

G -- OIL PRORATION AND ALLOCATION

SEP 12

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) The Commission shall meet between the 20th and the 25th of each month for the purpose of setting the allowable production for the State for the following calendar month. (No change unless proration period is changed).

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Commission will instruct the Manager of Proration to issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00 A.M. on the first day of the proration period in which form C-10 is approved. A supplementary order will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well. (Note: This should eliminate the necessity of the Commission's having to adapt the proration schedule after publication)

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such

RULE 503 CONT'D
(d) Cont'd

unit shall file with the Manager of Proration for a supplemental order covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental order setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental order to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.)

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for at any time or times during the two proration periods next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary orders issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period will be numbered in the order issued. A tabulation of such supplementary orders will be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until Form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in paragraphs 8) *and 8*

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

2.	Pool Depth Range			Proportional Factor
From	0	to	5,000 Feet	1.00
Below	5,000	to	6,000 "	1.33
	6,000	to	7,000 "	1.77
	7,000	to	8,000 "	2.33
	8,000	to	9,000 "	3.00
	9,000	to	10,000 "	3.77
	10,000	to	11,000 "	4.67
	11,000	to	12,000 "	5.67
	12,000	to	13,000 "	6.75

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas-oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-115. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulas:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30 - N) U (B - 30U)}$$

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 25th of the month will be assigned an allowable for the next month by supplementary order. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7:00 A.M. on the date of completion and for the remainder of that calendar month. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the month. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS-OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.
2. 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 allowable currently assigned to the pool.
3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.
4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

N. M. OIL & GAS ENGINEERING COMMITTEE
DRAWER I
HOBBS, NEW MEXICO

September 21, 1951

TO ALL OPERATORS:

Enclosed are some suggested changes prepared by Mr. A. L. Porter, Proration Manager, regarding Case 308 of the New Mexico Oil Conservation Commission.

Mr. R. R. Spurrier stated at the hearing that anyone having any suggestions regarding Case 308 should put them in the form of a letter and mail to his office before October 5, 1951. Mr. Spurrier will appoint a committee to study the suggested changes which will be presented at the hearing of the New Mexico Oil Conservation Commission on October 23, 1951.

Yours very truly,

Glenn Staley

CGS:rm



G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

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In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) The Commission shall meet between the 20th and the 25th of each month for the purpose of setting the allowable production for the State for the following calendar month. (No change unless proration period is changed).

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of

RULE 503 (c) CONT'D.

each proration period, the Commission will instruct the Manager of Proration to issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00 A.M. on the first day of the proration period in which form C-104 is approved. A supplementary order will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well. (Note: This should eliminate the necessity of the Commission's having to adopt the proration schedule after publication)

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file with the Manager of Proration for a supplemental order covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental order setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental order to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for at any time or times during the two proration periods next following the proration period in which such

RULE 503 (e) CONT'D.

occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary orders issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period will be numbered in the order issued. A tabulation of such supplementary orders will be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until Form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

RULE 505 CONT'D.

2.	Pool Depth Range				Proportional Factor
From	0	to	5,000	Feet	1.00
Below	5,000	to	6,000	"	1.33
	6,000	to	7,000	"	1.77
	7,000	to	8,000	"	2.33
	8,000	to	9,000	"	3.00
	9,000	to	10,000	"	3.77
	10,000	to	11,000	"	4.67
	11,000	to	12,000	"	5.67
	12,000	to	13,000	"	6.75

3. Normal unit allowable shall be set by the Commission.
4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.
5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas-oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-115. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30 - N) U (B - 30U)}$$

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 25th of the month will be assigned an allowable for the next month by supplementary order. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7:00 A.M. on the date of completion and for the remainder of that calendar month. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the month. This, of course, will result in an earlier distribution of the proration schedule.

RULE 505 CONT'D.

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS-OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

RULE 506 CONT'D. G O R Limitation

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.



SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN
VICE PRESIDENT

E. A. JENKINS
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

W. P. WHITMORE
CHIEF PETROLEUM ENGINEER

G. W. SELINGER
PRORATION ATTORNEY

J. H. MCCULLOCH
CHIEF CLERK

September 25, 1951

Re: Case 308

Mr. R. R. Spurrier
Box 871
Santa Fe, New Mexico

Dear Sir:

We have considered the proposed changes to the state-wide rules, particularly Paragraph (g) - Oil Proration and Allocation.

With respect to Rule 503-(c), we are in accord with the suggested changes; however, we believe that the proration schedule should carry not only the monthly allowable but also the monthly runs and the over and under for that particular month.

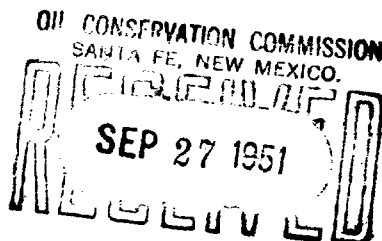
We make that suggestion in view of the proposed change in 503-(e) which will permit the automatic making up of current or unavoidable under-production or under-runs without special authorization, and we believe that operators are entitled to have this information on such schedules. We, therefore, believe that provision should be made for same in Rule 503-(c) and 503-(e).

Very truly yours,

George W. Selinger
George W. Selinger

GWS:meh

CC: Mr. Dunlavey



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

Mr. J. O. Seth
Seth and Montgomery
Santa Fe, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308:

Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jason Kellahin, Santa Fe.

The committee is constituted with you as chairman. Criticisms and suggestions will be accepted from the various operators and interested parties and will be handed over to the committee for study.

Very truly yours,

R. R. Spurrier

RRS:nr

File: Case 308 _____

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

Mr. A. L. Porter, jr.
Box 1545
Hobbs, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Taley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jason Kellahan, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:nr

File: Case 308 _____

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

Mr. Jack Campbell
Atwood, Malone and Campbell
Roswell, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Taley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jason Kellahin, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:mr

File: Case 308

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

Mr. Glenn Staley
New Mexico Oil and Gas
Engineering Committee
Drawer "Eye"
Hobbs, New Mexico

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jason Kellahin, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:nr

File: Case 308

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

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Mr. Justin P. Newman
205 Booker Building
Santa Fe, N. M.

Dear Justin:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Norrell, Roswell; and Jason Kellahin, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:nr

File: Case 308 _____

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

Mr. Foster Morrell
U. S. Geological Survey
Box 997
Roswell, N. M.

Dear Sir:

This will confirm membership as follows on the committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308 (which has been continued to October 23, 1951):

J. O. Seth of Santa Fe, chairman; Jack Campbell, Roswell; A. L. Porter, jr., and Glenn Staley, Hobbs; Justin P. Newman, Artesia; Foster Morrell, Roswell; and Jason Kellahin, Santa Fe.

Very truly yours,

R. R. Spurrier

RRS:nr

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 25, 1951

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Mr. C. E. Bedford
Stanolind Oil & Gas Co.
Box 1410
Ft. Worth, Texas

Dear Mr. Bedford:

Mr. Spurrier has asked me to reply to your telegram of September 21, which he received just before leaving on his vacation.

He very much appreciated your offer of Stanolind's assistance in working out material relative to Case 308, which will be up for hearing again on October 23. However, the committee appointed is a very small one and had already been designated when your message was received.

As you know, the hearing of Case 308 was postponed in order that a careful study might be made of the proposed changes. The Commission hopes that interested operators will submit suggestions and criticisms for use of the committee in working out these revisions. These will be incorporated into the record, of course, and we feel that they will be of invaluable aid. We will be glad to receive a letter or report from Stanolind, and if you will send such material to the Commission we will see that it is placed before the group at once.

Very truly yours,

JK:nr

Jason Kellahin, Attorney

File: Case 308 _____

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD
MEMBER

STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 1545
HOBBS, NEW MEXICO
September 28, 1951

Case 308

Mr. J. O. Seth
Box 828
Santa Fe, New Mexico

Dear Mr. Seth:

I am advised that you have been appointed chairman of the committee of which I am a member to consider revision in Rules and Regulations of the Oil Conservation Commission as set forth in Case 308.

I am very anxious to attend the meeting or meetings of this committee, however, I will be tied down in my office until the October proration schedule is published and distributed which should be around October 10.

My plans now are to submit to the committee new proposals based on a two calendar month proration period. Other than the change in the proration period my new suggestions will not materially change those which I presented to the Commission at the September 20 hearing. I am convinced, however, that a two calendar month period should be seriously considered which would under my proposed plan allow us time to publish and distribute the proration schedule prior to the beginning of the proration period. As you know this has been a point in question among the transporters and operators for years.

As soon as we are through with the October proration schedule I will send to you and the other members of the committee copies of my suggestions.

Yours very truly,

A. L. Porter, Jr.
Proration Manager

ALP/cjr

21 29

MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

Box 727, Kermit, Texas
September 29, 1951

Case 308

Judge J. O. Seth
Chairman, Committee appointed to
Consider Revision of Rules and
Regulations of the Oil Conservation
Commission of the State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

MAGNOLIA PETROLEUM COMPANY'S
State "H" Lease
Vacuum Field, Lea County
New Mexico

Dear Judge Seth:

The subject lease has approximately 33 barrels of legal storage on hand--an accumulation over a period of years. At various times this circumstance has been discussed with the proration office of the Oil Conservation Commission at Hobbs, New Mexico. In their opinion this oil can not be cleared to the pipe line under existing rules and regulations. It is a handicap to operate this lease from month to month with this legal storage. Unless it is cleared to the pipe line, it will be necessary to reduce the current allowable, which will be a penalty.

Any assistance will be appreciated.

Yours very truly,

MAGNOLIA PETROLEUM COMPANY



Malcolm Keeble
District Superintendent

cls

cc: Mr. A. L. Porter
Hobbs, New Mexico

MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

Box 727, Kermit, Texas
September 29, 1951

Case 308

Judge J. O. Seth
Chairman, Committee appointed to
Consider Revision of Rules and
Regulations of the Oil Conservation
Commission of the State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

MAGNOLIA PETROLEUM COMPANY'S
State "K" Lease
Vacuum Field, Lea County
New Mexico

Dear Judge Seth:

The subject lease has approximately 555 barrels of legal storage on hand--an accumulation over a period of years. At various times this circumstance has been discussed with the proration office of the Oil Conservation Commission at Hobbs, New Mexico. In their opinion this oil can not be cleared to the pipe line under existing rules and regulations. It is a handicap to operate this lease from month to month with this legal storage. Unless it is cleared to the pipe line, it will be necessary to reduce the current allowable, which will be a penalty.

Any assistance will be appreciated.

Yours very truly,

MAGNOLIA PETROLEUM COMPANY



Malcolm Keeble
District Superintendent

cls

cc: Mr. A. L. Porter
Hobbs, New Mexico

J. P. CUSACK
3724 COUNTRY CLUB CIRCLE
FORT WORTH 9, TEXAS

September 28, 1951.

Re; Case 308
New Mexico Oil Conservation
Commission.

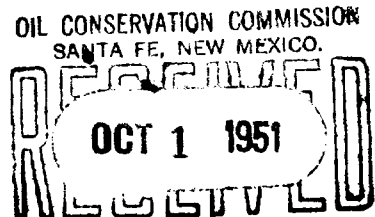
Mr. R. R. Spurrier,
New Mexico Oil Conservation Commission,
Santa Fe, New Mexico.

Dear Mr. Spurrier:

With reference to changes suggested by Mr. Porter. If Sec.(f) is eliminated by adoption of Sec.(e) then as I interpret these sections as a whole, section (e) should be amended to require a supplemental order from the Manager of Proration to the operator permitting him to make up such back allowable and a copy thereof to the transporter authorized to transport such crude from the unit. In other words you should incorporate in Sec.(e) such portions of Sec.(f) as determines legal back allowable.

Yours very truly,

J. P. Cusack
J. P. Cusack.





UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Case 308

P. O. Box 997
Roswell, New Mexico

September 27, 1951

Mr. R. R. Spurrier
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

Receipt is acknowledged of your letter of September 25 in which you include my name as a member of a committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case No. 308 (which has been continued to October 23, 1951).

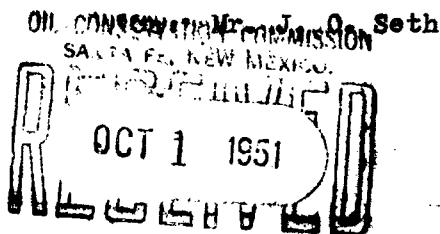
I appreciate your thinking of this office in connection with the study of revisions of your rules and regulations. However, in view of my official position, I am unable to accept the appointment as a reporting member of a committee appointed by the Oil Conservation Commission.

I will be happy to work with your committee as an advisory member, if so desired. This is the manner of cooperation extended in connection with your committee appointed to recommend rules and regulations of the Oil Conservation Commission which were adopted effective January 1, 1950 and the Oil-Potash Committee appointed by the State Land Commissioner.

A copy of this letter is being forwarded to Mr. J. O. Seth of Santa Fe, Chairman of the committee appointed by your letter of September 25, 1951, for his information.

Very truly yours,

Foster Morrell
FOSTER MORRELL
Oil and Gas Supervisor
Southwestern Region



OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO

September 28, 1951

Case 308

C
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P
Y

Mr. J. O. Seth
Box 828
Santa Fe, New Mexico

Dear Mr. Seth:

I am advised that you have been appointed chairman of the committee of which I am a member to consider revision in Rules and Regulations of the Oil Conservation Commission as set forth in Case 308.

I am very anxious to attend the meeting or meetings of this committee, however, I will be tied down in my office until the October proration schedule is published and distributed which should be around October 10.

My plans now are to submit to the committee new proposals based on a two calendar month proration period. Other than the change in the proration period my new suggestions will not materially change those which I presented to the Commission at the September 20 hearing. I am convinced, however, that a two calendar month period should be seriously considered which would, under my proposed plan allow us time to publish and distribute the proration schedule prior to the beginning of the proration period. As you know this has been a point in question among the transporters and operators for years.

As soon as we are through with the October proration schedule I will send to you and the other members of the committee copies of my suggestions.

Yours very truly,

A. L. Porter, Jr.
Proration Manager

ALP/cjr

rules which are to be amended. The circularizing this proposal states that any suggestions should be addressed to the Oil Conservation Commission in order that they might be considered in the hearing scheduled for October 23, 1951.

We would like to comment on Mr. Porter's suggested changes under Par. 5 of Rule 505. Mr. Porter recommends that in the event well nominations are not submitted by the operators on the basis of the ability of the well to produce, then the Manager of Proration will assign proper allowables on the basis of latest production figures. We recently encountered some difficulty due to this practice. No doubt some operators do not make proper nominations on the marginal wells and in extreme cases there are probably wide variations between the operators nominated allowable as compared to the true ability of the well to produce. However, there are many conditions that can exist in the field which might cause temporary shortages and on many occasions work will be performed which

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO

September 28, 1951

Case 308

C
O
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Y

Mr. J. O. Seth
Box 828
Santa Fe, New Mexico

Dear Mr. Seth:

I am advised that you have been appointed chairman of the committee of which I am a member to consider revision in Rules and Regulations of the Oil Conservation Commission as set forth in Case 308.

I am very anxious to attend the meeting or meetings of this committee, however, I will be tied down in my office until the October proration schedule is published and distributed which should be around October 10.

My plans now are to submit to the committee new proposals based on a two calendar month proration period. Other than the change in the proration period my new suggestions will not materially change those which I presented to the Commission at the September 20 hearing. I am convinced, however, that a two calendar month period should be seriously considered which would, under my proposed plan allow us time to publish and distribute the proration schedule prior to the beginning of the proration period. As you know this has been a point in question among the transporters and operators for years.

As soon as we are through with the October proration schedule I will send to you and the other members of the committee copies of my suggestions.

Yours very truly,

A. L. Porter, Jr.
Proration Manager

ALP/cjr

BUFFALO OIL COMPANY

A MARYLAND CORPORATION
GULF STATES BUILDING

DALLAS, TEXAS

CARPER BUILDING
ARTESIA, N. M.

Sept. 26, 1951

Case 308

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

We have received a copy of proposed changes by Mr. A. L. Porter in regard to proration and allocation rules which are to be amended. Mr. Glenn Staley's letter circularizing this proposal states that any suggestions should be addressed to the Oil Conservation Commission in order that they might be considered in the hearing scheduled for October 23, 1951.

We would like to comment on Mr. Porter's suggested changes under Par. 5 of Rule 505. Mr. Porter recommends that in the event well nominations are not submitted by the operators on the basis of the ability of the well to produce, then the Manager of Proration will assign proper allowables on the basis of latest production figures. We recently encountered some difficulty due to this practice. No doubt some operators do not make proper nominations on the marginal wells and in extreme cases there are probably wide variations between the operators nominated allowable as compared to the true ability of the well to produce. However, there are many conditions that can exist in the field which might cause temporary shortages and on many occasions work will be performed which will restore the producing ability of the wells so that the allowable can be approximately maintained. It is impossible for the Commission to know the individual conditions, or work being performed on each lease and we do not believe that the Commission can satisfactorily make nominations on these marginal wells, except where a well consistently under produces very materially.

We would suggest that Mr. Porter's statement be changed by deleting the following: "otherwise the allowables will be assigned by the Manager of Proration on the basis of the latest production figures". In place of this we suggest the following:

N. M. Oil Conservation Commission
Sept. 26, 1951
Page #2

"In the event a well consistently produces materially less than the assigned allowable, the Manager of Proration may require the operator to show reasons why the allowable should not be reduced to the average production of the well during the preceding three months period."

Yours very truly,

BUFFALO OIL COMPANY

By Ralph E. Gray
Asst. Supt.

RLG:lt

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WESTERN UNION

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

(36) 1951

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Ans

R R SPURRIER=

NEW MEXICO OIL CONSERVATION COMM SANTA FE NMEX=

REFERENCE STATEWIDE HEARING HELD SEPTEMBER 20, 1951. STANOLIND
WILL BE GLAD TO FURNISH ASSISTANCE IN REVIEWING PROPOSED STATE
WIDE RULE CHANGES IF A STANOLIND REPRESENTATIVE IS NEEDED ON
THE ENGINEERING COMMITTEE, OUR APPOINTMENT WILL BE LEWIS H
BOND JR=

C F BEDFORD STANOLIND OIL AND GAS CO=(

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

STANOLIND OIL AND GAS COMPANY

FAIR BUILDING

FORT WORTH, TEXAS

Case 308

C. F. BEDFORD
DIVISION PRODUCTION SUPERINTENDENT

October 5, 1951

File: LHB-5892-175

Subject: Proposed Statewide Rule Changes,
New Mexico

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

Attention: Mr. Jason Kellahin

Gentlemen:

Reference is made to your letter of September 25, 1951, in regard to Case 308.

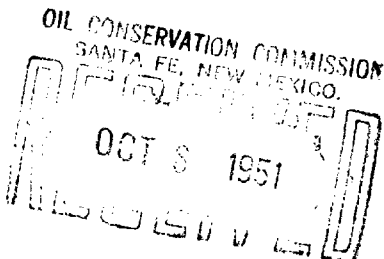
Our Legal Staff has reviewed the proposed changes in Statewide Rules which were discussed at the September Statewide Hearing and is of the opinion that the changes proposed at that hearing are desirable. We would like to suggest further, however, that the Commission officially adopt each proration schedule and supplementary order; in this manner it is believed that there could be no question of the validity of the order.

Please advise if we may be of further assistance.

Yours very truly,

C. F. Bedford

LHB:chs



THE ATLANTIC REFINING COMPANY

PETROLEUM PRODUCTS

ROY W. JOHNS
GENERAL COUNSEL
PHILADELPHIA, PA.

LEGAL DEPARTMENT
DALLAS
CHAS. B. ELLARD
RESIDENT COUNSEL

A. B. TANGO
PERRY B. CARROLL
WM. R. DOTSON
JOHN F. DRAKE
A. C. GROSSE
EDWIN A. COLLIER
EDWARD J. KREMER, JR.
L. LEROY LASALLE
GEO. L. ROBERTSON

ATLANTIC BUILDING

DALLAS 1, TEXAS

October 3, 1951

File: SW 67-3-1

MAILING ADDRESS
P. O. BOX 2819
DALLAS 1, TEXAS

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

Dear Mr. Spurrier:

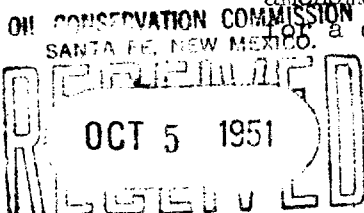
This has reference to Case No. 308 in connection with which the Commission is considering certain amendments of the Statewide rules and regulations pertaining to oil proration and allocation.

We have been furnished with copies of the proposed amendments and from an operating standpoint they appear to be satisfactory. From a legal standpoint we understand that some question has been raised with respect to the proposed amendments as to whether or not the Commission has the power to delegate to the manager of proration its duty to issue the proration schedules. Following this proposed amendment delegating this authority to the manager of proration, we find the following parenthetical note on the copy of the amendments which were sent to us:

"(Note: This should eliminate the necessity of the Commission's having to adopt the proration schedule after publication)."

It would seem that this procedure might well be questioned as an unlawful delegation of authority by the Commission to the manager of proration since it could be argued that the issuance of the proration schedules should be the act of the Commission. It would certainly strengthen the proration orders as against any attack upon their validity if they were clearly shown to be the act of the Commission.

It further appears to the writer that the office of the "Manager of Proration" appears for the first time in the proposed amendments. If the proposed amendments are adopted it might be well to add a definition to be included under the section of the rules con-



Mr. L. R. Spurrier

-2-

October 3, 1951

taining definitions a definition of "Manager of Proration" which will serve to identify and describe that particular office.

Yours very truly,



APT:rkW

cc: Mr. A. V. Krukiel
Dallas Office

Mr. N. B. Winter
Mr. R. E. Howard
Midland Office

Mr. T. C. Frick
Midland Office

Mr. D. W. Buchanan
Dallas Office

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WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

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R R SPURRIER=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX=

=SUN OIL COMPANYS LEGAL DEPARTMENT HAS SOME OBJECTIONS TO
THE WORD ING IN THE PROPOSED CHANGE IN RULES THAT YOU SENT
US A COPY OF IT WILL TAKE A FEW MORE DAYS TO OUTLINE OUR
OBJECTIONS AND THESE WILL BE SENT TO YOU AS SOON AS POSSIBLE=

SUN OIL CO A R BALLOU=

Case 308 ✓

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

ATWOOD, MALONE & CAMPBELL
LAWYERS

JEFF D. ATWOOD
ROSS L. MALONE, JR.
JACK M. CAMPBELL

CHARLES F. MALONE

J. P. WHITE BUILDING
ROSWELL, NEW MEXICO

October 1, 1951

Mr. J. O. Seth,
Seth & Montgomery,
Attorneys at Law,
Santa Fe, New Mexico.

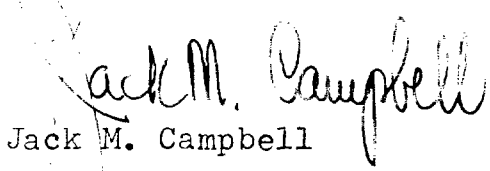
Dear Judge Seth:

I will be pleased to serve on the committee, of which you are chairman, to consider the necessity for changes in the rules and regulations of the Oil Conservation Commission.

As I understand the purpose of the committee, it is to consider primarily changes in the procedure now followed in setting up the allowables.

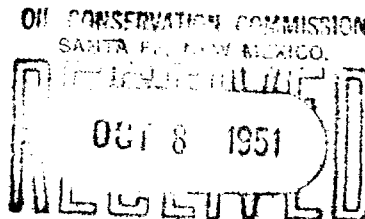
It is my present feeling that except for a ratification by the Commission in their Minutes, the procedure now being followed is proper and I cannot see that the ratification needs to be included in a part of the rules and regulations provided it is accomplished at a meeting of the Commission subsequent to the distribution of the allowable schedule.

Very truly yours,


Jack M. Campbell

JMC:hl

cc. Mr. R. R. Spurrier



October 4, 1951

Mr. Jack M. Campbell
ATWOOD, MALONE & CAMPBELL
Roswell, New Mexico

Dear Mr. Campbell:

I have your letter of the first with reference to the Committee to consider revisions in the rules and regulations of the Oil Conservation Commission -- Case No. 308.

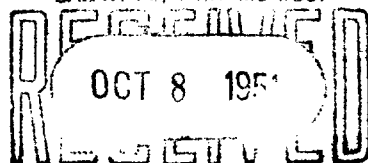
I agree with your understanding that the purpose of the Committee is primarily to consider changes in the procedure in setting up the allowables.

Mr. Porter will be tied up until after the 10th of this month, and in any event it seems to me that in view of the very limited scope of the Committee it would be well to hold any meeting on the 22nd immediately prior to the next meeting of the Commission. If you have a different idea, I shall be glad if you will advise me.

Very truly yours,

JOS:f

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.



J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
JUSTIN T. REID

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

308

October 4, 1951

OIL CONSERVATION COMMISSION
State Capitol Building
Santa Fe, New Mexico

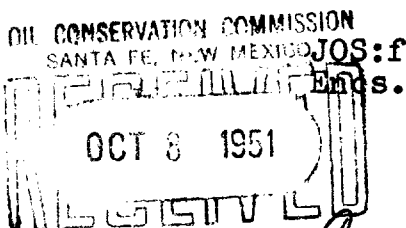
Gentlemen:

Attention: Mr. Kellahin

Please place the enclosed letter from Mr. Campbell, dated October 1, 1951, together with the enclosed copy of my reply, with the matters to be considered by the committee appointed to consider the necessity for changes in the rules and regulations concerning the procedure in setting up the allowables.

Please send me a copy of the existing rules and regulations.

