, and Bradenhead connections maintained in gas-tight condition. There shall be at least one valve on each Bradenhead.

While drilling wells in under pressure, an oil circulation pit or tanks shall be maintained at least 60 feet from the well.

Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electrical equipment shall be in first-class condition and properly installed.

Burning pits shall not be located closer than 200 feet from any stock tank or battery, or drilling or producing well.

9. Bradenhead Gas.

Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches or otherwise wasted. It may be used for lease and development purposes, and for the development of nearby leases, except as prohibited above.

Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

10. Gas Lift.

Gas lift shall be used in regular production practice only after application to and approval by the Commission.

11. Chemical Treatment of Wells.

The portions of Rule 7, "Shooting and Chemical Treating of Wells," and Rule 24, "Notice of Intention to Shoot or Chemically Treat Wells," (Form C-102) of the general rules and regulations which relate to obtaining the permission of the Commission to chemically treat wells, shall not be required in the Lea County fields.

12. Method of Producing Flowing Wells.

The owner or operator of any producing units shall not produce from any unit during any calendar month any more oil than the allowable production for such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the calendar month, provided, further, that the amount of oil which such owner or operator shall be permitted to produce from any unit on any one day in order to balance the production within the calendar month as herein provided, shall not exceed the allowable production for such unit for each day by more than 25 percent of such allowable. In no event shall any unit be produced in any manner or in such amount as to result in the production in any one day from any unit of an amount in excess of 125 percent of the daily allowable.

13. Central Tank Batteries.

At the option of the operator, a central tank battery may be used to receive the production of two to not more than five units of the same basic lease. Exceptions to be made at the discretion of the Commission. Such central tank battery shall include adequate tankage and other equipment so that the production from each well can be accurately determined at reasonable intervals.

14. Eunice-Monument Fields Division Line.

That the matter of the division line between the Eunice-Monument fields be as follows:

The southern boundary of the Monument field shall be the northern boundary of Eunice field, the division line between the two fields shall be: an east-west line running one-quarter mile south of the north line of the following sections: Sections 23 and 24, T.20 S, R.36 E, N.M.P.M. and sections 19, 20, 21 and 22, T.20 S, R.37 E, N.M.P.M.

15. Unit for Proration Purposes in all Lea County Fields.

That the unit for proration purposes in all Lea County fields shall be the legal subdivision of 40 acres, more or less, or lot of 40 acres, more or less, as defined and determined by the official plats of the United States Government surveys.

All prior orders or portions thereof insofar as they are in conflict with the unit for proration provided for herein shall be revoked as of the effective date provided for hereinbelow.

This order shall become effective on the first day of the proration month next succeeding the month in which said order is adopted.

AND IT IS FURTHER ORDERED: That this case remain open on the docket for such further changes or corrections in the Lea County rules as may be proper.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN E. MILES, Member

R. R. SPURRER, Secretary

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

16 November 1948

C  
O  
P  
Y  
  
Mr. Glenn Staley  
Proration Office  
Drawer Eye  
Hobbs, New Mexico

Dear Glenn:

The Commission has issued an order under the caption, "The Application of the New Mexico Oil Conservation Commission, upon its own motion, to promulgate and adopt an order which will clarify present existing regulations, as pertaining to the transportation of crude petroleum within the boundaries of the State of New Mexico, and to facilitate the purchasing, transportation, and handling of crude petroleum by the various pipe line companies and transporters within the State of New Mexico", on Case 146, Order 788.

The caption should read "In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order clarifying and amending Commission Order No. 52, dated February 1, 1947, and relating to rules and regulations for Lea County pools" and the enclosed order #788 (Case 146) is the proper order for Case 146.

Since Case 146 deals with transportation and Case 155 pertains to the revision of Order #52.