Very truly yours,



*Copies of rules & regulations received,
Thanks JTS*

Case 308

October 9, 1951

Mr. A. L. Porter, Jr.
Oil Conservation Commission
Hobbs, New Mexico

Dear Mr. Porter:

I understand that you ordinarily complete the proration schedule about this time of the month, and I also understand that you intend to modify or supplement the suggested amendments to the regulations governing the allocation of oil to the various pools and wells, which you submitted at the last hearing.

I wish you would consider the feasibility of having the proration month begin on the fifteenth of the month. This might interfere with the accounting methods of the various oil companies, but you would probably know the situation with respect to this. This would obviate the gap of ten days or more each month when no proration schedule is in effect or at best, the one of the preceding month is being carried over.

I personally see no reason for a meeting of the Committee prior to the day of the hearing, and unless you or some other member of the Committee feels that a meeting should be held earlier, I am calling a meeting of the Committee for ten o'clock a.m., on October 22nd, at the offices of the Commission here in Santa Fe.

Very truly yours,

JOS:CB

cc - Jack M. Campbell, Esquire
Roswell, New Mexico

Mr. Glenn Staley
Hobbs, New Mexico

Mr. Justin P. Newman
Artesia, New Mexico

Mr. Foster Morrell
Roswell, New Mexico

Mr. Jason Kellahin
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

October 10, 1951

Mr. J. O. Beth
Box 828
Santa Fe, New Mexico

Dear Sir:

I am enclosing a copy of my recommendations concerning the revision of the rules governing proration and allocation. These proposals suggest a two calendar month proration period which would allow us to publish and distribute the proration schedule prior to the beginning of a proration period. I believe this would take care of your suggestion in the second paragraph of your letter.

The committee meeting called for October 22 in the offices of the Oil Conservation Commission at Santa Fe suits me fine, since I will have to be there for the hearing on the 23rd anyway.

Yours very truly,

A. L. Porter, Jr.
Proration Manager

ALP/mw

cc/Mr. Glenn Staley
Mr. Justin Newman
Mr. Foster Morrell
Mr. Jack Campbell
Mr. Jason Kellahin
Mr. H. R. Spurrier

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

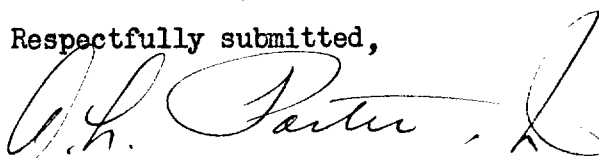
I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
 1. January - February
 2. March - April
 3. May - June
 4. July - August
 5. September - October
 6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceeding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,


A. L. Porter, Jr.
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following ^{proration period.} The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile ^{see controller report} a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00 ^{A.M.} on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the ^{on the report} Manager of Proration, on the basis of the latest available production

^{3 months?} figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulas:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30-N) U (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceeding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (c) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

Recommendations For G.O.R. Survey Schedule

Since the rules governing gas oil ratio tests affect proration it is recommended that a gas oil ratio survey schedule for the allocated pools of Southeastern New Mexico be adopted by the Commission; Such survey to become effective January 1st, 1952.

Rule 301 (a) provides that no well shall be given an allowable greater than the amount of oil produced on official G. O. R. test during a 24 hour period. It is further recommended, therefore, that a test be required of each producing oil well, regardless of whether or not there is a limiting gas oil ratio for the pool in which it is located.

Beginning with the first survey period of 1952, the date of test, the amount of oil produced on test and the gas oil ratio for each unit should be shown on the proration schedule as illustrated on the attached page of the proposed proration schedule.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.
<u>NORTH DRINKARD</u>								
Top allowable %			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

FORM C-124

The following are the nominations for all the producing oil wells of _____
(Company or Operator)
for the proration period _____ 19____
(Months)

[illegible]

Signed: _____

Representing: _____ Position: _____
(Company or Operator)

Address: _____

Date: _____

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceeding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

①

Add the following at the end of Rule 503 (b):

RULE 503

After the statewide allowable shall have been
fixed at each of the foregoing meeting,[^] such meeting
will be recessed to a definite date between the 25th
and the end of the month in which the meeting is held,
at which time the proration schedule prepared by the
Manager of Proration as hereinafter specified will be
submitted to the Commission for its consideration
and approval.

SUGGESTED REVISION OF RULE 503, PARAGRAPH D

Upon written application by the operator the allowable on any marginal unit, not limited by an excessive gas oil ratio, may be increased during any proration period up to and including the amount of oil produced on the latest official gas oil ratio test; or up to and including top allowable for the pool in which it is located; whichever is the lesser. The revised allowable shall be set forth in a supplementary proration schedule to become effective at 7 A. M., upon the date the application is filed.

- Graham 308

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

- See attached sheet*
1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
 1. January - February
 2. March - April
 3. May - June
 4. July - August
 5. September - October
 6. November - December
 2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceeding the begining of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
 3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the begining of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.
A. L. Porter, Jr.,
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all ^{AVAILABLE} evidence of market demand for oil and determine the amount of oil to be produced ^{IN THE State, and} from all oil pools during the ^{Succeeding} following proration period. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the ^{COMMISSION} Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00 ^{A.M.} on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the ^{COMMISSION} Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the ^{Commission, attention of} Manager of Proration, for a supplemental schedule covering the increase above the amount shown on the proration schedule. The ^{Commission} Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the ^{Common} Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 50~~3~~ CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the ^{Commission} Manager of Production on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable= top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30-N) U (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceeding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a resercoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

I would think that the instructions
I have indicated should be amended
and a separate section be
struck in somewhere (under
employees, sec 3 - act) assigning duties
of proration manager - inspectors
engineers etc

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceeding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

FORM C-124

N

19

1. Name of the person	2. Date of birth	3. Place of birth	4. Nationality	5. Occupation	6. Address	7. Telephone number	8. Other details
Mr. John Doe	15/03/1945	New York, USA	USA	Engineer	123 Main St, New York, NY 10001	212-555-1234	Single, no children
Mr. Jane Smith	22/07/1950	London, UK	UK	Teacher	456 High St, London, UK	020-7777-5678	Married, 2 children
Mr. Robert Brown	08/11/1938	Paris, France	France	Artist	789 Rue de la Paix, Paris, France	01-2345-6789	Single, no children
Mr. Maria Garcia	30/09/1960	Buenos Aires, Argentina	Argentina	Writer	1010 Av. Corrientes, Buenos Aires, Argentina	011-4321-0987	Married, 1 child
Mr. David Lee	12/05/1975	Sydney, Australia	Australia	Doctor	2020 Pitt St, Sydney, Australia	02-9876-5432	Single, no children
Mr. Anna Petrov	01/01/1985	Moscow, Russia	Russia	Student	3030 Leninskiy Prospekt, Moscow, Russia	007-4987-6543	Single, no children
Mr. Carlos Mendez	18/04/1990	Sao Paulo, Brazil	Brazil	Musician	4040 Av. Paulista, Sao Paulo, Brazil	011-3210-9876	Single, no children
Mr. Yuki Tanaka	25/12/1970	Tokyo, Japan	Japan	Engineer	5050 Nishi-Shinjuku, Tokyo, Japan	03-3456-7890	Married, 2 children
Mr. Sofia Kowalska	03/08/1988	Warsaw, Poland	Poland	Lawyer	6060 Al. Jerozolimskie, Warsaw, Poland	022-2345-6789	Single, no children
Mr. Ahmed Hassan	10/06/1965	Cairo, Egypt	Egypt	Teacher	7070 El-Dokki, Cairo, Egypt	02-2345-6789	Married, 1 child
Mr. Priya Sharma	28/02/1992	Mumbai, India	India	Student	8080 Linking Road, Mumbai, India	022-1234-5678	Single, no children
Mr. Kim Min-jun	14/09/1980	Seoul, South Korea	South Korea	Engineer	9090 Gangnam-gu, Seoul, South Korea	02-1234-5678	Married, 1 child
Mr. Isabella Rossi	07/03/1978	Rome, Italy	Italy	Artist	1010 Via Veneto, Rome, Italy	06-6789-0123	Single, no children
Mr. Daniel Kim	19/11/1983	Seoul, South Korea	South Korea	Student	1111 Gangnam-gu, Seoul, South Korea	02-1234-5678	Single, no children
Mr. Aisha Khan	05/07/1995	Karachi, Pakistan	Pakistan	Student	1212 Feroze Road, Karachi, Pakistan	021-1234-5678	Single, no children
Mr. Lucas Silva	21/04/1987	Rio de Janeiro, Brazil	Brazil	Musician	1313 Av. Rio Branco, Rio de Janeiro, Brazil	021-1234-5678	Single, no children
Mr. Hiroshi Sato	09/10/1972	Tokyo, Japan	Japan	Engineer	1414 Nishi-Shinjuku, Tokyo, Japan	03-1234-5678	Married, 1 child
Mr. Elena Popescu	16/01/1989	Bucharest, Romania	Romania	Student	1515 Bulevardul Unirii, Bucharest, Romania	021-1234-5678	Single, no children
Mr. Omar Ali	04/05/1991	Cairo, Egypt	Egypt	Student	1616 El-Dokki, Cairo, Egypt	02-1234-5678	Single, no children
Mr. Anya Petrova	11/12/1986	Moscow, Russia	Russia	Student	1717 Leninskiy Prospekt, Moscow, Russia	007-4987-6543	Single, no children
Mr. Ravi Singh	23/08/1993	Mumbai, India	India	Student	1818 Linking Road, Mumbai, India	022-1234-5678	Single, no children
Mr. Min-jun Kim	06/02/1981	Seoul, South Korea	South Korea	Engineer	1919 Gangnam-gu, Seoul, South Korea	02-1234-5678	Married, 1 child
Mr. Sofia Rossi	13/06/1979	Rome, Italy	Italy	Artist	2020 Via Veneto, Rome, Italy	06-6789-0123	Single, no children
Mr. Daniel Kim	25/09/1984	Seoul, South Korea	South Korea	Student	2121 Gangnam-gu, Seoul, South Korea	02-1234-5678	Single, no children
Mr. Aisha Khan	08/03/1996	Karachi, Pakistan	Pakistan	Student	2222 Feroze Road, Karachi, Pakistan	021-1234-5678	Single, no children
Mr. Lucas Silva	17/07/1988	Rio de Janeiro, Brazil	Brazil	Musician	2323 Av. Rio Branco, Rio de Janeiro, Brazil	021-1234-5678	Single, no children
Mr. Hiroshi Sato	02/11/1973	Tokyo, Japan	Japan	Engineer	2424 Nishi-Shinjuku, Tokyo, Japan	03-1234-5678	Married, 1 child
Mr. Elena Popescu	10/04/1990	Bucharest, Romania	Romania	Student	2525 Bulevardul Unirii, Bucharest, Romania		

Address: _____

(Instructions on reverse side)

REPORT OF COMMITTEE ON PROPOSED CHANGES
IN RULES 501 TO 507, INCLUSIVE

Case 308

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

- 6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.

11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

J. O. SETH, Chairman

JACK CAMPBELL

A. L. PORTER, JR.

GLENN STALEY

JUSTIN P. NEWMAN

JASON KELLAHIN

FOSTER MORRELL (Advisory)

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
 1. January - February
 2. March - April
 3. May - June
 4. July - August
 5. September - October
 6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceeding the begining of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the begining of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following proration period. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00^{A.M.}/on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceeding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (a) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

FORM C-124

The following are the nominations for all the producing oil wells of _____
(Company or Operator)
for the proration period _____ 19____
(Months)

[illegible]

Address: _____

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceeding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

Case #308

REPORT OF COMMITTEE ON PROPOSED CHANGES
IN RULES 501 TO 507, INCLUSIVE

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

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2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

3 - That Rule 503 (h) be amended to read as follows:

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4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

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"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"~~Proration Period~~ shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for ^{oil} Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

Don't mix
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J. O. SETH, Chairman

JACK CAMPBELL

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Respectfully submitted,

A. L. Porter, Jr.
Proration Manager

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

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(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

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In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

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3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following ^{proration period.} / The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00^{A.M.}/on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

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(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

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No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

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1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Proration, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable= top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30-N) U+(B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form G-104 is approved on or after the 10th of the month immediately preceeding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (c) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation
allccated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)
After petition, notice and hearing, the Commission may grant approval for the
combining of contiguous developed proration units into a unitized area.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 " .
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

FORM C-124

The following are the nominations for all the producing oil wells of _____
(Company or Operator)
for the proration period _____ 19____
(Months)

[illegible]

Signed: _____

Representing: _____ Position: _____
(Company or Operator)

Date: _____

Address: _____

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form C-124 must be filed by the 10th day of the month immediately preceding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form C-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

Meeting 10-22-51

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations...."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration, and shall perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

gather all information necessary to enable the Commission to issue the proration schedules, and

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7 a.m. on the first day of the first month in such period, and ending at 7 a.m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7 a.m. on the first day of the first month in said period and end at 7 a.m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.

11 - We further ~~re~~ recommend that ~~Revised~~ the Commission call a hearing

Page Three:

? for the purpose of revision of Rule 104, Paragrah (h) for the purpose of changing the differential.

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down ^{for} a hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

2.0.5-4.11

Handwritten notes and a large bracketed area at the bottom of the page, possibly indicating a signature or a large section of text.

Case # 308

REPORT OF COMMITTEE ON PROPOSED CHANGES
IN RULES 501 TO 507, INCLUSIVE

The committee appointed by the Oil Conservation Commission in Case 308 approves the changes in Rules 501 to 507, incl., recommended by Mr. Porter, with the following changes:

- 1 - Add the following at the end of Rule 503 (b):

"After the statewide allowable shall have been fixed at each of the foregoing meetings, such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval."

- 2 - Amend the proposed change of Rule 503 (c) by adding after the word compiled the following quote: "...in accordance with such existing regulations..."

- 3 - That Rule 503 (h) be amended to read as follows:

"All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period should be according to and in compliance with the then effective proration order of the Commission, and all supplementary schedules should be submitted to the Commission for its approval at the next hearing. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule."

- 4 - We recommend that Form C-124 as submitted by Mr. Porter be adopted as an official form of the Oil Conservation Commission.

- 5 - We recommend that the form of the proration schedule as recommended by Mr. Porter be adopted.

- 6 - We recommend that the definition of Manager of Proration be adopted, as follows:

"Manager of Proration - A Manager of Proration may be appointed by the Commission and he shall advise and assist the Commission in the preparation of proration schedules in accordance with the law and rules and regulations of the Commission. He shall compile, in strict accordance with the allowable fixed by the Commission, and submit proposed schedules to the Commission for its consideration and shall gather all information necessary to enable the Commission to issue the proration schedules, and perform such other duties as may be provided from time to time by rules and regulations or orders of the Commission."

7 - Amend Definition 51 (of Rules and Regulations) to read as follows:

"Proration Period shall mean for oil the two-month period specified in Rule 503 (a), as amended, beginning at 7:00 a. m. on the first day of the first month in such period, and ending at 7:00 a. m. on the first day of the second succeeding month; for gas it shall mean six consecutive calendar months which shall begin at 7:00 a. m. on the first day of the first month in said period and end at 7:00 a. m. on the first day of the seventh succeeding month."

8 - Amend Definition 60 (Top Unit Allowable for Gas) by substituting the designation "each proration period" for the present wording "Each calendar month."

9 - Amend Mr. Porter's suggested changes in Rule 505 by striking out the words (in line 6): "...by the Manager of Proration."

10 - We further recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced.

11 - We further recommend that the Commission call a hearing for the purpose of revision of Rule 104, Paragraph (h) for the purpose of changing the differential.

12 - We suggest that the changes we recommend be set down for the regular November hearing and that the Commission indicate in the notice of the hearing the changes or amendments that it has under consideration.

13 - We further recommend that changes in Rule 501 - 507 take effect January 1, 1952, and that the Commission set down for hearing a proposed amendment of Rule 503 (a) so that the allowable for the January - February (1952) period may be set at a hearing held between the 5th and 10th of December, 1951.

J. O. SETH, Chairman

JACK CAMPBELL

A. L. PORTER, JR.

GLENN STALEY

JUSTIN P. NEWMAN

JASON KELLAHIN

FOSTER MORRELL (Advisory)

HUMBLE OIL & REFINING COMPANY
HOUSTON 1, TEXAS

October 22, 1951

Case #308

Mr. W. E. Hubbard:

I return to you herewith a mimeographed copy of the proposed changes in the New Mexico Statewide Rules 501 to 507 inclusive. We have the following suggestions.

- (1) The first clause of the first sentence of Rule 502 should be amended to read as follows:

"In allocated oil pools the owner or operator of any producing unit shall not produce therefrom during any proration period any more oil than the allowable production of oil from the unit as shown by the proration schedule, provided, however, . . ."

This does not change the meaning but makes a few grammatical changes which may be helpful.

- (2) The following changes are suggested in the proposed amendment to Rule 503(c):

- (a) Strike out the words "instruct the Manager of Proration to" in the second sentence so that the sentence will read in part:

"For allocated pools, effective the first day of the proration period, the Commission will issue a proration schedule . . ."

- (b) Change the word "order" to "schedule" in the fifth sentence of Rule 503(c) and change the words "Manager of Proration" in the same sentence to "Commission" so that this sentence will read in part:

"A supplementary schedule will be issued by the Commission to the operator . . ."

These suggestions and some of the other suggestions are based on the legal proposition that (i) the Commission cannot delegate the authority to issue orders, rules or regulations and (ii) orders, rules or regulations must be issued after reasonable notice and a public hearing; the Commission can have any of its employees, including its Manager of Proration, make computations, prepare schedules, prepare orders and do clerical work, including mailing or distributing schedules but the schedules must be issued by the Commission, and orders must be

Mr. W. E. Hubbard

October 22, 1951

-2-

entered only by the Commission and only after notice.

- (c) We call your attention to the fact that in the fifth sentence of Rule 503(c) the words "purchaser or" should be eliminated, because it is the transporter, not the purchaser, who moves the oil from the lease, and in this same sentence the words "amount of" preceding the words "production permitted during the remainder of the proration period" should be eliminated and the words "daily allowable" should be substituted therefor.
- (3) Change the words "Manager of Proration" in the first and second sentences of Rule 503(d) to "Commission", and change the word "order" appearing several times in Rule 503(d) to the word "schedule".
- (4) We see no objection to the elimination of Rule 503(f) but do not believe that Rule 503(e) should be reworded as suggested. Oil lawfully produced may be run from the lease at any time. We suggest that Rule 503(e) if retained in the Rules be unchanged. If Rule 503(f) is eliminated from the Rules, the definition of "back allowables" should also be eliminated.
- (5) Change the word "orders" in two places in Rule 503(h) to "schedules" and the word "order" in one place to "schedule", and change the words "Manager of Proration" to "Commission".
- (6) In the third sentence of Paragraph 5 of Rule 505 add the words "without waste" after the word "produce", and change the words "Manager of Proration" to "Commission".

HPP:HD
Encl.


H. P. Pressler

cc: Mr. J. W. House

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
—
JUSTIN T. REID

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

October 17, 1951

OIL CONSERVATION COMMISSION
State Capitol Building
Santa Fe, New Mexico

Gentlemen:

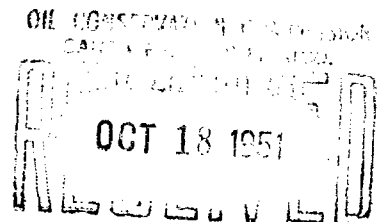
Attention: Mr. Jason Kellahin

I have just received Mr. Porter's suggested amendment to the Rules governing the fixing of allowable. I suggest you consider the enclosed additional amendment to Rule 503 (b).

Very truly yours,



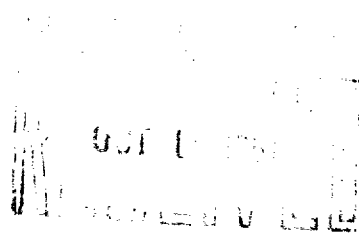
JOS:f
Enc.



Add the following at the end of Rule 503 (b):

RULE 503

After the statewide allowable shall have been fixed at each of the foregoing meeting², such meeting will be recessed to a definite date between the 25th and the end of the month in which the meeting is held, at which time the proration schedule prepared by the Manager of Proration as hereinafter specified will be submitted to the Commission for its consideration and approval.



HUMBLE OIL & REFINING COMPANY
HOUSTON 1, TEXAS

308
COPY

October 22, 1951

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- (b) Change the word "order" to "schedule" in the fifth sentence of Rule 503(c) and change the words "Manager of Proration" in the same sentence to "Commission" so that this sentence will read in part:

"A supplementary schedule will be issued by the Commission to the operator . . ."

These suggestions and some of the other suggestions are based on the legal proposition that (1) the Commission cannot delegate the authority to issue orders, rules or regulations and (2) orders, rules or regulations must be issued after reasonable notice and a public hearing; the Commission can have any of its employees, including its Manager of Proration, make computations, prepare schedules, prepare orders and do clerical work, including mailing or distributing schedules but the schedules must be issued by the Commission, and orders must be

HUMBLE OIL & REFINING COMPANY
HOUSTON 1, TEXAS

Mr. W. B. Hubbard

October 22, 1951

-2-

entered only by the Commission and only after notice.

- (c) We call your attention to the fact that in the fifth sentence of Rule 503(c) the words "purchaser or" should be eliminated, because it is the transporter, not the purchaser, who moves the oil from the lease, and in this same sentence the words "amount of" preceding the words "production permitted during the remainder of the proration period" should be eliminated and the words "daily allowable" should be substituted therefor.

Right?

- (3) Change the words "Manager of Proration" in the first and second sentences of Rule 503(d) to "Commission", and change the word "order" appearing several times in Rule 503(d) to the word "schedule".

- (4) We see no objection to the elimination of Rule 503(f) but do not believe that Rule 503(e) should be reworded as suggested. Oil lawfully produced may be run from the lease at any time. We suggest that Rule 503(e) if retained in the Rules be unchanged. If Rule 503(f) is eliminated from the Rules, the definition of "back allowables" should also be eliminated.

W. B. Hubbard

Change the word "orders" in two places in Rule 503(h) to "schedules" and the word "order" in one place to "schedule", and change the words "Manager of Proration" to "Commission".

- (6) In the third sentence of Paragraph 5 of Rule 505 add the words "without waste" after the word "produce", and change the words "Manager of Proration" to "Commission".

✓ good

HFF:HD
Encl.

H. P. Pressler

cc: Mr. J. W. House

KS

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
JUSTIN T. REID

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO
October 30, 1951

Case 308

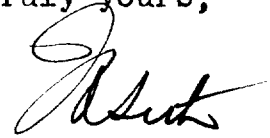
Mr. R. R. Spurrier
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Spurrier:

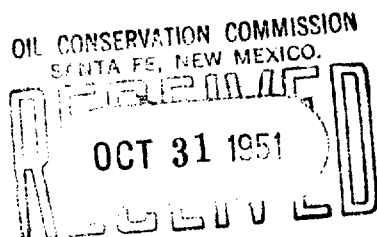
I enclose a letter from Mr. E. H. Foster,
of the Phillips Petroleum Company, with reference
to Regulation 104 (f).

It would seem that the matters set out in
Judge Foster's letter require some attention, but
I think they are scarcely within the scope of the
hearing had in connection with Rule 501, et seq.

Very truly yours,



JOS:CB
Enc.-1



PHILLIPS PETROLEUM COMPANY

LEGAL DEPARTMENT

RAYBURN L. FOSTER
VICE PRESIDENT
AND GENERAL COUNSEL

HARRY D. TURNER
GENERAL ATTORNEY

AMARILLO, TEXAS

October 26, 1951

AMARILLO DIVISION

E. H. FOSTER
CHIEF ATTORNEY
W. M. SPARKS
R. S. SUTTON
E. C. NELSON
CLIFFORD J. ROBERTS
REX BOYD
JACK RITCHIE
THOMAS M. BLUME
JOE V. PEACOCK
STAFF ATTORNEYS

Mr. J. O. Seth
Seth and Montgomery
Attorneys at Law
Santa Fe, New Mexico

Dear Judge Seth:

I am writing you as chairman of the committee to consider changes in Rules 501-507, inclusive, promulgated by the Oil Conservation Commission of New Mexico.

I know that the committee has been concerned with the question of the delegation by the Oil Conservation Commission of its powers and duties to subordinates. As far as I know, none of the suggested changes has mentioned the provisions of Rule 104 (f) of the Statewide Rules of the Commission. This rule delegates to the secretary of the Commission authority to grant an exception to the requirements of the provisions of (a), (b), and (c) of Rule 104 without notice and hearing upon the filing of an application and when certain other facts appear.

It appears to me that this rule provides for the delegation of the powers and functions of the Commission to the secretary of the Commission and is therefore within the same category of those things condemned by Judge Hatch in the Humble Hot Oil Case.

Since the committee was concerned primarily with considering the provisions of Rules 501-507, inclusive, it occurred to me that the provisions of this rule may not have come to the attention of the committee and that, if in the opinion of the committee

Mr. J. O. Seth

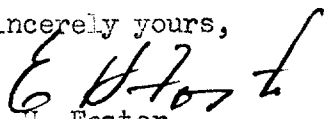
-2-

October 26, 1951

there is such a delegation of the powers and duties of the Commission to the secretary of the Commission, the committee would desire to make recommendation for changing the rule at the next hearing of the Commission in November.

With personal regards and best wishes, I am

Sincerely yours,


E. H. Foster

EHF:fe

cc: Messrs: Jack Campbell
A. L. Porter, Jr.
Glenn Staley
Justin F. Newman
Jason Kellahin
Foster Morrell

HUMBLE OIL & REFINING COMPANY
HOUSTON 1, TEXAS

308
COPY

October 22, 1951

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This does not change the meaning but makes a few grammatical changes which may be helpful.

- (2) The following changes are suggested in the proposed amendment to Rule 503(c):

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"For allocated pools, effective the first day of the proration period, the Commission will issue a proration schedule . . ."

- (b) Change the word "order" to "schedule" in the fifth sentence of Rule 503(c) and change the words "Manager of Proration" in the same sentence to "Commission" so that this sentence will read in part:

"A supplementary schedule will be issued by the Commission to the operator . . ."

These suggestions and some of the other suggestions are based on the legal proposition that (i) the Commission cannot delegate the authority to issue orders, rules or regulations and (ii) orders, rules or regulations must be issued after reasonable notice and a public hearing; the Commission can have any of its employees, including its Manager of Proration, make computations, prepare schedules, prepare orders and do clerical work, including mailing or distributing schedules but the schedules must be issued by the Commission, and orders must be

COPY

HUMBLE OIL & REFINING COMPANY
HOUSTON 1, TEXAS

Mr. W. E. Hubbard

October 22, 1951

-2-

entered only by the Commission and only after notice.

- (c) We call your attention to the fact that in the fifth sentence of Rule 503(c) the words "purchaser or" should be eliminated, because it is the transporter, not the purchaser, who moves the oil from the lease, and in this same sentence the words "amount of" preceding the words "production permitted during the remainder of the proration period" should be eliminated and the words "daily allowable" should be substituted therefor.

Right?

(3)

Change the words "Manager of Proration" in the first and second sentences of Rule 503(d) to "Commission", and change the word "order" appearing several times in Rule 503(d) to the word "schedule".

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~~Warrant~~
40

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- (6) In the third sentence of Paragraph 5 of Rule 505 add the words "without waste" after the word "produce", and change the words "Manager of Proration" to "Commission".

✓ good
✓

HPP:HD
Encl.

H. P. Pressler

cc: Mr. J. W. House

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
JUSTIN T. REID

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO
October 30, 1951

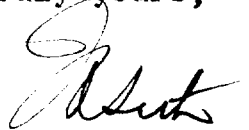
Mr. R. R. Spurrier
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Spurrier:

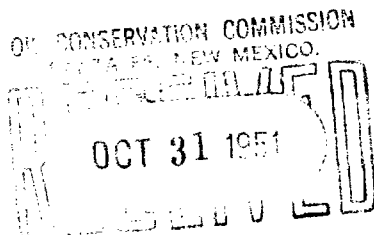
I enclose a letter from Mr. E. H. Foster,
of the Phillips Petroleum Company, with reference
to Regulation 104 (f).

It would seem that the matters set out in
Judge Foster's letter require some attention, but
I think they are scarcely within the scope of the
hearing had in connection with Rule 501, et seq.

Very truly yours,



JOS:CB
Enc.-1



October 26, 1951

Case No.
308

Mr. J. C. Seth
Seth and Montgomery
Attorneys at Law
Santa Fe, New Mexico

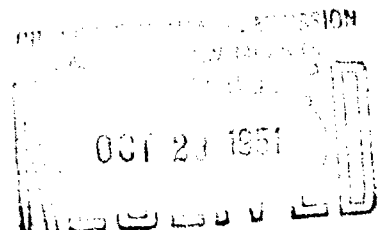
Dear Judge Seth:

I am writing you as chairman of the committee to consider changes in Rules 501-507, inclusive, promulgated by the Oil Conservation Commission of New Mexico.

I know that the committee has been concerned with the question of the delegation by the Oil Conservation Commission of its powers and duties to subordinates. As far as I know, none of the suggested changes has mentioned the provisions of Rule 104 (f) of the Statewide Rules of the Commission. This rule delegates to the secretary of the Commission authority to grant an exception to the requirements of the provisions of (a), (b), and (c) of Rule 104 without notice and hearing upon the filing of an application and when certain other facts appear.

It appears to me that this rule provides for the delegation of the powers and functions of the Commission to the secretary of the Commission and is therefore within the same category of those things condemned by Judge Hatch in the Humble Oil Case.

Since the committee was concerned primarily with considering the provisions of Rules 501-507, inclusive, it occurred to me that the provisions of this rule may not have come to the attention of the committee and that, if in the opinion of the committee



AS

r. J. O. Beth

- 1 -

October 26, 1951

there is such a delegation of the powers and duties of the Commission to the secretary of the Commission, the committee would desire to make recommendation for changing the rule at the next hearing of the Commission in November.

With personal regards and best wishes, I am

Sincerely yours,

A. H. Foster

EHF:fe

cc: Messrs: Jack Campbell
A. H. Foster, Jr.
Glenn Staley
Justin I. Newman
Jason Kellahin
Foster Correll



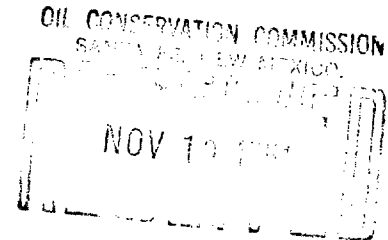
SHELL PIPE LINE CORPORATION

SHELL BUILDING

TELEPHONE CAPITOL 1181

HOUSTON 2, TEXAS

November 16, 1951



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

Dear Mr. Spurrier:

In line with conversation with Mr. Graham in Santa Fe recently and your phone conversation of a few days ago in which you asked me to contact the various pipe line companies operating in New Mexico, requesting that they submit to me recommendations and suggestions on the proposed revisions in rules and regulations as contained in the Commission Case No. 308.

Accordingly, I have asked Mr. A. D. Wilbur of Humble Pipe Line Company, Houston, to act as Vice Chairman of the committee. The following named gentlemen have agreed to serve with us as a committee:

Mr. E. V. Allen, Artesia Pipe Line Co., Box 367, Artesia, N. M.
Mr. T. E. Loper, Atlantic Pipe Line Co., Box 2819, Dallas, Tex.
Mr. J. J. Thorpe, Gulf Refining Co., Pipe Line Div., Ft. Worth, Tex.
Mr. M. S. Priddy, or alternate, Magnolia Pipe Line Co., Dallas, Tex.
Mr. D. B. Anderson, Malco Pipe Line Co., Box 660, Roswell, N. M.
Mr. F. L. Beissner, M & C Pipe Line Co., 1904 Alamo Nat. Bldg.,
San Antonio, Texas
Mr. D. M. Hankins, Mextex Pipe Line Company, Box 6666, Odessa, Tex.
Mr. E. W. Allen, N. M. A. & R. Co., Box 367, Artesia, N. M.
Mr. O. E. Hunter, or alternate, Service Pipe Line Co., Tulsa, Okla.
Mr. C. J. Goodwin, Texas-New Mexico Pipe Line Co., Houston, Tex.
Mr. E. W. Allen, Neil Wills, Box 367, Artesia, N. M.

Every effort will be made by the committee to complete its work for presentation to you and your associates at a meeting in Santa Fe well in advance of the regular December 20th hearing. This will give the committee the opportunity of working with you on its suggestions and recommendations, prior to your final submission to the Commission.

Trusting the above is satisfactory and assuring you of our cooperation at all times, I am,

Yours very truly,

F. C. Brown, Chairman
Pipe Line Committee, New Mexico
O.C.C. Rules and Regulations

cc - Mr. A. D. Wilbur, Vice Chairman,
c/o Humble Pipe Line Company,
Humble Bldg., Houston, Texas
cc - All Committee Members Named Above

KS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

November 21, 1951

Mr. J. O. Seth
SETH AND MONTGOMERY
Santa Fe, New Mexico

Dear Judge Seth: RE: OCC Case 308

The Commission has received a letter from Mr. F. C. Brown, chairman of the pipe line committee of New Mexico on the Oil Conservation Commission's Rules and Regulations.

Mr. Brown informs us that a committee has been appointed to consider the proposed changes contemplated in Case 308 and will make every effort to present its recommendations prior to our December 20 hearing.

I will see that you have an opportunity to look over these recommendations as soon as they are received.

Yours very truly,

Jason Kellahin, Attorney

JK:mr

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

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

Time shown in the date line on telegrams and cablegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

Case 308
LA29 DB074

D.MDAO47 PD=MIDLAND TEX 19 950A=

19 NOV 19 AM 11 52.

R R SPURRIER=

NEW MEXICO OIL CON COMMISSION SANTA FE NMEX=

IT IS THE RECOMMENDATION OF THE HUMBLE OIL AND REFINING CO
THAT THERE BE NO CHANGE IN RULE 104 PARAGRAPH (H) AND THAT
THE PROVISIONS OF THIS PARAGRAPH (H) BE STRICTLY ENFORCED=

J W HOUSE=

104 (H) (H)=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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

December 10, 1951

C
O
P
Y

MEMORANDUM TO ALL OIL COMMISSION OFFICES

Hobbs
Aztec
Artesia

Gentlemen:

A meeting has been called for 9:00 a.m., December 17 by the pipe line committee to consider the proposed changes contemplated in Case 308. We would appreciate your making arrangements to attend.

Also, another meeting has been called to be held in the Commission's offices in Santa Fe for 2:00 p.m., December 17. This meeting will take up matters of Commission policy.

Very truly yours,

RRS:bpw

Secretary and Director

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

December 10, 1951

C
O
P
Y

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Hobbs
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Very truly yours,

RRS:bpw

Secretary and Director

SUN OIL COMPANY

SOUTHWEST DIVISION

FIRST NATIONAL BANK BUILDING

DALLAS-1, TEXAS

J. H. PRESSLEY
AGENT AND MANAGER

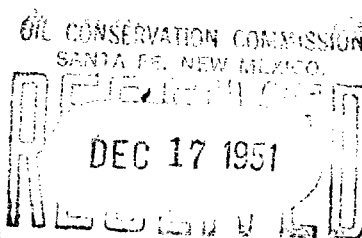
S. M. GLADNEY
AGENT AND ASSISTANT MANAGER

JNO. G. PEW
VICE PRESIDENT & DIRECTOR
PHILADELPHIA 3 PA

JOHN A. RITTER
PRODUCTION SUPERINTENDENT
DALLAS 1 TEXAS

December 13, 1951.

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



In Re: Case No. 308

Gentlemen:

We understand that the above Case No. 308 is "In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for reconsideration, clarification, amendment, revocation and necessary extension of certain rules of the Commission," as itemized in your notice of cases to be heard at your regular hearing on September 20, 1951, and that said hearing has been continued and reset for your regular December, 1951, hearing to be held on December 20, 1951.

We have before us a copy of the "Report of Committee on Proposed Changes in Rules 501 to 507, Inclusive" and we also have before us a copy of the proposals made to that committee by Mr. A. L. Porter, Jr. Likewise we have before us the suggestions and recommendations of Mr. H. P. Pressler, attorney for Humble Oil & Refining Company, which suggestions and recommendations were apparently presented to you at your regular October hearing.

We have considered the various suggestions and recommendations made therein. With particular reference to the changes suggested by Mr. Porter and apparently approved by your Committee which would purport to delegate certain duties to the Manager of Proration, it is our present thought that such an attempted delegation of authority would be invalid and in violation of the New Mexico Conservation Law (Sen. Bill 163, Nineteenth Legislature).

For that reason, we would very much appreciate your considering this letter, at your hearing, as being our protest against the adoption of such changes in the rules. We have no objections to the changes suggested by Mr. Pressler, since they do not appear to materially affect the rules in principle.

MAR:CP

Yours very truly,
SUN OIL COMPANY

By A. C. Ballou

December 18, 1951

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

Dear Mr. Spurrier:

In response to your request, a committee has been appointed and met and as a result makes the following recommendation with respect to Case No. 308 advertised for hearing December 20, 1951.

Proration Schedules:

It is recommended that the Commission discontinue issuing a proration schedule each month and in lieu thereof that the Commission issue new proration schedules only at such times as there is a change in the total state allowable which would necessitate a change in the top per well allowable, and that such schedules when issued continue in effect until further ordered.

It is also recommended that the form of the proration schedule be revised and that future schedules show only:

1. The name of the field.
2. The effective date of the schedule.
3. The top unit allowable for the field.
4. The name of the operator.
5. The name of the Lease.
6. The unit and well number.
7. The daily allowable production for each such well.
8. The gas-oil ratio of each well.

A sample of schedule so prepared is attached.

These recommendations do not contemplate any change in the definition of the "proration period" as shown in Order 850 or the procedure for monthly hearings. It is recognized, however, that it may be necessary for the Commission to hold hearings earlier each month, particularly at such times as there is a change in the state allowable production necessitating the issuance of a new proration schedule.

Rule 503

The adoption of the above recommendations will necessitate some revisions of Sections (a), (b) and (c) of Rule 503.

It is recommended that Section (e) of Rule 503 as amended by Order No. R 39 be eliminated from the rules as adopted by Order 850.

It is also recommended that Section (f) of Rule 503 be eliminated as recommended by Mr. A. L. Porter.

Rule 1114

It is recommended that Rule 1114 be amended as follows:

Rule 1114: Application For Authority to Connect and Authorization to Transport Oil and Natural Gas.

- (a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute under oath, in quadruplicate, and file with the Commission an application for Authority to Connect and Authorization to Transport Oil, Natural Gas, or Liquid Hydrocarbons, Form C 110 setting forth fully thereon the data and information indicated by such form covering each lease in the state of New Mexico from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.
- (b) Whenever there shall occur a change in operating ownership of any producing lease or any part thereof or whenever there shall occur a change in the transporter from any producing lease or part thereof, Form C 110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable production for one month, the producer may in lieu of filing a new Form C 110, notify the Commission and the transporter then authorized to transport crude petroleum oil, natural gas or liquid hydrocarbons, by letter of the estimated amount of crude petroleum, natural gas or liquid hydrocarbons to be moved by the temporary transporter and a copy of such notice shall also be furnished to such temporary transporter. In no case shall the temporary transporter move any greater quantity of crude petroleum oil, natural gas or liquid hydrocarbons than the estimated amount shown in said notice.

The adoption of the above change will necessitate a revision in Form C-110 as per the attached.

It will also require a revision of C-104.

Rule 803

It is recommended that Rule 803 be amended as follows:

Rule 803. Production of Liquid Hydrocarbons From Gas Wells.

The owner or operator of a natural gas proration unit may produce liquid hydrocarbons from such unit provided such owner or operator shall file a written application with the Commission setting forth the amount of liquid hydrocarbons to be produced from such unit and a supplemental proration schedule is issued authorizing the production of such liquid hydrocarbons.

Form C-115

It is recommended that Form C-115 "Operators Monthly Report" be filed not later than the 15th day of each month and that the Commission revise this form to such extent as may be necessary to enable the operators to file such report on the earlier date.

Rule 1213

It is recommended that the following rule be added:

Rule 1213. Revisions of Rules, Forms and Reports.

Any change in the Rules, Forms and Reports shall be made only after formal hearing before the Commission and shall be supported by evidence at such hearing.

Rule 1116

It is recommended that Section (a) of Rule 1116 be amended as follows:

Said report shall show the amounts of crude petroleum oil and liquid hydrocarbons transported from each producing lease, the owner or operator of the lease, the name of the lease from which transported; the amount of oil received from all other sources showing the person from whom received, the place of receipt, and the amount received from each person; the amount of oil delivered, to each person, the place of delivery, and the amount of oil delivered to each person; the amount of oil and liquid hydrocarbons on hand at the beginning of the month, and the amount of oil and liquid hydrocarbons on hand at the close of the month, all in accordance with the instructions contained on said Form C-112.

Rule 1125

It is recommended that Rule 1125 "Pipe Line Data Required" be eliminated.

Respectfully submitted:

F. C. Brown, Chairman
A. D. Wilbur, Vice-Chairman
O. E. Hunter, Secretary
Fred H. Pennington
J. J. Thorp
C. J. Goodwin
E. W. Allen
Donald B. Anderson

OIL CONSERVATION COMMISSION

PRORATION SCHEDULE - EFFECTIVE DECEMBER 1, 1951

ARROWHEAD POOL - LEA COUNTY, NEW MEXICO

TOP UNIT ALLOWABLE

Company Lease	Well Unit	Dec. Daily G. O. R.	Company Lease	Well Unit	Dec. Daily G. O. R.
Amerada Pet. Corp.			Gulf Oil Corp.		
State PA	1-K	5	Leonard C	1-N	15
"	2-N	20	"	2-K	25
			"	3-E	20
TOTAL	2	25	"	4-D	30
Cities Service Oil Co.			"	5-C	3
State M	1-M	51	"	6-F	32
"	2-L	51	"	7-G	13
" N	2-K	30	"	8-H	Shut In
"	3-L	10	" D	1-H	9
"	4-M	30	"	2-A	10
			Mattern A	2-J	10
TOTAL	5	172	" D	1-K	7
Continental Oil Co.			"	2-E	16
Lockhart B	1-E	51	"	3-F	13
"	2-F	51	"	4-D	5
"	3-J	35	"	5-C	9
"	4-G	51	"	6-N	8
"	5-O	9	" E	1-L	26
State J-2	1-B	36	"	2-K	25
"	2-I	51	"	3-D	31
"	3-H	40	"	4-M	35
"	4-A	51	"	5-E	30
"	5-P	51	"	6-F	30
"	6-O	51	"	7-G	45
"	7-J	51	"	8-H	14
"	8-F	41	"	9-C	10
"	9-G	51	"	10-N	30
"	10-E	51	"	11-B	51
"	11-C	44	"	12-A	21
"	12-D	34	" F	1-B	16
TOTAL	17	749	Ramsey, W.A.	3-O	9
Drilling & Exploration Co.			"	4-P	38
State D	1-O	2	"	5-I	51
"	2-J	3	"	6-H	51
			"	7-H	25
TOTAL	2	5	"	8-J	Shut In
			"	9-G	51

Company or Operator..... Lease.....

Address.....
 (Local or Field Office) (Principal Place of Business)

~~XXXXXXXXXXXXXXXXXXXX~~. Pool..... County.....

Kind of Lease..... Location of Tanks.....

Transporter..... Address of Transporter.....
(Local or Field Office)

.....Percent of oil to be transported..... Other transporters authorized

to transport oil from this unit are.....%

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the..... day of....., 195.....

(Company or Operator)

By.....

Title.....

Approved:....., 195.....

OIL CONSERVATION COMMISSION

By.....

(See Instructions on Reverse Side)

It is necessary that Form C-104 be approved before this form can be approved and an initial allowable be assigned to any completed oil or gas well.

NEW MEXICO OIL CONSERVATION COMMISSION

CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL

Company or Operator..... Lease.....

Address.....
(Local or Field Office) (Principal Place of Business)

Unit..... Wells No..... Sec..... T..... R..... Pool..... County.....

Kind of Lease..... Location of Tanks.....

Transporter..... Address of Transporter.....
(Local or Field Office)

..... Percent of oil to be transported..... Other transporters authorized
(Principal Place of Business)

to transport oil from this unit are.....%

REMARKS:

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the..... day of....., 195.....

.....
(Company or Operator)

By.....

Title.....

Approved:....., 195.....

OIL CONSERVATION COMMISSION

By.....

(See Instructions on Reverse Side)

DEC 19 '51

MEMORANDUM TO: Crude Oil Purchasers

The Commission feels that the testimony on demand, storage, and other pertinent factors which is entered each month in the testimony for the determination of allowable should come from the companies themselves.

We, therefore, request that you be prepared at all hearings after January 1, 1952 to submit such testimony verbally at the regular allowable hearing.


STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



GUY SHEPARD, Member



R. R. SPURBIER, Secretary

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

DECEMBER 19, 1951

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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

/s/ R. R. SPURRIER, Secretary

Mailed to purchasers 12-27-51 as
per list compiled by NR 2-28-51

RS

OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

7-21

RECEIVED
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
DEC 27 1951

December 26, 1951

Mr. F. C. Brown
Box 2648
Houston, Texas

Dear Sir:

With permission from Mr. Spurrier, I am publishing the January proration schedule in essentially the same form as that recommended by your committee, since this change does not require a revision in the rules. This will determine how much time and material can be saved by publishing the proration schedule in the condensed form before the next hearing.

After a thorough study of the matter I am firmly convinced that it will be to our advantage to continue the publication of a monthly proration schedule. I have come to this conclusion after a study of the number of requests for changes in allowables at the beginning of and during proration periods. These requests as a rule are occasioned by workers and the fact that the field personnel of some of the operators are required to account for shortages in production. These requests would necessitate hundreds of supplementary schedules. In addition to these there would be many supplements each month covering entire pools on the basis of gas oil ratio surveys. The issuance and tabulation of all these supplements would involve more work than publishing a monthly schedule and would render it practically impossible to maintain a balanced work schedule.

If we can save as much time and effort by publishing a condensed schedule as I anticipate I believe we can publish it each month in time to be distributed by the time it becomes effective. This would require two changes:

1. The Commission would establish Normal Unit Allowable between the 15th and 20th of the month.
2. Strict compliance with the provision for filing form C-115 by the 20th of the month.

I am also convinced that the well nomination column in form C-115 should be retained. To the person making up the proration schedule this form supplies the information necessary (the latest production figures and the operators nominations) to intelligently assign allowables.

Mr. Brown OIL CONSERVATION COMMISSION December 26, 1951

HOBBS, NEW MEXICO

With your permission I would like to rewrite the rules on proration and allocation (501 through 507) and present the revision to the committee at its next meeting. If it is acceptable to the committee much time would be saved that could be devoted to the other rules under consideration. It might be that other members of the committee could devote some time to the other rules involved. I would like for this committee to be able to present something to the Commission at the next hearing that they can put into the form of an order. I believe you can understand my anxiety concerning this case when you consider that I have been working on it since September 1st.

I shall be awaiting your reply with interest.

Yours very truly,

A. L. Porter, Jr.
Proration Manager

ALP/mv

cc: Mr. R. R. Spurrier

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

December 27, 1951

C
O
P
Y

MEMORANDUM TO: F. C. Brown
J. O. Seth
C. J. Goodwin
C. G. Staley
Jack M. Campbell
A. L. Porter, Jr.
O. E. Hunter
D. B. Anderson
R. S. Blymn

The Commission has chosen four members from each of the production and pipeline committees, plus R. S. Blymn, to serve on a combined committee to make final recommendations at the January 22, 1952 hearing in Case No. 308.

The Committee will choose their own chairman and set dates for any meetings before the hearing.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. A. [Signature]
Secretary and Director



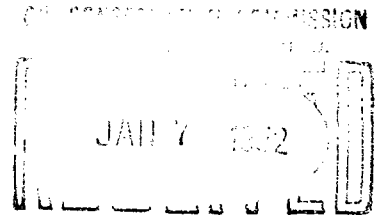
SHELL PIPE LINE CORPORATION

SHELL BUILDING

TELEPHONE CAPITOL 1181

HOUSTON 1, TEXAS

January 2, 1952



Members Joint Committee, Pipe Line and Production
State of New Mexico, Oil Conservation Commission

Gentlemen:

This will refer to Mr. Spurrier's memorandum of December 27, 1951 addressed to several members of the Production and Pipe Line Committees, in which he asked that a Joint Committee be formed to make final recommendations at the January 22 hearing on Case No. 308.

Accordingly, Judge Seth, Chairman of the Production Committee, has asked me to act as temporary Chairman of the Joint Committee in making the following assignments to members for study, rewrite, clarification, and extensions of rules and regulations, as contained in Case No. 308.

Will you gentlemen work on your several assignments individually and bring your findings to a preliminary meeting to be held in Santa Fe on Wednesday January 16, 9 a.m. La Fonda Hotel. Between this date and the 22nd, (Statewide Hearing) you as subcommittees will have the opportunity of meeting together for final discussion of your views before presentation to the Committee.

- (1) Section "G" Rules 501-507, Inc. Mr. Porter.
- (2) Section "H" Rules 601-605, Inc. Messrs.
Anderson, Campbell, Hunter, Blymn.
- (3) Section "J" Rules 801-803, Inc. Messrs.
Staley, Wilbur, Goodwin, Brown.
- (4) Section "M" Rules 1101-1125 Inc. Messrs.
Pennington, Thorpe, Staley, Brown.
- (5) Section "N" Rules 1201-1212 Inc. Messrs.
Wilbur, Staley, Thorpe, Blymn.
- (6) Section "O" Rules 1301-1304 Inc. Messrs.
Hunter, Pennington, Anderson, Brown.
- (7) Definitions: Messrs. Wilbur, Goodwin,
Thorpe, Campbell.

Any other suggestions or ideas not specifically mentioned above should be brought up at this preliminary meeting.

Since some of us are on more than one sub-committee, meetings will be so scheduled as to avoid any conflict.

Please feel free to call upon me if I can be of any help on these matters.

Thanking you, I am

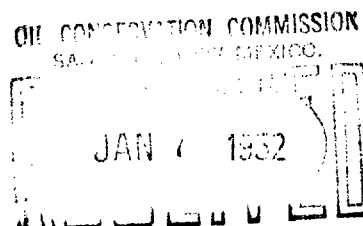
Yours very truly,



F. C. Brown, Temporary Chairman
Joint Committee New Mexico O.C.C.
Rules Regulations.

Copies to Joint Committee Members
Mr. R. R. Spurrier

January 3, 1952



Mr. A. L. Porter, Jr.
Proration Manager
New Mexico Oil Conservation Commission
P. O. Box 1545
Hobbs, New Mexico

Dear Mr. Porter:

Many thanks for your letter of December 26, 1951.

As stated in phone conversation with you December 31, I feel that your conclusions on the proration schedule are entirely sound. Any departures from the Committee's recommendations in the publication and issuance of schedules that are helpful to you in the final internal mechanics of your most efficient office routine are satisfactory and your cooperation in this respect is appreciated.