I apologize and respectfully suggest you advise your mailing list to destroy Order #788 as now issued and re-enter it as soon as we can forward it to you. In the meantime Case #155, Order #792, may be issued - (Revision of Order #52)

Very truly yours,

---

RRS:bsp

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. ~~155~~  
ORDER NO. 788 192

\* THE APPLICATION OF THE NEW MEXICO OIL  
CONSERVATION COMMISSION, UPON ITS OWN MOTION,  
TO PROMULGATE AND ADOPT AN ORDER WHICH WILL  
CLARIFY PRESENT EXISTING REGULATIONS, AS  
PERTAINING TO THE TRANSPORTATION OF CRUDE  
PETROLEUM WITHIN THE BOUNDARIES OF THE STATE  
OF NEW MEXICO, AND TO FACILITATE THE PURCHASING,  
TRANSPORTATION, AND HANDLING OF CRUDE PETROLEUM  
BY THE VARIOUS PIPE LINE COMPANIES AND TRANSPORTERS  
WITHIN THE STATE OF NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

*This* This cause came on for hearing at 10:00 o'clock A.M. June 15, 1948, at  
*is the* Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, herein  
*order* after referred to as the "Commission."

*for case 155* NOW, on this 21st day of September, 1948, the Commission having before it for  
consideration the testimony adduced at the hearing of said case, and being fully  
advised in the premises;

*for case 155* FINDS:

That clarification of Order No. 52 of February 1, 1937 as amended by Order No.  
72 effective August 1, 1937, being known as the "Special Rules and Regulations For  
The Lea County Fields", and heretofore published in Oil Commission Circular 6,  
Division 2 thereof.

That clarification of that rule would result in more orderly disposition of  
crude petroleum and remove uncertainties in the dealings between producer and  
purchaser.

IT IS THEREFORE ORDERED:

That Order No. 52 of February 1, 1937, as amended by Order No. 72 of August 8,  
1937 published as Division 2 of the Oil Conservation Commission Circular 6 and known  
as the "Special Rules and Regulations For The Lea County Fields, New Mexico", be, and  
the same hereby is amended so as to read as follows:

SPECIAL RULES AND REGULATIONS FOR THE LEA COUNTY FIELDS, NEW MEXICO

Explanation

The special rules and regulations for the Lea County fields, New Mexico were  
adopted by the Commission December 30, 1936, and became effective February 1, 1937.  
They include the rules and regulations of the Commission in Circular No. 2, "Special  
Rules and Regulations for the Hobbs, Jal, Cooper and Monument Fields, New Mexico",  
that have been retained by the Commission. Modifications and additions have been

made, and these special rules and regulations now apply to the Lea County fields, with the exception of the part of the Maljamar Field that is in Lea County.

#### General rules and Regulations

The general rules and regulations of the New Mexico Oil Conservation Commission established by Order No. 4 and published in Division I of Circular No. 6, "Oil and Gas Conservation Law and General Rules and Regulations for the Conservation of Oil and Gas in New Mexico", shall apply to all present and all future wells in the Lea County fields, except as such rules and regulations are modified or amplified herein to meet the special conditions in the various Lea County fields and to control and prevent waste in those fields.

#### 1. Scope of Special Field Rules

The special rules and regulations for the Hobbs Field contained herein shall be limited in their application to the present 4200-foot productive horizon, and for the other Lea County fields to the horizons now producing.

#### 2. Deviation Tests

When the deviation from vertical in any 500-foot interval averages more than 5 degrees the hole shall be straightened.

#### Stratigraphic Markers in the Hobbs Field

The average depths at which the various stratigraphic markers in the Hobbs pool may be expected are as follows:

	Feet
Potable Water	90
Top of Anhydrite	1550
Top of Salt	1700
Base of Salt	2650
Top of Brown Lime	2775
"Bowers" Sand	3200
"Big Gas" Sand	3700
"Sandy Dolomite"	3975
"White Crystalline Lime"	4025

#### 3. Casing and Cementing Programs for the Hobbs Field

Casing programs for the Hobbs pool shall consist of (A) a surface casing string, (B) an intermediate casing string, except as hereinafter provided, and (C) a production casing string.

##### A. Surface Casing String.

In order to protect the fresh water supply, the surface casing string shall be set at least 10 feet into the "RED BED" Section and cemented back to the bottom of the cellar.

##### B. Intermediate Casing String.

The intermediate casing string, if required, may consist of either (1) a short string, or (2) a long string, at the option of the operator.

1. The short string, if used, shall be set in the Rustler formation above the top of the main salt and shall be cemented with 150 per cent of the calculated amount of cement to fill back to the bottom of the cellar.

2. The long string, if used, shall be set at least 100 feet below the base of the salt and cemented with 150 per cent of the calculated amount to fill back to the bottom of the cellar.

The intermediate string may be dispensed with only by special permission of the Commission, in wells where the "Brown Lime", "Bowers Sand" and "Big Gas" horizons have, by adequate and satisfactory proof, been found to contain neither oil or gas.

C. Production Casing String.

The production string shall be set and cemented below the top of the "Sandy Dolomite". Where a short intermediate string is used, the production string shall be cemented with 150 per cent of the calculated cement to bring it to the base of the salt. Where a long intermediate casing string is used, the production string shall be cemented with 150 per cent of the calculated amount to fill back to above the top of "Bowers Sand".

Where no intermediate string is used the production string shall be cemented with 150 per cent of the calculated amount required to fill back to bottom of cellar.

Casing and Cementing Programs for Lea County Fields, Except the Hobbs Field

Casing programs for the Lea County Fields, except Hobbs, shall consist of: (A) a surface casing string, (B) an intermediate casing string, and (C) a production casing string.

A. Surface Casing String.

The surface casing string shall consist of (1) a string of sufficient length to shut off all potable surface waters, which shall be carried at least 15 feet into the "Red Beds", and which shall be cemented to the surface; or (2) a conductor of one to three joints of casing which shall either be pulled or cemented to the surface.

B. Intermediate Casing String.

Inside of the surface casing string (1) a short intermediate string of casing shall be set in the top of the main salt, or (2) a long intermediate string shall be set through the salt as follows:

1. A short string shall be set in the top of the main salt and below the Rustler formation. At the Eunice and Monument fields this string may be set in the Rustler anhydrite. If the surface casing string has been carried 15 feet into the "Red Beds", this intermediate string shall be cemented with 200 per cent of the calculated amount to bring the cement to the bottom of the surface casing string. If the surface casing string consists only of a conductor of one to three joints, this intermediate string shall be cemented to the surface. If the cement fails to reach the surface, the intermediate string shall be perforated just above the top of the cement and an additional cement job done which shall bring the cement to the surface.
2. A long string of casing shall be run through the salt and at least 25 feet below it. This string shall be cemented with a two-stage cement job. The lower stage shall be cemented with at least that amount of cement which theoretically would bring the cement 200 feet above the casing shoe. The upper stage shall be cemented from the top of the salt and just below the Rustler formation with 200 per cent of the calculated amount to bring the cement to the bottom of the surface casing string. If the surface casing string consists only of a conductor of one to three joints, this upper stage shall cement the string to the surface. If the cement fails to reach the surface, the intermediate string shall be perforated just above the top of the cement, and an additional cement job done which shall bring the cement to the surface.

If desired, where the surface casing string has been set in the "Red Beds", the long string through the salt may be cemented with a one-stage job, using 150

per cent of the calculated amount to bring the cement 200 feet above the top of the salt. If the surface casing string consists of a conductor of one to three joints the long intermediate string, when cemented with a one-stage job, shall be cemented to the surface. If the cement does not reach the surface, the pipe shall be perforated just above the top of the cement and an additional cement job done that shall bring it to the surface.

C. Production Casing String.

The production string of casing shall be set either on the top of or within the producing zone. It may be perforated if necessary. The production string shall be cemented as follows:

1. If the intermediate string is set at the top of the salt, the production string shall be cemented with 150 per cent of the amount calculated to bring the cement to the base of the salt. Mud shall be circulated ahead of the cement.

2. If the intermediate string is set through the salt, the production casing string shall be cemented with 150 per cent of the calculated amount to bring the cement to the bottom of the next larger intermediate string.

4. Special Casing Programs.

At wells where the above regulations are not applicable because of exceptional conditions, the Commission may approve special casing programs upon request and provided adequate proof is submitted to justify such special programs and to assure the prevention of waste.

5. Casing Tests for All Fields.

The surface casing string shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. The surface casing shall stand cemented for at least 36 hours before drilling plug. The conductor string of one to three joints need not be tested after cementing.

The intermediate string shall stand cemented not less than 48 hours before testing pipe and cement. Tests of pipe and cement shall consist of building up a pressure of 1,000 pounds, closing valves, and allowing to stand 30 minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling plug.