A letter is going forward to all members of the Joint Committee today assigning all sections of the Rules and Regulations mentioned in Case No. 308 to the various members for study and rewrite. You have been assigned Rules 501 through 507 as per your request. The definitions have also been assigned for re-write when necessary.

This will give all subcommittees an opportunity to work on their assignments prior to a preliminary meeting which has been called for January 16 in Santa Fe.

It is my hope that we will be able to finalize all of 308 for presentation to the Commission before the 22nd with an order for adoption.

Yours very truly,


F. C. Brown

FCB:11

cc: Mr. R. R. Spurrier



CONTINENTAL OIL COMPANY


Ponca City, Oklahoma
January 2, 1952

State of New Mexico
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

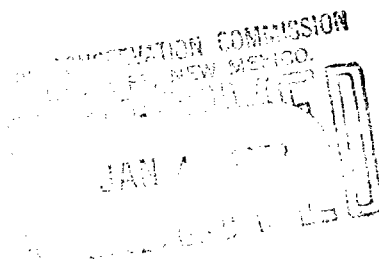
Gentlemen:

In conjunction with your request that Continental Oil Company be represented at your regular allowable hearings in order to submit verbal testimony, we would appreciate notification of date of each monthly hearing.

Yours very truly,


F. E. Butterfield
Assistant Manager
Crude Oil Trading Department

FEB-VP





SHELL OIL COMPANY

SHELL BUILDING

P. O. BOX 2099

HOUSTON 1, TEXAS

January 3, 1952

Hon. Guy Shepard
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Guy:

I received your "Memorandum To: Crude Oil Purchasers" issued by the Commission under date of December 19, 1951. It is my understanding that your January, 1952 hearing will be held on Tuesday the 22nd. Not know exactly what verbal testimony you folk may have in mind to be presented at your monthly statewide hearings, I plan on making the hearing of the 22nd so that we may be in position to fully cooperate.

If you and Dick can so arrange, I would appreciate having lunch with you at the La Fonda Monday, January 21, at which time we can not only talk business but reminisce. Should the Governor care to come along, I will be more than pleased to have him join us.

Very truly yours,

O. D. Crites, Manager
T. & S.-Crude Oil Department

cc: Hon. R. R. Spurrier, Secretary ✓
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

JAN 7 1952
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ATWOOD, MALONE & CAMPBELL
LAWYERS

JEFF D. ATWOOD
ROSS L. MALONE, JR.
JACK M. CAMPBELL
CHARLES F. MALONE

J. P. WHITE BUILDING
ROSWELL, NEW MEXICO
January 12, 1952

Mr. F. C. Brown,
Shell Pipe Line Corporation,
Shell Building,
Houston 2, Texas.

Dear Mr. Brown:

I have your letter of January 2 in which you have made assignments to various members of the Joint Committee appointed by the Commission to consider matters in Case No. 308.

In connection with Section "H" Rules 601-605, it is my opinion that no changes should be recommended or made at this time. The Commission has not yet seen fit to apply the gas proration statutes or regulations and until such action is contemplated, and the gas purchasers have had a full opportunity to be heard, I do not favor precipitating any unnecessary discussion by recommending changes. It is my recollection that at the time the rules were amended the Committee then working upon them undertook to follow closely the statutory provisions when framing Section "H", Rules 601-605.

Insofar as the "definitions" are concerned, which is the other subcommittee to which I have been designated, I feel it is impossible for definitions to be revised until the various rule changes have been agreed upon. At such time as the Committee feels that it is ready for a report I consider that the adjustment of the definitions to the rules will be relatively simple.

In view of the above, I feel that my presence in Santa Fe on January 16 is certainly not essential and unless there is some impelling reason for my being there, I would prefer that, if it is appropriate, you simply advise the Committee of my views as expressed in this letter.

Very truly yours,

Jack M. Campbell

JMC:hl

cc. Mr. R. R. Spurrier

Ex #1
Case 308
22 Jan. 52

RECOMMENDATIONS OF
PRODUCERS AND TRANSPORTERS COMMITTEE
ON CASE 308
FOR HEARING BEFORE THE OIL CONSERVATION COMMISSION
AT SANTA FE JANUARY 22, 1952

SANTA FE, NEW MEXICO

JANUARY 21, 1952

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

Dear Mr. Spurrier:

The Committee named in your letter of December 27, 1951 to study the recommendations previously made in Case No. 308, has reviewed the recommendations submitted at the hearing in October 1951 and those submitted at the hearing in December 1951 and has also reviewed the Sections "G", "H", "J", "M", "N", and "O" of Order No. 850 and amendments thereto.

The Committee makes the following recommendations:

1. That a hearing be called to consider the following recommendations made by the Committee of which Mr. J. O. Seth was chairman:
 - (a) "We recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced."
 - (b) "We recommend that the Commission call a hearing for the purpose of revision of Rule 104, paragraph (h) for the purpose of changing the differential."
2. That the Commission continue to issue monthly proration schedules.
3. That the definitions contained in Order No. 850 be changed as follows:
 - (a) Delete the definition No. 4 "Back Allowable".
 - (b) Amend Definition No. 41 as follows:

"41 Overage or Over Production shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.
 - (c) Amend Definition No. 56 as follows:

"56 Shortage or Under Production shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

Mr. R. R. Spurrier

4. That the following be substituted for Rules 501 to 507; which, in addition to other changes, eliminates from the Rules, rule 503 (e) and 503 (f) relating to current shortages and back allowables respectively.

PROPOSED REVISIONS

G-OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce therefrom during any proration period any more oil than the allowable production of oil from such unit as shown by the proration schedule, provided, that such owners or operators shall be permitted to balance the production for each unit during the proration period. Except for the purpose of testing in the process of completing, or recompleting a well and for drawdown tests no oil unit shall be permitted to produce in any one/an amount of oil in excess of 125% of the daily allowable. day

(see Feb. Trans. Pg. 2 for change)

RULE 503. AUTHORIZATION FOR PRODUCTION, OF OIL

(a) After the effective date of this order the Commission shall meet between the 15th and 20th of each month for the purpose of determining the amount of oil to be produced from all oil pools for the following Calendar month.

(b) Within ten (10) days after the effective date of the Order the Commission shall establish the exact date, time and place of such meetings for the remainder of the Calendar year; and notice thereof given by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year.

Mr. R. R. Spurrier

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

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

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

RULE 504 Authorization For Production of Oil while Completing, Recompleting, or Testing an Oil Well.

In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances of said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

RULE 505 Oil Proration.

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever-----

Mr. R. R. Spurrier

is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

2.	POOL DEPTH RANGE	PROPORTIONAL FACTOR
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75

3. Normal unit allowable shall be set by the Commission

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

5. The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool. (The balance of this paragraph and all of paragraph 6 should be deleted since the reference is to a formula to be used to compute corrected top allowables when normal unit allowable is less than 30 barrels. The formula was designed for use under old Commission Order 637 and is not workable under the present proration plan.

6. The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

Mr. R. R. Spurrier

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

8. The provision of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS-OIL RATIO LIMITATION.

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

Mr. R. R. Spurrier

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel unit such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507 UNITIZED AREAS

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

5. We have no recommendations to make with respect to Section H - Gas Proration and allocation.

6. That the following be added to Rule 802:

"(c) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing." And that Rule 803 be amended to read as follows:

RULE 803. Production and Transportation of Condensate.

The operator of a gas well may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

7. That section M-"Reports" be amended to conform to the suggested Rules and Forms as shown on the attached pages identified by Rule Number, Form Numbers and revision date "1-22-52". The foregoing consists of 43 pages, numbered 26 to 68 inclusive.

Respectfully submitted,

F. C. BROWN, Chairman

GLENN STALEY, Vice-Chairman

M-REPORTS

RULE 1101 ADDITIONAL INFORMATION MAY BE REQUIRED

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

RULE 1102. BOOKS AND RECORDS TO BE KEPT TO SUBSTANTIATE REPORTS.

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than 5 years, covering their operations in New Mexico from which they may be able to make and substantiate the reports required by this Order.

RULE 1103. WRITTEN NOTICES, REQUESTS, PERMITS AND REPORTS

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - Certificate of Compliance and Request for (oil) (gas) allowable
- Form C-105 - Well Record
- Form C-110 - Application for Authority to Connect and Authorization to
Transport Oil and Natural Gas From Lease
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Forms (C-115A - Operator's Monthly Report (oil & Condensate)
(C-115B - Operator's Monthly Report (gas)
(C-115C - Instructions for Forms C-115A, and C-115B
- Form C-116 - Gas-Oil Ratio Report
- Form C-117 - Tank Cleaning Permit
- Form C-118 - Treating Plant Report
- Form C-119 - Carbon Black Plant Monthly Report
- Form C-120 - Injection Report
- Form C-121 - Crude Oil Purchaser's Nomination
- Form C-122 - Back Pressure Data Sheet
- Form C-123 - Request for the Extension of an Existing Pool or the Creation
of a new pool

RULE 1104. NOTICE OF INTENTION TO DRILL OR RECOMPLETE (Form C-101)

Before beginning drilling, and before beginning recompletion operations, the owner of the well shall give notice thereof by filing with the Commission in quintuplicate Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modification considered advisable, or the rejection of the plan submitted. Drilling and recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes the name and number of the well, exact location, status of land, (whether State, Federal or privately owned,) type of drilling equipment to be used, proposed casing program, probable depth to first productive oil or gas sand, and name of drilling contractor, if known, and any additional pertinent information. In case of wildcat locations a plat made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted with Form C-101.

RULE 1105 MISCELLANEOUS NOTICES (Form C-102)

Form C-102, "Miscellaneous Notices," shall be filed by the owner in triplicate with the Commission and approval obtained from it before starting operations leading to a proposed change of drilling plan, repairing or deepening a well, pulling or altering casing, plugging back, redrilling, or starting of any other similar operations not specifically covered herein. A copy of the notice giving the decision of the Commission will be returned to the owner.

RULE 1106. NOTICE OF INTENTION TO PLUG WELL (Form C-102)

Before plugging a well, notice shall be given to the Commission by filing in triplicate Form C-102, "Miscellaneous Notices." Work shall not begin until approval is obtained from the Commission or one of its representatives authorized to approve these forms as specified in Rule 1303. A copy of the notice will be returned to the owner. The notice shall give a detailed statement of the proposed work; including length and depth of plugs; plans for mudding, cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well, the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

RULE 1107. REPORT ON BEGINNING DRILLING OPERATIONS (Form C-103)

Within 10 days after drilling or recompletion operations are begun, the owner of the well shall file with the Commission a report on Form C-103, "Miscellaneous Reports on Wells."

RULE 1108. REPORT ON RESULT OF TEST OF CASING SHUT-OFF (Form C-103)

A report on the result of test of casing shut-off shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," within 10 days after the completion of work. It shall indicate any changes made in the approved plan outlined previously on Form C-101. It shall also give a detailed report of the method used and of the results obtained and any other pertinent information.

RULE 1109. REPORT ON RESULTS OF PLUGGING WELL (Form C-103)

Within 10 days after plugging a well, a record of the work done shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner. The report shall include the date the work was started and the date it was completed; a detailed account of the manner in which the work was performed; the nature and quantities of materials used in plugging, and the depths and lengths of the various plugs; records of any tests or measurements made; the amount, size and depth of all casing left in the well; the volume and gravity of mud-laden fluid used; pressure retained in mudding; a complete record of any shooting done, and names, addresses and positions of all those in charge of the work. The report shall also state whether or not the pits have been filled and leveled and the location cleared of junk.

RULE 1110. REPORT OF RESULT OF SHOOTING OR CHEMICAL TREATMENT OF WELL (Form C-103)

Within 20 days after the shooting or chemical treatment of a well, report shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner giving the size and depth of the shot, or amount of chemical used, and the daily production of oil, gas, and water before and after shooting or chemical treatment.

RULE 1111. MISCELLANEOUS REPORT ON WELLS (Form C-103)

Form C-103, "Miscellaneous Reports on Wells" shall be used for reports of various operations, such as:

- a. Change of Drilling Plan
- b. Repairing or Deepening Well
- c. Pulling or Altering Casing
- d. Plugging Back
- e. Re-Drilling
- f. Perforating casing (or of any other similar operations not specifically covered herein).

The report with respect to such operation shall be filed with the Commission within 10 days after such operation is completed.

The status prior to and results of the work completed shall be given in detail.

RULE 1112. CERTIFICATE OF COMPLIANCE AND REQUEST FOR (OIL) (GAS) ALLOWABLE (Form C-104)

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil well. Form C-104 is to be submitted in triplicate to the Commission Office, to which Form C-101 was sent. The allowable will be assigned effective 7:00 A. M., on date of completion provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well, when oil is delivered into the stock tanks.

RULE 1113. WELL RECORD FORM (Form C-105)

Within 20 days after the completion of a well the owner shall file in quintuplicate with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report confidential for 90 days from the date of the completion of the well; provided, however, that the report or data therein when pertinent may be introduced in any public hearing before the Commission or any court regardless of the request that the report be kept confidential. If the C-105 is not received by the Commission in the specified 20 days the well will be dropped from the proration schedule.

RULE 1114. APPLICATION FOR AUTHORITY TO CONNECT AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS FROM LEASE. (Form C-110)

(a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute, in quadruplicate, and file with the Commission Form C-110, setting forth fully therein the data and information indicated by such form covering each lease from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing lease or whenever there shall occur a change of transporter from any producing lease, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the allowable for one proration period the producer may, in lieu of filing a new application, notify the Commission, and the transporter then authorized by letter, of the estimated amount of crude petroleum, dry gas or liquid hydrocarbons to be moved by temporary transporter and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. In no instance shall the temporary transporter move any greater quantity of crude petroleum oil or natural gas than the estimated amount shown in said notice.

RULE 1115. MONTHLY GAS REPORT (ACQUISITION AND DISPOSITION) (Form C-111)

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceeding month.

RULE 1116. TRANSPORTER'S AND STORER'S MONTHLY REPORT (Form C-112)

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in duplicate on or before the 15th day of the next succeeding month.

RULE 1117. REFINER'S MONTHLY REPORT (Form C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

**RULE 1118. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT
(Form C-114)**

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico, shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

RULE 1119. OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report Form C-115 A and Form C-115 B shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms. Such reports for each month shall be filed the next succeeding month - on or before the 16th with respect to Form C-115A, and on or before the 25th with respect to Form C-115 B.

RULE 1120 GAS-OIL RATIO TEST (Form C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301 - Gas-Oil Ratio Test.

RULE 1121. TANK CLEANING PERMIT (Form C-117)

- (a) Form C-117 shall be used pursuant to Rule 311.
- (b) Tank cleaning permit is not necessary in the following cases:
 - (1) Where "tank bottoms" are to be used on operator's lease roads or fire walls.
 - (2) Where merchantable oil is reclaimed by operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
 - (3) Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms."
 - (4) Where there is the 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 1122. TREATING PLANTS (Form C-118)

Form C-118 shall be used in accordance with Rule 312.

RULE 1123. CARBON BLACK PLANT MONTHLY REPORT (Form C-119)

Each operator of a carbon black plant within the State of New Mexico shall file for each calendar month, the monthly volume of gas received by him from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received by him from each lease and lease operator delivering natural gas directly to such plant together with the opening and the closing stocks, the production and deliveries of carbon black or other products produced. Such reports containing information as required by the form shall be prepared and filed ^{in duplicate} on Form C-119, "Carbon Black Plant Monthly Report," on or before the 15th day of the next succeeding month.

RULE 1124. INJECTION REPORT (Form C-120)

Form C-120 shall be used for reports required under Rule 701, et seq.

RULE 1125. CRUDE OIL PURCHASER'S NOMINATION (Form C-121)

Re: Form C-121
Re: Rule 1125

It is recommended that the present Rule 1124-A "Crude Oil Purchaser's Nomination (Form C-121)" be renumbered to read "Rule 1125" and that the rule now

under 1124A be revised to read:

"Form C-121 shall be used by crude oil purchasers for nomination of purchases, and shall be submitted to the Commission not later than five days prior to said Commission's statewide proration hearing on nominations for the succeeding month"

and that the same be adopted as Rule 1125.

RULE 1126. BACK PRESSURE DATA SHEET (Form C-122)

Re: Form C-122

Re: Rule 1126

It is recommended that the present Rule 1124-B "Back Pressure Data Sheet (Form C-122)" be renumbered to read "Rule 1126" and that the Rule now under 1124-B which reads:

"Form C-122 shall be used to show back pressure data as required under the provisions of Rule 401"

be adopted as Rule 1126.

Re: Rule 1125
(Revised 1-22-52)

This Committee recommends that the "PIPE LINE DATA REQUIRED" report be deleted, and that this Rule 1125 be applied to cover Form C-121 "CRUDE OIL PURCHASER'S NOMINATION" statement.

Form C-123
(Revised 1-22-52)
Re: Rule 1127

It is recommended that the present Rule 1124-C "REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE CREATION OF A NEW POOL (Form C-123)" be renumbered to read "RULE 1127", and that the Rule now under 1124-C which reads:

"Form C-123, shall be used where a well is completed outside the boundaries of any pool producing from the same formation, and shall be submitted in triplicate to the Commission not later than twenty (20) days after completion of well and shall accompany Form C-105.",

be adopted as Rule 1127.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MISCELLANEOUS NOTICES

Form C-102
(Revised 1-22-52)

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

Notice of Intention to Test Casing Shut -Off	<input type="checkbox"/>	Notice of Intention to Shoot or Chemically treat well	<input type="checkbox"/>
Notice of Intention to Change Plans	<input type="checkbox"/>	Notice of Intention to Pull or Otherwise alter casing	<input type="checkbox"/>
Notice of Intention to Repair Well	<input type="checkbox"/>	Notice of Intention to Plug Well	<input type="checkbox"/>
Notice of Intention to Deepen Well	<input type="checkbox"/>		<input type="checkbox"/>

Oil Conservation Commission
Santa Fe, New Mexico

Place

Date

Gentlemen:

Following is a notice of intention to do certain work as described below at the _____

_____ Company or Operator Lease Well No. _____ in _____
_____ of Sec. _____, T. _____ R. _____ N. M. P. M. _____ Field.
_____ County.

FULL DETAILS OF PROPOSED PLAN OF WORK

Follow instructions in the Rules and Regulations of the Commission

Approved _____, 19____

Except as follows

Company or Operator

OIL CONSERVATION COMMISSION

By _____
Position _____

Send communications regarding
well to:

By _____

Title _____

Name _____

Address _____

NEW MEXICO OIL CONSERVATION COMMISSION
MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission District Office within ten days after the work specified is completed. It should be signed and filed as a report on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

Report on Beginning Drilling Operations		Report on Repairing Well	
Report on Result of Shooting or Chemical Treatment of Well		Report on Pulling or otherwise Altering Casing	
Report on Result of Test of Casing Shut-Off		Report on Deepening Well	
Report on Result of Plugging of Well		Report on Recompletion Operation	

Date

Place

Following is a report on the work done and the results obtained under the heading noted above at the _____

Company or Operator _____ Contractor _____ Lease _____ Well No. _____ in the
_____ of Sec. _____, T. _____ R. _____, N. M. P. M.,
_____ Pool _____ County.

The dates of this work were as follows:

Notice of Intention to do the work was (was not) submitted on Form C-102 on

19. , and approval of the proposed plan was (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Witnessed by _____
Name _____ Company _____ Title _____

Approved:
Oil Conservation Commission

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

Name _____
Title _____

Name _____
Position _____
Representing _____

Company or Operator

Date _____ 19 _____

Address _____

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

CERTIFICATE OF COMPLIANCE
AND
REQUEST FOR (OIL) - (GAS) ALLOWABLE

This form shall be submitted by the operator before an initial allowable will be assigned to any completed oil or gas well. Form C-104, is to be submitted in triplicate to the office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a.m. on date of completion, provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 psia at 60° Fahrenheit.

Place

Date

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

Well No. _____ in _____ 1/4 _____ 1/4

Company or Operator

Lease

section _____, T. _____, R. _____, N.M.P.M. _____ Pool _____ County

Please indicate location: Elevation _____ Spudded _____ Completed _____

Total Depth _____ P.B. _____

Top Oil/Gas Pay _____ Top Water Pay _____

Initial Production Test: Pump _____ Flow _____ (BOPD or Cu.
Ft. Gas per
Day)

Based on _____ Bbls. Oil in _____ Hrs. _____ Mins.

Method of Test (Pitot, guage, prover, meter run): _____

Size of choke in inches _____

Tubing (Size) _____ @ _____ Feet

Pressures: Tubing _____ Casing _____

Gas/Oil Ratio _____ Gravity _____

Casing Perforations:

Unit letter: _____

Casing & Cementing Rec.

Size	Feet	Sax

Acid Record: _____ Show of Oil, Gas and Water

_____ Gals _____ to _____ S/ _____

_____ Gals _____ to _____ S/ _____

_____ Gals _____ to _____ S/ _____

Shooting Record: _____ S/ _____

_____ Qts _____ to _____ S/ _____

_____ Qts _____ to _____ S/ _____

_____ Qts _____ to _____ S/ _____

_____ S/ _____

Natural Production Test: _____ Pumping _____ Flowing

Test after acid or shot: _____ Pumping _____ Flowing

Date first oil run to tanks or gas to pipe line: _____

Transporter taking oil or gas: _____

Remarks: _____

The undersigned hereby certifies that the Rules and Regulations of the Commission
have been complied with.

Company or Operator

By: _____
Signature

Position: _____

Send communications regarding well to:

Name: _____

Address: _____

APPROVED _____ 19____

OIL CONSERVATION COMMISSION

By: _____

Title: _____

NEW MEXICO OIL CONSERVATION COMMISSION (Rev. 1-22-52)

Santa Fe, New Mexico

WELL RECORD

N.

AREA 640 ACRES
LOCATE WELL CORRECTLY

Mail to Oil Conservation Commission, Santa Fe, New Mexico, or its proper agent not more than twenty days after completion of well. Follow instructions in the Rules and Regulations of the Commission. Indicate questionable data by following it with (?). SUBMIT IN TRIPLICATE.

Company or Operator _____ Lease _____

Well No. _____ in _____ of Sec. _____, T. _____

R. _____, N. M. P. M. _____ Field, _____ County.

Well is _____ feet south of the North line and _____ feet west of the East line of _____

If State land the oil and gas lease is No. _____ Assignment No. _____

If patented land the owner is _____, Address _____

If Government land the permittee is _____, Address _____

The Lessee is _____, Address _____

Drilling commenced _____ 19____ Drilling was completed _____ 19____

Name of drilling contractor _____, Address _____

Elevation above sea level at _____ the tubing head _____ feet.

The information given is to be kept confidential until _____ 19____

OIL SANDS OR ZONES

No. 1, from _____ to _____ No. 4, from _____ to _____

No. 2, from _____ to _____ No. 5, from _____ to _____

No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet. _____

No. 2, from _____ to _____ feet. _____

No. 3, from _____ to _____ feet. _____

No. 4, from _____ to _____ feet. _____

CASING RECORD

SIZE	WEIGHT PER FOOT	THREADS PER INCH	MAKE	AMOUNT	KIND OF SHOE	CUT & FILLED FROM	PERFORATED FROM	TO	PURPOSE

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. SACKS OF CEMENT	METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED

PLUGS AND ADAPTERS

Heaving plug—Material _____ Length _____ Depth Set _____

Adapters—Material _____ Size _____

RECORD OF SHOOTING OR CHEMICAL TREATMENT

SIZE	SHELL USED	EXPLOSIVE OR CHEMICAL USED	QUANTITY	DATE	DEPTH SHOT OR TREATED	DEPTH CLEANED OUT

Results of shooting or chemical treatment _____

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto.

TOOLS USED

Rotary tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

PRODUCTION

Put to producing _____, 19____

The production of the first 24 hours was _____ barrels of fluid of which _____ % was oil; _____ % emulsion; _____ % water; and _____ % sediment. Gravity, Be _____

If gas well, cu. ft. per 24 hours _____ Gallons gasoline per 1,000 cu. ft. of gas _____

Rock pressure, lbs. per sq. in. _____

EMPLOYEES

_____, Driller _____, Driller

_____, Driller _____, Driller

FORMATION RECORD ON OTHER SIDE

I hereby swear or affirm that the information given herewith is a complete and correct record of the well and all work done on it so far as can be determined from available records.

Place _____ Date _____

Name _____

Position _____

Representing _____ Company or Operator.

Address _____

FORMATION RECORD

FROM	TO	THICKNESS IN FEET	FORMATION

[illegible]

Southeastern New Mexico

Northwestern New Mexico

T. Anhy _____
T. Salt _____
B. Salt _____
T. Yates _____
T. 7 Rivers _____
T. Queen _____
T. Grayburg _____
T. San Andres _____
T. Glorieta _____
T. Drinkard _____
T. Tubbs _____

T. Devonian _____
T. Silurian _____
T. Montoya _____
T. Simpson _____
T. McKee _____
T. Ellenburger _____
T. Gr. Wash _____
T. Granite _____
T. _____
T. _____
T. _____

T. Ojo Alamo _____
T. Kirtland-Fruitland _____
T. Farmington _____
T. Pictured Cliffs _____
T. Cliff House _____
T. Menefee _____
T. Point Lookout _____
T. Mancos _____
T. Dakota _____
T. Morrison _____
T. Penn _____

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR AUTHORITY TO CONNECT AND AUTHORIZATION
TO TRANSPORT OIL AND NATURAL GAS FROM LEASE

Company or Operator _____ Lease _____
Address _____
(Local or Field Office) (Principal Place of Business)
Sec. _____ T. _____ R. _____; Sec. _____ T. _____ R. _____; Sec. _____ T. _____ R. _____
Lease _____ Pool _____ County _____
Kind of Lease _____ Location of Tanks _____
(State, Fed., or Fee) (If not on this lease)
Transporter _____ Address of Transporter _____
(Local or Field Office)

(Principal Place of Business)

REMARKS:

The undersigned certifies that the transporter named herein is authorized to transport the oil produced from the above described property and that this authorization will be valid until further notice to said transporter or until cancelled by the Commission.