The production string shall stand cemented not less than 48 hours before testing casing. This test shall be made by building up a pressure of 1,000 pounds, closing valves, and allowing to stand 30 minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory.

All cementing shall be done by the pump and plug method, except that this method shall be optional for a conductor of one to three joints.

Bailing tests may be used on all casing and cement tests and drill stem tests may be used on cement tests, in lieu of pressure tests. In making bailing tests, the well shall be bailed dry and remain approximately dry for 30 minutes.

If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be recemented and retested, or an additional string of casing shall be run and cemented. If an additional string is used, the same tests shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

#### 6. Tubing

All flowing wells shall be tubed. The tubing shall be set as near the bottom as practicable, but in no case shall tubing perforations be more than 250 feet from bottom. The bottom of the tubing shall be restricted to an opening of less than one inch or bull-plugged in order to prevent the loss of pressure bombs or other devices.

#### 7. Special Equipment

Meter settings of adequate size to measure efficiently the gas shall be installed on the gas vent line of every flowing well.

Well-head equipment shall be installed and maintained in first-class condition so that static bottom hole pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on both casing and tubing.

#### 8. Safety Requirements

Blow-out preventers shall be installed on the intermediate string and oil string of casing prior to drilling plugs, and shall be tested against pump pressure at least once every 24-hour period while drilling is in progress.

All connections subject to well pressure and all well-head fittings shall be of first-class material, rated at 1500 pounds working pressure and maintained in gas-tight condition. Bradenheads rated at 1500 pounds working pressure shall be installed on all intermediate and oil casing strings, and Bradenhead connections maintained in gas-tight condition. There shall be at least one valve on each Bradenhead.

While drilling wells in under pressure, an oil circulation pit or tanks shall be maintained at least 60 feet from the well.

Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electrical equipment shall be in first-class condition and properly installed.

Burning pits shall not be located closer than 200 feet from any stock tank or battery, or drilling or producing well.

#### 9. Bradenhead Gas

Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches or otherwise wasted. It may be used for lease and development purposes, and for the development of nearby leases, except as prohibited above.

Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

#### 10. Gas Lift

Gas lift shall be used in regular production practice only after application to and approval by the Commission.

#### 11. Chemical Treatment of Wells

The portions of Rule 7, "Shooting and Chemical Treating of Wells", and Rule 24, "Notice of Intention to Shoot or Chemically Treat Wells", (Form C-102) of the general rules and regulations which relate to obtaining the permission of the Commission to chemically treat wells, shall not be required in the Lea County fields.



12 Method of Producing Flowing Wells

"The owner or operator of any producing units shall not produce from any unit during any calendar month any more oil than the allowable production for such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the calendar month, provided, further, that the amount of oil which such owner or operator shall be permitted to produce from any unit on any one day in order to balance the production within the calendar month as herein provided, shall not exceed the allowable production for such unit for each day by more than 25 percent of such allowable. In no event shall any unit be produced in any manner or in such amount as to result in the production in any one day from any unit of an amount in excess of 125 percent of the daily allowable."

13, Central Tank Batteries

At the option of the operator a central tank battery may be used to receive the production of two to not more than five units of the same basic lease. Exceptions to be made at the discretion of the Commission. Such central tank battery shall include adequate tankage and other equipment so that the production from each well can be accurately determined at reasonable intervals.

14. Eunice-Monument Fields Division Line

That the matter of the division line between the Eunice-Monument fields be as follows:

The southern boundary of the Monument field shall be the northern boundary of Eunice field, the division line between the two fields shall be: an east-west line running one-quarter mile south of the north line of the following sections: Section 23 and 24, Township 20-South, Range 36-East, N.M.P.M and Sections 19, 20, 21 and 22, Township 20-South, Range 37-East, N.M.P.M.

15. Unit For Proration Purposes in All Lea County Fields

That the unit for proration purposes in all Lea County fields shall be the legal subdivision of 40 acres more or less, or lot of 40 acres more or less, as defined and determined by the official plats of the United States Government surveys.

All prior orders or portions thereof insofar as they are in conflict with the unit for proration provided for herein, shall be revoked as of the effective date provided for hereinbelow.

This order shall become effective on the 1st day of the proration month next succeeding the month in which said order is adopted.

AND IT IS FURTHER ORDERED: That this case remain open on the docket for such further changes or corrections in the Lea County rules as may be proper.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

(SEAL)

/s/ John E. Miles, Member

LEA COUNTY OPERATORS COMMITTEE  
Hobbs, New Mexico  
November 5, 1948

/s/ R. R. Spurrier, Secretary

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held July 29, 1948, beginning at 10:00 o'clock a.m. on that day in the City of Santa Fe, New Mexico

STATE OF NEW MEXICO TO:

All named parties in the following cases,  
and notice to the public:

Case No. 152

In the matter of the application of Grayburg Oil Company of New Mexico and Western Production Company, Inc., for an order granting permission to drill twenty-eight unorthodox locations on leases within the boundaries of the Grayburg Cooperative and Unit Area in T.17 S, R.29 and 30 E, N.M.P.M., in the Grayburg-Jackson pool, Eddy County, New Mexico.

Case No. 154

In the matter of the application of Magnolia Petroleum Company, a corporation of Dallas, Texas, for approval of the Foster Unit Area and Agreement, covering and including the following described lands: Lots 1 and 2, S $\frac{1}{2}$ SE $\frac{1}{4}$  section 33; Lots 1, 2, 3, 4, and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$  section 34; Lots 1, 2, 3, 4, and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , section 35; Lots 1, 2, 3, and 4, S $\frac{1}{2}$ SE $\frac{1}{4}$  section 36, T.20 $\frac{1}{2}$  S, R.22 E; S $\frac{1}{2}$  section 13, S $\frac{1}{2}$  section 14; all sections 22, 23, 24, 25, 26, 27, 28, 33, 34, 35, and 36, T.20 S, R.23 E; Lots 1, 2, 3, 4, and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$  section 31; Lot 4, SW $\frac{1}{4}$ SW $\frac{1}{4}$  section 32, T.20 $\frac{1}{2}$  S, R.23 E; Lots 3 and 4, E $\frac{1}{2}$ SW $\frac{1}{4}$  section 18; Lots 1, 2, 3, and 4, E $\frac{1}{2}$ W $\frac{1}{2}$  section 19; Lots 1, 2, 3, and 4, E $\frac{1}{2}$ W $\frac{1}{2}$  section 30; Lots 1, 2, 3, and 4, E $\frac{1}{2}$ W $\frac{1}{2}$  section 31, T.20 S, R.24 E, N.M.P.M. containing 10,289.50 acres, more or less, in Eddy County, New Mexico.

Case No. 155

In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order clarifying and amending Commission Order No. 52, dated February 1, 1937, and relating to rules and regulations for Lea County pools.

Case No. 156

In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order amending Commission Order No. 712 of August 4, 1947, and known as the Lea - Eddy - Chaves Counties New Mexico Gas Oil Ratio Order.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico on July 14, 1948.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BY  
R. R. SPURRIER, Secretary

TO ALL LEA COUNTY OPERATORS:

GENTLEMEN:

A meeting of the Lea County Operators Executive Committee was held in Fort Worth, Texas, July 12, 1948. At this meeting the reports of the Committee appointed by the Operators at the Santa Fe meeting on ~~July~~ 29th, were studied and a final draft is attached hereto for your consideration?

They are as follows:

1. Method of producing wells to supersede Commission Order #52.
2. Suggested amendment to Order #712.
3. Transportation of crude petroleum within the State of New Mexico.
4. Regulating tank cleaning plants, processing tank bottoms and reclaiming of waste oil.

The Oil Conservation Commission will hold a hearing to listen to evidence pertaining to the above suggested Orders at 10:00 A.M., July 29, 1948, Santa Fe, New Mexico.

The Lea County Operators will hold an operators meeting at the La Fonda Hotel, Santa Fe, New Mexico, at 3:00 P.M., on July 28th, 1948.

It will be greatly appreciated if anyone having any criticisms, suggested changes or additions, that they feel should be made, please communicate with Mr. George H. Card, Chairman of the Lea County Operators, Stanolind Oil and Gas Company, Box 1410, Fort Worth, Texas.