Executed this the _____ day of _____, 195 _____

(Company or Operator)

By _____
Title _____

Approved: _____, 195 _____

OIL CONSERVATION COMMISSION

By _____

(See instructions on Reverse Side)

INSTRUCTIONS

This form shall be executed and filed in quadruplicate with the District Office of the Commission, covering each lease in each pool from which oil or gas is produced. A separate form shall be filed for each transporter authorized to transport oil or gas from a lease. After said form has been approved by the Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Commission.

A new form shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one proration period, the operator shall in lieu of filing a new form, notify the Commission District Office, and the transporter authorized by form C-110 on file with the Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from the lease and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This form when properly executed and approved by the Commission shall constitute a permit for pipe line connection and authorization to transport oil or gas from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

In all cases where this form is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

In the event two or more transporters are connected to one lease, a separate form C-110 shall be filed for each such transporter and said forms shall designate under "REMARKS" the battery or batteries, on the lease involved, from which each transporter is authorized to transport oil or gas.

Report All Volumes in M.C.F. at 15.025 Lbs. Pressure

(Title)

Form C-111
(Revised 1-22-52)

INSTRUCTIONS

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

Where gas is taken from an oil and/or gas well by the producer into a fuel or other gas system and used outside the basic lease said producer is required to make this report. In case gas is taken at the well by any person other than the producer then such person is required to make this report.

This report shall be filed in duplicate in the District Office of the Commission in which the well or wells are located, on or before the 15th day of each calendar month and shall be complete as to data covering the calendar month next preceding the date of filing.

Report the volume of gas taken from each gas well separately. Report the volume of gas taken from oil wells by leases. All volumes shall be reported in M.C.F. at 15.025 psia at a standard base temperature of 60 degrees Fahrenheit.

If any space does not apply fill in the word "NONE."

Make a separate report for each field or pool.

Please use typewriter if possible.

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Form C-112
Sheet 1
(Revised 1-22-52)

TRANSPORTER'S AND STORER'S MONTHLY REPORT

Report of _____ Month of _____ 19____

Address _____
(Street) (City) (State)

Total Stock Beginning of Month _____ Barrels

Receipts By Fields, By Leases -Total Each Field

County	Field or Pool	Name of Producer	Name of Lease	Barrels

Total

Receipts From Other Sources

Received From	Place of Receipt	Barrels

Total

Total Receipts

Stock First of period plus receipts

Deliveries

To Whom	Place of Delivery	Barrels

Total Deliveries

Total Stock End of Month

Shortage

Overage

Total Deliveries and Stocks Plus Shortage or Minus Overage

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Name of Transporter or Storer _____

(Signature)

(Title)

INSTRUCTIONS

This report is required of all Transporters of oil and liquid hydrocarbons by pipe line, by water or by truck, and by all Storers of oil and liquid hydrocarbons. In case products are blended with oil, receipts of such products shall be reported, separately.

This report shall be filed in duplicate on or before the 15th day of each calendar month and shall be complete as to data covering the month next preceding the date of filing.

When delivery is made to a transporter show under "To Whom" column the name of transporter and the type of transportation.

Where the space in any section on Sheet 1 is insufficient use sheet 1 -A, Sheet 1-B, Sheet 1-C, or sheet 2 of Form C-112 and show in the applicable section of Sheet 1 the number of sheets of 1-A, 1-B, 1-C or 2 attached and made a part of this report.

Do not use fractions of barrels in this report

If any space does not apply fill in the word "NONE".

Please use typewriter if possible.

Address _____
(Street) (City) (State)

Receipts From Other Sources		
Received From	Place Of Receipt	Barrels

Address _____
(Street) (City) (State)

Deliveries		
To Whom	Place of Delivery	Barrels

TRANSPORTER'S AND STORER'S MONTHLY REPORT

Report of _____ Month of _____ 19____

Address _____
(Street) (City) (State)

Detail Statement of Stock on Hand at End of Month (Including Stocks in Transit)

Location	Number of Tanks	Total Capacity	Net Barrels	Location	Number of Tanks	Total Capacity	Net Barrels

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Form C-113
Sheet 1
(Rev. 1-22-52)

REFINER'S MONTHLY REPORT

Report of _____ Month of _____ 19__

Address _____

(Main Office)

(Plant)

(Barrels of 42 U. S. Gallons)

Kind	Stock On Hand Beginning Of Month	Receipts (Detail on Sheet 1-A)	Runs To Stillls, Re-Runs and/or Blended	Products Manufac- tured	Deliv. (Detail On Sheet 1-B)	Plant Use and Losses	Stock On Hand End Of Month
Crude Petr.							
Casinghead Gasoline							
Gasoline							
Kerosene							
Gas Oil							
Fuel Oil							
Lubricating Oil							
Refinery Dists.							
Cracking Stock							
Other Prods.							
Processing Losses							
TOTAL							

REMARKS: _____

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Name of Refiner _____

(Signature)

(Title)

INSTRUCTIONS

This report, including Sheet 1-A, Sheet 1-B and Sheet 2, of Form C-113, is required of all refiners of oil within the State of New Mexico, for each plant, and must be filed in duplicate on or before the 15th day of each month, and shall be complete as to data required on said forms, covering the calendar month next preceding the date of filing.

In the preparation of Sheet 1-B of this report group each commodity and show the total thereof, and show the Grand Total of all commodities delivered.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE".

Please use typewriter if possible.

Address

(Main Office) (Plant)

Barrels

Address _____
(Main Office) (Plant)

RULE 1118. GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico, shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoirs together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

INSTRUCTIONS

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

This report, including Sheet 2, shall be made by each Operator of a Gasoline Plant, Cycling Plant, or any other plant, at which gasoline, butane, propane, condensate, kerosene, oil or other liquid products are extracted from natural gas.

This report, including Sheet 2, shall be filed in duplicate on or before the 15th day of each calendar month and shall be complete as to data required by such forms covering the calendar month next preceding the date of filing.

Note: Under "Remarks" show the name of the transporter and the quantity delivered to each, except deliveries to trucks may be reported in total only.

In the preparation of Sheet 2 of this report, group and report by unit the volumes of "Gas From Oil Wells" and the total thereof; group and report by well the volume of "Gas From Gas Wells" and the total thereof; report by each source the volume of "Gas From Other Sources" and the total thereof; and report the total intake Volume from all Sources.

Make a separate report for each plant.

Please use typewriter if possible.

If any space does not apply fill in the word "NONE".

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT

Report of _____ Month of _____ 19____

Address _____
(Main Office) _____ (Plant) _____

Report All Volumes in M. C. F. at 15.025 Lbs. PSIA at 60° Fahrenheit

INTAKE VOLUME

Total Gas From Oil Wells	(Details on Sheet 2)	Volume MCF
Total Gas From Gas Wells	(Details on Sheet 2)	
Total Gas from other sources	(Details on Sheet 2)	
Total		

Disposition of Residue

Plant Fuel	Volume MCF
Returned For Lease Fuel	
Sold or Other Disposition (Detail Below)	
Returned to Earth	
Vented	
Shrinkage	
Total	

Detail of Sale or Other Disposition of Residue

Name of Purchaser or User	Address	Used For	M. C. F.
Total			

Plant Production, Receipts, Deliveries and Stock in Barrels of 42 U.S. Gallons

Product	Opening Stock	Receipts	Production	Deliveries	Closing Stock
Oil					
Condensate					
Gasoline					
Butane					
Propane					
Kerosene					
Other					
Total					

REMARKS; _____

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Name of Operator _____

(Signature) _____ (Title) _____

Address _____
(Main Office) (Plant)

DETAIL OF INTAKE VOLUME

-53-

INSTRUCTIONS
OIL CONSERVATION COMMISSION
FORM C-115-A and C-115-B

The addresses of the producer, as required on this report, shall be clear and definite as to Street Number, City, State and Mailing address.

Report on Form C -115A shall be filed monthly in quadruplicate on or before the 16th of the succeeding month by each producer or crude petroleum oil and condensate. Show thereon the data required by such form relative to the production of all crude petroleum oil and condensate.

Report on Form C-115B shall be filed monthly, in quadruplicate, on or before the 25th of the succeeding month by each producer of gas, natural and casinghead.

Make a separate report for each lease. Where a lease is comprised of two or more units, list each unit separately. The oil on hand at the beginning of month, the oil on hand at the end of the month, and total capacity of lease tanks shall be reported by leases.

The reports on these forms shall be filed by the producer, as follows: The original to the Commission at Santa Fe, one copy to the proration office at Hobbs, one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

All amounts of oil shall be reported in barrels computed from 100% tank tables and based upon actual physical gauges.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE."

Please use typewriter if possible.

Form C-117
Re: Rule 1121
(Revised 1-22-52)

Form C-118
Re: Rule 1122
(Revised 1-22-52)

Rules 1121 and 1122 require use of Forms C-117 and C-118 respectively. It is recognized that there is need for revision of these forms, however, since the use of these forms are made pursuant to Rules 311 and 312 which rules have not been advertised and up for consideration at the January 1952 hearing, this Committee recommends that consideration be given to revision of these forms and Rules 311 and 312 when said Rules are advertised for hearing at a future date.

NEW MEXICO OIL CONSERVATION COMMISSION
CARBON BLACK PLANT MONTHLY REPORT

Company _____ Plant Location _____
Month _____

Type of Plant (Channel or furnace) _____

ACQUISITION		M. C. F. Gas
From gasoline or other extraction plants: _____		

Total from plants		
From leases: _____		

Total from leases		

Total M. C. F. take		

CARBON BLACK				
Grade:	Opening Stock	Production	Deliveries	Closing Stock
Rubber (lbs.)				
Ink (lbs.)				
Other (lbs.)				
TOTAL				

I hereby certify that this report is true and correct to the best of my knowledge and belief.

Company _____

By: _____

Form C-120
(Revised 1-22-52)
Re: Rule 1124

This Committee has no recommendations at this time, as to revision of Form C-120 "INJECTION REPORT", and Rule 1124 under which said form is required.

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

CRUDE OIL PURCHASER'S NOMINATION

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

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

Dated this _____ day of _____, 19____.

Name of Purchasing Company

By: _____
Name of Agent

NEW MEXICO
OIL CONSERVATION COMMISSION
Back Pressure Data Sheet

Form C-122
(Revised 1-22-52)

Pool: _____ Date: _____

Company: _____ Lease: _____ Well No. _____

County: _____ Sec. _____ Twp. _____ Rge. _____ Loc. _____

_____ ID casing set @ _____ ; _____ ID tubing _____ OD tubing set @ _____

Pay zone from _____ to _____ ; Separator gas gr. _____ Barometer rdg. _____

Reservoir temperature _____ ° Produced through: csg. _____ tbg. _____

Average gas/liquid ratio during test: _____ Cu. ft. / bbl. gravity of liquid _____ ° API

Size of meter run or prover: _____

OBSERVED DATA

Wellhead shut-in pressure, P_w _____ Casing _____ Tubing _____ PSIA

Run No.	Orifice Size	Orifice x Line	Meter Pressures		Coefficient C Flg. tap _____ Pipe tap _____	Wellhead Pr.		Flowing Temp.	
			Static P_m Abs.	Diff. h_w		Casing P_{wc} Abs.	Tubing P_{wc} Abs.	Meter	Wellhead

DATA FOR PLOTTING CURVE

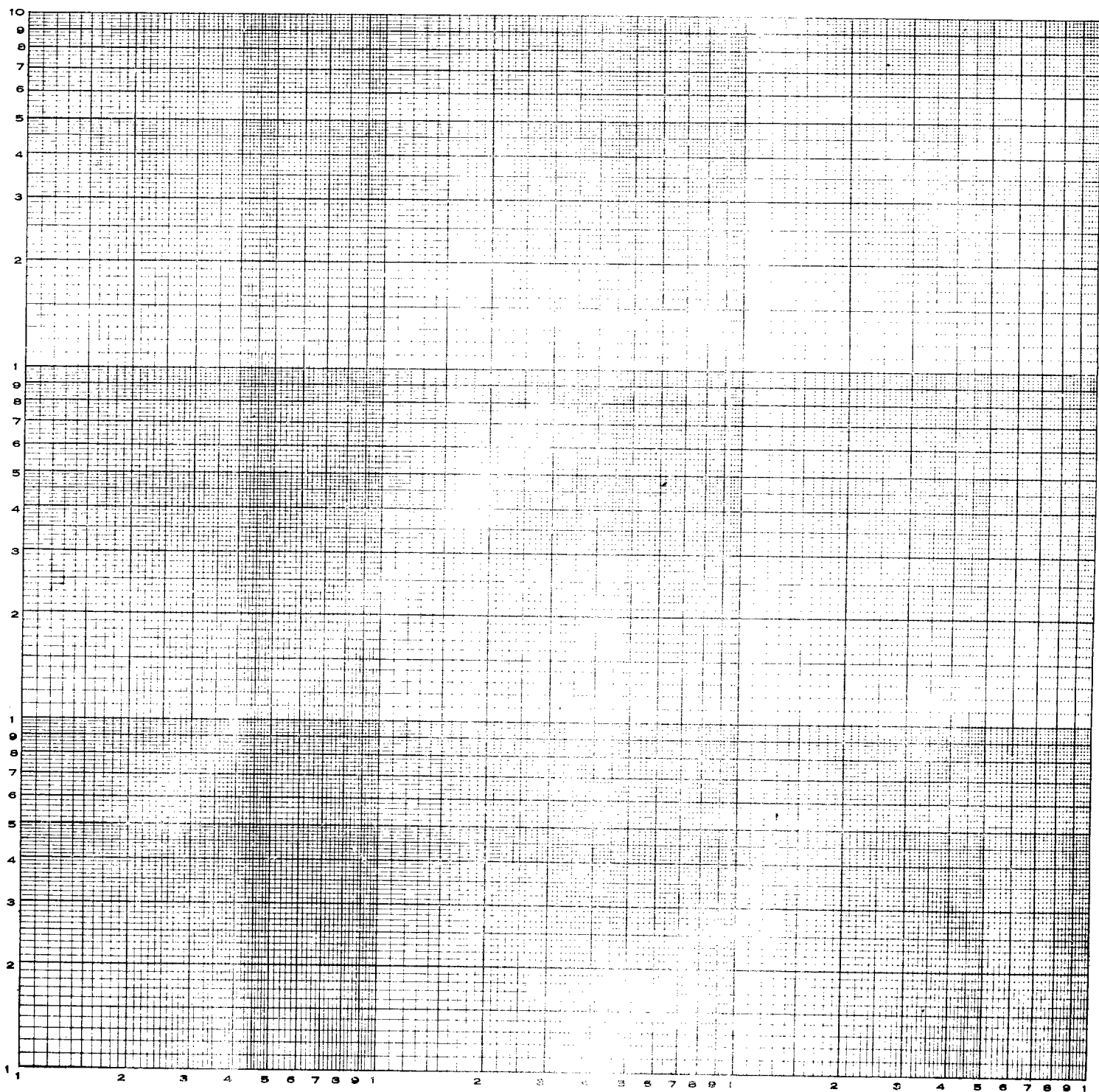
Run No.	Delivery Rate in MCF per 24 hours (Q)	$P_f^2 - P_s^2$ (thousands)
1		
2		
3		
4		
5		

Absolute Open Flow _____ MCF

CERTIFICATION: I hereby swear or affirm that, to the best of my knowledge, the information given above is true and correct.

Name: _____ Position: _____

Company: _____ Address: _____



N - RULES ON PROCEDURE

RULE 1201. NECESSITY FOR HEARINGS

Except as provided for in some general rule herein, before any rule, regulation or order, including revocation, changes, renewal or extension thereof shall be made by the Commission, a public hearing shall be held at such time and place as may be prescribed by the Commission.

RULE 1202. EMERGENCY ORDERS

In case an emergency is found to exist by the Commission, which, in its judgment, requires the making of a rule, regulation or order without first having a hearing, such emergency rule, regulation or order shall have the same validity as if a hearing with respect to the same had been held after due notice. Such emergency rule, regulation or order shall remain in force no longer than 15 days from its effective date, and in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

RULE 1203. METHOD OF INITIATING A HEARING

The Commission upon its own motion and the Attorney General on behalf of the State and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. An application shall state (1) the name or general description of the common source or sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire State, in which event the application shall so state, and (2) briefly the general nature of the order, rule or regulation sought, and (3) any other matter required by a particular rule or rules.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by a specific rule, an application need not be verified.

RULE 1204. METHOD OF GIVING NOTICE FOR HEARINGS

Notice of a hearing before the Commission shall be given by personal service on the person affected or by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties if there be more than one in which any land, oil or gas or other property which may be affected shall be situated.

RULE 1205. CONTENTS OF NOTICE FOR HEARING

Such notice shall be issued in the name of "The State of New Mexico" and shall be signed by two of the members of the Commission or by the Secretary of the Commission and the seal of the Commission shall be impressed thereon.

The notice shall specify the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant if any and unless the contemplated order, rule or

regulation is intended to apply to and affect the entire State it shall specify or generally describe the common source or sources of supply which may be affected by such order, rule or regulation.

RULE 1206. SERVICE OF NOTICE

Personal service of the notice of hearing may be made by any agent of the Commission or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this State. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.

RULE 1207. PREPARATION OF NOTICES

After a motion or application is filed with the Commission the notice or notices required shall be prepared by the Commission and service and publication thereof shall be taken care of by the Commission without cost to the applicant.

RULE 1208. CONTINUANCE OF HEARING WITHOUT NEW SERVICE

Any hearing before the Commission had after due notice may be continued to a specified time and place without the necessity of notice of the same being again served or published. In the event of such continuance, a record thereof shall be made in the minutes of the hearing at which the continuance was ordered.

RULE 1209. CONDUCT OF HEARINGS

Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent records of the Commission. Any person testifying in response to a subpoena issued by the Commission and any person seeking to testify in support of an application or motion or in opposition thereto shall be required to do so under oath. However, unsworn comments and observations by any interested party will be invited and made a part of the record. Comments and observations by representatives of operators' committees, the United States Geological Survey, the United States Bureau of Mines, the New Mexico Bureau of Mines and other competent persons are welcomed. Two members of the Commission constitute a quorum for the transaction of business and for the holding of hearings, but one member of the Commission may conduct a hearing for the purpose of receiving testimony only.

RULE 1210. STATUTORY POWERS AS TO WITNESSES, RECORDS, ETC.

The Commission or any member thereof has statutory power to subpoena witnesses and to require the production of books, papers, records, etc. A subpoena will be issued by the Commission for attendance at a hearing upon the written request of any person interested in the subject matter of the hearing. In case of the failure of a person to comply with the subpoena issued by the Commission, an attachment of the person

may be issued by the district court of any district in the State, and such court has powers to punish for contempt. Any person guilty of swearing falsely at any hearing may be punished for contempt.

RULE 1211. RULES OF EVIDENCE

Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable in a trial before a court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better served. No order shall be made which is not supported by some competent legal evidence.

RULE 1212. REHEARINGS

Within 20 days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within 10 days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

RULE 1213. CHANGES IN FORMS AND REPORTS

Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing.

O - RULES ON ADMINISTRATION

RULE 1301. DISTRICT OFFICES

To expedite administration of the work of the Commission and enforcement of its rules and regulations, the State shall be divided into four districts as follows:

District 1	Lea, Roosevelt, Curry, De Baca and Chaves counties with office at Hobbs.
District 2	Eddy, Otero, Dona Ana and Lincoln counties, with office at Artesia.
District 3	San Juan, Rio Arriba, McKinley and Sandoval counties with office at Aztec.
District 4	Balance of State, office of Oil Conservation Commission in Santa Fe.

Each district office shall be under the charge of an oil and gas inspector, a deputy oil and gas inspector or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the land that is affected lies.

RULE 1302. WHERE TO FILE REPORTS AND FORMS

All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115-A and C-115-B "OPERATOR'S MONTHLY REPORT", shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Office at Hobbs; one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

RULE 1303. DUTIES AND AUTHORITY OF FIELD PERSONNEL

Oil and gas inspectors, deputy oil and gas inspectors, scouts, engineers and geologists duly appointed by the Commission have the authority and duty to enforce the rules and regulations of the Commission. Only oil and gas inspectors or their deputies or members of the Commission have authority to endorse the approval of the Commission on any form which requires such approval. Oil and gas inspectors and their deputies shall have discretion to allow minor deviations from requirements of the rules as to field practices where, by so doing, waste will be prevented or burdensome delay or expenses on the part of the operator will be avoided.

RULE 1304. NUMBERING OF COMMISSION ORDERS

All orders of the Commission made after 1 January, 1950, pertaining to allocation of the production of oil or gas shall be prefixed with the letter "A" and shall be numbered consecutively, commencing with No. 1, i.e. the first allocation order issued after 1 January, 1950, shall be No. A-1, and the next shall be No. A-2.

All other orders of the Commission made after 1 January, 1950, shall be prefixed with the letter "R" and shall be consecutively numbered, commencing with the number 1, i.e. the first such order issued after 1 January, 1950, shall be No. R-1, and the next shall be No. R-2.

OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
OPERATOR'S MONTHLY REPORT

Sheet No. _____

The following is a correct report of all oil and gas producing wells of _____
 (Company or Operator)

Lease _____ POOL _____ County _____ for month of _____ 19____

State Land; Lease No. _____ Assignment No. _____ Government Lease No. _____ Pat. Land _____
 (Following to be Reported on Unit Basis)

LOCATION					OIL AND WATER [BBLs.]				GAS-15.025 Lbs. BASE			DAILY WELL NOMINATION	NO. DAYS PRODUCED	SHOW WHETHER FLOWING PUMPING GAS LIFT, OR DEAD
WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	[1] Actual NET OIL	[1] NET OIL	[3] GRAVITY	[2] WATER BBLs.	TOTAL GAS PROD. M. C. F.	ANNUAL OFFICIAL G.O.R. CU. FT. BBL.	DATE OF TEST			
1-2-4-5	N					PROD.								
TOTALS									10,000					

- (1) Distribution to units based on: Test _____ Meter _____ Estimate _____
- (2) Method of determining water production: Shake out _____ Estimate _____ Draw Off _____
- (3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with*.

(Following to be Reported on Lease Basis)										
No. of Wells	Total on Hand Beginning of Month (Barrels)	Scheduled Allowable for Month	Actual Amount Of Oil Produced	Over-Produced	Under-Produced	Disposition of Oil			Total on Hand End of Month (Barrels)	Total Capacity of Lease Tanks
						Bbls. To Pipe Line	Bbls. to Truck or Tank Car	Transporter		

GAS		Used For Gas Lift	
3,000 MCF Used on Lease		MCF Used on Lease	
3,500 MCF Sold to _____		MCF On _____	Lease
1,000 MCF Blown to Air, (By Difference)		MCF On _____	Lease

Remarks: _____

I hereby swear or affirm that the information given is true and correct.
 to the best of my knowledge and belief. *Complete*
 Representing: _____ Signed: _____
 (Company or Operator) Position: _____

Address: _____ Date: _____

INSTRUCTIONS
OIL CONSERVATION COMMISSION
FORM C-115-A and C-115-B

The addresses of the producer, as required on this report, shall be clear and definite as to Street Number, City, State and Mailing address.

Report on Form C -115A shall be filed monthly in quadruplicate on or before the 16th of the succeeding month by each producer or crude petroleum oil and condensate. Show thereon the data required by such form relative to the production of all crude petroleum oil and condensate.

Report on Form C-115B shall be filed monthly, in quadruplicate, on or before the 25th of the succeeding month by each producer of gas, natural and casinghead.

Make a separate report for each lease. Where a lease is comprised of two or more units, list each unit separately. The oil on hand at the beginning of month, the oil on hand at the end of the month, and total capacity of lease tanks shall be reported by leases.

The reports on these forms shall be filed by the producer, as follows: The original to the Commission at Santa Fe, one copy to the proration office at Hobbs, one copy to the District Office in which district the lease is located, and one copy to each transporter involved.

All amounts of oil shall be reported in barrels computed from 100% tank tables and based upon actual physical gauges.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE."

Please use typewriter if possible.

THE PRINCIPAL CHANGES, REVISIONS AND AMENDMENTS TO THE RULES,
REGULATIONS AND FORMS RECOMMENDED BY THE COMMITTEE APPOINTED
BY MR. SPURRIER.

(0) Section "M" "REPORTS" - Rules and Forms

(1) AFFIDAVITS

That the affidavit requirements be eliminated from all forms and in lieu thereof a standard certification appear:

"I hereby certify that this report is true and correct to the best of my knowledge and belief."

(2) FILING OF FORMS

Rule 1302 "Where to File Reports and Forms"

Changes were recommended in this Rule in order to be specific as to where all forms are required to be filed. Under the revision all forms to be filed "with the Commission" are to be sent to the district office of the district in which the land that is the subject matter of the report lies, except:

(A) All Plugging Bonds go direct to the Commission at Santa Fe.

(B) Forms C-115A & C-115B "Operator's Monthly Report" - oil, condensates, and gas - are filed as follows:

- (a) Original to Commission at Santa Fe
- (b) One copy to Proration Office at Hobbs
- (c) One copy to district office in which district the lease is located
- (d) One copy to the Transporter involved.

(3) COMPLETE DELETIONS

(A) That Form C-124 "Well Nomination Form By Producer" be done away with. This was a monthly form - detailed to show nominations on each Well No., and by Pool, Lease, Unit letter, Sec., Twp., Range, Daily Nominations, and Remarks -. (Form C-121 "Crude Oil Purchaser's Nomination by Pools" and the one column indication "Daily Well Nominations" on Form C-115A, are deemed to suffice.)

(B) Delete complete Rule 1125 "Pipe Line Data Required". This Rule contained heavy requirements, such as, - Intention to operate Pipe Line must be stated to the Commission showing size of lines, locations, depth, tankage, and maps showing lines and tankage - subsequent alterations require similar notification. (This was quite a burden, and too, since similar information is required to be on file with the Corporation Commission, the Oil Conservation Commission is expected to agree to the recommended deletion.) (Rule #1125 has been re-assigned by the Committee to cover "Crude Oil Purchaser's Nomination" - Form C-121. This form and Rule covering it was 1124-A.)

(4) RULES, and FORMS pursuant thereto

- (A) RULE 1101 : "Additional Information May Be Required"
FORM (None) : (None)

Rule Changes:
(None)

- (B) RULE 1102 : "Books and Records To Be Kept To Substantiate Reports"
FORM (None) : (None)

Rule Changes:
(None)

- (C) RULE 1103 : "Written Notices, Requests, Permits and Reports"
FORM (None) : (None)

Rule Changes:
Wording changes some for clarity. All Form Numbers and their titles correctly stated in line with changed titles made by this Committee, and additional forms added as necessary to be complete.

Form Changes:
As indicated with respect to the forms themselves herein-after treated. - C-101 thru C-105, and, C-110 thru C-122.

- (D) RULE 1104 : "Notice of Intention To Drill or Recomplete"
FORM C-101 : "Notice of Intention To Drill or Recomplete"

Rule Changes:
Added "Recompletion Operation" to notice requirement. To now be filed in quintuplicate (instead of triplicate). The name of Contractor to be shown, if known. On wildcat locations, the plat required to be submitted with Form C-101 must be made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission.

Form Changes:
Add "or Recomplete" to title. Requires report in quintuplicate. Cut out mention of obsolete rule "Rule 39."

- (E) RULE 1105 : "Miscellaneous Notices"
FORM C-102 : "Miscellaneous Notices"

Rule Changes:
(None)

Form Changes:
(None)

- (F) RULE 1106 : "Notice of Intention to Plug"
FORM C-102 : "Miscellaneous Notices"

Rule Changes:
Added - Approval may be made by Commission or one of its authorized representatives.

Form Changes:
(None)

- (G) RULE 1107 : "Report on Beginning Drilling Operations"
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Report now required in triplicate. "Recompletion" operation added. Deleted Affidavit, added Certification.

Form Changes:

Added "Recompletion Operation." Added requirement that name of Contractor be shown. Affidavit changed to Certification.

(Note: The use of the words "now" and "now required" in commenting under "Rules" and/or "Forms" herein means the requirement after official order is issued by the Commission in conformity with Committee's report and does not necessarily mean what is now required under present existing order.)

- (H) RULE 1108 : "Report on Result of Test of Casing Shut-Off"
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Deleted requirement that "name of witness be given on the report", and regarding Affidavit. Report may now be certified to.

Form Changes:

Affidavit requirement deleted. Certification added.

- (I) RULE 1109 : "Report on Results of Plugging Well"
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Changed language to be less specific, to say - The report shall 'include' certain information, instead of 'give'.
Deleted Affidavit requirement. Added Certification.

Form Changes:

Deleted Affidavit requirement. Added Certification.

- (J) RULE 1110 : "Report of Result of Shooting or Chemical Treating of Well"
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Rearranged words. Deleted requirement as to giving the "condition of the well both before and after shooting or chemical treatment." Deleted requirement of "other pertinent information." Deleted Affidavit. Added Certification. (This Rule was formerly 1111.)

Form Changes:

Deleted Affidavit requirement. Added Certification.

- (K) RULE 1111 : "Miscellaneous Report on Wells"
FORM C-103 : "Miscellaneous Reports on Wells"

Rule Changes:

Deleted Affidavit requirement. Added Certification.
(This Rule was formerly 1110.)

Form Changes:

Deleted Affidavit requirement. Added Certification.

- (L) RULE 1112 : "Certificate of Compliance and Request for
(Oil) (Gas) Allowable"
FORM C-104 : "Certificate of Compliance and Request for
(Oil) (Gas) Allowable"

Rule Changes:

Deleted - requirement that "C-110 Certificate of Compliance will not be approved until C-104 is filed with the Commission."
Deleted disposition of copies information. Added - "The allowable will be assigned effective 7:00 A. M. on date of completion provided completion report is filed during month of completion." Added - Certification as to compliance with Rules and Regulations. (This formerly required under Rule 1114 and Form C-110.)

Form Changes:

Made changes on form to conform to above rule. Deleted requirement as to "Formation Tops, in conformance with geographical section of State." (This permits earlier filing of request for allowable.) Changed "Pipe Line taking oil" to "Transporter taking oil." Added Certification statement. (The Formation Tops information is now to be shown on C-105 "Well Record".) Added - Certification as to compliance with Rules and Regulations. (This formerly on Form C-110 - under Rule 1114.)

- (M) RULE 1113 : "Well Record"
FORM C-105 : "Well Record"

Rule changes:

The sea level is now (when official order is issued at next hearing) required to be shown as at "the top of tubing head" (formerly "at top of casing"). Added information as to "Formation Tops" on bottom of last page. (This formerly was on C-104.) Amended - to be filed in quintuplicate (formerly triplicate).

Form Changes:

Amended - Show sea level as "top of tubing head." Added - This report to show "Formation Tops" (formerly on C-104). (Since this report not due until 20 days after well completion, this information then available and serves some purpose to Commission.)

- (N) RULE 1114 : "Application For Authority To Connect, and
Authorization To Transport Oil and Natural
Gas From Lease"
FORM C-110 : "Application For Authority To Connect, and
Authorization To Transport Oil and Natural
Gas From Lease"

Rule Changes:

Amended - To require this form for each entire Lease instead of for each well as heretofore.
Deleted - The Certification as to Compliance with Rules and Regulations. (This now on Form C-104.)
Amended - To file letter with Commission instead of a Certificate in case of "temporary change in transporter involving less than the allowable for one proration period." (Takes care of wash-in oil.)

Form Changes:

Delete - requirement that Form C-104, Request for Allowable, be filed and approved before C-110 authority to move oil is granted by the Commission.

Added - Authority for transport oil upon approval, and that this authorization is valid, without further notice, until cancelled by the Commission.

Added - This authority is for an entire lease, taken out at time of completion of first well, and good for all subsequent wells drilled on the lease.

Added - In case of two transporters from one lease, each such transporter gets a copy of this Form C-110 filed by the producer designating on each the battery or batteries each transporter can take oil from.

- (O) RULE 1115 : "Monthly Gas Report (Acquisition and Disposition)"
FORM C-111 : "Monthly Gas Report (Acquisition and Disposition)"

Rule Changes:

Adds - "and all casinghead gas produced", to "natural gas".

Adds - If gas taken by producer, he makes the report; if taken by other than producer, such taker makes report.

Form Changes:

No material change in form setup.

Changed - Volumes now be reported by leases, not units.

Adds - Report to be filed in district office of the Commission in which the well being reported is located.

Adds - Measurement at 15.025 psia at 60° F.

Changed - Affidavit to Certification.

- (P) RULE 1116 : "Transporter's and Storer's Monthly Report"
FORM C-112 : "Transporter's and Storer's Monthly Report"

Rule Changes:

Changed - Every transporter and/or storer "shall file" (instead of "furnish").

Changed - All receipts and deliveries" (instead of "all movements").

Added - "and trucks" (was just "pipelines").

Deleted - "other conveyances including railroads."

Added - Report to be filed in duplicate.

Form Changes:

Deleted - Affidavit (now to be certified only).

Added - "and liquid hydrocarbons".

Deleted - "report must group and report separately by leases, the oil run for the account of each shipper or consignor with a sub-total for each shipper or consignor for each field or pool."

Changed - Use different forms now provided for "Receipts from Leases", "Receipts from Others", "Deliveries" and "Stocks".

Deleted - Requirement that stocks be shown by tank numbers and size - Now (recommended) to be shown as "Location", "Number of Tanks" (aggregate), "Total Capacity" (aggregate).

- (Q) RULE 1117 : "Refiner's Monthly Report"
FORM C-113 : "Refiner's Monthly Report"

Rule Changes:
(None)

Form Changes:
Delete - Affidavit (now certify only).
Change - Now to show oil stocks by: "Number of Tanks" (aggregate), "Capacity" (aggregate) and "Barrels", rather than by grades by tanks.

- (R) RULE 1118 : "Gasoline or Other Extraction Plant Monthly Report"
FORM C-114 : "Gasoline or Other Extraction Plant Monthly Report"

Rule Changes:
None of particular consequence.

Form Changes:
Form now carries extract from Rules, Rule 1118 verbatim, as instructions.
Change - Volume now requires MCF at 15.025 psia at 60° F.
Change - Report now requires Certification (not Affidavit).

- (S) RULE 1119 : "Operator's Monthly Report"
FORM C-115 : "Operator's Monthly Report"

Rule Changes:
Change - This report was required to be filed for each well, now recommended to be filed for each lease only.

On oil recommendation is that the report be filed "on or before 16th of the month" - This is at least 4 days earlier than at present to permit pipe lines to make runs earlier. That is, the pipe lines (Transporters) will be able to know earlier the legal stock on hand and be able to run such stock along with the current month's allowable production. (This together with change in Proration Schedule will be a great aid to Producers, Transporters, and the Commission.)

On gas the report may be filed "on or before 25th of the month" which is 5 days later than before to give gas departments needed time to obtain information. (Rule 1302 regarding filing of reports now specifies where these reports shall be filed and when.)

Change - The form of Certification improved.

Form Changes:
Many changes have been made in the forms required under this Rule.
Change - Separate forms are now provided for oil (C-115A) and gas (C-115B) and instructions therefor (C-115C).

Change - Re: Form C-115A - "Oil and Condensates"

- (a) Deleted showing of Sec., Twp., and Rge. on each unit; (item or line).
- (b) Deleted all gas information from forms.
- (c) The information is to now be given on a separate Form C-115A for each Lease by showing by wells, the "allowable", and "net oil produced" along with other information.
- (d) The disposition need not be shown by wells but may now be shown in one figure, by class of disposition, for each lease.
- (e) Report to be filed on or before 16th of each month.

Change - Re: Form C-115B - "Gas"

- (a) Deleted showing of Sec., Twp., and Range, for each well item or line listed on each lease report.
- (b) Deleted all oil and condensate information from this form.
- (c) The information is to now be given on a separate Form C-115B for each unit but disposition made by classes for the entire unit, as indicated on the form.
- (d) Report to be filed in quadruplicate on or before 25th of each month.

Change - Re: Form C-115C - "Instructions"

An additional form has been provided to carry the instructions as regards Forms C-115A and C-115B.

Filing - The forms are to be filed by the Producer as follows:

Originals to the Commission at Santa Fe
One copy to Proration Office at Hobbs
One copy to district office of the Commission in which district the lease reported is located
One copy to each transporter involved.

- (T) RULE 1120 : "Gas-Oil Ratio Test"
- FORM C-116 : "Gas-Oil Ratio Report"

Rule Changes:

No change

Form Changes:

No change - only Certification is required.

- (U) RULE 1121 : "Tank Cleaning Permit"
- FORM C-117 :

Rule Changes:

The Committee recognized that some changes should be made in the Rule but since the form (C-117) is required to be made pursuant to Rule 311, which Rule is not up for hearing at this time, the Committee recommended that consideration be given to revision of this form and Rule 311 at a future date.

Form Changes:

None - See above comment.

- (V) RULE 1122 : "Treating Plants"
FORM C-118 :

Rule Changes:

The same principle as Rule 1121 above applies. Rule 312, under which C-118 is required to conform, is not up at this hearing. Consideration recommended when it does come up.

Form Changes:

None - See above comment.

- (W) RULE 1123 : "Carbon Black Plant Monthly Report"
FORM C-119 : "Carbon Black Plant Monthly Report"

Rule Changes:

Rule revised to be more specific as to gas receipts, plant production, deliveries and stocks.

Form Changes:

Changed only as to form - requirements thereon unchanged. Requires Certification only.

- (X) RULE 1124 : "Injection Report"
FORM C-120 : "Injection Report"

Rule Changes:

(None)

Form Changes:

(None)

- (Y) RULE 1125 : "Crude Oil Purchaser's Nomination"
FORM C-121 : "Crude Oil Purchaser's Nomination"

Rule Changes:

This Rule now bears #1125. (It formerly was #1124A. #1124A is no more.)

Added - Form to be "submitted to the Commission not later than five (5) days prior to statewide proration hearing on nominations for the succeeding month." (Formerly to be filed by 18th of month.)

Form Changes:

Heading changed only to conform to the above rule. Form requires to show purchase nominations by pools, as to wells, and one total only for purchases from "other sources." No affidavit required at this time. (The Commission, it is rumored, may later on require this statement under oath.)

- (Z) RULE _____ : Old Rule 1125 "Pipe Line Data Required" Deleted.
FORM (None):

Rule Changes:

The Committee recommended that the above referred to Rule, which has been of long standing, be entirely eliminated.

Its requirements were burdensome and of no value to the Commission in conservation matters. The Rule read:

"Any person intending to operate a pipe line, whether now existing or hereafter laid, shall notify the Commission in writing of such intention and shall state the size and location of the pipe line and its depth, the appurtenant tankage and location thereof, and any other pertinent data requested by the Commission, and shall furnish a map showing the location of the line and tankage. In the case of a line to be constructed, if any changes from the plan submitted are made during construction, the Commission shall be notified of such changes. The Commission shall also be notified of any subsequent alterations in pipe lines. Nothing contained in this rule shall apply to lease lines which are merely used in the operation of the lease on which located, nor to any line or appurtenant tankage not located within the State of New Mexico." (Underscoring added)

- (AA) RULE 1126 : "Back Pressure Data Sheet"
FORM C-122 : "Back Pressure Data Sheet"

Rule Changes:

No changes in Rule itself. (This rule was formerly #1124B - so numbered to get it in consecutive numerical sequence ahead of the old Rule 1125 "Pipe Line Data Required.")

Form Changes:

None in substance.

- (BB) RULE 1127 : "Request For The Extension of An Existing Pool
or The Creation of A New Pool"
FORM C-123 : "Request For The Extension of An Existing Pool
or The Creation of A New Pool"

Rule Changes:

(None)

Form Changes:

(None)

(This Rule was formerly #1124-C, so numbered to get it in ahead of the old Rule 1125 "Pipe Line Data Required.")

- (CC) RULE 1213 : "Changes in Forms and Reports"

This is a new Rule recommended by the Committee to be added, for the protection of all concerned. It is a good Rule. It reads:

"Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing."

(DD) RULE 1302 : "Where to File Reports and Forms"

This Rule has been revised completely to be applicable to all reports and to be specific as to where reports are to be filed.

The Rule as revised is important. It reads:

"All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115-A and C-115-B 'OPERATOR'S MONTHLY REPORT', shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Office at Hobbs; one copy to the District Office in which district the lease is located, and one copy to each transporter involved."

PRORATION SCHEDULES:

The Committee recommended that the Proration Schedule be issued on a "continuing basis," but the Proration Manager advised that there was too much work involved on his office to do this; therefore, he would prefer to issue the Schedule each month.

The Schedule recommended, and which is acceptable to the Commission, is to be much simpler. Many requirements have been deleted, such as - computing daily allowable times the calendar days of month. The Schedule will now show By Operator, Lease, Well, Unit, Barrels Daily, The Producer will know how much he can produce early in the month and the Pipe Line Company will be able to set up its Schedule of Runs from the various leases earlier in the month.

The first month this was put into practice, following Committee's December 1951 meeting, the Schedules were received by Producers and Transporters from 6 to 9 days earlier than usual. The Manager of Proration hopes in the future to have the Schedules in the hands of the Producers and Transporters by the first (1st) of each month, covering that same month's production, instead of on the 15th to 17th of such month - that is, some 15 days earlier than heretofore.

1. That a hearing be called to consider the following recommendations made by the Committee of which Mr. J. O. Seth was chairman:

(a) "We recommend that the Commission call a hearing for the purpose of revising Rule 301 involving gas-oil ratio tests, and that said order when amended be strictly enforced."

(b) "We recommend that the Commission call a hearing for the purpose of revision of Rule 104, paragraph (h) for the purpose of changing the differential."

2. That the Commission continue to issue monthly proration schedules.

3. That the definitions contained in Order No. 850 be changed as follows

(a) Delete the definition No. 4 "Back Allowable".

(b) Amend Definition No. 41 as follows:

"41. Overage or Over Production shall mean the amount of oil or the amount of natural gas during a proration period in excess of the amount authorized on the proration schedule.

(c) Amend Definition No. 56 as follows:

"56 Shortage or Under Production shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

4. That the following be substituted for Rules 501 to 507; which, in addition to other changes, eliminates from the Rules, rule 503 (e) and 503 (f) relating to current shortages and back allowables respectively.

PROPOSED REVISIONS

G-OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce therefrom during any proration period any more oil than the allowable production of oil from such unit as shown by the proration schedule, provided, that such owners or operators shall be permitted to balance the production for each unit during the proration period. Except for the purpose of testing in the process of completing, or recompleting a well and for drawdown tests no oil unit shall be permitted to produce in any one day an amount of oil in excess of 125% of the daily allowable.

RULE 503. AUTHORIZATION FOR PRODUCTION, OF OIL

(a) After the effective date of this order the Commission shall meet between the 15th and 20th of each month for the purpose of determining the amount of oil to be produced from all oil pools for the following Calendar month.

(b) Within ten (10) days after the effective date of the Order the Commission shall establish the exact date, time and place of such meetings for the remainder of the Calendar year; and notice thereof given by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year.

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

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

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

RULE 504 AUTHORIZATION FOR PRODUCTION OF OIL WHILE COMPLETING, RECOMPLETING, OR TESTING AN OIL WELL.

In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances at said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

RULE 505 OIL PRORATION.

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever----- is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

2.	POOL DEPTH RANGE	PROPORTIONAL FACTOR
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.75

3. Normal unit allowable shall be set by the Commission

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

5. The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool. (The balance of this paragraph and all of paragraph 6 should be deleted since the reference is to a formula to be used to compute corrected top allowables when normal unit allowable is less than 30 barrels. The formula was designed for use under old Commission Order 637 and is not workable under the present proration plan.

6. The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

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

8. The provision of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS-OIL RATIO LIMITATION.

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel unit such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool.

RULE 507 UNITIZED AREAS

After petition, notice and hearing, the Commission may grant approval for the Combining of contiguous developed proration units into a unitized area.

5. We have no recommendations to make with respect to Section H - Gas Proration and allocation.

6. That the following be added to Rule 802:

"(c) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing." And that Rule 803 be amended to read as follows:

RULE 803. PRODUCTION AND TRANSPORTATION OF CONDENSATE.

The operator of a gas well may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

7. That section M-"Reports" be amended to conform to the suggested Rules and Forms as shown on the attached pages identified by Rule Number, Form Numbers and revision date "1-22-52". The foregoing consists of 43 pages, numbered 26 to 68 inclusive.

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. 308
ORDER NO. _____

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO ON ITS OWN MOTION
FOR AN ORDER REVISING AND AMENDING SECTIONS
"G", "H", "J", "M", "N" AND "O" OF ORDER

NO. 850 *of the Commission's Business Rules
and to adapt such rules to the
amendments in other rules, regarding
proper to give full force and effect to the
changes in amendments contemplated.*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 10:00 A.M., February 21,
1952, at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission". *change or later*

NOW, on this the _____ day of _____, 1952, the
Commission, a quorum being present, having considered the testimony
adduced and the exhibits received at said hearing, and being fully
advised in the premises,

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

(2) That the Commission has experienced difficulty in
the proper administration of Sections "G", "H", "J", "M", "N", and
"O" of Order No. 850 and realizes the need for a revision of these
sections.

(3) That the Commission has appointed committees re-
presenting a cross-section of the oil industry of New Mexico to
study revisions of Order No. 850. These committees have made a
study of Sections "G", "H", "J", "M", "N" and "O" of Order No. 850,
and these reports and recommendations are a part of the record in
this case.

(4) That the following revisions to Order No. 850 will
result in a more efficient and economic administration of the Con-
servation Laws of the State of New Mexico.

IT IS THEREFORE ORDERED:

1. That the definitions contained in Order No. 850 *be changed*
as follows: *Section A*

(1) *That* Definition No. 4, "Back Allowable" be deleted.

(2) *That* Definition No. 41 be amended as follows: "Average
or Over Production" shall mean the amount of oil
or the amount of natural gas during a proration
period in excess of the amount authorized on the
proration schedule.

Frank Brown
Shell P. L.

- (3) Definition No. 56 be amended as follows: "Shortage or Under Production" shall mean the amount of oil or the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to that authorized on the proration schedule.

III 2. That the following provisions of Section "G", "Oil Proration and Allocation" be eliminated from Order No. 850.

- (1) Rule 503 (e) relative to current oil shortages.
(2) Rule 503 (f) relative to back allowables.

IV (17) 3. That Section "G" of Order No. 850 be amended and revised in accordance with the following:

- (1) Rule 501 - Regulation of Oil Pools.
(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights.
(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool.
(2) Rule 502 - Rate of Producing Wells.

It is recognized that producing units capable of producing their daily allowable may over produce one day and under produce another; such deficiencies as may occur may be made up by excess production from the same unit, or such excess production may be adjusted by under production, provided, however,

- (a) that no producing unit, except for the purpose of testing in the process of completing or re-completing a well and for draw-down tests, shall produce during any day more than 125% of the daily top unit allowable for the pool in which the unit is located or ten (10) barrels, whichever is greater. *OK*
(b) that no producing unit shall produce in any one month more than its monthly allowable plus an amount equal to one day's allowable production. ~~The tolerance~~ so allowed shall not be construed to increase the allowable of a producing unit or to grant authority to any producer to market or to any transporter to transport any quantity of oil in excess of the unit's allowable. The allowed monthly tolerance of over production shall be adjusted for during the following month. The possession of a quantity of oil in lease storage at the end of any month in excess of one day's allowable plus any unrun allowable oil shall be construed as a violation of this rule. *OK*

(3) Rule 503 - Authorization for Production of Oil.

- (a) The Commission shall meet between the 15th and 20th of each month for the purpose of determining the amount of oil to be produced from all oil pools for the following calendar month. *OK*

- (b) Within ten (10) days after the effective date of this order the Commission shall establish the exact date, time and place of such meetings for the remainder of the calendar year and give notice thereof by publication. The Commission shall likewise establish the exact date, time and place of all other such meetings and give notice thereof by publication on or before the 10th day of January of each year.
- (c) The Commission will consider all evidence of market demand of oil and determine the amount of oil to be produced from all oil pools during the following month. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule. Any well completed or or after the first day of the proration period is authorized to produce such amount of oil as said well may be capable of producing without waste up to top unit allowable determined in accordance with Rule 504. *shall be* effective at 7:00 A.M. on the date of completion; provided Form C-104 is approved during the proration period in which the well is completed; otherwise, the allowable will become effective at 7:00 A.M., on the first day of the proration period in which Form C-104 is approved; and provided further, a supplementary proration schedule is issued by the Commission establishing the effective date, and the daily rate of production permitted the remainder of the proration period.
- (d) A marginal unit shall be permitted to produce any amount^{of} oil which it is capable of producing without waste up to and including the top unit allowable for the pool in which such unit is located subject to the provisions of Rule 301 and Rule 506; provided the owner of such unit shall file with the Commission written application setting forth the daily amount of oil such unit is capable of producing; and, provided further a supplementary proration schedule is issued by the Commission setting forth the daily allowable rate of production for such unit and the effective date thereof, which shall be the date on which said application is received in the office of the Commission.
- (e) A tabulation of supplementary proration schedules issued during any proration period will be listed in the next proration schedule.

(4) Rule 504~~4~~ Authorization For Production of Oil
While Completing, Recompleting, or
Testing an Oil Well.

In the event an operator does not have sufficient lease storage to hold oil produced from a well during the process of its drilling, completing, recompleting, or testing, the operator of said well shall be permitted to produce from said well an amount of oil as may be necessary to drill, complete, recomplete, or test said well, provided, however, that the operator of said well shall file with the Commission a written application stating the circumstances at said well and setting forth therein the estimated amount of oil to be produced during the aforementioned process of operations, and provided further that said application is approved by the Commission. Oil produced during the process of drilling, completion, or recompleting, or testing a well shall be charged against the allowable production of said well.

(5) Rule 505 - Oil Proration

- (1) In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever ----- is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the several ranges of depth in the following proportions:

(2)		POOL DEPTH RANGE	PROPORTIONAL FACTOR
From		0 to 5,000 Feet	1.00
Below		5,000 to 6,000 "	1.33
		6,000 to 7,000 "	1.77
		7,000 to 8,000 "	2.33
		8,000 to 9,000 "	3.00
		9,000 to 10,000 "	3.77
		10,000 to 11,000 "	4.67
		11,000 to 12,000 "	5.67
		12,000 to 13,000 "	6.75
		13,000 to 14,000 "	8.00

- (3) Normal unit allowable shall be set by the Commission.
- (4) Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.
- (5) The top unit allowables herein determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Form C-115. Such nominations must be based upon the ability of the well to produce without waste; otherwise the allowable

will be assigned on the basis of the latest available production figures. The sum of the allocation to all marginal units plus the sum of the allocation to all non-marginal units in each pool shall constitute the allocation for each pool.

- (6) The allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
- (7) Each calendar month the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month; with the exception that any newly completed or recompleted well on which Form C-104 is approved on or after the 20th of the month is authorized to produce that quantity of oil which said well is capable of producing without waste up to the top unit allowable for the pool in which said well is located, and a supplementary proration schedule will be issued setting forth the daily rate of production for said well and the effective date thereof.
- (8) The provision of Rule 104 (h) et seq., shall be adhered to where applicable in fixing top unit allowables.

6. Rule 506 - Gas-Oil Ratio Limitation.

- (a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.
- (b) Unless heretofore or hereafter specifically exempted by order of the Commission issued after hearing a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:
 - 1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the

numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.
3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.
4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and are listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel ~~unit~~ until such time as changed by order of the Commission issued after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular allocated oil pool

need appendix listing all oil pools

(7) Rule 507 - Unitized Areas.

After petition, notice and hearing, the Commission may grant approval for the Combining of contiguous developed proration units into a unitized area.

4. That Section "H", "Gas Proration and Allocation" remain unchanged.

5. That Section "J", "Oil Purchasing and Transporting" be amended and revised in accordance with the following:

(1) Rule 801 - Illegal Sale Prohibited.

The sale or purchase or acquisition, or the transporting, refining, processing, or handling in any other way, of crude petroleum oil or of any product of crude petroleum produced in excess of the amount allowed by any statute of this State, or by any rule, regulation or order of the Commission made thereunder, is prohibited.

(2) Rule 802 - Ratable Take; Common Purchaser.

(a) Every person now engaged or hereafter engaging in the business of purchasing oil to be transported through pipe lines shall be a common purchaser thereof, and shall, without discrimination in favor of one producer as against another in

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the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity or which may be reasonably reached by pipe lines through which it is transporting oil, or the gathering branches thereof, or which may be delivered to the pipe line or gathering branches thereof by truck or otherwise, and shall fully perform all the duties of a common purchaser. If any common purchaser shall not have need for all such oil lawfully produced within a field, or if for any reason it shall be unable to purchase all such oil, then it shall purchase from each producer in a field ratably taking and purchasing the same quantity of oil from each well to the extent that each well is capable of producing its ratable portions; provided, however, nothing herein contained shall be construed to require more than one pipe line connection for each producing well. In the event any such common purchaser of oil is likewise a producer or is affiliated with a producer, directly or indirectly, it is hereby expressly prohibited from discriminating in favor of its own production of an affiliated producer as against that of others and the oil produced by such common purchaser or by the affiliate of such common purchaser shall be treated as that of any other producer for the purposes of ratable taking.

- (b) It shall be unlawful for any common purchaser to unjustly or unreasonably discriminate as to the relative quantities of oil purchased by it in the various fields of the state; the question of the justice or reasonableness to be determined by the Commission, taking into consideration the production and age of the wells in the respective fields and all other factors. It is the intent of this rule that all fields shall be allowed to produce and market a just and equitable share of the oil produced and marketed in the state, insofar as the same can be effected economically and without waste.
- (c) In order to preclude premature abandonment a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing ten (10) barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's taking are curtailed below ten (10) barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing.

(3) Rule 803 - Production and Transportation of Condensate.

The operator of a gas well may produce from such well the amount of condensate which such well is capable of producing without waste, provided, said operator shall file with the Commission a written application setting forth

the estimated amount of condensate to be produced from such well, and, provided further that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period.

6. That Section "M-Reports" of Order No. 850 be amended and revised as follows:

- (1) Rule 1101 - Additional Information may be Required.

These rules shall not be taken or construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data or other information relative to production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

- (2) Rule 1102 - Books and Records to be kept to Substantiate Reports.

All producers, transporters, storers, refiners, gasoline or extraction plant operators and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period not less than 5 years, covering their operations in New Mexico from which they may be able to make and substantiate the reports required by this Order.

- (3) Rule 1103.- Written Notices, Requests, Permits and Reports.

The forms hereinafter mentioned and attached to these rules in the Appendix are hereby adopted and made a part of these rules for all purposes and the same shall be used for the purposes shown on each of the several forms and in accordance with the Rules requiring the use of said forms and the instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 - Notice of Intention to Drill or Recomplete
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on Wells
- Form C-104 - Certificate of Compliance and Request for (oil) (gas) allowable
- Form C-105 - Well Record
- Form C-110 - Application for Authority to connect and Authorization to Transport Oil and Natural Gas From Lease
- Form C-111 - Monthly Gas Report (Acquisition and Disposition)
- Form C-112 - Transporter's and Storer's Monthly Report
- Form C-113 - Refiner's Monthly Report
- Form C-114 - Gasoline and Other Extraction Plant Monthly Report
- Forms (C-115A- Operator's Monthly Report (oil & Condensate)
(C-115B- Operator's Monthly Report (gas)
(C-115C- Instructions for Forms C-115A, and C-115B

Form C-116 - Gas-Oil Ratio Report
Form C-117 - Tank Cleaning Permit
Form C-118 - Treating Plant Report
Form C-119 - Carbon Black Plant Monthly Report
Form C-120 - Injection Report
Form C-121 - Crude Oil Purchaser's Nomination
Form C-122 - Back Pressure Data Sheet
Form C-123 - Request for the Extension of an
Existing Pool or the Creation of a
new pool

(4) Rule 1104 - Notice of Intention to Drill or Recomplete
(Form C-101)

Before beginning drilling, and before beginning recompletion operations, the owner of the well shall give notice thereof by filing with the Commission in quintuplicate Form C-101. A copy of the notice will be returned by the Commission to the applicant, on which will be noted the Commission's approval with any modification considered advisable, or the rejection of the plan submitted. Drilling and recompletion operations shall not begin until this approval is obtained and until a bond has been submitted and approved as required by Rule 101.

The information required on Form C-101 includes the name and number of the well, exact location, status of land, (whether State, Federal or privately owned,) type of drilling equipment to be used, proposed casing program, probable depth to first productive oil or gas sand, and name of drilling contractor, if known, and any additional pertinent information. In case of wildcat locations a plat made by a registered surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission, showing and certifying the location of the well, must be submitted with Form C-101.

(5) Rule 1105 - Miscellaneous Notices (Form C-102).

Form C-102, "Miscellaneous Notices," shall be filed by the owner in triplicate with the Commission and approval obtained from it before starting operations leading to a proposed change of drilling plan, repairing or deepening a well, pulling or altering casing, plugging back, redrilling, or starting of any other similar operations not specifically covered herein. A copy of the notice giving the decision of the Commission will be returned to the owner.

(6) Rule 1106 - Notice of Intention to Plug Well (Form C-102)

Before plugging a well, notice shall be given to the Commission by filing in triplicate Form C-102, "Miscellaneous Notices". Work shall not begin until approval is obtained from the Commission or one of its representatives authorized to approve these forms as specified in Rule 1303. A copy of the notice will be returned to the owner. The notice shall give a detailed statement of the proposed work; including length and depth of plugs; plans for mudding, cementing, shooting, testing and removing casing; and the date of the proposed plugging operations. Before plugging any well,

the owner shall give notice to all adjoining lessees and representatives of such adjoining lessees may be present to witness the plugging, if they so desire, but plugging shall not be delayed because of inability to deliver notice to adjoining lessees. Failure to file notice before plugging shall constitute grounds for forfeiture of bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well.

(7) Rule 1107 - Report on Beginning Drilling Operations
(Form C-103)

Within 10 days after drilling or recompletion operations are begun, the owner of the well shall file with the Commission a report on Form C-103, "Miscellaneous Reports on Wells."

(8) Rule 1108 - Report on Result of Test of Casing
Shut-Off (Form C-103)

A report on the result of test of casing shut-off shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," within 10 days after the completion of work. It shall indicate any changes made in the approval plan outlined previously on Form C-101. It shall also give a detailed report of the method used and of the results obtained and any other pertinent information.

(9) Rule 1109 - Report on Results of Plugging Well
(Form C-103)

Within 10 days after plugging a well, a record of the work done shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner. The report shall include the date the work was started and the date it was completed; a detailed account of the manner in which the work was performed; the nature and quantities of materials used in plugging, and the depths and lengths of the various plugs; records of any tests or measurements made; the amount, size and depth of all casing left in the well; the volume and gravity of mud-laden fluid used; pressure retained in mudding; a complete record of any shooting done, and names, addresses and positions' of all those in charge of the work. The report shall also state whether or not the pits have been filled and leveled and the location cleared of junk.

(10) Rule 1110 - Report of Result of Shooting or Chemical
Treatment of Well (Form-C-103)

Within 20 days after the shooting or chemical treatment of a well, report shall be filed with the Commission in triplicate on Form C-103, "Miscellaneous Reports on Wells," by the owner giving the size and depth of the shot, or amount of chemical used, and the daily production of oil, gas, and water before and after shooting or chemical treatment.

(11) Rule 1111 - Miscellaneous Report on Wells
(Form C-103)

Form C-103, "Miscellaneous Reports on Wells" shall be used for reports of various operations, such as:

- a. Change of Drilling Plan
- b. Repairing or Deepening Well
- c. Pulling or Altering Casing
- d. Plugging Back
- e. Re-Drilling
- f. Perforating casing (or of any other similar operations not specifically covered herein).

The report with respect to such operation shall be filed with the Commission within 10 days after such operation is completed.

The status prior to and results of the work completed shall be given in detail.

(12) Rule 1112 - Certificate of Compliance and Request for (Oil)(Gas) Allowable (Form C-104)

It is necessary that this form be submitted by the operators before an initial allowable will be assigned to any completed oil well. Form C-104 is to be submitted in triplicate to the Commission Office, to which Form C-101 was sent. The allowable will be assigned effective 7:00 A.M., on date of completion provided completion report is filed during month of completion. The Completion date shall be that date in the case of an oil well, when oil is delivered into the stock tanks

(13) Rule 1113 - Well Record Form (Form C-105)

Within 20 days after the completion of a well the owner shall file in quintuplicate with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request the Commission will keep the report confidential for 90 days from the date of the completion of the well; provided, however, that the report or data therein when pertinent may be introduced in any public hearing before the Commission or any Court regardless of the request that the report be kept confidential. If the C-105 is not received by the Commission in the specified 20 days the well will be dropped from the proration schedule.

(14) Rule 1114 - Application for authority to Connect and Authorization to Transport Oil and Natural Gas from Lease. (Form C-110)

(a) Each producer of crude petroleum oil or natural gas and each producer of liquid hydrocarbons from a gas well shall execute, in quadruplicate, and file with the Commission Form C-110, setting forth fully therein the data and information indicated by such form covering each lease from which crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing lease or whenever there shall occur a change of transporter from any producing lease, Form C-110 shall be executed and filed in accordance with the instructions appearing on such forms; except that in the case of a temporary change in transporter involving less than the

allowable for one proration period the producer may, in lieu of filing a new application, notify the Commission, and the transporter then authorized by letter, of the estimated amount of crude petroleum, dry gas or liquid hydrocarbons to be moved by temporary transporter and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. In no instance shall the temporary transporter move any greater quantity of crude petroleum oil or natural gas than the estimated amount shown in said notice.

(15) Rule 1115- Monthly Gas Report (Acquisition and Disposition)(Form C-111)

All gas produced from natural gas wells and all casinghead gas produced which is taken into fuel system or other system (except gas taken into a gasoline or other extraction plant gathering system which is required to be reported on Form C-114), shall be reported monthly on Monthly Gas Report, Form C-111. Where such natural or casinghead gas is taken by the producer, then the producer shall make such report. In case said gas is taken at the well by any person other than the producer, then such person taking said gas shall make the report. Form C-111 shall be filed on or before the 15th of the month for all of said gas taken during the preceding month.

(16) Rule 1116 - Transporter's and Storer's Monthly Report (Form C-112)

(a) Each transporter and/or storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipe line and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Form C-112 shall be filed in duplicate on or before the 15th day of the next succeeding month.

(17) Rule 1117 - Refiner's Monthly Report (Form C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operations during each month. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

(18) Rule 1118 - Gasoline or other Extraction Plant Monthly Report (Form C-114)

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of New Mexico,

shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form C-114, containing the information indicated by such form respecting gas and products involved in the operation of each such plant during each month. Each purchaser of gas shall report monthly the source or sources and amounts from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 15th day of the next succeeding month.

(19) Rule 1119 - Operator's Monthly Report (Form C-115)

Operator's Monthly Report Form C-115 A and Form C-115 B shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms. Such reports for each month shall be filed the next succeeding month - on or before the 16th with respect to Form C-115A, and on or before the 25th with respect to Form C-115B.

(20) Rule 1120 - Gas-Oil Ratio Test (Form C-116)

A gas-oil ratio test shall be made and reported on Form C-116 as prescribed in Rule 301 - Gas-Oil Ratio Test.

(21) Rule 1121 - Tank Cleaning Permit (Form C-117)

- (a) Form C-117 shall be used pursuant to Rule 311.
- (b) Tank cleaning permit is not necessary in the following cases:
 - (1) Where "tank bottoms" are to be used on operator's lease roads or fire walls.
 - (2) Where merchantable oil is reclaimed by operator and disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.
 - (3) Where there is a transfer of "tank bottoms" from one tank to another located in the same tank battery, provided there is no change in the custody or control of the "tank bottoms".
 - (4) Where there is the 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.

(22) Rule 1122 - Treating Plants (Form C-118)

Form C-118 shall be used in accordance with Rule 312.

having a hearing, such emergency rule, regulation or order shall have the same validity as if a hearing, with respect to the same had been held after due notice. Such emergency rule, regulation or order shall remain in force no longer than 15 days from its effective date, and in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

(3) Rule 1203 - Method of Initiating a Hearing

The Commission upon its own motion and the Attorney General on behalf of the State and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. An application shall state (1) the name or general description of the common source or sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire State, in which event the application shall so state, and (2) briefly the general nature of the order, rule or regulation sought, and (3) any other matter required by a particular rule or rules.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by a specific rule, an application need not be verified.

(4) Rule 1204 - Method of Giving Notice for Hearings

Notice of a hearing before the Commission shall be given by personal service on the person affected or by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties if there be more than one in which any land, oil or gas or other property which may be affected shall be situated.

(5) Rule 1205 - Contents of Notice for Hearing

Such notice shall be issued in the name of "The State of New Mexico" and shall be signed by two of the members of the Commission or by the Secretary of the Commission and the seal of the Commission shall be impressed thereon.

The notice shall specify the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant if any and unless the contemplated order, rule or regulation is intended to apply to and affect the entire State it shall specify or generally describe the Common source or sources of supply which may be affected by such order, rule or regulation.

(6) Rule 1206 - Service of Notice

Personal service of the notice of hearing may be made by any agent of the Commission or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this State. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.

(7) Rule 1207 - Preparation of Notices

After a motion or application is filed with the Commission the notice or notices required shall be prepared by the Commission and service and publication thereof shall be taken care of by the Commission without cost to the applicant.

(8) Rule 1208 - Continuance of Hearing Without New Service

Any hearing before the Commission had after due notice may be continued to a specified time and place without the necessity of notice of the same being again served or published. In the event of such continuance, a record thereof shall be made in the minutes of the hearing at which the continuance was ordered.

(9) Rule 1209 - Conduct of Hearings

Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent records of the Commission. Any person testifying in response to a subpoena issued by the Commission and any person seeking to testify in support of an application or motion or in opposition thereto shall be required to do so under oath. However, unsworn comments and observations by any interested party will be invited and made a part of the record. Comments and observations by representatives of operators' committees, the United States Geological Survey, the United States Bureau of Mines, the New Mexico Bureau of Mines and other competent persons are welcomed. Two members of the Commission constitute a quorum for the transaction of business and for the holding of hearings, but one member of the Commission may conduct a hearing for the purpose of receiving testimony only.

(10) Rule 1210 - Statutory Powers as to Witnesses, Records, Etc.

The Commission or any member thereof has statutory power to subpoena witnesses and to require the production of books, papers, records, etc. A subpoena will be issued by the Commission for attendance at a hearing upon the written request of any person interested in the subject matter of the hearing. In case of the failure of a person to comply with the subpoena issued by the Commission, an attachment of the person may be issued by the district court of any district in the State, and such court has powers to punish for contempt. Any person guilty of swearing falsely at any hearing may be punished for contempt.

(11) Rule 1211 - Rules of Evidence

Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable in a trial before a court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better served. No order shall be made which is not supported by some competent legal evidence.

(12) Rule 1212 - Rehearings

Within 20 days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within 10 days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

(13) Rule 1213 - Changes in Forms and Reports

Any changes in the forms and reports or rules relating to such forms and reports shall be made only by order of the Commission issued after due notice and hearing.

8. That Section "O", Rules on Administration be amended and revised as follows:

(1) Rule 1301 - District Offices

To expedite administration of the work of the Commission and enforcement of its rules and regulations, the State shall be divided into four districts as follows:

- | | |
|------------|--|
| District 1 | Lea, Roosevelt, Curry, De Baca and Chaves counties with office at Hobbs. |
| District 2 | Eddy, Otero, Dona Ana and Lincoln counties, with office at Artesia. |
| District 3 | San Juan, Rio Arriba, McKinley and Sandoval counties with office at Aztec. |
| District 4 | Balance of State, office of Oil Conservation Commission in Santa Fe. |

Each district office shall be under the charge of an oil and gas inspector, a deputy oil and gas inspector or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the land that is affected lies.

(2) Rule 1302 - Where to file Reports and Forms

All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on each such printed report or form. However, all copies of reports and forms required to be filed with the Commission shall, except as hereinafter stated, be filed at the district office

of the district in which the land that is the subject matter of the report lies. All plugging bonds shall be filed directly in the Commission Office at Santa Fe. A list of all plugging bonds in force and approved shall be kept in each district office. The reports on Forms C-115-A and C-115-B "OPERATOR'S MONTHLY REPORT", shall be filed as follows: The original to the Commission Office at Santa Fe; one copy to the Proration Manager at Hobbs; and one copy to each transporter involved.

(3) Rule 1303 - Duties and Authority of Field Personnel

Oil and gas inspectors, deputy oil and gas inspectors, scouts, engineers and geologists duly appointed by the Commission have the authority and duty to enforce the rules and regulations of the Commission. Only oil and gas inspectors or their deputies or members of the Commission have authority to endorse the approval of the Commission on any form which requires such approval. Oil and gas inspectors and their deputies shall have discretion to allow minor deviations from requirements of the rules as to field practices where, by so doing, waste will be prevented or burdensome delay or expenses on the part of the operator will be avoided.

(4) Rule 1304 - Numbering of Commission Orders

All orders of the Commission made after 1 January, 1950, pertaining to allocation of the production of oil or gas shall be prefixed with the letter "A" and shall be numbered consecutively, commencing with No. 1, i.e. the first allocation order issued after 1 January, 1950, shall be No. A-1, and the next shall be No. A-2.

All other orders of the Commission made after 1 January, 1950, shall be prefixed with the letter "R" and shall be consecutively numbered, commencing with the number 1, i.e. the first such order issued after 1 January, 1950, shall be No. R-1, and the next shall be No. R-2.

9. Within two months after the effective date of this order all operators must submit new forms C-110 on each and every producing lease owned by such operators within the State of New Mexico.
10. The attached forms are hereby embodied in and made a part of this order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOTICE OF INTENTION TO DRILL OR ^{re}COMPLETE

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in quintuplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Place Date

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a well to be known as

Well No. in
Company or Operator Lease

of Sec. T R N. M. P. M. Field County.

N

The well is feet (N) (S) of the line and feet (E) (W) of the line of
(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. Assignment No.

If patented land the owner is
Address

If government land the permittee is
Address

The lessee is
Address

We propose to drill well with drilling equipment as follows:

The status of a bond for this well in conformance with Rules and Regulations of the Commission is as follows:

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Landed or Cemented	Sacks Cement

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about feet.

Additional information:

Approved, 19
Except as follows

Sincerely yours,
Company or Operator

OIL CONSERVATION COMMISSION
By
Title

By
Position
Send communications regarding well to
Name
Address

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MISCELLANEOUS NOTICES

Form C-102
(Revised 1-22-52)

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

Notice of Intention to Test Casing Shut -Off	<input type="checkbox"/>	Notice of Intention to Shoot or Chemically treat well	<input type="checkbox"/>
Notice of Intention to Change Plans	<input type="checkbox"/>	Notice of Intention to Pull or Otherwise alter casing	<input type="checkbox"/>
Notice of Intention to Repair Well	<input type="checkbox"/>	Notice of Intention to Plug Well	<input type="checkbox"/>
Notice of Intention to Deepen Well	<input type="checkbox"/>		<input type="checkbox"/>

Oil Conservation Commission
Santa Fe, New Mexico

Place

Date

Gentlemen:

Following is a notice of intention to do certain work as described below at the_____

_____ Company or Operator Lease Well No. _____ in _____
_____ of Sec. _____, T. _____ R. _____, N. M. P. M. _____ Field.
_____ County.

FULL DETAILS OF PROPOSED PLAN OF WORK
Follow instructions in the Rules and Regulations of the Commission

Approved _____, 19____

Except as follows

OIL CONSERVATION COMMISSION

By _____

Title _____

Company or Operator

By _____
Position _____

Send communications regarding
well to:

Name _____

Address _____

NEW MEXICO OIL CONSERVATION COMMISSION
MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission District Office within ten days after the work specified is completed. It should be signed and filed as a report on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

Report on Beginning Drilling Operations		Report on Repairing Well	
Report on Result of Shooting or Chemical Treatment of Well		Report on Pulling or otherwise Altering Casing	
Report on Result of Test of Casing Shut-Off		Report on Deepening Well	
Report on Result of Plugging of Well		Report on Recompletion Operation	

Date

Place

Following is a report on the work done and the results obtained under the heading noted above at the _____

Company or Operator _____ Contractor _____ Lease _____ Well No. _____ in the
_____ of Sec. _____, T. _____ R. _____, N. M. P. M.,
_____ Pool _____ County.

The dates of this work were as follows:

Notice of Intention to do the work was (was not) submitted on Form C-102 on

19. , and approval of the proposed plan was (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Witnessed by _____
Name _____ Company _____ Title _____

Approved:
Oil Conservation Commission

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

Name _____
Title _____

Name _____
Position _____
Representing _____

Date _____ 19 _____

Company or Operator _____
Address _____

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

CERTIFICATE OF COMPLIANCE
AND
REQUEST FOR (OIL) - (GAS) ALLOWABLE

This form shall be submitted by the operator before an initial allowable will be assigned to any completed oil or gas well. Form C-104, is to be submitted in triplicate to the office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a.m. on date of completion, provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 psia at 60° Fahrenheit.

Place

Date

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

Well No. in 1/4 1/4

Company or Operator

Lease

section, T., R., N.M.P.M. Pool County

Please indicate location: Elevation Spudded Completed

Total Depth P.B.

Top Oil/Gas Pay Top Water Pay

Initial Production Test: Pump Flow (BOPD or Cu. Ft. Gas per Day)

Based on Bbls. Oil in Hrs. Mins.

Method of Test (Pitot, guage, prover, meter run):

Size of choke in inches

Tubing (Size) @ Feet

Pressures: Tubing Casing

Gas/Oil Ratio Gravity

Casing Perforations: (spec)

Unit letter:

Casing & Cementing Rec.

Size	Feet	Sax

Acid Record: Show of Oil, Gas and Water
Gals to S/
Gals to S/
Gals to S/

Shooting Record: S/
Qts to S/
Qts to S/
Qts to S/
S/

Natural Production Test: Pumping Flowing
Test after acid or shot: Pumping Flowing

Date first oil run to tanks or gas to pipe line: _____

Transporter taking oil or gas: _____

Remarks: _____

The undersigned hereby certifies that the Rules and Regulations of the Commission
have been complied with.

Company or Operator

By: _____
Signature

Position: _____

Send communications regarding well to:

Name: _____

Address: _____

APPROVED _____ 19 _____

OIL CONSERVATION COMMISSION

By: _____

Title: _____

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

WELL RECORD

Mail to Oil Conservation Commission, Santa Fe, New Mexico, or its proper agent not more than twenty days after completion of well. Follow instructions in the Rules and Regulations of the Commission. Indicate questionable data by following it with (?). **SUBMIT IN TRIPLICATE.**

**AREA 640 ACRES
LOCATE WELL CORRECTLY**

Company or Operator _____ Lease _____
Well No. _____ in _____ of Sec. _____, T. _____
R. _____, N. M. P. M., _____ Field, _____ County.
Well is _____ feet south of the North line and _____ feet west of the East line of _____
If State land the oil and gas lease is No. _____ Assignment No. _____
If patented land the owner is _____, Address _____
If Government land the permittee is _____, Address _____
The Lessee is _____, Address _____
Drilling commenced _____ 19_____. Drilling was completed _____ 19_____.
Name of drilling contractor _____, Address _____
Elevation above sea level/ ^{the tubing head} at top of casing _____ feet.
The information given is to be kept confidential until _____ 19_____.

OIL SANDS OR ZONES

No. 1, from _____ to _____ No. 4, from _____ to _____
 No. 2, from _____ to _____ No. 5, from _____ to _____
 No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet. _____

No. 2, from _____ to _____ feet. _____

No. 3, from _____ to _____ feet. _____

No. 4, from _____ to _____ feet. _____

CASING RECORD

[illegible]

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. SACKS OF CEMENT	METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED

PLUGS AND ADAPTERS

Heaving plug—Material _____ Length _____ Depth Set _____

Adapters—Material _____ Size _____

RECORD OF SHOOTING OR CHEMICAL TREATMENT

SIZE	SHELL USED	EXPLOSIVE OR CHEMICAL USED	QUANTITY	DATE	DEPTH SHOT OR TREATED	DEPTH CLEANED OUT

Results of shooting or chemical treatment

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto.

TOOLS USED

Rotary tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

PRODUCTION

Put to producing _____, 19____

The production of the first 24 hours was _____ barrels of fluid of which _____ % was oil; _____ % emulsion; _____ % water; and _____ % sediment. Gravity, Be _____

If gas well, cu. ft. per 24 hours _____ Gallons gasoline per 1,000 cu. ft. of gas _____

Rock pressure, lbs. per sq. in. _____

EMPLOYEES

_____, Driller _____, Driller _____
_____, Driller _____, Driller _____

FORMATION RECORD ON OTHER SIDE

I hereby swear or affirm that the information given herewith is a complete and correct record of the well and all work done on it so far as can be determined from available records.

Place _____ Date _____

Name _____

Position _____

Representing _____
Company or Operator.

Address _____

MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

LEGAL DEPARTMENT

DALLAS 1, TEXAS

EARL A. BROWN
GENERAL COUNSEL
ROY C. LEDBETTER
RAYMOND M. MYERS
CHAS. B. WALLACE
R. T. WILKINSON, JR.
FRANK C. BOLTON, JR.
JACK VICKREY
FLOYD B. PITTS
SAM H. FIELD
W. E. MCKELLAR, JR.
ASSISTANTS

March 18, 1952

RE: Order in Case No. 308

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

Dear Dick:

Attached is a draft of an order which I have drawn in the above case. Mr. Frank Brown and the other members of his committee are anxious to receive an order in this case at the earliest practicable time and have discussed the matter with me. Realizing the tremendous volume of work which has been before the Commission in recent months, I have taken the liberty of drafting the attached order with the thought that it might lessen the load on Commission personnel and attorneys to some degree and possibly expedite final disposition of this case.

The attached order embodies the recommended changes in rules and forms which were submitted by the Producers and Transporters Committee. There has been no attempt to change or modify the committee's recommendations except the change to Rule 502, which I dictated into the record at the February hearing. The order is necessarily lengthy because of the number of rules and forms changed, but it does affect the modifications as recommended by the committee.

Yours truly,

W. E. McKellar, Jr.
W. E. McKellar, Jr.

WEMcK:as

Enclosure

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

January 25, 1952

C
O
P
Y

Mr. F. C. Brown, Chairman
Joint Committee New Mexico O. C. C.
Rules and Regulations
Shell Pipe Line Corporation
Houston, Texas

Dear Mr. Brown:

I should like to thank you for the time and great amount of energy which your committee has spent in revising our rules and regulations.

The Commission would appreciate it if you would extend our thanks to the committee members for their co-operation and thoroughness in studying and recommending the changes as set forth in Case 308.

Sincerely,

RRS:W

Secretary and Director

cc: Pete Porter

100-300

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD
MEMBER

STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 1545
HOBBS, NEW MEXICO

February 6, 1952

Mr. R. R. Spurrier
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

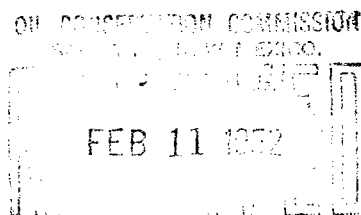
In a conversation with Mr. Frank Brown, Chairman of the Rules Committee, yesterday, I suggested that it might be well that he and possibly other members of the Committee attend the Hearing on the 21st. He agreed and stated that he would be glad to attend but that it would be necessary for you to give him a wire requesting his attendance.

Yours very truly,

A handwritten signature in cursive script, appearing to read "A. L. Porter, Jr.".

A. L. Porter, Jr.
Proration Manager

ALP/hs



OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

February 11, 1952

Enc 308

C
D
MEMORANDUM TO: All Crude Oil Purchasers

According to the decision of the Commission at the last hearing, purchasers may nominate by affidavit, i. e., in writing.

We do not feel it is necessary to designate a particular purchaser to testify on the general demand picture and will assume that one purchaser among you will be present to testify verbally on the witness stand.

OIL CONSERVATION COMMISSION

R. R. Garrison
Secretary and Director

RRS:W

cc: Governor Edwin L. Mechem
Land Commissioner Guy Shepard

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

WESTERN UNION

1206

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	DEFERRED
CODE	NIGHT LETTER

W. P. MARSHALL, PRESIDENT

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			Oil Conservation Commission	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, N. M. FEBRUARY 11, 1952

MR. FRANK C. BROWN
SHELL PIPE LINE CORPORATION
HOUSTON, TEXAS

THE COMMISSION WOULD APPRECIATE YOUR ATTENDANCE
AT THE FEBRUARY 21 HEARING IN SANTA FE TO AID IN REVISING
PRORATION RULES.

R. R. SPURRIER, DIRECTOR

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

February 26, 1952

C
O
P
Y

Mr. Jerry Jernigan
Fullerton Oil Company
Hobbs, New Mexico

Dear Jerry:

I should like to thank you for the time and great amount of energy which you have spent in revising our rules and regulations.

The Commission also would like to extend their thanks for your cooperation and thoroughness in studying and recommending the changes as set forth in Case 3081.

q

Sincerely,

RRS:W

Secretary and Director

cc: Mr. Kenneth Midkiff
Division Prod. Supt.

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

February 26, 1952

C
O
P
Y

Mr. S. G. Stoltz
Cities Service Oil Company
Hobbs, New Mexico

Dear Sam:

I should like to thank you for the time and great amount of energy which you have spent in revising our rules and regulations.

The Commission also would like to extend their thanks for your cooperation and thoroughness in studying and recommending the changes as set forth in Case 308.

Sincerely.

RRS:W

Secretary and Director

cc: Mr. Dan Bodie

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

March 13, 1952

Mr. A. L. Porter, Jr.
Box 2045
Hobbs, New Mexico

Dear Pete:

Bill Massey and I have been thinking that it might be advisable for you and Mr. Hansen to prolong your stay in Santa Fe next week in order to be here on Friday (March 21) after the hearing, in order that we might have time to discuss the revisions proposed in Case 303. We will appreciate your doing so, if this is convenient.

Sincerely,

IRT:mr

cc: Mr. L. A. Hansen
Artesia

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD
MEMBER

STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 1545
HOBBS, NEW MEXICO

March 14, 1952

Oil Conservation Commission
W. B. Macy, Chief Engineer
Box 871
Santa Fe, New Mexico

MAR 17 1952

Dear Bill:

After our telephone conversation of this morning Bob and I decided that it would be better for us if we hold the session on Case 308 on Wednesday instead of waiting until the Hearing is over for the reasons that there is no way of telling how long the hearings will last and if the session is held on Wednesday we might be able to get back to our offices by Friday morning, otherwise we would be away from Wednesday until Monday. We feel that it is altogether possible that a full day may be needed on Case 308.

If it is convenient for you and the other personnel of the Santa Fe office to meet on Wednesday, please advise by wire and I will notify Mr. Hanson.

Yours very truly,

OIL CONSERVATION COMMISSION

A. L. Porter, Jr.
A. L. Porter, Jr.
Proration Manager

ALP/cd



SHELL PIPE LINE CORPORATION

SHELL BUILDING
HOUSTON 2, TEXAS

TELEPHONE CAPITOL 1181

June 12, 1952

AIR MAIL

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

Dear Mr. Spurrier:

This will refer to our telephone conversation June 11th regarding Case 308 and the recommendations of the Committee as particularly concerns Form C-115.

As you know we recommended that C-115-A be filed on oil on or before the 16th and the C-115-B be filed on gas on or before the 25th; the first date to provide information for your proration department in preparing schedules; the second date (on gas) to give more time to the operators to assemble information necessary for filing, as this Committee in its survey learned that additional time was needed by some operators.

Should the Commission not see fit to adopt recommended Forms C-115-A and C-115-B, we should like to suggest that permission be given to alternately file the present C-115 for oil on or before the 16th and the same form for gas on or before the 25th. If this authority could be incorporated in the forthcoming Order it would be most timely. (option?)

Yours very truly,

F. C. Brown
F. C. Brown, Chairman Joint
Committee
New Mexico O. C. C. Rules
Regulations

FCB:mp

JUN 13 1952



SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN
VICE PRESIDENT
E. A. JENKINS
GENERAL SUPERINTENDENT

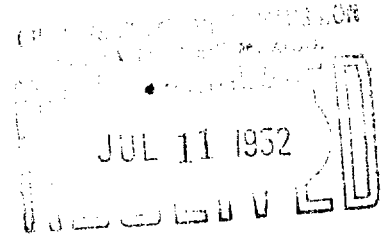
TULSA 2, OKLAHOMA

July 10, 1952

W. P. WHITMORE
CHIEF PETROLEUM ENGINEER
G. W. SELINGER
PRORATION ATTORNEY
J. H. MCCULLOCH
CHIEF CLERK

Re: Gas-Oil Ratio
Pool Limits

Mr. R. R. Spurrier
Oil Conservation Commission
Box 871
Santa Fe, New Mexico



Dear Sir:

We are in receipt of Order No. R-98-A in Case 308, which is styled "Application of the Oil Conservation Commission of the State of New Mexico on its own motion to revise certain sections and provisions of Order No. 850", and we wish to direct your attention to one phase of this order with respect to Rule 506 applicable to gas oil ratios, and particularly Appendix B which lists a number of fields in the State of New Mexico indicating a gas-oil ratio limit.

We are at a loss to understand the changes made in Appendix B applicable to gas-oil ratios under Rule 506, in view of the last word that we had from Mr. W. B. Macey, Chief Engineer of the Oil Conservation Commission, in which was stated that a statewide gas-oil ratio hearing was to be held in August. We have particularly in mind those fields which have for the past 8 to 10 years been exempt from any limited gas-oil ratios. Under Order No. 633, which was a result of some 8 to 10 hearings held by the Commission and innumerable operators meetings held under the auspices of the Lea County Operators Committee, a considerable amount of investigation was had which resulted in the following fields being exempt from any limiting gas-oil ratio because of circumstances peculiar to those particular pools and reservoirs. These pools are: Hardy, Penrose Skelly, Langlie Mattix, Rhodes, Cooper Jal and South Eunice in Lea County and Scanlon in Eddy County.

Under your Appendix B, some of these fields are not listed and therefore are presumed to be not limited by any particular gas-oil ratio, but others are listed under Appendix B and we wish to protest the Commission's action in issuing Order No. R 98-A insofar as it establishes a limiting gas-oil ratio on those pools heretofore exempt from the terms of Appendix B, issued pursuant to Rule 506 without a hearing and without any presentation of information concerning those pools.

Mr. H. R. Spurrier
Santa Fe, New Mexico

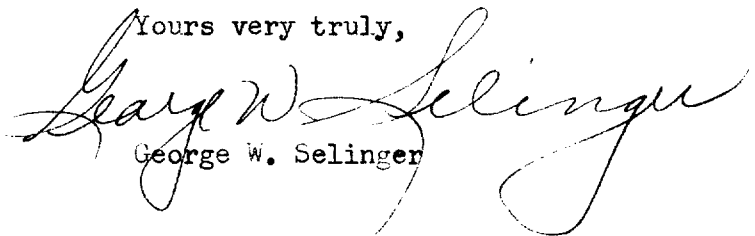
-2-

July 10, 1952

As you probably are aware, we operate the largest number of wells in the Penrose Skelly Area and we specifically have this field in mind in objecting to Appendix B including these fields, and particularly the Penrose Skelly Field in the list of fields carried under Appendix B of Rule 506 in Order No. R 98-A.

We earnestly, therefore, request that this phase of the order be held up pending an open hearing in which notice is given to all operators so that they may be aware of the matter coming up for a hearing.

Yours very truly,

A handwritten signature in cursive script, reading "George W. Selinger". The signature is written in dark ink and is positioned above the printed name "George W. Selinger".

George W. Selinger

GWS:dd

cc: Mr. Dunlavey

Rule 803 (d)

TO: The committee appointed to consider revisions in rules and regulations of the Oil Conservation Commission as set forth in Case 308.

Gentlemen:

Attached is a copy of the rules governing oil proration and allocation with suggested revisions underlined. These suggestions are essentially the same as those presented at the Commission hearing of September 20th with the exception that they have been adapted to a two calendar month proration period.

I believe the two calendar month proration period could be established by the following procedure:

1. The year would be divided into six proration periods of two calendar month duration. The Commission would meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the proration periods hereinbelow described:
 1. January - February
 2. March - April
 3. May - June
 4. July - August
 5. September - October
 6. November - December
2. The Commission would adopt a new form called the Well Nomination form (suggested copy attached) to be used for the purpose now being served by the Daily Well Nomination column of form C-115. This form would be filed not later than the 10th of the month immediately preceeding the beginning of each proration period. For example: The form on which nominations are made for the March-April proration period would be filed not later than February 10th. Since the operator would not be dependant upon any one other than himself for the information necessary for the filing of this form there would be no reason for late reports.
3. The present proration schedule would be revised so as to reflect the current allowable for two calendar months (proposed copy attached).

Below are listed the major advantages of the foregoing proposals:

1. The proration schedule could be compiled, adopted by the Commission, and distributed prior to the beginning of the proration period.
2. The confusion which has existed since the incorporation of the Well Nomination column into form C-115 would be eliminated.
3. The number of Commission hearings could be reduced.
4. Expenses of publishing the proration schedule would be reduced by approximately \$3600 per year.

Respectfully submitted,

A. L. Porter, Jr.
Proration Manager

Rule 803
R + R
+ PP 3

(PROPOSED)

G -- OIL PRORATION AND ALLOCATION

RULE 501. REGULATION OF POOLS

(a) To prevent waste, the Commission shall prorate or distribute the allowable production among the producers in a pool upon a reasonable basis and recognizing correlative rights. (No change)

(b) After notice and hearing, the Commission, in order to prevent waste and protect correlative rights may promulgate special rules, regulations or orders pertaining to any pool. (No change)

RULE 502. RATE OF PRODUCING WELLS

In allocated oil pools the owner or operator of any producing units shall not produce from any unit during any proration period any more oil than the allowable production for oil from 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 proration period. In no event shall any oil unit be produced in any manner or in such amount as to result in the production in any one day of an amount in excess of 125% of the daily allowable. (No change)

RULE 503. AUTHORIZATION FOR PRODUCTION, PURCHASE, AND TRANSPORTATION

(a) Suggested changes; to be rewritten as follows:

The Commission shall meet between the 5th and 10th of the months of February, April, June, August, October and December for the purpose of setting the allowable production for the state for the proration periods hereinbelow described:

1. January - February
2. March - April
3. May - June
4. July - August
5. September - October
6. November - December

(b) The exact date, time and place of such meetings shall be established in January of each year and notice given of such settings by publication made on or before January 10th of each year. (No change)

(c) Suggested changes; to be rewritten as follows:

10-50
RULE 503 (c) CONT'D

The Commission will consider all evidence of market demand for oil and determine the amount of oil to be produced from all oil pools during the following proration period. The amounts so determined will be allocated among the various pools in accordance with existing regulations and among the various units in each pool in accordance with regulations governing each pool. For allocated pools, effective the first day of each proration period, the Manager of Proration will compile a proration schedule which will authorize the production of oil from the various units in strict accordance with the schedule and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective at 7:00 A.M. on the date of completion; provided form C-104 is approved during the proration period in which the well is completed. Otherwise, the allowable will become effective at 7:00^{A.M.} on the first day of the proration period in which form C-104 is approved. A supplementary schedule will be issued by the Manager of Proration to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from the newly completed or recompleted well, establishing the effective date of allowable, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

increase should be effective as of the date of application
(d) Suggested changes; to be rewritten as follows:

A marginal unit shall be permitted to produce any amount of crude petroleum which it is capable of producing up to and including the top unit allowable for that particular pool for the particular proration period; provided the operator of such unit shall file an application with the Manager of Proration for a supplemental schedule covering the increase above the amount shown on the proration schedule. The Manager of Proration shall issue such supplemental schedule setting forth the daily amount of crude petroleum which such unit shall be permitted to produce for the particular proration period and shall furnish such supplemental schedule to the operator of the unit and a copy thereof to the transporter authorized to transport crude petroleum from the unit.

RULE 503 CONT'D

(e) Suggested changes; to be rewritten as follows:

Current oil Under-Production or Under-Runs may be made up or current and unavoidable over-production or over-runs shall be compensated for during the proration period next following the proration period in which such occurred. This may be done without any special authorization therefor from the Commission, and the volumes thereof will not appear in the proration schedule.

(f) Suggested changes; To be discontinued. (It is my opinion that if the provisions of paragraph (e) are complied with, the necessity for a back allowable clause will no longer exist.

(g) In order to preclude premature abandonment, a common purchaser within its purchasing area is authorized and directed to make 100 percent purchases from units of settled production producing 10 barrels or less daily of crude petroleum in lieu of ratable purchases or takings. Provided, however, where such purchaser's takings are curtailed below 10 barrels per unit of crude petroleum daily, then such purchaser is authorized and directed to purchase equally from all such units within its purchasing area regardless of their producing ability insofar as they are capable of producing. (No change)

(h) To be added: All supplementary schedules issued by the Manager of Proration for the purpose of assigning or revising allowables during a proration period shall be numbered in the order issued. A tabulation of such supplementary schedules shall be listed as a matter of information in the next proration schedule.

RULE 504. APPLICATION FOR ALLOWABLE ON NEW WELLS

No well shall be placed on the proration schedule until form C-104 and C-110 have been filed with the Commission. (No change)

RULE 505. OIL PRORATION (No changes recommended except in Paragraphs 5 and 8)

1. In allocated pools, the allocation between pools is in accordance with the top of the producing depth of the pool and the corresponding proportional factor set out below. The depth to the casing shoe or the top perforation in the casing, whichever is the higher, in the first well completed in a pool determines the depth classification for the pool. Top unit allowables shall be calculated for each of the

RULE 505 CONT'D

several ranges of depth in the following proportions:

2.	Pool Depth Range	Proportional Factor
From	0 to 5,000 Feet	1.00
Below	5,000 to 6,000 "	1.33
	6,000 to 7,000 "	1.77
	7,000 to 8,000 "	2.33
	8,000 to 9,000 "	3.00
	9,000 to 10,000 "	3.77
	10,000 to 11,000 "	4.67
	11,000 to 12,000 "	5.67
	12,000 to 13,000 "	6.76

3. Normal unit allowable shall be set by the Commission.

4. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable by the proportional factor for each depth range as set out in the table hereinabove; any fraction of a barrels shall be regarded as a full barrels for both normal and top unit allowables.

5. Suggested changes; To be rewritten as follows:

The top unit allowables hereinabove determined shall be assigned to the respective pools in accordance with each pool's depth range. Allowables to marginal units other than those affected by gas oil ratios will be assigned in accordance with the nominations submitted by the operators on Commission form C-124. Such nominations must be based upon ability of the well to produce; otherwise the allowables will be assigned by the Manager of Production, on the basis of the latest available production figures. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as set by the Commission is less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor;

(2) Correction factor =
$$\frac{(B-30U)}{(30-N) U + (B-30U)}$$

RULE 505 CONT'D

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowables as set by the Commission.

U = Number of non-marginal units within the depth range of 0 to 5000 feet.

6. The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.
7. Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.
8. Suggested changes; To be rewritten as follows:

At the beginning of each proration period the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous proration period; with the exception that all newly completed or re-completed wells on which form C-104 is approved on or after the 10th of the month immediately preceeding the beginning of a proration period will be assigned an allowable for the next proration period by supplementary schedule. Note: This change is recommended so that typing and printing the proration schedule may be started before the first of the proration period. This, of course, will result in an earlier distribution of the proration schedule.

9. The provisions of Rule 104 (a) et seq., shall be adhered to where applicable in fixing top unit allowables.

RULE 506. GAS - OIL RATIO LIMITATION (No changes suggested)

(a) In allocated pools containing a well or wells producing from a reservoir which contains both oil and gas, each proration unit 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 for the pool. In the event the Commission has

RULE 505

not set a gas-oil ratio limit for a particular oil pool the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced. In allocated oil pools all producing wells whether oil or casinghead gas shall be placed on the oil proration schedule.

(b) Unless heretofore or hereafter specifically exempted after hearing by the Commission, a gas-oil ratio limitation shall be placed on all allocated oil pools and all proration units having a gas-oil ratio exceeding the limit for the pool shall be penalized in accordance with the following formula:

1. Any proration unit which, on the basis of the latest official gas-oil ratio test, has a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which shall be the limiting gas-oil ratio for the pool and the denominator of which shall be the official gas-oil ratio test of the well.

2. 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 allowable currently assigned to the pool.

3. A marginal unit shall be permitted to produce the same volume of gas which it would be permitted to produce if it were a non-marginal unit.

4. All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced.

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

(d) Limiting gas-oil ratios for allocated pools are hereby adopted and listed under Appendix attached hereto. In cases of new pools the limit shall be 2000 cubic feet per barrel until such time as changed by the Commission after a hearing. Upon petition, notice and hearing according to law, the Commission will determine or re-determine, the specific gas-oil ratio limit which is applicable to a particular

RULE 506 CONT'D G. O.R. Limitation

allocated oil pool.

RULE 507. UNITIZED AREA (No changes suggested)

After petition, notice and hearing, the Commission may grant approval for the combining of contiguous developed proration units into a unitized area.

Recommendations For G.O.R. Survey Schedule

Since the rules governing gas oil ratio tests affect proration it is recommended that a gas oil ratio survey schedule for the allocated pools of Southeastern New Mexico be adopted by the Commission; Such survey to become effective January 1st, 1952.

Rule 301 (a) provides that no well shall be given an allowable greater than the amount of oil produced on official G. O. R. test during a 24 hour period. It is further recommended, therefore, that a test be required of each producing oil well, regardless of whether or not there is a limiting gas oil ratio for the pool in which it is located.

Beginning with the first survey period of 1952, the date of test, the amount of oil produced on test and the gas oil ratio for each unit should be shown on the proration schedule as illustrated on the attached page of the proposed proration schedule.

(PROPOSED PRORATION SCHEDULE)

COMPANY LEASE	WELL UNIT	S.T.R.	DAILY ALLOW.	JAN. CUR.	FEB. CUR.	GOR TEST DATE-OIL PROD. GOR		P.L.
<u>NORTH DRINKARD</u>								
Top allowable 94			G.O.R. limit 2,000			* Effective G.O.R.		
JOHN DOE CO.								
Smith	1-P	3-21-37	33	1023	924	4/51	46	*5570 TNM
"	2-Q	"	94	2914	2632	4/51	97	1475 "
"	3-R	"	94	2914	2632	4/51	100	1400 "
"	4-H	"	7	217	196	5/51	7	TSTM "
"	5-M	"	94	2914	2632	4/51	98	1790 "
"	6-A	"	35	1085	980	5/51	40	1940 "
TOTAL	6		357	11067	9996			

The following are the nominations for all the producing oil wells of _____
(Company or Operator)
for the proration period _____ 19____
(Months)

[illegible]

Signed: _____

Representing: _____ Position: _____
(Company or Operator)

Date: _____

Address: _____

(Instructions on reverse side)

INSTRUCTIONS

Proration Periods are as follows:-

1. January-February
2. March-April
3. May-June
4. July-August
5. September-October
6. November-December

Form G-124 must be filed by the 10th day of the month immediately preceeding the proration period for which the nominations are made. The original of this form is to be mailed to the Oil Conservation Commission, Box 871, Santa Fe, New Mexico. One copy is to be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

On form G-124 the pools and leases shall be listed in alphabetical order. Nominations will be made for each proration unit.

Wells which are capable of producing top unit allowable for the pool in which they are located will be indicated by a "T" in the column for daily nominations. Wells which are incapable of producing top unit allowable for the pool in which they are located will be nominated for the actual amount of oil that they are capable of producing daily.

No well shall be nominated for an amount greater than the amount of oil it produced on the latest official gas oil ratio test during a 24 hour period.

The remarks column should be used to explain anything affecting the producing ability of the unit, such as: "work-over", "plugged and abandoned", etc.

INSTRUCTIONS

This form shall be executed and filed in quadruplicate with the District Office of the Commission, covering each lease in each pool from which oil or gas is produced. A separate form shall be filed for each transporter authorized to transport oil or gas from a lease. After said form has been approved by the Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Commission.

A new form shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one proration period, the operator shall in lieu of filing a new form, notify the Commission District Office, and the transporter authorized by form C-110 on file with the Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from the lease and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This form when properly executed and approved by the Commission shall constitute a permit for pipe line connection and authorization to transport oil or gas from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission.

In all cases where this form is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil or gas.

In the event two or more transporters are connected to one lease, a separate form C-110 shall be filed for each such transporter and said forms shall designate under "REMARKS" the battery or batteries, on the lease involved, from which each transporter is authorized to transport oil or gas.

Report All Volumes in M.C.F. at 15.025 Lbs. Pressure

(Title)

Form C-111
(Revised 1-22-52)

INSTRUCTIONS

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

Where gas is taken from an oil and/or gas well by the producer into a fuel or other gas system and used outside the basic lease said producer is required to make this report. In case gas is taken at the well by any person other than the producer then such person is required to make this report.

This report shall be filed in duplicate in the District Office of the Commission in which the well or wells are located, on or before the 15th day of each calendar month and shall be complete as to data covering the calendar month next preceding the date of filing.

Report the volume of gas taken from each gas well separately. Report the volume of gas taken from oil wells by leases. All volumes shall be reported in M.C.F. at 15.025 psia at a standard base temperature of 60 degrees Fahrenheit.

If any space does not apply fill in the word "NONE."

Make a separate report for each field or pool.

Please use typewriter if possible.