Also enclosed is copy of Budget for Lea County Operators Committee for last half of 1948 as approved by the Executive Committee on July 29, 1948.

George H. Card, Chairman

By Glenn Staley

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
July 13, 1948

PROPOSED ORDER TO SUPERSEDE ORDER #52

Title: METHOD OF PRODUCING WELLS

"The owner or operator of any producing units shall not produce from any unit during any calendar month any more oil than the allowable production for such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the calendar month, provided, further, that the amount of oil which such owner or operator shall be permitted to produce from any unit on any one day in order to balance the production within the calendar month as herein provided, shall not exceed the allowable production for such unit for each day by more than 25 percent of such allowable. In no event shall any unit be produced in any manner or in such amount as to result in the production in any one day from any unit of an amount in excess of 125 percent of the daily allowable."

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
July 13, 1948

SUGGESTED AMENDMENT TO COMMISSION ORDER #712

"Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable (deep pool adaptation) currently assigned to the pool, to be effective in all pools in New Mexico where the gas-oil ratio is limited by Commission Order. This will place all producing wells, whether oil or gas, in these pools on the proration schedule."

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
July 13, 1948

(P R O P O S E D)  
BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 146

ORDER NO. \_\_\_\_\_

THE APPLICATION OF THE NEW MEXICO OIL  
CONSERVATION COMMISSION, UPON ITS OWN MOTION,  
TO PROMULGATE AND ADOPT AN ORDER WHICH WILL  
CLARIFY PRESENT EXISTING REGULATIONS, AS  
PERTAINING TO THE TRANSPORTATION OF CRUDE  
PETROLEUM WITHIN THE BOUNDARIES OF THE STATE  
OF NEW MEXICO, AND TO FACILITATE THE PURCHASING  
TRANSPORTATION, AND HANDLING OF CRUDE PETROLEUM  
BY THE VARIOUS PIPE LINE COMPANIES AND TRANSPORTERS  
WITHIN THE STATE OF NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on hearing at 10:00 o'clock A.M., \_\_\_\_\_ at Santa Fe,  
New Mexico, before the Oil Conservation Commission of the State of New Mexico,  
hereinafter referred to as the "Commission."

NOW, on the \_\_\_\_\_ day of \_\_\_\_\_, 1948, the Commission having before it for  
consideration the testimony adduced at the hearing of said case, and being fully  
advised in the premises;

IT IS THEREFORE ORDERED:

1. That the New Mexico Oil Conservation Commission will meet monthly, as soon as practicable after the announcement of the Bureau of Mines of the market demand for New Mexico, and at such meeting will consider the announcement of the Bureau of Mines and other evidence of market demand, and will determine the amount of oil to be produced from all pools in the State of New Mexico during the following calendar month. The amount so determined will be allocated among the various pools in the State in accordance with existing regulations and among the various units in each pool, in accordance with the regulations governing each pool. Effective the first day of each month, the commission or its duly authorized agent will issue a monthly proration schedule. This monthly proration schedule will authorize the production, purchase and transportation of oil from the various units in strict accordance with the schedule. Allowables for wells completed after the first day of the month will become effective from the date of well completion. For proration purposes, a well is completed on the day the first oil is delivered into the lease stock tank or tanks. A supplementary order will be issued by the commission or its duly authorized agent to the operator of the newly completed well, and to the purchaser or transporter of the oil from the completed well, establishing the effective date of completion, the amount of production permitted during the month, and the authority to purchase and transport same from said well.

2. That any common purchaser is authorized to purchase 100 percent of the production from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the state top

PROPOSED ORDER CONT'D

unit allowable for that particular month. Any amount of crude petroleum, up to and including top unit allowable for that particular month, may be purchased from a marginal unit, provided that a supplemental order is issued authorizing such production.

3. That no purchase in excess of the production set forth the monthly proration order is authorized for any month from a unit having gas-oil ratio adjustments.

4. That current shortages may be made up the month following the month in which such shortages occurred, and if overage occurs, which is unavoidable and lawful, then such overage should be compensated the month following the month in which such overages occurred. All legal and authorized back allowable available for purchase will be published in the monthly proration order. No back allowable will be placed in the monthly proration order unless request is made by producer and proof is shown that shortage is legal and should be considered as back allowable. There are only three justifications for back allowable, namely: (1) failure of purchaser or transporter to run assigned allowable as adjusted for temperature corrections made by transporter, and (2) mechanical failures affecting the producing well during the proration period, and (3) gathering engineering data.

5. That when and if it becomes necessary for any common purchaser to purchase crude petroleum at a ratable take (less than amount assigned on monthly proration schedule), that any common purchaser is authorized and directed to make 100 percent purchases from units of settled production producing ten barrels or less daily of crude petroleum within its purchasing area and ordinarily served by it in lieu of ratable purchases or takings, in order to preclude premature abandonment.

Provided, however, where such purchaser's takings are curtailed below ten barrels per unit of crude petroleum daily, then said purchaser is authorized and directed to purchase equally from all such units within said area and ordinarily served by it regardless of their producing ability insofar as they are capable of producing.

6. That Commission Orders No. 235 and No. 539 shall be superseded by this Order.

7. That this order shall become effective on the first day of the proration month next succeeding the month in which said order is adopted.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

THOMAS J. MARRY, Chairman

JOHN E. MILES, Member

R. R. SPURRIER, Secretary

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
July 13, 1948

PROPOSED

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO.

IN THE MATTER OF A  
GENERAL ORDER REGULATING  
TANK CLEANING, PLANTS PROCESSING  
TANK BOTTOMS, AND  
RECLAIMING OF WASTE OIL

CASES NO. 104, 110 & ~~111~~  
ORDER NO.

ORDER OF THE COMMISSION

WHEREAS, after publishing of notice for the time and in the manner required by law, the Oil Conservation Commission of the State of New Mexico held a hearing at Santa Fe, New Mexico, on July 15, 1947, and subsequently, for the purpose of receiving testimony and evidence concerning the necessity for promulgating rules and regulations for the cleaning of tanks used in connection with the production and storage of crude oil in the State of New Mexico, and the processing and reclaiming of tank bottoms, gasoline plant scrubber oil, waste oil, wash-in oil, creek oil, pit oil, pipe line break oil, and similar types and kinds of oil; and

WHEREAS, pursuant to the evidence presented at said hearing and independent investigations of the Commission, the Commission is of the opinion and finds that rules and regulations should be adopted.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective \_\_\_\_\_, the following rules and regulations are hereby adopted to govern, regulate and control the cleaning of all tanks used in the handling, production, and/or measuring, and storing of crude oil in the State of New Mexico, the processing of tank bottoms, the construction and operation of treating plants, and the picking up, reclaiming, and/or salvaging of tank bottoms, waste oil, wash-in oil, creek oil, pit oil; to-wit:

RULE 1. No "tank bottoms," as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil, except as hereinafter provided, unless and until application for tank cleaning permit shall have been made on the Commission's Form C-117, and approved by agent of the Commission. Provided further that approval shall not be given until tank for which permit is requested shall be tested as follows:

(a) An accurate gauge shall be taken on each tank for which tank cleaning permit is applied, and the result entered on Form C-117.

(b) A representative sample of the tank bottoms of each tank shall be taken, and the amount merchantable oil determined according to the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil, Number 25, Section 5, and such amount of oil shall be entered on Form C-117 by the owner or operator of the tank to be cleaned.

(c) The merchantable oil contained in any tank bottom or pit shall be measured and charged against the allowable of the unit or units producing into any tank or pit where such merchantable oil accumulates. This amount shall be shown as a separate item on Form C-115.

(d) Nothing contained in this Order shall apply to tank bottoms used on the lease from which the tank bottoms accumulated or to the treating of tank bottoms on the lease by the producer or operator where the merchantable oil recovered therefrom is disposed of through a duly authorized transporter as shown on form C-110 filed with the Commission.



(e) Nothing contained in this Order shall apply to the transfer of tank bottoms from one tank to another tank located in the same tank battery provided there is no change in the custody or control of the tank bottom.

(f) Nothing contained in this Order shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

**RULE 2.** No treating plant, as defined in this Order, shall operate except in conformity with the following provisions.

(a) Every person desiring to operate, or cause to be operated, a treating plant within the State of New Mexico under the terms of this Order, shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type, and capacity of the plant contemplated and method of processing proposed. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and there is a need for such a plant at the proposed location thereof, a permit shall be granted authorizing the construction of such plant under the Commission's supervision.

No person shall operate, or cause to be operated, a treating plant without first having applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and received approval of bond as hereinafter provided and upon a showing satisfactory to the Commission after hearing and investigation.

The foregoing requirements shall have no application as to treating plants constructed and operating at the date of this Order under previous Order of the Commission provided that the future operations of such plants shall be in accordance of all other provisions of this Order.

Such permit, if granted, shall be valid for one (1) year, and shall be revocable at any time after hearing is had on 10 days' notice, if, in the judgment of the Commission, the treating plant to which such permit is related is so constructed, equipped, or operated as not to reclaim and conserve tank bottoms and/or other waste oils; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rule or regulation of the Commission enacted under and in pursuance of said laws.

(b) The treating plant operator shall be entitled to an approved Certificate of Compliance and Authorization to Transport Oil (Form C-110) for the total amount of products secured from tank bottoms and other waste oils processed in conformity with the provisions of this Order.

(c) Before actual operations are begun, the permittee shall file with the Commission a surety bond satisfactory to the Commission and payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter

promulgated by the Commission in any wise applicable.

(d) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a C-110 for the net oil on hand at the end of the reported period.

(e) Report Forms C-118 may be filed and C-110's issued at intervals more frequent than once monthly, but in no event may C-110's be issued for moving the products of a treating plant without a Form C-118 fully completed and approved.

### RULE 3.

(a) The provisions of this order shall not apply in connection with the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of to the transporter authorized by C-110's.

(b) Except as provided in paragraph (a) above any person desiring to pick up, reclaim, or salvage any wash-in oil, creek oil, or pit oil shall obtain in writing, a permit from the owner or operator of the lease, and a permit from a duly authorized agent of the Commission before picking up, reclaiming, or salvaging the same.

(c) All applications for permits to pick up, reclaim, or salvage wash-in oil, creek oil, or pit oil shall state the name and location of the lease, the number of the well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

RULE 4. The following definitions shall be applicable to the terms used in this Order.

(a) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators or a fiduciary, or representative of any kind.

(b) "Treating plant" shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.

(c) "Tank bottoms" shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in the handling and storing of crude oil, and which accumulation contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

(d) "Wash-in oil" shall mean oil used in the drilling of, or reworking of, a well, which has been run from another tank or tanks and recaptured by the operator.

(e) "Creek oil" shall mean <sup>oil</sup>accumulating in creeks due to lease line break, lease tank overflow, or any other cause.

(f) "Pit oil" shall mean the oil or emulsion accumulating in the pits where tank bottoms and escape oil from wells are accumulated.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION that this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

OIL CONSERVATION COMMISSION  
NEW MEXICO

BY \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Date

LEA COUNTY OPERATORS  
HOBBS, NEW MEXICO  
JULY 13, 1948

$$\begin{array}{r}
 87.8 \\
 \hline
 36 \overline{) 284750} \\
 \underline{2562} \phantom{0} \\
 2855 \phantom{0} \\
 \underline{2562} \phantom{0} \\
 2930
 \end{array}$$

**CLASS OF SERVICE**  
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

JOSEPH L. EGAN  
PRESIDENT

1201

**SYMBOLS**  
DL - Day Letter  
NL - Night Letter  
LC - Deferred Cable  
NLT - Cable Night Letter  
Ship Radiogram

The time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

DVA96 PD=GK DALLAS TEX 27 1134A=

OIL CONSERVATION COMMISSION=

STATE OF NEW MEXICO SF=

REFERENCE HEARING JULY 29 CASE 155 APPLICATION FOR ORDER  
CLARIFYING AND AMENDING COMMISSION ORDER 52 THIS COMPANY  
APPROVES AND URGES ADOPTION OF AMENDMENT TO ORDER 52 PROPOSED  
TO ALL LEA COUNTY OPERATORS BY LEA COUNTY OPERATORS COMMITTEE  
WITH ITS LETTER OF JULY 13, 1948=

THE ATLANTIN REFINING CO BY JOHN MARSTON=

29 155 52 52 13 1948=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE