

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

Case No. 582

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS, SHOULD  
NOT BE PUT INTO EFFECT.

PRECEPTE FOR SUBPOENA

Comes now the applicant, Texas Pacific Coal and  
Oil Company and respectfully requests the Commission to issue  
a subpoena pursuant to the provisions of Section 69-207, New  
Mexico Statutes Annotated, 1941.

Applicant requests that the subpoena be directed  
to the El Paso Natural Gas Company, directing that company  
to make available to the Commission and to the applicant, at  
the time of rehearing, the following:

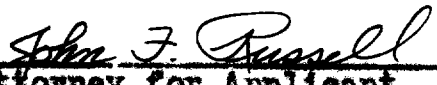
1. An employee who is qualified to testify as to  
the following:
  - a. The amount of dry gas which it will take  
under their contract with applicant in  
1954 if there is no proration of gas in  
the Jalco Pool; and the amount of dry gas  
which it will take in 1954 under said con-  
tract if there is proration of gas in the  
Jalco Pool.
  - b. Volume of gas by total and average by wells  
(Texas Pacific Coal and Oil Company wells  
only) taken by El Paso Natural Gas Company  
from said gas wells now located in the Jalco  
Pool during 1951, 1952 and 1953.
  - c. Volume of gas, average by wells nominated  
for the first six months of 1954 (per well  
per unit).

- d. Requirements of gas well gas for last six months of 1954, so far as known for the Jalco Pool (per well per unit).
- e. Estimated average reduction in take during 1954 from Jalco gas wells, as a result of recent Spraberry and other connections made or to be made outside the State of New Mexico, as compared with 1952 and 1953.

2. That the Exhibits Nos. 1, 2 and 3 introduced by El Paso Natural Gas Company at the hearing in Case No. 521 on August 20, 1953 be brought down to the date of December 31, 1953, and be made available to the applicant at the rehearing.

Applicant further states that the above requested information is or may be essential for the proper presentation of applicant's case on rehearing.

WHEREFORE, applicant prays that the subpoena as requested be issued by the Commission.

  
\_\_\_\_\_  
Attorney for Applicant, Texas  
Pacific Coal and Oil Company,  
P. O. Box 513  
Roswell, New Mexico.

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OIL CONSERVATION COMMISSION  
SANTA FE, N.M.

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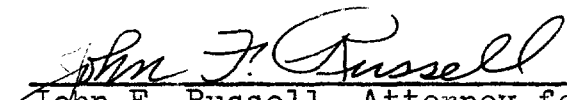
ORDER NO. R-368-B

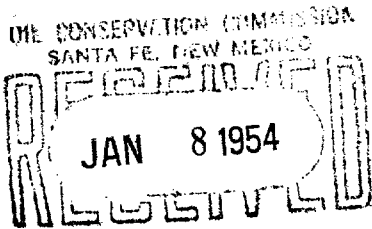
MOTION

Comes now the Applicant, Texas Pacific Coal and  
Oil Company, and respectfully states unto the Commission:

1. That the Applicant excepts to that portion  
of Order No. R-368-B, entered in Case No. 582, insofar as  
said order provides that Orders R-368 and R-368-A (relating  
to the Jalco Gas Pool) shall remain in full force and effect  
until further order of the Commission.

2. Applicant requests the Commission to enter  
a proper order staying and suspending Order No. 368-A,  
pending an order on re-hearing.

  
John F. Russell, Attorney for  
Applicant, Texas Pacific Coal  
and Oil Company.



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NOT BE PUT INTO EFFECT.

M O T I O N

Comes now the applicant, Texas Pacific Coal & Oil Company, and respectfully requests the Commission that it be permitted to amend paragraph 2 (f) of the application for rehearing heretofore filed with the Commission. Said paragraph 2 (f) should recite Finding of Fact No. 2 instead of Finding of Fact No. 1.

Applicant further states that due to a typographical error, paragraph 2 (f) of the original application for rehearing referred to Finding of Fact No. 1 instead of Finding of Fact No. 2.

WHEREFORE, applicant prays that paragraph 2 (f) of the application for rehearing be amended to read Finding of Fact No. 2 instead of Finding of Fact No. 1.

DATED this 8th day of January, 1954.

TEXAS PACIFIC COAL & OIL COMPANY

By: John F. Russell  
John F. Russell  
Roswell, New Mexico  
Attorney for Applicant

Case 582

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

February 1, 1954

Mr. E. H. Foster  
P. O. Box 1751  
Amarillo, Texas

Dear Mr. Foster:

This is in reply to your letter of January 25th. I have been told by El Paso Natural Gas Company representatives that the gas flared at your Hobbs plant would be purchased by El Paso Natural before July 1st of this year.

We have assumed that El Paso is correct in its estimate of time and I have no intention therefore, of pursuing the matter any further until after July 1st.

Very truly yours,

R. R. Spurrier  
Secretary and Director

RRS:vc

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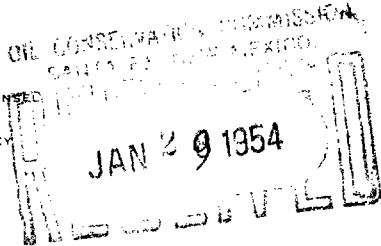
# PHILLIPS PETROLEUM COMPANY

## LEGAL DEPARTMENT

RAYBURN L. FOSTER  
VICE PRESIDENT  
AND GENERAL COUNSEL  
HARRY D. TURNER  
GENERAL ATTORNEY

AMARILLO, TEXAS

January 25, 1954



## AMARILLO DIVISION

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

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

Dear Sir:

The Commission hearing ended on January 22, 1954, at noon before I had an opportunity to make any statement or place any evidence in the record. In the rehearing on Texas Pacific Coal & Oil Company's case, mention was made on several occasions of the flaring of gas by Phillips Petroleum Company at its Hobbs, New Mexico, plant. I had intended to place into the record the fact that we are now negotiating a contract with El Paso Natural Gas Company to take this flare gas, beginning July 1, 1954. If the Commission is contemplating the taking of any action soon with respect to the Hobbs plant, may I suggest that such action be deferred for the time being, in order to give El Paso Natural Gas Company a chance to start taking this gas.

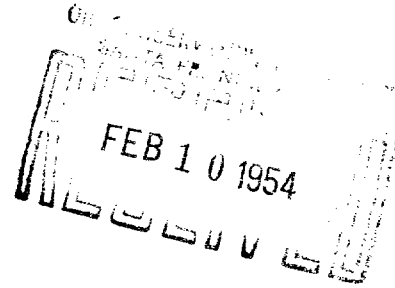
Sincerely yours,

*E. H. Foster*  
E. H. Foster

EF:fe

Case 582

JOHN F. RUSSELL  
ATTORNEY-AT-LAW  
SUITE 424 J. P. WHITE BLDG.  
P. O. BOX 513  
ROSWELL, NEW MEXICO  
February 8, 1954



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

Dear Mr. Spurrier:

Reference your letter of February 5, 1954, it would appear that the Commission will proceed with Texas Pacific Coal and Oil Company's application for rehearing on February 17, 1954.

I would like to reaffirm the applicant's position concerning the procedure to be followed.

Applicant restates that the Commission has no authority to consider new evidence at this time for the purpose of supporting their original order, but acknowledges the authority of the Commission to hear any and all new testimony and evidence as the basis for a new order to replace the order or orders under attack; I would like to point out the difficulties which the Commission may encounter if such a procedure is followed:

1. If the Commission contemplates a new order as a result of this rehearing, the old order should be suspended pending the issuance of the new order since the validity of any proceedings or orders based on the revoked order would be questionable.

2. If a new order is contemplated as the result of this rehearing then the Commission must examine very carefully the question of whether all interested parties have been given sufficient notice of the matters to be considered by the Commission as the basis for such new order. This point seems to be of extreme importance in view of the statement in your letter of February 5, that you wish to hear any and all testimony which it has not heard relating to the gas pools of Lea County.

My suggestion to the staff of the Commission on behalf of Texas Pacific Coal and Oil Company was based upon our understanding that the Commission did want to hear some evidence with reference to at least two, and possibly three, phases of this matter; being the delineation of pools, the creation of gas proration units, and the allocation of production as relating to the minimum take provisions of gas contracts. My suggestion

was simply for the purpose of enabling you, if you so desired, to receive additional evidence which could be used if the Commission concluded it was proper in any of the nine gas pools, without being affected by the pending rehearing obtained by Texas Pacific Coal and Oil Company in the Jalco Gas Pool.

As I advised you, we are agreeable to a stipulation with the Commission by which the Jalco rehearing would be continued each month until such additional hearings as the Commission might desire to have relating to all pools could be completed, and we would agree that the present proration orders remain in effect until any new order is entered in the Jalco Pool. I also advised you that we would be willing to agree with the Commission that any evidence introduced with reference to any of these pools might be used by the Commission to sustain any new order in the Jalco Gas Pool and that we would, of course, make the evidence heretofore presented by us available to the Commission. I felt that if the Commission does desire to hear some additional evidence, then this procedure would make it possible for it to hear evidence in other pools and modify orders in other pools, including Jalco, without additional hearings. As I told you in Santa Fe, we are perfectly willing to go ahead in the Jalco Gas Pool rehearing. We recognize the right of the Commission to enter a new order in that pool on new evidence, subject to our right of appeal. We do seriously question the validity of the existing order until such new order is entered.

We have no intention of making an application for a hearing on the Langmat Pool inasmuch as it is our position that we have a right to attack the definition of the Jalco Pool insofar as its East boundary is concerned and the fact that the boundaries between the pools are co-extensive is not a matter of our doing but is a situation created by the original definition. In view of your letter, we assume that the Jalco Gas Pool rehearing will proceed as originally set on February 17.

Very truly yours,

  
John F. Russell

JFR/djk

cc: Governor Edwin L. Mechem, Chairman  
Johnny Walker, Member  
Mel Yost, Attorney for Commission

Re-584

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

February 5, 1934

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Y

Mr. John F. Russell  
P. O. Box 513  
Roswell, New Mexico

Dear Mr. Russell:

In response to your question as to how the Commission intended to proceed in the matter of the Jalco and Langmat Pools, I have the following to report.

The Commission met in the Governor's office on Thursday, January 28th and discussed the matter with Chief Engineer Macey and Attorney Yost. The Commission decided that if the proposition of the boundary between Jalco and Langmat Pools could be heard, Texas Pacific Coal and Oil Company or some other interested person would have to make an application to the Commission for hearing. The Commission wishes to hear any and all testimony which it has not heard relating to the gas pools of Lea County.

Very truly yours,

R. R. Spurrier  
Secretary and Director

RRS:vc

cc: Mr. Jack Campbell  
Attorney at Law  
Roswell, New Mexico

Mr. Jason Kellahin  
Attorney at Law  
Santa Fe, New Mexico

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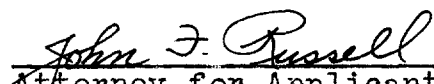
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WHEREFORE, applicant prays that the subpoena as requested be issued by the Commission.

  
\_\_\_\_\_  
Attorney for Applicant, Texas  
Pacific Coal and Oil Company,  
P. O. Box 513  
Roswell, New Mexico.

1953  
GAS PURCHASED BY EL PASO NATURAL GAS COMPANY FROM  
TEXAS PACIFIC COAL and OIL COMPANY WELLS IN JALCO  
POOL

*Case 5:52  
Rehearing*

<u>WELL NAME</u>	<u>NUMBER</u>	<u>OGC UNIT</u>	<u>EPNG UNIT</u>	<u>PURCHASED VOLUME 15.025 P.B.</u>	<u>MINIMUM CONTRACT REQUIREMENTS 15.025 P.B.</u>	<u>DEFICIT ON MINIMUM CONTRACT REQUIREMENTS 15.025 P.B.</u>	<u>DAILY AVERAGE 15.025 P.B.</u>
State A AC/1	2	1.00	1.00	259,226	199,290	✓ 59,936 *	710
	3	.50	.50	138,943	99,645	✓ 39,298	361
	4	.50	1.00	107,863	131,673	- 23,810 **	296
	6	.25	.50	158,987	99,645	✓ 59,342	436
	8	1.00	1.00	230,620	199,290	✓ 31,330	632
	9	1.00	1.00	217,727	199,290	✓ 18,437	597
	12	1.00	1.00	194,554	199,290	- 4,736	533
	14	1.00	1.00	228,157	199,290	✓ 28,867	625
	15	1.00	1.00	221,494	199,290	✓ 22,204	607
	18	1.00	1.00	189,897	199,290	- 9,393	520
	23	1.00	1.00	204,588	199,290	✓ 5,298	561
	12	1.00	1.00	180,347	186,370	- 7,523	585
	41	1.00	3.00	571,985	565,110	✓ 6,875	1,851
State A AC/2							Tied in February 26, 1953 Tied in February 26, 1953
Total	13	11.25	14.00	2,904,888	2,678,763	✓ 225,125	8,334

\* State "A" AC/1 #2 was switched from the High Pressure System to a compressor in the Intermediate System on March 16, 1953.

\*\* State "A" AC/1 #4 was put on a compressor in the Intermediate System on January 27, 1953. After this date well can be produced at approximately 100 psig.

1951  
Gas Purchased by El Paso Natural Gas Company from  
Texas Pacific Coal and Oil Company wells in Jalco  
Pool

*Waco 582  
Rehearing*

WELL NAME	NUMBER	O.C.C. UNIT	E.P.N.G. UNIT	VOLUME PURCHASED 15.025 P.B.	MINIMUM CONTRACT REQUIREMENTS 15.025 P.B.	DEFICIT ON MINIMUM CONTRACT REQUIREMENTS 15.025 P.B.	DAILY AVERAGE 15.025 P.B.	
State AC/1 A	2	1.00	.50	190,972	91,577	✓ 99,395	523	
	3	.50	.50	199,389	91,577	✓ 107,812	546	
	4	.50	.50	127,310	91,577	✓ 35,733	349	
	6	.25	.50	179,885	91,577	✓ 88,308	493	
	8	1.00	.50	193,524	91,577	✓ 101,947	530	
	18	1.00	1.00	138,818	79,134	✓ 59,684	964	Tied in Aug. 9, 1951
	23	1.00	1.00	157,267	79,680	✓ 77,587	1,085	Tied in Aug. 8, 1951
	14	1.00	1.00	1,824	1,637	✓ 187	608	Tied in Dec. 29, 1951
Total	8	6.25	5.50	1,188,989	618,336	✓ 570,653	5,098	

1952  
Gas Purchased by El Paso Natural Gas Company from  
Texas Pacific Coal and Oil Company wells in Jalco  
Pool

*Case 582  
Rekening*

<u>WELL NAME</u>	<u>NUMBER</u>	<u>O.C.C. UNIT</u>	<u>E.P.N.G. UNIT</u>	<u>VOLUME PURCHASED 15.025 P.B.</u>	<u>MINIMUM CONTRACT REQUIREMENTS 15.025 P.B.</u>	<u>DEFICIT ON MINIMUM CONTRACT REQUIREMENTS 15.025 P.B.</u>	<u>DAILY AVERAGE 15.025 P.B.</u>	
State AC/1 A	2	1.00	1.00	170,998	201,300	- 30,302	467	
	3	.50	.50	186,041	100,650	✓ 85,391	508	
	4	.50	1.00	119,783	201,300	- 81,517*	327	
	6	.25	.50	212,997	100,650	✓ 112,347	582	
	8	1.00	1.00	377,144	201,300	✓ 175,844	1,030	
	9	1.00	1.00	248,064	150,150	✓ 97,914	909	Tied in April 3, 1952
	12	1.00	1.00	353,135	200,750	✓ 152,385	967	Tied in Jan. 2, 1952
	14	1.00	1.00	360,293	201,300	✓ 158,993	984	
	15	1.00	1.00	349,600	195,800	✓ 153,800	982	
	18	1.00	1.00	336,760	201,300	✓ 135,460	920	Tied in Jan. 11, 1952
	23	1.00	1.00	264,329	201,300	✓ 63,029	722	
Total	11	9.25	10.00	2,979,144	1,955,800	✓ 1,023,344	8,398	

\* State "A" AC/1 #4 was placed on a compressor in High Pressure System May 26, 1949. On May 14, 1952, the #4 was switched to the Intermediate System.

Case 582  
Rehearing

	TOTAL GAS PURCHASED BY EL PASO NATURAL GAS IN PERMIAN BASIN AREA - 1951				
	TOTAL GAS PURCHASED	TOTAL RESIDUE GAS PURCHASED	% NEW MEXICO RESIDUE GAS TO TOTAL RESIDUE GAS	TOTAL LEA COUNTY DRY GAS	% LEA COUNTY DRY GAS TO TOTAL GAS PURCHASED
January, 1951	27,981,022	21,172,189	32.68%	6,689,123	23.91%
February, 1951	25,116,858	19,357,873	35.37%	5,976,956	23.52%
March, 1951	27,917,118	22,126,241	34.89%	5,664,888	20.29%
April, 1951	26,757,585	21,633,032	34.47%	4,992,799	18.66%
May, 1951	27,154,275	22,564,071	33.99%	4,452,947	16.40%
June, 1951	26,990,000	22,342,799	32.80%	4,504,781	16.69%
July, 1951	28,323,437	23,205,253	31.94%	4,999,468	17.65%
August, 1951	28,352,083	23,346,137	32.21%	4,915,000	17.34%
September, 1951	27,506,383	22,659,148	31.35%	4,847,235	17.62%
October, 1951	28,250,647	23,674,566	32.49%	4,496,810	15.92%
November, 1951	27,858,732	22,269,319	34.55%	5,507,017	19.77%
December, 1951	30,570,140	22,611,092	35.71%	7,367,254	25.74%

All figures on 15.025 F.B.

*Cases  
Reviewed*

TOTAL GAS PURCHASED BY EL PASO NATIONAL GAS  
CO. PANHANDLE EASTERN AREA - 1952

	TOTAL GAS PURCHASED	TOTAL RESIDUE GAS PURCHASED	% NEW MEXICO RESIDUE GAS TO TOTAL RESIDUE GAS	TOTAL LEA COUNTY TRY GAS	% LEA COUNTY TRY GAS TO TOTAL GAS
January, 1952	30,680,181	22,917,159	36.42 %	8,642,292	28.19 %
February, 1952	28,271,171	21,064,400	35.63 %	7,206,771	25.49 %
March, 1952	3,180,248	2,771,775	30.57 %	4,408,473	13.84 %
April, 1952	2,938,276	2,471,000	33.46 %	4,467,276	15.13 %
May, 1952	18,373,132	16,442,777	39.52 %	1,930,355	10.53 %
June, 1952	2,774,701	2,404,711	33.01 %	3,379,412	12.03 %
July, 1952	2,925,136	2,408,401	34.14 %	5,333,537	18.87 %
August, 1952	27,116,113	24,444,810	33.07 %	2,671,303	9.84 %
September, 1952	29,174,263	25,661,176	32.99 %	3,513,087	12.01 %
October, 1952	30,851,585	27,104,140	32.02 %	3,747,445	12.14 %
November, 1952	32,006,172	27,044,703	31.59 %	4,961,469	15.50 %
December, 1952	34,297,560	27,110,021	32.35 %	7,187,539	20.95 %

All figures on 15.025 P.B.

ILLEGIBLE

TOTAL GAS PURCHASED BY EL PASO NATURAL GAS  
IN PERMIAN BASIN AREA - 1953

	<u>TOTAL GAS PURCHASED</u>	<u>TOTAL RESIDUE GAS PURCHASED</u>	<u>% NEW MEXICO RESIDUE GAS TO TOTAL RESIDUE GAS</u>	<u>TOTAL IEA COUNTY DRY GAS</u>	<u>% IEA COUNTY DRY GAS TO TOTAL GAS</u>
January, 1953	35,116,399	26,923,268	32.94 %	8,111,119	23.16 %
February, 1953	32,562,695	25,808,510	30.88 %	6,702,125	20.58 %
March, 1953	35,869,991	29,078,191	30.79 %	6,732,429	18.77 %
April, 1953	35,890,766	28,326,155	30.75 %	7,500,311	20.90 %
May, 1953	36,856,689	30,578,615	29.08 %	6,213,839	16.86 %
June, 1953	34,630,319	31,301,575	26.85 %	3,255,131	9.40 %
July, 1953	37,036,316	33,139,681	24.68 %	3,739,919	10.10 %
August, 1953	37,711,617	33,767,011	24.63 %	3,527,101	9.35 %
September, 1953	36,455,811	32,235,198	25.57 %	3,102,868	8.51 %
October, 1953	36,111,099	31,119,831	26.61 %	3,331,297	9.22 %
November, 1953	37,760,788	29,056,157	28.53 %	7,095,521	18.79 %
December, 1953	11,760,515	28,963,531	28.09 %	11,161,256	26.73 %

All figures in thousands . . .

Case 582  
Releasing

ANSWERS TO REQUEST OF TEXAS PACIFIC COAL AND OIL COMPANY

FOR INFORMATION ON JALCO POOL, LEA COUNTY NEW MEXICO

1.

- A(1) The volume of gas taken if there is proration will be the same as that taken if there is no proration, provided that the total of the units assigned to Texas Pacific Coal and Oil Company wells is the same as that used by El Paso Natural Gas Company in determining ratable take; i.e. 14 units. The estimated total production required from Texas Pacific Coal and Oil Company wells to meet El Paso Natural Gas Company demands during the first six (6) months of 1954 is 2,201,325 MCF.
- A(2) On the January 1954 proration schedule, the Texas Pacific Coal and Oil Company wells are assigned a total of 11.25 units. An additional 2.75 units have been requested for assignment to these wells, and hearings have been set for consideration of this request. Should the additional 2.75 units not be approved, the total allowable under the provisions of proration is estimated to be 1,763,094 MCF, as compared to the estimated volume of 2,201,325 MCF which would be taken by El Paso Natural Gas Company if there was no proration.
- B See attached tabulations (3 sheets) for volumes of gas taken by El Paso Natural Gas Company by total and average by wells for the period 1951 - 1953.
- C The volume of gas nominated per well per unit for the first 6 months of 1954 is 142,766 MCF for an average daily volume of 789 MCF. It is believed that the monthly supplemental nominations for the period March through June, 1954 will exceed the preliminary nominations for that period resulting in an estimated nomination for the 6 month period, of 159,376 MCF per unit. The average daily volume per unit would then be 880 MCF.
- D The requirements for the last 6 months of 1954 have not been evaluated by El Paso Natural Gas Company, and consequently are not available at this time.
- E The influence of recent Spraberry and other connections made outside of the State of New Mexico on takes during 1954 from Jalco Gas wells as compared to 1952 and 1953 will be discussed.

2.

The information shown on exhibits 1, 2, and 3 introduced by El Paso Natural Gas Company at the hearing on case 521 on August 20, 1953 has been brought down to date of December 31, 1953. However, the extension of the two graphs introduced as exhibits has been prepared in tabular form, as time did not permit the plotting of graphs.

Case 522  
Feb 1953

EL PASO NATURAL GAS COMPANY

DAILY DRY GAS PURCHASES, LEA COUNTY, NEW MEXICO

1953

	<u>FEBRUARY</u>	<u>JULY</u>	<u>OCTOBER</u>	<u>DECEMBER</u>
1	304,263	104,951	186,866	348,485
2	246,595	61,820	127,106	344,139
3	236,292	61,381	93,828	323,838
4	257,004	61,540	106,913	330,954
5	226,103	76,415	102,436	277,487
6	220,043	161,425	97,749	291,282
7	199,857	180,080	66,294	312,774
8	235,747	145,681	38,482	314,849
9	213,331	139,004	54,937	324,751
10	235,532	120,562	56,346	331,535
11	231,143	108,125	55,563	366,892
12	248,167	102,258	56,939	338,594
13	245,406	100,188	74,374	342,387
14	207,750	114,225	146,138	336,805
15	205,212	141,157	154,471	258,061
16	210,639	110,072	126,041	331,615
17	222,598	73,172	154,248	326,594
18	242,701	55,224	129,421	329,480
19	238,567	56,673	86,797	289,706
20	290,962	91,785	97,830	342,638
21	295,464	116,566	79,851	303,594
22	285,454	120,954	69,466	360,631
23	266,146	65,373	100,926	401,681
24	206,387	55,821	110,514	441,064
25	191,986	86,977	92,269	408,670
26	209,363	114,728	142,890	373,250
27	214,361	151,672	261,051	395,162
28	195,366	189,005	187,732	452,037
29		220,137	202,931	458,394
30		308,619	223,683	472,475
31		234,597	280,364	499,671

All figures on 15.025 F.B.

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

December 14, 1953

Mr. John F. Russell, Attorney  
P. O. Box 513  
Roswell, New Mexico

Dear Sir:

Attached is a signed copy of Order R-368-B signed by the Commission under date of December 7, 1953, by which re-hearing is scheduled upon your application in Case 582.

Yours very truly,

R. R. Spurrier  
Secretary - Director

RES:nr

cc: Mr. Eugene Adair  
Texas Pacific Coal & Oil Co.  
Box 2110  
Ft. Worth, Texas

C  
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P  
Y

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special hearings to be held at 9 o'clock a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

Texas Pacific Coal & Oil Company,  
Me-Tex Supply Company, and any persons  
having any right, title, interest or  
claim in the following cases, and no-  
tice to the public.

CASE 582 (Rehearing):

Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that Texas Pacific Coal & Oil Company, upon proper petition, has requested a rehearing in Case 582 (relating to rules and regulations for the Jalco Gas Pool, Lea County, New Mexico); that in said petition, petitioner asks rescission of Orders R-368 and R-368-A entered in Case 582 under dates of September 28, 1953, and November 10, 1953, respectively; that the Commission, by its Order No. R-368-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time petitioner and other interested parties will be heard.

CASE 584 (Rehearing):

Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that Me-Tex Supply Company, upon proper petition, has requested a rehearing in Case 584; that in said petition, petitioner asks that Order No. R-370-A entered in said case on November 10, 1953, be vacated and that the rules and regulations issued thereunder for the Eumont Gas Pool, Lea County, New Mexico, not be made effective until such time as the allowable production of gas has been established by the Commission after notice and hearing; that the Commission, by its Order R-370-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time and place petitioner and other interested parties will be heard.

GIVEN under the seal of the Oil Conservation Commission at Santa Fe, New Mexico, this 30th day of December, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

W. R. Spurrier, Secretary

S E A L

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate telegram	
FULL RATE TELEGRAM	
DAY LETTER	
NIGHT LETTER	

\$  
S  
E

# WESTERN UNION

1206 10-51

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHIP RADIOGRAM	

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, New Mexico  
December 7, 1953**

**MR. JOHN F. RUSSELL  
ATTORNEY AT LAW  
SUITE 424, J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO**

**MOTION FOR REHEARING CASE 582 HAS BEEN GRANTED BY THE  
COMMISSION. EFFECTIVE THIS DATE AN ORDER HAS BEEN ISSUED  
SETTING THE REHEARING FOR JANUARY 21 MABRY HALL.**

**R. R. SPURRIER  
OIL CONSERVATION COMMISSION**

**cc: Eugene T. Adair  
P. O. Box 2110, Fort Worth**

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeat message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeat message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeat message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Telegraph Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: in cities or towns of 5,000 or more inhabitants where the Telegraph Company has an office which, as shown by the filed tariffs of the Telegraph Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Telegraph Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Telegraph Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Telegraph Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Telegraph Company is located.

5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender.

6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934, as amended.

7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Telegraph Company is authorized to vary the foregoing.

5-52

## CLASSES OF SERVICE

### DOMESTIC SERVICES

#### FULL RATE TELEGRAM

A full rate expedited service.

#### DAY LETTER (DL)

A deferred service at lower than the full rate

#### NIGHT LETTER (NL)

Accepted up to 2 A. M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

### INTERNATIONAL SERVICES

#### FULL RATE (FR)

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters, or in secret language. A minimum charge for 5 words applies.

#### LETTER TELEGRAM (LT)

Overnight plain language messages. Minimum charge for 22 words applies

#### SHIP RADIOGRAM

A service to and from ships at sea. Plain or secret language may be used. Minimum charge for 5 words applies.

Case 582 - / RS

**TEXAS PACIFIC COAL AND OIL COMPANY**

GENERAL OFFICES  
FORT WORTH 1  
TEXAS

December 8, 1953

EUGENE T. ADAIR  
GENERAL COUNSEL

MILES HART  
ATTORNEY

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

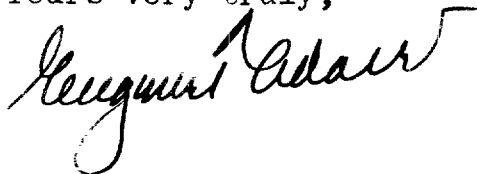
Dear Dick:

Reference is made to your letter of December 2, 1953, in which you stated that the Commission would grant a rehearing as applied for by Texas Pacific Coal and Oil Company, in Case No. 582.

We will appreciate the Commission scheduling this rehearing at the regular January 20, 1954 Commission hearing, as suggested in your letter.

With kind personal regards.

Yours very truly,



ETA:AW  
cc:  
Mr. John F. Russell  
Attorney At Law  
P. O. Box 513  
Roswell, New Mexico

12-11-53  
J. F. Russell

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 2, 1953

Mr. John F. Russell, Attorney  
P. O. Box 513  
Roswell, New Mexico

Dear Mr. Russell:

On November 27, 1953, this office received the application for re-hearing in Case 582 with Texas Pacific Coal & Oil Company as applicant.

The Commission has granted the re-hearing and will shortly issue a formal order affirming its decision. As far as we know, the case will be scheduled for re-hearing at the regular January 20, 1954, Commission hearing, and will be properly advertised.

Very truly yours,

R. R. Spurrier  
Secretary - Director

RRS:mr

cc: Mr. Eugene Adair  
Texas Pacific Coal & Oil Company  
Ft. Worth National Bank Bldg  
Ft. Worth, Texas

C  
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P  
Y

JOHN F. RUSSELL

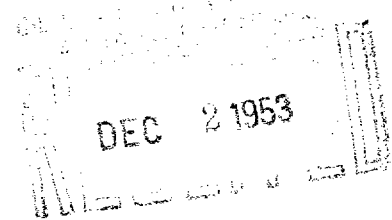
ATTORNEY-AT-LAW

SUITE 424 J. P. WHITE BLDG.

P. O. BOX 513

ROSWELL, NEW MEXICO

November 30, 1953

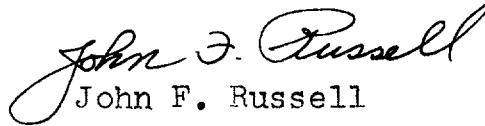


Mr. R. R. Spurrier, Secretary and Director  
New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

I will appreciate your advising me  
of the filing date of the application of the  
Texas Pacific Coal and Oil Company for a re-  
hearing in Case No. 582.

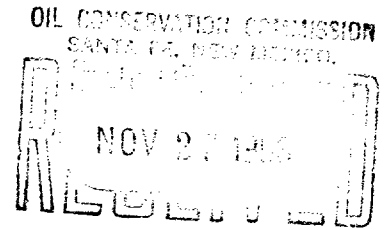
Very truly yours,

  
John F. Russell

JFR/djk

JOHN F. RUSSELL  
ATTORNEY-AT-LAW  
SUITE 424 J. P. WHITE BLDG.  
P. O. BOX 513  
ROSWELL, NEW MEXICO

November 25, 1953



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

Dear Mr. Spurrier:

Enclosed please find the application of the  
Texas Pacific Coal and Oil Company for a rehearing  
in Case No. 582 before the Oil Conservation  
Commission of the State of New Mexico.

Very truly yours,

  
John F. Russell

JFR/djk

Enc.

*Re heard in  
Hearing (21)*

**JOHN F. RUSSELL**

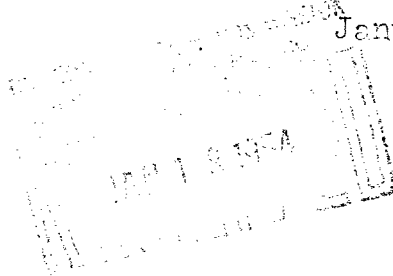
ATTORNEY-AT-LAW

SUITE 424 J. P. WHITE BLDG.

P. O. BOX 513

ROSWELL, NEW MEXICO

January 16, 1954



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

Dear Mr. Spurrier:

I am enclosing herewith, for filing, a request for certain documents from your file which I believe are necessary for the preparation of our case.

Thanking you for your cooperation in this matter, I remain

Very truly yours,

*John F. Russell*  
John F. Russell

JFR/djk  
Enc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

Case No. 582

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS, SHOULD  
NOT BE PUT INTO EFFECT.

REQUEST FOR DOCUMENTS

Comes now the applicant, Texas Pacific Coal and Oil  
Company, and respectfully requests the Commission to make  
available to the applicant at the re-hearing the following  
documents from the Commission's files:

1. Rules and regulations of the Commission with  
amendments thereto.
2. Transcripts, including all original exhibits,  
covering the following hearings covering Case No. 245,  
December 22, 1950; March 20, 1951; April 24, 1951; May 23,  
1951 and July 24, 1951.
3. Docket of March 17, 1953.
4. Transcript of hearing, including all original  
exhibits, on March 17, 1953, in Case No. 521.
5. Docket of April 16, 1953.
6. Docket of May 19, 1953.
7. Docket of June 16, 1953.
8. Docket of July 16, 1953.
9. Letter of transmittal dated July 16, 1953, from  
A. L. Hill, Chairman of the Advisory Committee, to R. R.

Spurrier.

10. Transcript of hearing, including all original exhibits, on July 16, 1953.
11. Docket of August 20, 1953.
12. Transcript of hearing, including all original exhibits, on Case No. 521-245 on August 20, 1953.
13. Order No. R-356 in Case No. 521 dated August 28, 1953, with correction thereto dated September 21, 1953.
14. Docket of September 17, 1953.
15. Transcript of hearing, including all original exhibits, on September 17, 1953.
16. Order No. R-368 in Case No. 582 dated September 28, 1953.
17. Docket of October 15, 1953.
18. Transcript of hearing, including all original exhibits, of October 26, 1953 in Case No. 582.
19. Commission directive dated October 30, 1953, directed to the operators in the nine pools, requesting them to submit nominations on preliminary forms available at the Hobbs district office.
20. Memorandum of W. B. Macey to the Commission in Cases Nos. 582 through 590, dated October 30, 1953.
21. Order No. R-368-A in Case No. 582.
22. Application for re-hearing in Case No. 582.
23. Order No. R-368-B granting re-hearing in Case No. 582.
24. Order No. R-264-A consolidating Cases Nos. 245 and 521.
25. Transcript of hearing, including all original exhibits, in Case No. 583 covering the Langmat pool.
26. Orders No. R-369 and R-369-A in Case No. 583.
27. Docket of November 19, 1953.

28. Transcript of hearing, including all original exhibits, of November 19, 1953, for the purpose of setting the allowable production of gas and the preliminary nominations for gas for the first six months of 1954.

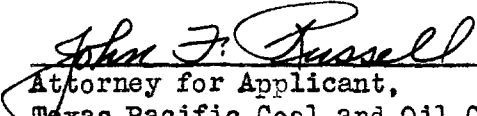
29. Docket of December 17, 1953.

30. Transcript of hearing, including all original exhibits, of December 17, 1953, covering the supplemental nominations for January, 1954.

31. Copy of the allowable order of December, 1953, containing the allowable for the first six months of 1954, and the January allowable for 1954.

Applicant further requests that the above enumerated documents be authenticated or prepared in such other manner which will be accepted by the Commission when the said documents are introduced into evidence.

WHEREFORE, applicant requests the above enumerated documents to be prepared in the manner requested and made available to the applicant at the re-hearing.

  
Attorney for Applicant,  
Texas Pacific Coal and Oil Company,  
P. O. Box 513  
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

Case No. 582

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
JALCO OIL FIELD TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS, SHOULD  
NOT BE PUT INTO EFFECT.

REQUEST FOR DOCUMENTS

Comes now the applicant, Texas Pacific Coal and Oil  
Company, and respectfully requests the Commission to make  
available to the applicant at the re-hearing the following  
documents from the Commission's files:

1. Rules and regulations of the Commission with  
amendments thereto.
2. Transcripts, including all original exhibits,  
covering the following hearings covering Case No. 245,  
December 22, 1950; March 20, 1951; April 24, 1951; May 23,  
1951 and July 24, 1951.
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A. B. Hill, Chairman of the Advisory Committee, to R. R.

Spurrier.

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17. Docket of October 15, 1953.
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23. Order No. R-368-B granting re-hearing in Case No. 582.
24. Order No. R-264-A consolidating Cases Nos. 245 and 521.
25. Transcript of hearing, including all original exhibits, in Case No. 583 covering the Languat pool.
26. Orders No. R-369 and R-369-A in Case No. 583.
27. Docket of November 19, 1953.

28. Transcript of hearing, including all original exhibits, of November 19, 1953, for the purpose of setting the allowable production of gas and the preliminary nominations for gas for the first six months of 1954.


29. Docket of December 17, 1953.

30. Transcript of hearing, including all original exhibits, of December 17, 1953, covering the supplemental nominations for January, 1954.

31. Copy of the allowable order of December, 1953, containing the allowable for the first six months of 1954, and the January allowable for 1954.

Applicant further requests that the above enumerated documents be authenticated or prepared in such other manner which will be accepted by the Commission when the said documents are introduced into evidence.

WHEREFORE, applicant requests the above enumerated documents to be prepared in the manner requested and made available to the applicant at the re-hearing.

  
\_\_\_\_\_  
Attorney for Applicant,  
Texas Pacific Coal and Oil Company,  
P. O. Box 513  
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 582

ORDER NO. R-368-B

THE APPLICATION OF THE OIL CONSERVA-  
TION COMMISSION ON ITS OWN MOTION FOR  
ALL OPERATORS AND INTERESTED PARTIES  
IN THE JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS AS SET  
OUT IN ORDER NO. R-356, WITH ANY ESSEN-  
TIAL AMENDMENTS, SHOULD NOT BE PUT INTO  
EFFECT.

ORDER OF THE COMMISSION FOR RE-HEARING

This case came on for consideration upon petition of Texas Pacific  
Coal and Oil Company for re-hearing on Orders R-368 and R-368-A heretofore  
entered by the Commission.

NOW, on this 7<sup>th</sup> day of December, 1953, the Commission, a  
quorum being present, having fully considered said application for re-  
hearing,

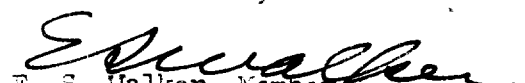
IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a re-hearing in said  
cause be held January 21, 1954, at 9 o'clock a.m. on said day at Santa Fe,  
New Mexico, or at such time as the Commission may designate after due notice,  
at which time and place all interested parties may appear,

IT IS FURTHER ORDERED: That Orders R-368 and R-368-A (relating to  
the Jalco Gas Pool) shall remain in full force and effect until further order  
of the Commission.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

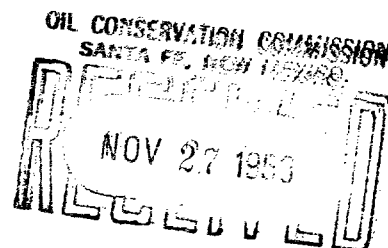
  
Edwin L. Nechem, Chairman

  
E. S. Walker, Member

  
R. R. Spurrier, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO



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

Case No. 582

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS, SHOULD  
NOT BE PUT INTO EFFECT.

APPLICATION FOR REHEARING

COMES NOW Applicant Texas Pacific Coal & Oil Company  
and states:

1. Applicant is the owner of gas wells within the  
exterior limits of the Jalco Gas Pool and will therefore be  
affected by Order No. R-368-A.

2. Orders Nos. R-368 and R-368-A are illegal and  
erroneous in the following respects, to-wit:

(a) The Commission is without authority to issue  
orders to show cause as it has done in Order No. R368 inasmuch  
as all persons are, under the provisions of Sec. 69-221, N.M.  
Statutes 1941 Annotated as amended, entitled to a hearing  
before any rule, regulation or order shall be made.

(b) The Commission is without authority to pro-  
rate gas for the sole purpose of protecting correlative rights.

*See section 12 (c) & (d)*  
(c) There is no evidence in the record to in-  
dicate abuse of correlative rights or that proration of gas from  
gas wells will protect correlative rights.

(d) There is no evidence in the record to establish  
that there is waste of gas from gas wells in the Jalco Gas Pool and  
no evidence that waste will be prevented by the proration of pro-  
duction of gas from said gas wells, the only evidence relating to  
conservation or the prevention of waste in the record being that  
there is no waste of gas from gas wells.

(e) There is no evidence in the record to establish  
that gas production from gas wells producing from the Jalco Gas  
Pool exceeds the reasonable market demand from such source for  
natural gas of the type produced or in excess of the capacity of the  
gas transportation facilities for such type of natural gas.

*See section 13 (a) Statute*

(f) Finding of Fact No. 1 in Order No. R-368 is erroneous, such records as referred to not being in evidence in the case.

(g) Finding of Fact No. 3 in Order No. R-368 is erroneous in that at the time of making such finding the Commission had no evidence upon which to base it.

(h) Finding of Fact No. 5 in Order No. R-368-A is a finding that the Commission has not, prior to undertaking proration of gas, evaluated and delineated the actual productive limits of the Jalco Gas Pool which is a prerequisite of such order.

(i) Orders Nos. R-368 and R-368-A are unreasonable, arbitrary and capricious and are not based upon substantial evidence before the Commission.

(j) Orders Nos. R-368 and R-368-A require the drilling of unnecessary wells.

(k) Orders Nos. R-368 and R-368-A impair the obligation of contracts of the type now of record in this case between producers and purchasers of gas inasmuch as under said orders minimum take and ratable take provisions of said contracts can or will be abrogated.

WHEREFORE, Applicant prays for a rehearing in Case No. 582 before the Oil Conservation Commission of the State of New Mexico.

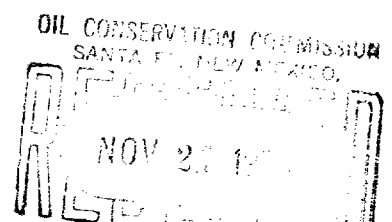
DATED this 25<sup>th</sup> day of November, 1953.

TEXAS PACIFIC COAL & OIL COMPANY

By John F. Russell  
John F. Russell, Roswell,  
New Mexico,

Eugene T. Adair  
Eugene T. Adair, Fort Worth,  
Texas,

Attorneys for Applicant.



MEMORANDUM TO THE NEW MEXICO OIL CONSERVATION COMMISSION:

Re Case No. 582 -- Texas Pacific Coal and Oil Company

Without going into great detail it appears that from a legal and practical standpoint Order #368 regarding the Jalco pool will necessarily have to be amended after completion of the hearing in the above case at least to provide for the following matters:

1. There was no finding of waste in Order #368.
  2. There was no finding that the protection of correlative rights required the entry of the order.
  3. Finding of Fact #5 should be eliminated since it, on its face, raises doubts as to the delineation of the Jalco pool.
  4. Finding of Fact #6 bases the allocation of gas in a proration unit 100% on acreage, but indicates by providing pending further study and orders that the Commission was not sure that the basis for the allocation was correct.
  5. Additional findings of facts should be made which it is not necessary herein to enumerate.
  6. Rule 7 of Order #368 regarding proration units should be ~~eliminated~~ *changed*. The rule is particularly deficient in that paragraph (a) provides for exceptions to legal quarter section as a proration unit upon notice and hearing. However, no basis for the granting of exceptions is set forth. It is doubtful if this rule is constitutional in the absence of tests for granting exceptions.
- Also Rule 7 (b) is weak in that it attempts to provide for situations less than "legal quarter sections" by automatic action of the Commission without hearing. It is doubtful that the Commission has such power.

It is suggested that this rule provide for a proration unit of 158 to 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision and then provide for exceptions thereto upon notice and hearing whenever it appears that a deviation therefrom is necessary to prevent waste and to prevent confiscation of property . The exception could take care of situations where the acreage is less than a legal quarter section and likewise where the acreage is more than a legal quarter section. The rule and exception should be simply worded to allow flexibility of administrative action.

Aside from the lack of substantial evidence in prior hearings (which is no small matter) and also the serious question of whether under our statute in its present form proration of gas is permissible in the absence of a showing of waste and solely for the protection of correlative rights. It is believed that amendment is necessary to the present statute unless it could possibly be obtained in court.

February 5, 1954

Re: Proposed Gas Proration Unit Rule  
Gas Fields, Lea County, New Mexico

Mr. Jason W. Kellahin  
Attorney at Law  
P. O. Box 361  
Santa Fe, New Mexico

Dear Jason:

Since the New Mexico Oil Conservation Commission has under consideration revising Rule 7 in the gas pools in Lea County, New Mexico, Phillips Petroleum Company has a suggestion to make regarding the proposed revision. It is suggested that Rule 7 read as follows:

For the purpose of gas proration and the establishment of the allowable for a gas well in the Jalco Pool as herein defined, a standard proration unit shall be 160 acres defined as consisting of not less than 158 or more than 162 continuous contiguous surface acres substantially in the form of a square and located within a legal subdivision (quarter section) of the U. S. Public Land Surveys.

After notice and hearing, the Commission shall, in order to prevent physical or economic waste or to prevent the confiscation of property, grant an exception to this rule so as to permit the establishment of a proration unit greater or less in size than that of a standard unit whenever the Commission shall determine that such an exception is necessary either to prevent physical or economic waste or to prevent the confiscation of property. The Commission will not consider it necessary to grant an exception to this rule where there is available acreage within a legal quarter section which may be unitized or pooled by voluntary agreement on a reasonable and equitable basis. When it is made to appear to the Commission that voluntary unitization or pooling of tracts within a legal subdivision (quarter section) to form a standard unit cannot be accomplished, the Commission may exercise

its power to force pool the tracts into a standard unit on such terms as are reasonable and just, provided always that no owner of a tract shall be deprived of the opportunity to recover his just and equitable share of the natural gas in the pool when and to the extent that the size or shape of the separately owned tract under the enforcement of this rule would deprive or tend to deprive the owner of the tract of the opportunity to recover his just and equitable share of the natural gas in the pool.

The rule as proposed has in mind that it would permit the following:

1. The assignment of 320 acres as a gas proration unit where it can be shown that the full acreage may reasonably be considered to be productive, and that one well located on the acreage can adequately and economically drain the acreage assigned to the well;
2. The assignment as a gas proration unit of acreage across quarter section lines and across section lines where there is agreement among the operators who would be required to form units other than a standard proration unit as a result of such an exception; and
3. The assignment as a proration unit of acreage less than a full quarter section where there is agreement among the operators within such quarter section.

As a part of the procedure in connection with the rule this provision might be added:

An application for an exception to this rule shall be filed with the Commission. The application shall fully state the facts. The application shall be accompanied by a plat drawn to a scale of one inch (1") equaling four hundred feet (400') accurately showing the property sought to be established as a proration unit under an exception to this rule and accurately showing to scale all other completed and established gas proration units adjacent to or offsetting the unit sought to be formed.

We think that Rule 2 should be eliminated in each of the pool rules.

With best personal regards, I am

Sincerely yours,

E. H. Foster

Encls. 3 copies this letter  
EHF:fe

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 194  
ORDER NO. 835

THE APPLICATION OF THE OIL CONSERVATION COMMISSION  
UPON ITS OWN MOTION AT THE SUGGESTION OF THE PRO-  
RATOR OFFICE, TO AMEND SECTION 3-A OF COMMISSION  
ORDER #784 ALSO KNOWN AS THE GAS-OIL RATIO ORDER OF  
SEPTEMBER 10, 1948, BY ADDING THE FOLLOWING:  
"WHEN REMEDIAL WORK ON A WELL HAS BEEN COMPLETED BY  
AN OPERATOR TO CORRECT FOR HIGH GAS-OIL RATIO IN A POOL  
HAVING A LIMITING GAS-OIL RATIO THE ADJUSTED ALLOWABLE  
SHALL BECOME EFFECTIVE ON THE DATE THE NEW TEST IS  
COMPLETED AS INDICATED BY COMMISSION FORM C-116," OR  
SUCH OTHER WORDING IN THE PREMISES AS MAY BE DETERMINED  
FROM TESTIMONY ADDUCED IN OPEN HEARING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A. M., on September 8, 1949, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission".

NOW, on this 8th day of September, 1949, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

FINDS:

1. That the Commission has jurisdiction in the matter.

2. That the order herein is reasonable and necessary in the material curtailment of avoidable underground and surface forms of waste affording the owner of each property in a pool in the respective counties, the opportunity to produce his just and equitable share of the oil and gas by using his just and equitable share of the reservoir energy of the pool within the meaning of the gas and oil conservation law in Chapter 72, Laws of New Mexico, 1935, taking into consideration all pertinent factors applicable to the various fields; such as age, state of depletion, character of producing formations, water and gas drive, application of gas to beneficial use, and the returning of gas to the formations for storage, repressuring and pressure maintenance projects.

IT IS THEREFORE ORDERED:

That the Order herein amending Order No. 784 shall be applicable to the pools in Lea, Eddy and Chaves Counties, New Mexico and shall be known as the:

LEA-EDDY-CHAVES COUNTIES NEW MEXICO GAS-OIL RATIO ORDER  
(AS AMENDED SEPTEMBER 8, 1949)

1. (a) The proration unit shall be the unit of proration as defined by the State-wide Proration Order (with deep-pool adaptation.)

(b) A marginal unit is; for pools having no special proration plan, a proration unit that will not produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation), and for pools having such plans, a proration unit that will not produce the acreage factor allowable thereunder-both during the Gas-Oil Ratio Test.

(c) A non-marginal unit is; for pools having no special proration plans, a proration unit that will produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation); and for pools having such plans, a proration unit that will produce the acreage factor allowable - both during the Gas-Oil Ratio Test.

(d) The top unit allowable shall be as in the State-wide Proration Order (with deep-pool adaptation).

(e) The gas-oil ratio of a proration unit shall be the total net formation gas produced with the oil from such unit divided by the total net barrels of oil so produced during the Gas-Oil Ratio Test.

(f) The limiting gas-oil ratios for the various pools shall be as in Section 2 hereinbelow.

(g) A high gas-oil ratio unit shall be a proration unit that exceeds the limiting gas-oil ratio prescribed for the pool in which such unit is located.

(h) A low gas-oil ratio unit shall be a proration unit that does not exceed the limiting gas-oil ratio prescribed for the pool in which it is located.

(i) The gas-oil ratio adjustment shall be as in Section 3 hereinbelow.

(j) The unadjusted allowable shall be the allowable a proration unit would receive before the gas-oil ratio adjustment is applied.

(k) The adjusted allowable shall be the allowable a proration unit receives after the gas-oil ratio adjustment is applied.

(l) The Official Gas-Oil Ratio Test applicable shall be such Test designated by the Commission, made by such method and means, in such manner, and at such periods as the Commission in its discretion may prescribe from time to time. That a definite schedule be worked out by the Commission for conducting and submitting such tests of wells in each pool within the counties aforesaid and the making and the filing with the Commission the report of such official gas-oil ratio tests shall be construed a part of such tests. The Commission will drop from the proration schedule any proration unit for failure to make such test as hereinabove described until such time as a satisfactory test has been made or full or proper explanation given.

2. (a) The limiting gas-oil ratios in cubic feet per barrel for the following pools shall be to wit:

<u>POOL</u>	<u>GAS OIL RATIO LIMIT</u>	<u>COUNTY</u>
Anderson	2000	Eddy
Arrowhead	3500	Lea
Artesia	2000	Eddy
Atoka	2000	Eddy
Barber	2000	Eddy
Benson	2000	Eddy
Blinebry	2000	Lea
Brunson	2000	Lea
Burton	2000	Eddy
Caprock	2000	Chaves & Lea
Cass	2000	Lea
Comanche	2000	Chaves
Corbin	2000	Lea
Culwin	2000	Eddy
Daugherty	2000	Eddy
Dayton	2000	Eddy
Dayton, East	2000	Eddy
Drinkard	2000	Lea
Dublin	2000	Lea
Eaves	2000	Lea
Eighty-four Draw	2000	Lea
Empire	2000	Eddy
Eunice-Monument;		
Eunice portion	6000	Lea
Monument	3000	Lea
Fenton	2000	Eddy
Forrest	2000	Eddy
Fren	2000	Eddy
Getty	2000	Eddy
Grayburg-Jackson	4000	Eddy
Halfway	2000	Lea
Harrison	2000	Lea
Henshaw	2000	Eddy
High-Lonesome	2000	Eddy
High-Lonesome South	2000	Eddy
Hobbs	3500	Lea
Jones	2000	Lea
Lea	2000	Lea
Leo	2000	Eddy
Loco Hills	3000	Eddy
Lovington	2000	Lea
Lovington, West	2000	Lea
Lusk, East	2000	Lea
Lusk	2000	Eddy & Lea
Lusk, West	2000	Eddy
Lynch	2000	Lea
Lynch, North	2000	Lea
Maljamar	3000	Eddy & Lea
Maljamar, North	2000	Lea
Maljamar, South	2000	Lea
McMillen	2000	Eddy
Paddock	2000	Lea

<u>POOL</u>	<u>GAS OIL RATIO LIMIT</u>	<u>COUNTY</u>
PCA	2000	Eddy
Pearsall	2000	Lea
Premier	2000	Eddy
Red Lake	2000	Eddy
Roberts	2000	Lea
Roberts, West	2000	Lea
Robinson	2000	Eddy & Lea
Russell	2000	Eddy
Salt Lake	2000	Lea
San Simon	2000	Lea
Shugart	2000	Eddy
Shugart, North	2000	Eddy
Skaggs	2000	Lea
Square Lake	2000	Eddy
Tonto	2000	Lea
Turkey Track	2000	Eddy
Vacuum	2500	Lea
Watkins	2000	Lea
Weir	2000	Lea
Wilson	2000	Lea
Young	2000	Lea
New and undesignated pools	2000	

(b) No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly, Langlie Mattix, Rhodes Oil Pool, Cooper-Jal, and South Eunice pools in Lea County, (see Order 633) and Scanlon in Eddy County, now primarily gas reservoirs. Provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said pools shall be put to beneficial use so as not to constitute waste, except as to proration units in said pools for which there are not facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such proration units the limiting gas-oil ratio in effect immediately prior to the effective date of the order herein shall apply. As to said pools, gas-oil ratio tests shall be required only when the Commission within its discretion may from time to time indicate.

3. The system of gas-oil ratio control shall be that of volumetric control, whereby the current oil allowable for a proration unit, under the provisions of the State-wide Proration Order (with deep-pool adaptation), is adjusted by reason of exceeding the corresponding limiting ratio hereinabove described, in accordance with the following formula:

(a) 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 fraction shall be the limiting gas oil ratio for the pool and the denominator of which fraction shall be the gas oil ratio of said proration unit as determined by the latest official gas oil ratio test. When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-116.

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

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

(d) From the pool allocation shall be deducted the amount of oil allocated to marginal units and high gas-oil ratio units, then the remaining oil shall be distributed to the low gas-oil ratio units, within the same pool in accordance with the pool proration plan.

(e) All gas produced with the current oil allowable determined in accordance with this order shall be deemed to have been lawfully produced.

4. No proration units within a repressuring or pressure maintenance project area, where 65% available residue of the total gas withdrawal, is returned to the formation shall be affected by the limiting ratios of this order. Such areas shall be those set out by the Commission by order upon hearing as provided by law.

5. All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the Proration Schedule with adjusted allowables stated.

6. The order herein supersedes Orders 237, 250, 545, 650, 712 and 734. This order shall become effective on the first day of the proration month next succeeding the month in which said Order is adopted.

7. That jurisdiction of this case is hereby retained by the Commission to approve schedules of time and manner of taking and reporting gas oil ratios for wells in the separate pools of Lea, Eddy, and Chaves Counties and for other purposes connected therewith.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

/s/ THOMAS J. MABRY, CHAIRMAN  
GUY SHEPARD, MEMBER  
R. R. SPURRIER, SECRETARY

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
SEPTEMBER 23, 1949

Case 582  
Rehearing

Item No. 12  
Order R-356

CASE 582  
Rehearing

Item No. 11  
Docket Aug. 20, 1953

SUPPLEMENT TO DOCKET FOR REGULAR HEARING  
SEPTEMBER 17, 1953. NEW MEXICO OIL CONSERVATION  
COMMISSION:

CASE 591: In the matter of the application of W. P. Carr  
for approval of an unorthodox drilling unit in exception to  
Rule 104, Paragraph 'd', of the Commission's Rules and Re-  
gulations, this being a unit of less than 160 acres in SW/4  
Section 9, Township 30 North, Range 11 West, NMPM, San Juan  
County, New Mexico

Case 582  
Rehearing

Item No. 14  
Docket Sept. 17, 1953

DOCKET: REGULAR HEARING AUGUST 20, 1953

New Mexico Oil Conservation Commission 9 a. m., Mabry Hall, Santa Fe, N.M.

FIRST: Consideration of the allowable for the month of September, 1953.

CONTINUATIONS:

CASE 330: Concerned with Stanolind's application relating to proration of natural gas in the Blanco-Mesaverde Pool, San Juan County, N. M., this case was postponed when operator appeared at the December 16, 1952 hearing and asked for more time to compile production data.

CASE 377: Under terms of Order R-172 the OCC requested that Benson & Montin appear to show cause why a 160-acre spacing pattern should not be instituted for Pictured Cliffs wells in the Gallegos Unit Area, San Juan County, N. M., to supersede the 320-acre spacing granted for one year after original hearing.

CASE 391: Under terms of Order R-195 the OCC requested Stanolind to appear at this time to show cause why the Fowler Pool should not be placed on a 40-acre spacing pattern with allowable adjustment to supersede the 80-acre spacing granted by the order for a period of one year.

CASE 521: (Consolidated with Case 245) These two cases concerning the denomination of gas pools in SE New Mexico and proration of natural gas in the area have been under study of an industry advisory committee.

A PRE-HEARING MEETING IN THE ABOVE  
CASE 521 IS SET FOR 2 P.M., AUGUST 19  
AT MABRY HALL.

CASE 529: (Readvertised) CCC application for revision of Rule 1121 of the Rules and Regulations to provide for a Form C-122-B, Initial Potential Test (Pitot Tube) to be used in reporting results of such tests; and for amendment to Order R-333 to provide for testing procedure.

NEW CASES:

CASE 562: John M. Kelly application for approval of unit of 160 acres, SE/4 Section 8, Twp. 19 S. Rge. 37 E, Lea County, down to and including depth of 3835' which includes the Queen gas zone.

CASE 563: Continental Oil Company application for approval of Bell Lake Unit embracing 37,177.86 acres of land in Lea County, in Townships 22, 23 and 24 South, Ranges 33 and 34 East.

CASE 564: Application of Los Nietos Company for permission to drill directionally its Gross No. 2, SW NE 2-12S-32E, the well to be plugged back from TD 11,260 and whipstocked in effort to reach Devonian pay of East Caprock-Devonian Pool at point approximating surface location of 2208.11' from N line and 1811.54' from E line of said Section 2.

DOCKET

- CASE 565: Gulf's application for permission to deviate its Lillie No. 2 Well, now drilling at surface location 750' S of N line and 560' E of W line, 23-24-37E; this directional drilling contemplated because of geologic trends established in obtaining production from Gulf's Lillie No. 1 well 241' to the northwest, and to result, if effected, in the well's being bottomed at a point equivalent to a surface location 662.3' S of N line and 329.5' E of W line, 23-24S-37E.
- CASE 566: Blackwood & Nichols' application for order permitting pooling of certain tracts into individual drilling and proration units as specified by the Commission in Order R-110 (for the Blanco Mesaverde Pool); E/2 Section 19, E/2 Section 18, W/2 Section 17, and W/2 Section 20, all being in Twp. 30 N, Rge. 7 W, San Juan and Rio Arriba Counties, N.M.
- CASE 567: Amerada's application for permission to drill its Hamilton A-2 Well, NE SE 34-16S-38E, Lea County, N.M., as exception to Knowles Pool Spacing Order R-40.
- CASE 568: Amerada's application for permission to effect dual completion of its State WE 'A' No. 1 Well, SE NW 12-21S-35E, to permit production of oil from Queen formation (Eunice-Monument Pool) and gas from Seven Rivers.
- CASE 569: Buffalo Oil Co.'s application for approval of secondary-recovery project (by water injection) in the Baish Pool, Secs. 21 and 22, Twp. 17 S, Rge. 32 E, Lea County, N. M.
- CASE 570: Trebol Oil Co.'s application for approval of unorthodox location for its Fed. Danciger Well No. 1-Y as a gas well to Yates formation 890' from N line and 330' from E line of NW Sec. 5, Twp. 23 S, Rge. 36 E, NMPM, Lea County, N.M.
- CASE 571: Southeastern New Mexico nomenclature case, providing for extensions and deletions as follows:
- (a) Extend Gladiola-Wolfcamp Pool to include E/2 Sec. 25, Twp. 12 S, Rge. 37 E, NMPM.
  - (b) Extend Lazy 'J' Pool to include W/2 Sec. 34, Twp. 13 S, Rge. 33 E, NMPM.
  - (c) Extend Lovington-Abo Pool to include NE/4 Sec. 2, Twp. 17 S, Rge 36 E, NMPM.
  - (d) Extend the Lovington-Paddock Pool to include SW/4 Sec. 30, Twp. 16 S, Rge 37 E, NMPM.

DOCKET

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  - (d) Extend the Lovington-Paddock Pool to include SW/4 Sec. 30, Twp. 16 S, Rge 37 E, NMPM.

DOCKET: REGULAR HEARING AUGUST 20, 1953

New Mexico Oil Conservation Commission 9 a. m., Mabry Hall, Santa Fe, N.M

FIRST: Consideration of the allowable for the month of September, 1953.

CONTINUATIONS:

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- CASE 562: John M. Kelly application for approval of unit of 160 acres, SE/4 Section 8, Twp. 19 S. Rge. 37 E, Lea County, down to and including depth of 3835' which includes the Queen gas zone.
- CASE 563: Continental Oil Company application for approval of Bell Lake Unit embracing 37,177.86 acres of land in Lea County, in Townships 22, 23 and 24 South, Ranges 33 and 34 East.
- CASE 564: Application of Los Nietos Company for permission to drill directionally its Gross No. 2, SW NE 2-12S-32E, the well to be plugged back from TD 11,260 and whipstocked in effort to reach Devonian pay of East Caprock-Devonian Pool at point approximating surface location of 2208.11' from N line and 1811.54' from E line of said Section 2.

- (e) Extend the Square Lake Pool (Eddy County) to include S/2 NW/4 and NE/4 Sec. 12, Twp. 17S, Rge 30E, NMPM.
- (f) Delete W/2 E/2 of Sec. 19, Twp. 25 S, Rge. 37 E, NMPM, from previous description of the Langlie-Mattix Pool and extend the Cooper-Jal Pool boundary to include same.

CASE 572: Northwestern New Mexico nomenclature case, providing for the following extensions:

- (a) Extend the Blanco-Mesaverde Pool to include:

Twp. 31 N, Rge. 9 W, NMPM  
All Sec. 6; all Secs. 20 - 23 incl.

Twp. 32 N, Rge. 9 W, NMPM  
All Secs. 30 and 31

Twp. 32 N, Rge. 10 W, NMPM  
All Secs. 28, 33 and 36

Twp. 32 N, Rge. 11 W, NMPM  
All Secs. 15, 16, 21, 28 and 29

- (b) Extend West Kutz-Pictured Cliffs Pool to include:

All Sec. 9, Twp. 26 N, Rge 10 W

S/2 Sec. 14 and E/2 Sec. 15 in 28 N, 13 W

- (c) Extend the Aztec-Pictured Cliffs Pool to include:

All Sec. 3, Twp. 29 N, Rge. 11 W

All Secs. 27, 28, 29 and 34 in 30 N, 11 W

- (d) Extend the South Blanco-Pictured Cliffs Pool to include:

All Sec. 31 and W/2 Sec. 32, Twp. 27 N, Rge 6 W

- (e) Extend the South Blanco-Tocito Pool to include:

SW/4 Sec. 4, Twp. 26 N, Rge. 6 W, NMPM.

CASE 582  
Rehearing

Item No. 30  
(Gas allowable  
TRANSCRIPT - Dec. 17 hearing)

Case 582

28

Rehearing

Item No. 28

(GAS ALLOWABLE  
TRANSCRIPT NOV 19, 1953)

Case 582

Item No. 27

Locket November 19, 1953

New Mexico Oil Conservation Commission -- 9 a.m., Mabry Hall, Santa Fe, N.M.

FIRST: Consideration of the allowable production of oil for the month of <sup>December</sup>~~November~~, 1953.

Consideration of the allowable production of gas from nine designated Lea County gas pools for the 6-month period beginning January 1, 1954.

NEW CASES

CASE 602: Haynes & V. T. Drilling Company application for exception to Rule 104, Paragraph 'd', to permit establishment of drilling unit of less than 160 acres in NW/4 21-29N-11W, San Juan County.

CASE 603: Southeastern New Mexico nomenclature case, calling for extensions and creations of pools as follows:

(a) Creation of the Fowler-Fusselman Oil Pool for Fusselman production, described as:

Township 24 South, Range 37 East  
W/2 Section 23; E/2 Section 22

(b) Creation of the Shoe Bar-Devonian Oil Pool for Devonian production, described as:

Township 16 South, Range 35 East  
All Section 26; E/2 Section 27;  
E/2 Section 34; all Section 35;  
W/2 Section 36

(c) Creation of the Carter-San Andres Oil Pool for San Andres production, described as:

Township 18 South, Range 39 East  
All Section 5

(d) Extension of the Eidson-Pennsylvanian Pool to include SW/4 Section 7, Township 16 South, Range 35 East.

(e) Extension of the Monument-Paddock Pool to include all of Section 5, Township 20 South, Range 37 East.

(f) Extension of the Vacuum Pool to include S/2 Section 1, Township 17 South, Range 34 East.

(g) Extensions of the Drinkard Pool to include all Section 13, Township 21 South, Range 37 East.

CASE 604:    Northwestern New Mexico nomenclature case, calling for extensions of pools as follows:

(a) Extension of the Blanco-Mesaverde Pool to include the following:

Township 27 North, Range 4 West  
Sects. 1 - 12, incl., all

Township 27 North, Range 6 West  
Sects. 1 - 6, incl., all

Township 28 North, Range 4 West  
Partial Sections 7 - 12, incl., all;  
Sects. 13 - 36, all

Township 28 North, Range 6 West  
Sects. 19 - 36, incl., all

Township 29 North, Range 4 West  
Sects. 19 - 36, incl., all

Township 29 North, Range 6 West  
Sects. 1 and 12, all

Township 31 North, Range 6 West  
Partial Sects. 4, 5, 6;  
Sects. 7, 8, 9, all;  
Sects. 16 - 36, incl., all

Township 31 North, Range 7 West  
Partial Sects. 1 - 6, all;  
Sects. 7 - 36, incl., all

Township 32 North, Range 7 West  
Sects. 9 - 16, incl., all;  
Sects. 21 - 28, incl., all;  
Sects. 33 - 36, incl., all

Township 31 North, Range 9 West  
Section 5, all;  
Sects. 8 - 11, all

Township 27 North, Range 5 West  
Sects. 1 - 12, incl., all;  
Sects. 15 - 21, incl., all;  
Sects. 28, 29 and 30

Township 28 North, Range 3 West  
Sects. 4 - 9, incl., all;  
Sects. 15 - 22, incl., all;  
Sects. 27 - 34, incl., all

Township 28 North, Range 5 West  
Partial Sects. 7 - 12, incl., all;  
Sects. 13 - 36, incl., all

Township 29 North, Range 3 West  
Sects. 19, 20 and 21, all;  
Sects. 28 - 33, incl., all

Township 29 North, Range 5 West  
Sects. 1 - 16, incl., all;  
Sects. 19 - 33, incl., all

Township 30 North, Range 5 West  
Sects. 7 - 10, incl., all;  
Sects. 13 - 36, incl., all

Township 30 North, Range 6 West  
Sects. 1 - 5, incl., all;  
Sects. 10 - 15, incl., all

Township 32 North, Range 6 West  
Sects. 7 and 8, all;  
Sects. 17 - 20, incl., all;  
Sects. 29 thru 32, incl., all

Township 32 North, Range 9 West  
Sects. 29 and 32, all

Township 32 North, Range 10 West  
Section 27, all

Township 32 North, Range 11 West  
Partial Sects. 7 - 12, all;  
Sects. 17 and 18, all

- (b) Extension of the South Blanco - Tocito Pool to include:

Township 26 North, Range 6 West  
N/2 Section 8

- (c) Extension of the South Blanco - Dakota Pool to include:

Township 26 North, Range 6 West  
SW/4 Sect. 4; SE/4 Sect. 5;  
NE/4 Sect. 8; NW/4 Sect. 9

- (d) Extension of the South Blanco - Pictured Cliffs Pool to include:

Township 26 North, Range 5 West  
SW/4 Sect. 19

Township 26 North, Range 6 West  
SE/4 Sect. 20; S/2 Sect. 21

CASE 605: Wilson Oil Company's application for permission to drill a well at an unorthodox location 25 feet from W line of Section 18, and 50 feet S of N line of Lot 2, Section 18, Township 21 South, Range 35 East (Wilson Pool), Lea County, New Mexico.

CASE 606: El Paso Natural Gas Company's application for order permitting the communitizing of short or narrow quarter sections on a north-south basis as they may lie along the west side of Township 31 North, Range 8 West, San Juan County, for the purpose of creating drilling units and allowables approximately corresponding to the spacing and allowable requirements of Order R-110 relating to the Blanco-Mesaverde Pool.

26a

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 583  
Order No. R-369-A

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION FOR ALL  
OPERATORS AND INTERESTED PARTIES IN  
THE LANGMAT GAS POOL TO SHOW CAUSE WHY  
THE RULES AND REGULATIONS AS SET OUT IN  
ORDER R-356, WITH ANY ESSENTIAL AMEND-  
MENTS, SHOULD NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this      day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of this Commission and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-369 was duly entered by the Commission. Order R-369 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Langmat Gas Pool, heretofore established. R-369 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Langmat Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as

the same are applicable to the Langmat Gas Pool, and should conform, generally with the provisional special rules of Order R-369.

(5) That in order for the Commission to evaluate and delineate the actual productive limits of the Langmat Gas Pool all operators of oil and gas wells within the defined limits of the Langmat Gas Pool should supply certain Geological and Reservoir data to the Commission.

(6) That pending further study and orders, the allocation of gas in the Langmat Gas Pool should be calculated on the basis of 100 per cent acreage, based upon the standard 160 acre proration unit, which unit is limited to a regular quarter section subdivision of the U. S. Public Land Surveys and consisting of not less than 158 nor more than 162 acres, substantially in the form of a square, with provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent.

(7) That an adequate gas well testing procedure should be adopted as soon as possible so that operators, purchasers and the Commission can determine the fairness and feasibility of an allocation factor for the pool which employs the factors of deliverability, pressure, or any other factor relating to gas well productivity.

IT IS THEREFORE ORDERED:

That Special Pool Rules applicable to the Langmat Gas Pool, be and the same hereby are promulgated and are as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE LANGMAT GAS POOL  
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. Any well drilled a distance of one mile or more from the outer boundary of the Langmat Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of the Langmat Gas Pool shall be spaced, drilled, operated and prorated in accordance with the Regulations in effect in the Langmat Gas Pool.

RULE 2. Each well drilled or recompleted within the Langmat Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3. Each well drilled within the Langmat Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application

has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 5. The provision of Statewide Rule 104 Paragraph (k), shall not apply to the Langmat Gas Pool located in Lea County, New Mexico.

#### GAS PRORATION

RULE 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Langmat Gas Pool and other relevant data and shall fix the allowable production of the Langmat Gas Pool, and shall allocate production among the gas wells in the Langmat Gas Pool upon a reasonable basis with due regard to correlative rights.

#### PRORATION UNITS

RULE 7 (a) For the purpose of gas allocation in the Langmat Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of less acreage than a standard proration unit.

2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.

3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

#### GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Langmat Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Langmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Langmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Langmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

#### BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to

be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

## DEFINITIONS

RULE 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the Langmat Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of oil or gas wells shall submit to the Hobbs office of the Commission (Box 2045) on or before January 1, 1954 a copy of either an electric log or sample log of each well (if available), whether oil or gas, that they operate within the defined limits of the Langmat Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation of formation tops of Yates, Seven Rivers and Queen as indicated by the log. Any operator of any well hereafter completed or recompleted within the defined limits of the Langmat Gas Pool shall also submit to the Hobbs office of the Commission, the logs and information detailed above, within 30 days following such completion or recompletion.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the Langmat Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the feasibility of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rules 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Langmat Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Langmat Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased

commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission, the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the 1st day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

PROVIDED FURTHER that copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14 shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-369, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

Case 582  
Rehearing

Item No. 26

Orders R-369 and  
R-369-A

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. 583  
Order No. R-369

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION FOR AN ORDER  
ESTABLISHING POOL RULES FOR THE LANGMAT  
GAS POOL, LEA COUNTY, NEW MEXICO, SAID  
RULES BEING CONCERNED WITH WELL SPACING,  
GAS PRORATION AND ALLOCATION, PRORATION  
UNITS, POOL DELINEATION AND OTHER RELATED  
MATTERS INSOFAR AS THEY PERTAIN TO THE  
GENERAL RULES FOR GAS PRORATION AS SET  
FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

Now, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Langmat Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Langmat Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the

-2-

Case No. 583

Order No. R-369

special rules and regulations of the Langmat Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Langmat Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 583  
Order No. R-369-A

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION FOR ALL  
OPERATORS AND INTERESTED PARTIES IN  
THE LANGMAT GAS POOL TO SHOW CAUSE WHY  
THE RULES AND REGULATIONS AS SET OUT IN  
ORDER R-356, WITH ANY ESSENTIAL AMEND-  
MENTS, SHOULD NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 4 day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of this Commission and other pertinent data, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given, the Commission has jurisdiction of this cause.
- (2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.
- (3) That thereafter, after due notice and hearing, Order R-369 was duly entered by the Commission. Order R-369 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Langmat Gas Pool, heretofore established. R-369 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.
- (4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Langmat Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as

the same are applicable to the Langmat Gas Pool, and should conform, generally with the provisional special rules of Order R-369.

(5) That in order for the Commission to evaluate and delineate the actual productive limits of the Langmat Gas Pool all operators of oil and gas wells within the defined limits of the Langmat Gas Pool should supply certain Geological and Reservoir data to the Commission.

(6) That pending further study and orders, the allocation of gas in the Langmat Gas Pool should be calculated on the basis of 100 per cent acreage, based upon the standard 160 acre proration unit, which unit is limited to a regular quarter section subdivision of the U. S. Public Land Surveys and consisting of not less than 158 nor more than 162 acres, substantially in the form of a square, with provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent.

(7) That an adequate gas well testing procedure should be adopted as soon as possible so that operators, purchasers and the Commission can determine the fairness and feasibility of an allocation factor for the pool which employs the factors of deliverability, pressure, or any other factor relating to gas well productivity.

IT IS THEREFORE ORDERED:

That Special Pool Rules applicable to the Langmat Gas Pool, be and the same hereby are promulgated and are as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE LANGMAT GAS POOL  
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. Any well drilled a distance of one mile or more from the outer boundary of the Langmat Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of the Langmat Gas Pool shall be spaced, drilled, operated and prorated in accordance with the Regulations in effect in the Langmat Gas Pool.

RULE 2. Each well drilled or recompleted within the Langmat Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3. Each well drilled within the Langmat Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application

has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 5. The provision of Statewide Rule 104 Paragraph (k), shall not apply to the Langmat Gas Pool located in Lea County, New Mexico.

### GAS PRORATION

RULE 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Langmat Gas Pool and other relevant data and shall fix the allowable production of the Langmat Gas Pool, and shall allocate production among the gas wells in the Langmat Gas Pool upon a reasonable basis with due regard to correlative rights.

### PRORATION UNITS

RULE 7 (a) For the purpose of gas allocation in the Langmat Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.

3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

#### GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Langmat Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Langmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Langmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Langmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

#### BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to

be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

## DEFINITIONS

RULE 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the Langmat Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of oil or gas wells shall submit to the Hobbs office of the Commission (Box 2045) on or before January 1, 1954 a copy of either an electric log or sample log of each well (if available), whether oil or gas, that they operate within the defined limits of the Langmat Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation of formation tops of Yates, Seven Rivers and Queen as indicated by the log. Any operator of any well hereafter completed or recompleted within the defined limits of the Langmat Gas Pool shall also submit to the Hobbs office of the Commission, the logs and information detailed above, within 30 days following such completion or recompletion.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the Langmat Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the feasibility of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rules 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Langmat Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Langmat Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased

commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission, the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the 1st day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

PROVIDED FURTHER that copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14 shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-369, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

Case 582  
Rehearing

Item No. 24  
Order R-264-A

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CONSOLIDATION OF  
CASES 245 AND 521  
ORDER No. R-264-A

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION UPON  
ITS OWN MOTION FOR AN ORDER  
DESIGNATING, NAMING, DEFINING  
AND EXTENDING THE GAS POOLS OF  
LEA, EDDY AND CHAVES COUNTIES,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, and being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the Commission has jurisdiction of this case.

(2) That by virtue of Order No. R-264 entered February 17, 1953, in Case No. 245, the Commission defined and classified certain gas pools in Lea, Eddy and Chaves Counties, New Mexico, and ordered further testimony taken at the April 16, 1953, Commission hearing in the premises,

(3) That at the April 16, 1953, Commission hearing it was ordered that Cases 245 and 521 be, and they were at that time consolidated for purposes of the record.

(4) That successive hearings were had May 19, June 16, July 16, and August 20, 1953, on the case as consolidated, resulting in Order R-356, being the special "stand-by" rules and regulations in the matter of proration of gas-well gas producible from the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, and as classified and defined in Order R-264.

(5) That by reason of interim development, the areal boundary of the Jalco Gas Pool as fixed by Order R-264 should be extended in accordance with testimony

Consolidation of  
Cases 245 and 521  
Order No. R-264-A

adduced at the hearings.

(6) That the vertical productive limits of the Eumont Gas Pool as fixed by Order R-264 should be changed to include therein all the Queen formation.

(7) That the vertical productive limits of the Blinebry Gas Pool as fixed by Order R-264 should be more specifically defined.

(8) That the areal and vertical productive limits of the Justis Gas Pool heretofore defined and classified as a gas pool by Order No. 850 should be redefined areally and vertically.

IT IS THEREFORE ORDERED:

(1) That Order R-264, as hereinafter amended, and Order R-356 be and they hereby are declared to be supplementary orders.

(2) That the areal boundary of the Jalco Gas Pool, as described in Order R-264, be, and the same hereby is extended to include therein, as a part of said pool, the following described area:

Township 26 South, Range 37 East, NMPM  
All of Sections 15, 16, 17, 20, 21, 22, 27  
and 28;  
E/2 Section 29;  
E/2 Section 32;  
all of Sections 33 and 34

(3) That Section III (2) of Order R-264 be, and the same hereby is amended to read as follows:

"III (2) That the producing formation of the Eumont Gas Pool shall extend from the top of the Yates formation to the top of the Grayburg formation, thereby including all of the Yates, Seven Rivers and Queen formations."

(4) That Section VI (2) of Order R-264 be, and the same hereby is amended to read as follows:

"VI (2) That the producing formation of the Blinebry Gas Pool shall be that part of the Yeso formation included from the base of the Upper Yeso sandy section, which occurs at an average depth of 450 feet below the Glorieta formation, to the top of the Tubb sand."

(5) That that part of Appendix 'A' of Order No. 850 relating to the Justis Gas Pool pursuant to Rule 5 of said order be, and the same hereby is amended to read as follows:

Consolidation of  
Cases 245 and 521  
Order No. R-264-A

"Appendix A - The producing formation of the  
Justis Gas Pool shall be the 200 feet immediately  
below the top of the Glorieta formation; that the  
said pool, classified as a gas pool, is described  
as follows:

Township 25 South, Range 37 East, NMPM  
SW/4 Section 1; SE/4 Section 2;  
E/2 Section 11; W/2 Section 12;  
W/2 Section 13; E/2 Section 14;  
E/2 Section 23; W/2 Section 24

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 582

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS, SHOULD  
NOT BE PUT INTO EFFECT.

M O T I O N

Comes now the applicant, Texas Pacific Coal & Oil Company, and respectfully requests the Commission that it be permitted to amend paragraph 2 (f) of the application for rehearing heretofore filed with the Commission. Said paragraph 2 (f) should recite Finding of Fact No. 2 instead of Finding of Fact No. 1.

Applicant further states that due to a typographical error, paragraph 2 (f) of the original application for rehearing referred to Finding of Fact No. 1 instead of Finding of Fact No. 2.

WHEREFORE, applicant prays that paragraph 2 (f) of the application for rehearing be amended to read Finding of Fact No. 2 instead of Finding of Fact No. 1.

Dated this 8th day of January, 1954.

TEXAS PACIFIC COAL & OIL COMPANY  
By John F. Russell  
Roswell, New Mexico  
Attorney for Applicant

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 582  
ORDER NO. R-368-B

THE APPLICATION OF THE OIL CONSERVA-  
TION COMMISSION ON ITS OWN MOTION FOR  
ALL OPERATORS AND INTERESTED PARTIES  
IN THE JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS AS SET  
OUT IN ORDER NO. R-356, WITH ANY ESSEN-  
TIAL AMENDMENTS, SHOULD NOT BE PUT INTO  
EFFECT.

M O T I O N

Comes now the Applicant, Texas Pacific Coal and Oil Company, and respectfully  
states unto the Commission:

1. That the Applicant ~~expects~~ to that portion of Order No. R-368-B, entered  
in Case No. 582, insofar as said order provides that Orders R-368 and R-368-A  
(relating to the Jalco Gas Pool) shall remain in full force and effect until  
further order of the Commission.

2. Applicant requests the Commission to enter a proper order staying and  
suspending Order No. 368-A, pending an order on re-hearing.

John F. Russell, Attorney for  
Applicant, Texas Pacific Coal and  
Oil Company

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Case 582  
Rehearing

Item No. 22

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 582

THE APPLICATION OF THE OIL CONSERVA-  
TION COMMISSION ON ITS OWN MOTION FOR  
ALL OPERATORS AND INTERESTED PARTIES  
IN THE JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS AS SET  
OUT IN ORDER NO. R-356, WITH ANY ESSEN-  
TIAL AMENDMENTS, SHOULD NOT BE PUT INTO  
EFFECT.

ORDER NO. R-368-B

ORDER OF THE COMMISSION FOR RE-HEARING

This case came on for consideration upon petition of Texas Pacific Coal and Oil Company for re-hearing on Orders R-368 and R-368-A heretofore entered by the Commission.

NOW, on this 7<sup>th</sup> day of December, 1953, the Commission, a quorum being present, having fully considered said application for re-hearing,

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a re-hearing in said cause be held January 21, 1954, at 9 o'clock a.m. on said day at Santa Fe, New Mexico, or at such time as the Commission may designate after due notice, at which time and place all interested parties may appear,

IT IS FURTHER ORDERED: That Orders R-368 and R-368-A (relating to the Jalco Gas Pool) shall remain in full force and effect until further order of the Commission.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

Edwin L. Meehan, Chairman

E. S. Walker, Member

S E A L

R. R. Spurrier, Member and Secretary

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 582

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION FOR ALL  
OPERATORS AND INTERESTED PARTIES IN THE  
JALCO GAS POOL TO SHOW CAUSE WHY THE RULES  
AND REGULATIONS AS SET OUT IN ORDER R-356,  
WITH ANY ESSENTIAL AMENDMENTS, SHOULD  
NOT BE PUT INTO EFFECT.

APPLICATION FOR REHEARING

COMES NOW Applicant Texas Pacific Coal & Oil Company and states:

1. Applicant is the owner of gas wells within the exterior limits of the Jalco Gas Pool and will therefore be affected by Order No. R-368-A.

2. Orders Nos. R-368 and R-368-A are illegal and erroneous in the following respects, to wit:

(a) The Commission is without authority to issue orders to show cause as it has done in Order No. R-368 inasmuch as all persons are, under the provisions of Sec. 69-221, N.M. Statutes 1941 Annotated as amended, entitled to a hearing before any rule, regulation or order shall be made.

(b) The Commission is without authority to prorate gas for the sole purpose of protecting correlative rights.

(c) There is no evidence in the record to indicate abuse of correlative rights or that proration of gas from gas wells will protect correlative rights.

(d) There is no evidence in the record to establish that there is waste of gas from gas wells in the Jalco Gas Pool and no evidence that waste will be prevented by the proration of production of gas from said gas wells, the only evidence relating to conservation or the prevention of waste in the record being that there is no waste of gas from gas wells.

(e) There is no evidence in the record to establish that gas production from gas wells producing from the Jalco Gas Pool exceeds the reasonable market demand from such source for natural gas of the type produced or in excess of the capacity of the gas transportation facilities for such type of natural gas.

(f) Finding of Fact No. 1 in Order No. R-368 is erroneous, such records as referred to not being in evidence in the case.

(g) Finding of Fact No. 3 in Order No. R-368 is erroneous in that at the time of making such finding the Commission had no evidence upon which to base it.

(h) Finding of Fact No. 5 in Order No. R-368-A is a finding that the Commission has not, prior to undertaking proration of gas, evaluated and delineated the actual productive limits of the Jalco Gas Pool which is a prerequisite of such order.

(i) Orders Nos. R-368 and R-368-A are unreasonable, arbitrary and capricious and are not based upon substantial evidence before the Commission.

(j) Orders Nos. R-368 and R-368-A require the drilling of unnecessary wells.

(k) Orders Nos. R-368 and R-368-A impair the obligation of contracts of the type now of record in this case between producers and purchasers of gas inasmuch as under said orders minimum take and ratable take provisions of said contracts can or will be abrogated.

WHEREFORE, Applicant prays for a rehearing in Case No. 582 before the Oil Conservation Commission of the State of New Mexico.

DATED this 25th day of November, 1953.

TEXAS PACIFIC COAL & OIL COMPANY

By John F. Russell, Roswell,  
New Mexico

Eugene Adair, Fort Worth,  
Texas

Attorneys for Applicant

Case 582  
Rehearing

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Item No. 21

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO  
SANTA FE, NEW MEXICO

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

CASE NO. 582  
ORDER NO. R-368-A

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
JALCO GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS,  
SHOULD NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10<sup>th</sup> day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of this Commission and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-368 was duly entered by the Commission. Order R-368 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Jalco Gas Pool, heretofore established. R-368 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Jalco Gas Pool, heretofore established, described and classified as a gas pool.

That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Jalco Pool, and should conform, generally with the provisional special rules of Order R-368.

(5) That in order for the Commission to evaluate and delineate the actual productive limits of the Jalco Gas Pool all operators of oil and gas wells within the defined limits of the Jalco Gas Pool should supply certain Geological and Reservoir data to the Commission.

(6) That pending further study and orders, the allocation of gas in the Jalco gas pool should be calculated on the basis of 100 per cent acreage, based upon the standard 160 acre proration unit, which unit is limited to a regular quarter section subdivision of the U. S. Public Land Surveys and consisting of not less than 158 nor more than 162 acres, substantially in the form of a square, with provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent.

(7) That an adequate gas well testing procedure should be adopted as soon as possible so that operators, purchasers and the Commission can determine the fairness and feasibility of an allocation factor for the pool which employs the factors of deliverability, pressure, or any other factor relating to gas well productivity.

(8) That the area within the exterior boundaries of the Jalco Gas Pool known and described as the "Rhodes Storage Area" should be exempt from the Special Rules and Regulations applicable to the Jalco Gas pool provided acceptable reports of operations in said storage area are regularly filed.

IT IS THEREFORE ORDERED:

That Special Pool Rules applicable to the Jalco Gas Pool, be and the same hereby are promulgated and are as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE JALCO GAS POOL  
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. Any well drilled a distance of one mile or more from the outer boundary of the Jalco Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of the Jalco Gas Pool shall be spaced, drilled, operated and prorated in accordance with the Regulations in effect in the Jalco Gas Pool.

RULE 2. Each well drilled or recompleted within the Jalco Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3. Each well drilled within the Jalco Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 5. The provision of Statewide Rule 104 Paragraph (k), shall not apply to the Jalco Gas Pool located in Lea County, New Mexico.

#### GAS PRORATION

RULE 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Jalco Gas Pool and other relevant data and shall fix the allowable production of the Jalco Gas Pool, and shall allocate production among the gas wells in the Jalco Gas Pool upon a reasonable basis with due regard to correlative rights.

#### PRORATION UNITS

RULE 7. (a) For the purpose of gas allocation in the Jalco Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, except as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of less acreage than a standard proration unit.

2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.

3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

#### GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration

period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalco Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Jalco Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalco Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalco Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

#### BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A. M., January 1 and 7:00 A. M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045 Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

#### DEFINITIONS

RULE 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the Jalco Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of oil or gas wells shall submit to the Hobbs office of this Commission (Box 2045) on or before January

Case No. 582

Order No. R-368-A

1, 1954 a copy of either an electric log or sample log of each well (if available), whether oil or gas, that they operate within the defined limits of the Jalco Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation of formation tops of Yates, Seven Rivers and Queen as indicated by the log. Any operator of any well hereafter completed or recompleted within the defined limits of the Jalco Pool shall also submit to the Hobbs office of the Commission, the logs and information detailed above within 30 days following such completion or recompletion.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the Jalco Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER that the provisions of these rules contained herein shall not apply to those wells involved in the Rhodes Storage Area. Provided, however, that operators in the Rhodes Storage Area shall submit semi-annual reports, corresponding with the Jalco Gas Pool proration period, said reports shall contain statistical information showing the amount of gas injected and withdrawn from storage during each period and the cumulative amount of gas injected and withdrawn at the end of the proration period.

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the feasibility of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rule 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Jalco Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Jalco Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the <sup>gas</sup> proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission, the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the first day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

PROVIDED FURTHER that copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14 shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 2045, Hobbs, New Mexico,

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Case No. 582

Order No. R-368-A

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-368, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

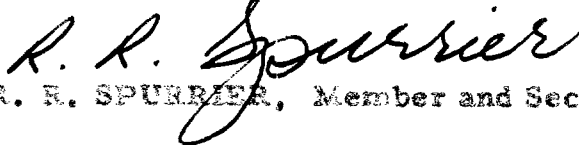
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



R. R. SPURRER, Member and Secretary

S E A L

Case 582  
Rehearing

Item No. 29  
Docket December 17<sup>th</sup>, 1953

Case 582  
Rehearing

31

Item No. 31

(Gas allowable orders  
AG-1 AND AG-1.A)

Case 582  
Re-Hearing

Item No. 20

Case 582  
Rehearing

Item No. 22

## MEMORANDUM

To: The Oil Conservation Commission

From: W. B. Macey

Subject: Cases 582 through 590: General rules for the prorationing of gas in the Jalco, Langmat, Eumont, Arrow, Amanda, Blinebry, Tubb, Justis and Byers-Queen Gas Pools.

In accordance with Mr. Spurrier's request, following are my recommendations pertaining to the above listed Cases held in Santa Fe, on October 26 through 28. In order to evaluate the basic recommendations the following history of these cases should be observed.

1. The Commission originated hearings on a general four county area (Lea, Eddy, Chaves and Roosevelt Counties) on March 17, 1953 under Case 521. The purpose of this hearing was to establish means and methods of prorating gas in this four county area. In April, 1953 this Case was consolidated with Case 245 in accordance with Order No. 264 issued in Case 245. (Case 245 and subsequent Order R-264 established the defined limits and producing intervals of gas pools in Southeast New Mexico.) As a result of the March 17th hearing, the Commission appointed a Committee to propose suggested rules in Case 521 and suggested revisions in Case 245. The final report of the committee, containing recommendations in both Case 245 and Case 521 was made on August 20, 1953 and on August 28, 1953 the Commission issued Order R-356 in Case 321 outlining "Stand-by" rules for the four-county area. (No additional order has been issued in Case 245 as yet). The Commission then advertised nine gas pool cases

for hearing on September 17, 1953, the Commission's advertisement requesting an order establishing pool rules and other related matters insofar as they were set forth in Order R-356. Some testimony was received at this time and as a result of these hearings, Orders were issued in each Case requesting operators and other interested parties to show cause why the rules as outlined in Order R-356 should not be put in effect on November 1, 1953. The hearings were conducted on October 26, 27 and 28 with extensive testimony being given in each case. The testimony and evidence given in these hearings is the basis for the following recommendations. Since the Rules as outlined in Order R-356 are numerical in sequence the following comments and recommendations will be made in the same numerical order.

Rule 1: The recommended provisions of Rule 1 should be changed since they apply solely to a defined gas pool. The rule provides an exception to some of the provisions of statewide Rule 104. The exception however, should only apply to paragraph (a) and paragraph (d) of Rule 104 since they are solely concerned with gas pools in particular. Also a further provision should be included as sub-paragraph (c) of the Rule to provide as follows:

(c) When the well is located upon a tract of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Survey.

Rule 2: The provisions of this rule should be placed in effect in all nine pools.

Rule 3: An appropriate revision of Rule 3, pertinent to each pool name should be inserted in each set of pool rules.

Rule 4: This provision should be set forth in each set of pool rules.

Rule 5: This Rule and a portion of Rule 8 pertaining to Proration units and the formation of unorthodox gas units should be amended in such a manner to limit the standard proration unit to a legal quarter section of approximately 160 acres and allowing exceptions thereto only after notice and hearing. Exceptions should be limited to only extreme cases where Communitization is impractical because of the presence of a well which has been producing for considerable length of time, or where acreage is so situated that well locations can be adequately placed so as to insure adequate unit drainage in spite of the unorthodox unit and the correlative rights of everyone are protected. Furthermore, a policy of not approving unorthodox units where another unorthodox unit is formed thereby (thus starting a chain reaction) should be strictly adhered to. It is recognized that this policy which in effect promotes the formation of communitization or pooling agreements will cause some more work on the part of everyone concerned but the inequities which could arise from a large number of unorthodox units far out-weighs the work involved.

Since it is contemplated that the proration period in each pool will start January 1, 1954, it is entirely possible that a great number of Communitization Agreements will be delayed in execution until after the start of the proration period or after the completion of the well. Therefore,

it is recommended that each pool order contain a provision outlining a policy which would allow the total acreage formed by the agreement, and thus dedicated to a well, be made retroactive to the first day of the proration period or the first day the well produces, whichever date is the later, provided, that the executed Communitization Agreement is in force and effect on the last day of the proration period.

Rules 6 and 7: The provisions of these rules should be placed into effect in each pool as outlined.

Rule 8: The first sentence of Rule 8 should be included as the last paragraph and the remaining provisions of the rule deleted from all pool rules. This will require the re-numbering of Rules 9 through 15. The reason for the deletion of that portion of Rule 8 is outlined in my remarks under Rule 5.

Rules 9 through 15: The provisions of these rules should be incorporated in each set of pool rules without any changes.

Further Recommendations:

It is further recommended that the Commission place in the hands of all operators, "preliminary" nomination forms so that the Commission may consider the nominations for each of the 9 pools for the first six month period of 1954 at the regular November hearing on November 19th. Instructions should be sent out with the forms stating that the nominations should apply to only those wells which are considered gas wells and which are not on the oil proration schedule.

Initially each purchaser or taker of gas should also include

with his nominations the well or wells from which he desires to purchase gas January 1, 1954. This would allow the Commission staff an opportunity to check to see that each well to be listed on the schedule is known beforehand and that the well is not also listed on the oil proration schedule.

In this connection I believe it also advisable to point out that a provision should be inserted in each pool order stating that the Commission will continue to prorate those oil wells which lie within the productive limits of defined gas pools as oil wells pending a complete study and redesignation of some of the oil wells and possibly a re-definition of both oil pools and gas pools. In order to facilitate this study, all operators in all of the producing pools should be required to submit to the Commission an electric log or sample log, if available, on each well producing from the same zone within the defined limits of each gas pool.

It is also recommended that an Order be entered immediately in Case 245 outlining the recommended changes in pool nomenclature as made by the sub-committee in this case at previous hearings. It is also suggested that as soon as this Order is entered, the Hobbs office send out Form C-123 requesting pool extensions which have not yet been made so that a hearing can be held in December to consider these pool extensions.

Due to the fact that considerable testimony was entered by the Pipeline Companies in the 9 pool cases requesting some form of a deliverability formula it is recommended that the Commission, through its staff, take immediate steps to outline an adequate gas well testing program to

govern all gas wells in southeastern New Mexico. In connection with this, the Commission should supply adequate tables and forms in order that any deliverability formula can be properly evaluated after the necessary well tests are performed. In this connection each pool order should contain a provision that well tests in that particular pool should be made in accordance with testing procedure approved by the Commission.

It is also recommended that the Commission carefully consider the advisability of refusing to approve any subsequent dual completions (gas-oil or gas-gas) where the recompletion information shows that the well is not located upon a standard 160 acre proration unit. It should also be noted that some operators might construe approval of a dual to mean also approval of an unorthodox gas unit.

With reference to the Rhodes storage area of the Jalco Pool, a provision should be inserted in the order pertaining to the Jalco Pool which states that those storage wells in the Rhodes Unit Area should not be governed by the pool rules. Provided, however that the operator of the storage area submits periodic reports of storage and withdrawal of gas from the unit area.

With particular reference to the Blinbry Pool a study should be made immediately on the withdrawals of gas and oil from this reservoir and a determination made after proper notice and hearing of some volumetric withdrawal formula.

October 30, 1953

To: The Oil Conservation Commission

From: W. B. Macey

Subject: Cases 582 through 590: General rules for the prorationing of gas in the Jalco, Langmat, Eumont, Arrow, Amanda, Blinebry, Tubb, Justis and Byers-Queen Gas Pools.

In accordance with Mr. Spurrier's request, following are my recommendations pertaining to the above listed Cases held in Santa Fe, on October 26 through 28. In order to evaluate the basic recommendations the following history of these cases should be observed.

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Rule 1: The recommended provisions of Rule 1 should be changed since they apply solely to a defined gas pool. The rule provides an exception to some of the provisions of statewide Rule 104. The exception however, should only apply to paragraph (a) and paragraph (d) of the Rule 104 since they are solely concerned with gas pools in particular. Also a further provision should be included as sub-paragraph (c) of the Rule to provide as follows:

(c) When the well is located upon a tract of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Survey.

Rule 2: The provisions of this rule should be placed in effect in all nine pools.

Rule 3: An appropriate revision of Rule 3, pertinent to each pool name should be inserted in each set of pool rules.

Rule 4: This provision should be set forth in each set of pool rules.

Rule 5: This Rule and a portion of Rule 8 pertaining to Proration units and the formation of unorthodox gas units should be amended in such a manner to limit the standard proration unit to a legal quarter section of approximately 160 acres and allowing exceptions thereto only after notice and hearing. Exceptions should be limited to only extreme cases where Communitization is impractical because of the presence of a well which has been producing for considerable length of time, or where acreage is so situated that well locations can be adequately placed so as to insure adequate unit drainage in spite of the unorthodox unit and the correlative rights of everyone are protected. Furthermore, a policy of not approving unorthodox units where another unorthodox unit is formed thereby (thus starting a chain reaction) should be strictly adhered to. It is recognized that this policy which in effect promotes the formation of communitization or pooling agreements will cause some more work on the part of everyone concerned but the inequities which could arise from a large number of unorthodox units far out-weighs the work involved.

Since it is contemplated that the proration period in each pool will start January 1, 1954, it is entirely possible that a great number of Communitization Agreements will be delayed in execution until after the start of the proration period or after the completion of the well. Therefore, it is recommended that each pool order contain a provision outlining a policy which would allow the total acreage formed by the agreement, and thus dedicated to a well, be made retroactive to the first day of the proration period or the first day the well produces, whichever date is the later, provided, that the executed Communitization Agreement is in force and effect on the last day of the proration period.

Rules 6 and 7: The provisions of these rules should be placed into effect in each pool as outlined.

Rule 8: The first sentence of Rule 8 should be included as the last paragraph and the remaining provisions of the rule deleted from all pool rules. This will require the re-numbering of Rules 9 through 15. The reason for the deletion of that portion of Rule 8 is outlined in my remarks under Rule 5.

Rules 9 through 15: The provisions of these rules should be incorporated in each set of pool rules without any changes.

Further Recommendations:

It is further recommended that the Commission place in the hands of all operators, "preliminary" nomination forms so that the Commission may consider the nominations for each of the 9 pools for the first six month period of 1954 at the regular November hearing on November 19th. Instructions should be sent out with the forms stating that the nominations should apply to only those wells which are considered gas wells and which are not on the oil proration schedule.

Initially each purchaser or taker of gas should also include with his nominations the well or wells from which he desires to purchase gas January 1, 1954. This would allow the Commission staff an opportunity to check to see that each well to be listed on the schedule is known beforehand and that the well is not also listed on the oil proration schedule.

In this connection I believe it also advisable to point out that a provision should be inserted in each pool order stating that the Commission will continue to prorate those oil wells which lie within the productive limits of defined gas pools as oil wells pending a complete study and redesignation of some of the oil wells and possibly a re-definition of both oil pools and gas pools. In order to facilitate this study, all operators in all of the producing pools should be required to submit to the Commission an electric log or sample log, if available, on each well producing from the same zone within the defined limits of each gas pool.

It is also recommended that an Order be entered immediately in Case 245 outlining the recommended changes in pool nomenclature as made by the sub-committee in this case at previous hearings. It is also suggested that as soon as this Order is entered, the Hobbs office sent out Form C-123 requesting pool extensions which have not yet been made so that a hearing can be held in December to consider these pool extensions.

Due to the fact that considerable testimony was entered by the Pipeline Companies in the 9 pool cases requesting some form of a deliverability formula it is recommended that the Commission, through its staff, take immediate steps to outline an adequate gas well testing program to govern all gas wells in south-eastern New Mexico. In connection with this, the Commission should supply adequate tables and forms in order that any deliverability formula can be properly evaluated after the necessary well tests are performed. In this connection each pool order should contain a provision that well tests in that particular pool should be made in accordance with testing procedure approved by the Commission.

It is also recommended that the Commission carefully consider the advisability of refusing to approve any subsequent dual completions (gas-oil or gas-gas) where the recompletion information shows that the well is not located upon a standard 160 acre proration unit. It should also be noted that some operators might construe approval of a dual to mean also approval of an unorthodox gas unit.

With reference to the Rhodes storage area of the Jalco Pool, a provision should be inserted in the order pertaining to the Jalco Pool which states that those storage wells in the Rhodes Unit Area should not be governed by the pool rules. Provided, however, that the operator of the storage area submits periodic reports of storage and withdrawal of gas from the unit area.

With particular reference to the Blinbry Pool a study should be made immediately on the withdrawals of gas and oil from this reservoir and a determination made after proper notice and hearing of some volumetric withdrawal formula.

October 30, 1953

Case 582  
Rehearing

19

Item No. 19

Oct. 30, 1953, Memo.

NEW MEXICO  
OIL CONSERVATION COMMISSION

Box 871  
Santa Fe, New Mexico

**Directive:** To all operators in the Eumont, Jalco, Langmat, Blinebry, Tubb, Justis, Arrow, Amanda and Byers-Queen Pools.

Pending issuance of final orders in Cases 582 through 590 pertaining to pool rules for the above listed gas pools all operators should take immediate steps to perform the following, if applicable:

1. All purchasers or takers of gas in the above listed 9 pools should submit nominations on "Preliminary" Nomination Forms. These forms are available at our Hobbs district office (Box 2045, Hobbs, New Mexico). These forms should be mailed to the Santa Fe office (Box 871) of the Commission together with a list of all wells (showing well location) which the nominations cover. It should be noted that only those gas wells which are not on the oil proration schedule should be included in the list and the list should include any wells to which connection is to be made by January 1, 1954.

2. All operators of gas wells in any of the above pools should comply with Rule 11 of Order R-356. In connection with the submission of plats only those plats which contain acreage of 160 acres (a quarter section) will be approved. If an operator contemplates that he will be able to execute a Communitization Agreement by January 1, 1954 then the plat should so state.

3. If an operator contemplates a request for an unorthodox gas unit then immediate steps should be taken to apply to the Commission for such approval so that it can be considered at the regular hearing of this Commission on December 17.

It should be noted that the final orders in these cases can not be issued until the hearing transcripts are received. Therefore, any of the provisions of this directive may be changed. Upon receipt of orders each operator should check to see that they have complied with each provision of the order.

This directive is designed solely to help operators comply with the rules.

October 30, 1953

CASE 582  
Rehearing

Item No. 17

DOCKET OCT. 15, 1953

DOCKET: REGULAR HEARING OCTOBER 15, 1953

New Mexico Oil Conservation Commission      9 a.m.    Mabry Hall, Santa Fe, New Mexico

FIRST:      Consideration of the allowable for the month of November 1953.

CONTINUED CASES

- CASE 565: Gulf's application to deviate its Lillie No. 2 Well, drilling at a surface location 750' S of N line and 560' E of W line, 23-24S-37E; this directional drilling contemplated because of geologic trends established in obtaining production from its Lillie No. 1 Well 241' to the NW, and to result, if effected, in the well's being bottomed at a point equivalent to a surface location 662.3' S of N line and 329.5' E of W line of Section 23.
- CASE 579: Application of the Oil Conservation Commission for an order creating the Falby-Yates Pool and deleting certain areas from the Cooper-Jal and Langlie-Mattix Pools in Lea County. (This case was continued from the September 17 hearing to await results of bottom-hole pressure surveys then in progress.)

NEW CASES

- CASE 556: (Re-hearing) Phillips' request for permission to effect an oil-oil dual completion of its Fort No. 1 Well, NE NE 34-14S-37E. Originally heard on July 16, this case was set up for re-hearing upon proper petition from Phillips Petroleum Company and by issuance of Oil Conservation Commission Order R-350-A.
- CASE 557: (Re-hearing) Phillips' request for permission to effect an oil-oil dual completion of its Fonzo No. 1 Well, NW NW 35-14S-37E. This case also was first heard on July 16, and is being re-heard on Phillips' petition (Oil Conservation Commission Order R-351-A).
- CASE 593: Stanolind's application for dual completion of its State 'E', Tract 17, Well No. 1, SW SE 1-17S-36E. (Oil from Paddock and gas from Queen formation.)
- CASE 594: Atlantic Pipe Line Company's application for permission to operate a temporary portable treating plant on its Leach Tank Farm (Hobbs) for processing, treating and reclaiming of approximately 25,000 barrels of basic sediment and water accumulated in tanks thereon, in accordance with Rule 312.
- CASE 595: El Paso Natural's application for compulsory unitization of the E/2 of Section 32, Township 31 North, Range 10 West, San Juan County; or, in the alternative, for approval of an unorthodox drilling unit of 240 acres in E/2 of said section.

Docket

CASE 596: El Paso Natural's application for compulsory unitization of the E/2 of Section 32, Township 30 North, Range 8 West, San Juan County; or, in the alternative, for approval of an unorthodox drilling unit of 280 acres in E/2 of said section.

CASE 597: El Paso Natural's application for permission to drill an LPG storage well in NE NE 16-15N-17W, McKinley County, after washing out a storage cavity to an approximate depth of 800 feet in the Chinle formation.

CASE 598: Application of Oil Conservation Commission for revision of Rule 104 (b) pertaining in part to well-spacing in San Juan, Rio Arriba, Sandoval and McKinley Counties, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of gas wells to be drilled to the Pictured Cliffs and Mesaverde formations.

CASE 599: Southeastern New Mexico nomenclature case, concerned with creation of new pools and extension of existing pools, all in Lea County:

- (a) Creation of the East Hobbs-Seven Rivers Oil Pool for Seven Rivers production, described as:

Township 18 S, Range 38 E, NMPM  
All Section 25

- (b) Extension of Crossroads Pool to include S/2 22-9S-36E.  
(c) Extension of Denton-Wolfcamp Pool to include N/2 Sect. 26 and all Sect. 36, Township 14 S, Range 37 E; and E/2 10-15S-37E.  
(d) Extension of Lovington-Paddock Pool to include S/2 25-16S-36E.  
(e) Extension of Lynch Pool to include E/2 35-20S-34E.

CASE 600: Northwestern New Mexico nomenclature case, providing for extensions of existing pools in San Juan and Rio Arriba Counties:

- (a) Extension of Blanco-Mesaverde Pool to include:

Township 29 N, Range 6 W, NMPM  
Sections 19 - 36, incl., all

Township 30 N, Range 6 W, NMPM  
Sections 23 and 24, all

Township 28 N, Range 6 W, NMPM  
Partial Sections 7 - 12, incl., all;  
Sections 13 - 18, incl., all

Township 29 N, Range 7 W, NMPM  
Sections 20 - 29, incl., all;  
Sections 32 - 36, incl., all

- (b) Extension of Aztec-Pictured Cliffs Pool to include 3-29N-10W.
- (c) Extension of West Kutz-Pictured Cliffs Pool to include N/2  
24-28N-13W.

NOTICE

All interested operators are asked to note that by Commission order special gas pool hearings have been scheduled as follows all at 9 a.m., Mabry Hall, Santa Fe:

October 26, 1953

Jalco  
Tubb  
Amanda

October 27, 1953

Langmat  
Justis  
Byers-Queen

October 28, 1953

Eumont  
Arrow  
Blinebry

Case 582  
Rehearing

Item 16

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. 582  
Order No. R-368

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR AN ORDER ESTABLISH-  
ING POOL RULES FOR THE JALCO GAS  
POOL, LEA COUNTY, NEW MEXICO, SAID  
RULES BEING CONCERNED WITH WELL  
SPACING, GAS PRORATION AND ALLOCATION,  
PRORATION UNITS, POOL DELINEATION AND  
OTHER RELATED MATTERS INSOFAR AS THEY  
PERTAIN TO THE GENERAL RULES FOR GAS  
PRORATION AS SET FORTH IN ORDER NO. R-356  
IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28<sup>th</sup> day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given, the Commission has jurisdiction of this cause.
- (2) That production records of gas wells producing within the Jalco Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.
- (3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Jalco Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

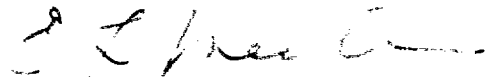
That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Jalco Gas Pool pending further order of the Commission after notice and hearing.

Case No. 582  
Order No. A-368


IT IS FURTHER ORDERED:

That all parties interested in said Jalco Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member  
R. E. SPURRIER, Member & Secretary

S E A L

9a

EL PASO NATURAL GAS COMPANY  
Tenth Floor Bassett Tower  
El Paso, Texas

July 6, 1953

Advisory Committee on Gas Proration  
New Mexico Oil Conservation Commission Case 521 ✓

Gentlemen:

Attached are two (2) copies of the final recommendations on rules for gas proration and gas pool designations as approved at our meeting of June 25, 1953. It is my intention to formally present the recommendations to the New Mexico Oil Conservation Commission at its meeting in Santa Fe on July 16. If the recommendations as written do not correctly reflect the action taken by the Committee on any points, please so advise me not later than July 10 in order that such revisions that are necessary can be made prior to submittal to the Commission.

In an informal discussion between Mr. R. R. Spurrier and Mr. Ben Howell, Mr. Spurrier indicated that if the recommendations are submitted to the Commission at the July meeting, a full discussion of them will be deferred until the August meeting.

As was stated several times at our various meetings, it is understood that although these recommendations are those of the Committee as a whole, the individual member companies are free to take whatever position they choose in any hearings on the subject before the Commission.

As your Chairman, I would like to take this opportunity to thank each member of the Committee for your cooperation, and to particularly thank Messrs. Staley and Stanley for the work which they did in providing a meeting place and taking care of the minutes of the meetings.

Very truly yours,

A. L. HILL

9(a)

GENERAL RULES FOR GAS PRORATION FOR  
USE IN DEFINED GAS FIELDS LOCATED IN THE  
FOUR-COUNTY AREA COMPRISED OF LEA, EDDY,  
CHAVES AND ROOSEVELT COUNTIES, NEW MEXICO  
RECOMMENDED BY THE ADVISORY  
COMMITTEE TO THE OIL CONSERVATION COMMISSION OF  
NEW MEXICO ON CASE 521

I. DEFINITION OF A GAS WELL (Supersedes Statewide Definition 24)

GAS WELL shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

II. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS

A. (Supersedes Statewide Rule 104 (f) )

The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewide Rule 104, Sections (a), (b), (c), and (d), without notice and hearing where application has been filed in due form, and,

1. The necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and,

2. (a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or,

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

B. (Supersedes Statewide Rule 104 (k) )

The provisions of Statewide Rule 104, Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

III. OIL PRODUCTION FROM DEFINED GAS POOLS

In a gas pool, as defined by the Oil Conservation Commission, each proration unit containing a well producing in excess of five barrels of crude oil per day shall be permitted to produce an oil allowable calculated by dividing the gas allowable as assigned to a gas well on the same unit size as said well by the gas-oil ration of said well. The maximum oil allowable which may be assigned said well shall be the top unit oil allowable as determined by Statewide Rule 505 unless, after hearing, the Commission shall amend this rule as it applies to a particular pool in order to prevent waste.

IV. GAS PRORATION (Supersedes Statewide Rule 602)

A. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas

purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard for correlative rights. Unless special pool rules are adopted as provided in B. below, the general rules of this section shall apply to each gas pool allocated under these rules.

- B. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.
- C. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas at the wellhead and it shall be the responsibility of said "taker" to submit a nomination.

#### V. PRORATION UNITS

For the purpose of gas allocation in the absence of special pool rules, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys, provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres.

#### VI. GAS ALLOCATION (Supersedes Statewide Rule 602)

- A. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been issued. The Commission shall cause to be submitted by each gas purchaser its nominations of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period by months from each gas pool from which it purchases gas. The Commission shall consider nominations of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period.
- B. The Commission shall cause to be submitted each month supplemental nominations from purchasers of gas in like manner as the nominations described above, setting out changes, if any, which should be made due to fluctuations of market demand. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. The Commission shall include in the

proration schedule the gas wells in the pool delivering to a gas transportation facility, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool shall be determined by the Commission in the following manner: The total allowable for a month shall be equal to the total market demand for that month plus the amount of any overproduction, or less the amount of any underproduction during the second preceding month.

- C. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the amount that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule V above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately provided that:

1. No more than 640 acres shall be assigned to any one well,
2. All acreage in such units may reasonably be presumed to be productive of gas,
3. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.
4. The well to which such additional units are assigned shall be located not closer to any boundary of such pooled units that the distance represented by 25% of the length of the longer of the two boundaries of said pooled unit which are adjacent to said first-mentioned boundary; provided further, that where three proration units are pooled the well shall not be located more than 1,320 feet from the nearest boundary of any unit so pooled, and,
5. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

## VII. BALANCING OF PRODUCTION (Supersedes Statewide Rule 604)

### A. Underproduction

The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to

the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

#### B. OVERPRODUCTION

A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

### VIII. GRANTING OF ALLOWABLES

A. No gas well shall be given an allowable until Form C-104 has been filed together with a plat showing:

1. Acreage attributed to said well,
2. The locations of all wells on the lease and the immediately surrounding leases producing from the same reservoir, and,
3. The lease ownership of said leases.

B. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and plat described above, whichever date is the later.

### IX. REPORTING OF PRODUCTION

The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twenty-fifty day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas.

New Mexico Oil & Gas Engineering Committee  
July 9, 1953  
Hobbs, New Mexico

REVISIONS AND ADDITIONS TO ORDER NUMBER R-264 IN  
CASE 245 DESIGNATING, NAMING, DEFINING AND EXTEND-  
ING THE GAS POOLS OF LEA, EDDY AND CHAVES COUNTIES  
NEW MEXICO RECOMMENDED BY THE ADVISORY COMMITTEE  
TO THE OIL CONSERVATION COMMISSION OF NEW MEXICO  
ON CASE 521

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1. It is recommended that the Jalco Gas Pool be extended to include all of sections 15, 16, 17, 20, 21, 22, 27, 28; the E/2 of Section 29; E/2 of Section 32; and all of Sections 33 and 34; all in Township 26 South, Range 37 East.  
It is pointed out that the El Paso Natural Gas Company's Rhodes Unit (Storage) Area is located within the boundaries of the Jalco Gas Pool and production of gas from that area should not be restricted or affected by Jalco Gas Pool rules so long as the cumulative total input gas exceeds cumulative total withdrawals and, in addition, that during such period, Jalco Gas Pool rules apply to the storage area only subject to the Unit Agreements and Rule No. 405.
2. It is recommended that the vertical limits designated in III (2) of Order No. R-264, "That the producing formation in the Eumont Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation thereby including all of the Seven Rivers formation", be amended to read as follows: That the producing formation in the Eumont Gas Pool shall extend from the top of the Yates formation to the top of the Grayburg formation thereby including all of the Yates, Seven-Rivers, and Queen formations.
3. It is recommended that, whereas geologic evidence establishes that the present Terry-Blinebry Pool and the Blinebry Gas Pool are a common reservoir, the Blinebry Gas Pool be extended to include productive acreage presently included in the Terry-Blinebry Pool and other acreage indicated productive by development to wit: All of Sections 1, 2, 3; E/2 of Section 4; E/2 of Section 9; N/2 of Section 10; N/2 of Section 11; all of Section 12, 13, 24, and 25; all in Township 21 South, Range 37 East, and that the designation Terry-Blinebry Pool be discontinued.
4. It is recommended that, inasmuch as the Blinebry Gas Pool, as recommended in 5 above, contains low ratio oil wells as well as condensate and gas wells, special rules for allocation be adopted.
5. It is recommended that the producing formation in the Blinebry Gas Pool shall be defined as that part of the Yeso formation included from the base of the upper Yeso sandy section which occurs at an average depth of 450 ft. below the Glorieta formation and which is the stratigraphic equivalent of the Clear Fork formation of West Texas to the top of the Drinkard sandy member or Tubb Sand.

6. It is recommended that the Justis Gas Pool for production from the Glorieta formation be designated as recommended by Gulf Oil Corporation in the Gas Pool Delineation Study of Southeastern Lea County, New Mexico.  
The vertical limit is suggested as the 200 feet immediately below the Glorieta datum. The horizontal limits include the SE/4 of Section 1; SE/4 of Section 2; E/2 of Section 11; W/2 of Section 12; W/2 of Section 13; E/2 of Section 14; E/2 of Section 23; W/2 of Section 24; all in Township 25 South, Range 37 East.
7. It is recommended that for wells presently or subsequently completed as gas producers outside the boundaries of defined gas pools the burden for having same included in gas pools should be placed on the Operator as outlined in Rule 1122.

Note:

In reviewing designated gas pools, the subcommittee recognized the fact that within the area of designated gas pools and adjacent areas, there are a number of gas wells which are producing from the gas caps of oil reservoirs and subject to the oil proration rules pertaining thereto; and, therefore, that these wells will not be subject to the rules pertaining to gas pools.

New Mexico Oil & Gas Engineering Committee  
July 9, 1953  
Hobbs, New Mexico

Item No. 8

Socket July 16, 1952

DOCKET: REGULAR HEARING JULY 16, 1953

New Mexico Oil Conservation Commission

9 a.m. Mabry Hall, Santa Fe, N. M.

FIRST: Consideration of the statewide allowable for the month of August 1953.

CONTINUATIONS

- CASE 521: (Consolidated with Case 245) These two cases concerning the denomination of gas pools in southeastern New Mexico and the proration of natural gas in the area have been under study of an industry advisory committee and have been successively continued awaiting completion of reports.
- CASE 532: (Readvertised) This case has been enlarged in scope to permit consideration not only of Rule 502 pertaining to rate of producing wells and establishment of daily and monthly tolerances, but also of Rule 503 pertaining to production authorization, the matter of back allowables, etc. An industry committee has been appointed to make a study of principles involved in the case, with Wilson Oil Company as chairman.

NEW CASES

- CASE 555: Application of Lowry et al Operating Account for approval of a pilot pressure maintenance program by water injection in one or both of two wells, said injection wells located in SW SW 3-26N-6W and NE NW 10-26N-6W, in the South Blanco-Tocito Pool, Rio Arriba County.
- CASE 556: Phillips Petroleum Company's application for dual completion of its Fort Well No. 1, NE NE 34-14S-37E (Denton Pool) to permit production of oil from the Devonian formation (presently producing) and oil from the Wolfcamp formation after further perforation.
- CASE 557: Phillips Petroleum Company's application for dual completion of its Fonzo Well No. 1, NW NW 35-14S-37E (Denton Pool) to permit production of oil from the Devonian formation (presently producing), and oil from the Wolfcamp formation after further perforation.
- CASE 558: Phillips Petroleum Company's application for dual completion of its Denton Well No. 12, SW NW 11-15S-37E (Denton Pool) to permit production of oil from the Devonian formation (presently producing), and oil from the Wolfcamp formation after further perforation.
- CASE 559: Phillips Petroleum Company's application for dual completion of its Denton Well No. 13, NW NW 11-15S-37E (Denton Pool) to permit production of oil from the Devonian formation (presently producing), and oil from the Wolfcamp formation after further perforation.
- CASE 560: Northwestern New Mexico nomenclature case, involving creations of new pools and extensions of existing pools, as described:

Docket

- (a) Creation of Huerfano-Dakota Pool in San Juan County, to include S/2 Section 13, SE/4 Section 14, E/2 Section 23 and all Section 24 in Township 26 N, Range 10 W.
- (b) Creation of Companero-Dakota Pool in Rio Arriba County, to include W/2 Section 3, all Section 4, N/2 Section 9 and NW/4 Section 10 in Township 27 N, Range 5 W.
- (c) Creation of Blanco-Dakota Pool in San Juan County, to include all Section 27, E/2 Section 28, NE/4 Section 33 and N/2 Section 34 in Township 31 N, Range 10 W.
- (d) Creation of West Kutz-Dakota Pool in San Juan County, to include E/2 Section 21, all Section 22, N/2 Section 27 and NE/4 Section 28 in Township 28 N, Range 12 W.
- (e) Creation of South Blanco-Dakota Pool in Rio Arriba County, to include S/2 Section 9, SW/4 Section 10, W/2 Section 15 and all Section 16 in Township 26 N, Range 6 W.
- (f) Extension of Fulcher-Kutz - Pictured Cliffs Pool in San Juan County to include W/2 Section 18, Township 27 N, Range 8 W.
- (g) Extension of West Kutz-Pictured Cliffs Pool in San Juan County to include E/2 Section 32, Township 27 N, Range 10 W.
- (h) Extension of the Angels Peak Pool in San Juan County to include E/2 Section 9, NW/4 and S/2 Section 10, all Section 15, E/2 Section 16, all Section 22, W/2 Section 23, NW/4 Section 26 and N/2 Section 27 in Township 27 N, Range 10 W.

CASE 561:

Southeastern New Mexico nomenclature case, involving extensions of Lea and Eddy County Pools, as described:

- (a) Extension of East Caprock-Devonian Pool in Lea County to include N/2 Section 2, Township 12 S, Range 32 E.
- (b) Extension of Crossroads-Pennsylvanian Pool in Lea County to include E/2 Section 19, Township 9 S, Range 36 E.
- (c) Extension of Dollarhide-Drinkard Pool in Lea County to include that portion of the N/2 of Section 4 that lies within New Mexico, as well as N/2 Section 5 in Township 25 S, Range 38 E.

D o c k e t

- (d) Extension of Dollarhide-Queen Pool in Lea County to include S/2 Section 30, Township 24 S, Range 38 E.
- (e) Extension of Eidson-Pennsylvanian Pool in Lea County to include SE/4 Section 7, SW/4 Section 8, NW/4 Section 17 in Township 16 S, Range 35 E.
- (f) Extension of East Hobbs-San Andres Pool in Lea County to include all Section 30, Township 18 S, Range 39 E.
- (g) Extension of Monument-Blinebry Pool in Lea County to include NE/4 Section 7, NW/4 Section 8 in Township 20 S, Range 37 E.
- (h) Extension of Empire Pool in Eddy County to include SE/4 Section 19, E/2 Section 30 in Township 17 S, Range 28 E.

CASE 582  
Rehearing

Item No. 7

Docket June 16, 1953

*file*  
DOCKET: REGULAR HEARING JUNE 16, 1953

New Mexico Oil Conservation Commission - 9 a.m., Mabry Hall, Santa Fe, N. M.

FIRST: Consideration of allowable testimony for the month of July 1953.

CONTINUATIONS

- CASE 377: Under terms of Order R-172 the Commission requested that Bens & Montin appear at this hearing to show cause why a 160-acre spacing pattern should not be instituted for Pictured Cliffs wells in the Gallego Unit Area, San Juan County, New Mexico, to supersede the 320-acre spacing granted for a one-year period after original hearing.
- CASE 407: The Commission's motion for extension of Section 'G' (Oil Proration and Allocation) to provide for addition of Rule 508, Establishment of Temporary 80-acre Proration Units.
- CASE 497: (Readvertised) Skelly Oil Company's application for approval to drill directionally its Mexico 'T' Well No. 1, SE SE NE 2-12S-32E, for geologic reasons, the well-bore to be deviated to the northwest to an approximate position equivalent to a surface location of 550' from S and W lines of SE/4 NE/4 of Section 2.
- CASE 521: (Consolidated with Case 245) These two cases concerning the denomination of gas pools in southeastern New Mexico and the proration of natural gas in the area have been under study of an industry advisory committee and have been continued awaiting completion of reports.
- CASE 532: Application of Commission on its own motion for an order revising Rule 502 of the Rules and Regulations pertaining to the rate of producing wells and establishment of a daily and monthly tolerance.

NEW CASES

- CASE 542: Application of W. P. Carr for approval of two unorthodox drilling units in NW/4 10-30N-11W and NE/4 9-30N-11W in exception to Rule 104 (d) of the Rules and Regulations, both units being less than 160 acres in extent.
- CASE 545: Sinclair Oil & Gas Company's application for exception to Rule 309 to permit use of common tank storage for oil produced from certain portions of State Leases B-10209, B-10137 and E-6931, all in Township 13 S., Range 33 E, Lea County.
- CASE 546: Sinclair's application for exception to Rule 309 to permit use of common tank storage for oil produced from certain portions of State Leases B-10209 and B-10137, as advertised, both in Township 13 S, Range 33 E., Lea County,
- CASE 547: Application of F. B. Umbarger for exception to Rule 104 (d) relating to acreage requirements for drilling tract in SE/4 Section 16, Township 29 N,

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SANTA FE, N.M.  
JUN 17 10 30 AM '53

Range 11 W, NMPM, San Juan County, New Mexico.

CASE 548: Nomenclature case for southeastern New Mexico, providing for extensions as follows:

- (a) Denton-Wolfcamp Pool to include S/2 Sect. 26 and N/2 Sect. 35, Township 14 S, Range 37 E.
- (b) Gladiola-Wolfcamp Pool to include SW/4 Sect. 18, Township 12 S, Range 38 E.
- (c) Hare Pool to include Lots 9, 10, 15 and 16 of Sect. 2, Township 21 S, Range 37 E.
- (d) South Leonard Pool to include SE/4 Sect. 14, Township 26 S, R. 37 E.
- (e) Lovington-Paddock Pool to include all Sect. 32, W/2 Sect. 33, Township 16 S, Range 37 E.
- (f) Skaggs Pool to include E/2 Sect. 11 and E/2 Sect. 14, Township 20 S, Range 37 E.
- (g) North Warren-McKee Pool to include W/2 Sect. 7, Township 20 S, Range 38 E.

CASE 549: Nomenclature case for northwestern New Mexico, providing for extensions and consolidations as follows:

- (a) Extension of Blanco-Mesaverde Pool to include:
  - All Sects. 17 and 18, Township 29 N, Range 5 W;
  - all Sects. 9, 10, 11, 13, 14, 15 and 16, Township 29 N, Range 6 W;
  - all Sects. 8, 9 and 16, Township 30 N, Range 6 W;
  - all Sects. 21, 22, 23 and 24, Township 31 N, Range 8 W;
  - all Sect. 7, Township 31 N, Range 9 W
- (b) Extension of Aztec-Pictured Cliffs Pool to include:
  - All Sect. 20, Township 30 N, Range 11 W.
- (c) Consolidation of Dogie Canyon-Pictured Cliffs Pool with South-Blanco-Pictured Cliffs Pool, the resulting combination to be termed the South Blanco-Pictured Cliffs Pool, and extension of same to include the following areas:

S/2 Sect. 9, S/2 Sect. 10, N/2 Sect. 16,  
N/2 Sect. 17 in Township 26 N., Range 7 W;

S/2 Sect. 21, S/2 Sect. 22, N/2 Sect. 27,  
N/2 Sect. 28 in Township 27 N., Range 8 W.

CASE 550: Application of F. B. Umbarger for exception to Rule 104 (d) relating to acreage requirements for drilling tract in NE/4 Sect. 26, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

Case 582:

Item No. 6

(Docket May 19, 1953)

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*File - June allowable*

DOCKET: REGULAR HEARING MAY 19, 1953

New Mexico Oil Conservation Commission 9 a.m., Mabry Hall, Santa Fe, N.M.

FIRST: A consideration of the allowable for the month of June 1953.

CONTINUATIONS

CASE 245: (Consolidated) These two cases concerning the denomination of gas pools in southeastern New Mexico and the proration of natural gas in the area were consolidated for hearing purposes on April 16, then continued to May 19 in order that reports might be completed by the advisory committee which was appointed to make recommendations to the Commission.

CASE 249: Application of the Commission on its own motion for an order directed to Bagley-Siluro-Devonian Pool operators to show cause why pool shall not be placed on a 40-acre spacing pattern with allowable adjustment. When the case was postponed last month, Order R-69-B (interlocutory) was issued to cover the interim period until regular order can be written.

NEW CASES

CASE 532: Application of Commission on its own motion for order revising Rule 502 of the Commission's Rules and Regulations pertaining to the rate of producing wells and establishment of a daily and monthly tolerance.

CASE 533: Application of Commission on its own motion for an order revising Rule 302 of the Rules and Regulations, and providing for the adoption of Form C-124 and Rule 1123 pertaining to the filing of results of bottom-hole pressure tests.

CASE 534: Application of the Commission on its own motion for an order revising Rule 402 of the Rules and Regulations, and providing for the adoption of Form C-125 and Rule 1124 pertaining to the filing of results of shut-in pressure tests on gas wells.

CASE 535: Dalport Oil Corporation's application for dual completion of its E. C. Winters C-1 Well, 1980' from the south and east lines of Section 7, Township 25 S, Range 37 E, NMPM, Lea County, to permit production of oil from Queen formation (Langlie-Mattix Pool) and gas from Yates formation (Jalco Gas Pool).

CASE 536: Application of Hondo Drilling Company and T. J. Sivley for an order permitting the drilling of three unorthodox locations, the proposed wells being:

- (1) Miller No. 2, NW/4 SW/4 Section 23;
- (2) Miller No. 3, SW/4 SE/4 Section 22; and
- (3) Aid No. 2, SE/4 SE/4 Section 22

all of which are in Township 19 South, Range 33 East, Lea County (Tonto Pool).

CASE 537: Application of Lowry et al Operating Account for order establishing pool rules for the Pettigrew-Tocito Pool, Rio Arriba County, New Mexico, with attention to spacing regulations, the fixing of gas-oil ratios, establishment of a casing program, and related matters.

CASE 538: Northwestern New Mexico nomenclature case, calling for extensions as follows:

- (a) Blanco-Mesaverde Pool boundary to include all Sects. 17, 25, 26, 35 and 36 in Township 30 N, Range 6 W, (Rio Arriba County).
- (b) Fulcher-Kutz Pool boundary to include all Section 5 in Township 29 N, Range 11 W, (San Juan County).
- (c) West Kutz-Pictured Cliffs Pool to include all partial Section 11, N/2 Section 4 in Township 28 N, Range 13 W, (San Juan County.)
- (d) Aztec-Pictured Cliffs Pool to include W/2 Section 21 in Township 30 N, Range 11 W, (San Juan County).

CASE 539: Southeastern New Mexico nomenclature case, providing for the following:

- (a) Creation of Anderson Ranch-Devonian Pool in Lea County, described as:

Township 16 S, Range 32 E, NMPM  
Section 1: SW/4  
Section 2: S/2  
Section 11: All  
Section 12: W/2  
Section 13: W/2 NW/4  
Section 14: N/2

- (b) Creation of Bronco-Siluro-Devonian Pool in Lea County, described as:

Township 13 S, Range 38 E, NMPM  
All Sects. 11 and 14

- (c) Creation of White Ranch-Siluro-Devonian Pool in Chaves County, described as:

Township 11 S, Range 29 E, NMPM  
All Sects. 27, 28, 33 and 34

Docket

- (d) Extension of West Dollarhide-Drinkard Pool boundary to include all Section 30 in Township 24 S, Range 38 E, (Lea County).
- (e) Extension of West Dollarhide-Queen Pool boundary to include N/2 Section 32 in Township 24 S, Range 38 E, (Lea County).
- (f) Extension of East Lovington-Pennsylvanian Pool boundary to include all Section 19 in Township 16 S, Range 37 E, (Lea County).
- (g) Extension of Moore-Devonian Pool boundary to include S/2 Sect. 14 in Township 11 S, Range 32 E, (Lea County).
- (h) Extension of Saunders Pool boundary to include SW/4 Section 4 in Township 15 S, Range 33 E, (Lea County).
- (i) Changing of following pool names:
  - West Dollarhide to Dollarhide-Ellenburger;
  - West Dollarhide-Devonian to Dollarhide-Devonian;
  - West Dollarhide-Drinkard to Dollarhide-Drinkard;
  - West Dollarhide-Fusselman to Dollarhide-Fusselman;
  - West Dollarhide-Queen to Dollarhide-Queen.

CASE 540: Application of El Paso Natural Gas Company for approval of San Juan 27-5 Unit Agreement embracing 23,043.99 acres of land, more or less, in Rio Arriba County, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Township 27 North, Range 5 West  
Sects. 1-36, incl.: All

CASE 582  
Rehearing

Item No. 5  
Docket April 16, 1953

*file*

New Mexico Oil Conservation Commission - - - 9 a.m., Mabry Hall, Santa Fe, N.M.

FIRST: Consideration of the allowable for the month of May 1953.

CONTINUATIONS

CASE 245: Under terms of Order R-264 which denominated gas pools in Southeastern New Mexico, further testimony will be received for the extension of existing pools or the creation of new pools.

CASE 249: Application of Commission upon its own motion for an order directed to the operators in the Bagley-Siluro-Devonian Pool to show cause why pool shall not be placed on a 40-acre spacing pattern with allowable adjustment (in conformance with provisions of Order R-69-A).

CASE 407: The Commission's motion for extension of Section G (Oil Proration and Allocation) to provide for addition of Rule 508, Establishment of Temporary 80-Acre Proration Units.

CASE 497: Skelly's application for permission to drill directionally its Mexico T-1 Well, SE SE 2-12S-32E, NMPM, said well-bore to be deviated to the west to a position equivalent to a surface location of 550' from S and E lines of Section 2 through methods of controlled directional drilling.

CASE 521: Application of the Commission on its own motion for order establishing means and methods for the proration of natural gas in Lea, Eddy, Chaves and Roosevelt Counties. This case was continued in expectation of report of advisory committee which was appointed at March 17 hearing.

CASE 522: Application of Commission on its own motion for order amending Rule 112 to provide for approval of dual completion by the Secretary when it is a gas-oil dual; for revision of Definition 34 pertaining to Multiple Completions; and for a separate rule covering completion of Bradenhead gas wells (this being a revision of Section C, Rule 112). This case was amended and readvertised after its introduction in March 17 hearing.

NEW CASES

CASE 526: Western Natural Gas Company's application for permission to dually complete its Combest 1-X Well, SE NE 35-23S-36E, to permit production of oil from Seven Rivers-Queen formation (Cooper-Jal Pool), and gas from Yates formation (Langmat Gas Pool).

CASE 527: Continental Oil Company's application for permission to dually complete its Lockhart A-27 No. 5 Well NE NE 27-21S-37E, to permit production of oil from Drinkard formation (Drinkard Pool) and gas from Blinebry formation (Blinebry Gas Pool).

## DOCKET

-2-

CASE 528: Continental Oil Company's application for permission to dually complete its Lockhart A-27 No. 7 Well, NW NW 27-21S-37E, to permit production of oil from Drinkard formation (Drinkard Pool) and gas from Blinebry formation (Blinebry Gas Pool).

CASE 529: Application of Commission on its own motion for order revising Rules 401, 402 and 1121 to provide for gas well testing procedure for gas wells completed in San Juan, Rio Arriba and McKinley Counties, New Mexico, and providing for a Form C-122-A for reporting results of such tests.

CASE 530: Nomenclature case, Northwestern New Mexico:

- (a) Changing name of Dogie Canyon-Pictured Cliffs Pool to Erkan-Pictured Cliffs Pool, and extending same to include N/2 Section 26, Township 26 N, Range 6 W.
- (b) Changing name of Pettigrew-Tocito Pool to Erkan-Tocito Pool.
- (c) Extending Aztec-Pictured Cliffs Pool to include:  
All Section 2, N/2 Section 11, T. 29 N, R. 11 W;  
E/2 Section 21, T. 30 N, R. 11 W.
- (d) Extending Blanco-Mesaverde Pool to include all Sections 2, 3, and 4, T. 29 N, R. 6 W.

CASE 531: Nomenclature case, Southeastern New Mexico:

- (a) Creating a new pool in Lea County, classified as an oil pool for Wolfcamp production, designated East Caprock-Wolfcamp Pool, and described as:

Township 12 S, Range 32 E, NMPM  
All Sections 1, 2, 11, 12, 13, 14, 23 & 24

- (b) Creating a new pool in Lea County, classified as an oil pool for Pennsylvanian production, designated as West Lovington-Pennsylvanian Pool, and described as:

Township 16 S, Range 36 E, NMPM  
All Sections 19, 20, 29 and 30

- (c) Extending Denton-Wolfcamp Pool boundary to include S/2 Section 27, all Section 34, T. 14 S, R. 37 E.
- (d) Extending Lazy 'J' Pool boundary to include E/2 Section 28, T. 13 S, R. 33 E.
- (e) Extending Terry-Blinebry Pool boundary to include Lots 5, 6, 11 and 12 of Section 1; Lots 6, 7, 8, 9, 10, 15 and 16 of Section 2, in T. 21 S, R. 37 E.

Case 582  
Rehearing

Item No. 3  
Docket - MARCH 17, 1953

## DOCKET

Resume of cases to be heard before the New Mexico Oil Conservation Commission at the regular hearing scheduled for 9 a. m. March 17, 1953, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

FIRST: A consideration of the allowable for the month of April 1953.

CASE 494: Application of Cities Production Corporation authorizing the commingling in a common tank battery of oil produced from its State "AE" and "AH" Leases, Lovington-Abo Pool, Lea County, New Mexico, this being done as an exception to Rule 309 of the Oil Conservation Commission's Rules and Regulations.

CASE 495: Application of Cities Service Oil Company authorizing the commingling in a common tank battery of oil produced from its State "AC" and "AG" Leases in the Saunders Pool, Lea County, this being done as an exception to Rule 309 of the Commission's Rules and Regulations.

CASE 496: Application of J. Glenn Turner for an exception to Order No. 799 (as amended by order R-110) of the Commission's Rules and Regulations to permit the drilling of a Mesaverde test on a tract of 230.24 acres, more or less, said lease embracing Lots 1, 2, 3 and 4, and W/2 E/2, Sect. 36, Twp. 30 North, Range 6 West, Rio Arriba County.

CASE 497: Application of Skelly Oil Company granting permission to directionally drill its Mexico "T" Well No. 1, SE SE, Sect. 2, Twp. 12 S, Rge. 32 E, for reasons of geologic implication; said well-bore to be deviated to the west to a position equivalent to a surface location of 550' from the South and East lines of Section 2, through methods of controlled directional drilling.

CASE 498: Application of El Paso Natural Gas Company for approval of the San Juan 32-9 Unit Area embracing 34,654.41 acres, more or less in Twps. 31 and 32 North, Rges. 9 and 10 West, San Juan County.

CASE 499: Application of Texas Pacific Coal and Oil Company for approval of the Southeast Caprock Unit Agreement embracing 2,240 acres, more or less in Twp. 13 South, Rge. 32 East, Lea County.

CASE 500: Application of Continental Oil Company for approval of the East Texas Hill Unit Agreement embracing 26,921.78 acres, more or less, Twps. 21 and 22 South, Rges. 21 and 22 East, Eddy County.

CASE 501: Continental Oil Company's application for permission to dually complete (gas-oil) its A. E. Meyer B-4 Well No. 7, NW SE, 4-21S-36E, Eunice-Monument Pool, Lea County.

CASE 502: Continental Oil Company's application for permission to dually complete (gas-oil) its A. E. Meyer A-8 Well No. 3, SW SW, 8-21S-36E, Eunice-Monument Pool, Lea County.

CASE 503: Continental Oil Company's application for permission to dually complete (gas-oil) its A. E. Meyer B-9 Well No. 1, NE SW, 9-21S-36E, Eunice-Monument Pool, Lea County.

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- CASE 504: Continental Oil Company's application for permission to dually complete (gas-oil) its A. E. Meyer A-17 No. 4 Well, NE SW, 17-21S-36E, Eunice-Monument Pool, Lea County.
- CASE 505: Continental Oil Company's application for permission to dually complete (gas-oil) its A. E. Meyer B-8 Well No. 4, NW NW, 8-21S-37E, Eunice-Monument Pool, Lea County.
- CASE 506: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "LMT" Well No. 5, NE NE, 36-23S-36E, Langlie-Mattix Pool, Lea County.
- CASE 507: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "JA" Well No. 2, SW NW, 27-26S-37E, Rhodes Pool, Lea County.
- CASE 508: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its Weir Well No. 4, SE NW, 35-19S-36E, Eunice-Monument Pool, Lea County.
- CASE 509: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its Laughlin Well No. 1, NW NW, 20-20S-37E, Eunice-Monument Pool, Lea County.
- CASE 510: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its Byrd Well No. 1, NW NE, 12-20S-36E, Eunice-Monument Pool, Lea County.
- CASE 511: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "V" Well No. 3, SE NE, 36-19S-36E, Eunice-Monument Pool, Lea County.
- CASE 512: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "U" Well No. 1, SW NW, 32-19S-37E, Eunice-Monument Pool, Lea County.
- CASE 513: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "P" Well No. 2, SW SW, 29-19S-37E, Eunice-Monument Pool, Lea County.
- CASE 514: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "O" Well No. 1, NW NE, 30-19S-37E, Eunice-Monument Pool, Lea County.
- CASE 515: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its State "DA" Well No. 4, NE SE, 16-21S-37E, Drinkard Pool, Lea County.
- CASE 516: Amerada Petroleum Corporation's application for permission to dually complete (gas-oil) its J. A. Stuart Well No. 2, SW NW, 14-25S-37E, Langlie-Mattix Pool, Lea County.
- CASE 517: Western Natural Gas Company's application for permission to dually complete (gas-oil) its Lankford Well No. 1, NE NW, 25-23S-36E, Langlie-Mattix Oil Pool and Langmat Gas Pool, Lea County.

- CASE 518: Tide Water Associated Oil Company's application for permission to dually complete its State "S" Well No. 2, NE NW, 15-21S-37E, Lea County to permit production of oil or gas from the Tubb zone and gas from the Blinebry.
- CASE 519: Sinclair Oil and Gas Company's application for permission to dually complete (gas-oil) its Ollie Boyd Well No. 4, SE NW, 23-22S-37E, Drinkard Pool, Lea County.
- CASE 520: Application of Culbertson & Irwin, Inc., for approval of an unorthodox location for its Vosburg Well No. 2, said location being 295 feet North of the South line and 991.4 feet west of the east line of 18-25S-37E, Langlie-Mattix, Lea County.
- CASE 521: Application of the Oil Conservation Commission upon its own motion for an order establishing means and methods for the proration of natural gas in Lea, Eddy, Chaves and Roosevelt Counties.
- CASE 522: Application of the Oil Conservation Commission upon its own motion for an order amending Rule 112 of Order No. 850 to provide for the approval of multiple-zone completions by the Secretary of the Commission where the multiple-zone completion is a completion involving the production of oil and the production of gas from a gas-producing zone in a defined gas pool.
- CASE 523: Application of the Oil Conservation Commission upon its own motion for an order revising rule 701 of the Oil Conservation Commission's Rules and Regulations to allow the Secretary of the Commission to approve the drilling of LPG storage wells provided certain conditions are met by the operator.
- CASE 524: Southeastern New Mexico nomenclature case, involving creation of new pools or extensions or the deletion of existing pools, as follows:
- (a) Extension of Skaggs Pool to include S/2 Section 12, T. 20 S, R. 37 E.
  - (b) Extension of East Lovington-Pennsylvanian Pool to include Section 31, T. 16 S, R. 37 E.
  - (c) Extension of Crossroads Pool to include SW/4 Section 23, T. 9 S, R. 36E.
  - (d) Extension of Artesia Pool to include Section 12, NE/4 Section 14, T. 18 S, R. 28 E.
  - (e) Deletion from the Loco Hills Pool of Section 12, T. 18 S, R. 28 E.
- CASE 525: Northwestern New Mexico nomenclature case, involving creation of new pools or extensions of existing pools, as follows.
- (a) Extension of the Pettigrew-Tocito pool to include SE/4 Section 10, T. 26 N, R. 6 W.
  - (b) Extension of the Blanco-Mesaverde Pool to include Section 19, 30 and 31, T. 29 N, R. 7 W., Sections 24, 25 and 36, T. 29 N, R. 8 W., Sections 6 and 7, T. 30 N., R. 6 W., Section 1, 2, and 12, T. 30 N, R. 7W., Sections 19 and 20, T. 31 N, R. 8 W., Sections 13 and 24, T. 31 N, R. 9 W., Sections 22 and 27, T. 32 N, R. 11 W.

- (c) Extension of the Dogie Canyon-Pictured Cliffs Pool to include N/2 Section 30, T. 26 N. R. 6 W.
- (d) Extension of the Aztec-Pictured Cliffs Pool to include Sections 4 and 5, E/2 Section 20, Sections 28 and 29, T. 29 N. R. 10 W., N/2 Section 17 and 18, T. 30 N, R. 10 W., N/2 Section 13, T. 30 N, R. 11 W.

## CONTINUED CASES

Supplement to docket for regular March 17, 1953, hearing of the New Mexico Oil Conservation Commission:

- CASE 407: (Successively continued since its initiation on September 16, 1952) The Commission's motion for extension of Section 'G', Oil Proration and Allocation, to provide for addition of Rule 508, Establishment of Temporary 80-acre Proration Units.
- CASE 426: Texas Company rehearing in its request for an oil-oil dual completion of its J. B. McGhee Well, NE SE 31-24S-38E, NMPM (West Dollarhide-Drinkard Pool), permitting production of oil from both the Devonian and Drinkard formations.
- CASE 459: Elliott-Hall rehearing in its request for dual completion of Elliott-Hall (Fed.) Well H-2-R, SE NE 31-24S-38E, NMPM (West Dollarhide-Queen Pool) permitting production of oil from lower Queen, gas from upper Queen formation.
- CASE 487: Application of C. H. Sweet for permission to drill well in unorthodox location 1315 feet N of S line and 5 feet W of E line 23-18S-37E, NMPM, Lea County, in the Hobb's Pool. (Operator has requested indefinite postponement of this case.)

2-f

DOCKET  
OIL CONSERVATION COMMISSION

Resume of applications to be heard May 22, 1951 at 10:00 a. m. in Santa Fe, New Mexico, in the Council Chamber of the City Hall.

1. Allowable
2. Case 254 - This is an application of Stanolind Oil & Gas Company for the Guadalupe Foothills Unit Agreement, generally in Twps. 22 and 23 S, R. 25 E, which was continued from the February hearing to May 22 hearing.
3. Case 269 - This is an application by Phillips Petroleum Company for 80-acre spacing for the Siluro-Devonian production found in the J. M. Denton No. 1-A, section 11, T. 15 S, R. 37 E.
4. Case 270 - This is the application of Phillips Petroleum Company for 80-acre spacing for the Wolfcamp production discovered in the Bettie C. Dickinson No. 1-B well, section 12, T. 15 S, R. 37 E.
5. Case 272 - This is a nomenclature case, extending and creating pools in southeastern New Mexico:  
Magnolia, #1 State "A" 32-19S-27E  
Lawton Oil Corp, Goldston St A-1, 30-18S-33E
6. Case 273 - This is an application by Sinclair for an exception to Rule 506 of the Oil Commission Rules and Regulations for a high gas-oil ratio well known as Ollie Boyd No. 2, NW/4 NW/4 23-22S-37E.
7. Case 274 - This is the amended application of Cities Service Oil Company to dually complete its State S No. 3 and S No. 4, S/2 NW/4 section 15, T. 21 S, R. 37 E; or in the alternative for the authority to transfer allowable between said wells, thereby effecting 80-acre spacing.
8. Case 275 - This is the amended application of Tide Water Associated Oil Company to dually complete its State S No. 4 and S No. 5, N/2 NW/4 section 15, T. 21 S, R. 37 E; or in the alternative for the authority to transfer allowable between said wells, thereby effecting 80-acre spacing.
9. Case 276 - This is an application of the Oil Commission, upon its own motion, for T. W. Bailes to show cause why he should not plug a well known as San Clemente No. 1, SE/4 SE/4 section 32, T. 7 S, R. 1 E, for lack of compliance with the Oil Conservation Commission Rules and Regulations.
10. Case 277 - This is an application of the Oil Commission, upon its own motion for T. W. Bailes, Elizabeth Y. Sketchley, and Rio Grande Community to show cause why they should not plug a well known as Rio Grande Community, Sketchley No. 1, SW/4 SE/4 section 5, T. 6 N, R. 1 E, for lack of compliance with the Oil Conservation Commission Rules and Regulations.

2(f)

ILLEGIBLE

## DOCKET

### OIL CONSERVATION COMMISSION

- - -

Resumé of cases to be heard at 10 A. M. July 24, 1951, in the Council Chambers of the City Hall, Santa Fe, New Mexico.

First: Consideration of allowable for August, 1951.

Case 286: Wherein Magnolia Petroleum Company has applied for an order approving the proposed Huerfanito Unit Agreement in San Juan County, New Mexico

Case 287: Roland Rich Woolley's application for approval of an unorthodox location NE NE NW Section 31, township 17 S, range 30 E, NMPM, in the Loco Hills pool, Eddy County, New Mexico.

Case 288: Skelly Oil Company's application for approval of an oil-gas dual completion of its State "M" Well No. 3, NE SW Section 32, Township 24 S, Range 37 E, NMPM, Langlie-Mattix pool, Lea County, New Mexico.

Case 289: Skelly Oil Company's application for approval of an oil-gas dual completion of its State "G" No. 1 well, NW SE Section 30, Township 20 S, Range 37 E, NMPM, Eunice Pool, Lea County, New Mexico.

Case 293: Skelly Oil Company's application for approval of a gas-gas dual completion of its Van Etten No. 9 well, SE NW SW Section 9, Township 20 S, Range 37 E, NMPM, Monument Field, Lea County, New Mexico.

Case 249-A This concerns Amerada Petroleum Corporation's application for an order establishing proration units and uniform spacing of wells for the Bagley-Siluro-Devonian pool, Lea County, New Mexico.

Case 290: The application of the Oil Conservation Commission upon its own motion for the correction of pool boundaries, extensions of existing pools, creation of new pools and other corrections, additions and deletions relating to pools and pool nomenclature and amendments of certain orders in relation thereto. (Both NW and SE New Mexico.)

Case 291: The application of the Oil Conservation Commission upon its own motion for taking testimony on and considering extension of boundaries or consolidation of Mesaverde gas pools (Blanco - Largo, etc.) in San Juan County, New Mexico.

2(R)

- Case 245: (Readvertised). In which the Oil Conservation Commission on its own motion will hear further testimony and data relating to the Byers gas pool in Sections 29, 30, 31 and 32 in Township 18 S, Range 38 E, NMPM, Lea County, New Mexico.
- Case 292: The application of the Oil Conservation Commission upon its own motion for an order approving and making official under the rules of the Commission Form C-121 (Crude Oil Purchaser's Nomination); Form C-122 (Back Pressure Data Sheet); Form C-123 (Request for Extension of an Existing Pool or Creation of a New Pool).
- Case 279: (Continued from June 21 hearing). The Commission's application on its own motion for an Order directed to S. T. Silverstein, T. H. Donnelly, Sarah D. Ulmer and the Massachusetts Bonding and Insurance Company, for plugging and abandonment of well in SE SE SW 11-12 N-32 E, NMPM, Quay County, New Mexico.
- Case 283: (Continued from June 21st hearing). In regard to Blanco Gas Company's application for an order granting exception to Section 4-A of Order 799 regarding casing requirements in San Juan County, New Mexico.

#### GENERAL NOTICE

Special Hearing July 25, 1951 -

Cases 269 and 270: The Oil Conservation Commission by its orders R-74-B and R-75-B, dated June 29, 1951, has granted a re-hearing in the applications of Phillips Petroleum Company in Cases 269 and 270. Case 269 relates to proration units and allowables for Siluro-Devonian common source of supply discovered in McAlester Fuel Company's J. M. Denton Well No. 1-A, SW SE 11-15S-37E, NMPM, and Case 270 relates to the application of Phillips Petroleum Company for an 80-acre proration units and allowables for the Wolfcamp common source of supply discovered in Atlantic Refining Company's Bettie C. Dickinson Well No. 1-B, NW SW 12-15S-37E, NMPM.

DOCKET  
OIL CONSERVATION COMMISSION

Resume of applications to be heard April 24, 1951 at 10:00 a.m. in Santa Fe, New Mexico, in the Council Chamber of the City Hall

1. Allowable
2. Case 265 - This case is an application by Byrd-Frost, Inc. for exception to the spacing rules for a well to be located 567' from the S/L and 1527' from the W/L 24-28N-8W, San Juan County, for topographic conditions.
3. Case 266 - This case involves the nomenclature of now existing or new pools for McAlester Fuel Company, Simpson A-1-B, 26-15S-37E; Weier Drilling Company, Foster 6-G and Foster 5-H, 17-17S-31E; Texas Co., "AN" No. 1, SE SW 22-14S-33E; Allan Hargrave, Bradley No. 1, NWNW 24-24S-26E; and Paul C. Teas, Dinnin #1, 24-20S-33E.
4. Case 267 - This case has been called upon the Commission's motion to show cause why wells located in the NW SW 23-25S-8E, drilled by Frank and Elmer Bechtel, should not be declared abandoned and ordered plugged.
5. Case 202 - This case was continued to April 24 and involves the allowable of the Brunson pool, which has been reduced to 90 barrels per day per well for a period of six months and then extended to April 24 for additional studies.
- ✓ 6. Case 231 - This case has been continued twice and involves Rule 404, which, in turn, is concerned with natural gas utilization, especially as it is applied to gas lift in Lea County.
7. Case 247 - This case involves the Gallegos Canyon Unit Agreement which has been continued twice to allow the operators to secure necessary signatures.
- ✓ 8. Case 249 - The application of Amerada Petroleum Corp. for a temporary order establishing proration units and uniform spacing of wells for the Bagley-Siluro-Devonian pool, comprising SE/4 sec. 34, S/2 sec. 35, SW/4 sec. 36, T.11 S, R 33 E; and W/2 sec. 1, all sec. 2, E/2 sec. 3, E/2 sec. 10, all sec. 11, W/2 sec. 12, T.12 S, R. 33 E continued to April 24.
- ✓ 9. Case 245 - A case which has been continued twice for lack of information to designate the gas pools of Lea, Eddy, and Chaves Counties.
- ✓ 10. Case 251 - The application of Amerada Petroleum Corp. for the pooling of separately owned royalty or mineral interest in the E/2 NE/4 sec. 3, T.12 S, 33 E, within a proposed proration unit in the Bagley-Siluro-Devonian pool, Lea County, New Mexico.

1-a

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 226  
ORDER NO. R-238

THE APPLICATION OF THE NEW MEXICO OIL  
CONSERVATION COMMISSION, UPON ITS OWN  
MOTION, FOR THE GENERAL REVIEW, RESTATE-  
MENT AND/OR AMENDMENT OF ANY AND ALL PARA-  
GRAPHS OF RULE 104 PROMULGATED BY ORDER 850,  
EFFECTIVE JANUARY 1, 1950, AND SET OUT WITHIN  
RULES AND REGULATIONS EFFECTIVE JANUARY 1, 1950.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on July 6, 1950 at 10:00 o'clock a. m. at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 29th day of December, 1952, the Commission, a quorum being present, having considered the testimony adduced at the hearing and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That there is need for a revision of Paragraphs (a), (b), (c), (d) and (e) of Rule 104 of the Commission's Rules and Regulations.

IT IS THEREFORE ORDERED:

That Paragraphs (a), (b), (c), (d) and (e) of Rule 104 of the Commission's Rules and Regulations be and the same hereby are amended and revised as follows:

**RULE 104. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.**

- (a) Any well drilled a distance of one mile or more from the outer boundary of any defined oil or gas pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of a defined oil or gas pool shall be spaced, drilled, operated and produced in accordance with the regulations in effect in said oil or gas pool.
- (b) Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot being a legal subdivision of the U. S. Public Land Survey and shall be

1-A

within 100 feet of the center of the 40-acre subdivision, except in San Juan, Rio Arriba and McKinley Counties where a wildcat well shall be located on not less than 160 surface contiguous acres substantially in the form of a square which is a quarter Section or lot being a legal subdivision of the U. S. Public Land Survey and shall not be located closer than 660 feet to the outer boundaries nor closer than 330 feet to the inner boundaries of the governmental quarter quarter section upon which it is drilled.

- (c) Each well drilled within a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys or on a governmental quarter quarter section or lot and shall not be drilled closer than 330 feet to any boundary line of such tract or closer than 660 feet to the nearest well drilling to or capable of producing from the same pool.
- (d) Each well drilled within a defined gas pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys and shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to any quarter quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.
- (e) Notice of Intention to Drill (Form C-101) for any well shall designate the exact legal subdivisions allotted to the well and no C-101 shall be approved by the Commission or any of its agents without proper designation of acreage.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

/s/ Edwin L. Mechem

/s/ Guy Shepard, Member

/s/ R. R. Spurrier, Secretary

S E A L

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

ORDER NO. 653

ILLEGIBLE

BY THE COMMISSION:

NOW, on this 15th day of January, 1946, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

IT IS THEREFORE ORDERED:

SECTION 1. That the oil and gas pools in Lea, Eddy and Chaves Counties are hereby defined in accordance with Exhibit A attached hereto and made a part hereof, with the following saving clause:

SECTION 2. That the order herein is not intended to change the gas-oil ratio limitations of any existing proration unit under any existing applicable gas-oil ratio order; nor is the order herein intended to change the proration plan or system of any existing proration unit under any existing proration order.

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422. *Asplenium* *platyneuron*

SECTION 3. That within the discretion of the Commission by appropriate action in its executive session, upon recommendation of the New Mexico Nomenclature Committee, the Commission may add extensions to the pools herein defined, or designate new pools laterally or vertically. Provided, there shall be no contraction of any pool herein defined or of any extension thereof or of new pools that may be designated as provided herein, without hearing and by appropriate order as provided by law.

SECTION 4. That the order herein superseded any order with which it is in conflict.

SECTION 5. That this order shall be effective as of January 1, 1946.

SECTION 6. That each pool shall be produced as a single common reservoir and wells shall be completed, cased, maintained and operated to that end.

SECTION 7. That jurisdiction of this case is hereby retained for a further order regarding that portion of the petitioner's application asking that the Commission: "Delete from Empire pool the SE $\frac{1}{4}$  Sec. 19, T. 17 S., R. 28 E., and add to Red Lake pool the SE $\frac{1}{4}$  sec. 19\*\*\* T. 17 S., R. 28 E".

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

OIL CONSERVATION COMMISSION

(SGD) JOHN J. DEMPSEY  
JOHN J. DEMPSEY, CHAIRMAN

(SGD) JOHN E. MILES  
JOHN E. MILES, MEMBER

(SGD) R. R. SPURRIER  
R. R. SPURRIER, SECRETARY

SEAL

DEFINITIONS OF OIL AND GAS POOLS  
CHAVES, EDDY AND LEA COUNTIES, NEW MEXICO

Recommended by the New Mexico Nomenclature Committee

Revised as of January 1, 1946

<u>POOL</u>	<u>PROD.</u> <u>FORM</u>	<u>COUNTY</u>	<u>DESCRIPTION</u>	
Anderson	G	Eddy	T. 17 S., R. 29 E.	S $\frac{1}{2}$ sec. 1, S $\frac{1}{2}$ sec. 2, SE $\frac{1}{4}$ sec. 3, all secs. 11, 12, NE $\frac{1}{2}$ sec. 13, NE $\frac{1}{2}$ sec. 14
			T. 17 S., R. 30 E.	SW $\frac{1}{4}$ sec. 6, NE $\frac{1}{2}$ sec. 7
Arrowhead	G	Lea	T. 21 S., R. 36 E.	All secs. 24, 25, 26, E $\frac{1}{2}$ Sec. 34, all secs. 35, 36
			T. 22 S., R. 36 E.	All secs. 1, 2, E $\frac{1}{2}$ sec. 3, all secs. 11, 12, 13, 14, 24
			T. 22 S., R. 37 E.	W $\frac{1}{2}$ sec. 6, W $\frac{1}{2}$ sec. 7, all secs. 18, 19
Artesia	G	Eddy	T. 17 S., R. 28 E.	S $\frac{1}{2}$ sec. 32, S $\frac{1}{2}$ sec. 33, S $\frac{1}{2}$ sec. 34, SW $\frac{1}{4}$ sec. 35
			T. 18 S., R. 27 E.	SE $\frac{1}{4}$ sec. 1, SE $\frac{1}{4}$ sec. 11, all secs. 12, 13, E $\frac{1}{2}$ sec. 14, NE $\frac{1}{4}$ sec. 23, E $\frac{1}{2}$ sec. 24, E $\frac{1}{2}$ sec. 25, E $\frac{1}{2}$ sec. 36.
			T. 18 S., R. 28 E.	W $\frac{1}{2}$ sec. 2, all secs. 3, 4, 5, E $\frac{1}{2}$ sec. 6, all secs. 7, 8, 9, 10, W $\frac{1}{2}$ sec. 11, all secs. 15 to 22, incl. and 27 to 34, incl.
			T. 19 S., R. 28 E.	All secs. 3, 4, 5, NE $\frac{1}{2}$ sec. 6, NE $\frac{1}{2}$ sec. 9, all sec. 10
Atoka	SA	Eddy	T. 18 S., R. 26 E.	E $\frac{1}{2}$ sec. 15
Barber	Y	Eddy	T. 20 S., R. 30 E.	S $\frac{1}{2}$ sec. 17, all sec. 20
Benson	Y	Eddy	T. 19 S., R. 30 E.	All sec. 16
Black River (abandoned)	D	Eddy	T. 24 S., R. 26 E.	NW $\frac{1}{4}$ sec. 13, NE $\frac{1}{2}$ sec. 14
Blinebry	B	Lea	T. 22 S., R. 38 E.	W $\frac{1}{2}$ sec. 18, all sec. 19
Brunson	E	Lea	T. 22 S., R. 37 E.	All sec. 9
Burton	Y	Eddy	T. 20 S., R. 29 E.	NE $\frac{1}{2}$ sec. 8

<u>POOL</u>	<u>PROD.</u> <u>FORM.</u>	<u>COUNTY</u>	<u>DESCRIPTION</u>
Caprock	Q	Chaves & Lea	T. 12 S., R. 31 E. E $\frac{1}{2}$ sec. 36 T. 12 S., R. 32 E. S $\frac{1}{2}$ sec. 30, all sec. 31 T. 13 S., R. 31 E. All sec. 1, all sec. 11, N $\frac{1}{2}$ sec. 12 T. 13 S., R. 32 E. All sec. 6, N $\frac{1}{2}$ sec. 7
Cass	PE	Lea	T. 20 S., R. 37 E. All sec. 23
Cave (abandoned)	G	Eddy	T. 17 S., R. 29 E. SE $\frac{1}{4}$ sec. 8, SW $\frac{1}{4}$ sec. 9, NW $\frac{1}{4}$ sec. 16, NE $\frac{1}{4}$ sec. 17
Comanche	SA	Chaves	T. 11 S., R. 26 E. N $\frac{1}{2}$ sec. 15
Cooper-Jal	Y-SR	Lea	T. 23 S., R. 36 E. All secs. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33, 34 T. 24 S., R. 36 E. W $\frac{1}{2}$ sec. 2, all secs. 3 & 4, N $\frac{1}{2}$ sec. 9, all sec. 10, W $\frac{1}{2}$ sec. 11, SW $\frac{1}{4}$ sec. 13, all secs. 14, 15, 22, 23, W $\frac{1}{2}$ sec. 24, W $\frac{1}{2}$ sec. 25, all secs. 26, 27, 34, 35, W $\frac{1}{2}$ sec. 36 T. 25 S., R. 36 E. All secs. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26, 36 T. 25 S., R. 37 E. S $\frac{1}{2}$ sec. 6, W $\frac{1}{2}$ sec. 7, W $\frac{1}{2}$ sec. 18, W $\frac{1}{2}$ sec. 19, W $\frac{1}{2}$ sec. 30, all sec. 31, SW $\frac{1}{4}$ sec. 32
Corbin	Q	Lea	T. 18 S., R. 33 E. E $\frac{1}{2}$ sec. 9, W $\frac{1}{2}$ sec. 10
Culwin	Q	Eddy	T. 19 S., R. 31 E. N $\frac{1}{2}$ sec. 6
Daugherty	SA	Eddy	T. 17 S., R. 27 E. All sec. 3
Dayton	G	Eddy	T. 18 S., R. 26 E. S $\frac{1}{2}$ sec. 23, S $\frac{1}{2}$ sec. 24, all secs. 25, 26, N $\frac{1}{2}$ sec. 35
Dayton, East	G	Eddy	T. 18 S., R. 27 E. NW $\frac{1}{4}$ sec. 29
Drinkard	DR	Lea	T. 22 S., R. 37 E. W $\frac{1}{2}$ sec. 14, E $\frac{1}{2}$ sec. 15, all secs. 23, 24, 25, 26 T. 22 S., R. 38 E. All sec. 19, W $\frac{1}{2}$ sec. 20 All secs. 29, 30, 31, 32 T. 23 S., R. 38 E. N $\frac{1}{2}$ sec. 5, all sec. 6
Dublin	E	Lea	T. 26 S., R. 37 E. All secs. 11, 12, 13, 14
Eaves	Y-SR	Lea	T. 26 S., R. 36 E. All secs. 12, 13, 24, 25 T. 26 S., R. 37 E. W $\frac{1}{2}$ sec. 7, all secs. 18, 19, SW $\frac{1}{4}$ sec. 20, W $\frac{1}{2}$ sec. 29, all secs. 30, 31, W $\frac{1}{2}$ sec. 32
Eighty- Four Draw	G	Lea	T. 21 S., R. 38 E. All sec. 8

POOL	PROD. FORM.	COUNTY	DESCRIPTION
Empire	Y-G-SA	Eddy	T. 17 S., R. 27 E. S $\frac{1}{2}$ sec. 13, all secs. 24, 25, E $\frac{1}{2}$ sec. 26, S $\frac{1}{2}$ sec. 33, all secs. 34, 35, 36 T. 17 S., R. 28 E. S $\frac{1}{2}$ sec. 18, all sec. 19, W $\frac{1}{2}$ sec. 30 T. 18 S., R. 27 E. NW $\frac{1}{4}$ sec. 2, all secs. 3, 4, 5, E $\frac{1}{2}$ sec. 6, E $\frac{1}{2}$ sec. 7, all sec. 8, NE $\frac{1}{4}$ , W $\frac{1}{2}$ sec. 9
Eunice Monument	Q-G-SA	Lea	T. 19 S., R. 36 E. E $\frac{1}{2}$ sec. 12, all secs. 13, 23, 24, 25, 26, 27, 34, 35, 36 T. 19 S., R. 37 E. All secs. 7, 8, W $\frac{1}{2}$ sec. 9, W $\frac{1}{2}$ sec. 16. All secs. 17, 18, 19, 20, 21 S $\frac{1}{2}$ sec. 27, all secs. 28 to 34 incl. T. 20 S., R. 36 E. All secs. 1, 2, 3, 10, 11, 12, 13, 14 E $\frac{1}{2}$ sec. 15, all secs. 23, 24, 25, 26, 35, 36 T. 20 S., R. 37 E. All secs. 3 to 10 incl. & 15 to 21, incl., W $\frac{1}{2}$ sec. 22, all secs. 29, 30, 31, 32, 33 T. 21 S., R. 35 E. All secs. 1, 12, 13, 24, E $\frac{1}{2}$ sec. 25. T. 21 S., R. 36 E. SW $\frac{1}{4}$ sec. 1, all secs. 2 to 11, incl. W $\frac{1}{2}$ sec. 12, W $\frac{1}{2}$ sec. 13, all secs. 14 to 22, incl., NW $\frac{1}{4}$ sec. 23, W $\frac{1}{2}$ sec. 27, all secs. 28, 29, 30, NE $\frac{1}{4}$ sec. 31, all secs. 32, 33, W $\frac{1}{2}$ sec. 34.
Eunice, South	SR	Lea	T. 21 S., R. 35 E. E $\frac{1}{2}$ sec. 36 T. 21 S., R. 36 E. NW $\frac{1}{4}$ , S $\frac{1}{2}$ sec. 31 T. 22 S., R. 35 E. E $\frac{1}{2}$ sec. 1 T. 22 S., R. 36 E. W $\frac{1}{2}$ sec. 4, all secs. 5, 6, 7, 8, 9, W $\frac{1}{2}$ sec. 15, all secs. 16 to 21, incl., W $\frac{1}{2}$ sec. 22, W $\frac{1}{2}$ sec. 26 All secs. 27, 28, 29, E $\frac{1}{2}$ sec. 30, NE $\frac{1}{4}$ sec. 31, N $\frac{1}{2}$ sec. 32, N $\frac{1}{2}$ sec. 33, N $\frac{1}{2}$ sec. 34, NW $\frac{1}{4}$ sec. 35
Eunice, West	Y	Lea	T. 21 S., R. 34 E. E $\frac{1}{2}$ sec. 12, all sec. 13, E $\frac{1}{2}$ sec. 14, NE $\frac{1}{4}$ sec. 23, N $\frac{1}{2}$ sec. 24. T. 21 S., R. 35 E. S $\frac{1}{2}$ sec. 6, all secs. 7, 18
Fenton	D	Eddy	T. 21 S., R. 28 E. All sec. 15
Fren	SR	Eddy	T. 17 S., R. 30 E. All sec. 22 to 27 incl. T. 17 S., R. 31 E. All secs. 19, 20, 21, 22, 29, 30
Gatty	Y	Eddy	T. 20 S., R. 29 E. SW $\frac{1}{4}$ sec. 13, SE $\frac{1}{4}$ sec. 14, E $\frac{1}{2}$ sec. 23, W $\frac{1}{2}$ sec. 24, NW $\frac{1}{4}$ sec. 25, NE $\frac{1}{4}$ sec. 26
Grayburg-Jackson	SA	Eddy	T. 17 S., R. 29 E. S $\frac{1}{2}$ sec. 13, S $\frac{1}{2}$ sec. 14, all secs. 20 to 29, incl., N $\frac{1}{2}$ sec. 32, N $\frac{1}{2}$ sec. 33, N $\frac{1}{2}$ sec. 34, N $\frac{1}{2}$ sec. 35. T. 17 S., R. 30 E. S $\frac{1}{2}$ sec. 12, all secs. 13, 14, 15, 16, 17, S $\frac{1}{2}$ sec. 18, all secs. 19, 20, 21, N $\frac{1}{2}$ sec. 22, N $\frac{1}{2}$ sec. 23, N $\frac{1}{2}$ sec. 24, N $\frac{1}{2}$ sec. 29, all sec. 30. T. 17 S., R. 31 E. S $\frac{1}{2}$ sec. 7, S $\frac{1}{2}$ sec. 8, S $\frac{1}{2}$ sec. 9, S $\frac{1}{2}$ sec. 13, all secs. 14 to 18, incl.,

POOL	PROD. FORM.	COUNTY	DESCRIPTION
			N $\frac{1}{2}$ sec. 19, N $\frac{1}{2}$ sec. 20, all secs. 21, 22, 23, N $\frac{1}{2}$ sec. 26, N $\frac{1}{2}$ sec. 27, N $\frac{1}{2}$ sec. 28.
Hale (gas only)	T	Eddy	T. 20 S., R. 30 E. SW $\frac{1}{4}$ sec. 12, NW $\frac{1}{4}$ sec. 13
Halfway	Y	Lea	T. 20 S., R. 32 E. S $\frac{1}{2}$ sec. 9, all sec. 16
Hardy	G	Lea	T. 20 S., R. 37 E. All sec. 36 T. 20 S., R. 38 E. All sec. 31 T. 21 S., R. 36 E. Lots 1, 2, 7, 8, 9, 10, 15, 16, sec. 1 T. 21 S., R. 37 E. All secs. 5, 6
Harrison	F	Lea	T. 23 S., R. 37 E. SW $\frac{1}{4}$ sec. 16, NW $\frac{1}{4}$ sec. 21
Henshaw	SA	Eddy	T. 16 S., R. 30 E. All sec. 13
High Lonesome	Q	Eddy	T. 16 S., R. 29 E. SW $\frac{1}{4}$ sec. 16, S $\frac{1}{2}$ sec. 17, N $\frac{1}{2}$ sec. 20, NW $\frac{1}{4}$ sec. 21
High Lonesome South	G	Eddy	T. 16 S., R. 29 E. S $\frac{1}{2}$ sec. 31, S $\frac{1}{2}$ , NE $\frac{1}{4}$ sec. 32, all sec. 33, T. 17 S., R. 28 E. NE $\frac{1}{4}$ sec. 1. T. 17 S., R. 29 E. N $\frac{1}{2}$ sec. 4, N $\frac{1}{2}$ sec. 5, N $\frac{1}{2}$ sec. 6
Hobbs	SA	Lea	T. 18 S., R. 37 E. All secs. 13, 14, 23, 24, 25, 36 T. 18 S., R. 38 E. All secs. 17 to 22, incl. and 27 to 34 incl. T. 19 S., R. 38 E. All secs. 3, 4, 5, 6, 8, 9, 10, 15, 16
Jal	(Sec Cooper-Jal)		
Jones	DR	Lea	T. 22 S., R. 37 E. SE $\frac{1}{4}$ sec. 1, NE $\frac{1}{4}$ sec. 12 T. 22 S., R. 38 E. SE $\frac{1}{4}$ sec. 6, NW $\frac{1}{4}$ sec. 7
Langlic- Pattix	SR-Q	Lea	T. 23 S., R. 36 E. All sec. 25, E $\frac{1}{2}$ sec. 26, E $\frac{1}{2}$ sec. 35, all sec. 36 T. 23 S., R. 37 E. S $\frac{1}{2}$ sec. 28, all secs. 29 to 34, incl. T. 24 S., R. 36 E. All sec. 1, all sec. 12, NE $\frac{1}{4}$ sec. 13 T. 24 S., R. 37 E. All secs. 2 to 11, incl., 14, 15, 16, 17, 18, E $\frac{1}{2}$ sec. 19, all secs. 20, 21, 22, 23, 26, 27, 28, 29, E $\frac{1}{2}$ sec. 30, E $\frac{1}{2}$ sec. 31, all secs. 32, 33, 34, 35. T. 25 S., R. 37 E. All secs. 2, 3, 4, 5, NE $\frac{1}{4}$ sec. 6, all secs. 8, 9, 10, 11, W $\frac{1}{2}$ sec. 13, all secs. 14, 15, 16, 17, E $\frac{1}{2}$ sec. 19, all secs. 20, 21, 22, 23, W $\frac{1}{2}$ sec. 24, W $\frac{1}{2}$ sec. 25, all secs. 26, 27, 28, 29, NE $\frac{1}{4}$ sec. 32, N $\frac{1}{2}$ sec. 33, N $\frac{1}{2}$ sec. 34, all sec. 35, W $\frac{1}{2}$ sec. 36. T. 26 S., R. 37 E. NW $\frac{1}{4}$ sec. 1, NE $\frac{1}{4}$ sec. 2
Lea	Y	Lea	T. 20 S., R. 34 E. W $\frac{1}{2}$ sec. 14
Leo	G	Eddy	T. 18 S., R. 30 E. S $\frac{1}{2}$ sec. 14, S $\frac{1}{2}$ sec. 15, S $\frac{1}{2}$ sec. 16, N $\frac{1}{2}$ sec. 21, all secs. 22, 23

POOL	PROD. FORM.	COUNTY	DESCRIPTION
Loco Hills	G	Eddy	T. 17 S., R. 29 E. S $\frac{1}{2}$ sec. 31, S $\frac{1}{2}$ sec. 32, S $\frac{1}{2}$ sec. 33, S $\frac{1}{2}$ sec. 34, S $\frac{1}{2}$ sec. 35, all sec. 36 T. 17 S., R. 30 E. S $\frac{1}{2}$ sec. 29, all secs. 31 & 32 T. 18 S., R. 29 E. All secs. 1 to 18, incl. T. 18 S., R. 30 E. All secs. 5, 6, 7, 18
Lovington	SA	Lea	T. 16 S., R. 36 E. S $\frac{1}{2}$ sec. 25, S $\frac{1}{2}$ sec. 26, all secs. 35 & 36 T. 16 S., R. 37 E. S $\frac{1}{2}$ sec. 30, all sec. 31 T. 17 S., R. 36 E. All secs. 1 & 2, N $\frac{1}{2}$ sec. 11, N $\frac{1}{2}$ sec. 12 T. 17 S., R. 37 E. All sec. 6, N $\frac{1}{2}$ sec. 7
Lovington, West	SA	Lea	T. 16 S., R. 36 E. S $\frac{1}{2}$ sec. 32, SW $\frac{1}{4}$ sec. 33 T. 17 S., R. 36 E. W $\frac{1}{2}$ sec. 3, all secs. 4 & 5, E $\frac{1}{2}$ , SW $\frac{1}{4}$ sec. 6, N $\frac{1}{2}$ sec. 7, N $\frac{1}{2}$ sec. 8, N $\frac{1}{2}$ sec. 9
Lusk, East	Y	Lea	T. 19 S., R. 32 E. S $\frac{1}{2}$ sec. 21, N $\frac{1}{2}$ sec. 28
Lusk	Y	Eddy & Lea	T. 19 S., R. 31 E. All sec. 24 T. 19 S., R. 32 E. W $\frac{1}{2}$ sec. 19
Lusk, West	Y	Eddy	T. 19 S., R. 31 E. SE $\frac{1}{4}$ sec. 15, NE $\frac{1}{4}$ sec. 22
Lynch	Y	Lea	T. 20 S., R. 34 E. S $\frac{1}{2}$ sec. 27, all sec. 34, SW $\frac{1}{4}$ sec. 35 T. 21 S., R. 33 E. W $\frac{1}{2}$ sec. 1, all sec. 2
Lynch, North	Y	Lea	T. 20 S., R. 34 E. E $\frac{1}{2}$ sec. 18
Maljamar	G-SA	Eddy & Lea	T. 17 S., R. 31 E. S $\frac{1}{2}$ sec. 13, all secs. 24, 25 T. 17 S., R. 32 E. SE $\frac{1}{4}$ sec. 8, S $\frac{1}{2}$ sec. 9, S $\frac{1}{2}$ sec. 14, all secs. 15 to 36, incl. T. 17 S., R. 33 E. All sec. 19, S $\frac{1}{2}$ sec. 20, SW $\frac{1}{4}$ sec. 21, W $\frac{1}{2}$ sec. 28, all secs. 29, 30, N $\frac{1}{2}$ sec. 31, N $\frac{1}{2}$ sec. 32 T. 18 S., R. 32 E. All secs. 4, 5
Maljamar, North	G	Lea	T. 17 S., R. 32 E. SW $\frac{1}{4}$ sec. 5, SE $\frac{1}{4}$ sec. 6, NE $\frac{1}{4}$ sec. 7, NW $\frac{1}{2}$ sec. 8
Maljamar, South	G-SA	Lea	T. 18 S., R. 32 E. SW $\frac{1}{4}$ sec. 14, S $\frac{1}{2}$ sec. 15, all sec. 22, W $\frac{1}{2}$ sec. 23
Mattix	(see Langlie-Mattix)		
McMillan	SA	Eddy	T. 19 S., R. 27 E. E $\frac{1}{2}$ sec. 31
Monument	(See Eunice-Monument)		
Paddock	P	Lea	T. 22 S., R. 37 E. All secs. 1, 12, 13
Palmillo (abandoned)	G	Eddy	T. 18 S., R. 29 E. S $\frac{1}{2}$ sec. 30
PCA	Y	Eddy	T. 20 S., R. 30 E. S $\frac{1}{2}$ sec. 10, all sec. 15

<u>POOL</u>	<u>PROD. FORM.</u>	<u>COUNTY</u>	<u>DESCRIPTION</u>	
Pearshall	Q	Lea	T. 17 S., R. 32 E.	All secs. 26, 32, 33, 34, 35
			T. 18 S., R. 32 E.	All secs. 4, 5
Penrose- Skelly	Q-G	Lea	T. 21 S., R. 36 E.	E $\frac{1}{2}$ sec. 13
			T. 21 S., R. 37 E.	S $\frac{1}{2}$ sec. 7, S $\frac{1}{2}$ sec. 8, S $\frac{1}{2}$ sec. 16, all secs. 17, 18, E $\frac{1}{2}$ sec. 19, all secs. 20, 21, 27, 28, 29, E $\frac{1}{2}$ sec. 30, E $\frac{1}{2}$ sec. 31, all secs. 32, 33, 34, 35
			T. 22 S., R. 37 E.	All secs. 2, 3, 4, 5, E $\frac{1}{2}$ sec. 6, NE $\frac{1}{4}$ sec. 7, all secs. 8, 9, 10, 11, 14, 15, 16, E $\frac{1}{2}$ sec. 17, E $\frac{1}{2}$ sec. 20, all secs. 21, 22, 23, 26, 27, 28, E $\frac{1}{2}$ sec. 29, all secs. 32, 33, 34, W $\frac{1}{2}$ sec. 35
			T. 23 S., R. 37 E.	W $\frac{1}{2}$ sec. 2, all secs. 3, 4, 5, 6, 7, 8, 9, 10, W $\frac{1}{2}$ sec. 11, W $\frac{1}{2}$ sec. 14, all secs. 15, 16, 17, 18, N $\frac{1}{2}$ sec. 19, N $\frac{1}{2}$ sec. 20
Premier	G	Eddy	T. 17 S., R. 30 E.	S $\frac{1}{2}$ sec. 22, S $\frac{1}{2}$ sec. 23, S $\frac{1}{2}$ sec. 24, all secs. 25, 26, 27, 28, 33, 34, 35, 36
			T. 17 S., R. 31 E.	S $\frac{1}{2}$ sec. 19, S $\frac{1}{2}$ sec. 20, all secs. 29, 30, N $\frac{1}{2}$ sec. 31
Red Lake	G	Eddy	T. 17 S., R. 28 E.	SW $\frac{1}{4}$ sec. 2, S $\frac{1}{2}$ sec. 3, all secs. 4, 5, 8, 9, 10, W $\frac{1}{2}$ sec. 11, W $\frac{1}{2}$ sec. 14, all secs. 15, 16, 17, 20 to 26, incl., N $\frac{1}{2}$ sec. 27, N $\frac{1}{2}$ sec. 28, N $\frac{1}{2}$ sec. 29, NE $\frac{1}{4}$ sec. 30
Rhodes	Y	Lea	T. 26 S., R. 37 E.	All secs. 4, 5, 6, E $\frac{1}{2}$ sec. 7, all secs. 8, 9, S $\frac{1}{2}$ sec. 10, all secs. 15, 16, 17, N $\frac{1}{2}$ SE $\frac{1}{4}$ sec. 20, all secs. 21, 22, S $\frac{1}{2}$ sec. 23, all secs. 26, 27, 28, 34, 35
Roberts	G	Lea	T. 17 S., R. 33 E.	S $\frac{1}{2}$ sec. 6, N $\frac{1}{2}$ sec. 7
Roberts, West	G	Lea	T. 17 S., R. 32 E.	S $\frac{1}{2}$ sec. 2
Robinson	G-SA	Eddy & Lea	T. 16 S., R. 31 E.	S $\frac{1}{2}$ sec. 25, E $\frac{1}{2}$ SE $\frac{1}{4}$ sec. 34, all sec. 35, N $\frac{1}{2}$ SW $\frac{1}{4}$ sec. 36
			T. 16 S., R. 32 E.	SW $\frac{1}{4}$ sec. 30, NW $\frac{1}{4}$ sec. 31
Russell	Y	Eddy	T. 20 S., R. 28 E.	S $\frac{1}{2}$ sec. 12, all secs. 13, 14, 23, W $\frac{1}{2}$ sec. 24
Salt Lake	Y	Lea	T. 20 S., R. 33 E.	All secs. 7, 18
San Simon	Y	Lea	T. 21 S., R. 35 E.	SE $\frac{1}{4}$ sec. 32, SW $\frac{1}{4}$ sec. 33
			T. 22 S., R. 35 E.	NW $\frac{1}{4}$ sec. 4, NE $\frac{1}{4}$ sec. 5
Scanlon (gas only)	T	Eddy	T. 20 S., R. 29 E.	SW $\frac{1}{4}$ sec. 29, SE $\frac{1}{4}$ sec. 30

<u>POOL</u>	<u>PROD. FORM.</u>	<u>COUNTY</u>	<u>DESCRIPTION</u>	
Shugart	Y-Q	Eddy	T. 18 S., R. 31 E.	S $\frac{1}{2}$ sec. 34, SW $\frac{1}{4}$ sec. 35
			T. 19 S., R. 31 E.	NW $\frac{1}{4}$ sec. 2, N $\frac{1}{2}$ sec. 3
Shugart, North	Q	Eddy	T. 18 S., R. 31 E.	S $\frac{1}{2}$ sec. 8, S $\frac{1}{2}$ sec. 9, S $\frac{1}{2}$ sec. 10, S $\frac{1}{2}$ , NE $\frac{1}{4}$ sec. 11, W $\frac{1}{2}$ sec. 12, NW $\frac{1}{4}$ sec. 13, E $\frac{1}{2}$ sec. 14, all secs. 15, 16, 17, 18, 20, 21, N $\frac{1}{2}$ sec. 22, N $\frac{1}{2}$ sec. 28, N $\frac{1}{2}$ sec. 29.
Skaggs	SA	Lea	T. 20 S., R. 37 E.	All secs. 24, N $\frac{1}{2}$ sec. 25
			T. 20 S., R. 38 E.	All sec. 19, N $\frac{1}{2}$ sec. 30
Skelly (See Penrose-Skelly)				
Square Lake G-SA	Eddy		T. 16 S., R. 30 E.	S $\frac{1}{2}$ sec. 24, all secs. 25, 26, 27 S $\frac{1}{2}$ sec. 28, E $\frac{1}{2}$ sec. 32, all secs. 33, 34, 35, 36
			T. 16 S., R. 31 E.	S $\frac{1}{2}$ sec. 19, S $\frac{1}{2}$ sec. 20, S $\frac{1}{2}$ sec. 21, SW $\frac{1}{4}$ sec. 27, all secs. 28 to 33, incl., W $\frac{1}{2}$ sec. 34
			T. 17 S., R. 30 E.	All secs. 1, 2, 3, 4, E $\frac{1}{2}$ sec. 5, N $\frac{1}{2}$ sec. 11
			T. 17 S., R. 31 E.	N $\frac{1}{2}$ sec. 6
Tonto	SR	Lea	T. 19 S., R. 33 E.	E $\frac{1}{2}$ sec. 22, W $\frac{1}{2}$ sec. 23
Turkey Track	Q	Eddy	T. 18 S., R. 29 E.	S $\frac{1}{2}$ sec. 34, SW $\frac{1}{4}$ sec. 35
			T. 19 S., R. 29 E.	W $\frac{1}{2}$ sec. 2, all sec. 3, N $\frac{1}{2}$ sec. 10, NW $\frac{1}{4}$ sec. 11
Young	Q	Lea	T. 18 S., R. 32 E.	N $\frac{1}{2}$ sec. 20
Vacuum	G-SA	Lea	T. 17 S., R. 34 E.	All secs. 3 to 17, incl., 20 to 29, incl., and 32 to 36 incl.
			T. 17 S., R. 35 E.	All sec. 7, all secs. 18 to 36 incl.
			T. 18 S., R. 34 E.	All secs. 1, 2, 3, 4, 11, 12
			T. 18 S., R. 35 E.	All secs. 3, 4, 5, 6, 7

INDEX TO PRINCIPAL PRODUCING FORMATIONS:-

TANSILL	T
YATES	Y
SEVEN RIVERS	SR
QUEEN	Q
GRAYBURG	G
SAN ANDRES	SA
PADDOCK	P
BLINEBRY	B
DRINKARD	DR.
DELAWARE	D
PENNSYLVANIAN	PE.
ELLENBURGER	E

DOCKET  
OIL CONSERVATION COMMISSION

Resume of applications to be heard March 20, 1951 at 10:00 o'clock a. m. in Santa Fe, New Mexico, in the Council Chamber of the City Hall.

1. Allowable
2. Case 149 - This is the Crossroads pool 80-acre versus 40-acre spacing question which was continued to March 20 by Order R-45, dated 12-29-50. Companies have been asked to furnish all remaining information available on the Crossroads pool.
3. Case 245 - This case, which involves the designation of the gas pools in Lea, Eddy, and Chaves Counties, was originally scheduled for the December hearing. At that time sufficient information was not available to enable the Commission to promulgate an order, and the case was therefore continued to the regular March hearing (March 20, 1951).
4. Case 260 - This case is an application by Tide Water Associated Oil Company of Houston, Texas, for an oil/oil dual completion of the Ellenburger and McKee formations for State S No. 4, located in the NE/4 NW/4 section 15, T. 21S, R. 37E: Perforations 7800-7825' for the Ellenburger and 7422-7434' for the McKee; or in the alternative to transfer allowable of State S No. 4 to State S No. 3.
5. Case 261 - This is an application by Cities Service Oil Company of Bartlesville, Oklahoma, to dually complete State S No. 3, located in the SE/4 NW/4 section 15, T. 21S, R. 37E, Lea County, New Mexico, for oil/oil completion in the Ellenburger and McKee formations; Perforations in the Ellenburger 7860-7900' and 7960-8000'; for the McKee 7454-7530'.
6. Case 262 - This is a hearing to set out the limits of the pool and spacing for Mesa Verde production in the vicinity of Largo pool, San Juan County, N. M., generally in Townships 27 and 28 and 29 North, Ranges 7 and 8 West.
7. This case is a matter of nomenclature for the designation or extension of various pools, which is necessitated by recently completed wells in the vicinity of the House Pool, Bough pool, Vacuum pool, and Bagley Siluro-Devonian pool; Twin Lakes (discovery well Magnolia #1 O'Brien "B"), Fowler-Blinbry (discovery well Stanolind, State "D" Tract 14 #1), Gladiola-Abo (discovery well Sinclair, Virgie Green Tract A #1), Levick pool (discovery well Levick, State #1), Keohane pool (discovery well Keohane, Inc. #1 D. Keohane).

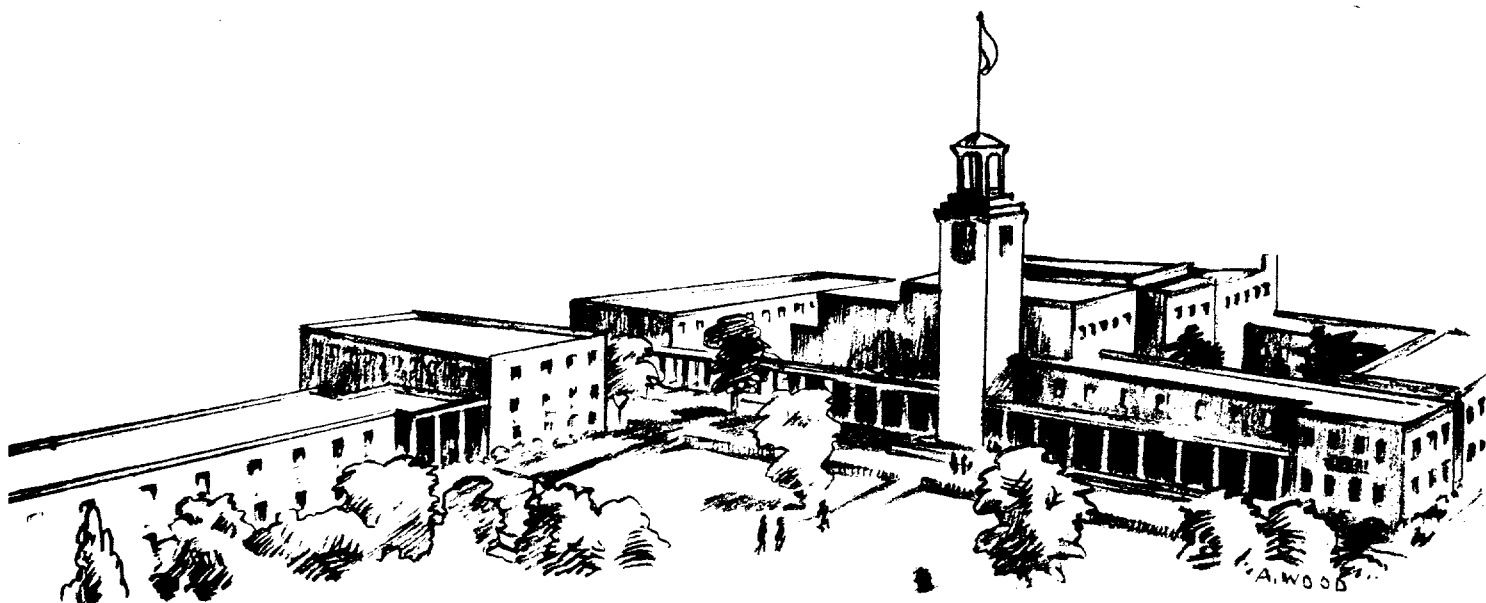
Santa Fe, N. M.  
February 22, 1951

2(b)

Case 582:

Item No. 1

# New Mexico Oil Conservation Commission



## RULES AND REGULATIONS

Revised January 1, 1953



NEW MEXICO  
OIL CONSERVATION COMMISSION

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## A-DEFINITIONS

1. ADJUSTABLE ALLOWABLE shall mean the allowable production a well or proration unit receives after all adjustments are made.
2. ALLOCATED POOL is one in which the total oil or natural gas production is restricted and allocated to various wells therein in accordance with proration schedules.
3. ALLOWABLE PRODUCTION shall mean that number of barrels of oil or standard cubic feet of natural gas authorized by the Commission to be produced from an allocated pool.
4. BACK ALLOWABLE (Deleted by Order No. R-98-A.)
5. BARREL shall mean 42 United States Gallons measured at 60 degrees Fahrenheit and atmospheric pressure at the sea level.
6. BARREL OF OIL shall mean 42 United States gallons of oil, after deductions for the full amount of basic sediment, water, and other impurities present, ascertained by centrifugal or other recognized and customary test.
7. BOTTOM HOLE OR SUBSURFACE PRESSURE shall mean the gauge pressure in pounds per square inch under conditions existing at or near the producing horizon.
8. BRADENHEAD GAS WELL shall mean any well producing gas through well-head connections from a gas reservoir which has been successfully cased off from an underlying oil or gas reservoir.
9. CARBON DIOXIDE GAS shall mean noncombustible gas composed chiefly of carbon dioxide occurring naturally in underground rocks.
10. CASINGHEAD GAS shall mean any gas or vapor or both gas and vapor indigenous to and produced from a pool classified as an oil pool by the Commission. This also includes gas-cap gas produced from such an oil pool.
11. COMMISSION shall mean the Oil Conservation Commission created by Section 3, Chapter 168, Session Laws 1949.
12. COMMON PURCHASER FOR NATURAL GAS shall mean any person now or hereafter engaged in purchasing from one or more producers gas produced from gas wells within each common source of supply from which it purchases (See: Sec. 14 (d), Chap. 168, Session Laws 1949).
13. COMMON PURCHASER FOR OIL shall mean every person now engaged or hereafter engaging in the business of purchasing oil to be transported through pipe lines (See Sec. 14 (a), Session Laws 1949).

14. COMMON SOURCE OF SUPPLY see Pool.
15. CONDENSATE shall mean the liquid recovered at the surface that results from condensation due to reduced pressure or temperature of petroleum hydrocarbons existing in a gaseous phase in the reservoir.
16. CORRELATIVE RIGHTS shall mean the opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce without waste his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for such purpose to use his just and equitable share of the reservoir energy (See: Sec. 26 (h), Chap. 168, 1949 Session Laws).
17. CUBIC FOOT OF GAS OR STANDARD CUBIC FOOT OF GAS, for the purposes of these rules, shall mean that volume of gas contained in one cubic foot of space and computed at a base pressure of 10 ounces per square inch above the average barometric pressure of 14.4 pounds per square inch (15.025 psia), at a standard base temperature of 60 degrees Fahrenheit.
18. DEEP POOL shall mean a common source of supply which is situated 5000 ft. or more below the surface.
19. FIELD means the general area which is underlaid or appears to be underlaid by at least one pool; and field also includes the underground reservoir or reservoirs containing such crude petroleum oil or natural gas, or both. The words field and pool mean the same thing when only one underground reservoir is involved; however, field unlike pool may relate to two or more pools (See: Sec. 26, Chap. 168, 1949 Session Laws).
20. GAS LIFT shall mean any method of lifting liquid to the surface by injecting gas into a well from which oil production is obtained.
21. GAS-OIL RATIO shall mean the ratio of the casinghead gas produced in standard cubic feet to the number of barrels of oil concurrently produced during any stated period.
22. GAS-OIL RATIO ADJUSTMENT shall mean the reduction in allowable of a high gas-oil ratio unit to conform with the production permitted by the limiting gas-oil ratio for that particular pool during a particular proration period.
23. GAS TRANSPORTATION FACILITY shall mean a pipe line in operation serving gas wells for the transportation of natural gas, or some other device or equipment in like operation whereby natural gas produced from gas wells connected therewith can be transported or used for consumption (See: Sec. 26 (g), Chap. 168, 1949 Session Laws).
24. GAS WELL shall mean a well producing gas or natural gas from a common source of gas supply as determined by the Commission.

25. HIGH GAS-OIL RATIO PRORATION UNIT shall mean a unit with at least one producing oil well with a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which the unit is located.
26. ILLEGAL GAS shall mean natural gas produced from a gas well in excess of the allowable determined by the Commission (See: Sec. 15 (a), Chap. 168, 1949 Session Laws).
27. ILLEGAL OIL shall mean crude petroleum oil produced in excess of the allowable as fixed by the Commission (See: Sec. 15 (a), Chap. 168, 1949 Session Laws).
28. ILLEGAL PRODUCT shall mean any product of illegal gas or illegal oil (See: Sec. 15 (b), Chap. 168, 1949 Session Laws).
29. INJECTION OR INPUT WELL shall mean any well used for the injection of air, gas, water, or other fluids into any underground stratum.
30. LIMITING GAS-OIL RATIO shall mean the gas-oil ratio assigned by the Commission to a particular oil pool to limit the volumes of casinghead gas which may be produced from the various oil producing units within that particular pool.
31. LOG OR WELL LOG shall mean a systematic detailed and correct record of formations encountered in the drilling of a well.
32. MARGINAL UNIT shall mean a proration unit that will not produce at a rate equal to the top unit allowable for the proration period for the pool.
33. MINIMUM ALLOWABLE shall mean the minimum amount of production from an oil or gas well which may be advisable from time to time to the end that production will repay reasonable lifting cost and thus prevent premature abandonment and resulting waste.
34. MULTIPLE COMPLETION shall mean the completion of any well so as to permit the production from more than one common source of supply with the production from each common source of supply completely segregated.
35. NATURAL GAS OR GAS shall mean any combustible vapor composed chiefly of hydrocarbons occurring naturally in a pool classified by the Commission as a gas pool.
36. NON-MARGINAL UNIT shall mean a proration unit that will produce at a rate equal to the top unit allowable for the proration period for the pool.
37. OFFICIAL GAS-OIL RATIO TEST shall mean the periodic gas-oil ratio test made by order of the Commission and by such method and means and in such manner as prescribed by the Commission.

38. OIL, CRUDE OIL, OR CRUDE PETROLEUM OIL shall mean any petroleum hydrocarbon produced from a well in the liquid phase and which existed in a liquid phase in the reservoir.
39. OIL WELL shall mean any well capable of producing oil and which is not a gas well as defined herein.
40. OPERATOR shall mean any person or persons who, duly authorized, is in charge of the development of a lease or the operation of a producing property.
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. (Amended by Order No. R 98-A).
42. OWNER means the person who has the right to drill into and to produce from any pool, and to appropriate the production either for himself or for himself and another (See Sec. 26 (e), Chap. 168, 1949 Session Laws).
43. PERSON means any natural person, corporation, association, partnership, receiver, trustee, guardian, executor, administrator and fiduciary of any kind (See: Sec. 26 (a), Chap. 168, 1949 Session Laws).
44. POOL means any underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein. "Pool" is synonymous with "Common source of supply" and with "common reservoir" (See: Sec. 26 (b), Chap. 168, 1949 Session Laws).
45. POTENTIAL shall mean the properly determined capacity of a well to produce oil, or gas, or both, under conditions prescribed by the Commission.
46. PRESSURE MAINTENANCE shall mean the injection of gas or other fluid into a reservoir, either to maintain the existing pressure in such reservoir or to retard the natural decline in the reservoir pressure.
47. PRODUCER shall mean the owner of well or wells capable of producing oil or natural gas or both in paying quantities.
48. PRODUCT means any commodity or thing made or manufactured from crude petroleum oil or natural gas, and all derivatives of crude petroleum oil or natural gas, including refined crude oil, crude tops, topped crude, processed crude petroleum, residue from crude petroleum, cracking stock, ~~un~~cracked fuel oil, treated crude oil, fuel oil, residuum, gas oil, naphtha, distillate, gasoline, kerosene, benzine, wash oil, waste oil, lubricating oil, and blends or mixtures of crude petroleum oil or natural gas or any derivative thereof (See: Sec. 26 (d), Chap. 168, 1949 Session Laws).
49. PRORATION DAY shall consist of 24 consecutive hours which shall begin at 7 A.M. and end at 7 A.M. on the following day.

NEW MEXICO  
OIL CONSERVATION COMMISSION

RULES AND REGULATIONS - REVISION #2  
(Revised by Order No. R-316 dated April 30, 1953)

Insert Page 3-A

Definition 34 as set forth in Section A of the Rules and Regulations henceforth reads as follows:

Definition 34. Dual completion shall mean the completion of any well so as to permit the production from two common sources of supply with the production from each common source of supply completely segregated.



50. PRORATION MONTH shall mean the calendar month which shall begin at 7 A. M. on the first day of such month and end at 7 A. M. on the first day of the next succeeding month.
51. PRORATION PERIOD shall mean for oil the proration month and for gas six consecutive calendar months which shall begin at 7 A. M. on the first day of a calendar month and end at 7 A. M. on the first day of the seventh succeeding month.
52. PRORATION SCHEDULE shall mean the periodic order of the Commission authorizing the production, purchase and transportation of oil or of natural gas from the various units of oil or of natural gas proration in allocated pools.
53. RECOMPLETE shall mean the subsequent completion of a well in a different pool from the pool in which it was originally completed.
54. SECONDARY RECOVERY shall mean a method of recovering quantities of oil or gas from a reservoir which quantities would not be recoverable by ordinary primary depletion methods.
55. SHALLOW POOL shall mean a pool which has a depth range from 0 to 5000 feet.
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.
57. SHUT-IN PRESSURE shall mean the gauge pressure noted at the wellhead when the well is completely shut in. Not to be confused with bottom hole pressure.
58. TANK BOTTOMS shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in handling and storing of crude oil, and which accumulations contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.
59. TOP UNIT ALLOWABLE FOR GAS shall mean the maximum number of cubic feet of natural gas, for the proration period, allocated to a gas producing unit in an allocated gas pool.
60. TOP UNIT ALLOWABLE FOR OIL shall mean the maximum number of barrels of oil daily for each calendar month allocated on a proration unit basis in a pool to non-marginal units.

61. TESTING PLANT shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.
62. UNIT OF PRORATION FOR GAS shall consist of such multiples of 40 acres as may be prescribed by special pool rules issued by the Commission.
63. UNIT OF PRORATION FOR OIL shall consist of tracts of land each containing approximately forty acres in the form of a square in accordance with the legal subdivision of the U. S. Public Land Surveys and each predominantly situated within the confines of a pool.
64. UNORTHODOX WELL LOCATION shall mean a location which does not conform to the spacing requirements established by the rules and regulations of the Commission.
65. WASTE, in addition to its ordinary meaning, shall include:
- (a) Underground Waste as those words are generally understood in the oil and gas business, and in any event to embrace the inefficient, excessive, or improper use of dissipation of the reservoir energy, including gas energy and water drive, of any pool, and the locating, spacing, drilling, equipping, operating or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground storage of natural gas.
  - (b) Surface Waste as those words are generally understood in the oil and gas business, and in any event to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however cause, of natural gas of any type or in any form or crude petroleum oil, or any product thereof, and including the loss or destruction, without beneficial use, resulting from evaporation, seepage, leakage, or fire, especially such loss or destruction incident to or resulting from the manner of spacing, equipping, operating or producing, well or wells, or incident to or resulting from the use of inefficient storage or from the production of crude petroleum oil or natural gas, in excess of the reasonable market demand.
  - (c) The production of crude petroleum oil in this state in excess of the reasonable market demand for such crude petroleum oil. Such excess production causes or results in waste which is prohibited by Chapter 168, 1949 Session Laws. The words "reasonable market demand" as used herein with respect to crude petroleum oil, shall be construed to mean the demand for such crude petroleum oil for reasonable current requirements for current consumption and use within or outside of the state, together with the demand for such amounts as are reasonably necessary for building up or maintaining reasonable storage reserves of crude petroleum oil or the products thereof, or both such crude petroleum oil and products.

- (d) The non-ratable purchase or taking of crude petroleum oil in this state. Such non-ratable taking and purchasing causes or results in waste, as defined in the subsections (a), (b), (c) of this section and causes waste by violating Section 12(a), Chapter 168, 1949 Session Laws.
- (e) The production in this state of natural gas from any gas well or wells, or from any gas pool, in excess of the reasonable market demand from such source for natural gas of the type produced or in excess of the capacity of gas transportation facilities for such type of natural gas. The words "reasonable market demand," as used herein with respect to natural gas, shall be construed to mean the demand for natural gas for reasonable current requirements, for current consumption and for use within or outside the state, together with the demand for such amounts as are necessary for building up or maintaining reasonable storage reserves of natural gas or products thereof, or both such natural gas and products.

## B-MISCELLANEOUS RULES

### RULE 1. SCOPE OF RULES AND REGULATIONS

(a) The following General Rules of statewide application have been adopted by the Oil Conservation Commission to conserve the natural resources of the State of New Mexico, to prevent waste, and to protect correlative rights of all owners of crude oil and natural gas. Special rules, regulations and orders have been and will be issued when required and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules will apply in each case.

(b) The commission may grant exceptions to these rules after notice and hearing, when the granting of such exceptions will not result in waste but will protect correlative rights or prevent undue hardship.

### RULE 2. ENFORCEMENT OF LAWS, RULES AND REGULATIONS DEALING WITH CONSERVATION OF OIL AND GAS

The Commission, its agents, representatives and employees are charged with the duty and obligation of enforcing all rules and statutes of the State of New Mexico relating to the conservation of oil and gas. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas before operations have begun.

### RULE 3. WASTE PROHIBITED

(a) The production or handling of crude petroleum oil or natural gas of any type or in any form, or the handling of products thereof, in such a manner or under such conditions or in such amount as to constitute or result in waste is hereby prohibited.

(b) All operators, contractors, drillers, carriers, gas distributors, service companies, pipe pulling and salvaging contractors, or other persons shall at all times conduct their operations in the drilling, equipping, operating, producing, plugging and abandonment of oil and gas wells in a manner that will prevent waste of oil and gas, and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage, conduit or operating equipment.

### RULE 4. UNITED STATES GOVERNMENT LEASES

The Commission recognizes that all persons drilling on United States Government land shall comply with the United States government regulations. Such persons shall also comply with all applicable State rules and Regulations which are not in conflict therewith. Copies of the "Sundry Notices and Reports on Wells" and the "Well Log" of the wells on U. S. government land shall be furnished the Commission.

## RULE 5. CLASSIFYING AND DEFINING POOLS

The Commission will determine whether a particular well or pool is a gas or oil well, or a gas or oil pool, as the case may be, and from time to time classify and re-classify wells and name pools accordingly, and will determine the limits of any pool or pools producing crude petroleum oil or natural gas from time to time re-determine such limits. Pools hereby named and defined are listed in the Appendix attached hereto.

## RULE 6. FORMS UPON REQUEST

Forms for written notices, requests and reports required by the Commission will be furnished upon request.

## RULE 7. AUTHORITY TO COOPERATE WITH OTHER AGENCIES

The Commission may from time to time enter into arrangements with State and Federal governmental agencies, industry committees and individuals, with respect to special projects, services and studies relating to conservation of oil and gas.

## C-DRILLING

### RULE 101. PLUGGING BOND

(a) Any person who has drilled or is drilling or proposes to drill for oil or gas shall submit to the Commission and obtain its approval of a bond, in a form approved by the Commission, conditioned to plug such well, if dry or when abandoned, in such way as to confine the oil, gas or water in the respective strata in which they are found. The bond shall be in an amount determined by the Commission after taking into consideration the depth of the well and local conditions, but in no case shall the amount of the bond\* applicable to one well only, be more than \$10,000.00. Each such bond shall be executed by a responsible surety company, authorized to transact business in the State of New Mexico. In cases where the principal on the bond is drilling or operating a number of wells within the State or proposes to do so, such principal may, with the approval of the Commission, submit a blanket bond\* in the amount of \$10,000.00 conditioned as above provided, covering all wells which such person may at any time before such bond is released, drill or operate within this state.

(b) For the purposes of the Commission the bond required is a plugging bond, not a drilling bond, and is to endure up to and including approved plugging when the well is dry or abandoned, even though the well be a producer. Transfer of property does not release the bond. In case of transfer of property and the principal desires to be released from the bond, he should proceed as follows:

(1) The principal on the bond should notify the Commission in writing that the well, or wells describing each well by 40-acre tract-Section, Township and Range, has or have been transferred to a certain transferee, for the purpose of ownership or operation.

(2) On the same instrument the transferee should recite that he accepts such transfer and accepts the responsibility of such well or wells under his bond tendered therewith or under his blanket bond on file with the Commission.

(c) When the Commission has approved the transfer, the transferrer is immediately released of the plugging responsibility of the well or wells as the case may be, and if such well or wells include all the wells within the responsibility of the transferrer's bond, such bond will be released upon written notice by the Commission to that effect.

(d) The transferee of any oil or gas well or of the operation of any such well shall be responsible for the plugging of any such well and for that purpose shall submit a new plugging bond or produce the written consent of the surety of the prior plugging bond that the latter's responsibility shall continue.

(e) When the well or wells involved, or any such wells, are located on a state oil and gas lease, and the surface of the land involved was sold by the state prior to such oil and gas lease, such bond may, at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment of such damages to the livestock, range, water,

\* Both forms- for well bond and blanket bond form-distributed from Commission office at Santa Fe.

crops or tangible improvements on such land as may be suffered by such purchaser or his successors in interest by reason of the development, use and occupation of the land resulting from such oil and gas leases. Any bond so conditioned must be approved, not only by the Commission, but by the Commissioner of Public Lands, in his capacity as such.

(f) Bonds conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved.

(g) The Commission will in writing advise the principal and sureties on any bond as to whether the plugging is approved, in order that, if the plugging is approved, liability under such bond may be formally terminated.

(h) The Secretary of the Commission is vested with power to act for the Commission as to all matters within this rule.

#### RULE 102. NOTICE OF INTENTION TO DRILL OR RECOMPLETE

Prior to the commencement of operations, notice shall be delivered to the Commission of intention to drill any well for oil or gas, on Form C-101. Prior to the commencement of recompletion operations notice shall likewise be delivered to the Commission of intention to deepen or plug back to any common source of supply other than the existing production horizon.

#### RULE 103. SIGN ON WELLS

Every drilling and producible well shall be identified by a sign, posted on the derrick or not more than 20 feet from such well, and such signs shall be of durable construction and the lettering thereon shall be kept in a legible condition and shall be large enough to be legible under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. Each sign shall show the number of the well, the name of the lease (which shall be different or distinctive for each lease), the name of the lessee, owner or operator, and the location by quarter section, township and range.

#### RULE 104. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS (As amended by Order No. R-169)

(a) Any well drilled a distance of one mile or more from the outer boundary of any defined oil or gas pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of a defined oil or gas pool shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in said oil or gas pool.

(b) Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Survey and shall be within 100 feet of the center of the 40-acre subdivision, except in San Juan, Rio Arriba, and McKinley Counties where a wildcat well shall be located on not less than 160 surface contiguous acres substantially in the form of a

square which is a quarter section or lot being a legal subdivision of the U. S. Public Land Survey and shall not be located closer than 660 feet to the outer boundaries not closer than 330 feet to the inner boundaries of the governmental quarter quarter section upon which it is drilled.

(c) Each well drilled within a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the United States Public Land Surveys or on a governmental quarter quarter section or lot and shall not be drilled closer than 330 feet to any boundary line of such tract or closer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

(d) Each well drilled within a defined gas pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys and shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to any quarter quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

(e) Notice of Intention to Drill (C-101) for any well shall designate the exact legal subdivision allotted to the well and no C-101 will be approved by the Commission or any of its agents without proper designation of acreage.

(f) The Secretary of the Commission shall have authority to grant an exception to the requirements of (a), (b) and (c) above without notice and hearing where application has been filed in due form and

1. The necessity for the unorthodox location is based on topographical conditions, and
2. a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or  
b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(g) Whenever an exception is granted, the Commission may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location.

(h) If the drilling tract is within an allocated oil pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than 39 1/2 acres or more than 40 1/2 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40.

(i) If the drilling tract is within an allocated gas pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than 158 acres or more than 162 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 160.

(j) In computing acreage under (h) and (i) above, minor fractions of an acre shall not be counted but 1/2 acre or more shall count as 1 acre.

(k) The provisions of (i), and (j) above shall apply only to wells completed after the effective date of this rule. Nothing herein contained shall affect in any manner any well completed prior to the effective date of this rule and no adjustments shall be made in the allowable production for any such wells by reason of these rules.

(l) In order to prevent waste the Commission may, after notice and hearing, fix different spacing requirements and require greater acreage for drilling tracts in any defined oil pool or in any defined gas pool notwithstanding the provisions of (b) and (c) above.

(m) The Commission may approve the pooling for communitization of fractional lots of 20.49 acres or less with another oil proration unit when:

1. The units involved are contiguous;
2. Part of the same basic lease, carrying the same royalty interest; and
3. The ownership of the units involved is common.

Application to the Commission for pooling shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the pooling, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

Applicants shall furnish all operators who directly offset the units involved with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. In this instance, offset operators shall include only those operators who have offset properties within the State of New Mexico. The Commission shall wait at least ten (10) days before approving any such pooling, and shall approve such pooling only in the absence of objection from any offset operator. In the event that an operator objects to the pooling, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the ten-day waiting period requirement if the applicant furnishes the Commission with the written consent to the pooling by all offset operators involved.

The Commission may consider that the requirements of sub-paragraphs 2 and 3 of Paragraph (m) of this rule have been fulfilled if the applicant furnishes with each copy of each application to the Commission a copy of an executed pooling agreement communitizing the units involved.

Each well drilled on any communitized tract shall be located in the approximate geographical center of the combined units with a tolerance of 150 feet for topographical conditions, but in any event shall not be located closer than 330 feet to the outer boundaries of the proposed proration unit or communitized tract.

#### RULE 105. PIT FOR CLAY, SHALE AND DRILL CUTTINGS

In order to assure a supply of proper material for mud-laden fluid to confine oil, gas, or water to their native strata during the drilling of any well, operators shall provide before drilling is commenced an adequate pit for the accumulation of drill cuttings.

#### RULE 106. SEALING OFF STRATA

(a) During the drilling of any oil or natural gas well, all oil, gas, and water strata above the producing horizon shall be sealed or separated in order to prevent their contents from passing into other strata.

(b) All fresh waters and waters of present or probable value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precautions by methods satisfactory to the Commission shall be taken in drilling and abandoning wells to guard against any loss of artesian water from the strata in which it occurs, and the contamination of artesian water by objectionable water, oil or gas.

(c) All water shall be shut off and excluded from the various oil and gas bearing strata which are penetrated. Water shut-offs shall ordinarily be made by cementing casing or landing casing with or without the use of mud-laden fluid.

#### RULE 107. CASING AND TUBING REQUIREMENTS

(a) All wells drilled for oil or natural gas shall be completed with a string of casing which shall be properly cemented at a sufficient depth adequately to protect the oil or natural gas-bearing stratum to be produced. In addition thereto, such other casing shall be used in order to seal off all oil, gas, and water stratum which may be encountered in the well, except the one or ones to be produced.

(b) Sufficient cement shall be used on surface casing to fill the annular space back of the casing to the bottom of the cellar or to the surface of the ground. Surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. All other strings of casing shall stand cemented for at least 30 hours before drilling plug or initiating tests. Cementing shall be by pump and plug method, or other method approved by the Commission.

(c) All flowing wells shall be tubed, the tubing shall be set as near the bottom as practical, but tubing perforations shall not be more than 250 feet above the top of pay, unless authorized by the Commission. The bottom of the tubing shall be restricted to an opening of less than one inch or bull plugged in order to prevent loss of pressure bombs or other devices.

and all offset wells on offset leases, together with a diagrammatic sketch showing the casing program, formation tops, estimated top of cement on each casing string run and any other pertinent data, including drill stem tests.

(c) The Secretary of the Commission shall have authority to grant an exception to the requirements of Paragraph (a) above without notice and hearing where application has been filed in due form, and when the lowermost producing zone involved in the completion is an oil or gas producing zone within the defined limits of an oil or gas pool and the producing zone to be produced through the Bradenhead connection is a gas producing zone within the defined limits of a gas pool.

Applicants shall furnish all operators who offset the lease upon which the subject well is located a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving the production of gas from the Bradenhead gas well, and shall approve such production only in the absence of objection from any offset operator. In the event an operator objects to the completion the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the 10-day waiting period requirement if the applicant furnishes the Commission with the written consent to the production of gas from the Bradenhead connection by all offset operators involved.

This rule shall apply only to wells hereinafter completed as Bradenhead gas wells.

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RULES AND REGULATIONS - REVISION #3  
(Revised by Order No. R-316 dated April 30, 1953)

Insert Page 15 - A

The present rule 112 is superseded by the following:

RULE 112-A: DUAL COMPLETIONS

(a) The dual completion of any well may be permitted only by order of the Commission upon hearing, except as noted by Paragraph (c) of this rule.

(b) The application for such hearing shall be submitted in triplicate and shall include an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases, and shall set forth all material facts on the common sources of supply involved, and the manner and method of completion proposed.

(c) The Secretary of the Commission shall have authority to grant an exception to the requirements of Paragraph (a) above without notice and hearing where application has been filed in due form, and when the lowermost producing zone involved in the dual completion is an oil or gas producing zone within the defined limits of an oil or gas pool, and the upper producing zone involved in the dual completion is a gas producing zone within the defined limits of a gas pool.

Applicants shall furnish all operators who offset the lease upon which the subject well is located a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such dual completion, and shall approve such dual completion only in the absence of objection from any offset operator. In the event an operator objects to the dual completion, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the 10-day waiting period requirements if the applicant furnishes the Commission with the written consent to the dual completion by all offset operators involved.

RULE 112-B: BRADENHEAD GAS WELLS

(a) The production of gas from a Bradenhead gas well may be permitted only by order of the Commission upon hearing, except as noted by the provisions of Paragraph (c) of this rule.

(b) The application for such hearing shall be submitted in triplicate and shall include an exhibit showing the location of all wells on applicant's lease

## RULE 108. DEFECTIVE CASING OR CEMENTING

In any well that appears to have a defective casing program, faulty cemented or corroded casing which will permit or may create underground waste, the operator shall proceed with diligence to use the appropriate method and means to eliminate such hazard of underground waste. If such hazard of waste cannot be eliminated, the well shall be properly plugged and abandoned.

## RULE 109. BLOW-OUT PREVENTION

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

## RULE 110. PULLING OUTSIDE STRINGS OF CASING

In pulling outside strings of casing from any oil or gas well, the space outside the casing left in the hole shall be kept and left full of mud-laden fluid or cement of adequate specific gravity to seal off all fresh and salt water strata and any strata bearing oil or gas not producing.

## RULE 111. DEVIATION TESTS

(a) When any well is drilled or deepened with rotary tools, tests to determine the deviation from the vertical shall be taken. When the deviation from the vertical in any 500 foot interval averages more than 5 degrees, a directional survey shall be filed with the Commission before any oil or gas from the well is sold so as to determine that the bottom of the hole is on the lease where the well is drilled.

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

## RULE 112. MULTIPLE ZONE COMPLETIONS

(a) The multiple zone completion of any well, including a bradenhead gas well, may be permitted only by order of the Commission upon hearing.

(b) The application for such hearing shall be accompanied by an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases, and shall set forth all material facts on the common sources of supply involved, and the manner and method of completion proposed.

## RULE 113. SHOOTING AND CHEMICAL TREATMENT OF WELLS

If injury results to the producing formation, casing or casing seat from shooting or treating a well, the operator shall proceed with diligence to use the

appropriate method and means for rectifying such damage. If shooting or chemical treating results in irreparable injury to the well the Commission may require the operator to properly plug and abandon the well.

#### RULE 114. SAFETY REGULATION

(a) All oil wells shall be cleaned into a pit or tank, not less than 40 feet from the derrick floor and 150 feet from any fire hazard. All flowing oil wells must be produced through an oil and gas separator of ample capacity and in good working order. No boiler or portable electric lighting generator shall be placed or remain nearer than 150 feet to any producing well or oil tank. Any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the vicinity of wells and tanks. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard.

(b) When coming out of the hole with drill pipe, drilling fluid shall be circulated until equalized and subsequently drilling fluid level shall be maintained at a height sufficient to control subsurface pressures. During course of drilling, blow-out preventers shall be tested at least once each 24 hour period.

#### RULE 115. WELL AND LEASE EQUIPMENT.

Christmas tree fittings or wellhead connections with a working pressure equivalent to at least 150% of the calculated or known pressure in the reservoir from which production is expected shall be installed and maintained in first class condition so that on flowing wells, gas-oil ratio, static bottom hole or other pressure tests may be easily made. Valves shall be installed and maintained in good working order to permit pressures to be obtained on both casing and tubing. Each flowing well shall be equipped to control properly the flowing of each well, and in case of an oil well, shall be produced into an oil and gas separator of a type generally used in the industry.

#### RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS OR BLOW-OUTS

All persons controlling or operating any oil or gas well or pipe line, or receiving tank, storage tank, or receiving and storage receptacle into which crude oil is produced, received or stored, or through which oil is piped or transported, shall immediately notify the Commission by letter giving full details concerning all fires which occur at such oil or gas well or tank or receptacle on their property, and all such persons shall immediately report all tanks or receptacles struck by lightning and any other fire which destroys oil or gas, and shall immediately report any breaks or leaks in or from tanks or receptacles and pipe lines from which oil or gas is escaping or has escaped. In all such reports of fires, breaks, leaks or escapes, or other accidents of this nature, the location of the well, tank, receptacle, or line break shall be given by Section, Township, Range and property, so that the exact location thereof can be readily located on the ground. Such report shall likewise specify what steps have been taken or are in progress to remedy the situation reported; and shall detail the quantity of oil or gas lost, destroyed or permitted to escape. In case any tank or receptacle is permitted to run over, the amount running over shall be reported as in the case of a leak. The report hereby required as to oil losses shall be necessary only in case such losses exceed 100 barrels in the aggregate during any proration period.

## RULE 117. WELL LOG, COMPLETION AND WORKOVER REPORTS

Within 20 days after the completion of a well drilled for oil or gas, or the recompletion of a well into a different common source of supply, a completion report shall be filed with the Commission on Form C-105. For the purpose of this rule, any hole drilled or cored below fresh water or which penetrates oil or gas-bearing formations or which is drilled by an "owner" as defined herein shall be presumed to be a well drilled for oil or gas.

## D-ABANDONMENT AND PLUGGING OF WELLS

### RULE 201. NOTICE

Notice of intention to plug must be filed with the Commission by the owner or his agent prior to the commencement of plugging operations, on Form C-102, which notice shall state the name and location of the well and name of the operator, and contain an affidavit that the owner or his agent has notified all offset lessees, giving the names of such lessees and the location of their leases. In case of a newly completed dry hole in which no casing, except surface casing has been run, the operator may commence plugging by securing the approval of the Commission as to the time plugging operations are to begin. He shall, however, file the regular notification form.

### RULE 202. METHOD OF PLUGGING

(a) Before any well is abandoned, it shall be plugged in a manner which will confine permanently all oil, gas, and water in the separate strata originally containing them. This operation shall be accomplished by the use of mud-laden fluid, cement and plugs, used singly or in combination as may be approved by the Commission. The exact location of abandoned wells shall be shown by a steel marker at least four inches in diameter set in concrete, and extending at least four feet above mean ground level. Seismic, core or other exploratory holes drilled to or below sands containing fresh water shall be plugged and abandoned in accordance with the applicable provisions recited above. Permanent markers are not required on seismic holes.

(b) If a well is to be abandoned temporarily and no casing pulled, then a plug shall be placed at the top and bottom of the casing in such manner as to prevent the intrusion of any foreign matter into the well.

(c) When drilling operations have been suspended for 60 days, the well shall be plugged and abandoned unless a permit for temporary abandonment shall be obtained from the Commission.

### RULE 203. WELLS TO BE USED FOR FRESH WATER

When the well to be plugged may safely be used as a fresh water well and such utilization is desired by the landowner, the well need not be filled above a sealing plug set below the fresh water formation; provided that written authority for such use shall be secured from the landowner and filed with the Commission.

### RULE 204. LIABILITY

The owner of any well drilled for oil or gas, or any seismic, core or other exploratory holes, whether cased or uncased, shall be responsible for the plugging thereof.

## E-OIL PRODUCTION OPERATING PRACTICES

### RULE 301. GAS-OIL RATIO TEST (As amended by Order No. R-214)

- (a) Each operator shall take a gas-oil ratio test not sooner than 30 days nor later than 60 days following the completion or recompletion of an oil well, provided that (1) the well is a wildcat, or (2) the well is located within a pool not exempted from the requirements of this rule. (Wells located within one mile of the outer boundaries of a defined oil pool shall be governed by the provisions of this rule which are applicable to the nearest pool producing from the same formation.) The results of such test shall be reported on Form C-116. The gas-oil ratio thus reported shall become effective for proration purposes on the first day of the calendar month following the date they are reported.

Each operator shall also take an annual gas-oil ratio test of each producing oil well, located within a pool not exempted from the requirements of this rule, during a period prescribed by the Commission. A gas-oil ratio survey schedule shall be established by the Commission setting forth the period in which gas-oil ratio tests are to be taken for each pool wherein a test is required. The gas-oil ratio test applicable shall be such test designated by the Commission, made by such method and means, and in such manner as the Commission in its discretion may prescribe from time to time.

- (b) The results of gas-oil ratio tests taken during regular survey periods shall be filed with the Commission on Form C-116 not later than the 15th of the month following the close of the survey period for the pool in which the well is located. The gas-oil ratios thus reported shall become effective for proration purposes on the first day of the second month following the close of the survey period. Unless Form C-116 is filed within the required time limit, no further allowable will be assigned the affected well until Form C-116 is filed.
- (c) In the case of special tests taken between regular gas-oil ratio surveys, the gas-oil ratio shall become effective for proration purposes upon the date Form C-116, reporting the results of such test, is received by the Proration Department. A special test does not exempt any well from the regular survey.
- (d) During gas-oil ratio test, each well shall not be produced at a rate exceeding top unit allowable for the pool in which it is located by more than 25 per cent. No well shall be assigned an allowable greater than the amount of oil produced on official tests during a 24-hour period.

## RULE 302. SUBSURFACE PRESSURE TESTS ON NEW POOLS

The operator shall make a subsurface pressure test on the discovery well of any new pool hereafter discovered, and shall report the results thereof to the Commission within 30 days after the completion of such discovery well. During the month which contains the anniversary date of the discovery well for each pool or at such other periods as the Commission directs, all operators within the same pool shall make each year a subsurface pressure test on all flowing wells in the pool. This test shall be made by a person qualified by both training and experience to make such test, and with an approved subsurface pressure instrument which shall have been calibrated both prior and subsequent to such test against an approved dead weight tester. Provided the prior and subsequent calibrations agree within one percent, the accuracy of the instrument shall be considered acceptable. All wells shall remain completely shut-in for at least twenty-four hours prior to the test. The subsurface determination shall be obtained as close as possible to the midpoint of the productive sand of the reservoir. The report shall be on Form C-103 and shall state the name of the pool, the name of the operator and lease, the well number, the sub-sea depth in feet of the reservoir datum plane, the wellhead elevation above sea level, the depth in feet to the top of the producing formation or top of perforations, whichever is the lower, the date of the test, the total number of hours the well was shut in prior to the test, the subsurface temperature in degrees Fahrenheit at the test depth, the depth in feet at which the subsurface pressure test was made, the observed pressure in pounds per square inch gauge at the test depth, and the corrected pressure computed from applying to the observed pressure the appropriate corrections for calibration, temperature, and differences in depth between test depth and reservoir datum plane.

## RULE 303. COMMINGLING OF OIL FROM POOLS.

Each pool shall be produced as a single common reservoir and the wells therein shall be completed, cased, maintained and operated as the producing media for that specific pool, and the production of oil therefrom shall at all times be actually segregated into separate, identified tanks, and the commingling or confusion of such production, before marketing, with fluid hydrocarbons produced from other and distinct pools or fields in any tank or tanks is strictly prohibited.

## RULE 304. CONTROL OF MULTIPLE COMPLETED WELLS

Multiple completed wells which have been authorized by the Commission shall at all times be operated, produced and maintained in a manner to insure the complete segregation of the various common sources of supply. The Commission may require such tests as it deems necessary to determine the effectiveness of the segregation of the different common sources of supply.

## RULE 305. METERED CASINGHEAD GAS

The owner of a lease shall not be required to measure the exact amount of casinghead gas produced and used by him for fuel purposes in the development and normal operation of the lease. All casinghead gas produced and sold or transported away from a lease, except small amounts of flare gas, shall be

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RULES AND REGULATIONS - REVISION #4

(Revised by Order No. R-329, dated June 10, 1953)

Insert Page 20-A

Section "E" (Oil Production Operating Practices) is hereby altered in order that Rule 302 may read as follows:

RULE 302: The operator shall make a subsurface pressure test on the discovery well of any new pool hereafter discovered, and shall report the results thereof to the Commission within 30 days after the completion of such discovery well. On or before December 1st of each calendar year the Commission shall designate the months in which subsurface pressure tests shall be taken in designated pools. Included in the designated list shall be listed the required Shut-in Pressure time and datum of tests to be taken in each pool. In the event a newly discovered pool is not included in the Commission's list the Commission shall issue a supplementary Bottom Hole Pressure Schedule. Tests as designated by the Commission shall only apply to flowing wells in each pool. This test shall be made by a person qualified by both training and experience to make such test, and with an approved subsurface pressure instrument which shall have been calibrated both prior and subsequent to such test against an approved dead-weight tester. Provided the prior and subsequent calibrations agree within one percent, the accuracy of the instrument shall be considered acceptable. Unless otherwise designated by the Commission all wells shall remain completely shut-in for at least 24 hours prior to the test. In the event a definite datum is not established by the Commission the subsurface determination shall be obtained as close as possible to the mid-point of the productive sand of the reservoir. The report shall be on Form C-124 and shall state the name of the pool, the pool datum (if established), the name of the operator and lease, the well number, the wellhead elevation above sea level, the date of the test, the total time the well was shut-in prior to the test, the subsurface temperature in degrees Fahrenheit at the test depth, the depth in feet at which the subsurface pressure test was made, the observed pressure in pounds per square inch gauge (corrected for calibration and temperature), the corrected pressure computed from applying to the observed pressure the appropriate correction for difference in test depth and reservoir datum plane and any other information as required by Form C-124.



metered and reported in standard cubic feet monthly to the Commission. The amount of casinghead gas sold in small quantities for use in the field may be calculated upon a basis generally acceptable in the industry, or upon a basis approved by the Commission in lieu of meter measurements.

#### RULE 306. VENTED CASINGHEAD GAS

Pending arrangement for disposition for some useful purpose, all vented casinghead gas shall be burned, and the estimated volume reported on Form C-115.

#### RULE 307. USE OF VACUUM PUMPS

Vacuum pumps or other devices shall not be used for the purpose of creating a partial vacuum in any ~~stratum~~ containing oil or gas.

#### RULE 308. SALT OR SULPHUR WATER

Operators shall report monthly on Form C-115, the amount or percentage of salt or sulphur water produced with the oil by each well making 2% or more water.

#### RULE 309. CENTRAL TANK BATTERIES

Oil shall not be transported from a lease until it has been received and measured in tanks located on the lease. At the option of the operator, common tankage may be used to receive the production from as many as 8 units of the same basic lease, provided adequate tankage and other equipment is installed so that the production from each well can be accurately determined at reasonable intervals.

#### RULE 310. OIL TANKS AND FIRE WALLS

Oil shall not be stored or retained in earthen reservoirs, or in open receptacles. Dikes or fire walls shall not be required except such fire walls must be erected and kept around all permanent oil tanks, or battery of tanks that are within the corporate limits of any city, town, or village, or where such tanks are closer than 150 feet to any producing oil or gas well or 500 feet to any highway or inhabited dwelling or closer than 1000 feet to any school or church; or where such tanks are so located as to be deemed an objectionable hazard within the discretion of the Commission. Where fire walls are required, fire walls shall form a reservoir having a capacity one-third larger than the capacity of the enclosed tank or tanks.

#### RULE 311. TANK CLEANING PERMIT

No tank bottom shall be removed from any tank used for the storage of crude petroleum oil unless and until application for tank-cleaning permit is approved by Agent of the Commission. To obtain approval, owner shall submit Commission's Form C-117 reporting an accurate gauge of the contents of the tank and the amount of merchantable oil determinable from a representative sample of the tank bottom by the standard centrifugal test as prescribed by the American Petroleum Institute's

code for measuring, sampling, and testing crude oil. Number 25, Section 5. The amount of merchantable oil shall be shown as a separate item on Commission Form C-115, and shall be charged against the allowable of the unit or units producing into such tank or pit where such merchantable oil accumulated. Nothing contained in this rule shall apply to the use of tank bottoms on the originating lease where owner retains custody and control of the tank bottom or to the treating of tank bottoms by operator where the merchantable oil recovered is disposed of through a duly authorized transporter and is reported on Commission Form C-115. Nothing contained in this Rule shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

#### RULE 312. TREATING PLANT

No treating plant shall operate except in conformity with the following provisions:

(a) Before construction of a treating plant and upon written application for treating plant permit stating in detail the location, type, and capacity of the plant contemplated and method of processing proposed, the Commission in not less than 20 days will set such application for hearing to determine whether the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and whether there is need for such a plant at the proposed location thereof. Before actual operations are begun, the permittee shall file with the Commission a surety bond of performance satisfactory to the Commission and payable in the amount of \$25,000.00 to the Commission of the State of New Mexico.

(b) Such permit, if granted, shall be valid for 1 year, shall be revocable at the discretion of the Commission at any time after hearing is had on 10 days' notice and shall entitle the treating plant operator to an approved Certificate of Compliance and Authorization to Transport Oil, Commission Form C-110, for the total amount of products secured from tank bottoms and other waste oils processed. Any operating treating plant shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission, a monthly report on Commission Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a Commission Form C-110 for the net oil on hand at the end of the reported period. In no event shall Commission Form C-110 be issued for moving the products of a treating plant without supporting Commission Form C-118 being completed and approved.

(c) None of the provisions of this rule are applicable to the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of by owner to an authorized transporter and accounted for on Commission Form C-110. Before any person other than owner shall pick up, reclaim or salvage wash-in oil, creek oil, or pit oil, a permit to do so shall be obtained from owner or operator of lease and from the duly authorized agent of the Commission. Application for permit shall state the name and location of the lease, the number of well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

### RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and B.S. These substances and tank bottoms shall not be allowed to pollute streams or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair.

## F-NATURAL GAS PRODUCTION OPERATING PRACTICE

### RULE 401. METHOD OF DETERMINING NATURAL GAS WELL POTENTIAL

All operators shall make tests annually to determine the daily open flow potential volumes of all natural gas wells from which gas is being used or marketed. Such tests shall be reported on forms furnished by the Commission. To establish comparable open flow capacity, wells shall be tested by the back pressure method, using 4 back pressure flows taken in sequence from low to high flow. In the event the Commission approves an alternate method of testing, all wells producing from a common source of supply shall be tested in a uniform and comparable manner. In a like manner all natural gas wells hereafter completed shall be tested and the potential test reported. Where it has been determined that a natural gas well in any pool has a potential of 400,000 cubic feet per day or less, further potential tests shall not be required provided the operator periodically reports the shut-in pressure of the well.

### RULE 402. METHOD AND TIME OF SHUT-IN PRESSURE TESTS

(a) Shut-in pressures shall be taken by the operator on all natural gas wells during the months of April and October of each year, unless the taking of such pressures is covered by special pool order.

(b) Shut-in pressures shall be taken with a calibrated gauge after a minimum shut-in period of twenty-four hours. When the shut-in period exceeds 24 hours, such shut-in period shall be reported to the Commission. All shut-in pressures shall be reported to the Commission.

### RULE 403. NATURAL GAS FROM GAS WELLS TO BE MEASURED

All natural gas produced shall be accounted for by metering or other method approved by the Commission and reported to the Commission by common purchaser of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well, and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility, shall be reported by the operator of the well.

### RULE 404. NATURAL GAS UTILIZATION

After the completion of a natural gas well, no gas from such well shall be (1) permitted to escape to the air, (2) used expansively in engines or pumps and then vented, (3) used to gas lift oil wells unless all gas produced is processed in a gasoline plant, or beneficially used thereafter without waste, or (4) used for the manufacture of carbon black.

### RULE 405. STORAGE GAS

With the exception of the requirement to meter and report monthly the amount of gas injected and the amount of gas withdrawn from storage, in the absence of waste these rules and regulations shall not apply to gas being injected into or removed from storage.

1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

2. The second part of the report is a detailed description of the study area. It includes information about the location of the study area, the population of the study area, and the characteristics of the study area. It also discusses the data sources used in the study.

3. The third part of the report is a description of the methodology used in the study. It includes information about the research design, the data collection methods, and the data analysis methods. It also discusses the limitations of the study.

4. The fourth part of the report is a description of the results of the study. It includes information about the findings of the study, the conclusions drawn from the findings, and the implications of the findings. It also discusses the strengths and weaknesses of the study.

5. The fifth part of the report is a conclusion. It summarizes the findings of the study and provides a final statement on the importance of the study. It also discusses the future research that is needed in this area.

NEW MEXICO  
OIL CONSERVATION COMMISSION

RULES AND REGULATIONS - REVISION #7

(Revised by Order No. 330 dated June 10, 1953)

Insert Page 24-A

Section "F" (Natural Gas Production Operating Practice), is hereby altered in order that Rule 402 may read as follows:

RULE 402: METHOD AND TIME OF SHUT-IN PRESSURE TESTS.

(a) Shut-in pressures shall be taken by the operator of all gas wells during the months of April and October of each year, unless the taking of such pressures is covered by a special pool order.

(b) Shut-in pressures shall be taken with dead weight gauge after a minimum shut-in period of twenty-four hours. When the shut-in period exceeds twenty-four hours such shut-in period shall be reported to the Commission. All shut-in pressures shall be reported to the Commission on Form C-125.

#### RULE 406. CARBON DIOXIDE

(a) Insofar as is applicable, the state-wide regulations relating to gas, natural gas, gas wells, gas reservoirs, shall also apply to carbon dioxide, carbon dioxide wells, and carbon dioxide reservoirs.

(b) Copies of rules and regulations particularly affecting carbon dioxide gas fields, insofar as they may vary from these general rules and regulations for oil and natural gas may be obtained from the Commission office in Santa Fe.

## G-OIL PRORATION AND ALLOCATION

### RULE 501. REGULATION OF OIL POOLS

(a) To prevent waste, the Commission shall prorate and 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

It is recognized that producing units capable of producing their daily allowable may overproduce one day and underproduce 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 underproduction; provided, however:

(a) That no producing unit, except for the purpose of testing in the process of completing or recompleting a well and for draw-down tests, shall produce during any day more than 125 per cent of the daily top unit allowable for the pool in which the unit is located, or ten (10) barrels, whichever is greater.

(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 overproduction shall be adjusted for during the following month. The possession of a quantity of oil in lease storage at the end of the month in excess of one day's allowable plus any unrun allowable oil shall be construed as a violation of this rule.

### RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL

(a) The Commission shall meet between the 15th and 20th of each month at open hearing for the purpose of determining the amount of oil to be produced from all oil pools for the following calendar month.

(b) 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 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 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.

#### RULE 504. AUTHORIZATION FOR PRODUCTION OF OIL WHILE COMPLETING, RECOMPLETING, OR TESTING AN OIL WELL

(a) 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 recompletion, or testing a well shall be charged against the allowable production of said well.

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

## RULE 505. OIL PRORATION

(a) 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.

(b)

POOL DEPTH RANGE	40-Acre Proportional Factor	80-Acre Proportional Factor
0 to 5,000 Feet	1.00	
5,000 to 6,000 "	1.33	2.33
6,000 to 7,000 "	1.77	2.77
7,000 to 8,000 "	2.33	3.33
8,000 to 9,000 "	3.00	4.00
9,000 to 10,000 "	3.77	4.77
10,000 to 11,000 "	4.67	5.67
11,000 to 12,000 "	5.67	6.67
12,000 to 13,000 "	6.75	7.75
13,000 to 14,000 "	8.00	9.00

(c) The 40-acre proportional factor shall be applied to pools developed on the normal statewide 40-acre spacing pattern.

(d) The above 80-acre proportional factor shall hereafter be applied to all pools developed on an 80-acre spacing pattern, which the Commission hereafter authorizes as an exception to the normal statewide 40-acre spacing pattern.

(e) Normal unit allowable shall be set by the Commission.

(f) 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.

(g) 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.

(h) 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, whereby 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.

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

(j) 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 2,000 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. In cases of new pools, the limit shall be 2,000 cubic feet per barrel 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.

#### 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.

## SECTION H-GAS PRORATION AND ALLOCATION

### RULE 601. DESIGNATION OF GAS POOLS

There presently being no classified and defined gas pools within the State, the Commission shall as soon as practicable initiate proceedings to name, classify and define the limits of all known producing gas pools. Pools classified as gas pools shall be known as "gas pools" as distinguished from "oil pools," i. e. the "Blanco gas pool" or "Hobbs oil pool." There shall be no proration or allocation of gas production unless and until the provisions of Rule 602 are followed.

### RULE 602 ALLOCATION OF GAS PRODUCTION

When the Commission determines that allocation of gas production in a designated gas pool is necessary to prevent waste, the Commission, after notice and hearing, shall consider the nominations of purchasers from that gas pool and other relevant data, and shall fix the allowable production of that pool, and shall allocate production among the gas wells in the pool delivering to a gas transportation facility upon a reasonable basis and recognizing correlative rights. The Commission shall include in the proration schedule of such pool any gas well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well.

### RULE 603. PRORATION PERIOD

The proration period shall be at least six months and the pool allowable and allocations thereof shall be made at least 30 days prior to each proration period.

### RULE 604. ADJUSTMENT OF ALLOWABLES

When the actual market demand from any allocated gas pool during a proration period is more than or less than the allowable set by the Commission for the pool for the period, the Commission shall adjust the gas proration unit allowables for the pool for the next proration period so that each gas proration unit shall have a reasonable opportunity to produce its fair share of the gas production from the pool and so that correlative rights shall be protected.

### RULE 605. GAS PRORATION UNITS

Before issuing a proration schedule for an allocated gas pool, the Commission, after notice and hearing, shall fix the gas proration unit for that pool.

## I-SECONDARY RECOVERY AND PRESSURE MAINTENANCE

### RULE 701. PERMIT FOR INJECTION OF GAS, AIR OR WATER

(a) The injection of gas or air or water into any reservoir for the purpose of maintaining reservoir pressure for secondary recovery or for water disposal, shall be permitted only by order of the Commission after a hearing.

(b) The application for all permits to inject gas, or air, or water into any reservoir shall contain the following:

1. Plat showing the location of the intake well or wells and the location of all oil and gas wells including drilling wells and dry holes and the names of lessees within one-half mile of the intake well or wells; and each offset operator.
2. The formations from which wells are producing or have produced.
3. The name, description, and depth of the formations to be affected by injection.
4. The log of the intake well or wells or such information as is available.
5. Description of the intake well's casing or the proposed casing program, and proposed method for testing casing before use of the input wells.
6. Statement as to whether gas, air, or water is to be used for injection, its source, and the estimated amounts to be injected daily.
7. The names and addresses of the operator or operators of the project.

### RULE 702. CASING AND CEMENTING OF INJECTION WELLS

Wells used for injection of gas, air, or water into the producing formation shall be cased with safe and adequate casing, or tubing so as to prevent leakage and such casing or tubing shall be so set or cemented that damage will not be caused to oil, gas or fresh water resources.

### RULE 703. NOTICE OF COMMENCEMENT AND DISCONTINUANCE OF INJECTION OPERATIONS

The following provisions shall apply to all injection projects:

(a) Immediately upon the commencement of injection operations, the operator shall notify the Commission of the injection date.

(b) Within 10 days after the discontinuance of injection operations the operator shall notify the Commission of the date of such discontinuance and the reasons thereof.

NEW MEXICO  
OIL CONSERVATION COMMISSION

RULES AND REGULATIONS - REVISION #1  
(Revised by Order No. R-313 dated April 10, 1953)

Insert Page 33-A

Section I - Secondary Recovery and Pressure Maintenance is hereby amended to provide for the addition of Rule 705, as follows:

**RULE 705: LPG STORAGE WELLS**

Application to drill storage wells for the purpose of storing liquefied petroleum gases shall be submitted to the Director of the Commission for approval. In addition to Form C-101 (Notice of Intention to Drill), the operator shall submit the following information:

1. Certified plat of area within 1/2 mile of proposed well showing thereon the location of the proposed well and the location of any oil or gas wells and dry holes, and lease ownership.
2. Upon completion of the proposed well, operator shall submit Form C-105, well log, plus a diagrammatic sketch of the finished installation, together with an estimate of the storage capacity of the cavity.

Applicants shall furnish all operators within a half-mile radius of the proposed well with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within a half-mile radius of the proposed well have been properly notified. The Secretary of the Commission shall wait at least ten (10) days before approving any such application, and shall approve any such application only in the absence of objection from any notified operator. In the event that an operator objects to the application the Commission shall consider the matter only after proper notice and hearing.



- (c) Before any intake well shall be plugged, notice shall be served on the Commission by the owner of said well, and the same procedure shall be followed in the plugging of such well as provided for the plugging of oil and gas wells.

#### RULE 704. RECORDS

The operator of an injection project shall keep accurate records and report monthly to the Commission the amount of oil produced, the volumes of fluid injected and the injection pressures.

## J-OIL PURCHASING AND TRANSPORTING

### 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.

### 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 the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity of, or which may be reasonably reached by pipelines through which it is transporting oil, or the gathering branches thereof, or which may be delivered to the pipeline 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 or in favor of the 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 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, the common purchaser within its purchasing area is authorized and directed to make 100 per-cent 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 takings 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.

## K-GAS PURCHASING AND TRANSPORTING

### RULE 901. ILLEGAL SALE PROHIBITED

The sale, purchase or acquisition, or the transporting, refining, processing or handling in any other way, of natural gas in whole or in part (or of any product of natural gas so produced) 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.

### RULE 902. RATABLE TAKE

(a) Any person now or hereafter engaged in purchasing from one or more producers gas produced from gas wells shall be a common purchaser thereof within each common source of supply from which it purchases, and as such it shall purchase gas lawfully produced from gas wells with which its gas transportation facilities are connected in the pool and other gas lawfully produced within the pool and tendered to a point on its gas transportation facilities. Such purchases shall be made without unreasonable discrimination in favor of one producer against another in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells. In the event any such person is likewise a producer, he is prohibited to the same extent from discriminating in favor of himself on production from gas wells in which he has an interest, direct or indirect, as against other production from gas wells in the same pool. For the purposes of this rule reasonable differences in prices paid or facilities afforded, or both, shall not constitute unreasonable discrimination if such differences bear a fair relationship to differences in quality, quantity or pressure of the gas available or to the relative lengths of time during which such gas will be available to the purchaser. The provisions of this subsection shall not apply (1) to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the Commission, (2) to purchases of casinghead gas from oil wells, and (3) to persons purchasing gas principally for use in the recovery or production of oil or gas.

(b) Any common purchaser taking gas produced from gas wells from a common source of supply shall take ratably under such rules, regulations and orders, concerning quantity, as may be promulgated by the Commission consistent with this rule. The Commission, in promulgating such rules, regulations and orders may consider the quality and the deliverability of the gas, the pressure of the gas at the point of delivery, acreage attributable to the well, market requirements in the case of unprorated pools, and other pertinent factors.

(c) Nothing in this rule shall be construed or applied to require, directly or indirectly, any person to purchase gas of a quality or under a pressure or under any other condition by reason of which such gas cannot be economically and satisfactorily used by such purchaser by means of his gas transportation facilities then in service.

RULE 803. PRODUCTION AND TRANSPORTATION OF CONDENSATE.

The operator of a gas well in a gas pool may produce from such well the amount of condensate which such well is capable of producing without waste, provided that said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such wells; 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.

## 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 five 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	-	Request for (oil) (gas) Allowable
Form C-105	-	Well Record
Form C-110	-	Certificate of Compliance and Authorization to Transport Oil or Natural Gas
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
Form C-115	-	Operator's Monthly Report (Oil, Condensate and Gas)
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

## L-REFINING

### RULE 1001. REFINERY REPORTS

Each refiner of 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 oil and products involved in such refiner's operations during each month. Such report for each month shall be prepared and filed according to instructions on the form, on or before the 15th day of the next succeeding month.

### RULE 1002. GASOLINE PLANT REPORTS

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 within the State of New Mexico, shall furnish for each calendar month a "Monthly Gasoline or Other Extraction Plant Monthly Report," Form C-114, containing the information indicated by such form respecting natural gas and products involved in the operation of each plant during each month.

Such reports for each month shall be prepared and filed according to instructions on the form on or before the 15th day of the next succeeding month.

NEW MEXICO  
OIL CONSERVATION COMMISSION

RULES AND REGULATIONS - REVISION #5

(Revised by Orders Nos. R-329 and R-330 dated June 10, 1953)

Insert Page 38-A

Section "M" (Reports) Rule 1103.

RULE 1103, WRITTEN NOTICES, REQUESTS, PERMITS  
AND REPORTS.

It is hereby extended to include the listing of Form C-124  
Bottom Hole Pressure Test and Form C-125 Gas Well Shut-In  
Pressure Tests.



#### RULE 1104. NOTICE OF INTENTION TO DRILL OR RECOMPLETE

Before beginning drilling, and before beginning recompletion operations, the owner or operator 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 modifications considered advisable, or the rejection of the plan submitted. Drilling or 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 name and number of the well, exact location, status of land (whether state or privately owned), type drilling equipment to be used, drilling contractor, formation to be completed in and approximate depth, casing program, and any other pertinent information. In case of recompletions the details shall be fully explained under the "Remarks" column. In the 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. (Note: on State land, the State Land Office requires 1 copy, of Form C-101. Therefore submit 6 copies).

#### RULE 1105. MISCELLANEOUS NOTICES.

Form C-102, 'Miscellaneous Notices,' shall be filed by the operator in TRIPLICATE, with the District Office of the Commission, and approval obtained from the District Office of the Commission before starting operations leading to a proposed change in drilling plan, before plugging a well, before squeezing operations are begun, before gun perforating, before temporarily abandoning well, before plugging back, before acidizing, before drilling to a greater depth than indicated on Form C-101 before setting a liner, before shooting with nitroglycerin, and before starting any other similar operations not specifically covered herein. A copy of this notice giving decision of the Commission will be returned to the owner.

In the case of well-plugging operations, 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 1106. MISCELLANEOUS REPORTS ON WELLS (Form C-103)

Form C-103, 'Miscellaneous Reports on Wells', shall be filed by the operator in TRIPLICATE with the District Office of the Commission within ten days after the work specified is completed. This report shall cover the work outlined on Form C-102 and shall include a detailed account of the manner in which the work was performed. Specific information as to the exact information to be contained on Form C-103 with respect to each operation is as follows:

(a) Report on Beginning Drilling Operations

Within ten 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.

(b) Report on Result of Test of Casing Shut-Off

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 ten 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.

(c) Report on Results of Plugging Well

Within ten 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.

(d) Report on Result of Shooting or Chemical Treatment of Well

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.

(e) Miscellaneous Report on Wells

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

- (1) Change of Drilling Plan
- (2) Repairing or Deepening Well
- (3) Pulling or Altering Casing
- (4) Plugging Back
- (5) Re-Drilling
- (6) 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 ten days after such operation is completed.

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

#### RULE 1107. 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 QUADRUPLICATE to the Commission office to which Form C-101 was sent. The allowable will be assigned effective 7:00 a. m. on the 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.

Form C-110, Certificate of Compliance and Authorization to Transport Oil or Natural Gas, shall accompany Form C-104.

#### RULE 1108. 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. (Note: On State Land submit one additional copy of C-105)

#### RULE 1109. CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL OR NATURAL GAS - (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 well 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 well or whenever there shall occur a change of transporter from any producing well, 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 1110. 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, and shall be submitted in DUPLICATE.

RULE 1111. 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 1112. 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, in DUPLICATE.

RULE 1113. 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 in DUPLICATE.

RULE 1114. OPERATOR'S MONTHLY REPORT - (Form C-115)

Operator's Monthly Report, Form C-115, 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 form. Each report for each month shall be filed for the next succeeding month - on or before the 18th.

Daily Well Nominations as reported on Form C-115 shall apply to the next succeeding month. Top allowable units will be indicated by entering a T in the nomination column. Units that are incapable of producing top allowable, will be nominated for the actual amount of oil that they are capable of producing daily.

The reports on this form shall be filed by the producer as follows: the original to the Oil Conservation Commission, 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 1115. 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. This form shall be submitted in DUPLICATE, one copy being sent to the Hobbs District Office and one copy to the Oil Conservation Commission, Santa Fe, New Mexico.

RULE 1116. 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 1117. TREATING PLANTS (Form C-118)

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

RULE 1118. CARBON BLACK PLANT MONTHLY REPORT - (Form C-119)

Each operator of 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 operator delivering natural gas directly to such plant, together with the opening and 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 Monthly Report," on or before the 15th day of the next succeeding month.

RULE 1119. INJECTION REPORT (Form C-120)

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

RULE 1120. CRUDE OIL PURCHASER'S NOMINATION - (Form C-121)

Form C-121 shall be used by crude oil purchasers for nomination of purchases, and shall be submitted to the Commission not later than 5 days prior to said Commission's statewide proration hearing on nominations for the succeeding month. One copy of Form C-121 shall be mailed to Oil Conservation Commission, Santa Fe, New Mexico.

RULE 1121. BACK PRESSURE DATA SHEET (Form C-122)

Form C-122 shall be submitted in TRIPLICATE to the Oil Conservation Commission, Santa Fe, New Mexico, and shall be used to show back pressure data as required under the provisions of Rule 401.

RULE 1122. REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE  
CREATION OF A NEW POOL. (Form C-123)

Form C-123 shall be used when a well is completed outside the boundaries of any pool producing from the same formation and shall be submitted in TRIPLICATE to the Proration Office at Hobbs not later than twenty (20) days after completion of well, and shall accompany Form C-105.

NEW MEXICO  
OIL CONSERVATION COMMISSION

RULES AND REGULATIONS - REVISION #6

(Revised by Orders Nos. R-329 and R-330 dated June 10, 1953)

Insert Page 44-A

Section "M" (Reports) is hereby extended to include new Rules 1123 and 1124 providing for Forms C-124 and C-125 said rules to read as follows:

RULE 1123: BOTTOM HOLE PRESSURE TESTS (Form C-124).

Form C-124 shall be submitted in triplicate to the Oil Conservation Commission, Santa Fe, New Mexico, and shall be used to report bottom hole pressures as required under the provisions of Rule 302.

RULE 1124: GAS WELL SHUT-IN PRESSURE TESTS (Form C-125).

Form C-125 shall be submitted in triplicate to the Oil Conservation Commission, Santa Fe, New Mexico, and shall be used to report shut-in pressure tests on gas wells as required under the provisions of Rule 402.



## N-RULES ON PROCEDURE

### RULE 1201. NECESSITY FOR HEARINGS

Except as provided 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 and other person it shall be by application. The application in TRIPLICATE 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 OF HEARING

Such notice shall be issued in the name of "The State of New Mexico" and shall be signed by two 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, 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 held 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 rehearsing 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 the Oil Conservation Commission, 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.

### 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 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.

# NOMENCLATURE - SOUTHEAST

Pool	Producing Formation	County	Twp. & Rge.	Description
Acme	SA	Chaves	T. 8S-R. 27E	SW/4 Sec. 5; S/2 Sec. 6; All Sec. 7; W/2 Sec. 8.
Aid	Y-SR	Eddy	T. 17S-R. 28E	S/2 Sec. 24; All Sec. 25.
Anderson	G-SA	Eddy	T. 17S-R. 29E	S/2 Sec. 1; All Secs. 2, 3, 11 & 12; N/2 Sec. 13; N/2 Sec. 14.
			T. 17S-R. 30E	SW/4 Sec. 6; N/2 Sec. 7.
Arrowhead	Q-G	Lea	T. 21S-R. 36E	All Secs. 24, 25 & 26; E/2 Sec. 34; All Secs. 35 & 36.
			T. 22S-R. 36E	All Secs. 1 & 2; E/2 Sec. 3; N/2 and SE/4 Sec. 11; All Secs. 12 & 13; E/2 Sec. 14; All Sec. 24.
			T. 22S-R. 37E	W/2 Sec. 6; NW/4 and S/2 Sec. 7; All Secs. 18 & 19.
Artesia	G-SA	Eddy	T. 17S-R. 28E	S/2 Sec. 32; All Sec. 33; S/2 Sec. 34; SW/4 Sec. 35.
			T. 18S-R. 27E	SE/4 Sec 1; SE/4 Sec. 11; All Secs. 12 & 13; E/2 Sec. 14; E/2 Sec. 23; All Secs. 24 & 25; E/2 Sec. 26; NE/4 Sec. 35; All Sec. 36.
			T. 18S-R. 28E	All Secs. 2, 3, 4 & 5; E/2 and SW/4 Sec. 6; All Secs. 7, 8, 9, 10 & 11; W/2 Sec. 14; All Secs. 15 thru 22; W/2 Sec. 23; All Secs. 27 thru 34.
			T. 19S-R. 28E	All Secs. 3 to 5 incl; N/2 Sec. 6; NE/4 Sec. 9; All Sec. 10.
Atoka (Abandoned)	SA	Eddy	T. 18S-R. 26E	E/2 Sec. 15.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Bagley- Pennsylvanian	Penn.	Lea	T. 11S-R. 33E	SE/4 Sec. 33; NE/4 & S/2 Sec. 34; NW/4 & S/2 Sec. 35; SW/4 Sec. 36.
			T. 12S-R. 33E	W/2 Sec. 1; All Secs. 2 & 3; E/2 Sec. 4; E/2 Sec. 10; All Sec. 11; W/2 Sec. 12.
Bagley- Siluro-Devonian	SD	Lea	T. 11S-R. 33E	SE/4 Sec. 33; NE/4 & S/2 Sec. 34; S/2 NE/4 & S/2 Sec. 35; SW/4 Sec. 36.
			T. 12S-R. 33E	W/2 Sec. 1; All Secs. 2 & 3; E/2 Sec. 4; E/2 Sec. 10; All Sec. 11; W/2 Sec. 12.
Baish	Y	Lea	T. 17S-R. 32E	E/2 Sec. 20; All Sec. 21; W/2 Sec. 22; N/2 Sec. 28.
Barber	Y	Eddy	T. 20S-R. 30E	S/2 Sec. 17; All Sec. 20.
Benson	Y	Eddy	T. 19S-R. 30E	All Sec. 16.
Bitter Lake (Abandoned)	SA	Chaves	T. 10S-R. 25E	All Sec. 13; E/2 Sec. 14; NE/4 Sec. 23; N/2 Sec. 24.
Black River	Del	Eddy	T. 24S-R. 26E	SE/4 Sec. 11; SW/4 Sec. 12; W/2 Sec. 13; E/2 Sec. 14; NE/4 Sec. 23; NW/4 Sec. 24.
Blinebry	B	Lea	T. 21S-R. 37E	All Sec. 23; S/2 & NW/4 Sec. 25; All Sec. 26; E/2 Sec. 35; All Sec. 36.
			T. 22S-R. 37E	All Secs. 1, 12 & 13; E/2 Sec. 23; All Sec. 24; N/2 Sec. 25.
			T. 22S-R. 38E	W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 & 31.
			T. 23S-R. 38E	All Sec. 6.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Bluit-San Andres	SA	Roosevelt	T. 8S-R. 38E	All of Secs. 7, 8, 17 & 18.
Bough	Permo-Penn.	Lea	T. 9S-R. 35E	All Secs. 11 thru 14 incl.
			T. 9S-R. 36E	All Sec. 7; W/2 Sec. 8; W/2 Sec. 17; All Sec. 18.
Bowers	SR	Lea	T. 18S-R. 37E	All Sec. 13; E/2 Sec. 14; All Sec. 24; E/2 Sec. 25.
			T. 18S-R. 38E	S/2 Sec. 18; All Sec. 19; NW/4 & S/2 Sec. 20; all Secs. 28 thru 33 incl. W/2 Sec. 34.
			T. 19S-R. 38E	N/2 Sec. 4; N/2 & NE/4 SE/4 Sec. 5; N/2 Sec. 6.
Brown	Q-G	Chaves	T. 10S-R. 26E	All Sec. 26.
Brunson	E	Lea	T. 21S-R. 37E	Lots 11, 12, 13, 14 and S/2 Sec. 2; Lots 9, 10, 15, 16 and SE/4 Sec. 3; all Sec. 10; N/2 Sec. 11; NW/4 Sec. 12; All Secs. 15, 21 and 22; W/2 Sec. 27; all Sec. 28; E/2 Sec. 32; all Sec. 33.
			T. 22S-R. 37E	SW/4 Sec. 3; All Sec. 4; E/2 Sec. 5; E/2 Sec. 8; All Sec. 9; W/2 Sec. 10; All Sec. 15; N/2 Sec. 16; N/2 & SE/4 Sec. 22.
Burton	Y	Eddy	T. 20S-R. 29E	N/2 Sec. 8.
Caprock	Q	Chaves	T. 12S-R. 31E	All Sec. 36.
		Lea	T. 12S-R. 32E	SW/4 Sec. 29; S/2 Sec. 30; All Secs. 31 & 32.
		Chaves	T. 13S-R. 31E	All Sec. 1; E/2 Sec. 2; All Secs. 11 thru 13 incl; N/2 & SE/4 Sec. 14; N/2 Sec. 24.

Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Caprock (Cont'd)		Lea	T. 13S-R. 32E	All Secs. 5 thru 8 incl; N/2 Sec. 17; All Sec. 18; N/2 Sec. 19.
Caprock- Devonian, East	Dev.	Lea	T. 12S-R. 32E	S/2 Sec. 2; All Secs. 11 and 14.
Caprock- Pennsylvanian, East	Penn.	Lea	T. 12 S - R. 32E	SW/4 Sec. 11; NW/4 Sec. 14.
Cary	Mon.	Lea	T. 22S-R. 37E	All Sec. 22.
Cass	Penn.	Lea	T. 20S-R. 37E	All Sec. 23.
Caudill- Pennsylvanian	Penn.	Lea	T. 15S-R. 36E	All Sections 4, 5, 8, and 9.
Cave (Abandoned)	G	Eddy	T. 17S-R. 29E	SE/4 Sec. 8; SW/4 Sec. 9; NW/4 Sec. 16; NE/4 Sec. 17.
Cedar Hills Yates	Y	Eddy	T. 21S-R. 27E	All Sec. 5; N/2 Sec. 8.
Chisum	Dev.	Chaves	T. 11S-R. 27E	All Sec. 13.
			T. 11S-R. 28E	W/2 Sec. 18.
Chisum- San Andres	SA	Chaves	T. 11S-R. 27E	All Sec. 13.
Comanche (Abandoned)	SA	Chaves	T. 11S-R. 26E	N/2 Sec. 15.
Cooper-Jal	Y-SR	Lea	T. 23S-R. 36E	All Sec. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33 & 34.
			T. 24S-R. 36E	W/2 Sec. 2; All Sec. 3 & 4; N/2 Sec. 9; All Sec. 10; W/2 Sec. 11; SW/4 Sec. 13; All Sec. 14, 15, 22 & 23; W/2 Sec. 24; W/2 Sec. 25; All Sec. 26, 27, 34 & 35; W/2 Sec. 36.
			T. 25S-R. 36E	All Sec. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26 & 36.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Cooper-Jal (Cont'd)			T. 25S-R. 37E	SW/4 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec. 19; W/2 Sec. 30; All Sec. 31; SW/4 Sec. 32.
Corbin	Q	Lea	T. 17S-R. 33E	All Sec. 33; SW/4 Sec. 34.
			T. 18S-R. 33E	W/2 Sec. 3; E/2 Sec. 4; E/2 Sec. 9; W/2 Sec. 10.
Corbin- Yates	Y	Lea	T. 18S-R. 33E	E/2 Sec. 9; W/2 Sec. 10.
Crossroads	SD	Lea	T. 9S-R. 36E	W/2 Sec. 26; All Sec. 27; E/2 Sec. 28; E/2 Sec. 33; All Sec. 34; W/2 Sec. 35.
Crossroads - Pennsylvanian	Penn.	Lea	T. 9S-R. 36E	SE/4 Sec. 20; S/2 Sec. 22; W/2 Sec. 26; All Sec. 27; NW/4, E/2 Sec. 28; N/2 Sec. 29; E/2 Sec. 33; All Sec. 34; W/2 Sec. 35.
Crossroads - Slaughter	SA	Lea	T. 9S-R. 36E	S/2 Sec. 30; All Sec. 31.
Culwin	Q	Eddy	T. 19S-R. 31E	N/2 Sec. 6.
Dark Canyon	Del	Eddy	T. 23S-R. 26E	S/2 Sec. 22.
Daughterity	SA	Eddy	T. 17S-R. 27E	All Sec. 3.
Dayton	G	Eddy	T. 18S-R. 26E	S/2 Sec. 23; S/2 Sec. 24; All Secs. 25 & 26; N/2 Sec. 35.
Dayton, East (Abandoned)	G	Eddy	T. 18S-R. 27E	NW/4 Sec. 29.
Denton	Dev.	Lea	T. 14S-R. 37E	W/2 Sec. 25; All 26; E/2 Sec. 27; All Sec. 34, 35 & 36.
			T. 15S-R. 37E	All Secs. 1, 2 & 3 incl; All secs. 10 thru 15 incl; N/2 Sec. 22; N/2 Sec. 23; N/2 Sec. 24.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Denton- Wolfcamp	Wc	Lea	T. 14S-R. 37E	S/2 Sec. 35.
			T. 15S-R. 37E	All Secs. 1, 2, 11, 12, 13 & 14.
Denton- Mississippian	Miss.	Lea	T. 15S-R. 37E	All Secs. 11 thru 14 incl.
Dollarhide, West	E	Lea	T. 24S-R. 38E	S/2 Sec. 32; W/2 and Lots 1, 2, 3 & 4 of Sec. 33.
			T. 25S-R. 38E	NW/4 and Lots 1 & 4 of Sec. 4; N/2 Sec. 5.
Dollarhide- Devonian, West	Dev.	Lea	T. 24S-R. 38E	Lots 3 and 4 & SW/4 Sec. 28; S/2 Sec. 29; SE/4 Sec. 30; E/2 Sec. 31; All Sec. 32; W/2 and Lots 1, 2, 3 and 4 Sec. 33.
			T. 25S-R. 38E	Lots 1, 4, 5 & 6 and W/2 Sec. 4; All Sec. 5; NE/4 Sec. 6.
Dollarhide- Drinkard, West	DR	Lea	T. 24S-R. 38E	All Secs. 28, 29; E/2 Sec. 31; All Secs. 32 & 33.
Dollarhide- Fusselman, West	Fu	Lea	T. 24S-R. 38E	E/2 Sec. 31; All Sec. 32 & 33.
			T. 25S-R. 38E	NW/4 and Lots 1 & 4, Sec. 4; NE/4 Sec. 5.
Dollarhide- Queen, West	Q	Lea	T. 24S-R. 38E	E/2 Sec. 31.
			T. 25S-R. 38E	NE/4 Sec. 6.
Drinkard	DR	Lea	T. 21S-R. 37E	Lots 3, 4, 5, 6, 11, 12, 13, 14 and SW/4 Sec. 2; All Sec. 3; S/2 Sec. 4; All Secs. 8 thru 11 incl; All Secs. 14 thru 17 incl; E/2 Sec. 19; All Secs. 20 thru 23 incl; SW/4 Sec. 25; All Secs. 26 thru 29 incl; E/2 sec. 30; E/2 Sec. 31; All Secs. 32 thru 36 incl.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Drinkard (Cont'd.)			T. 22S-R. 37E	All Secs. 1 thru 5 incl; All Secs. 8 thru 15 incl; E/2 Sec. 16; E/2 Sec. 21; All Secs. 22 thru 26 incl; All Sec. 36.
			T. 22S-R. 38E	SW/4 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19 & 20; All Secs. 29 thru 32 incl.
			T. 23S-R. 38E	All Secs. 5 & 6.
Drinkard, South	DR	Lea	T. 23S-R. 37E	All of Sec. 3.
Dublin (Abandoned)	E	Lea	T. 26S-R. 37E	All Secs. 11 thru 14 incl.
Dublin- Devonian	Dev.	Lea	T. 26S-R. 37E	All Secs. 11 thru 14 incl.
Eaves	Y-SR	Lea	T. 26S-R. 36E	All Secs. 12, 13, 24 & 25.
			T. 26S-R. 37E	W/2 Sec. 7; All Secs. 18 & 19; SW/4 Sec. 20; W/2 Sec. 29; All Secs. 30 & 31; W/2 Sec. 32.
Echol- Devonian	Dev.	Lea	T. 10S-R. 37E	S/2 Sec. 32; SW/4 Sec. 33.
			T. 11S-R. 37E	All of Sec. 2.
Echol- Devonian, North	Dev.	Lea	T. 10S-R. 37E	All Sec. 21.
Eighty Four- Draw	SA	Lea	T. 21S-R. 38E	All of Sec. 8; NW/4 Sec. 9.
Elliott (Abandoned)	DR	Lea	T. 21S-R. 38E	All Sec. 8.
Empire	Y-SR	Eddy	T. 17S-R. 27E	S/2 Sec. 12; All Secs. 13, 24, 25, 26, 35 and 36.
			T. 17S-R. 28E	S/2 Sec. 7; SW/4 Sec. 16; S/2 Sec. 17; All Sec. 18; N/2 & SW/4 Sec. 19; N/2 Sec. 20; W/2 & SE/4 Sec. 21; W/2 Sec. 30.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Empire (Cont'd.)			T.18S-R.27E	NE/4&W/2 Sec. 2; E/2 Sec. 3.
Eunice- Monument	SR-Q-G-SA	Lea	T.19S-R.36E	E/2 Sec. 12; All Sec. 13; All 23 thru 27 incl. All Secs. 34, 35, & 36.
			T.19S-R.37E	SW/4 Sec. 3; S/2 Sec. 4; All Secs. 7 & 8; W/2 Sec. 9; W/2 Sec. 16; All Secs. 17 thru 21 incl. S/2 Sec. 27; All Secs. 28 thru 34 incl.
			T.20S-R.36E	All Secs. 1, 2, 3; All Secs. 10 thru 14 incl. E/2 Sec. 15; All Secs. 23 thru 26 incl; All Secs. 35 and 36.
			T.20S-R.37E	All Secs. 3 thru 10 incl. All Secs. 15 thru 21 incl. W/2 Sec. 22; All Secs. 29 thru 33 incl.
			T.21S-R.35E	All Secs. 1,12, 13, 24; E/2 Sec. 25.
			T.21S-R.36E	SW/4 Sec. 1; All Secs. 2 thru 11 incl; W/2 Sec. 12; W/2 Sec. 13; All Secs. 14 thru 22 incl; NW/4 Sec. 23; W/2 Sec. 27; All Secs. 28 thru 30 incl; NE/4 Sec. 31; All Secs. 32 & 33; W/2 Sec. 34.
South Eunice	SR	Lea	T.21S-R.35E	E/2 Sec. 36.
			T.21S-R.36E	NW/4 and S/2 Sec. 31.
			T.22S-R.35E	E/2 Sec. 1.
			T.22S-R.36E	W/2 Sec. 3; All Secs. 4 thru 10 incl; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 thru 23 incl; All Secs. 25 thru 29 incl; E/2 Sec. 30; NE/4 Sec. 31; All Secs. 32 thru 36 incl.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Fenton	De	Eddy	T. 21S-R. 28E	All Sec. 15.
Forest	SA	Eddy	T. 16S-R. 29E	S/2 Sec. 26; S/2 Sec. 27; All Secs. 34 & 35.
Fowler	E	Lea	T. 24S-R. 37E	SE/4 Sec. 9; S/2 Sec. 10; W/2 Sec. 14; All Sec. 15; E/2 Sec. 16; All Sec. 22; W/2 Sec. 23.
Fowler- Blinebry	B	Lea	T. 24S-R. 37E	W/2 Sec. 15; All Sec. 16; N/2 Sec. 21; NW/4 Sec. 22.
Fren	SR	Eddy	T. 17S-R. 30E	S/2 Sec. 21; All Secs. 22 thru 27 incl; N/2 Sec. 28.
			T. 17S-R. 31E	All Secs. 16 & 17; S/2 Sec. 18; All Secs. 19 thru 22 incl; All Secs. 29 & 30.
Garrett	SA	Lea	T. 16S-R. 38E	SW/4 and E/2 Sec. 22; W/2 Sec. 23.
Getty	Y	Eddy	T. 20S-R. 29E	SW/4 Sec. 13; SE/4 Sec. 14; E/2 Sec. 23; W/2 Sec. 24; NW/4 Sec. 25; NE/4 Sec. 26.
Gladiola	Dev.	Lea	T. 12S-R. 37E	S/2 Sec. 13; N/2 Sec. 24.
			T. 12S-R. 38E	SW/4 Sec. 18, NW/4 Sec. 19.
Gladiola- Wolfcamp	Wc	Lea	T. 12S-R. 37E	All Sec. 13; E/2 Sec. 14; All Sec. 23, 24; N/2 Sec. 26.
Grayburg- Jackson	Q-G-SA	Eddy	T. 17S-R. 29E	S/2 Sec. 13; S/2 Sec. 14; All Sec. 20 thru 29; N/2 & N/2 S/2 Sec. 32; N/2 & N/2 SW/4 & SE/4 Sec. 33; All Sec. 34; N/2 & N/2 of S/2 Sec. 35, N/2 Sec. 36.

# Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Grayburg- Jackson (Cont'd.	Q-G-SA	Eddy	T. 17S-R. 30E	S/2 Sec. 12; All Secs. 13 thru 17 incl; S/2 Sec. 18; All Secs. 19 thru 21 incl; N/2 Sec. 22; N/2 Sec. 23; N/2 Sec. 24; N/2 Sec. 29; All Sec. 30.
			T. 17S-R. 31E	SW/4 Sec. 4; S/2 Sec. 5; All Sec. 7; All Sec. 8; S/2 and NW/4 Sec. 9; All Secs. 14 thru 18 incl; N/2 Sec. 19; N/2 Sec. 20; All Secs. 21 thru 23 incl; N/2 Sec. 26; N/2 Sec. 27; N/2 Sec. 28.
Grayburg- Keely	SA	Eddy	T. 17S-R. 29E	S/2 Sec. 22; S/2 Sec. 23; All Sec. 26 and 27.
Hale (Gas)	T	Eddy	T. 20S-R. 30E	SW/4 Sec. 12; NW/4 Sec. 13.
Halfway	Y	Lea	T. 20S-R. 32E	S/2 Sec. 9; All Sec. 16.
Hardy	Q-G	Lea	T. 20S-R. 37E	All Sec. 36.
			T. 20S-R. 38E	All Sec. 31.
			T. 21S-R. 36E	Lots 1, 2, 7, 8, 9, 10, 15 & 16 of Sec. 1.
			T. 21S-R. 37E	All Sec. 5 and 6; N/2 Sec. 7.
Hare	Sim	Lea	T. 21S-R. 37E	SW/4 SW/4 Sec. 1; S/2 and Lots 11, 12, 13, 14, Sec. 2; S/2 and Lots 9, 14, 15 & 16, Sec. 3; All Sec. 10 & 15; E/2 Sec. 16; S/2 & NE/4 Sec. 21; All Sec. 22; W/2 Sec. 27; All Sec. 28; E/2 Sec. 29; E/2 Sec. 32; W/2 & NE/4 Sec. 33.
Hare, South	Sim	Lea	T. 22S-R. 37E	SE/4 Sec. 9; S/2 and NW/4 Sec. 15; NE/4 Sec. 16; N/2 Sec. 22.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Harrison (Abandoned)	P	Lea	T. 23S-R. 37E	SW/4 Sec. 16; NW/4 Sec. 21.
Henshaw	SA	Eddy	T. 16S-R. 30E	All Sec. 13.
High Lonesome	Q	Eddy	T. 16S-R. 29E	SW/4 Sec. 16; S/2 Sec. 17; N/2 Sec. 20; NW/4 Sec. 21.
High Lonesome, South	G-SA	Eddy	T. 16S-R. 29E	S/2 Sec. 31; S/2 and NE/4 Sec. 32; All Sec. 33.
			T. 17S-R. 28E	NE/4 Sec. 1.
			T. 17S-R. 29E	N/2 Sec. 4; N/2 Sec. 5; N/2 Sec. 6.
Hightower	Dev.	Lea	T. 12S-R. 33E	All of Secs. 22, 23, 26 & 27.
Hightower Permo Penn	Penn.	Lea	T. 12S-R. 33E	All Secs. 22, 23, 26 & 27.
Hobbs	SA	Lea	T. 18S-R. 37E	All Secs. 13, 14, 23, 24, 25 and 36.
			T. 18S-R. 38E	All Secs. 17 thru 22 incl; All Secs. 27 thru 34 incl.
			T. 19S-R. 38E	All Secs. 3 thru 6, incl; All Secs 8, 9, 10, 15 & 16.
Hobbs- Drinkard	DR	Lea	T. 19S-R. 38E	NW/4 Sec. 4.
Hobbs- Blueberry-East	B	Lea	T. 18S-R. 39E	Lots 1, 2, 3 & 4 of Sec. 29.
Hobbs - San Andres, East	SA	Lea	T. 18S-R. 39E	All Secs. 29 & 32 (Lying within New Mexico)
House	DR	Lea	T. 20S-R. 38E	All Sec. 1; SE/4 Sec. 2; SW/4 and E/2 Sec. 11; All Sec. 12; N/2 Sec. 13; N/2 Sec. 14;
			T. 20S-R. 39E	All Sec. 6; W/2 Sec. 7; NW/4 Sec. 18.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
House - San Andres	SA	Lea	T. 20S-R. 38E	E/2 Sec. 1; E/2 Sec. 11; All Sec. 12; NW/4 Sec. 13; NE/4 Sec. 14.
			T. 20S-R. 39E	All Sec. 5 & 6; N/2 Sec. 7.
Justis (Gas)	P	Lea	T. 25S-R. 37E	SW/4 Sec. 1; SE/4 Sec. 2; E/2 Sec. 11; W/2 Sec. 12; W/2 Sec. 13; E/2 Sec. 14; E/2 Sec. 23; W/2 Sec. 24;
King- Wolfcamp	Wc	Lea	T. 13S-R. 37E	All Secs. 25, 26, 35 & 36.
Knowles	Dev.	Lea	T. 16S-R. 38E	E/2 Sec. 34; All Sec. 35;
			T. 17S-R. 38E	N/2 Sec. 2; NE/4 Sec. 3.
Langlie- Mattix	Y-SR-Q	Lea	T. 23S-R. 36E	All Secs. 1, 2 & 3; All of Secs. 10 thru 14 incl; All Secs. 23 thru 26 incl; All Secs. 35 & 36.
			T. 23S-R. 37E	W/2 Sec. 6; All Secs. 7, 18, 19; W/2 W/2 Sec. 26; All Sec. 27; S/2 Sec. 28; All Secs. 29 thru 35, incl;
			T. 24S-R. 36E	All Sec. 1; E/2 Sec. 2; E/2 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13; E/2 Sec. 24; E/2 Sec. 25; E/2 Sec. 36.
			T. 24S-R. 37E	All Secs. 2 thru 11, incl; All Secs. 14 thru 23 incl; SW/4 Sec. 25; All Secs. 26 thru 35, incl; NW/4 Sec. 36.
			T. 25S-R. 37E	All Secs. 2 thru 5 incl; E/2 and NW/4 Sec. 6; E/2 Sec. 7; All Secs. 8 thru 11 incl; W/2 Sec. 13; All Secs. 14 thru 17 incl;

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Langlie - Mattix (Cont'd.)	Y-SR-Q	Lea	T. 25S-R. 37E	E/2 Sec. 18; E/2 Sec. 19; All Secs. 20 thru 23 incl; W/2 Sec. 24; W/2 Sec. 25; All Secs. 26 thru 29 incl; E/2 Sec. 30; N/2 and SE/4 Sec. 32; All Secs. 33, 34, & 35; W/2 Sec. 36.
			T. 26S-R. 37E	NW/4 Sec. 1; NE/4 Sec. 2.
Lazy J	Penn.	Lea	T. 13S-R. 33E	All Sec. 27.
Lea (Abandoned)	Y	Lea	T. 20S-R. 34E	W/2 Sec. 14;
Leo	G	Eddy	T. 18S-R. 30E	S/2 Sec. 14; S/2 Sec. 15; S/2 Sec. 16; N/2 Sec. 21; All Secs. 22 & 23.
Leonard	SR	Lea	T. 26S-R. 37E	All Secs. 11 & 12.
Leonard, South	Q	Lea	T. 26S-R. 37E	E/2 Sec. 23; All Sec. 24.
Lightcap	Dev.	Chaves	T. 8S-R. 30E	All Secs. 5 thru 8 incl.
Loco Hills	G-SA	Eddy	T. 17S-R. 29E	S/2 Sec. 31; S/2 S/2 Sec. 32; S/2 SW/4 Sec. 33; S/2 S/2 Sec. 35; S/2 Sec. 36.
			T. 17S-R. 30E	S/2 Sec. 29; All Secs. 31 & 32.
			T. 18S-R. 28E	All Sec. 12.
			T. 18S-R. 29E	All Secs. 1 thru 18 incl.
			T. 18S-R. 30E	W/2 Sec. 4; All Secs. 5, 6, 7 & 18.
Loco Hills - Queen	Q	Eddy	T. 17S-R. 30E	SW/4 Sec. 29; SE/4 Sec. 30; NW/4 Sec. 32.
Logan - Draw (Abandoned)	SA	Eddy	T. 17S-R. 27E	S/2 Sec. 19.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Lovington	SA	Lea	T. 16S-R. 36E	S/2 Sec. 25; S/2 Sec. <sup>26</sup> <del>36</del> ; All of Sec. 35 & 36.
			T. 16S-R. 37E	S/2 Sec. 30; All Sec. 31; W/2 Sec. 32.
			T. 17S-R. 36E	All Sec. 1 & 2; N/2 Sec. 11; N/2 Sec. 12.
			T. 17S-R. 37E	W/2 Sec. 5; All Sec. 6; N/2 Sec. 7.
Lovington- Abo	A	Lea	T. 16S-R. 36E	All Sec. 36.
			T. 16S-R. 37E	All Secs. 31 & 32; W/2 Sec. 33.
			T. 17S-R. 36E	All Sec. 1.
			T. 17S-R. 37E	All Sec. 6.
Lovington- Paddock	P	Lea	T. 16S-R. 36E	All Sec. 36.
			T. 16S-R. 37E	All Sec. 31.
			T. 17S-R. 37E	All Secs. 1 & 12.
			T. 17S-R. 37E	All Secs. 6 & 7.
Lovington- Pennsylvanian, East	Penn.	Lea	T. 16S-R. 37E	S/2 Sec. 20; All Sec. 29 and 32; SW/4 Sec. 33.
			T. 17S-R. 37E	N/2 Sec. 4; N/2 Sec. 5.
Lovington, West	SA	Lea	T. 16S-R. 36E	S/2 Sec. 32; SW/4 Sec. 33.
			T. 17S-R. 35E	E/2 Sec. 12.
			T. 17S-R. 36E	W/2 Sec. 3; All Secs. 4 & 5; NE/4 and S/2 Sec. 6; All Sec. 7 & 8; N/2 Sec. 9.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Lusk	Y	Eddy	T. 19S -R. 31E	All Sec. 24.
		Lea	T. 19S -R. 32E	W/2 Sec. 19.
Lusk, East (Abandoned)	Y	Lea	T. 19S -R. 32E	S/2 Sec. 21; N/2 Sec. 28.
Lusk, West	Y	Eddy	T. 19S -R. 31E	SE/4 Sec. 15; NE/4 Sec. 22.
Lynch	Y	Lea	T. 20S -R. 34E	S/2 Sec. 27; All Sec. 34; W/2 Sec. 35.
			T. 21S -R. 33E	W/2 Sec. 1; All Sec. 2.
Lynch, North	Y	Lea	T. 20S -R. 34E	E/2 Sec. 18.
McCormack	Sil.	Lea	T. 21S -R. 37E	SW/4 Sec. 28; S/2 Sec. 29; All Sec. 32; NW/4 Sec. 33.
McMillan	SR-Q	Eddy	T. 19S -R. 27E	E/2 Sec. 31; All Sec. 32.
			T. 20S -R. 27E	N/2 & SW/4 Sec. 5; All Sec. 6; N/2 Sec. 7; NW/4 Sec. 8.
McMillan-Seven Rivers	SR	Eddy	T. 19S -R. 27E	SE/4 NE/4 and E/2 SE/4 Sec. 31; S/2 NW/4 and SW/4 Sec. 32.
Malaga	Del.	Eddy	T. 24S -R. 28E	E/2 SW/4 and SE/4 Sec. 12; E/2 NW/4 & E/2 Sec. 13.
			T. 24S -R. 29E	All Sec. 7; W/2 Sec. 18.
Malaga, West	Del.	Eddy	T. 24S -R. 27E	SW/4 Sec. 15; SE/4 Sec. 16; NE/4 Sec. 21; NW/4 Sec. 22.
Maljamar	G-SA	Eddy	T. 17S -R. 31E	S/2 Sec. 13; All Sec. 24 & 25.
		Lea	T. 17S -R. 32E	SE/4 Sec. 8; S/2 Sec. 9; S/2 Sec. 14; All Sec. 15 thru 36 incl.
			T. 17S -R. 33E	All Secs. 19 & 20; SW/4 Sec. 21; W/2 Sec. 28; All Sec. 29 & 30; N/2 Sec. 31; N/2 Sec. 32; All Sec. 33.

Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Maljamar (Cont'd.)	G-SA	Lea	T.18S-R.32E	All Sec. 4 and 5.
			T.18S-R.33E	N/2 Sec. 3; N/2 Sec. 4.
Maljamar- Devonian	Dev.	Lea	T.17S-R.32E	E/2 Sec. 21; All Sec. 22.
Maljamar- Paddock	P	Lea	T.17S-R.32E	S/2 Sec. 17; All Sec. 19; W/2 and NE/4 Sec. 20.
Maljamar, East	G-SA	Lea	T.17S-R.33E	All Sec. 16.
Maljamar, North	G	Lea	T.17S-R.32E	SW/4 Sec. 5; SE/4 Sec. 6; NE/4 Sec. 7; NW/4 Sec. 8.
Maljamar, South	G	Lea	T.18S-R.32E	SW/4 Sec. 14; S/2 Sec. 15; All Sec. 22; W/2 Sec. 23.
Mescalero- Devonian	Dev.	Lea	T.10S-R.32E	All Sec. 22.
Mescalero- Pennsylvanian	Penn.	Lea	T.10S-R.32E	All Secs. 21, 22, 27 & 28.
Millman	G	Eddy	T.19S-R.28E	S/2 Sec. 18; N/2 Sec. 19.
Monument- Abo	A	Lea	T.19S-R.36E	All Sec. 36.
			T.19S-R.37E	All Sec. 31.
			T.20S-R.36E	All Sec. 1.
			T.20S-R.37E	All Sec. 6.
Monument- Blinebry	B	Lea	T.19S-R.36E	All Sec. 36.
			T.19S-R.37E	All Sec. 31; W/2 Sec. 32.
			T.20S-R.36E	All Sec. 1.
			T.20S-R.37E	W/2 Sec. 5; All Sec. 6.

Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Monument- McKee (Abandoned)	Sim	Lea	T. 19S-R. 36E	All Sec. 36.
			T. 19S-R. 37E	All Sec. 31.
			T. 20S-R. 36E	All Sec. 1.
			T. 20S-R. 37E	All Sec. 6.
Monument- Paddock	P	Lea	T. 19S-R. 36E	All Sec. 36.
			T. 19S-R. 37E	All Sec. 31.
			T. 20S-R. 36E	All Sec. 1.
			T. 20S-R. 37E	All Sec. 6.
Moore- Devonian	Dev.	Lea	T. 11S-R. 32E	All Secs. 23, 24, 25 & 26.
Moore- Pennsylvanian	Penn.	Lea	T. 11S-R. 32E	All Secs. 23, 24, 25 & 26.
Nadine	DR	Lea	T. 19S-R. 38E	S/2 Sec. 14; All Sec. 23.
New Hope	Penn.	Roosevelt	T. 6S-R. 33E	SE/4 Sec. 36.
			T. 6S-R. 34E	SW/4 Sec. 31.
			T. 7S-R. 33E	NE/4 Sec. 1.
			T. 7S-R. 34E	NW/4 Sec. 6.
Nichols	SA	Eddy	T. 18S-R. 28E	All Sec. 13; N/2 Sec. 24.
Paddock	P	Lea	T. 21S-R. 37E	SE/4 Sec. 19; S/2 Sec. 20; All Sec. 27, 28 & 29; E/2 Sec. 30; All Sec. 32, 33, 34 and 35; S/2 Sec. 36.
			T. 21S-R. 38E	SW/4 Sec. 31.
			T. 22S-R. 37E	All Secs. 1 thru 5 incl; All Secs. 8 thru 15 incl. N/2 Sec. 16; NW/4 Sec. 23.

# Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Paddock (Cont'd.)	P	Lea	T. 22S-R. 38E	W/2 Sec. 6; W/2 Sec. 7.
Palmillo (Abandoned)	SA	Eddy	T. 18S-R. 29E	S/2 Sec. 30.
PCA	Y	Eddy	T. 20S-R. 30E	S/2 Sec. 10; All Sec. 15.
Pearsall	Q	Lea	T. 17S-R. 32E	All Sec. 26; S/2 Sec. 27; All Sec. 32 thru 35 incl.
			T. 18S-R. 32E	All Sec. 4 and 5.
Penrose-Skelly	Q-G	Lea	T. 21S-R. 36E	E/2 Sec. 13.
			T. 21S-R. 37E	S/2 Sec. 7; S/2 Sec. 8; S/2 Sec. 16; All Sec. 17 & 18; E/2 Sec. 19; All Sec. 20, 21, 27, 28 & 29; E/2 Sec. 30; E/2 Sec. 31; All Sec. 32, 33, 34 & 35.
			T. 22S-R. 37E	All Sec. 2, 3, 4 & 5; E/2 Sec. 6; NE/4 Sec. 7; All Sec. 8 thru 11 incl. All Sec. 14, 15 and 16; E/2 Sec. 17; E/2 Sec. 20; All Sec. 21, 22, 23, 26, 27 & 28; E/2 Sec. 29; All Sec. 32, 33 & 34; W/2 Sec. 35.
			T. 23S-R. 37E	W/2 Sec. 2; All Sec. 3 thru 5 incl; E/2 Sec. 6; All Sec. 8, 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Sec. 15 thru 17 incl. N/2 Sec. 20; All Sec. 21.
Premier	G	Eddy	T. 17S-R. 30E	S/2 Sec. 22; SW/4 NW/4 and S/2 Sec. 23; S/2 Sec. 24; All Sec. 25 thru 28 incl; All Secs. 33 thru 36 incl.
			T. 17S-R. 31E	S/2 Sec. 19; S/2 Sec. 20; All Sec. 29 & 30; N/2 Sec. 31.

Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Red Lake	G-SA	Eddy	T. 17S-R. 27E	NE/4 and S/2 Sec. 25; S/2 SW/4 Sec. 26; S/2 Sec. 34; All Sec. 35 & 36.
			T. 17S-R. 28E	SW/4 Sec. 2; S/2 Sec. 3; All Sec. 4, 5, 8, 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Sec. 15, 16, 17; S/2 Sec. 19; All Sec. 20 thru 23 incl; N/2 Sec. 24; All Sec. 26 thru 30 incl; N/2 & SW/4 Sec. 31.
			T. 18S-R. 27E	N/2 Sec. 1; N/2 & SW/4 Sec. 2; All Sec. 3 thru 6 incl; E/2 Sec. 7; All Sec. 8; W/2 & NE/4 Sec. 9.
Rhodes	Y-SR	Lea	T. 26S-R. 37E	All Sec. 4 thru 6 incl; E/2 Sec. 7; All Sec. 8, 9; S/2 Sec. 10; All Sec. 15 thru 17 incl; N/2 & SE/4 Sec. 20; All Sec. 21 & 22; S/2 Sec. 23; All Sec. 26 thru 28 incl; All Sec. 34 & 35.
Roberts	G	Lea	T. 17S-R. 32E	S/2 Sec. 1; S/2 Sec. 2; All Sec. 3; N/2 Sec. 10; All Sec. 11; N/2 & SW/4 Sec. 12.
			T. 17S-R. 33E	S/2 Sec. 6; N/2 Sec. 7.
Robinson	G-SA	Eddy	T. 16S-R. 31E	S/2 Sec. 25; All Sec. 35; N/2 & SW/4 Sec. 36.
		Lea	T. 16S-R. 32E	SW/4 Sec. 30; N/2 & SE/4 Sec. 31; SE/4 & W/2 Sec. 32.
			T. 17S-R. 32E	N/2 Sec. 5; NE/4 Sec. 6.
Russell	Y	Eddy	T. 20S-R. 28E	S/2 Sec. 12; All Sec. 13, 14 & 23; W/2 Sec. 24.
Salt Lake (Abandoned)	Y	Lea	T. 20S-R. 33E	All Sec. 7 & 18.
Sand Hills	G-SA	Lea	T. 20S-R. 39E	Lots 3 & 4 & SW/4 Sec. 32.
			T. 21S-R. 38E	Lots 1 & 2, Sec. 4; Lots 1 & 2, Sec. 5.

Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
San Simon	Y	Lea	T. 21S -R. 35E	SE/4 Sec. 32; SW/4 Sec. 33.
			T. 22S -R. 35E	NW/4 Sec. 4; NE/4 Sec. 5.
Santo Nino	Del	Eddy	T. 19S -R. 29E	S/2 Sec. 1; SE/4 Sec. 2; E/2 Sec. 12.
			T. 19S -R. 30E	S/2 Sec. 6; All Sec. 7.
Sawyer	SA	Lea	T. 9S -R. 37E	All Sec. 13 and 24.
			T. 9S -R. 38E	All Sec. 18, 19 & 30.
Saunders	Penn.	Lea	T. 14S -R. 33E	S/2 Sec. 2; S/2 Sec. 10; All Sec. 11; W/2 Sec. 14; All Sec. 15 & 22; W/2 Sec. 23; W/2 Sec. 26; All Sec. 27; E/2 Sec. 28; All Sec. 34; W/2 Sec. 35.
			T. 15S -R. 33E	W/2 Sec. 2; All Sec. 3; E/2 Sec. 4; E/2 Sec. 9; All Sec. 10; W/2 Sec. 11.
Saunders, South	Penn.	Lea	T. 15S -R. 33E	All Sec. 19; All Secs. 29 thru 32 incl.
Scanlon (Gas)	T.	Eddy	T. 20S -R. 29E	SW/4 Sec. 29; SE/4 Sec. 30.
Shugart	Y-Q	Eddy	T. 18S -R. 31E	S/2 Sec. 34; SW/4 Sec. 35.
			T. 19S -R. 31E	NW/4 Sec. 2; N/2 Sec. 3.
Shugart, North	Q	Eddy	T. 18S -R. 31E	S/2 Sec. 8; S/2 Sec. 9; S/2 Sec. 10; NE/4 & S/2 Sec. 11; All Sec. 12; N/2 Sec. 13; N/2 Sec. 14; All Sec. 15, 16, 17, 18, 20 & 21; N/2 Sec. 22; N/2 Sec. 28; N/2 Sec. 29.

Southeast Nomenclature (Cont'd)				
Pool	Producing Formation	County	Twp. & Rge.	Description
Skaggs	G	Lea	T. 20S-R. 37E	All Secs. 13 & 24; N/2 Sec. 25.
			T. 20S-R. 38E	All Sec. 7, 18 & 19; N/2 Sec. 30.
Square Lake	G-SA	Eddy	T. 16S-R. 30E	S/2 Sec. 24; All Sec. 25; 26 & 27; S/2 Sec. 28; E/2 Sec. 32; All Sec. 33 thru 36 incl.
			T. 16S-R. 31E	S/2 Sec. 19; S/2 Sec. 20; S/2 Sec. 21; SW/4 Sec. 27; All Sec. 28 thru 34 incl.
			T. 17S-R. 30E	All Sec. 1 thru 4 incl. E/2 Sec. 5; N/2 Sec. 11; N/2 NW/4 Sec. 12.
			T. 17S-R. 31E	NW/4 Sec. 3; N/2 Sec. 4; N/2 Sec. 5; N/2 Sec. 6.
Teague	Sim.	Lea	T. 23S-R. 37E	All Secs. 21, 22, 27 & 28; E/2 Sec. 34; W/2 Sec. 35.
Teague- Ellenberger	E	Lea	T. 23S-R. 37E	S/2 Sec. 22; All Sec. 27; SE/4 Sec. 28; NE/4 Sec. 33; N/2 Sec. 34.
Teague- Devonian	Dev.	Lea	T. 23S-R. 37E	All Secs. 26, 27, 34 & 35.
Teas	Y	Lea	T. 20S-R. 33E	All Sec. 13; NE/4 Sec. 14; All Sec. 24; N/2 Sec. 25.
			T. 20S-R. 34E	W/2 Sec. 19; NW/4 Sec. 30.
Terry- Blinebry	B	Lea	T. 21S-R. 37E	Lots 13 & 14 & SW/4 Sec. 1; SE/4 Sec. 2.
Tonto	SR	Lea	T. 19S-R. 33E	E/2 Sec. 22; W/2 Sec. 23.
Townsend- Wolfcamp	Wc	Lea	T. 16S-R. 35E	S/2 Sec. 3; S/2 Sec. 4; N/2 Sec. 9; N/2 Sec. 10.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Tulk-Wolfcamp	Wc	Lea	T.14S-R.32E	S/2 Sec. 31; SW/4 Sec. 32.
			T.15S-R.32E	All Secs. 2, 3, 4, & 5; N/2 and SE/4 Sec. 6.
Tulk-Wolfcamp, North	Wc	Lea	T.14S-R.32E	N/2 Sec. 20.
Turkey-Track	Q-G	Eddy	T.18S-R.29E	S/2 Sec. 34; SW/4 Sec. 35.
			T.19S-R.29E	W/2 Sec. 2; All Sec. 3; SE/4 Sec. 9; All Sec. 10; NW/4 Sec. 11; N/2 Sec. 15.
Turkey-Track, East	Q	Eddy	T.19S-R.29E	SE/4 Sec. 1; NE/4 Sec. 12.
			T.19S-R.30E	SW/4 Sec. 6; NW/4 Sec. 7.
Turkey Track-Seven Rivers	SR	Eddy	T.19S-R.29E	SW/4 Sec. 2; S/2 Sec. 3; SE/4 Sec. 9; All Sec. 10; NW/4 Sec. 11; N/2 Sec. 15; NE/4 Sec. 16.
Turkey-Track, West	SR	Eddy	T.19S-R.29E	SW/4 NE/4, SE/4 NW/4, NE/4 SW/4, NW/4 SE/4, Sec. 5.
Twin Lakes	Dev.	Chaves	T.8S-R.28E	SE/4 Sec. 35; S/2 Sec. 36.
			T.9S-R.28E	All Sec. 1; E/2 Sec. 2.
Vacuum	G-SA	Lea	T.17S-R.34E	All Sec. 3 thru 36 incl.
			T.17S-R.35E	All Sec. 7; All Sec. 18 thru 36 incl.
			T.18S-R.34E	All Sec. 1 thru 5 incl; All Secs. 11 and 12.
			T.18S-R.35E	All Sec. 3 thru 7 incl.

## Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Wantz- Abo	A	Lea	T. 21S-R. 37E	E/2 Sec. 11; W/2 Sec. 12; W/2 Sec. 13; All Sec. 14; S/2 Sec. 21; S/2 Sec. 22; All Sec. 23; W/2 Sec. 24; NW/4 Sec. 25; N/2 Sec. 26; All Secs. 27, 28 & 33.
Warren- Drinkard	DR	Lea	T. 20S-R. 38E	All Sec. 27 & 28.
Warren- McKee	Sim	Lea	T. 20S-R. 38E	S/2 Sec. 20; All Sec. 29.
Warren- McKee, North	Sim	Lea	T. 20S-R. 38E	SE/4 Sec. 7; SW/4 Sec. 8; W/2 Sec. 17; E/2 Sec. 18; N/2 NE/4 Sec. 19; N/2 NW/4 Sec. 20.
Watkins	SR	Eddy	T. 18S-R. 31E	E/2 Sec. 36.
		Lea	T. 18S-R. 32E	All Sec. 31.
			T. 19S. -R. 32E	N/2 Sec. 6.
Watkins - Grayburg	G	Lea	T. 18S-R. 32E	S/2 Sec. 31.
			T. 19S-R. 32E	N/2 Sec. 6.
Weir	DR	Lea	T. 20S-R. 37E	E/2 Sec. 22; All Sec. 23; W/2 Sec. 24; NW/4 Sec. 25; N/2 Sec. 26; NE/4 Sec. 27.
Wilson	Y-SR	Lea	T. 21S-R. 34E	E/2 Sec. 12; All Sec. 13; E/2 Sec. 14; All Sec. 23 & 24; N/2 Sec. 26.
			T. 21S-R. 35E	SW/4 Sec. 5; S/2 Sec. 6; All Sec. 7; W/2 Sec. 8; All Sec. 18.
Wilson, West	SR	Lea	T. 21S-R. 34E	W/2 Sec. 15; All Sec. 16; N/2 Sec. 21.

Southeast Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Wilson, North - Yates Seven Rivers	Y-SR	Lea	T. 20S-R. 36E	All Secs. 29 thru 32 incl.
Young	Q	Lea	T. 18S-R. 32E	S/2 Sec. 17; NE/4 Sec. 19; N/2 Sec. 20.

# NOMENCLATURE - NORTHWEST

Pool	Producing Formation	County	Twp. & Rge.	Description
Angels Peak- Dakota (Gas)	Dak.	San Juan	T. 27N-R. 10W	W/2 Sec. 3; All Sec. 4 & 5.
			T. 28N-R. 10W	All Sec. 32 & 33; W/2 Sec. 34
Aztec - Farmington (gas)	F	San Juan	T. 30N-R. 11W	S/2 Sec. 9; S/2 Sec. 10; N/2 Sec. 15; All Sec. 16 & 17; N/2 Sec. 20; N/2 Sec. 21.
Aztec - Pictured Cliffs (Gas)	PC	San Juan	T. 29N-R. 10W	All Sec. 6, & 7; SW/4 Sec. 17; All Sec. 18 & 19; W/2 Sec. 20.
			T. 29N-R. 11W	All Sec. 1 & 12; N/2 Sec. 13.
			T. 30N-R. 10W	S/2 Sec. 17; S/2 Sec. 18; All Secs. 19 & 20; All Secs. 28 thru 33 incl.
			T. 30N-R. 11W	All Secs. 7 thru 10 incl; S/2 Sec. 13; All Secs. 14 thru 18 incl; All Secs. 22 thru 26 incl; All Secs. 35 and 36.
Barker Creek- Dakota (Gas)	Dak.	San Juan	T. 32N-R. 14W	All of partial Secs. 9, 10 & 11; All Secs. 14, 15 & 16; E/2 Sec. 17; All Secs. 20, 21 & 22; NW/4 Sec. 23; NW/4 Sec. 27; N/2 Sec. 28; All Sec. 29.
Barker Creek- Paradox (Gas)	Par.	San Juan	T. 32N-R. 14W	All of partial sections 9, 10 & 11; All Secs. 14, 15 & 16; E/2 Sec. 17; All Secs. 20, 21 & 22; NW/4 Sec. 23; NW/4 Sec. 27; N/2 Sec. 28; All Sec. 29.

## Northwest Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Blanco- Pictured Cliffs (Gas)	PC	San Juan	T. 30N-R. 9W	W/2 Sec. 28; All Sec. 29 and 32; W/2 Sec. 33.
Blanco- Mesaverde (Gas)	MV	San Juan & Rio Arriba	T. 26N-R. 7W	W/2 Sec. 4; All Sec. 5 thru 8 incl; W/2 Sec. 9.
			T. 26N-R. 8W	All Secs. 1 & 12.
			T. 27N-R. 7W	All Sec. 1 thru 9 incl; All Sec. 16 thru 21 incl; All Secs. 28 thru 33 incl.
			T. 27N-R. 8W	All Secs. 1 thru 5 incl; All Secs. 9 thru 16 incl; All Secs. 21 thru 28 incl; All Sec. 36.
			T. 28N-R. 7W	All partial Secs. 7 thru 12 incl; All Secs. 13 thru 36 incl.
			T. 28N-R. 8W	All partial Secs. 7 thru 12 incl; All Secs. 13 thru 36 incl.
			T. 28N-R. 9W	All partial Secs. 10, 11 & 12; All Secs. 13, 14 & 15; All Secs. 22 thru 28 incl; All Secs. 33 thru 36 incl.
			T. 29N-R. 7W	All Secs. 6, 7 & 18.
			T. 29N-R. 8W	All Secs. 1 thru 23, incl; All Secs. 26 thru 35 incl.
			T. 29N-R. 9W	All Secs. 1 thru 36 incl.
			T. 29N-R. 10W	All Secs. 1 & 2; All Secs. 11 thru 14 incl; All Secs. 24, 25 & 36.
			T. 30N-R. 6W	All Secs. 18 thru 22 incl; All Secs. 27 thru 34 incl.
			T. 30N-R. 7W	All Secs. 3 thru 11 incl; All Secs. 13 thru 36 incl;

Northwest Nomenclature (Cont'd)				
Pool	Producing Formation	County	Twp. & Rge.	Description
Blanco- Mesaverde (Continued)			T. 30N-R. 8W	All Secs. 1 thru 36 incl.
			T. 30N-R. 9W	All Secs. 1 thru 36 incl.
			T. 30N-R. 10W	All Secs. 1 thru 36 incl.
			T. 30N-R. 11W	All Secs. 1 thru 6 incl; All Secs. 10 thru 14 incl; All Secs. 24 & 25.
			T. 31N-R. 8W	All Secs. 25 thru 36 incl.
			T. 31N-R. 9W	All Sec. 18 & 19; All Secs. 25 thru 36 incl.
			T. 31N-R. 10W	All Secs. 13 thru 36 incl.
			T. 31N-R. 11W	All Secs. 1 thru 36 incl.
			T. 31N-R. 12W	All Secs. 1 thru 6 incl; All Secs. 8 thru 17 incl; All Secs. 20 thru 29 incl; All Secs. 32 thru 36 incl.
			T. 31N-R. 13W	All Sec. 1.
			T. 32N-R. 10W	All partial Sec. 7; All Sec. 18 & 19; All Secs. 29 thru 32 incl.
			T. 32N-R. 11W	All Secs. 24 & 25; All Secs. 30 thru 36 incl.
			T. 32N-R. 12W	All partial Secs. 7 thru 12; incl; All Secs. 13 thru 36 incl.
			T. 32N-R. 13W	All Secs. 24, 25 & 36.
South Blanco- Pictured Cliffs	PC	San Juan & Rio Arriba	T. 26N-R. 7W	All Sec. 5 thru 8 incl.
			T. 27N-R. 7W	SW/4 Sec. 19; W/2 Sec. 30; All Secs. 31 & 32.
			T. 27N-R. 8W	S/2 Sec. 23; S/2 Sec. 24; All Secs. 25 & 26; N/2 Sec. 35; N/2 and SE/4 Sec. 36.

## Northwest Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Bloomfield- Farmington (Oil)	F	San Juan	T. 29N-R. 11W	W/2 Sec. 13; All Secs. 14 thru 23 incl; W/2 Sec. 24.
Dogie Canyon- Pictured Cliffs (Gas)	PC	Rio Arriba	T. 26N-R. 6W	All Secs. 2 thru 6 incl; E/2 Sec. 7; All Secs. 8 thru 19 incl; W/2 and NE/4 Sec. 20; N/2 Sec. 21; All Secs. 22, 23, & 24; N/2 Sec. 25.
			T. 26N-R. 7W	All Secs. 13 & 14; N/2 Sec. 23; N/2 and SE/4 Sec. 24.
			T. 27N-R. 6W	E/2 Sec. 32; All Sec. 33.
Fulcher Kutz- Pictured Cliffs (Gas)	PC	San Juan	T. 27N-R. 9W	All Sec. 1 thru 30 incl.
			T. 27N-R. 10W	All Secs. 1 thru 17 incl; E/2 Sec. 18; E/2 Sec. 19; All Secs. 20 thru 28 incl.
			T. 27N-R. 11W	E/2 Sec. 1; E/2 Sec. 12.
			T. 28N-R. 9W	S/2 Sec. 30; All Sec. 31; W/2 Sec. 32.
			T. 28N-R. 10W	All partial Sec. 7 & 8; S/2 Sec. 15; All Sec. 16 thru 22 incl; W/2 Sec. 23; S/2 Sec. 25; All Sec. 26 thru 36 incl.
			T. 28N-R. 11W	All partial Secs. 9 thru 12 incl; All Secs. 13 thru 16 incl; All Secs. 22 thru 26 incl; E/2 Sec. 36.
			T. 29N-R. 11W	All Secs. 6, 7 & 8; All Secs. 16 thru 22 incl; All Secs. 26 thru 36 incl.
			T. 29N-R. 12W	All Secs. 1 thru 6 incl; All Secs. 9 thru 15 incl; All Secs. 23, 24 & 25.
			T. 29N-R. 13W	All Sec. 1.
			T. 30N-R. 12W	All Sec. 19; S/2 Sec. 20; All Secs. 26 thru 36 incl.

## Northwest Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Fulcher Kutz- Pictured Cliffs (gas) (Cont'd)			T. 30N-R. 13W	All Secs. 24, 25 & 36.
Gavilan (Gas)	PC	Rio Arriba	T. 25N-R. 2W	SE/4 Sec. 10; S/2 Sec. 11; All Secs. 14 & 15; NE/4 Sec. 22; N/2 Sec. 23.
Hogback- Dakota (Oil)	Dak.	San Juan	T. 29N-R. 16W	S/2 Sec. 18; All Sec. 19.
Hospah (Oil)	H	McKinley	T. 17N-R. 8W	W/2 Sec. 6; NW/4 Sec. 7.
			T. 17N-R. 9W	All Sec. 1; E/2 Sec. 2; NE/4 Sec. 11; N/2 Sec. 12.
			T. 18N-R. 8W	W/2 Sec. 31.
			T. 18N-R. 9W	E/2 Sec. 35; All Sec. 36.
West Kutz- Pictured Cliffs (Gas)	PC	San Juan	T. 26N-R. 10W	All Secs. 5 & 6.
			T. 26N-R. 11W	N/2 Sec. 1; NE/4 Sec. 2.
			T. 27N-R. 10W	All Sec. 31; W/2 Sec. 32.
			T. 27N-R. 11W	All Secs. 4 thru 9 incl; W/2 Sec. 10; W/2 Sec. 14; All Secs. 15 thru 18 incl; E/2 Sec. 20; All Secs. 21, 22, & 23; W/2 Sec. 24; W/2 Sec. 25; All Secs. 26, 27 & 28; E/2 Sec. 29; All Secs. 35 & 36.
			T. 27N-R. 12W	All Secs. 1 thru 6 incl. All Secs. 10 thru 13 incl. E/2 Sec. 14; NE/4 Sec. 23; N/2 Sec. 24.
			T. 28N-R. 11W	S/2 Sec. 31; S/2 Sec. 32; S/2 Sec. 33.
			T. 28N-R. 12W	All partial Secs. 7, 8 & 9; All Secs. 16 thru 36 incl.

## Northwest Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
West Kutz- Pictured Cliffs (Cont'd).			T. 28N-R. 13W	All partial Sec. 12; All Sec. 13.
			T. 29N-R. 12W	All Secs. 19, 30 & 31.
			T. 29N-R. 13W	All Secs. 22 thru 27 incl. All Secs. 34, 35 & 36.
Lindrith (Oil)	Dak.	Rio Arriba	T. 24N-R. 2W	All Secs. 20, 21, 28 & 29.
Oswell (Oil)	F	San Juan	T. 29N-R. 11W	N/2 Sec. 3; N/2 Sec. 4.
			T. 30N-R. 11W	S/2 Sec. 27; S/2 Sec. 28; All Secs. 33 & 34.
Pettigrew- Tocito (Oil)	Toc.	Rio Arriba	T. 26N-R. 6 W	SW/4 Sec. 3; SE/4 Sec. 4; All Sec. 9; W/2 Sec. 10; NW/4 Sec. 15; N/2 Sec. 16.
Rattlesnake - Dakota (Oil)	Dak.	San Juan	T. 29N-R. 19W	All Secs. 1 & 2; E/2 Sec. 11; All Secs. 12 & 13.
			T. 30N-R. 19W	S/2 Sec. 35; SW/4 Sec. 36.
Rattlesnake - Pennsylvanian (Oil)	Penn.	San Juan	T. 29N-R. 19W	All Secs. 1 & 2; E/2 Sec. 11; All Secs. 12 & 13.
			T. 30N-R. 19W	S/2 Sec. 35; SW/4 Sec. 36.
Red Mountain (Oil)	MV	McKinley	T. 20N-R. 9W	All Secs. 20, 21, 28 & 29.
Stoney Butte - Dakota (Oil)	Dak.	San Juan	T. 21N-R. 13W	W/2 Sec. 6; W/2 Sec. 7.

## Northwest Nomenclature (Cont'd)

Pool	Producing Formation	County	Twp. & Rge.	Description
Stoney Butte - Dakota (Cont'd.)			T. 21N-R. 14W	E/2 Sec. 1; E/2 Sec. 12.
			T. 22N-R. 13W	W/2 Sec. 31.
			T. 22N-R. 14W	E/2 Sec. 36.
Table Mesa (Oil)	Dak.	San Juan	T. 27N-R. 17W	All Sec. 3.
Ute Dome - Dakota (Gas)	Dak.	San Juan	T. 31N-R. 14W	All Sec. 1 & 2.
			T. 32N-R. 14W	All Secs. 35 & 36.
Ute Dome - Paradox	Par.	San Juan	T. 31N-R. 14W	All Secs. 1 & 2.
			T. 32N-R. 14W	All Secs. 35 & 36.
Wyper (Oil)	F	San Juan	T. 30N-R. 12W	All Secs. 28, 29, 32 & 33.

LAWS OF 1949

CHAPTER 168

AN ACT

RELATING TO THE CONSERVATION OF OIL AND GAS, AND THE PROTECTION OF CORRELATIVE RIGHTS THEREIN; AMENDING CHAPTER 72 OF THE LAWS OF 1935, AS HERETOFORE AMENDED; DEFINING AND PROVIDING FOR THE PREVENTION OF WASTE OF OIL AND GAS; CREATING AN OIL CONSERVATION COMMISSION AND PRESCRIBING ITS POWERS AND DUTIES; DEFINING COMMON PURCHASERS AND REQUIRING THEM TO PURCHASE OIL AND GAS RATABLY AND WITHOUT DISCRIMINATION; PROVIDING PENALTIES; CREATING REMEDIES, INCLUDING HEARING AND REHEARING BEFORE THE COMMISSION AND COURT REVIEW DE NOVO; AND LEVYING A TAX ON OIL AND GAS FOR ENFORCEMENT OF THIS ACT.

Senate Bill No. 163; approved March 17, 1949.

Be it Enacted by the Legislature of the State of New Mexico:

Section 1. That Chapter 72 of the Laws of 1935, as amended by Chapter 193 of the Laws of 1937, and as further amended by Chapter 166 of the Laws of 1941, be, and the same hereby is amended to read as follows:

"Section 1. The production or handling of crude petroleum oil or natural gas of any type or in any form, or the handling of products thereof, in such manner or under such conditions or in such amounts as to constitute or result in waste is each hereby prohibited.

Section 2. As used in this act, the term "waste," in addition to its ordinary meaning, shall include:

(a) "Underground waste" as those words are generally understood in the oil and gas business, and in any event to embrace the inefficient, excessive, or improper, use or dissipation of the reservoir energy, including gas energy and water drive, of any pool, and the locating, spacing, drilling, equipping, operating, or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground storage of natural gas.

(b) "Surface waste" as those words are generally understood in the oil and gas business, and in any event to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of natural gas of any type or in any form or crude petroleum oil, or any product thereof, but including the loss or destruction, without beneficial use, resulting from evaporation, seepage, leakage or fire, especially such loss or destruction incident to or resulting from the manner of spacing, equipping, operating, or producing, well or wells,

or incident to or resulting from the use of inefficient storage or from the production of crude petroleum oil or natural gas in excess of the reasonable market demand.

(c) The production of crude petroleum oil in this State in excess of the reasonable market demand for such crude petroleum oil. Such excess production causes or results in waste which is prohibited by this Act. The words "reasonable market demand," as used herein with respect to crude petroleum oil, shall be construed to mean the demand for such crude petroleum oil for reasonable current requirements for current consumption and use within or outside the State, together with the demand for such amounts as are reasonably necessary for building up or maintaining reasonable storage reserves of crude petroleum oil or the products thereof, or both such crude petroleum oil and products.

(d) The not-ratable purchase or taking of crude petroleum oil in this State. Such non-ratable taking and purchasing causes or results in waste, as defined in the subsections (a), (b), (c) of this section and causes waste by violating Section 12 (a) of this act.

(e) The production in this State of natural gas from any gas well or wells, or from any gas pool, in excess of the reasonable market demand from such source for natural gas of the type produced or in excess of the capacity of gas transportation facilities for such type of natural gas. The words "reasonable market demand," as used herein with respect to natural gas, shall be construed to mean the demand for natural gas for reasonable current requirements, for current consumption and for use within or outside the State, together with the demand for such amounts as are necessary for building up or maintaining reasonable storage reserves of natural gas or products thereof, or both such natural gas and products.

Section 3. There is hereby created an Oil Conservation Commission, hereinafter in this Act call the "Commission," to be composed of the Governor of this State, the Commissioner of Public Lands and the State Geologist; provided that the Governor may appoint some practical oil man, a resident of this State, to serve in the place and stead of the Governor as a member of said Commission. No salary or compensation shall be paid any member of the Commission for his services as a member thereof, but the actual and necessary expenses of the members of said Commission, incurred or expended in the performance of the duties imposed on said Commission, shall be paid out of the Oil Conservation Fund hereinafter created, provided that if the State Geologist shall hold any other State office his salary may be adjusted by the Governor, and such Geologist paid part of his salary out of the Oil Conservation Fund. The term of office of each member of the Commission shall be concurrent with the office held by him, except that if the Governor shall appoint a practical oil man to serve in his place and stead, the term of office of the person so appointed shall expire with the term of the Governor by whom he shall have been appointed. The Commission shall organize by electing a chairman from its membership, and shall appoint a Secretary. Two members of the Commission shall constitute a quorum for all purposes. The Commission shall adopt a seal and such seal affixed to any paper signed by

the secretary of the Commission shall be prima facie evidence of the due execution thereof. The Attorney General shall be the attorney for the Commission. Any member of the Commission, or the secretary thereof, or any employee of the Commission, shall have power to administer oaths to any witness in any hearing, investigation or proceeding contemplated by this Act or by any other law of this State relating to the conservation of oil or gas.

Section 4. The Commission shall have, and it is hereby given, jurisdiction and authority over all matters relating to the conservation of oil and gas in this State, and of the enforcement of all the provisions of this Act and of any other law of this State relating to the conservation of oil or gas. It shall have jurisdiction and control of and over all persons or things necessary or proper to enforce effectively the provisions of this Act or of any other law of this State relating to the conservation of oil or gas.

Section 5. The Commission shall prescribe its rules of order or procedure in hearing or other proceedings before it under this Act. Any notice required to be given under this Act or under any rule, regulation or order prescribed by the Commission shall be 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. Such notice shall issue in the name of "the State of New Mexico" and shall be signed by at least a majority of the members of the Commission or by the Secretary of the Commission, and the seal of the Commission shall be impressed thereon, and it shall specify the number and style of the case, and the time and place of hearing, shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations contemplated by the Commission on its own motion or sought in a proceeding brought before the Commission, the name of the petitioner, or applicant, and, unless the 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 that may be affected by such order, rule or regulation. Personal service thereof may be made by any agent of the Commission or by any person over the age of eighteen 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 such publication, as the case may be. Proof of service shall be the affidavit of the person making personal service, or of the publisher of the newspaper in which publication is had, as the case may be. All rules, regulations and orders made by the Commission shall be entered in full by the Secretary thereof in a book to be kept for such purpose by the Commission, which shall be a public record and open to inspection at all times during reasonable office hours. A copy of any such rule, regulation or order, certified by the Secretary of the Commission under the seal of the Commission, shall be received in evidence in all courts of the State with the same effect as the original.

Section 6. The Commission, or any member thereof, is hereby empowered to subpoena witnesses, to require their attendance and giving of testimony before it, and to require the production of books, papers, and records in any proceeding

before the Commission. No person shall be excused from attending and testifying or from producing books, papers and records before the Commission, or from obedience to the subpoena of the said Commission, whether such subpoena be signed or issued by one or more of the members of the said Commission, in any hearing, investigation or proceeding held by or before the said Commission or in any cause or proceeding in any court by or against the said Commission, relative to matters within the jurisdiction of said Commission, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; provided that nothing herein contained shall be construed as requiring any person to produce any books, papers or records, or to testify in response to any inquiry not pertinent to some question lawfully before such Commission or court for determination. No natural person shall be subjected to criminal prosecution, or to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may be required to testify, or produce evidence, documentary or otherwise, before said Commission, or in obedience to its subpoena, or in any cause or proceeding, provided, that no person testifying shall be exempted from prosecution and punishment for perjury committed in so testifying.

Section 7. In case of failure or refusal on the part of any person to comply with any subpoena issued by said Commission or any member thereof, or on the refusal of any witness to testify or answer as to any matters regarding which he may be lawfully interrogated, any district court in this State, or any judge thereof, on application of said Commission, may issue an attachment for such person and compel him to comply with such subpoena and to attend before the Commission and produce such documents, and give his testimony upon such matters as may be lawfully required, and such court or judge shall have the power to punish for contempt as in case of disobedience of a like subpoena issued by or from such court, or a refusal to testify therein.

Section 8. If any person of whom an oath shall be required under the provisions of this act, or by any rule, regulation or order of the Commission, shall wilfully swear falsely in regard to any matter or thing respecting which such oath is required, or shall wilfully make any false report or affidavit required or authorized by the provisions of this act, or by any rule, regulation or order of the Commission, such person shall be deemed guilty of perjury and shall be punished by imprisonment in the State penitentiary for not more than five years nor less than six months.

Section 9. The Commission is hereby empowered, and it is its duty, to prevent the waste prohibited by this Act and to protect correlative rights, as in this Act provided. To that end, the Commission is empowered to make and enforce rules, regulations and orders, and to do whatever may be reasonably necessary to carry out the purposes of this Act, whether or not indicated or specified in any section hereof.

Section 10. Included in the power given to the Commission is the authority to collect data; to make investigations and inspections; to examine properties, leases, papers, books and records; to examine, check, test and gauge oil and gas wells, and tanks, plants, refineries, and all means and modes of transportation and equipment; to hold hearings; to provide for the keeping of records and the

making of reports and for the checking of the accuracy thereof; to limit and prorate production of crude petroleum oil or natural gas, or both, as in this act provided; to require either generally or in particular areas certificates of clearance or tenders in connection with the transportation of crude petroleum oil or natural gas or any products thereof, or both such oil and products, or both such natural gas and products.

Apart from any authority, express or implied, elsewhere given to or existing in the Commission by virtue of this act or the statutes of this State, the Commission is hereby authorized to make rules, regulations and orders for the purposes and with respect to the subject matter stated herein, viz:

(1) To require dry or abandoned wells to be plugged in such way as to confine the crude petroleum oil, natural gas, or water in the strata in which they are found, and to prevent them from escaping into other strata; the Commission may require a bond of not to exceed Ten Thousand (\$10,000.00) Dollars conditioned for the performance of such regulations.

(2) To prevent crude petroleum oil, natural gas, or water from escaping from strata in which they are found into another stratum or other strata;

(3) To require reports showing locations of all oil or gas wells, and for the filling of logs and drilling records or reports;

(4) To prevent the drowning by water of any stratum or part thereof capable of producing oil or gas, or both oil and gas, in paying quantities, and to prevent the premature and irregular encroachment of water, or any other kind of water encroachment, which reduces or tends to reduce the total ultimate recovery of crude petroleum oil or gas, or both such oil and gas, from any pool;

(5) To prevent fires;

(6) To prevent "blow-outs" and "caving" in the sense that the conditions indicated by such terms are generally understood in the oil and gas business;

(7) To require wells to be drilled, operated and produced in such manner as to prevent injury to neighboring leases or properties;

(8) To identify the ownership of oil or gas producing leases, properties, wells, tanks, refineries, pipe lines, plants, structures, and all transportation equipment and facilities;

(9) To require the operation of wells with efficient gas-oil ratios and to fix such ratios;

(10) To fix the spacing of wells;

(11) To determine whether a particular well or pool is a gas or oil well, or a gas or oil pool, as the case may be, and from time to time to classify and reclassify wells and pools accordingly;

(12) To determine the limits of any pool or pools producing crude petroleum oil or natural gas or both, and from time to time to redetermine such limits;

(13) To regulate the methods and devices employed for storage in this State of oil or natural gas or of any product, including the sub-surface storage of natural gas; or

(14) To permit the injection of natural gas or of any other substance into any pool in this state for the purpose of repressuring, cycling, pressure maintenance or secondary recovery operations.

Section 11. Whenever, to prevent waste, the Commission limits the total amount of crude petroleum oil to be produced in this State, it shall allocate or distribute the allowable productions among the fields of the State. Such allocation or distribution among the fields of the State shall be made on a reasonable basis, giving, if reasonable under all the circumstances, to each pool with small wells of settled production an allowable production which will prevent a general premature abandonment of the wells in the field.

Section 12. (a) Whenever, to prevent waste, the total allowable production of crude petroleum oil for any field or pool in the state is fixed by the Commission is an amount less than that which the field or pool could produce if no restriction were imposed, the Commission shall prorate or distribute the allowable production among the producers in the field or pool, upon a reasonable basis and recognizing correlative rights.

(b) Crude petroleum oil produced within the allowable as fixed by the Commission shall herein be referred to as "legal oil" and crude petroleum oil produced in excess of such allowable shall be "illegal oil."

(c) Whenever, to prevent waste, the total allowable natural gas production from gas wells producing from any pool in this state is fixed by the Commission in an amount less than that which the pool could produce if no restrictions were imposed, the Commission shall allocate the allowable production among the gas wells in the pool delivering to a gas transportation facility upon a reasonable basis and recognizing correlative rights, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. In protecting correlative rights the Commission may give equitable consideration to acreage, pressure, open flow, porosity, permeability, deliverability and quality of the gas and to such other pertinent factors as may from time to time exist, and in so far as is practicable, shall prevent drainage between producing tracts in a pool which is not equalized by counter-drainage. In allocating production pursuant to the provisions of Section 12 (c) the Commission shall fix proration periods of not less than six months. It shall determine reasonable market demand and make allocations of production during each such period, upon notice and hearing, at least 30 days prior to the beginning of each proration period. In so far as is feasible and practicable,

gas wells having an allowable in a pool shall be regularly produced in proportion to their allowables in effect for the current proration period. Without approval of the Commission or one of its duly authorized agents, no natural gas well or pool shall be allowed to produce natural gas in excess of the allowable assigned to such source during any proration period; Provided, that during an emergency affecting a gas transportation facility a gas well or pool having high deliverability into such facility under prevailing conditions may produce and deliver in excess of its allowable for the period of emergency, not exceeding ten days, without penalty. The Commission may order subsequent changes in allowables for wells and pools to make fair and reasonable adjustment for overage resulting from the emergency. The provisions of this subsection shall not apply to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the Commission.

(d) In fixing the allowable of a pool under Section 12 (c) herein, the Commission shall consider nominations of purchasers but shall not be bound thereby and shall so fix pool allowables as to prevent unreasonable discrimination between pools served by the same gas transportation facility by a purchaser purchasing in more than one pool.

(e) Natural gas produced from gas wells within the allowable as determined as provided in Section 12 (c) above shall herein be referred to as "legal gas," and natural gas produced in excess of such allowable shall be "illegal gas."

Section 13 (a) The rules, regulations or orders of the Commission shall, so far as it is practicable to do so, afford to the owner of each property in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as such can be practicably obtained without waste, substantially in the proportion that the quantity of the recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas or both in the pool, and for this purpose to use his just and equitable share of the reservoir energy.

(b) No owner of a property in a pool shall be required by the Commission, directly or indirectly, to drill more wells than are reasonably necessary to secure his proportionate part of the production. To avoid the drilling of unnecessary wells a proration unit for each pool may be fixed, such being the area which may be efficiently and economically drained and developed by one well. The drilling of unnecessary wells creates fire and other hazards conducive to waste, and unnecessarily increases the production cost of oil or gas or both to the operator, and thus also unnecessarily increases the cost of the products to the ultimate consumer.

(c) The pooling of properties or parts thereof shall be permitted, and, if not agreed upon, may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of a uniform spacing plan or proration unit, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum or natural gas, or both, in the pool; provided, that the owner of any tract that is smaller than the drilling unit established for the field, shall not be

deprived of the right to drill on and produce from such tract, if same can be done without waste; but in such case, the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in ratio of the area of such tract to the area of a full unit. All orders requiring such pooling shall be upon terms and conditions that are just and reasonable, and will afford to the owner of each tract in the pool the opportunity to recover or receive his just and equitable share of the oil or gas, or both, in the pool as above provided, so far as may be practicably recovered without waste. In the event such pooling is required the costs of development and operation of the pooled unit shall be limited to the lowest actual expenditures required for such purpose including a reasonable charge for supervision; and in case of any dispute as to such costs, the Commission shall determine the proper costs.

(d) Minimum allowable for some wells may be advisable from time to time, especially with respect to wells already drilled when this act takes effect, to the end that the production will repay reasonable lifting cost and thus prevent premature abandonment and resulting waste.

(e) Whenever it appears that the owners in any pool have agreed upon a plan for the spacing of wells, or upon a plan or method of distribution of any allowable fixed by the Commission for the pool, or upon any other plan for the development or operation of such pool, which plan, in the judgment of the Commission, has the effect of preventing waste as prohibited by this act and is fair to the royalty owners in such pool, then such plan shall be adopted by the Commission with respect to such pool; however, the Commission, upon hearing and after notice, may subsequently modify any such plan to the extent necessary to prevent waste as prohibited by this act.

(f) After the effective date of any rule, regulation or order fixing the allowable production, no person shall produce more than the allowable production applicable to him, his wells, leases or properties determined as in this act provided, and the allowable production shall be produced in accordance with the applicable rules, regulations or orders.

Section 14 (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 the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity of, 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 or in favor of the 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 produced 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 field of the state; the question of the justice or reasonableness to be determined by the Commission, taking into consideration the production and age of wells in the respective fields and all other factors. It is the intent of this act 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) It shall be the duty of the Commission to enforce the provisions of this act, and it shall have the power, after notice and hearing as provided in Section 15 of Chapter 72 of the Session Laws of New Mexico, 1935, to make rules, regulations and orders defining the distance that extension of the pipe line system shall be made to all wells not served; Provided that no such authorization or order shall be made unless the Commission finds as to such extension that it is reasonably required and economically justified, or as to such extension of facilities that the expenditures involved therein, and the expense incident thereto, is justified in relation to the volume of oil available for transportation through said extension; and such other rules, regulations and orders as may be necessary to carry out the provisions of this act, and in making such rules, regulations and orders, the Commission shall give due consideration to the economic factors involved. The Commission shall have authority to relieve such common purchaser, after due notice and hearing as herein provided, from the duty of purchasing crude petroleum oil of inferior quality or grade or that is not reasonably suitable for the requirements of such common purchaser.

(d) Any person now or hereafter engaged in purchasing from one or more producers gas produced from gas wells shall be a common purchaser thereof within each common source of supply from which it purchases, and as such it shall purchase gas lawfully produced from gas wells with which its gas transportation facilities are connected in the pool and other gas lawfully produced within the pool and tendered to a point on its gas transportation facilities. Such purchase shall be made without unreasonable discrimination in favor of one producer against another in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells. In the event any such person is likewise a producer, he is prohibited to the same extent from discriminating in favor of himself on production from gas wells in which he has an interest, direct or indirect, as against other production from gas wells in the same pool. For the purposes of this act reasonable differences in prices paid or facilities afforded, or both, shall not constitute unreasonable discrimination if such differences bear a fair relationship to differences in quality, quantity or pressure of the gas available or to the relative lengths of time during which such gas will be available to the purchaser. The provisions of this subsection shall not apply (1) to any wells

or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the Commission, (2) to purchases of casinghead gas from oil wells, and (3) to persons purchasing gas principally for use in the recovery of production of oil or gas.

(e) Any common purchaser taking gas produced from gas wells from a common source of supply shall take ratably under such rules, regulations and orders, concerning quantity, as may be promulgated by the Commission consistent with this act. The Commission, in promulgating such rules, regulations and orders may consider the quality and the deliverability of the gas, the pressure of the gas at the point of delivery, acreage attributable to the well, market requirements in the case of unprorated pools, and other pertinent factors.

(f) Nothing in this act shall be construed or applied to require, directly or indirectly, any person to purchase gas of a quality or under a pressure or under any other condition by reason of which such gas cannot be economically and satisfactorily used by such purchaser by means of his gas transportation facilities then in service.

Section 15 (a) The sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of crude petroleum oil or natural gas in whole or in part produced in excess of the amount allowed by any statute of this state, or by any provision of this act, or by any rule, regulation or order of the Commission made thereunder, is hereby prohibited, and such oil or commodity is hereby referred to as "illegal oil" or "illegal gas," as the case may be.

(b) The sale or purchase or acquisition, or the transportation, refining, processing or the handling in any other way, of any product of crude petroleum or any product of natural gas, which product is derived in whole or in part from crude petroleum oil or natural gas produced in whole or in part in excess of the amount allowed by any statute of this state, or by any provisions of this act, or by any rule, regulation or order of the Commission made thereunder, is hereby prohibited, and each such commodity or product is herein referred to as "illegal oil product," or "illegal gas product" to distinguish it from "legal gas product."

Section 16 (a) The Commission is specifically authorized and directed to make such rules, regulations and orders, and may provide for such certificates of clearance or tenders, as may be necessary to make effective the prohibitions contained in Section 15.

(b) Unless and until the Commission provides for certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product, or illegal gas or illegal gas product, no penalty shall be imposed for the sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of illegal oil or

illegal oil product, or illegal gas or illegal gas product, except under circumstances stated in the succeeding provisions of this paragraph. Penalties shall be imposed for the commission of each transaction prohibited in Section 15 when the person committing the same knows that illegal oil or illegal oil product, or illegal gas or illegal gas product, is involved in such transaction, or when such person could have known or determined such fact by the exercise of reasonable diligence or from facts within his knowledge. However, regardless of lack of actual notice or knowledge, penalties as provided in this act shall apply to any sale or purchase or acquisition, and to the transportation, refining, processing, or handling in any other way, of illegal oil or illegal oil product, or illegal gas or illegal gas product where administrative provision is made for identifying the character of the commodity as to its legality. It shall likewise be a violation for which penalties shall be imposed for any person to sell or purchase or acquire, or to transport, refine, process, or handle in any way crude petroleum oil or natural gas or any product thereof without complying with the rule, regulation or order of the Commission relating thereto.

Section 17. Except as provided for herein, before any rule, regulation or order, including revocation, change, renewal or extension thereof, shall be made under the provisions of this act, a public hearing shall be held at such time, place and manner as may be prescribed by the Commission. The Commission shall first give reasonable notice of such hearing (in no case less than ten days, except in an emergency) and at any such hearing any person having an interest in the subject matter of the hearing shall be entitled to be heard. 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. The emergency rule, regulation or order permitted by this section shall remain in force no longer than fifteen 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 become effective.

Section 18. The reports, estimates, findings of fact, or similar documents or findings of the United States Bureau of Mines, or of any other department or agency of the United States Government, or of any bureau or agency under an interstate compact to which the State of New Mexico is a party made with respect to the reasonable market demand for crude petroleum oil, may be considered by the Commission or by any court and taken as being prima facie correct.

Section 19. (a) Within twenty (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 to 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 ten (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.

(b) Any party to such rehearing proceeding, dissatisfied with the disposition of the application for rehearing, may appeal therefrom to the District Court of the county wherein is located any property of such party affected by the decision, by filing a petition for the review of the action of the Commission within twenty (20) days after the entry of the order following rehearing or after the refusal or rehearing as the case may be. Such petition shall state briefly the nature of the proceeding before the Commission and shall set forth the order or decision of the Commission complained of and the grounds of invalidity thereof upon which the applicant will rely; provided, however, that the questions reviewed on appeal shall be only questions presented to the Commission by the application for rehearing. Notice of such appeal shall be served upon the adverse party or parties and the Commission in the manner provided for the service of summons in civil proceedings. The trial upon appeal shall be de novo, without a jury, and the transcript of proceedings before the Commission, including the evidence taken in hearings by the Commission, shall be received in evidence by the court in whole or in part upon offer by either party, subject to legal objections to evidence, in the same manner as if such evidence was originally offered in the District Court. The Commission action complained of shall be prima facie valid and the burden shall be upon the party or parties seeking review to establish the invalidity of such action of the Commission. The Court shall determine the issues of fact and of law and shall, upon a preponderance of the evidence introduced before the Court, which may include evidence in addition to the transcript of proceedings before the Commission, and the law applicable thereto, enter its order either affirming, modifying, or vacating the order of the Commission. In the event the Court shall modify or vacate the order or decision of the Commission, it shall enter such order in lieu thereof as it may determine to be proper. Appeals may be taken from the judgment or decision of the District Court to the Supreme Court in the same manner as provided for appeals from any other final judgment entered by a District Court in this State. The trial of such application for relief from action of the Commission and the hearing of any appeal to the Supreme Court from the action of the District Court shall be expedited to the fullest possible extent.

(c) The pendency of proceedings to review shall not of itself stay or suspend operation of the order or decision being reviewed, but during the pendency of such proceedings, the District Court in its discretion may, upon its own motion or upon proper application of any party thereto, stay or suspend, in whole or in part, operation of said order or decision pending review thereof, on such terms as the court deems just and proper and in accordance with the practice of courts exercising equity jurisdiction; provided, that the court, as a condition to any such staying or suspension of operation of any order or decision, may require that one or more parties secure, in such form and amount as the court may deem just and proper, one or more other parties against loss or damage due to the staying or suspension of the Commission's order or decision, in the event that the action of the Commission shall be affirmed.

(d) The applicable rules of practice and procedure in civil cases for the courts of this state shall govern the proceedings for review, and any appeal therefrom to the Supreme Court of this state, to the extent such rules are consistent with provisions of this act.

Section 20 (a) No temporary restraining order or injunction of any kind shall be granted against the Commission or the members thereof, or against the Attorney General, or against any agent, employee or representative of the Commission, restraining the Commission, or any of its members, or any of its agents, employees or representatives, or the Attorney General, from enforcing any statute of this state relating to conservation of oil or gas, or any of the provisions of this act, or any rule, regulation or order made thereunder, except after due notice to the members of the Commission, and to all other defendants, and after a hearing at which it shall be clearly shown to the court that the act done or threatened is without sanction of law, or that the provision of this act, or the rule, regulation or order complained of, is invalid, and that, if enforced against the complaining party, will cause an irreparable injury. With respect to an order or decree granting temporary injunctive relief, the nature and extent of the probable invalidity of the statute, or of any provision of this Act, or of any rule, regulation or order thereunder involved in such suit, must be recited in the order or decree granting the temporary relief, as well as a clear statement of the probable damage relied upon by the court as justifying temporary injunctive relief.

(b) No temporary injunction of any kind, including a temporary restraining order against the Commission or the members thereof, or its agents, employees or representatives, or the Attorney General, shall become effective until the plaintiff shall execute a bond to the State with sufficient surety in an amount to be fixed by the court reasonably sufficient to indemnify all persons who may suffer damage by reason of the violation pendente lite by the complaining party of the statute or the provisions of this act or of any rule, regulation or order complained of. Any person so suffering damage may bring suit thereon before the expiration of six months after the statute, provision, rule, regulation or order complained of shall be finally held to be valid, in whole or in part, or such suit against the Commission, or the members thereof, shall be finally dismissed. Such bond shall be approved by the judge of the court in which the suit is pending, and shall be for the use and benefit of all persons who may suffer damage by reason of the violation pendente lite of the statute, provision, rule, regulation or order complained of in such suit, and who may bring suit within the time prescribed by this section; and such bond shall be so conditioned. From time to time, on motion and with notice to the parties, the court may increase or decrease the amount of the bond and may require new or additional sureties, as the facts may warrant.

Section 21. Whenever it shall appear that any person is violating, or threatening to violate, any statute of this State with respect to the conservation of oil and gas, or both, or any provision of this act, or any rule, regulation or order made thereunder, the Commission, through the Attorney General, shall bring suit against such person in the county of the residence of the defendant, or in the county of the residence of any defendant if there be more than one defendant, or in the county where the violation is alleged to have occurred, for penalties, if any are applicable, and to restrain such person from continuing such violation or from carrying out the threat of violation. In such suit the Commission may obtain injunctions, prohibitory and mandatory, including temporary restraining orders and temporary injunctions, as the facts may warrant, including when appropriate, an injunction restraining any person from moving or disposing of

illegal oil or illegal oil product, or illegal gas or illegal gas product, and any or all such commodities, or funds derived from the sale thereof, may be ordered to be impounded or placed under the control of an agent appointed by the court if, in the judgment of the court, such action is advisable.

Section 22. Nothing in this act contained or authorized, and no suit by or against the Commission, and no penalties imposed or claimed against any person for violating any statute of this state with respect to conservation of oil and gas, or any provision of this act, or any rule, regulation or order issued thereunder, shall impair or abridge or delay any cause of action for damages which any person may have or assert against any person violating any statute of this state with respect to conservation of oil and gas, or any provision of this act, or any rule, regulation or order issued thereunder. Any person so damaged by the violation may sue for and recover such damages as he may be entitled to receive. In the event the Commission should fail to bring suit to enjoin any actual or threatened violation of any statute of this state with respect to the conservation of oil and gas, or of any provision of this act, or of any rule, regulation or order made thereunder, then any person or party in interest adversely affected by such violation, and who has notified the Commission in writing of such violation or threat thereof and has requested the Commission to sue, may, to prevent any or further violation, bring suit for that purpose in the District Court of any county in which the Commission could have brought suit. If, in such suit, the court holds that injunctive relief should be granted, then the Commission shall be made a part and shall be substituted for the person who brought the suit, and the injunction shall be issued as if the Commission had at all times been the complaining party.

Section 23. The violation by any person of an order of the court relating to the operation of a well or wells, or of a pipe line or other transportation, equipment or facility, or of a refinery, or of a plant of any kind, shall be sufficient ground for the appointment of a receiver with power to conduct operations in accordance with the order of the court.

Section 24. Any person who, for the purpose of evading this act, or of evading any rule, regulation or order made hereunder, shall knowingly and wilfully make or cause to be made any false entry or statement of fact in any report required to be made by this act or by any rule, regulation or order made hereunder or who, for such purpose, shall make or cause to be made any false entry in any account, record or memorandum kept by any person in connection with the provisions of this act or of any rule, regulation or order made thereunder; or who, for such purpose, shall omit to make, or cause to be omitted, full, true and correct entries in such accounts, records or memoranda, of all facts and transactions pertaining to the interest or activities in the petroleum industry of such person as may be required by the Commission under authority given in this act or by any rule, regulation or order made hereunder; or who, for such purpose, shall remove out of the jurisdiction of the state, or who shall mutilate, alter, or by any other means falsify, any book, record, or other paper pertaining to the transactions regulated by this act or by any rule, regulation or order made hereunder; - shall be deemed guilty of a felony and shall be subject upon conviction in any court of competent jurisdiction, to a fine of not more than one Thousand (\$1,000.00) Dollars, or imprisonment for a term of not more than three years, or to both such fine and imprisonment.

(b) Any person who knowingly and wilfully violates any provision of this act or any rule, regulation or order of the Commission made hereunder, shall, in the event a penalty for such violation is not otherwise provided for herein, be subject to a penalty of not to exceed One Thousand (\$1,000.00) Dollars a day for each and every day of such violation, and for each and every act of violation, such penalty to be recovered in a suit in the District Court of the county where the defendant resides, or in the county of the residence of any defendant if there be more than one defendant, or in the District Court of the County where the violation took place. The place of suit shall be selected by the Commission, and such suit, by direction of the Commission, shall be instituted and conducted in the name of the Commission by the Attorney General or under his direction by the district attorney of the county where the suit is instituted. The payment of any penalty as provided for herein shall not have the effect of changing illegal oil or illegal gas into legal oil or legal gas, or illegal oil or illegal gas product into legal oil or legal gas product, nor shall such payment have the effect of authorizing the sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of such illegal oil or illegal gas, or illegal oil or illegal gas product, but to the contrary penalty shall be imposed for each prohibited transaction relating to such illegal oil or illegal gas or illegal oil or illegal gas product.

(c) Any person knowingly and wilfully aiding or abetting any other person in the violation of any statute of this State relating to the conservation of oil and gas, or the violation of any provision of this act, or any rule, regulation or order made thereunder, shall be subject to the same penalties as are prescribed herein for the violation by such other person.

Section 25 (a) Apart from, and in addition to, any other remedy or procedure which may be available to the Commission, or any penalty which may be sought against or imposed upon any person, with respect to violations relating to illegal oil or illegal gas or illegal oil or illegal gas product shall, except under such circumstances as are stated herein, be contraband and shall be seized and sold, and the proceeds applied as herein provided. Such sale shall not take place unless the court shall find in the proceeding provided in this paragraph, that the owner of such illegal oil or illegal gas or illegal oil or illegal gas product is liable or in some proceeding authorized by this act, such owner has already been held to be liable, for penalty for having produced such illegal oil or illegal gas, or for having purchased or acquired such illegal oil or illegal gas or illegal oil or illegal gas product. Whenever the Commission believes that illegal oil or illegal gas or illegal oil or illegal gas product is subject to seizure and sale, as provided herein, it shall, through the Attorney General, bring a civil action in rem for that purpose in the District Court of the county where the commodity is found, or the action may be maintained in connection with any suit or cross-action for injunction or for penalty relating to any prohibited transaction involving such illegal oil or illegal gas or illegal oil or illegal gas product.

Notice of the action in rem shall be given in conformity with the law or rule applicable to such proceeding. Any person or party in interest who may show himself to be adversely affected by any such seizure and sale shall have the right to intervene in said suit to protect his rights.

(b) Whenever the pleading with respect to the forfeiture of illegal oil or illegal gas or illegal oil or illegal gas product shows ground for seizure and sale, and such pleading is verified or is supported by affidavit or affidavits, or by testimony under oath, the court shall order such commodity to be impounded or placed under the control, actual or constructive, of the court through an agent appointed by the court.

(c) The judgment effecting the forfeiture shall provide that the commodity be seized, if not already under the control of the court, and that a sale be had in similar manner and with similar notice as provided by law or rule with respect to the sale of personal property under execution; provided, however, the court may order that the commodity **be sold** in specified lots or portions, and at specified intervals, instead of being sold at one time. Title to the amount sold shall pass as of the date of the seizure. The judgment shall provide for payment of the proceeds of the sale into the Common School Fund, after first deducting the costs in connection with the proceedings and the sale. The amount sold shall be treated as legal oil or legal gas or legal oil or legal gas product, as the case may be, in the hands of the purchaser, but the purchaser and the commodity shall be subject to all applicable laws and rules, regulations and orders with respect to further sale or purchase or acquisition, and with respect to the transportation, refining, processing, or handling in any other way, of the commodity purchased.

(d) Nothing in this section shall deny or abridge any cause of action a royalty owner, or any lien holder, or any other claimant, may have, because of the forfeiture of the illegal oil or illegal gas or illegal oil or illegal gas product, against the person whose act resulted in such forfeiture.

Section 26. Unless the context otherwise requires, the words defined in this section shall have the following meaning when found in this act, to-wit:

(a) "Person" means any natural person, corporation, association, partnership, receiver, trustee, guardian, executor, administrator and a fiduciary of any kind.

(b) "Pool" means an underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein. "Pool" is synonymous with "common source of supply" and with "common reservoir."

(c) "Field" means the general area which is underlaid or appears to be underlaid by at least one pool; and "field" also includes the underground reservoir or reservoirs containing such crude petroleum oil or natural gas, or both. The words "field" and "pool" means the same thing when only one underground reservoir is involved; however, "field" unlike "pool" may relate to two or more pools.

(d) "Product" means any commodity or thing made or manufactured from crude petroleum oil or natural gas, and all derivatives of crude petroleum oil or natural gas, including refined crude oil, crude tops, topped crude, processed crude petroleum, residue from crude petroleum, cracking stock, uncracked fuel

oil, treated crude oil, fuel oil, residuum, gas oil, naphtha, distillate, gasoline, kerosene, benzine, wash oil, waste oil, lubricating oil, and blends or mixtures of crude petroleum oil or natural gas or any derivative thereof.

(e) "Owner" means the person who has the right to drill into and to produce from any pool, and to appropriate the production either for himself or for himself and another.

(f) "Producer" means the owner of well or wells capable of producing oil or natural gas or both in paying quantities.

(g) "Gas transportation facility" means a pipe line in operation serving gas wells for the transportation of natural gas, or some other device or equipment in like operation whereby natural gas produced from gas wells connected ~~therewith~~ can be transported or used for consumption.

(h) "Correlative rights" means the opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce without waste his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for such purpose to use his just and equitable share of the reservoir energy.

Section 27. There is hereby levied a tax on one-eighth of one per cent on the proceeds of all oil and gas produced in this State, except royalties payable to the United States or to this State. Such tax shall be reported and collected at the same time and in the same manner as the emergency school tax now, or hereafter provided by law, is returned and collected. Such tax when collected shall be paid to the State Treasurer and by him covered into a fund designated as the Oil Conservation Fund. Such fund, or so much thereof as may be necessary, is hereby appropriated to the Oil Conservation Commission to be by it expended in the enforcement of this act. The Commission is hereby authorized, within the limits of the fund available, to employ a secretary and such other employees and agents as may be necessary to enforce the provisions of this act.

Section 28. The Oil Conservation Commission is hereby vested with the authority and duty of regulation and conserving the production of and preventing waste of carbon dioxide gas within this state in the same manner, in so far as is practicable as it regulates, conserves and prevents waste of natural or hydrocarbon gas. The provisions of this act relating to gas or natural gas shall also apply to carbon dioxide gas in so far as the same are applicable. "Carbon dioxide gas" as used herein shall mean non-combustible gas composed chiefly of carbon dioxide occurring naturally in underground rocks.

Section 29. If any part or parts of this act be held to be unconstitutional, such unconstitutionality shall not affect the validity of the remaining portions of this act. The legislature hereby declares that it would have passed the remaining parts of this act if it had known that such part or parts thereof would be declared unconstitutional.

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Consult Definitions, Rules, etc., themselves before acting upon index suggestions. Paragraphs often contain details exceeding scope of index.

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not required, R 310 (see Fire Walls)

**Discrimination**

in favor of producers by purchaser prohibited, R 802 (a)

**District Offices - R 1301**

Hobbs: No. 1 - Lea, Roosevelt, Curry, De Baca, Chaves Counties

Artesia: No. 2 - Eddy, Otero, Dona Ana, Lincoln Counties

Aztec: No. 3 - San Juan, Rio Arriba, McKinley, Sandoval Counties

Santa Fe: No. 4 - Balance of State

Matters pertaining to Commission handled through district office  
of district in which affected land lies

Each is in charge of an Oil and Gas Inspector or deputy, R 1301,

**Dona Ana County**

Administrative District No. 2 (Artesia office), R 1301

**Drillers**

must prevent waste, R 3

must submit bond, R 101 (a)

notify Commission of Intention, R 102

(Form C-101)

must provide pit for drill cuttings, R 105

**Drilling Tracts**

acreage minimum, 40 contiguous acres, R 104

## Drilling Tracts (Cont'd.)

- tracts to form substantially a square, R 104
- drilling not to be closer than 660 ft. from boundary, R 104
- within allocated oil-gas pool, R 104 (h) (i)
- Drilling, - (R 101-117)
  - fluid (to be circulated), R 114 (b)
  - operation suspended, R 202 (c), not to begin until approved, R 101,
  - R 1104 report on operations (C-103), R 1106 (within 10 days)
  - report change of plan (C-103), on U. S. government land, R 4
  - wells identified by sign, R 103
  - of oil wells not closer than 330 ft. to boundary line nor 660 ft.
  - to nearest well, R 104 (b) of gas well not closer than 660 ft. to
  - boundary line, 1320 ft. to nearest well, R 104 (d)
  - intention (C-101 in quintuplicate) R 1104 in high pressure areas, R 109
- Duties of Field Personnel
  - to enforce O. C. C. rules and regulations, R 1303

## E

### Eddy County

- Allocation of non-marginal units, R 505, in administrative district
- No. 2 (Artesia office), R 1301

### Emergency Orders

- have validity without hearing, R 1202
- expire 15 days from their effective date, R 1202
- expire when regular rule promulgated, R 1202

### Emulsion, Basic Sediments, Tank Bottoms

- must not pollute streams nor damage surface, R 313

### Enforcement of Laws, Rules, etc. -R2

### Engineers duly appointed by O. C. C.

- have authority and duty to enforce its rules, etc., R 1303

### Equipping Oil and Gas Wells

- to prevent waste, R 3 (b)

### Equitable Share (of Reservoir Energy)

#### Definitions-A16

### Exceptions to Rules

- applications for such, R 104 (f), for cause, R 1 (b)
- in computing acreage, R 104 (j)
- when unit partly outside defined oil-gas pool, R 104
- when unit would be non-productive, R 104 (e)
- when topographical conditions demand, R 104 (f)
- when necessary to prevent waste or confiscation, R 104
- Secretary of O. C. C. may grant, R 104 (f)
- without notice and hearing, R 104 (f & 1, 2 a & b)
- when ownership is same within radius, R 104 (2a)
- when other owners consent in writing, R 104 (2b)

Excessive Production prohibited  
of crude petroleum, A 65 (c)  
Exhibit Showing Well Locations  
to accompany application for hearing, R 112 (b)  
Exploratory Holes  
owner responsible for plugging, R 204  
Extensions  
of rules, regulations or orders not made except after public  
hearings, R 1201  
Extraction Plant Operator  
shall keep books and records 5 years, R 1102  
reports gas taken into extraction plant (C-114),

## F

Fair Share  
of gas production insured, R 604  
Field  
Definitions-A19 (same as Pool when one reservoir is involved, but  
field unlike Pool may relate to two or more pools)  
Fire  
removing hazard, R 114  
notification of, R 116 (details)  
walls not required except in city limits, R 310  
(or near highway, producing wells or schools, etc.)  
walls where required to form reservoir, R 310  
Flowing Oil Wells  
to be produced through oil and gas separator, R 114 (a)  
keep away boiler or generator from, R 114 (a), equipment, R 115  
pressure tests, R 115  
Forms furnished on request  
R 6 (for notices, requests, reports)  
R 101 (end) Commission distributes R 102: use form C-101 to  
notify of intention to drill or recomplete  
R 1103: forms and their use (C-101-105, 110-12)  
  
where to file reports and forms, R 1302 (District Office)  
specify information desired, R 1302  
Fresh Water Wells  
landowner to authorize and file with O.C.C., R 203

## G

Gas  
Adjustment of Allowables, R 604  
Allocation of Production, R 602  
Definitions-A35  
gross amount withdrawn from natural gas  
storage to be reported monthly, R 1119  
illegal sale purchase, acquisition, etc., prohibited, R 901  
injected or withdrawn from storage reported monthly, R 405  
injection permit granted after hearing, R 701 (a)

## Gas (cont'd.)

- Pool designation, R 601, (O.C.C. will define)
- produced with current oil allowable deemed lawful, R 506 (b, 4)
- producer files Certificate of Compliance (C-110) and authorization to transport, R 1109
- proration and allocation, (R 601-605)
- proration period is 6 months, R 603
- proration unit allowables, R 604-605
- purchaser to report monthly injected, R 1119
- received from gasoline extraction - monthly report, R 1113
- Report (C-111), taken into fuel or other system (not that taken into Extraction plant, C-114), R 1113
- unsuitable not required to be purchased, R 902 (c)
- what application for permit to inject must contain, R 701 (b) (1-7)

## Gas-cap Gas

- Definitions-A10

## Gas Distributors

- must prevent waste, R 3 (b)

## Gas Lift

- Definitions-A20

## Gas-Oil Ratio

- Definitions-A21 & 30

- Adjustment -A22

- Proration Unit-A25

- Test (Official)-A37, (C-116), R 1115, R 301 in operating practices, R 301

- tests after completion and recompletion, R 301 (a)

- tests not required, R 301 (1 & 2)

- limitation, R 506 (on all allocated oil pools)

- limit for Allocated Pools (R 506d.)

- reports (C-116), R 1103, R 1115

- if limit not set by O.C.C., it shall be 2,000 cubic ft. gas for each barrel of oil produced, R 506(a) limitation on all allocated oil pools;

- proration units exceeding limit for pool are penalized, R 506 (b)

- tests on flowing wells (pressure), R 115

## Gas Pool Tract

- c.160 surface contiguous acres forming square, R 104 (d)

## Gas Transportation Facility

- Definitions-A23, 65(e) capacity exceeded

## Gas Well (s)

- Definitions-A24; Rules and Regulations, R 3(b)

- Shut-in pressures, R 402 (a)

- Liquids from, sold to common purchaser  
(conditionally), R 805

- Potential test required, R 401

- used for storage not affected by R 902

- casinghead gas purchased from oil wells not affected by R 902

## Gasoline Plant

- operator reports monthly (C-114), R 1002, R 1113

- operator keeps books, records proving reports, R 1102

- operator of oil and other catchings needs no tank-cleaning permit,  
R 1116

Geologists duly appointed by O.C.C.

have authority and duty to enforce rules, etc., R 1303

## H

Handling of Illegal Gas or Oil

prohibited, R 901 (gas), R 801 (oil)

Hearings (Public)

before change in Rules, R 1201 (including revocation, change, renewal, extension)

see Emergency Orders in respect to, R 1202

method of initiating, R 1203 (details of application)

may be instituted by O.C.C., A.G., operator, producer, or property interest, R 1203

giving notice (method), R 1204 (personal service, newspaper publicity,)

in name of The State of New Mexico

contents of notice for, R 1205 (see details there)

service of notice for, R 1206

preparation of notices, R 1207

continuance of (without new service), R 1208

conduct of (transcript preserved), R 1209

statutory powers as to witnesses, records, etc., R 1210

Rules of Evidence in, R 1211

rehearings, R 1212 (when order believed in error)

High Gas-Oil Ratio Proration Unit

Definitions-A25

Hobbs

Oil Pool, R 601

Office of O.C.C. Administrative District No. 1, R 1301

Hydrocarbons (fluid)

not to commingle with oil from pools, R 303

Hydrocarbon Material

settling below crude oil in tanks or receptacles is called Tank

Bottoms-A58

## I

Identification of Wells

by signs, numbers, name of lease, R 103

Illegal Gas

Definitions-A26

sale prohibited, R 901 (also transport, refining, processing or handling)

Illegal Oil

Definitions-A27

sale prohibited, R 801

Illegal Product

Definitions-A28

Illegal Sale

of crude petroleum in excess of statute, prohibited, R 801

Impurities

Definitions-A6 (how ascertained)

## Information

additional which may be asked by O.C.C., R 1101  
on C-101 detailed, R 1104

## Initial Purchaser of Natural Gas

to keep books and records for 5 years, R 1102

## Injection of Gas, Air, or Water

Permit Required, R 701

provisions for injection projects, R 703

operation and discontinuance notices, R 703

records and monthly report, R 704 (C-120), R 1103, R 1119

date reported when operation commenced, R 703 (a)

## Injection Well (s)

Definitions-A29

casing and cementing, R 702

## Injury to Wells

may demand abandonment, R 113

## Input Well

Definitions-A29

## Inspectors of Oil and Gas (also Deputies, Engineers, etc.)

enforce Rules and Regulations of O.C.C., R 1303

endorse approval of O.C.C. on forms requiring it, R 1303

have discretion to allow minor deviations, R 1303

to prevent burdensome delay and expense and waste, R 1303

## Intake Well

before plugging, report to O.C.C., R 703 (c)

## Intention to Drill or Recomplete

Form C-101, R 102 (R 1103)

## Intention to Deepen or Plugback

notice to Commission, R 102

## J

## January 10 of Each Year

O.C.C. publishes date, time, place of meetings, R 503 (b)

## K

## Kerosene

operator reports monthly (C-114), R 1003

## L

## Lea County

allocation of non-marginal units, R 505, 5, B

in Administrative District No. 1 (office at Hobbs), R 1301

## Leakage

prevented by adequate casing or tubing, R 702

## Leaks

notify Commission of, R 116

## Lease

production A58 (re Tank Bottoms)

equipment, R 115

storage tanks, A58

Liability under Conditioned Bond

protects surface owners, R 10 (f)

Liability under Plugging Bond

of owner, R 204

surety's responsibility maintained, R 101 (d)

terminated, R 101 (g)

Lifting Costs (Reasonable)

Definitions-A33

Light Generators

to be 150 ft. from producing well, R 114 (a)

Limiting Gas-Oil Ratio

Definitions-A30

Lincoln County

in Administrative District No. 2 (Artesia office), R 1301

Liquids from Gas Wells

any common purchaser may buy if supplemental order authorizing its production is issued, R 803

Liquid Hydrocarbon

Transporter and Storer file monthly (C-112), R 1111

producer from gas well files Certificate of Compliance and Authorization to Transport (C-110), R 1109

Location of Wells

orthodox locations, R 104 (d)

on tract of 40 acres, R 104 (b) (c), 160 acres (d)

abandoned wells (marker), R 202 (a)

Log

Definitions-A31

Loss and Causes of Loss

surface waste of oil, A 65 (b)

to be reported to O.C.C., R 116 (if exceeds 100 barrels)

Mc

McKinley County

in Administrative District No. 3 (Aztec office), R 1301

M

Marginal Unit

Definitions-A32

permitted to produce its full capacity, R 503 (d)

operator files for supplemental order, R 503 (d)

may produce same volume as non-marginal, R 506 (3)

Markers

on Abandoned Wells, R 202

Market Demand

Reasonable, explained, A65 (e)

considered by O.C.C. to determine production, R 503 (c)

causes adjustment of allowables by O.C.C., R 604

Meetings of O. C. C.

published Jan. 10 each year, R 503 (b)

Minimum Allowable

Definitions-A33

Miscellaneous Rules-B

Miscellaneous Notices (C-102), R 1103, R 1105

Miscellaneous Reports on Wells (C-103), R 1103

Monthly Reports to O. C. C.

Butane production (C-114), R 1002, R 1113

carbon black (C-119), R 1118

casinghead gas (C-115), R 305, R 1114

condensate (C-114), R 1002, R 1113

crude petroleum (C-114), R 1113

cycling plant (C-114), R 1002, R 1113

file all on or before 15th of each month

gas injected, R 405

gas-oil ratio (C-116), R 1103

gas product (C-111), R 1103

gas from natural gas wells (C-111), R 1110

gas from gasoline extraction plants (C-119), R 1118

gas withdrawn from storage, R 405

gasoline and oil extraction products (C-114), R 1002, R 1103

kerosene products (C-114), R 1002, R 1113

liquid products from natural gas, R 1002

liquid hydrocarbon (C-112), R 1111 (see details)

metered casinghead gas, R 305

meter and report gas injected or withdrawn, R 405

oil from natural gas (C-114), R 1002

oil from treating plant (C-118), R 312 (b)

oil wells (producing) (C-115), R 1114

petroleum stocks (crude) (C-112), R 1111

propane produced (C-114), R 1002

purchaser of gas-sources, amounts from each source of gas  
injected into reservoirs (C-114), R 1113

refiner's operations (C-113), R 1001, R 1103, R 1112

salt and sulphur water (C-115), R 308

storers' (C-112), R 1103, R 1111

transporters' (C-112), R 1103, R 1111 (see also under Reports)

Mud-laden Fluid

during drilling of wells, R 105

to be left outside casings, R 110

use in plugging, R 202 (a)

volume of gravity in plugging, R 1106 (C-103)

Multiple Completion

Definitions-A34

zone completion permitted upon hearing, R 112 (a)

application for hearing, R 112 (b)

control, R 304

## N

### Natural Gas

- Definitions-A35, & 44 (pool)
- production and operating practice-F (R401-406)
- well potential determined method, R 401
- metering and reporting production, R 403
- delivered to gas transport facility reported, R 403
- utilization (4 ways), R 404
- handling to save waste, R 3
- producer files Certificate of Compliance and Authorization to Transport (C-110), R 1109

### Natural Gas (Common Purchaser of)

- Definitions-A12

### New Mexico State Rules-enforce, R 2

### New Pools

- pressure test must be made and reported, R 302 (C-103)
- limited to 2,000 cubic feet per barrel until changed by O.C.C. after hearing, R 506 (d)

### Non-combustible Gas

- Definitions-A9

### Non-marginal Unit

- Definitions-A36

### Non-ratable crude oil purchase--A65d

### Normal Allowable

- unit set by O.C.C., R 505, par. E

### Notification

- of fire, breaks, leaks, blow-outs, R 116
- of dry hole (C-102) being plugged, R 201
- of injection operations, R 703 (a) discontinuance (b)
- of intention to drill (C-101) to O.C.C., R 1104
- of hearing issued in State name, R 1205 (see details of same)

### Numbering Commission Orders

- after Jan. 1, 1950, orders pertaining to allocation of production of oil and gas, R 1304 (a)
- all others (R & No. consecutive), R 1304,

## O

### O.C.C. Matters

- handled in district where affected land lies, R 1301

### October and April

- time to take shut-in pressures, R 402 (a)

### Official Gas-Oil Ratio Test

- Definitions-A37

### Offset Lessees

- to be notified of intended abandonment, R 201

### Oil (Common Purchaser for)

- Definitions-A13

## Oil

### Definitions-A38

commingling, R 303

tanks and fire walls, R 310

from wash-in, creek, or pit oil, R 312 (c)

proration, R 505

purchasing and transporting, J (R 801-803)

from natural gas reported monthly (C-114), R 1002

illegal oil: sale, purchase, all handling prohibited, R 801

not to be transported from a lease until measured in tanks

located on the lease, R 309

### Oil Conservation Commission (O.C.C.)

cooperates with others, R 7

may grant exceptions, R 104 (f)

to be notified of intention to drill, R 102 (C-101)

to approve tank cleaning permit, etc., R 311 (see "Commission" also)

### Oil and Gas Inspectors, Deputies or Commission Members

in charge of each district office, R 1301

have authority and duty to enforce rules, R 1303

have authority to endorse O.C.C. approval on forms requiring it, R 1303

### Oil Well (s)-(see also "Wells")

A39, R 3 (b) rules and regulations

safety regulation, R 114 (a-b)

rate of production, R 502 (in allocated oil pools)

operator reports monthly (C-115), R 1114

### Operating Practices

for oil production, R 301

### Operating Ownership, change of (C-110), R 1109

### Operations

leading to change of drilling plan, repairing, deepening, etc., must be approved (C-102 in triplicate), R 1105

report on drilling (C-103), R 1106

### Operator (s)

#### Definitions-A40

entitled to Transport Certificate, see when, R 312 (b)

file C-116 annually, R 301

of Gas Transport Facility reports gas delivered, R 403

of gasoline plant report monthly (C-114), R 1002

of injection project report monthly R 1113, R 704

may balance production per units, R 502

may institute proceedings for hearing, R 1203

of natural gas well reports production R 403

not affected by R 311 when oil disposed of through authorized transporter (C-115), R 311

notify of injection date (a) and discontinuance (b), R 703

notify of fire, breaks, leaks, blow-outs, R 116

of producing oil well to report monthly (C-115), R 1114

to prevent waste, R 3 (b)

production during proration periods, R 502

reclaiming merchantable oil need no tank-cleaning permits (C-110,) R 1109

## Operator (cont'd.)

report per cent of salt or sulphur water, R 308 (C-115).  
take shut-in pressures each April and October, R 402  
Treating Plant reports monthly (C-118) oil recovered,  
R 312 (b)

## Orders of O. C. C.

not pertaining to allocation of production numbered consecutively  
after Jan. 1, 1950, (Prefix R), R 1304

## Orthodox Locations for Wells-R 104 (c)

## Otero County

in Administrative District No. 2 (Artesia office), R 1301

## Overage or Over Production

Definitions-A41

## Owner (s)

Definitions-A 42 & 47

consent to exceptional location, R 104 (2b)  
secured against advantage to others, R 104 (g)  
to file report of completion, R 117 (on C-105)  
to notify O. C. C. of plugging intention, R 201 (on C-102)  
liability for plugging, R 204  
not required to measure casinghead gas, R 305  
applying for tank-cleaning permit, R 311 (C-117)  
retaining custody of tank bottom, R 311 not applying  
of a number of New Mexico wells may submit Blanket Bond  
R 201 (c)  
production during proration periods, R 502  
serves notice on O. C. C. before plugging intake well, follows  
same procedure as for oil-gas wells, R 703 (c)  
files C-101 (in quintuplicate) Notice of Intention to drill, one copy  
to be returned with O. C. C. approval or rejection of plan submitted,  
R 1104  
files C-102 (triplicate) before operations changing plans, awaits  
O. C. C. decision, R 1105  
gives notice of plugging to adjoining lessees, R 1106  
reports drilling to O. C. C. (C-103), R 1106  
reports on test of casing shut-off (C-103), R 1106  
reports on results of plugging well (C-103), R 1106  
reports on results of shooting or plugging (C-103), R 1106  
correlative rights explained, A-Definitions, 16  
responsibility to get information pertaining to regulation of oil and  
gas before operating, R 2

## P

## Penalties

for exceeding pool limits, R 506 (b)

## Perforating Casing

report (C-103) R 1106

Permits Required

- for directional drilling, R 111 (b)
- for temporary abandonment, R 202 (c)
- before constructing treating plant, R 312 (a) (b)
- for tank cleaning (C-117), R 311, R 1116
- for injection of gas, air, water, R 701 (a) (b)

Permits Not Required

- for tank cleaning (see cases), R 1116

Person (s)

- Definitions-A43

must prevent waste, R 3

Petroleum Hydrocarbon

- Definitions-A38

Pipe Line Break Oil Reclaiming

- not affected, see when, by R 311, R 1116

Pipe Pulling Contractors

- must prevent waste, R 3 (b)

Pit Oil

- not affected by R 312 (c) (see conditions), (C-110)

Pits for Clay, Shale and Drill Cuttings

- adequate (must be provided), R 105
- must be filled, leveled and cleared after plugging R 1106

Plugging

- after irreparable damage, R 113
- approval of terminates liability under bond, R 101 (g)
- back (C 103), R 1106
- blanket bonds, R 101 (a)
- bonds not to exceed \$10,000, R 101 and 101 (d) (file all bonds in Santa Fe office)
- District offices keep list of bonds in force in their territory, R 1302
- failure to file notice before plugging grounds to forfeit bond, R 1105
- intention (C-102), R 201
- method of, R 202
- owner's responsibility, R 204
- preceded by Notice of Intention (C-102) and approval R 1105
- report result of (C-103) within 10 days, R 1106
- to prevent waste, R 3 (b)
- transferee responsible for, R 101 (d)
- transferrers responsibility released on approval of transfer, R 101 (c)

Pollution of Streams-prohibited, R 313

Pool (s)

- allocated share of production, R 503
- allocation consists of, R 505
- allowable and allocations made 30 days before each proration period, R 603
- assigned top unit allowables for depth ranges, R 505,
- classification and definition, R 5, R 601
- listed in Appendix, R 5
- definitions-A44
- depth classification determined, R 505
- depth range and proportional factor table, R 505

## Potential

### Definitions-A45

tests to determine, R 401 (400,000 cubic ft per day stops further tests)

## Pressure Maintenance

A46, R 115, I (R 701-704)

in mudding (C-103), R 1106

## Procedure

Rules-N (R 1201-1202)

## Processing of Illegal Gas or Oil

prohibited, R 901, oil, R 801

## Producers (s) -A47

keep books and records to prove reports, R 1102

file Certificate of Compliance (4 copies), (to transport oil, natural gas, liquid hydrocarbon) R 1109

may institute proceedings for public hearing, R 1203

## Producing Wells

whether oil or casinghead gas on oil proration schedule, R 506 (a)

## Producing Formations

Indexed in Appendix

## Product-A48

## Production

of oil to be segregated, R 303

operating practices, E (R 301)

in excess of demand, A65 (b) (c) (e)

waste prohibited, R 3 (a-B)

commingling prohibited, R 303

of natural gas metered and reported, R 403

rate of producing wells, R 502

may be balanced during proration periods, R 502, of gas

allocated among gas pools, R 602

of gas from marginal units same as non-marginal R 506 (b, 3)

## Prohibition

of Illegal Sale of excess production, R 901

## Propane

operator reports monthly (C-114), R 1002, R 1113

## Property Interest (s)

may institute proceedings for public hearing, R 1203

## Proration

by Day-A49

by Month-A50

for Gas-A62 (unit)

for Oil-A63 (unit), & G (R 501-503)

by Period-A51, R 502, 6 months, R 603

Schedule provides for new wells (if C-104 and 110 filed), R 504

by Schedule-A52, R 502

Unit-A25 & 62, dropped for failure to report on tests, R 301,

fixed before proration schedule, R 605

units to produce only as indicated in R 506 (a)

distribution to units changed each month to include new wells, R 505,  
par. i

## Proration (cont'd.)

- units penalized for gas-oil ratio exceeding pool's limit (formula given), R 506 (b) (1)
- unit with excessive gas-oil ratio permitted to produce oil as explained on R 506 (b,1)
- schedule indicates pro-ration units to which gas-oil ratio adjustments are applied, R 505 (g)
- office, Hobbs, New Mexico, R 111
- Schedule omits well if not reported (C-105), R 1108
- Schedule includes gas wells unreasonably discriminated against, R 602
- units may be combined into unitized areas, R 507
- plan determines distribution to respective units, R 505 (h)
- plan not existing, pool allocations are provided as determined in R 505

## Public Hearings

- see Hearings, Public, also R 1201-1212

## Publication

- once in Santa Fe newspaper, once in newspaper of counties of land affected equals personal service on person, R 1204 (no cost to applicant)

## Purchase of Liquids from Gas Wells

- authorized, subject to supplemental production order, R 803

## Purchase of Illegal Gas

- prohibited, R 901

## Purchaser

- of Gas reports monthly gas injected, R 1119

## Purchasing Oil

- in excess of amount allowed by statute, prohibited, R 801

## Pulling Outside Strings of Casing

- space outside left full, R 110
- report (C-103), R 1106

## R

## R. Prefacing a Number in Index

- means Rule No. (so and so)

## Ratable Take

- in purchasing oil, R 802 (a and b)
- in purchasing gas, R 902 (a and b)

## Rate

- of Producing Wells, R 502

## Ratio Limitation

- of gas-oil in allocated pools, R 506 (a)

## Ratio Test

- see Gas-Oil Ratio, R 301 (a)

## Reasonable Market Demand, A65 (c to e)

## Recomplete-A53

- Intention to, R 102 (use form C-101)
- Notify O. C. C. when done, R 117
- Gas-Oil Ratio tests, R 301 (a)

Record (s)

kept to substantiate reports, R 1102, form C-105  
wells kept confidential 90 days only on request R 1108

Re-Drilling

report (C-103), R 1106

Refiner's

monthly report to be furnished (C-113), R 1001, R 1112  
keep books and records proving reports, R 1102

Refining of Illegal Gas and Oil

prohibited, gas, R 901, oil, R 801

Regulation of Pools

O. C. C. prorates and distributes production, R 501 (a)  
may promulgate special rules, R 501 (b)

Rehearings

on application may be filed if believed in error, R 1212  
O. C. C. grants or refuses application, R 1212  
failure to act on equal to refusal, R 1212  
if granted, O. C. C. may enter new order as required, R 1212 (end line)

Release from a Bond

procedure, R 101

Repairing and deepening Well report (C-103), R 1106

Reports

butane production (C-114), R 1002, R 1113  
casinghead gas (C-115), R 305, R 1114  
chemical treatment results (C-103), R 1106  
completed natural gas wells, R 401  
condensate (C-114), R 1002, R 1113  
crude petroleum (C-114), R 1113  
Cycling plant (C-114), R 1002, R 1113  
file copies of with O. C. C. in district office where affected land  
lies, R 1302 (notwithstanding printed instructions to contrary)  
file monthly as instructed on form on or before 15th day of next  
succeeding month, R 1002, par. 2  
gas injected, R 405  
gas-oil ratio (C-116), R 1103  
gas product (C-111), R 1103  
gas from natural gas wells (C-111), R 1110  
gas received by carbon black plant (C-119), R 1118  
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gasoline plant-gas and products involved in its operation (C-114),  
R 1002 and C-119, R 1118  
kerosene products (C-114), R 1002, R 1113  
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unit producing, R 311  
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## Reports (cont'd.)

- oil produced, volume fluid injected, injection pressures, R 704
- oil recovered (C-118) by operator Treating Plant, R 312 (b)
- plugging results (C-103), R 1106
- potential of natural gas well, R 401
- products of treating plant not movable until C-118 completed and approved, R 312 (end of par.)
- refiner's monthly (C-113), R 1001
- shooting results (C-103), R 1106
- shut-in periods exceeding 24 hours, R 402 (b)
- shut-in pressures, R 401 (end)
- shut-off tests on casing (C-103), R 1106
- tests reported on (C-116), R 301 (a)
- well completion within 30 days of discovery, R 302
- on wells (C-103), R 1106

## Report on Wells to U. S. Govt.

- copies must be given O. C. C., R 4

## Request for Allowable (C-104), R 1103, R 1107

## Reservoir Energy

- Definitions-A16 (equitable share of); A65 (a) dissipated;

## Reservoirs

- earthen not permitted, R 310

## Reservoirs (Underground)

- Definitions-A19 & 44

## Revocation

- of rules, regulations or order not made except after hearings, R 1201

## Rights (Correlative)

- Definitions-A16 see under Correlative Rights

## Rio Arriba County

- in Administrative District No. 3 (Aztec office), R 1301

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- scope, R 1 (a) (of General Rules)
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- affecting carbon dioxide, R 406 (b)

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- interested parties at a hearing may cross-examine witnesses (rules as at trial before court without jury), R 1211

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- Definitions-A (1-65)

- 1-7 Miscellaneous-B

- 101-117 Drilling-C

- 201-204 Abandonment and Plugging-D

- 301-313 Oil production, Operating-E

- 401-406 Natural Gas Production-F

- 501-507 Oil Proration, Allocation-G

- 601-605 Gas Proration, Allocation-H

- 701-704 Secondary Recovery, Pressure-I

Rules-Chapters A-O (cont'd.)

801-803 Oil Purchase, Transport-J  
901-902 Gas Purchase, Transport-K  
1001-1002 Refining-L  
1101-1122 Reports-M  
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Pools: named and defined pursuant to R 5

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Safety Regulations  
of oil wells, R 114 (a)  
during drilling, R 114 (b)  
Sale of Illegal Gas  
prohibited, R 901  
Salt or Sulphur Water  
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must prevent waste, R 3  
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gas, water encountered in well, R 107 (a)  
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A54 and I (R 701-704)  
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of Product, R 303  
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to be plugged and abandoned, R 202 (a)  
markers unnecessary on, R 202 (a)  
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Separators (Oil and Gas)  
in safety regulations, R 114 (a)  
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Service Companies

must prevent waste, (R 3(b))

Shallow Pool-A55 (0-5,000 ft. depth)

Shooting of Wells

rectification of damage, R 113

report results (C-103), R 1106

record reported (C-103), R 1106

Shortage-A56

oil shortage made up

Shut-In Pressure (s)-A57

periodically reportable, R 401 (end line)

methods and time of tests, R 402

taken in April and October, R 402 (a)

taken with calibrated gauge, R 402 (b)

report shut-in periods in excess of 24 hours, R 402 (b)

report all such, R 402 (b)

Signs on Wells

identify drilling and producible wells, R 103

how made, numbered; where placed, R 103

Spacing of Wells (not within defined oil pool)

minimum 660 ft. from boundary line, R 104

Spacing of Wells (within defined oil pool)

minimum 330 ft. from boundary line, R 104

Special Rules, Regulations and Orders

may be promulgated, R 501 (b)

Standard Cubic Foot of Gas

Definitions-A17 (how computed)

State of New Mexico

is divided into 4 Administrative Districts, R 1301

State Regulations

must be kept by leasers of U. S. Govt. land, R 4

Statutory Powers

of O. C. C. to subpoena witnesses, require production of books, papers records, attendance at hearing, R 1210

Storage of Natural Gas

underground, A65 (a)

inefficient, A 65 (a) (b)

reserves, A 65 (e) maintained

report gas injected or withdrawn from storage, R 405 (does not apply

to gas being injected into or removed from storage, unless waste occurs)

Storers

keep books and records proving reports, R 1102

monthly report (C-112), R 1103, R 1111

Subpoena by O. C. C.

disregarded, may lead to attachment of the person by District Court, R 1210

Subsurface Pressure (s)

Definitions-A7

controlled, R 114 (b)

tests on new pools, R 302 (C-103)

Sulphur Water

report production, R 308

**Supplemental Orders by Commission**

issued to operator of completed and recompleted well, also marginal unit, R 503 (c-d)

copy to transporter R 503

**Surety of Plugging Bond**

continues responsibility, R 101 (d)

**Surety Bond**

to be filed with O. C. C., R 312 (a)

**Surety Company authorized in New Mexico**

executes bonds, R 101 (a)

**Surface Casing**

cemented, R 107 (b)

**Surface Owners**

protected, R 101 (f)

**Surface Pits**

to be fenced if tank bottoms removed to surface pits, R 313

**Surface Waste-A65 (b)**

**Surveyors**

plat certifying well location (C-101), R 1104, par. 2

**T**

**Tank Bottoms-A58**

not to be removed from storage tanks until permit approved, R 311

must not pollute streams, cause surface damage, R 313

if moved to surface pits, these must be fenced, R 313

at pipe line station, storage terminal or refinery not affected by R 311

when owner retains control, R 311

**Tank-Cleaning permits**

approved when accurate gauge of contents is reported on C-117, R 311, R 1103, R 1116

not necessary, R 1116

**Tanks**

report amount running over, R 116

**Temporary Abandonment**

requires permit, R 202

**Temporary Transporter**

not to move greater quantity of oil or gas than estimated amount on C-110, R 1109

**Test**

of casing shut-off (C-103) R 1106 (see details)

of gas-oil ratio (C-116), R 1115

after completion and recompletion, R 301 (a)

not required, R 301 (1-2)

**Testimony**

in support of or opposition to application must be given under oath, R 1209

**Testing**

blow-out preventers, R 114 (b)

of pressures, R 115

## Testing (cont'd.)

- results reported on C-116, R 301 (a)
- tank contents, R 311
- annually to determine gas well potential, R 401
- shut-in pressures each April and October, R 402 (a)

## Top Unit Allowable (s)

- A59 (maximum cubic ft. natural gas)
- A60 (maximum number daily barrels for oil)
- increased or decreased under conditions, R 104 (h)
- calculated for ranges of depth in proportions, R 505
- how determined, R 505
- assigned to respective pools, R 505
- plus marginal units constitutes allocation, R 505
- corrected for depths below 5,000 ft. R 505,
- subject to provisions of R 104 (h) et seq., R 505

## Topographical Conditions

- necessitate unorthodox location, R 104 F-1

## Transfer of Property

- Commission's approval releases transferee's plugging responsibility, R 101 (c)
- does not release bond, R 101 (b)
- transferee's acceptance, R 101 (2)
- transferee's responsibility, R 101 (d)

## Transporters

- keep books and records proving records, R 1102 monthly report (C-112), R 1103, R 1111
- when changed (C-110), R 1109
- temporary change requires no new certificate, R 1109, but O.C.C. must be notified (see details)
- oil disposed of through duly authorized (C-110) requires no tank-cleaning permit, R 1116

## Transportation

- not permitted before measuring, R 309
- permit (C-110), R 312 (b)
- of illegal gas prohibited, R 901, illegal oil, R 801
- authorized on obtaining Certificate of Compliance, (C-110) R 1109
- facilities made accessible to gas wells unreasonably discriminated against, R 602

## Treating Plants

- A61, R 312 (provisions)
- permit, R 312 (a), valid 1 year; revocable, R 312 (b)
- permit entitles operator to certificate and authorization to transport oil (C-110), R 312 (b)
- operator files monthly report (C-118), R 312 (b) R 1103, R 1117

## Treatment of Wells

- resulting in damage, R 113

U

Under Production-A56

Underground Waste-A65 (a)

if created by defective casing shall be eliminated, R 108

Unit

containing wells producing from oil-gas reservoir permitted to,  
provided (see text), R 506 (b, 2)

Unit of Proration

for Gas-A62

for Oil-A63, R 503 (c)

U. S. Govt. Leases

operators must keep all applicable State regulations also, R 4

U. S. Govt. Leasers

must furnish copies of well logs and reports, R 4

Unitized Areas

O.C.C. may approve combining contiguous developed proration units  
into 507

Unorthodox Well Location -A64

necessity based on topography, R 104 (f1)

advantage over other producers offset, R 104 (g)

all owners of contiguous oil and gas leases must consent to, R 104 (f2b)

Utilization

of natural gas, R 404 (1-4)

V

Vacuum Pumps-not to be used, R 307

Valves-to permit pressures on casing and tubing, R 115

W

Wash-in, Creek, or Pit Oil

recovery not affected by R 312 if picked up and returned to producing  
lease, R 312 (c) (C-110)

others need permit from owner or operator and O.C.C. agent, (see  
details, R 312 (c))

Waste Disposition

avoiding fire hazard, R 114

Waste Oils

reclamation must be efficient, R 312 (a)

Waste Prevention

Definitions-A65 (underground (a), A 33,  
surface A 65 B

by possible modification of spacing, R 104 (b)

by increasing acreage required, R 104 (1)

by plugging and abandoning hazardous wells, R 108

by prorating and distributing allowable production, R 501 (a)

by obtaining or acting on additional data, R 1101

by allocating gas production in designated gas pools, R 602

in natural gas utilization, R 404

## Water Injection

to maintain reservoir pressure for secondary recovery or water disposal permitted after hearing, R 701 (a)

## Water Shut-offs

made by cementing or landing casing, R 107

## Well Bore-deviating requires permit, R 111 (b)

## Well head Connections

maintained so as to facilitate tests, R 115

## Well Location

unorthodox-A64

on a State oil-gas lease, R 101 (e)

## Well Log (s)

Definitions-A31

copies of U.S. Govt. reports must be furnished, R 4

completion report to be filed with O.C.C., R 117 (C-105)

on C-105 to accompany plugging notice, R 1106

## Wells

abandoned after irreparable damage, R 113

abandoned to stop waste, R 3 (b)

abandonment of, D (R 201-202)

acreage required, R 104

age and production influences judgment, R 802 (oil), R 902 (gas)

chemical treatment (C-103), R 113, R 1106

cleaning of, R 114 (a)

completed between first and last of month, assigned an allowable, R 505

completed with casing, R 107 (a)

completion before effective date, R 104 (k)

deepening of (C-103), R 1106

description in ownership transfer, R 101

drilled in defined oil pool, R 104 (c)

drilled in defined gas pool, R 104 (d)

drilled not in defined gas-oil pools, R 104 (a)

equipment, R 115

flowing-tubed, R 107 (c)

fresh water, R 203

gas, from common source uniformly tested, R 401

having permit require no gas-oil tests, R 301

in pool exempted from gas-oil tests, R 301

multiple completed (operation and tests), R 304

new discovery, R 302

new, on proration schedule when C-104 and C-110 are filed, R 504

numbering, R 103

orthodox locations, R 104 (d)

ownership transfer, R 101 (b, 1)

perforating casing (monthly report on C-103), R 1106

plugging back (monthly report on C-103), R 1106

producing from oil and gas reservoir limited, R 506 (a & b 2)

producing rate not to exceed proration schedule, R 502

producing, must reduce emulsion, basic sediment, tank bottoms

R 313

## Wells (cont'd.)

- production may be balanced during proration period, R 502
- pulling, altering casing (report C-103), R 1106
- record kept confidential on request (C-105) except if pertinent to Court hearing, R 1108
- redrilling (monthly report C 103), R 1106
- repairing (monthly report C-103), R 1106
- reports (monthly report C 103), R 1106
- safety regulation, of, R 114 (a-b)
- shooting (report on C-103,) R 1106
- shut-in 24 hours before surface pressure tests, R 302
- signs on drilling and producible, R 103
- spacing of, R 104
- when completed or recompleted file report, R 117

## Wildcat Location

- information must contain surveyor's plat, R 1104,

## Working Pressure

- ratio to pressure in reservoir, R 115

## Workover

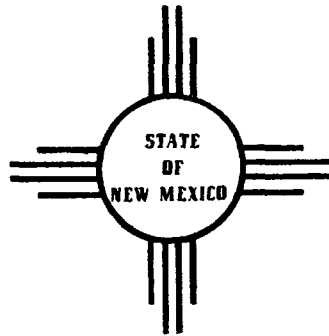
- file report of completion with O.C.C. , R 117

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# New Mexico Oil Conservation Commission

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## RULES AND REGULATIONS

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Effective January 1, 1950

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*1*

## INSTRUCTIONS ON THE USE OF THIS BOOK

**This book is designed for placing in a loose leaf binder and the holes are punched to conform to conventional binders. All orders of the Commission hereafter issued will be on paper of the same size and punched to fit the same binder. Subsequent orders, other than allocation orders, will be consecutively numbered starting with No. R-1.**

**It is recommended that a binder be provided for this book and that all subsequent orders be kept as a permanent record so that the status of each rule, regulation and order may be quickly and definitely determined.**

**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 instructions printed thereon, which instructions are a part of this rule.

They are:

- Form C-101 - Notice of Intention to Drill
- Form C-102 - Miscellaneous Notices
- Form C-103 - Miscellaneous Reports on wells
- Form C-104 - Request for Allowable
- Form C-105 - Well Record
- Form C-110 - Certificate of Compliance and Authorization to Transport Oil
- Form C-111 - Monthly Gas Report
- 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
- Form C-115 - Operator's Monthly Report
- Form C-116 - Gas-Oil Ratio Report
- Form C-117 - Tank Cleaning Permit
- Form C-118 - Treating Plant Report
- Form C-119 - Carbon Black 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

over

Continuation of Revision No. 2

IT IS FURTHER ORDERED, That Order No. 850 be further amended by including, after Rule 1124, the following:

**RULE 1124-A. CRUDE OIL PURCHASER'S NOMINATION (Form C-121)**

Form C-121 shall be used by crude oil purchasers for nomination of purchases and shall be submitted to the New Mexico Oil Conservation Commission on or before the 18th of each month for the succeeding month.

**RULE 1124-B. BACK PRESSURE DATA SHEET (Form C-122)**

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

Rule 1124-C. Request for the Extension of an existing pool or the creation of a new pool. (Form C-123)

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 not later than twenty (20) days after completion of well and accompany Form C-105.

## **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 instructions printed thereon, which instructions are a part of this rule. They are:

- Form C-101 — Notice of Intention to Drill
- Form C-102 — Miscellaneous Notices
- Form C-103 — Miscellaneous Reports on Wells
- Form C-104 — Request for Allowable
- Form C-105 — Well Record
- Form C-110 — Certificate of Compliance and Authorization to Transport Oil
- Form C-111 — Monthly Gas Report
- 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
- Form C-115 — Operator's Monthly Report
- Form C-116 — Gas-Oil Ratio Report
- Form C-117 — Tank Cleaning Permit
- Form C-118 — Treating Plant Report
- Form C-119 — Carbon Black Report
- Form C-120 — Injection Report

### **RULE 1104. NOTICE OF INTENTION TO DRILL (FORM C-101)**

Before beginning drilling, the owner of the well shall give notice thereof by filing with the Commission in triplicate Form C-101, "Notice of Intention to Drill." 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 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, and any additional pertinent information. In the case of wildcat locations a plat made by a registered surveyor, 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 a deputy of the Com-

mission. A copy of the notice will be returned to the owner on which will be given the approval of the Commission of the plugging plan submitted with any modifications considered essential. 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 operations are begun, the owner of the well shall file with the Commission a report on Form C-103, "Miscellaneous Reports on Wells." It shall give the date when operations began, the elevation of derrick floor above sea level, and any changes made in the program previously specified on Form C-101. It shall be submitted in triplicate and signed and sworn to before a notary public.

#### **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 within 10 days after the completion of work on Form C-103, "Miscellaneous Reports on Wells." 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. Name of the witness shall be given on the report, and it shall be signed and sworn to before a notary public.

#### **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 in triplicate by the owner with the Commission on Form C-103, "Miscellaneous Reports on Wells." The report shall give 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. Thereport shall be signed and sworn to before a notary public.

#### **RULE 1110. 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. The report shall be signed and sworn to before a notary public.

#### **RULE 1111. 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 by the owner on Form C-103, "Miscellaneous Reports on Wells," giving the condition of the well both before and after shooting or chemical treatment, the size and depth of the shot, or amount of chemical used, the daily production of oil, gas, and water after shooting or chemical treatment and any other pertinent information. This report shall be signed and sworn to before a notary public.

#### **RULE 1112. REQUEST FOR 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. C-110 "Certificate of Compliance" will not be approved until C-104

is filed with the Commission. Form C-104 is to be submitted in triplicate to the Commission Office, to which Form C-101 was sent. Two copies will be retained there and the other submitted to the Proration Office, Hobbs, New Mexico. The allowable will be assigned effective 7:00 A.M., on date 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 there shall be filed in triplicate with the Commission Form C-105. The well record shall not be kept confidential by the Commission unless 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. CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS (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 under oath, in quadruplicate, and file with the Commission a Producer's Certificate of Compliance and Authorization to Transport Oil, Natural Gas or Liquid Hydrocarbons, Form C-110, setting forth fully therein the data and information indicated by such form covering each proration or operating unit in the State of New Mexico from which the crude petroleum oil, natural gas or liquid hydrocarbons is produced.

(b) Whenever there shall occur a change in operating ownership of any producing well or whenever there shall occur a change of transporter from any producing well, 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 month, the producer may, in lieu of filing a new certificate, notify the Commission and the transporter then authorized by certificate on file with the Commission, 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 (FORM C-111)**

All gas produced from natural gas wells within the State of New Mexico which is taken into a 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 gas is taken from any natural gas well by the producer, then the producer shall make such report. In case the gas is taken at the well by any person other than the producer, then such person taking the gas shall make said report. Form C-111 shall be filed on the 15th of the succeeding month for all gas produced each month.

#### **RULE 1116. TRANSPORTER'S AND STORER'S MONTHLY REPORT (FORM C-112)**

(a) Each transporter of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall furnish 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 all movements of crude petroleum oil and liquid hydrocarbons by pipe line within the State of New Mexico and all movements of crude petroleum oil and liquid hydrocarbons by trucks or other conveyances including railroads, from leases to storers or refiners; between transporters within the State; between storers and refiners within the State.

(b) Each storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall furnish for each calendar month a Form C-112 containing complete information and data indicated by such form respecting the storage of crude petroleum oil and liquid hydrocarbons within the State of New Mexico.

(c) Form C-112 shall be filed 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 shall be filed on each producing oil well within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said form respecting crude petroleum oil, casinghead gas and liquid hydrocarbons. Such report for each month shall be filed on or before the 20th day of the next succeeding month.

**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 (FORM C-119)**

Each operator of a carbon black plant within the State of New Mexico shall furnish for each calendar month, the monthly volume of gas received from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received from each lease and operator delivering natural gas directly to such plant together with the production in pounds of carbon black or other products produced. Such report shall be prepared and filed according to instructions on Form C-119, "Carbon Black 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. PIPE LINE DATA REQUIRED**

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.

## **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.

## 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 be filed at the district office of the district in which the land that is the subject matter of the report lies, notwithstanding printed instructions on the forms to the contrary. 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.

### **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.

# APPENDIX A

## POOLS NAMED AND DEFINED PURSUANT TO RULE 5

(Note: All pools herein listed are "oil pools unless specifically described as "gas pools.")

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Aid	Y-SR	Eddy	T.17S-R.28E	S $\frac{1}{2}$ Sec. 24; all Sec. 25.
Anderson	G-SA	Eddy	T.17S-R.29E A.17S-R.30E	S $\frac{1}{2}$ Sec. 1; all Sec. 2, 3, 11 & 12 N $\frac{1}{2}$ Sec. 13; N $\frac{1}{2}$ Sec. 14. SW $\frac{1}{4}$ Sec. 6; N $\frac{1}{2}$ Sec. 7.
Arrowhead	Q-G	Lea	T.21S-R.36E T.22S-R.36E T.22S-R.37E	All Sec. 24, 25, 26; E $\frac{1}{2}$ Sec. 34; all Sec. 35 & 36. All Sec. 1 & 2; E $\frac{1}{2}$ Sec. 3; N $\frac{1}{2}$ & SE $\frac{1}{4}$ Sec. 11; all Sec. 12 & 13; E $\frac{1}{2}$ Sec. 14; all Sec. 24. W $\frac{1}{2}$ Sec. 6; NW $\frac{1}{4}$ & S $\frac{1}{2}$ Sec. 7; all Sec. 18 & 19.
Artesia	G-SA	Eddy	T.17S-R.28E T.18S-R.27E T.18S-R.28E T.19S-R.28E	S $\frac{1}{2}$ Sec. 32; S $\frac{1}{2}$ Sec. 33; S $\frac{1}{2}$ Sec. 34; SW $\frac{1}{4}$ Sec. 35. SE $\frac{1}{4}$ Sec. 1; SE $\frac{1}{4}$ Sec. 11; all Sec. 12 & 13; E $\frac{1}{2}$ Sec. 14; NE $\frac{1}{4}$ Sec. 23; all Sec. 24; E $\frac{1}{2}$ Sec. 25, E $\frac{1}{2}$ Sec. 36. All Sec. 2 to 5 incl. E $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 6; all Sec. 7 to 10 incl.; W $\frac{1}{2}$ Sec. 11; all Sec. 15 to 22 incl. all Sec. 27 to 34 incl. All Sec. 3, 4 & 5; N $\frac{1}{2}$ Sec. 6; NE $\frac{1}{4}$ Sec. 9; all Sec. 10.
Atoka (Abandoned)	SA	Eddy	T.18S-R.26E	E $\frac{1}{2}$ Sec. 15.
Bagley-Pennsylvanian	PE	Lea	T.11S-R.33E T.12S-R.33E	SE $\frac{1}{4}$ Sec. 34; S $\frac{1}{2}$ Sec. 35, SW $\frac{1}{4}$ Sec. 36. W $\frac{1}{2}$ Sec. 1; all Sec. 2; E $\frac{1}{2}$ Sec. 3; E $\frac{1}{2}$ Sec. 10; all Sec. 11; W $\frac{1}{2}$ Sec. 12.
Bagley-Siluro/ Devonian	SD	Lea	T.11S-R.33E T.12S-R.33E	SE $\frac{1}{4}$ Sec. 34; S $\frac{1}{2}$ Sec. 35; SW $\frac{1}{4}$ Sec. 36. W $\frac{1}{2}$ Sec. 1; all Sec. 2; E $\frac{1}{2}$ Sec. 3; E $\frac{1}{2}$ Sec. 10; all Sec. 11; W $\frac{1}{2}$ Sec. 12.
Baish	Y	Lea	T.17S-R.32E	E $\frac{1}{2}$ Sec. 20; all Sec. 21; W $\frac{1}{2}$ Sec. 22; N $\frac{1}{2}$ Sec. 28.
Barber	Y	Eddy	T.20S-R.30E	S $\frac{1}{2}$ Sec. 17; all Sec. 20.
Benson	Y	Eddy	T.19S-R.30E	All Sec. 16.
Bitter Lake	SA	Chaves	T.10S-R.25E	All Sec. 13; E $\frac{1}{2}$ Sec. 14; NE $\frac{1}{4}$ Sec. 23; N $\frac{1}{2}$ Sec. 24.
Black River	D	Eddy	T.24S-R.26E	SE $\frac{1}{4}$ Sec. 11; SW $\frac{1}{4}$ Sec. 12; NW $\frac{1}{4}$ Sec. 13; NE $\frac{1}{4}$ Sec. 14.
Blinebry	B	Lea	T.21S-R.37E T.22S-R.37E T.22S-R.38E T.23S-R.38E	All Sec. 23; S $\frac{1}{2}$ & NW $\frac{1}{4}$ Sec. 25; all Sec. 26; E $\frac{1}{2}$ Sec. 35; all Sec. 36. All Sec. 1, 12, 13; E $\frac{1}{2}$ Sec. 23; All Sec. 24; N $\frac{1}{2}$ Sec. 25. W $\frac{1}{2}$ Sec. 7; W $\frac{1}{2}$ Sec. 18; all Sec. 19, 30 & 31. All Sec. 6.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Bough	Permo-PE	Lea	T.9S-R.35E	All Sec. 11, 12, 13 & 14.
Bowers	SR	Lea	T.18S-R.37E T.18S-R.38E T.19S-R.38E	All Sec. 13; E $\frac{1}{2}$ Sec. 14; all Sec. 24; E $\frac{1}{2}$ Sec. 25. S $\frac{1}{2}$ Sec. 18; all Sec. 19; NW $\frac{1}{4}$ & S $\frac{1}{2}$ Sec. 20; all Sec. 28 to 33 incl. W $\frac{1}{2}$ Sec. 34. N $\frac{1}{2}$ Sec. 4; N $\frac{1}{2}$ Sec. 5; N $\frac{1}{2}$ Sec. 6.
Brunson	E	Lea	T.21S-R.37E T.22S-R.37E	All Sec. 21 & 28; NW $\frac{1}{4}$ Sec. 27; E $\frac{1}{2}$ Sec. 32; all Sec. 33. SW $\frac{1}{4}$ Sec. 3; all Sec. 4; E $\frac{1}{2}$ Sec. 5; E $\frac{1}{2}$ Sec. 8; all Sec. 9; W $\frac{1}{2}$ Sec. 10; all Sec. 15; N $\frac{1}{2}$ Sec. 16; N $\frac{1}{2}$ & SE $\frac{1}{4}$ Sec. 22.
Burton (Abandoned)	Y	Eddy	T.20S-R.29E	N $\frac{1}{2}$ Sec. 8.
Caprock	Q	Chaves & Lea	T.12S-R.31E T.12S-R.32E T.13S-R.31E T.13S-R.32E	All Sec. 36. SW $\frac{1}{4}$ Sec. 29; S $\frac{1}{2}$ Sec. 30; all Sec. 31 & 32. All Sec. 1; E $\frac{1}{2}$ Sec. 2; all Sec. 11, 12 & 13; N $\frac{1}{2}$ & SE $\frac{1}{4}$ Sec. 14; N $\frac{1}{2}$ Sec. 24. All Sec. 5, 6, 7 & 8; N $\frac{1}{2}$ Sec. 17; all Sec. 18; N $\frac{1}{2}$ Sec. 19.
Cary	MON	Lea	T.22S-R.37E	All Sec. 22.
Cass	PE	Lea	T.20S-R.37E	All Sec. 23.
Cave (Abandoned)	G	Eddy	T.17S-R.29E	SE $\frac{1}{4}$ Sec. 8; SW $\frac{1}{4}$ Sec. 9; NW $\frac{1}{4}$ Sec. 16; NE $\frac{1}{4}$ Sec. 17.
Comanche (Abandoned)	SA	Chaves	T.11S-R.26E	N $\frac{1}{2}$ Sec. 15.
Cooper-Jal	Y-SR	Lea	T.23S-R.36E T.24S-R.36E T.25S-R.36E T.25S-R.37E	All Sec. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33 & 34. W $\frac{1}{2}$ Sec. 2; all Sec. 3 & 4; N $\frac{1}{2}$ Sec. 9; all Sec. 10; W $\frac{1}{2}$ Sec. 11; SW $\frac{1}{4}$ Sec. 13; all Sec. 14, 15, 22 & 23; W $\frac{1}{2}$ Sec. 24; W $\frac{1}{2}$ Sec. 25; all Sec. 26, 27, 34 & 35; W $\frac{1}{2}$ Sec. 36. All Sec. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26 & 36. SW $\frac{1}{4}$ Sec. 6; W $\frac{1}{2}$ Sec. 7; W $\frac{1}{2}$ Sec. 18; W $\frac{1}{2}$ Sec. 19; W $\frac{1}{2}$ Sec. 30; all Sec. 31; SW $\frac{1}{4}$ Sec. 32.
Corbin	Q	Lea	T.18S-R.33E	W $\frac{1}{2}$ Sec. 3; E $\frac{1}{2}$ Sec. 4; E $\frac{1}{2}$ Sec. 9; W $\frac{1}{2}$ Sec. 10.
Crossroads	SD	Lea	T.9S-R.36E	W $\frac{1}{2}$ Sec. 26; all Sec. 27; E $\frac{1}{2}$ Sec. 28; E $\frac{1}{2}$ Sec. 33; all Sec. 34; W $\frac{1}{2}$ Sec. 35.
Crossroads-Pennsylvanian	PE	Lea	T.9E-R.36E	W $\frac{1}{2}$ Sec. 26; all Sec. 27; E $\frac{1}{2}$ Sec. 28; E $\frac{1}{2}$ Sec. 33; all Sec. 34; W $\frac{1}{2}$ Sec. 35.
Crossroads-Slaughter	SA	Lea	T.9S-R.36E	S $\frac{1}{2}$ Sec. 30; all Sec. 31.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Culwin	Q	Eddy	T.19S-R.31E	N $\frac{1}{2}$ Sec. 6.
Daugherty	SA	Eddy	T.17S-R.27E	All Sec. 3.
Dayton	G	Eddy	T.18S-R.26E	S $\frac{1}{2}$ Sec. 23; S $\frac{1}{2}$ Sec. 24; all Sec. 25 & 26; N $\frac{1}{2}$ Sec. 35.
Dayton, East (Abandoned)	G	Eddy	T.18S-R.27E	NW $\frac{1}{4}$ Sec. 29.
Denton	D	Lea	T.15S-R.37E	All Sec. 11, 12, 13 & 14.
Drinkard	DR	Lea	T.21S-R.37E	All Sec. 8 & 9; W $\frac{1}{2}$ Sec. 10; W $\frac{1}{2}$ Sec. 14; all Sec. 15, 16, 17, E $\frac{1}{2}$ Sec. 19; all Sec. 20, 21, 22; W $\frac{1}{2}$ Sec. 23; all Sec. 26, 27, 28, 29; E $\frac{1}{2}$ Sec. 30; E $\frac{1}{2}$ Sec. 31; all Sec. 32, 33, 34, 35 & 36.
			T.22S-R.37E	All Sec. 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14 & 15; E $\frac{1}{2}$ Sec. 16; E $\frac{1}{2}$ Sec. 21; all Sec. 22, 23, 24, 25, 26 & 36.
			T.22S-R.38E	SW $\frac{1}{4}$ Sec. 6; W $\frac{1}{2}$ Sec. 7; W $\frac{1}{2}$ Sec. 18; All Sec. 19, 20, 29, 30, 31 & 32.
			T.23S-R.38E	All Sec. 5 & 6.
Drinkard, North	DR	Lea	T.21S-R.37E	W $\frac{1}{2}$ Sec. 2; all Lots 1 to 16 incl.; SE $\frac{1}{4}$ Sec. 3.
Drinkard, South	DR	Lea	T.23S-R.37E	All Sec. 3.
Dublin (Abandoned)	E	Lea	T.26S-R.37E	All Sec. 11, 12, 13 & 14.
Dublin-Devonian	D	Lea	T.26S-R.37E	All Sec. 11, 12, 13 & 14.
Eaves	Y-SR	Lea	T.26S-R.36E T.26S-R.37E	All Sec. 12, 13, 24 & 25. W $\frac{1}{2}$ Sec. 7; all Sec. 18 & 19; SW $\frac{1}{4}$ Sec. 20; W $\frac{1}{2}$ Sec. 29; all Sec. 30 & 31; W $\frac{1}{2}$ Sec. 32.
Eighty-Four Draw (Abandoned)	SA	Lea	T.21S-R.38E	All Sec. 8.
Elliott	DR	Lea	T.21S-R.38E	All Sec. 8.
Empire	Y-SR	Eddy	T.17S-R.27E T.17S-R.28E T.18S-R.27E	S $\frac{1}{2}$ Sec. 13; all Sec. 24 & 25; E $\frac{1}{2}$ Sec. 26; all Sec. 35 & 36. S $\frac{1}{2}$ Sec. 18; N $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 19; W $\frac{1}{2}$ Sec. 30. N $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 2; E $\frac{1}{2}$ Sec. 3.
Eunice-Monument	SR-Q G-SA	Lea	T.19S-R.36E T.19S-R.37E T.20S-R.36E T.20S-R.37E	E $\frac{1}{2}$ Sec. 12; all Sec. 13, 23, 24, 25 26, 27, 34, 35 & 36. SW $\frac{1}{4}$ Sec. 3; S $\frac{1}{2}$ Sec. 4; all Sec. 7 & 8; W $\frac{1}{2}$ Sec. 9; W $\frac{1}{2}$ Sec. 16; all Sec. 17 to 21 incl; S $\frac{1}{2}$ Sec. 27; all Sec. 28 to 34 incl. All Sec. 1, 2, 3, 10, 11, 12, 13 & 14; E $\frac{1}{2}$ Sec. 15; all Sec. 23, 24, 25, 26, 35 & 36. All Sec. 3 to 10 incl; all Sec. 15 to 21 incl; W $\frac{1}{2}$ Sec. 22; all Sec. 29 to 33 incl.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Eunice-Monument Cont'd.	SR-Q G-SA	Lea	T.21S-R.35E T.21S-R.36E	All Sec. 1, 12, 13, 24; E $\frac{1}{2}$ Sec. 25. SW $\frac{1}{4}$ Sec. 1; all Sec. 2 to 11 incl; W $\frac{1}{2}$ Sec. 12; W $\frac{1}{2}$ Sec. 13; all Sec. 14 to 22 incl; NW $\frac{1}{4}$ Sec. 23; W $\frac{1}{2}$ Sec. 27; all Sec. 28 to 30 incl; NE $\frac{1}{4}$ Sec. 31; all Sec. 32 & 33; W $\frac{1}{2}$ Sec. 34.
Eunice, South	SR	Lea	T.21S-R.35E T.21S-R.36E T.22S-R.35E T.22S-R.36E	E $\frac{1}{2}$ Sec. 36. NW $\frac{1}{4}$ & S $\frac{1}{2}$ Sec. 31. E $\frac{1}{2}$ Sec. 1. W $\frac{1}{2}$ Sec. 3; all Sec. 4 to 10 incl; SW $\frac{1}{4}$ Sec. 11; W $\frac{1}{2}$ Sec. 14; all Sec. 15 to 23 incl; all Sec. 25 to 29 incl; E $\frac{1}{2}$ Sec. 30; NE $\frac{1}{4}$ Sec. 31; all Sec. 32 to 36 incl.
Fenton	D	Eddy	T.21S-R.28E	All Sec. 15.
Forest	SA	Eddy	T.16S-R.29E	S $\frac{1}{2}$ Sec. 26; S $\frac{1}{2}$ Sec. 27; all Sec. 34 & 35.
Fowler	E	Lea	T.24S-R.37E	W $\frac{1}{2}$ Sec. 14; all Sec. 15; N $\frac{1}{2}$ Sec. 22; NW $\frac{1}{4}$ Sec. 23.
Fren	SR	Eddy	T.17S-R.30E T.17S-R.31E	All Sec. 22, 23, 24, 25, 26 & 27. S $\frac{1}{2}$ Sec. 16; S $\frac{1}{2}$ Sec. 17; S $\frac{1}{2}$ Sec. 18; all Sec. 19, 20, 21, 22, 29 & 30.
Garrett	SA	Lea	T.16S-R.38E	E $\frac{1}{2}$ Sec. 22; W $\frac{1}{2}$ Sec. 23.
Getty	Y	Eddy	T.20S-R.29E	SW $\frac{1}{4}$ Sec. 13; SE $\frac{1}{4}$ Sec. 14; E $\frac{1}{2}$ Sec. 23; W $\frac{1}{2}$ Sec. 24; NW $\frac{1}{4}$ Sec. 25; NE $\frac{1}{4}$ Sec. 26.
Grayburg-Jackson	Q-G-SA	Eddy	T.17S-R.29E	S $\frac{1}{2}$ Sec. 13; S $\frac{1}{2}$ Sec 14; all Sec. 20, 21, 22, 23, 24, 25, 26, 27, 28 & 29; N $\frac{1}{2}$ & N $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 32; N $\frac{1}{2}$ & N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 33; all Sec. 34; N $\frac{1}{2}$ & N $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 35; N $\frac{1}{2}$ Sec. 36.
			T.17S-R.30E	S $\frac{1}{2}$ Sec. 12; all Sec. 13 to 17 incl; S $\frac{1}{2}$ Sec. 18; all Sec. 19 to 21 incl; N $\frac{1}{2}$ Sec. 22; N $\frac{1}{2}$ Sec. 23; N $\frac{1}{2}$ Sec. 24; N $\frac{1}{2}$ Sec. 29; all Sec. 30.
			T.17S-R.31E	S $\frac{1}{2}$ Sec. 7; S $\frac{1}{2}$ Sec. 8; S $\frac{1}{2}$ Sec. 9; all Sec. 14 to 18 incl; N $\frac{1}{2}$ Sec. 19; N $\frac{1}{2}$ Sec. 20; all Sec. 21, 22 & 23; N $\frac{1}{2}$ Sec. 26; N $\frac{1}{2}$ Sec. 27; N $\frac{1}{2}$ Sec. 28.
Grayburg-Keely	SA	Eddy	T.17S-R.29E	S $\frac{1}{2}$ Sec. 22; S $\frac{1}{2}$ Sec. 23; all Sec. 26 & 27.
Hale Pool (Gas-S.I.)	T	Eddy	T.20S-R.30E	SW $\frac{1}{4}$ Sec. 12; NW $\frac{1}{4}$ Sec. 13.
Halfway	Y	Lea	T.20S-R.32E	S $\frac{1}{2}$ Sec. 9; all Sec. 16.
Hardy	Q-G	Lea	T.20S-R.37E T.20S-R.38E T.21S-R.36E T.21S-R.37E	All Sec. 36. All Sec. 31. Lots 1, 2, 7, 8, 9, 10, 15 & 16 of Sec. 1. All Sec. 5 & 6; N $\frac{1}{2}$ Sec. 7.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Hare	SIM	Lea	T.21S-R.37E	S $\frac{1}{2}$ Sec. 21; SW $\frac{1}{4}$ Sec. 22; all Sec. 28; E $\frac{1}{2}$ Sec. 32; W $\frac{1}{2}$ & NE $\frac{1}{4}$ Sec. 33.
Hare, South	SIM	Lea	T.22S-R.37E	SE $\frac{1}{4}$ Sec. 9; S $\frac{1}{2}$ & NW $\frac{1}{4}$ Sec. 15; NE $\frac{1}{4}$ Sec. 16; N $\frac{1}{2}$ Sec. 22.
Harrison	P	Lea	T.23S-R.37E	SW $\frac{1}{4}$ Sec. 16; NW $\frac{1}{4}$ Sec. 21.
Henshaw	SA	Eddy	T.16S-R.30E	All Sec. 13.
High Lonesome	Q	Eddy	T.16S-R.29E	SW $\frac{1}{4}$ Sec. 16; S $\frac{1}{2}$ Sec. 17; N $\frac{1}{2}$ Sec. 20; NW $\frac{1}{4}$ Sec. 21.
High Lonesome South	G-SA	Eddy	T.16S-R.29E T.17S-R.28E T.17S-R.29E	S $\frac{1}{2}$ Sec. 31; NE $\frac{1}{4}$ & S $\frac{1}{2}$ Sec. 32; all Sec. 33. NE $\frac{1}{4}$ Sec. 1. N $\frac{1}{2}$ Sec. 4; N $\frac{1}{2}$ Sec. 5; N $\frac{1}{2}$ Sec. 6.
Hightower	D	Lea	T.12S-R.33E	All Sec. 22, 23, 26 & 27.
Hobbs	SA	Lea	T.18S-R.37E T.18S-R.38E T.19S-R.38E	All Sec. 13, 14, 23, 24, 25 & 36. All Sec. 17 to 22 incl; all Sec. 27 to 34 incl. All Sec. 3, 4, 5, 6, 8, 9, 10, 15 & 16.
House	DR	Lea	T.20S-R.38E	SW $\frac{1}{4}$ Sec. 1; SE $\frac{1}{4}$ Sec. 2; NE $\frac{1}{4}$ Sec. 11; NW $\frac{1}{4}$ Sec. 12.
Justis (Gas)	P	Lea	T.25S-R.37E	SW $\frac{1}{4}$ Sec. 1; SE $\frac{1}{4}$ Sec. 2; E $\frac{1}{2}$ Sec. 11; W $\frac{1}{2}$ Sec. 12; W $\frac{1}{2}$ Sec. 13; E $\frac{1}{2}$ Sec. 14; E $\frac{1}{2}$ Sec. 23; W $\frac{1}{2}$ Sec. 24.
Knowles	Dev.	Lea	T.16S-R.38E T.17S-R.38E	E $\frac{1}{2}$ Sec. 34; all Sec. 35. N $\frac{1}{2}$ Sec. 2; NE $\frac{1}{4}$ Sec. 3.
Langlie-Mattix	Y-SR-Q	Lea	T.23S-R.36E T.23S-R.37E T.24S-R.36E T.24S-R.37E T.25S-R.37E T.26S-R.37E	All Sec. 1, 2, 11, 12, 13, 14, 23, 24, 25, 26, 35 & 36. W $\frac{1}{2}$ Sec. 6; all Sec. 7, 18, 19; S $\frac{1}{2}$ Sec. 28; all Sec. 29 to 34 incl. All Sec. 1; E $\frac{1}{2}$ Sec. 2; E $\frac{1}{2}$ Sec. 11; all Sec. 12; NW $\frac{1}{4}$ & E $\frac{1}{2}$ Sec. 13; E $\frac{1}{2}$ Sec. 24; E $\frac{1}{2}$ Sec. 25; E $\frac{1}{2}$ Sec. 36. All Sec. 2 to 11 incl; all Sec. 14 to 23 incl; all Sec. 26 to 35 incl. All Sec. 2, 3, 4 & 5; E $\frac{1}{2}$ & NW $\frac{1}{4}$ Sec. 6; E $\frac{1}{2}$ Sec. 7; all Sec. 8, 9, 10 & 11; W $\frac{1}{2}$ Sec. 13; all Sec. 14 thru 17 incl; E $\frac{1}{2}$ Sec. 18; E $\frac{1}{2}$ Sec. 19; all Sec. 20 to 23 incl; W $\frac{1}{2}$ Sec. 24; W $\frac{1}{2}$ Sec. 25; all Sec. 26 to 29 incl; E $\frac{1}{2}$ Sec. 32; all Sec. 33, 34 & 35; W $\frac{1}{2}$ Sec. 36. NW $\frac{1}{4}$ Sec. 1; NE $\frac{1}{4}$ Sec. 2.
Lea (Abandoned)	Y	Lea	T.20S-R.34E	W $\frac{1}{2}$ Sec. 14.
Leo	G	Eddy	T.18S-R.30E	S $\frac{1}{2}$ Sec. 14; S $\frac{1}{2}$ Sec. 15; S $\frac{1}{2}$ Sec. 16; N $\frac{1}{2}$ Sec. 21; all Sec. 22 & 23.
Leonard	SR	Lea	T.26S-R.37E	All Sec. 11 & 12.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Loco Hills	G-SA	Eddy	T.17S-R.29E T.17S-R.30E T.18S-R.29E T.18S-R.30E	S $\frac{1}{2}$ Sec. 31; S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 32; S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 33; S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 35; S $\frac{1}{2}$ Sec. 36. S $\frac{1}{2}$ Sec. 29; all Sec. 31 & 32. All Sec. 1 to 18 incl. All Sec. 5, 6, 7 & 18.
Loco Hills Queen	Q	Eddy	T.17S-R.30E	SW $\frac{1}{4}$ Sec. 29; SE $\frac{1}{4}$ Sec. 30.
Logan Draw	SA	Eddy	T.17S-R.27E	S $\frac{1}{2}$ Sec. 19.
Lovington	SA	Lea	T.16S-R.36E T.16S-R.37E T.17S-R.36E T.17S-R.37E	S $\frac{1}{2}$ Sec. 25; S $\frac{1}{2}$ Sec. 26; all Sec. 35 & 36. S $\frac{1}{2}$ Sec. 30; all Sec. 31; W $\frac{1}{2}$ Sec. 32. All Sec. 1 & 2; N $\frac{1}{2}$ Sec. 11; N $\frac{1}{2}$ Sec. 12. W $\frac{1}{2}$ Sec. 5; all Sec. 6; N $\frac{1}{2}$ Sec. 7.
Lovington, West	SA	Lea	T.16S-R.36E T.17S-R.36E	S $\frac{1}{2}$ Sec. 32; SW $\frac{1}{4}$ Sec. 33. W $\frac{1}{2}$ Sec. 3; all Sec. 4, 5; E $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 6; N $\frac{1}{2}$ & SE $\frac{1}{4}$ Sec. 7; all Sec. 8; N $\frac{1}{2}$ Sec. 9.
Lusk	Y	Eddy & Lea	T.19S-R.31E T.19S-R.32E	All Sec. 24. W $\frac{1}{2}$ Sec. 19.
Lusk, East (Abandoned)	Y	Lea	T.19S-R.32E	S $\frac{1}{2}$ Sec. 21; N $\frac{1}{2}$ Sec. 28.
Lusk, West	Y	Eddy	T.19S-R.31E	SE $\frac{1}{4}$ Sec. 15; NE $\frac{1}{4}$ Sec. 22.
Lynch	Y	Lea	T.20S-R.34E T.21S-R.33E	S $\frac{1}{2}$ Sec. 27; all Sec. 34; SW $\frac{1}{4}$ Sec. 35. W $\frac{1}{2}$ Sec. 1; all Sec. 2.
Lynch, North	Y	Lea	T.20S-R.34E	E $\frac{1}{2}$ Sec. 18.
Maljamar	G-SA	Lea & Eddy	T.17S-R.31E T.17S-R.32E T.17S-R.33E T.18S-R.32E	S $\frac{1}{2}$ Sec. 13; all Sec. 24 & 25. SE $\frac{1}{4}$ Sec. 8; S $\frac{1}{2}$ Sec. 9; S $\frac{1}{2}$ Sec. 14; all Sec. 15 to 36 incl. All Sec. 19; S $\frac{1}{2}$ Sec. 20; SW $\frac{1}{4}$ Sec. 21; W $\frac{1}{2}$ Sec. 28; all Sec. 29 & 30; N $\frac{1}{2}$ Sec. 31; N $\frac{1}{2}$ Sec. 32; all Sec. 33. All Sec. 4 & 5.
Maljamar, East	G-SA	Lea	T.17S-R.33E	All Sec. 16.
Maljamar, North	G	Lea	T.17S-R.32E	SW $\frac{1}{4}$ Sec. 5; SE $\frac{1}{4}$ Sec. 6; NE $\frac{1}{4}$ Sec. 7; NW $\frac{1}{4}$ Sec. 8.
Maljamar, South	G	Lea	T.18S-R.32E	SW $\frac{1}{4}$ Sec. 14; S $\frac{1}{2}$ Sec. 15; all Sec. 22; W $\frac{1}{2}$ Sec. 23.
McCormack	SIL	Lea	T.21S-R.37E	S $\frac{1}{2}$ Sec. 29; all Sec. 32.
McMillan	SR-Q	Eddy	T.19S-R.27E T.20S-R.27E	E $\frac{1}{2}$ Sec. 31. All Sec. 6; N $\frac{1}{2}$ Sec. 7.
Monument-Abo	LP	Lea	T.19S-R.36E T.19S-R.37E T.20S-R.36E T.20S-R.37E	All Sec. 36. All Sec. 31. All Sec. 1. All Sec. 6.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Monument-Blinebry	B	Lea	T.19S-R.36E T.19S-R.37E T.20S-R.36E T.20S-R.37E	All Sec. 36. All Sec. 31. All Sec. 1. All Sec. 6.
Monument-McKee	SIM	Lea	T.19S-R.36E T.19S-R.37E T.20S-R.36E T.20S-R.37E	All Sec. 36. All Sec. 31. All Sec. 1. All Sec. 6.
Monument-Paddock	P	Lea	T.19S-R.36E T.19S-R.37E T.20S-R.36E T.20S-R.37E	All Sec. 36. All Sec. 31. All Sec. 1. All Sec. 6.
Nichols	SA	Eddy	T.18S-R.28E	All Sec. 13; N $\frac{1}{2}$ Sec. 24.
Paddock	P	Lea	T.21S-R.37E  T.21S-R.38E T.22S-R.37E  T.22S-R.38E	SE $\frac{1}{4}$ Sec. 19; S $\frac{1}{2}$ Sec. 20; all Sec. 27, 28 & 29; E $\frac{1}{2}$ Sec. 30; all Sec. 32 to 35 incl; S $\frac{1}{2}$ Sec. 36. SW $\frac{1}{4}$ Sec. 31. All Sec. 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14 & 15; N $\frac{1}{2}$ Sec. 16. W $\frac{1}{2}$ Sec. 6; W $\frac{1}{2}$ Sec. 7.
Palmillo (Abandoned)	SR	Eddy	E.18S-R.29E	S $\frac{1}{2}$ Sec. 30.
PAC	Y	Eddy	T.20S-R.30E	S $\frac{1}{2}$ Sec. 10; all Sec. 15.
Pearsall	Q	Lea	T.17S-R.32E  T.18S-R.32E	All Sec. 26; S $\frac{1}{2}$ Sec. 27; all Sec. 32 to 35 incl. All Sec. 4 & 5.
Penrose Skelly	Q-G	Lea	T.21S-R.36E T.21S-R.37E  T.22S-R.37E  T.23S-R.37E	E $\frac{1}{2}$ Sec. 13. S $\frac{1}{2}$ Sec. 7; S $\frac{1}{2}$ Sec. 8; S $\frac{1}{2}$ Sec. 16; all Sec. 17 & 18; E $\frac{1}{2}$ Sec. 19; all Sec. 20, 21, 27, 28 & 29; E $\frac{1}{2}$ Sec. 30; E $\frac{1}{2}$ Sec. 31; all Sec. 32 to 35 incl. All Sec. 2, 3, 4 & 5; E $\frac{1}{2}$ Sec. 6; NE $\frac{1}{4}$ Sec. 7; all Sec. 8, 9, 10, 11, 14, 15 & 16; E $\frac{1}{2}$ Sec. 17; E $\frac{1}{2}$ Sec. 20; All Sec. 21, 22, 23, 26, 27 & 28; E $\frac{1}{2}$ Sec. 29; all Sec. 32, 33 & 34; W $\frac{1}{2}$ Sec. 35. W $\frac{1}{2}$ Sec. 2; all Sec. 3, 4 & 5; E $\frac{1}{2}$ Sec. 6; all Sec. 8, 9 & 10; W $\frac{1}{2}$ Sec. 11; W $\frac{1}{2}$ Sec. 14; all Sec. 15, 16 & 17; N $\frac{1}{2}$ Sec. 20; all Sec. 21.
Premier	G	Eddy	T.17S-R.30E  T.17S-R.31E	S $\frac{1}{2}$ Sec. 22; S $\frac{1}{2}$ Sec. 23; S $\frac{1}{2}$ Sec. 24; all Sec. 25, 26, 27, 28, 33, 34, 35 & 36. S $\frac{1}{2}$ Sec. 19; S $\frac{1}{2}$ Sec. 20; all Sec. 29 & 30; N $\frac{1}{2}$ Sec. 31.
Red Lake	G-SA	Eddy	T.17S-R.27E  T.17S-R.28E  T.18S-R.27E	NE $\frac{1}{4}$ & S $\frac{1}{2}$ Sec. 25; S $\frac{1}{2}$ Sec. 34; all Sec. 35 & 36. SW $\frac{1}{4}$ Sec. 2; S $\frac{1}{2}$ Sec. 3; all Sec. 4, 5, 8, 9 & 10; W $\frac{1}{2}$ Sec. 11; W $\frac{1}{2}$ Sec. 14; all Sec. 15, 16 & 17; S $\frac{1}{2}$ Sec. 19; all Sec. 20, 21, 22, 23; N $\frac{1}{2}$ Sec. 24; all Sec. 26, 27, 28, 29 & 30; N $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 31. N $\frac{1}{2}$ Sec. 1; N $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 2; all Sec. 3 to 6 incl; E $\frac{1}{2}$ Sec. 7; all Sec. 8; W $\frac{1}{2}$ & NE $\frac{1}{4}$ Sec. 9.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Rhodes	Y-SR	Lea	T.26S-R.37E	All Sec. 4, 5 & 6; E $\frac{1}{2}$ Sec. 7; all Sec. 8 & 9; S $\frac{1}{2}$ Sec. 10; all Sec. 15, 16 & 17; N $\frac{1}{2}$ & SE $\frac{1}{4}$ Sec. 20; all Sec. 21 & 22; S $\frac{1}{2}$ Sec. 23; all Sec. 26, 27, 28, 34 & 35.
Roberts	G	Lea	T.17S-R.32E T.17S-R.33E	S $\frac{1}{2}$ Sec. 1; S $\frac{1}{2}$ Sec. 2; all Sec. 3; N $\frac{1}{2}$ Sec. 10; all Sec. 11; N $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 12. S $\frac{1}{2}$ Sec. 6; N $\frac{1}{2}$ Sec. 7.
Robinson	G-SA	Eddy & Lea	T.16S-R.31E T.16S-R.32E	S $\frac{1}{2}$ Sec. 25; all Sec. 35; N $\frac{1}{2}$ & SW $\frac{1}{4}$ Sec. 36. SW $\frac{1}{4}$ Sec. 30; N $\frac{1}{2}$ & SE $\frac{1}{4}$ Sec. 31; W $\frac{1}{2}$ Sec. 32.
Russell	Y	Eddy	T.20S-R.28E	S $\frac{1}{2}$ Sec. 12; all Sec. 13, 14 & 23; W $\frac{1}{2}$ Sec. 24.
Salt Lake (Abandoned)	Y	Lea	T.20S-R.33E	All Sec. 7 & 18.
San Simon	Y	Lea	T.21S-R.33E T.22S-R.35E	SE $\frac{1}{4}$ Sec. 32; SW $\frac{1}{4}$ Sec. 33. NW $\frac{1}{4}$ Sec. 4; NE $\frac{1}{4}$ Sec. 5.
Sawyer	SA	Lea	T.9S-R.37E T.9S-R.38E	All Sec. 13 & 24. All Sec. 18, 19 & 30.
Scanlon (Gas-S.I.)	T	Eddy	T.20S-R.29E	SW $\frac{1}{4}$ Sec. 29; SE $\frac{1}{4}$ Sec. 30.
Shugart	Y-Q	Eddy	T.18S-R.31E T.19S-R.31E	S $\frac{1}{2}$ Sec. 34; SW $\frac{1}{4}$ Sec. 35. NW $\frac{1}{4}$ Sec. 2; N $\frac{1}{2}$ Sec. 3.
Shugart, North	Q	Eddy	T.18E-R.31E	S $\frac{1}{2}$ Sec. 8; S $\frac{1}{2}$ Sec. 9; S $\frac{1}{2}$ Sec. 10; NE $\frac{1}{4}$ & S $\frac{1}{2}$ Sec. 11; all Sec. 12; N $\frac{1}{2}$ Sec. 13; N $\frac{1}{2}$ Sec. 14; all Sec. 15, 16, 17, 18, 20 & 21; N $\frac{1}{2}$ Sec. 22; N $\frac{1}{2}$ Sec. 28; N $\frac{1}{2}$ Sec. 29.
Skaggs	G	Lea	T.20S-R.37E T.20S-R.38E	All Sec. 24; N $\frac{1}{2}$ Sec. 25. All Sec. 19; N $\frac{1}{2}$ Sec. 30.
Square Lake	G-SA	Eddy	T.16S-R.30E T.16S-R.31E T.17S-R.30E T.17S-R.31E	S $\frac{1}{2}$ Sec. 24; all Sec. 25, 26 & 27; S $\frac{1}{2}$ Sec. 28; E $\frac{1}{2}$ Sec. 32; all Sec. 33 to 36 incl. S $\frac{1}{2}$ Sec. 19; S $\frac{1}{2}$ Sec. 20; S $\frac{1}{2}$ Sec. 21; SW $\frac{1}{4}$ Sec. 27; all Sec. 28 to 34 incl. All Sec. 1 to 4 incl; E $\frac{1}{2}$ Sec. 5; N $\frac{1}{2}$ Sec. 11; N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 12. NW $\frac{1}{4}$ Sec. 3; N $\frac{1}{2}$ Sec. 4; N $\frac{1}{2}$ Sec. 5; N $\frac{1}{2}$ Sec. 6.
Teague	SIM	Lea	T.23S-R.37E	All Sec. 21, 22, 27 & 28.
Tonto	SR	Lea	T.19S-R.33E	E $\frac{1}{2}$ Sec. 22; W $\frac{1}{2}$ Sec. 23.
Turkey Track	Q-G	Eddy	T.18S-R.29E T.19S-R.29E	S $\frac{1}{2}$ Sec. 34; SW $\frac{1}{4}$ Sec. 35. W $\frac{1}{2}$ Sec. 2; all Sec. 3; N $\frac{1}{2}$ Sec. 10; NW $\frac{1}{4}$ Sec. 11.
Turkey Track- Seven Rivers	SR	Eddy	T.19S-R.29E	SW $\frac{1}{4}$ Sec. 2; S $\frac{1}{2}$ Sec. 3; N $\frac{1}{2}$ Sec. 10; NW $\frac{1}{4}$ Sec. 11.

POOL	PRODUCING FORMATION	COUNTY	TWP. & RGE.	DESCRIPTION
Vacuum	G-SA	Lea	T.17S-R.34E T.17S-R.35E T.18S-R.34E T.18S-R.35E	All Sec. 3 to 36 incl. All Sec. 7; all Sec. 18 to 36 incl. All Sec. 1, 2, 3, 4, 11 & 12. All Sec. 3 to 7 incl.
Warren-McKee	SIM	Lea	T.20S-R.38E	All Sec. 29.
Watkins	SR	Lea	T.18S-R.32E T.19S-R.32E	All Sec. 31. N $\frac{1}{2}$ Sec. 6.
Watkins-Grayburg	G	Lea	T.18S-R.32E T.19S-R.32E	S $\frac{1}{2}$ Sec. 31. N $\frac{1}{2}$ Sec. 6.
Weir	DR	Lea	T.20S-R.37E	E $\frac{1}{2}$ Sec. 22; all Sec. 23; W $\frac{1}{2}$ Sec. 24; NW $\frac{1}{4}$ Sec. 25; N $\frac{1}{2}$ Sec. 26; NE $\frac{1}{4}$ Sec. 27.
Wilson	Y-SR	Lea	T.21S-R.34E T.21S-R.35E	E $\frac{1}{2}$ Sec. 12; all Sec. 13; E $\frac{1}{2}$ Sec. 14; all Sec. 23 & 24; N $\frac{1}{2}$ Sec. 26. S $\frac{1}{2}$ Sec. 6; all Sec. 7 & 18.
Wilson, West	SR	Lea	T.21S-R.34E	All Sec. 16; N $\frac{1}{2}$ Sec. 21.
Young	Q	Lea	T.18S-R.32E	S $\frac{1}{2}$ Sec. 17; N $\frac{1}{2}$ Sec. 20.

#### INDEX TO PRODUCING FORMATIONS

T	—Tansil (Permian)
Y	—Yates (Permian)
SR	—Seven Rivers (Permian)
Q	—Queen (Permian)
G	—Grayburg (Permian)
D	—Delaware (Permian)
SA	—San Andres (Permian)
P	—Paddock (Glorieta & Upper Yeso-Permian) See Bulletin
B	—Blinebry (Upper Yeso-Permian) ) No. 23, New Mex.
DR	—Drinkard (Lower Leonard-Permian) ) School of Mines.
LP	—Lower Permian (Permian)
PE	—Pennsylvanian (Pennsylvanian)
SD	—Siluro-Devonian (Silurian-Devonian)
SIL	—Silurian (Silurian)
MON	—Montoya (Ordovician)
SIM	—Simpson (Ordovician)
E	—Ellenburger (Ordovician)

# APPENDIX B

## GAS-OIL RATIOS ESTABLISHED PURSUANT TO RULE 506

Pool	Gas-Oil Ratio Limit	County
Anderson	2000	Eddy
Arrowhead	3500	Lea
Artesia	2000	Eddy
Atoka	2000	Eddy
Barber	2000	Eddy
Benson	2000	Eddy
Blinebry	2000	Lea
Brunson	2000	Lea
Burton	2000	Eddy
Caprock	2000	Chaves & Lea
Cass	2000	Lea
Comanche	2000	Chaves
Corbin	2000	Lea
Culwin	2000	Eddy
Daugherty	2000	Eddy
Dayton	2000	Eddy
Dayton, East	2000	Eddy
Drinkard	2000	Lea
Dublin	2000	Lea
Eaves	2000	Lea
Eighty-four Draw	2000	Lea
Empire	2000	Eddy
Eunice-Monument ;		
Eunice portion	6000	Lea
Monument	3000	Lea
Eunice, West	2000	Lea
Fenton	2000	Eddy
Forrest	2000	Eddy
Fren	2000	Eddy
Getty	2000	Eddy
Grayburg-Jackson	4000	Eddy
Halfway	2000	Lea
Harrison	2000	Lea
Henshaw	2000	Eddy
High-Lonesome	2000	Eddy
High-Lonesome South	2000	Eddy
Hobbs	3500	Lea
Jones	2000	Lea
Lea	2000	Lea
Leo	2000	Eddy
Loco Hills	3000	Eddy
Lovington	2000	Lea
Lovington, West	2000	Lea
Lusk, East	2000	Lea
Lusk	2000	Eddy & Lea
Lusk, West	2000	Eddy
Lynch	2000	Lea

<b>Pool</b>	<b>Gas-Oil Ratio Limit</b>	<b>County</b>
Lynch, North	2000	Lea
Maljamar	3000	Eddy & Lea
Maljamar, North	2000	Lea
Maljamar, South	2000	Lea
McMillan	2000	Eddy
Paddock	2000	Lea
PCA	2000	Eddy
Pearsall	2000	Lea
Premier	2000	Eddy
Red Lake	2000	Eddy
Roberts	2000	Lea
Roberts, West	2000	Lea
Robinson	2000	Eddy & Lea
Russell	2000	Eddy
Salt Lake	2000	Lea
San Simon	2000	Lea
Shugart	2000	Eddy
Shugart, North	2000	Eddy
Skaggs	2000	Lea
Square Lake	2000	Eddy
Tonto	2000	Lea
Turkey Track	2000	Eddy
Young	2000	Lea
Vacuum	2500	Lea
Watkins	2000	Lea
Weir	2000	Lea

#### **APPENDIX C**

NOTE: The official rules adopted by Order No. 850 had attached under Appendix C all of the forms described in Rule 1103. However, these forms are not set out in this printed edition in order to conserve space.

All of such forms are available at the office of the Commission in Santa Fe, or at any of the district offices.

## INDEX — General Remarks

Consult Definitions, Rules, etc., themselves before acting upon index suggestions. Paragraphs often contain details exceeding scope of index.

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**January 10 of Each Year**  
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Tank-Cleaning permits  
 approved when accurate gauge of contents is reported on C-117, R 311; R 1103, R 1120, R 1121  
 not necessary, R 1121 (b,1-4)

Tanks  
 report amount running over, R 116

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Temporary Transporter  
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Test  
 of casing shut-off (C-103), R 1108 (see details) of gas-oil ratio (C-116), R 1120  
 after completion and recompletion, R 301(a)  
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Testimony  
 in support of or opposition to application must be given under oath, R 1209

Testing  
 blow-out preventers, R 114(b)  
 of pressures, R 115  
 results reported on C-116, R 301(a)  
 tank contents, R 311  
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 A59 (maximum cubic ft. **natural gas**)  
 A60 (maximum number daily barrels for **oil**)  
 increased or decreased under conditions, R 104(h)  
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 how determined, R 505, par. 4  
 assigned to respective pools, R 505, par. 4  
 plus marginal units constitutes allocation, R 505, par. 5  
 corrected for depths below 5,000 ft., R 505, par. 5 (1-2)  
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Topographical Conditions  
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Transfer of Property  
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#### Transporters

keep books and records proving records, R 1102  
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when changed (C-110), R 1114(b)  
**temporary** change requires no new certificate,  
R 1114(b), but O.C.C. must be notified (see  
details)  
oil disposed of through duly authorized (C-110)  
requires no tank-cleaning permit, R 1121 (b,2)

#### Transportation

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permit (C-110), R 312(b)  
of illegal gas prohibited, R 901, illegal oil, R 801  
authorized on obtaining Certificate of Com-  
pliance, R 1108, R 1114 (C-110)  
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ably discriminated against, R 602

#### Treating Plants

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R 312(b)  
permit entitles operator to certificate and  
authorization to transport oil (C-110), R 312(b)  
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#### Treatment of Wells

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### U

#### Under Production—A56

Underground Waste—A65(a)  
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#### Unit

containing wells producing from oil-gas res-  
ervoir permitted to, provided (see text),  
R 506 (b,2)

#### Unit of Proration

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#### U.S. Govt. Leases

operators must keep all applicable State regu-  
lations **also**, R 4

#### U.S. Govt. Leasers

must furnish **copies** of well logs and reports, R 4

#### Unitized Areas

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developed proration units into, R 507

#### Unorthodox Well Location—A64

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#### Utilization

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### V

Vacuum Pumps—not to be used, R 307

Valves—to permit pressures on casing and tubing,  
R 115

### W

#### Wash-in, Creek, or Pit Oil

recovery not affected by R 312 if picked up  
and returned to producing lease, R 312(c)  
(C-110)

others need permit from owner or operator and  
O.C.C. agent, (see details, R 312(c))

#### Waste Disposition

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#### Waste Prevention

Definitions—A65 (underground (a), A 33,  
surface (b), excessive production (c,e), non-  
ratable purchase (d), prohibited, R 3  
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by increasing acreage required, R 104(l)  
by plugging and abandoning hazardous wells,  
R 108  
by prorating and distributing allowable pro-  
duction, R 501(a)  
by obtaining or acting on additional data, R 1101  
by allocating gas production in designated gas  
pools, R 602  
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#### Water Injection

to maintain reservoir pressure for secondary  
recovery or water disposal permitted after  
hearing, R 701(a)

#### Water Shut-offs

made by cementing or landing casing, R 105(c)

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#### Wellhead Connections

maintained so as to facilitate tests, R 115

#### Well Location

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#### Well Log(s)

Definitions—A31  
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#### Wells

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age and production influences judgment,  
R 802 (oil), R 902 (gas)  
chemical treatment (C-103), R 113, R 1111  
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completed between first and last of month,  
assigned an allowable, R 505, par. 8  
completed with casing, R 107(a)  
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description in ownership transfer, R 101(1)  
drilled **in** defined oil pool, R 104(b)  
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R 401  
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in pool exempted from gas-oil tests, R 301(2)  
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are filed, R 504  
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ownership transfer, R 101(b,1)  
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R 1110(f)  
plugging back (monthly report on C-103),  
R 1110(d)  
producing from oil and gas reservoir limited,  
R 506 (a & b 2)  
producing rate not to exceed proration schedule,  
R 502  
producing, must reduce emulsion, basic sediment,  
tank bottoms, R 313  
production may be balanced during proration  
period, R 502  
pulling, altering casing (report C-103), R 1110(c)

record kept confidential on request (C-105),  
except if pertinent to Court hearing, R 1113  
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repairing (monthly report C-103), R 1110  
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Wildcat Location  
information must contain surveyor's plat, R 1104,  
par. 2  
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ratio to pressure in reservoir, R 115  
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## SUPPLEMENT

In this supplement appear certain rules of the Commission which were not rescinded by Order No. 850, adopting the foregoing rules and regulations. Copies of other orders not set forth in this supplement, but which are still in effect although not included in the foregoing rules and regulations, may be obtained from the Commission office in Santa Fe.

### Order No. 33

Adopted, June 12, 1936, being a proration plan for the Monument pool, Lea County.

Sec. 1. The total allowable production of oil in the Monument field shall be allocated within the field by productive units. Units shall not be allocated more oil than they can produce without unreasonable waste.

Sec. 2. Productive units shall be classified as marginal and non-marginal units, a marginal unit being one that cannot produce the acreage unit allowable, and a non-marginal unit one with a daily potential equal to or larger than the acreage unit allowable. Marginal units shall be allocated approximately the amount of oil they can produce.

Sec. 3. The total allocation to marginal units shall be deducted from the total daily field allowable and the resulting number of barrels shall be designated as the total daily non-marginal field allowable.

Sec. 4. Regular units for allocation shall consist of 40-acre tracts in a square, and of tracts having an area of from 39 to 40 acres according to the surveys of the United States Government.

Sec. 5. If a productive tract, according to Government surveys, consists of more than 40 acres, the allocation to such special unit for both acreage unit allowable and bottom hole pressure allowable shall be in the ratio of its area in whole number of acres to 40 acres.

Sec. 6. When the area of a productive tract is less than 39 acres, such tract shall be considered a fractional unit. If the area in acres of a fractional unit, according to the official plats of the United States Government, is exactly a whole number, the allocation to such fractional unit for both acreage unit allowable and bottom hole pressure allowable shall be in the ratio of that number of acres to 40 acres. If the area in acres of a fractional unit, according to Government survey plats, is not a whole number, the allocation to such fractional unit as compared to a regular unit, shall be in the ratio of the larger whole number of acres to 40 acres.

Sec. 7. Eighty (80) per cent of the total daily non-marginal field allowable shall be allocated equally to the non-marginal productive units, except as otherwise noted herein. This allocation to each unit shall be designated as the acreage unit allowable.

Sec. 8. Twenty (20) per cent of the daily non marginal field allowable shall be prorated to the different non-marginal units on the basis of the static bottom hole pressures of the wells. The average of the three lowest static bottom hole pressures shall be obtained, and this pressure shall be designated as the deduction pressure; provided, however, that if the average of the three lowest pressures is less than eighty (80) per cent of the highest unit static bottom hole pressure for the field, the deduction pressure shall be eighty (80) per cent of the said highest unit static bottom hole pressure. This deduction pressure shall be subtracted from the actual bottom hole pressure for each unit. The results obtained for all the non-marginal units shall be added together and the sum shall be divided into the total bottom hole pressure allowable for the field. The quotient obtained shall be designated the bottom hole pressure factor. To obtain the bottom hole pressure allowable for each unit, this factor shall be multiplied by the difference between the bottom hole pressure for the unit, and the established deduction pressure. Units having a lower bottom hole pressure than the established deduction pressure, as defined above, shall be considered as having the deduction pressure, and such units shall be allocated only the acreage unit allowable. Where there are more than one producing well on a unit, the applied bottom hole pressure for that unit shall be the average of the bottom hole pressures of all the wells. This pressure shall be used in computing the allocation to the unit as though there was only one well on the unit. The sum of the acreage unit allowable and the bottom hole pressure allowable shall be the total allocation for each non-marginal unit.

Sec. 9. Wells completed during a pressure survey period of three months shall be allocated the non-marginal unit allowable for Lea County during the balance of the period.

Sec. 10. The pressures of pumping wells can be taken at six-months intervals instead of three months intervals if the operator so desires. If the mechanical condition of a well is such that the bottom hole pressure cannot be taken the allocation to that unit shall be the acreage unit allowable for the field.

Sec. 11. The Umpire shall notify the operator of the day and hour that a well is to be shut in for bottom hole pressure test. The bottom hole pressure shall be measured not less than 24 hours nor

more than 36 hours following said specified time. Notice to the operator shall be given by the Umpire not less than 24 hours before the time for the well to be shut in. The well shall produce its regular allocation during the 24-hour period ending at the time the well is shut in.

Sec. 12. When it is unsafe for the Proration Umpire or his representative to determine a static bottom hole pressure because of the mechanical condition of a well, that unit shall automatically receive the acreage unit allowable.

Sec. 13. The pressure shall be measured as near as possible to a point in the well 250 feet below sea level. When it is impossible to determine the pressure at this point the pressure may be adjusted from the actual point of determination to 250 feet below sea level, according to the static head of the fluid at the point at which the pressure is determined; provided that, when due to the mechanical condition of the well, it is impossible to determine the pressure closer than 150 feet from a point 250 feet below sea level, the well shall be considered not to be in condition to determine the static pressure, and it shall receive the acreage unit allowable until it is put in such condition that the pressure can be determined.

Sec. 14. Static bottom hole pressures shall be taken prior to August 1, 1936, and these pressures shall be used in making allocations for the period August 1-October 31, 1936. A similar procedure shall be followed for subsequent three-months periods.

Sec. 15. This order shall become effective August 1, 1936, at which time it shall revoke Order No. 22 of the Commission, adopted March 25, 1936. It shall remain in force until revoked by order of the Commission.

Sec. 16. Allocations to the Monument field as a whole shall be determined according to the plan of Order No. 1 of the Commission. "General State Proration Order," adopted June 29, 1935. Allocations for the field and the wells therein shall be included in "General State Proration Orders" of the Commission, prepared by the Proration Umpire for Lea and Eddy Counties, as authorized by the Commission in Order No. 1. This order supersedes any provisions of Order No. 1 with which it is in conflict.

Sec. 17. C. G. Staley, Proration Umpire for Lea and Eddy Counties and Deputy of the New Mexico Oil Conservation Commission, is hereby specifically authorized to determine the static bottom hole pressure and the allocations to each unit in the Monument field in accordance with this order.

#### **Order No. 398**

Adopted, September 12, 1941, superseding previous orders and being a proration plan for the Hobbs field.

Sec. 1. The total allowable production of oil in the Hobbs field shall be allocated within the field by productive units. Units shall not be allocated more oil than they can produce without waste.

Sec. 2. Productive units shall be classified as marginal and non-marginal, a marginal unit being one that cannot produce the acreage unit allowable, and a non-marginal unit one with an average daily potential production equal to or larger than the acreage unit allowable. Marginal units shall be allocated approximately the amount of oil they can produce.

Sec. 3. The total allocation to marginal units shall be deducted from the total daily field allowable and the resulting number of barrels shall be designated as the total daily non-marginal field allowable.

Sec. 4. As far as possible, the field shall be divided into forty (40) acre tracts in the form of a square, constituting regular subdivisions of sections according to the Government surveys. Each such tract shall be considered a unit for the purposes of proration hereunder. If it should develop that there are tracts of land owned by individual operators or lease holders constituting less than a unit as above defined or in such form as not to constitute a unit as above defined, then the Commission in its discretion may create and outline fractional units or units of a form other than a square. However, no well shall be drilled closer to any unit boundary line than 330 feet or less than 660 feet from any other well except upon petition, notice and hearing as provided by law, provided such unorthodox well location will create neither waste nor hazards conducive to waste.

Sec. 5. The following 40-acre units not in the form of a square shall be considered as regular units for proration purposes:

Walker Terry G, N $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  and N $\frac{1}{2}$  SE $\frac{1}{4}$  SE $\frac{1}{4}$   
Sec. 10, T. 19S., R. 38E.

Walker Terry G-a, S $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  and S $\frac{1}{2}$  SE $\frac{1}{4}$  SE $\frac{1}{4}$   
Sec. 10, T. 19S., R. 38E.

Repollo Crump B, N $\frac{1}{2}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  and N $\frac{1}{2}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$ ,  
Sec. 15, T. 19S., R. 38E.

Repollo Crump B-a,  $S\frac{1}{2}$  NW $\frac{1}{4}$  NE $\frac{1}{4}$  and  $S\frac{1}{2}$  NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 15, T. 19S., R. 38E.

Stanolind State C, N $\frac{1}{2}$  NE $\frac{1}{4}$  NW $\frac{1}{4}$  and N $\frac{1}{2}$  NW $\frac{1}{4}$  NW $\frac{1}{4}$ ,  
Sec. 15, T. 19S., R. 38E.

Stanolind State C-a,  $S\frac{1}{2}$  NW $\frac{1}{4}$  NW $\frac{1}{4}$  and  $S\frac{1}{2}$  NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,  
Sec. 15, T. 19S., R. 38E.

Sec. 6. Eighty (80) per cent of the non-marginal field allowable shall be allocated among the various units without reference to their producing ability or pressures; all forty (40) acre units participating equally and each fractional unit receiving allocation as compared to the allocation of a forty (40) acre unit, in the ratio that its area in acres bears to forty (40) acres. This allocation to each unit shall be designated as the acreage unit allowable.

Sec. 7. The remaining twenty (20) per cent of the daily non-marginal field allowable shall be prorated to the different non-marginal units on the basis of the static bottom hole pressure of the wells. For computation purposes, the bottom hole pressures for all the wells shall be added together, and this sum shall be divided into the total number of barrels to be allocated to the field according to bottom hole pressures. The quotient obtained shall be designated the bottom hole pressure factor. To obtain the bottom hole pressure allowance for each well, or unit, this factor shall be multiplied by the bottom hole pressure of the unit. The sum of the unit acreage allowance and the bottom hole pressure allowance shall be the total allocation for each non-marginal unit.

Sec. 8. The Commission each six months shall determine the bottom hole pressure of each well in the field, provided that for each well in which the bottom hole pressure cannot be determined for mechanical reasons, such well shall have assigned to it the bottom hole pressure of the nearest well in which a bottom hole pressure is taken, or if equidistant from two or more wells in which bottom hole pressures are taken such well shall have assigned to it the average of the bottom hole pressures of said equidistant wells.

Sec. 9. The Commission shall notify the operator of the day and hour that a well is to be shut in for bottom hole pressure test. The bottom hole pressure shall be measured not less than 24 hours nor more than 36 hours following said specified time. Notice to the operator shall be given by the Commission not less than 24 hours before the time for the well to be shut in. The well shall produce its regular allocation during the 24-hour period ending at the time the well is shut in.

Sec. 10. Pressures shall be taken as nearly as possible at a common datum level of 400 feet below sea level and all pressures shall be adjusted to that datum, and correction shall be made in gas or oil depending on the medium in which the bottom hole pressure gauge is stopped.

Sec. 11. Wells completed during a proration period occurring between bottom hole pressure surveys will be allocated the average non-marginal unit allowable for the field until static bottom hole pressures can be taken. Then these pressures shall be used in determining their allowable for the following periods.

## **Section 2 of Order No. 835**

Relating to gas-oil ratios.

NOTE: Order No. 835 was adopted September 8, 1949. Section 2 of Order No. 835 is still in effect. Sub-paragraph A of Section 2 set out the gas-oil ratios as the same now appear in the Appendix of the foregoing rules.

Sub-paragraph B of Section 2, is as follows:

(b) No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly, Langlie-Mattix, Rhodes Oil Pool, Cooper-Jal, and South Eunice pools in Lea County (see Order 633), and Scanlon in Eddy County, now primarily gas reservoirs. Provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said pools shall be put to beneficial use so as not to constitute waste, except as to proration units in said pools for which there are not facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such proration units the limiting gas-oil ratio in effect immediately prior to the effective date of the order herein shall apply. As to said pools, gas-oil ratio tests shall be required only when the Commission within its discretion may from time to time indicate.

## **Order No. 748**

Relating to spacing in the Kutz Canyon-Fulcher Basin gas pools, adopted June 22, 1948.

THEREFORE, IT IS ORDERED that, effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled or completed or recompleted to the Pictured

Cliff pool in the Kutz Canyon-Fulcher Basin area, defined below, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not in conflict herewith:

**Section 1.** No well shall be drilled or completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless

- (a) such well be located on a designated drilling unit of not less than one hundred sixty (160) acres of land, more or less, according to legal subdivisions of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;
- (b) such drilling unit be in the shape of a square except for normal variations in legal subdivisions of the United States Lands Surveys; and
- (c) such well be located on its drilling unit at a distance from the unit boundaries of not less than nine hundred ninety (990) feet; provided, if such proposed new well is to be an offset to any then producing gas well completed in the pool, or the drilling of which has been authorized prior to the effective date of this order, located on an adjoining unit in which the interests are not identical with those in the unit proposed to be drilled, such proposed well may be located and drilled offsetting the existing well and as close to the common unit boundary line as the well to be so offset.

**Section 2.** Any provisions herein to the contrary notwithstanding, the Commission may, and in proper cases will, on petition or on its own motion, by order entered after notice and hearing to the extent required by law, grant exceptions and permit drilling locations to become effective, thereby authorizing the drilling or completion of wells in the pool not conforming to the requirements of Section 1 above if the Commission shall find that the property sought to be drilled would be deprived of an opportunity to produce gas from the pool in the absence of such exception, and shall also find one or more of the following conditions to exist:

- (a) that consolidation or pooling of the property sought to be drilled with necessary adjoining land, notwithstanding diligent efforts made in good faith, is impossible or impractical;
- (b) that the property sought to be drilled is located within a then developed portion of the pool and its non-conforming size or shape is due to the adjoining developed properties in the pool;
- (c) that because of the nature of the terrain, location of the proposed well at a lesser distance from one of the outer boundaries of its drilling unit should be permitted; or
- (d) that by reason of the location of the property to be drilled along the southwest or northeast flank of the developed portion of the area, it appears improbable that gas can be produced in paying quantities if the well conforms to Section 1, in which case the Commission may modify the requirements of Section 1 as to such well to the extent it deems necessary.

Irrespective of such findings, if the Commission shall find that by reason of all circumstances an exception is proper in the prevention of waste, or undue drainage between properties, or otherwise in the exercise by the Commission of its jurisdiction over the spacing of wells or its other powers conferred by law, express or implied.

IT IS FURTHER ORDERED that, in accordance with recommendations of the Northwestern New Mexico Nomenclature Committee approved and adopted by this Commission, the Pictured Cliff gas producing pool in the Kutz Canyon-Fulcher Basin area, to which this order applies, is defined to include the following described land in San Juan County, New Mexico:

**Township 27 North, Range 10 West**

Sec. 3	W 1/2
Secs. 4 & 5	All

**Township 28 North, Range 10 West**

Secs. 7 & 8	All
Sec. 15	W $\frac{1}{2}$
Secs. 16, 17, 18, 19, 20, 21	All
Sec. 22	W $\frac{1}{2}$
Sec. 27	W $\frac{1}{2}$
Secs. 28, 29, 30, 31, 32, 33	All
Sec. 34	W $\frac{1}{2}$

**Township 28 North, Range 11 West**

Secs. 9, 10, 11, 12, 13, 14,  
15, 16, 22, 23, 24, 25, 26 All

**Township 29 North, Range 11 West**

Secs. 6, 7, 8, 16, 17, 18, 19,  
20, 21, 22, 26, 27, 28, 29, 30,  
31, 32, 33, 34, 35, 36 All

**Township 29 North, Range 12 West**

Secs. 1, 2, 3, 4, 5, 6, 9, 10, 11,  
12, 13, 14, 15, 23, 24, 25 All

**Township 29 North, Range 13 West**

Sec. 1 All

**Township 30 North, Range 12 West**

Sec. 19 All

Sec. 20 S $\frac{1}{2}$

Secs. 26, 27, 28, 29, 30,  
31, 32, 33, 34, 35, 36 All

**Township 30 North, Range 13 West**

Secs. 24, 25, 36 All

All additional lands located within one-half ( $\frac{1}{2}$ ) mile of any land in the pool as defined or as it may be extended shall conform to these rules and regulations; provided, however, that such pool shall in no event be extended so as to include any lands now or hereafter included by the Commission in some other producing area formally designated as an oil or gas pool in the Pictured Cliffs, provided, further, by order of this Commission the pool may be redesignated from time to time so as to embrace other lands in the vicinity which are believed, on the basis of additional developments, to be capable of producing gas from the Kutz Canyon-Fulcher Basin pool, whether or not such other lands shall have been at one time included in another designated field or pool producing from the Pictured Cliffs.

Entered and adopted by the Oil Conservation Commission this 22 day of June, 1948.

**Order No. 799**

Relating to spacing in the Blanco gas pool, San Juan County, adopted February 25, 1949.

THEREFORE, IT IS ORDERED that, effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled or completed or re-completed to the Mesaverde pool in the Blanco area, defined below, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not to conflict herewith:

Section 1. No well shall be drilled or completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless

- (a) such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivisions of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;
- (b) such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Surveys, the north half, south half, east half or west half of each section of land constituting a drilling unit;
- (c) such well shall be located 330 feet from the center of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

Section 2. The special rules and regulations for the Blanco (Mesaverde) pool contained herein shall be limited in their application to the present 4200-5100 foot productive horizon where the productive sands are contained between the top of the Cliff House Sand and the base of the Point Lookout Sand of the Mesaverde.

Section 3. Proration Units: The proration unit shall consist of 320 acres or (a) a legal U. S. General Land Office Survey half-section and (b) the approximate 320 acre unit shall follow the usual legal subdivisions of the General Land Office Section Surveys and (c) where proration units lie along the edge of field boundaries described in Section 1 above, exceptions shall be permissible in that contiguous tracts of approximately 320 acres, following regular U.S.G.L.O. subdivisions, may be classed as proration units.

- A. The pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of pro-rata units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool; provided, that the owner of any tract that is smaller than the drilling unit established for the field, shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in the ratio of the area of such tract to the area of a full unit of 320 acres.

#### **Section 4. Casing and Cementing Program:**

##### **A. Surface Pipe**

The surface pipe shall be set through the shallow potable water bearing beds to a minimum depth of 250 feet and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar. This surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. The surface casing shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. In lieu of the foregoing test the cement job shall be tested by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 lbs. during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling the plug. In this regard all fresh waters and waters of present or probable future value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precaution shall be taken in drilling and abandoning wells to guard against any loss of artesian potable water from the strata in which it occurs and the contamination of artesian potable water by objectionable water, oil or gas. The Commission shall be notified at least 24 hours prior to the conducting of any test.

##### **B. Production String**

The production string shall be set on top of the Cliff House Sand with a minimum of 100 sacks of cement and shall stand cemented not less than 36 hours before testing the casing. This test shall be made by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 lbs. during that period, the test shall be considered satisfactory.

##### **C. General**

All cementing shall be done by the pump and plug method. Bailing tests may be used on all casing and cement tests, and drill stem tests may be used on cement tests in lieu of pressure tests. In making bailing test, the well shall be bailed dry and remain approximately dry for thirty minutes. If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be re-cemented and re-tested or an additional string of casing should be run and cemented. If an additional string is used, the same test shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill," the number of sacks of cement to be used on each string of casing shall be stated.

Rules 6, 8, 9, 10, 11, 12 and 14 of Order No. 4 of the Commission, effective 8-12-35, should be followed.

**Section 5. Tubing:** Any completed well which produces any oil shall be tubed. This tubing shall be set as near the bottom of the hole as practicable, but in no case shall tubing perforations be more than 250 feet from the bottom. The bottom of the tubing shall be restricted to an opening of less than 1' or bull-plugged in order to prevent the loss of pressure bombs or other measuring devices.

**Section 6. Special Equipment:** Any well which produces oil shall be equipped with a meter setting of adequate size to measure efficiently the gas, with this meter setting to be installed on the gas vent or discharge line. Wellhead equipment for all wells shall be installed and maintained in first class condition, so that static, bottom hole pressures and surface pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on the casing and also on the tubing, wherever tubing is installed. All connections subject to well pressure and all wellhead fittings shall be of first class material, rated at 2,000 psi working pressure and maintained in gas-tight condition. Bradenheads rated at 2,000 psi shall be installed on all production string and bradenhead connections maintained in gas tight condition. There shall be at least one valve on each bradenhead. Operators shall be responsible for maintaining all equipment in first class condition and shall repair or replace equipment where gas leakage occurs.

Section 7. **Safety Requirements:** Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electrical equipment shall be in first class condition and properly installed.

Section 8. **Shooting of Wells:** Wells shall not be shot or chemically treated until the permission of the Commission is obtained. Each well shall be shot or treated in such manner as will not cause injury to the sand or result in water entering the oil or gas sand, and necessary precautions shall be taken to prevent injury to the casing. If shooting or chemical treatment results in irreparable injury to the well or to the oil or gas sand, the well shall be properly plugged and abandoned. (See Rule 42, Order No. 4, Effective 8-12-35.)

Section 9. **Testing of Pays:** All wells drilled through the Point Lookout Pay will be tested by means of separate back pressure tests in accordance with the methods adopted by the U. S. Bureau of Mines (Monograph 7) of (a) the Cliff House Pay (b) the Point Lookout Pay (c) both pays commingled with a minimum of three stabilized readings from a total minimum of three different sized orifices.

- A. Wells which penetrate the Cliff House Pay only will take minimum of three stabilized tests covering a total of three different sized orifices.
- B. The foregoing tests shall be taken either in the process of completion, or in drilling, or by means of packer separations between the Point Lookout and Cliff House Pays after completion. All tests should be certified and filed with the Commission, and the Commission shall be notified at least 24 hours prior to conducting any test.
- C. Annual back pressure tests, using total of three different sized orifices, shall be taken in June, July or August on each completed well. Each test must be stabilized and plotted as a straight line function on logarithmic paper as outlined in U. S. Bureau of Mines Monograph No. 7.
- D. Within six months of the effective date of this order, and every six months thereafter, there shall be a meeting of all operators within the Blanco-Mesaverde pool in the Commission Offices in Santa Fe, New Mexico, to present and discuss new information and data gathered subsequent to the effective date of this order. The Commission may discontinue these meetings when in its opinion, the pool has reached a stage of development where such meetings are unnecessary.

Section 10. **Protection of Mineral Deposits:** Since the Menefee coal beds bear some gas and since these coal beds are of non-commercial value, Rule 20, Order No. 4 of the Commission dated Aug. 12, 1935, shall not apply to this field.

Section 11. **Gas Wastage:** Mesaverde gas shall not be flared since this is principally a gas reservoir and any well not connected to a commercial or domestic taker shall be shut-in until such market is obtained. Wells in this field shall be permitted to produce and market gas, as long as such can be done without waste, equitably between proration units for the field.

Section 12. **Bradenhead Gas:** Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches, or otherwise wasted. It may be used for lease and development purposes and for the development of nearby leases, except as prohibited above. Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

Section 13. Any provision herein to the contrary notwithstanding, the Commission may, and in proper cases will, on petition or on its own motion, by order entered after notice and hearing to the extent required by law, grant exceptions and permit drilling locations to become effective, thereby authorizing the drilling or completion of wells in the pool not conforming to the requirements of Sections 1 through 12 above if the Commission shall find that the property sought to be drilled would be deprived of an opportunity to produce gas from the pool in the absence of such exception, or irrespective of such findings, if the Commission shall find that by reason of all circumstances an exception is proper in the prevention of waste, or undue drainage between properties, or otherwise in the exercise by the Commission of its jurisdiction over the spacing of wells or its other powers conferred by law express or implied.

IT IS FURTHER ORDERED that, in accordance with recommendations of the Northwestern New Mexico Nomenclature Committee approved and adopted by this Commission, the Mesaverde gas producing pool in the Blanco area, to which this order applies, is defined to include the following described land in San Juan County, New Mexico;

**Township 29 North, Range 9 West**  
All of sections 3, 4, 5, 10, 11, 14 and 15  
**Township 30 North, Range 9 West**  
Sec. 7, S $\frac{1}{2}$ ; Sec. 8, S $\frac{1}{2}$ ; all of sections 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 32, 33 and 34.

All additional lands located within one-half ( $\frac{1}{2}$ ) mile of any land in the pool as defined above or as it may be extended shall conform to these rules and regulations; provided, however, that such pool shall in no event be extended so as to include any lands now or hereafter included by the Commission in some other producing area formally designated as an oil or gas pool in the Mesaverde, provided, further, by order of this Commission the pool may be redesignated from time to time so as to embrace other lands in the vicinity which are believed, on the basis of additional developments, to be capable of producing gas from the Blanco pool, whether or not such other lands shall have been at one time included in another designated field or pool producing from Mesaverde.

Entered and adopted by the Oil Conservation Commission this 25 day of February, 1949.

### Order No. 562

Relating to Loco Hills Pressure Maintenance Association, Inc., adopted March 24, 1944.

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

### "LOCO HILLS PRESSURE MAINTENANCE PLAN ORDER"

Section 1. (a) The project herein shall be known as the Loco Hills Pressure Maintenance Plan and shall hereinafter be referred to as the Project.

(b) The Loco Hills Pressure Maintenance Association, Inc., shall hereinafter be referred to as the Association.

Section 2. That the Project area shall be:

Township 17 South, Range 29 East:  $S\frac{1}{2}S\frac{1}{2}$  of Section 32,  $S\frac{1}{2}SW\frac{1}{4}$  of Section 35, and  $S\frac{1}{2}$  of Section 36.

Township 17 South, Range 30 East:  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $S\frac{1}{2}N\frac{1}{2}$  and  $S\frac{1}{2}$  of Section 31 and  $W\frac{1}{2}$  and  $W\frac{1}{2}E\frac{1}{2}$  of Section 32.

Township 18 South, Range 29 East: All of Sections 1, 2, 3, 4, 5, and  $E\frac{1}{2}$  of Section 6, all of Sections 8, 9, 10, 11,  $N\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}NE\frac{1}{4}$ ,  $SE\frac{1}{4}$  of Section 12,  $N\frac{1}{2}N\frac{1}{2}$  of Section 14,  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $N\frac{1}{2}NW\frac{1}{4}$  of Section 15,  $N\frac{1}{2}$  of Section 16, and the  $N\frac{1}{2}$  of Section 17.

Township 18 South, Range 30 East:  $N\frac{1}{2}NW\frac{1}{4}$  of Section 5, all of Section 6, and  $W\frac{1}{2}$  of Section 7.

Section 3. (a) That the input wells now in use and hereby authorized are as follows:

Premier Pet. Corp.	Beeson F-7	NENE 31-17-30
Aston & Fair	Scheurich St. 4	NESW 32-17-30
Franklin Pet. Corp.	Coppedge 4	NWNE 5-18-30
Franklin Pet. Corp.	Yates 6	SWNE 6-18-30
Yates, et al	Yates 1	NWSW 6-18-30
Franklin Pet. Corp.	Ballard B-1	NWNE 1-18-29
Sallee & Yates	State 4	NWNE 2-18-29
Continental Oil Co.	State M-2	SESE 2-18-29
Continental Oil Co.	Travis 1	SESE 3-18-29
S. P. Yates	Brainard 3	NESW 3-18-29
Sanders Bros.	Guy P-1	NENE 9-18-29
Sanders Bros.	Miller 1	NENE 5-18-29
Me-Tex	Yates 3	NWSE 5-18-29
Gordon Cone	Langford I	NWSW 9-18-29
Stroup & Yates	Travis 4	NENW 17-18-29

(b) That the use of any of said input wells may be discarded with consent of the Commission, and, with the approval of the respective well owners, the Association, through its secretary or by other authorized agent, may select other input wells within the Project area by application to the Commission for its consideration of approval administratively without further notice and formal hearing thereupon.

(c) That any gas well within the Project with the consent of the owner may be used for cycling in the project upon application by the Association, through its secretary or other authorized agent, to the Commission for its consideration of approval administratively without further notice and formal hearing thereupon.

Section 4. That the top unit allowable rate of withdrawal of crude oil per day per proration unit, including back allowables within the Project area, shall be not less than 20 barrels nor over 40 barrels. The Association, through its secretary or other authorized agent, not later than the 25th of the month, shall make application to the Commission for its approval for the maximum rate of with-

drawal within the limits named for the ensuing proration month. Such application shall be considered and acted upon by the Commission administratively without further notice and formal hearing thereupon.

Section 5. (a) That the limiting gas-oil ratio in cubic feet per barrel for the Loco Hills Field shall be 2000.

(b) That the system of gas-oil ratio control shall be of volumetric control whereby the current oil allowable for a proration unit under any applicable proration order is adjusted by reason of exceeding said limiting ratio in accordance with the following formula:

(c) Any proration unit with a gas-oil ratio in excess of said limiting ratio shall be permitted to produce daily that total volume of oil which, when multiplied by the gas-oil ratio of that unit, will result in a total gas volume that does not exceed the current top unit allowable times said limiting gas-oil ratio.

(d) A marginal unit, even though it be a gas well, shall be permitted to produce the same total volume of gas which it would be permitted to produce if it were a non-marginal unit.

(e) The production of gas from a gas well for cycling as provided in 3 (c) above is excepted from this section.

Section 6. That the following orders are hereby repealed: 339, 540, 484 and order 250 in so far as said latter order is in conflict with the order herein.

#### Order No. 485

Relating to Maljamar Cooperative Repressuring Agreement, issued November 14, 1942.

IT IS THEREFORE ORDERED:

I. That this project shall hereafter be known as the Maljamar Cooperative Repressuring Agreement.

II. That the cooperative area referred to in Section 2 of the findings herein consists of the following tracts: Section 14 to 23 inclusive, and Sections 26 to 35, inclusive, in Twp. 17S., Rge. 32E., N.M.-P.M., Lea County, New Mexico.

The committed area referred to in Section 2 of the findings herein is described as follows:

The E $\frac{1}{2}$  Sec. 14; E $\frac{1}{2}$  Sec. 16; all Sec. 17, 18, 19, 20, 21, 22, 27, 28, 29 and 30. The N $\frac{1}{2}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$  Sec. 23; S $\frac{1}{2}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  Sec. 26; N $\frac{1}{2}$ , W $\frac{1}{2}$ , SE $\frac{1}{4}$  Sec. 31; N $\frac{1}{2}$ , SE $\frac{1}{4}$  Sec. 33; NE $\frac{1}{4}$ , W $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 34; W $\frac{1}{2}$  Sec. 35, all in Twp. 17S, Rge. 32E, N.M.P.M.

As the committed area within the boundaries of the cooperative area is enlarged as in Section 2 of the findings herein, the Operators' Committee shall notify the Commission promptly in writing as to such enlarged committed area named subject to the approval of the Commission administratively without further notice and formal hearing; provided, however, that any extension of the cooperative area and of the committed area beyond the limits of the cooperative area as set out in Section II of the order herein shall be upon formal petition, notice and hearing as provided by law.

III. There shall be no unitization of oil but the gas shall be utilized in the manner set out in Section 3 of the findings herein.

IV. That the management of said project shall be by the Operators' Committee as set out in Section 4 of the findings herein. Any change of membership of said Operators' Committee should be transmitted promptly in writing to the Commission.

V. That the in-pot wells referred to in Section 5 of the findings herein are hereby authorized for use as such and are more particularly described as follows:

Maljamar Oil & Gas Corp. Wm. Mitchell B-12	SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 19 — 17S — 32E
Maljamar Oil & Gas Corp. Wm. Mitchell B-4	SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 20 — 17S — 32E
Maljamar Oil & Gas Corp. Wm. Mitchell A-8	SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 20 — 17S — 32E
Maljamar Oil & Gas Corp. Baish A-8	SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 21 — 17S — 32E
Maljamar Oil & Gas Corp. Baish A-1	NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21 — 17S — 32E
Maljamar Oil & Gas Corp. Baish B-6	SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 21 — 17S — 32E
Carper Drilling Company Simon 4-N	SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 29 — 17S — 32E
Carper Drilling Company Simon 8-N	SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 29 — 17S — 32E
Kewanee Oil Company B-15	SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 28 — 17S — 32E
Kewanee Oil Company B-29	SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 28 — 17S — 32E
Kewanee Oil Company B-9	SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 27 — 17S — 32E
Kewanee Oil Company B-11	SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 27 — 17S — 32E
Barney Cockburn Miller A-6	SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 26 — 17S — 32E

The selection of other in-put wells within the area committed and for the further area to be committed within the cooperative area described in Section II of the order herein shall be submitted to the Commission for its consideration of approval administratively without further notice and formal hearing thereupon.

VI. That said 13 in-put wells described in Section V of the order herein are hereby assigned the top allowable for one year beginning with the effective date of this order. Thereafter, said in-put wells if further used as such shall have such allowable for such period of time as determined by the Commission administratively; likewise, other in-put wells authorized to be selected as provided in Section V of the order herein shall have such allowable for such period of time as field tests to the Commission may seem advisable.

Sixty per cent of the allowable lost by in-put wells shall be redistributed to all the other top allowable proration units within the committed area by dividing the above mentioned amount lost through the use of in-put wells by the number of top allowable producing wells in the committed area and the amount so determined would be added to the regular top allowable for each well. If the operators subject to said agreement do not desire to produce such excess allowable during any month the Operators' Committee would in that event notify the Commission before the allowable for such month is fixed and not later than the 25th day of the month preceding.

VII. That the proration units within the committed area shall not exceed the production of 44 barrels of oil daily should the current allowable in the future exceed that amount; subject, however, to the right of the Operators' Committee to petition the Commission administratively, by the 25th day of the month before the fixing of any monthly allowrs lost allowable for such wells and such lost allowable for the committed area.

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

#### **Order No. 659**

Relating to the Grayburg Cooperative and Unit Agreement of Eddy County, New Mexico, issued June 7, 1946.

#### **FINDINGS:**

SECTION A. The Grayburg Cooperative and Unit Agreement of Eddy County, New Mexico, is a repressuring and pressure maintenance project in which several wells are either now being used or anticipated to be used as input wells. Such use incurs lost allowable for such wells and such lost allowable should be permitted to be taken from other wells on the same basic lease.

SECTION B. Said project consists entirely of lands under United States Government leases or permits and is defined as follows:

N.M.P.M., Eddy County, New Mexico:  
TWP. 17S, Range 29E  
Sec. 13, S $\frac{1}{2}$ ;  
Secs. 23 to 26, inclusive, all;  
TWP. 17S, Range 30E  
Sec. 18, all  
Sec. 19, all  
Sec. 30, all

SECTION C. The following wells are now being used as in-put wells and are capable of producing the top unit allowable:

Grayburg-U.S. 9B, NWSE Sec. 26, Twp. 17S, R.29E.

Western-U.S. 12C, SWNE Sec. 26, 17S, 29E.

#### **IT IS THEREFORE ORDERED THAT:**

SECTION 1. The two in-put wells specifically described in the foregoing findings shall be permitted to produce lost allowables as top unit allowable wells from other wells in other proration units upon the same basic lease within said project. In addition thereto said wells shall be permitted in the same manner to make up back allowables from May 1, 1946, not to exceed the maximum back allowable rate currently prescribed by the Commission.

SECTION 2. Any other in-put well may be permitted by the Commission administratively through its authorized agent and without hearing to produce allowable lost in the use as an in-put well from other wells upon other proration units within the same basic lease. A satisfactory showing shall be made by the operator as to the rating of such in-put well as marginal or non-marginal immediately prior to the time it was first used as an in-put well for the purpose of determining the amount of allowable to which such in-put well may be entitled.

SECTION 3. Termination of the permission to take allowable lost by any in-put well from other wells upon the same basic lease shall be accomplished in the same manner as prescribed above for the obtaining of such permission.

SECTION 4. Application to produce allowable lost by any in-put well from other wells upon the same basic lease shall be by the operator upon Form C-102 in triplicate showing all pertinent data for the purpose herein as follows:

Description of the in-put well, the name and number of the basic lease, said in-put well's rating as marginal or non-marginal, the description of each well upon the same basic lease from which a part of the in-put well allowable is to be produced. When said C-102 is approved as herein indicated, it shall constitute the permit. Application to terminate such permit may be made in the same manner as far as pertinent to the purpose and when approved as herein indicated shall constitute the termination of such permit. Both the permit and the termination thereof must be effective as of the beginning of a proration month. When any such C-102 as mentioned in this section is thus approved the distribution thereof shall be as follows:

The Commission shall retain one copy at Santa Fe, New Mexico

One copy shall be transmitted to the operator.

One copy shall be transmitted to the Proration Office, Hobbs, New Mexico.

SECTION 5. When any in-put well is permitted to produce its allowable from other wells upon other proration units in the same basic lease, the operator shall send monthly to the Proration Office in time for inclusion in the proration schedule, a nomination showing the desired distribution of the in-put well allowable in even number of barrels to each of the other wells upon other proration units.

SECTION 6. The effective date of this order shall be July 1, 1946.

#### **Order No. 388**

Relating to Culbertson-Irwin Pressure Maintenance Project, issued July 25, 1941.

IT IS THEREFORE ORDERED:

1. That the portion of the Langlie Pool in Lea County, which is referred to in petitioner's petition, is hereby defined as including the following tracts of land, to-wit:

W $\frac{1}{2}$  of the W $\frac{1}{2}$ , Section 3, Township 25S, Range 37E, N.M.P.M.

2. That the proposed plan as set out in petitioner's petition shall hereafter be designated as the "Culbertson & Irwin — Liberty Royalties Lease Project in NE Langlie Area."

3. That the plan set forth in the petitioner's petition is hereby approved in its general aspects.

4. That the use of said well No. 3 as an in-put well for gas in accordance with the plan set out in the petitioner's petition is hereby authorized.

5. That so long as said well No. 3 shall be used as a gas in-put well in accordance with the proposals set out in the petitioner's petition, said well No. 3 is hereby authorized to produce its present production, as determined by official test, from wells Nos. 1 and 2, or either of them, as may be advisable; provided that said allowable for well No. 3 shall not at any time exceed the Langlie Pool unit top allowable for any particular month and provided further that the production of such allowable for said well No. 3, through said wells Nos. 1 and 2, or either of them, shall in no wise affect the allowable assigned to the latter two wells.

6. That this order shall become effective on the first day of the proration month succeeding the month during which the Commission is notified by the petitioner that the plan proposed in petitioner's petition is ready to go into operation and confirmation thereof by an authorized agent of the Commission.

#### **Order No. 340**

Relating to Langlie Unitized Repressuring Project, issued January 28, 1941.

IT IS THEREFORE ORDERED:

1. That that portion of the Langlie Pool in Lea County, New Mexico, which is referred to in Paragraph 1 of petitioners' petition, is hereby defined as including the following tracts of land, to-wit:

S $\frac{1}{2}$  of SW $\frac{1}{4}$  of Section 4; and the S $\frac{1}{2}$  of SE $\frac{1}{4}$  and the SE $\frac{1}{4}$  of SW $\frac{1}{4}$  of Section 5; and the E $\frac{1}{2}$  of the E $\frac{1}{2}$  of the NW $\frac{1}{4}$  of Section 8; and the W $\frac{1}{2}$  of Section 9, all in Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. That the proposed plan for conserving the reservoir energy in the said field as referred to in the petition and as incorporated in the "Langlie Area Unitization Agreement," shall hereafter be known as the Langlie Unitized Repressuring Project.

3. (a) That for the purpose of proration the total amount of oil now or hereafter allocated to the developed forty-acre units within the participating area shall be allocated to the participating area as a unit. In determining the total allocation in the participating unit as set out hereinbefore, those wells capable of producing the Langlie Pool top allowable upon the effective date of this order and those wells thereafter so capable, shall hereafter be considered as capable of producing the Langlie Pool current monthly top allowable throughout the life of the Project. The allowable for any marginal well shall not be decreased during the life of the Project, provided however, that in no event shall the allowable for such wells exceed the current top allowable for the Langlie Pool.

Any well used as an in-put well shall then and thereafter be given the top allowable for the Langlie Pool. The use of any in-put well shall first be approved by the regulatory body having jurisdiction in the instant case.

(b) That permissible back allowable accumulated in favor of all of the units in said area are similarly allocated to the unit as a whole, with similar permission to produce same from the wells best adapted for the purpose.

4. That this order shall become effective on the first day of the month succeeding the month in which the Secretary of the Interior shall approve said Langlie Unitized Repressuring Project.

#### **Order No. 779**

Relating to spacing in the Crossroads Pool, Lea County, issued July 27, 1948.

IT IS THEREFORE ORDERED:

SECTION 1. That the Mid-Continent, Sawyer No. 1 well, located in the center of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  section 27, is producing from the Devonian formation, a new common source of supply not heretofore discovered and produced in the State, and that the probable area for such production is as follows:

West half of section 26,  
All of section 27,  
East half of section 28,  
East half of section 33,  
All of section 34,  
West half of section 35,  
All in Township 9 South,  
Range 36 East,  
Lea County, New Mexico.

That this order is meant to cover all of the Devonian formation common source of supply productive in the Mid-Continent, Sawyer No. 1, located in the center of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  section 27, and any well drilled within, or outside the area spaced herein, to the same common source of supply as an extension thereof, shall be drilled on the pattern provided for herein.

SECTION 2. That 80-acre spacing and drilling units be established as hereinafter provided for the production of oil and gas from the Devonian formation underlying the area as hereinabove set forth.

SECTION 3. That each governmental quarter section be divided into two rectangular spacing units by a line drawn through such quarter section, all as shown on a plat attached hereto, and made a part hereof, and marked Exhibit "A," with the wells to be drilled, one in the center of the northeast quarter and one in the center of the southwest quarter of each quarter section, all as shown on Exhibit "A"; however, if surface conditions justify, locations may be made within a radius of 150 feet from the centers thereof, provided further, however, that the units within a quarter section, as established by this order as shown on Exhibit "A," may be changed by agreement of the operators within said quarter section upon proper showing to the Commission.

SECTION 4. That the allowable be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion to the assignable acreage of that unit as it bears to the normal one-half of a governmental quarter section.

SECTION 5. That the daily oil allowable of a normal unit of one-half of a quarter section assigned to the discovery well and all other wells hereafter drilled and produced in accordance with the terms of this order shall be the proportional factor of 6.75 times top allowable until such time as the Commission may issue such further and additional orders as may be deemed necessary.

SECTION 6. All rules, regulations and orders heretofore issued by this Commission which may conflict herewith are superseded, only with respect to Devonian formation production below 12,000 feet in the Crossroads Pool.

SECTION 7. That this order shall become effective on August 16, 1948.

SECTION 8. The Commission retains jurisdiction in this case for the purpose of issuing such further and additional orders as may be necessary to meet changed conditions, preclude inequities, and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon a public hearing, after notice as provided by law.

#### **Order No. 846**

Relating to spacing in the Hightower Pool, Lea County, issued November 18, 1949.

IT IS THEREFORE ORDERED:

1. That the Amerada-State BTB No. 1 well located in the center of NW $\frac{1}{4}$ NW $\frac{1}{4}$  of section 26, Township 12 south, Range 33 east, N.M.P.M., is producing oil from the Devonian formation, a newly discovered common source of supply not heretofore discovered and produced in New Mexico, and that the probable area for such production is as follows:

All of sections 22, 23, 26 and 27, in Township 12 south, Range 33 east, N.M.P.M.

(Hightower pool) Lea County, New Mexico.

2. That it is the intent of this order to cover all of the Devonian formation common source of supply within the area designated herein, and upon any regular additions to the Hightower pool which may from time to time be made, and that any well within said designated area to the same common source of supply shall be drilled on the pattern herein provided.

3. That 80-acre spacing and drilling units be established as hereinafter provided, for the production of oil and gas from the Devonian formation underlying the area as hereinabove described.

4. That each governmental quarter section be divided into two equal rectangular spacing units by a line drawn north-south through such quarter section, and with wells to be drilled in the center of the northwest and southeast forty acre tracts of each such spacing unit, with a tolerance of not in excess of 150 feet provided, however, that the units within may be changed by agreement of operators within any quarter section of the designated area upon proper showing before the Commission.

5. That allowable shall be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion that the acreage thereof bears to the 80-acre spacing unit — or one-half of a quarter section.

6. That the daily oil allowable for an 80-acre unit provided for herein shall be assigned to the Amerada-State BTB No. 1 well, the discovery well, located in the approximate center of NW $\frac{1}{4}$ NW $\frac{1}{4}$  of section 26, Township 12 south, Range 33 east, N.M.P.M., Lea County, New Mexico, and to all other wells hereafter drilled and produced in accordance with the provisions of this order based upon the proportional factor of 4.67 times the regular top allowable until such time as the Commission may issue such further and additional orders as may be deemed necessary herein.

7. All rules, regulations and orders heretofore issued by this Commission which may conflict herewith are superceded, only with respect to the Devonian formation production at the approximate depth of 10,090 ft.-10,200 ft. in the Hightower pool.

8. That this Order shall be in full force and effect from and after December 1, 1949.

9. That the Commission retains jurisdiction of this case for the purpose of issuing such further and additional orders as may seem necessary to meet changed conditions, preclude inequities and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon public hearing, after notice as provided by law.

LAWS OF 1949

CHAPTER 168

**AN ACT**

RELATING TO THE CONSERVATION OF OIL AND GAS, AND THE PROTECTION OF CORRELATIVE RIGHTS THEREIN; AMENDING CHAPTER 72 OF THE LAWS OF 1935, AS HERETOFORE AMENDED; DEFINING AND PROVIDING FOR THE PREVENTION OF WASTE OF OIL AND GAS; CREATING AN OIL CONSERVATION COMMISSION AND PRESCRIBING ITS POWERS AND DUTIES; DEFINING COMMON PURCHASERS AND REQUIRING THEM TO PURCHASE OIL AND GAS RATABLY AND WITHOUT DISCRIMINATION; PROVIDING PENALTIES; CREATING REMEDIES, INCLUDING HEARING AND REHEARING BEFORE THE COMMISSION AND COURT REVIEW DE NOVO; AND LEVYING A TAX ON OIL AND GAS FOR ENFORCEMENT OF THIS ACT.

Senate Bill No. 163; approved March 17, 1949.

*Be It Enacted by the Legislature of the State of New Mexico:*

Section 1. That Chapter 72 of the Laws of 1935, as amended by Chapter 193 of the Laws of 1937, and as further amended by Chapter 166 of the Laws of 1941, be, and the same hereby is amended to read as follows:

"Section 1. The production or handling of crude petroleum oil or natural gas of any type or in any form, or the handling of products thereof, in such manner or under such conditions or in such amounts as to constitute or result in waste is each hereby prohibited."

Section 2. As used in this act, the term "waste," in addition to its ordinary meaning, shall include:

(a) "Underground waste" as those words are generally understood in the oil and gas business, and in any event to embrace the inefficient, excessive, or improper, use or dissipation of the reservoir energy, including gas energy and water drive, of any pool, and the locating, spacing, drilling, equipping, operating, or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground storage of natural gas.

(b) "Surface waste" as those words are generally understood in the oil and gas business, and in any event to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of natural gas of any type or in any form or crude petroleum oil, or any product thereof, but including the loss or destruction, without beneficial use, resulting from evaporation, seepage, leakage or fire, especially such loss or destruction incident to or resulting from the manner of spacing, equipping, operating, or producing, well or wells, or incident to or resulting from the use of inefficient storage or from the production of crude petroleum oil or natural gas in excess of the reasonable market demand.

(c) The production of crude petroleum oil in this State in excess of the reasonable market demand for such crude petroleum oil. Such excess production causes or results in waste which is prohibited by this Act. The words "reasonable market demand," as used herein with respect to crude petroleum oil, shall be construed to mean the demand for such crude petroleum oil for reasonable current requirements for current consumption and use within or outside the State, together with the demand for such amounts as are reasonably necessary for building up or maintaining reasonable storage reserves of crude petroleum oil or the products thereof, or both such crude petroleum oil and products.

(d) The not-ratable purchase or taking of crude petroleum oil in this State. Such non-ratable taking and purchasing causes or results in waste, as defined in the subsections (a), (b), (c) of this section and causes waste by violating Section 12 (a) of this act.

(e) *The production in this State of natural gas from any gas well or wells, or from any gas pool, in excess of the reasonable market demand from such source for natural gas of the type produced or in excess of the capacity of gas transportation facilities for such type of natural gas. The words "reasonable market demand," as used herein with respect to natural gas, shall be construed to mean the demand for natural gas for reasonable current requirements, for current consumption and for use within or outside the State, together with the demand for such amounts as are necessary for building up or maintaining reasonable storage reserves of natural gas or products thereof, or both such natural gas and products.*

Section 3. There is hereby created an Oil Conservation Commission, hereinafter in this Act called the "Commission," to be composed of the Governor of this State, the Commissioner of Public Lands and the State Geologist; provided that the Governor may appoint some practical oil man, a resident of this State, to serve in the place and stead of the Governor as a member of said Commission. No salary or compensation shall be paid any member of the Commission for his services as a member thereof, but the actual and necessary expenses of the members of said Commission, incurred or expended in the performance of the duties imposed on said Commission, shall be paid out of the Oil Conservation Fund hereinafter created, provided that if the State Geologist shall hold any other State office his salary may be adjusted by the Governor, and such Geologist paid part of his salary out of

the Oil Conservation Fund. The term of office of each member of the Commission shall be concurrent with the office held by him, except that if the Governor shall appoint a practical oil man to serve in his place and stead, the term of office of the person so appointed shall expire with the term of the Governor by whom he shall have been appointed. The Commission shall organize by electing a chairman from its membership, and shall appoint a Secretary. Two members of the Commission shall constitute a quorum for all purposes. The Commission shall adopt a seal and such seal affixed to any paper signed by the secretary of the Commission shall be prima facie evidence of the due execution thereof. The Attorney General shall be the attorney for the Commission. Any member of the Commission, or the secretary thereof, or any employee of the Commission, shall have power to administer oaths to any witness in any hearing, investigation or proceeding contemplated by this Act or by any other law of this State relating to the conservation of oil or gas.

Section 4. The Commission shall have, and it is hereby given, jurisdiction and authority over all matters relating to the conservation of oil and gas in this State, and of the enforcement of all the provisions of this Act and of any other law of this State relating to the conservation of oil or gas. It shall have jurisdiction and control of and over all persons or things necessary or proper to enforce effectively the provisions of this Act or of any other law of this State relating to the conservation of oil or gas.

Section 5. The Commission shall prescribe its rules of order or procedure in hearing or other proceedings before it under this Act. Any notice required to be given under this Act or under any rule, regulation or order prescribed by the Commission shall be 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. Such notice shall issue in the name of "the State of New Mexico" and shall be signed by at least a majority of the members of the Commission or by the Secretary of the Commission, and the seal of the Commission shall be impressed thereon, and it shall specify the number and style of the case, and the time and place of hearing, shall briefly state the general nature of the order or orders, rule or rules, or regulation or regulations contemplated by the Commission on its own motion or sought in a proceeding brought before the Commission, the name of the petitioner, or applicant, and, unless the 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 that may be affected by such order, rule or regulation. Personal service thereof may be made by any agent of the Commission or by any person over the age of eighteen 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 such publication, as the case may be. Proof of service shall be the affidavit of the person making personal service, or of the publisher of the newspaper in which publication is had, as the case may be. All rules, regulations and orders made by the Commission shall be entered in full by the Secretary thereof in a book to be kept for such purpose by the Commission, which shall be a public record and open to inspection at all times during reasonable office hours. A copy of any such rule, regulation or order, certified by the Secretary of the Commission under the seal of the Commission, shall be received in evidence in all courts of the State with the same effect as the original.

Section 6. The Commission, or any member thereof, is hereby empowered to subpoena witnesses, to require their attendance and giving of testimony before it, and to require the production of books, papers, and records in any proceeding before the Commission. No person shall be excused from attending and testifying or from producing books, papers and records before the Commission, or from obedience to the subpoena of the said Commission, whether such subpoena be signed or issued by one or more of the members of the said Commission, in any hearing, investigation or proceeding held by or before the said Commission or in any cause or proceeding in any court by or against the said Commission, relative to matters within the jurisdiction of said Commission, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; provided that nothing herein contained shall be construed as requiring any person to produce any books, papers or records, or to testify in response to any inquiry not pertinent to some question lawfully before such Commission or court for determination. No natural person shall be subjected to criminal prosecution, or to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may be required to testify, or produce evidence, documentary or otherwise, before said Commission, or in obedience to its subpoena, or in any cause or proceeding, provided, that no person testifying shall be exempted from prosecution and punishment for perjury committed in so testifying.

Section 7. In case of failure or refusal on the part of any person to comply with any subpoena issued by said Commission or any member thereof, or on the refusal of any witness to testify or answer as to any matters regarding which he may be lawfully interrogated, any district court in this State, or any judge thereof, on application of said Commission, may issue an attachment for such person and compel him to comply with such subpoena and to attend before the Commission and produce such documents, and give his testimony upon such matters as may be lawfully required, and such court or judge shall have the power to punish for contempt as in case of disobedience of a like subpoena issued by or from such court, or a refusal to testify therein.

Section 8. If any person of whom an oath shall be required under the provisions of this act, or by any rule, regulation or order of the Commission, shall wilfully swear falsely in regard to any matter or thing respecting which such oath is required, or shall wilfully make any false report or affidavit required or authorized by the provisions of this act, or by any rule, regulation or order of the Commission, such person shall be deemed guilty of perjury and shall be punished by imprisonment in the State penitentiary for not more than five years nor less than six months.

Section 9. The Commission is hereby empowered, and it is its duty, to prevent the waste prohibited by this Act *and to protect correlative rights, as in this Act provided.* To that end, the Commission is empowered to make and enforce rules, regulations and orders, and to do whatever may be reasonably necessary to carry out the purposes of this Act, whether or not indicated or specified in any section hereof.

Section 10. Included in the power given to the Commission is the authority to collect data; to make investigations and inspections; to examine properties, leases, papers, books and records; to examine, check, test and gauge oil and gas wells, and tanks, plants, refineries, and all means and modes of transportation and equipment; to hold hearings; to provide for the keeping of records and the making of reports and for the checking of the accuracy thereof; to limit and prorate production of crude petroleum oil or natural gas, *or both, as in this act provided;* to require either generally or in particular areas certificates of clearance or tenders in connection with the transportation of crude petroleum oil *or natural gas* or any products thereof, or both such oil and products, *or both such natural gas and products.*

Apart from any authority, express or implied, elsewhere given to or existing in the Commission by virtue of this act or the statutes of this State, the Commission is hereby authorized to make rules, regulations and orders for the purposes and with respect to the subject matter stated herein, viz:

(1) To require dry or abandoned wells to be plugged in such way as to confine the crude petroleum oil, natural gas, *or water* in the strata in which they are found, and to prevent them from escaping into other strata; the Commission may require a bond of not to exceed Ten Thousand (\$10,000.00) Dollars conditioned for the performance of such regulations.

(2) To prevent crude petroleum oil, natural gas, *or water* from escaping from strata in which they are found into another stratum or other strata;

(3) To require reports showing locations of all oil *or gas* wells, and for the filling of logs and drilling records or reports;

(4) To prevent the drowning by water of any stratum or part thereof capable of producing oil or gas, or both oil and gas, in paying quantities, and to prevent the premature and irregular encroachment of water, or any other kind of water encroachment, which reduces or tends to reduce the total ultimate recovery of crude petroleum oil or gas, or both such oil and gas, from any pool;

(5) To prevent fires;

(6) To prevent "blow-outs" and "caving" in the sense that the conditions indicated by such terms are generally understood in the oil *and gas business;*

(7) To require wells to be drilled, operated and produced in such manner as to prevent injury to neighboring leases or properties;

(8) To identify the ownership of oil or gas producing leases, properties, wells, tanks, refineries, pipe lines, plants, structures, and all transportation equipment and facilities;

(9) To require the operation of wells with efficient gas-oil ratios and to fix such ratios;

(10) To fix the spacing of wells;

(11) *To determine whether a particular well or pool is a gas or oil well, or a gas or oil pool, as the case may be, and from time to time to classify and reclassify wells and pools accordingly;*

(12) *To determine the limits of any pool or pools producing crude petroleum oil or natural gas or both, and from time to time to redetermine such limits;*

(13) *To regulate the methods and devices employed for storage in this State of oil or natural gas or of any product, including the sub-surface storage of natural gas; or*

(14) *To permit the injection of natural gas or of any other substance into any pool in this state for the purpose of repressuring, cycling, pressure maintenance or secondary recovery operations.*

Section 11. Whenever, to prevent waste, the Commission limits the total amount of crude petroleum oil to be produced in this State, it shall allocate or distribute the allowable productions among the fields of the State. Such allocation or distribution among the fields of the State shall be made on a reasonable basis, giving, if reasonable under all the circumstances, to each pool with small wells of settled production an allowable production which will prevent a general premature abandonment of the wells in the field.

Section 12. (a) Whenever, to prevent waste, the total allowable production of *crude petroleum oil* for any field or pool in the state is fixed by the Commission is an amount less than that which the field or pool could produce if no restriction were imposed, the Commission shall prorate or distribute the allowable production among the producers in the field or pool, *upon a reasonable basis and recognizing correlative rights.*

(b) Crude petroleum oil produced within the allowable as fixed by the Commission shall herein be referred to as "legal oil" and crude petroleum oil produced in excess of such allowable shall be "illegal oil."

(c) Whenever, to prevent waste, the total allowable natural gas production from gas wells producing from any pool in this state is fixed by the Commission in an amount less than that which the pool could produce if no restrictions were imposed, the Commission shall allocate the allowable production among the gas wells in the pool delivering to a gas transportation facility upon a reasonable basis and recognizing correlative rights, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. In protecting correlative rights the Commission may give equitable consideration to acreage, pressure, open flow, porosity, permeability, deliverability and quality of the gas and to such other pertinent factors as may from time to time exist, and in so far as is practicable, shall prevent drainage between producing tracts in a pool which is not equalized by counter-drainage. In allocating production pursuant to the provisions of Section 12 (c) the Commission shall fix proration periods of not less than six months. It shall determine reasonable market demand and make allocations of production during each such period, upon notice and hearing, at least 30 days prior to the beginning of each proration period. In so far as is feasible and practicable, gas wells having an allowable in a pool shall be regularly produced in proportion to their allowables in effect for the current proration period. Without approval of the Commission or one of its duly authorized agents, no natural gas well or pool shall be allowed to produce natural gas in excess of the allowable assigned to such source during any proration period; Provided, that during an emergency affecting a gas transportation facility a gas well or pool having high deliverability into such facility under prevailing conditions may produce and deliver in excess of its allowable for the period of emergency, not exceeding ten days, without penalty. The Commission may order subsequent changes in allowables for wells and pools to make fair and reasonable adjustment for overage resulting from the emergency. The provisions of this subsection shall not apply to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the Commission.

(d) In fixing the allowable of a pool under Section 12 (c) herein, the Commission shall consider nominations of purchasers but shall not be bound thereby and shall so fix pool allowables as to prevent unreasonable discrimination between pools served by the same gas transportation facility by a purchaser purchasing in more than one pool.

(e) Natural gas produced from gas wells within the allowable as determined as provided in Section 12 (c) above shall herein be referred to as "legal gas," and natural gas produced in excess of such allowable shall be "illegal gas."

Section 13 (a) The rules, regulations or orders of the Commission shall, so far as it is practicable to do so, afford to the owner of each property in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as such can be practicably obtained without waste, substantially in the proportion that the quantity of the recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas or both in the pool, and for this purpose to use his just and equitable share of the reservoir energy.

(b) No owner of a property in a pool shall be required by the Commission, directly or indirectly, to drill more wells than are reasonably necessary to secure his proportionate part of the production. To avoid the drilling of unnecessary wells a proration unit for each pool may be fixed, such being the area which may be efficiently and economically drained and developed by one well. The drilling of unnecessary wells creates fire and other hazards conducive to waste, and unnecessarily increases the production cost of oil or gas or both to the operator, and thus also unnecessarily increases the cost of the products to the ultimate consumer.

(c) The pooling of properties or parts thereof shall be permitted, and, if not agreed upon, may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of a uniform spacing plan or proration unit, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum or natural gas, or both, in the pool; provided, that the owner of any tract that is smaller than the drilling unit established for the field, shall not be deprived of the right to drill on and produce from such tract, if same can be done without waste; but in such case, the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in ratio of the area of such tract to the area of a full unit. All orders requiring such pooling shall be upon terms and conditions that are just and reasonable, and will afford to the owner of each tract in the pool the opportunity to recover or receive his just and equitable share of the oil or gas, or both, in the pool as above provided, so far as may be practicably recovered without waste. In the event such pooling is required, the costs of development and operation of the pooled unit shall be limited to the lowest actual expenditures required for such purpose including a reasonable charge for supervision; and in case of any dispute as to such costs, the Commission shall determine the proper costs.

(d) Minimum allowable for some wells may be advisable from time to time, especially with respect to wells already drilled when this act takes effect, to the end that the production will repay reasonable lifting cost and thus prevent premature abandonment and resulting waste.

(e) Whenever it appears that the owners in any pool have agreed upon a plan for the spacing of wells, or upon a plan or method of distribution of any allowable fixed by the Commission for the pool, or upon any other plan for the development or operation of such pool, which plan, in the judgment of the Commission, has the effect of preventing waste as prohibited by this act and is fair to the royalty owners in such pool, then such plan

shall be adopted by the Commission with respect to such pool; however, the Commission, upon hearing and after notice, may subsequently modify any such plan to the extent necessary to prevent waste as prohibited by this act.

(f) After the effective date of any rule, regulation or order fixing the allowable production, no person shall produce more than the allowable production applicable to him, his wells, leases or properties *determined as in this act provided*, and the allowable production shall be produced in accordance with the applicable rules, regulations or orders.

**Section 14 (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 the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity of, 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 or in favor of the 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 produced 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 field of the state; the question of the justice or reasonableness to be determined by the Commission, taking into consideration the production and age of wells in the respective fields and all other factors. It is the intent of this act 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) It shall be the duty of the Commission to enforce the provisions of this act, and it shall have the power, after notice and hearing as provided in Section 15 of Chapter 72 of the Session Laws of New Mexico, 1935, to make rules, regulations and orders defining the distance that extension of the pipe line system shall be made to all wells not served; Provided that no such authorization or order shall be made unless the Commission finds as to such extension that it is reasonably required and economically justified, or as to such extension of facilities that the expenditures involved therein, and the expense incident thereto, is justified in relation to the volume of oil available for transportation through said extension; and such other rules, regulations and orders as may be necessary to carry out the provisions of this act, and in making such rules, regulations and orders, the Commission shall give due consideration to the economic factors involved. The Commission shall have authority to relieve such common purchaser, after due notice and hearing as herein provided, from the duty of purchasing crude petroleum oil of inferior quality or grade or that is not reasonably suitable for the requirements of such common purchaser.

(d) *Any person now or hereafter engaged in purchasing from one or more producers gas produced from gas wells shall be a common purchaser thereof within each common source of supply from which it purchases, and as such it shall purchase gas lawfully produced from gas wells with which its gas transportation facilities are connected in the pool and other gas lawfully produced within the pool and tendered to a point on its gas transportation facilities. Such purchases shall be made without unreasonable discrimination in favor of one producer against another in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells. In the event any such person is likewise a producer, he is prohibited to the same extent from discriminating in favor of himself on production from gas wells in which he has an interest, direct or indirect, as against other production from gas wells in the same pool. For the purposes of this act reasonable differences in prices paid or facilities afforded, or both, shall not constitute unreasonable discrimination if such differences bear a fair relationship to differences in quality, quantity or pressure of the gas available or to the relative lengths of time during which such gas will be available to the purchaser. The provisions of this subsection shall not apply (1) to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the Commission, (2) to purchases of casinghead gas from oil wells, and (3) to persons purchasing gas principally for use in the recovery of production of oil or gas.*

(e) *Any common purchaser taking gas produced from gas wells from a common source of supply shall take ratably under such rules, regulations and orders, concerning quantity, as may be promulgated by the Commission consistent with this act. The Commission, in promulgating such rules, regulations and orders may consider the quality and the deliverability of the gas, the pressure of the gas at the point of delivery, acreage attributable to the well, market requirements in the case of unprorated pools, and other pertinent factors.*

(f) *Nothing in this act shall be construed or applied to require, directly or indirectly, any person to purchase gas of a quality or under a pressure or under any other condition by reason of which such gas cannot be economically and satisfactorily used by such purchaser by means of his gas transportation facilities then in service.*

**Section 15 (a)** The sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of crude petroleum oil or natural gas in whole or in part produced in excess of the amount

allowed by any statute of this state, or by any provision of this act, or by any rule, regulation or order of the Commission made thereunder, is hereby prohibited, and such oil or commodity is hereby referred to as "illegal oil" or "illegal gas," as the case may be.

(b) The sale or purchase or acquisition, or the transportation, refining, processing or the handling in any other way, of any product of crude petroleum or any product of natural gas, which product is derived in whole or in part from crude petroleum oil or natural gas produced in whole or in part in excess of the amount allowed by any statute of this state, or by any provisions of this act, or by any rule, regulation or order of the Commission made thereunder, is hereby prohibited, and each such commodity or product is herein referred to as "illegal oil product," or "illegal gas product" to distinguish it from "legal gas product."

Section 16 (a) The Commission is specifically authorized and directed to make such rules, regulations and orders, and may provide for such certificates of clearance or tenders, as may be necessary to make effective the prohibitions contained in Section 15.

(b) Unless and until the Commission provides for certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product, or illegal gas or illegal gas product, no penalty shall be imposed for the sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of illegal oil or illegal oil product, or illegal gas or illegal gas product, except under circumstances stated in the succeeding provisions of this paragraph. Penalties shall be imposed for the commission of each transaction prohibited in Section 15 when the person committing the same knows that illegal oil or illegal oil product, or illegal gas or illegal gas product, is involved in such transaction, or when such person could have known or determined such fact by the exercise of reasonable diligence or from facts within his knowledge. However, regardless of lack of actual notice or knowledge, penalties as provided in this act shall apply to any sale or purchase or acquisition, and to the transportation, refining, processing, or handling in any other way, of illegal oil or illegal oil product, or illegal gas or illegal gas product where administrative provision is made for identifying the character of the commodity as to its legality. It shall likewise be a violation for which penalties shall be imposed for any person to sell or purchase or acquire, or to transport, refine, process, or handle in any way crude petroleum oil or natural gas or any product thereof without complying with the rule, regulation or order of the Commission relating thereto.

Section 17. Except as provided for herein, before any rule, regulation or order, including revocation, change, renewal or extension thereof, shall be made under the provisions of this act, a public hearing shall be held at such time, place and manner as may be prescribed by the Commission. The Commission shall first give reasonable notice of such hearing (in no case less than ten days, except in an emergency) and at any such hearing any person having an interest in the subject matter of the hearing shall be entitled to be heard. 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. The emergency rule, regulation or order permitted by this section shall remain in force no longer than fifteen 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 become effective.

Section 18. The reports, estimates, findings of fact, or similar documents or findings of the United States Bureau of Mines, or of any other department or agency of the United States Government, or of any bureau or agency under an interstate compact to which the State of New Mexico is a party made with respect to the reasonable market demand for crude petroleum oil, may be considered by the Commission or by any court and taken as being prima facie correct.

Section 19. (a) Within twenty (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 ten (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.

(b) Any party to such rehearing proceeding, dissatisfied with the disposition of the application for rehearing, may appeal therefrom to the District Court of the county wherein is located any property of such party affected by the decision, by filing a petition for the review of the action of the Commission within twenty (20) days after the entry of the order following rehearing or after the refusal or rehearing as the case may be. Such petition shall state briefly the nature of the proceedings before the Commission and shall set forth the order or decision of the Commission complained of and the grounds of invalidity thereof upon which the applicant will rely; provided, however, that the questions reviewed on appeal shall be only questions presented to the Commission by the application for rehearing. Notice of such appeal shall be served upon the adverse party or parties and the Commission in the manner provided for the service of summons in civil proceedings. The trial upon appeal shall be de novo, without a jury, and the transcript of proceedings before the Commission, including the evidence taken in hearings by the Commission, shall be received in evidence by the court in whole or in part upon offer by either party, subject to legal objections to evidence, in the same manner as if such evidence was originally offered in the District Court. The Commission action complained of shall be prima facie valid and the burden shall be upon the

party or parties seeking review to establish the invalidity of such action of the Commission. The Court shall determine the issues of fact and of law and shall, upon a preponderance of the evidence introduced before the Court, which may include evidence in addition to the transcript of proceedings before the Commission, and the law applicable thereto, enter its order either affirming, modifying, or vacating the order of the Commission. In the event the Court shall modify or vacate the order or decision of the Commission, it shall enter such order in lieu thereof as it may determine to be proper. Appeals may be taken from the judgment or decision of the District Court to the Supreme Court in the same manner as provided for appeals from any other final judgment entered by a District Court in this State. The trial of such application for relief from action of the Commission and the hearing of any appeal to the Supreme Court from the action of the District Court shall be expedited to the fullest possible extent.

(c) The pendency of proceedings to review shall not of itself stay or suspend operation of the order or decision being reviewed, but during the pendency of such proceedings, the District Court in its discretion may, upon its own motion or upon proper application of any party thereto, stay or suspend, in whole or in part, operation of said order or decision pending review thereof, on such terms as the court deems just and proper and in accordance with the practice of courts exercising equity jurisdiction; provided, that the court, as a condition to any such staying or suspension of operation of any order or decision, may require that one or more parties secure, in such form and amount as the court may deem just and proper, one or more other parties against loss or damage due to the staying or suspension of the Commission's order or decision, in the event that the action of the Commission shall be affirmed.

(d) The applicable rules of practice and procedure in civil cases for the courts of this state shall govern the proceedings for review, and any appeal therefrom to the Supreme Court of this state, to the extent such rules are consistent with provisions of this act.

Section 20 (a) No temporary restraining order or injunction of any kind shall be granted against the Commission or the members thereof, or against the Attorney General, or against any agent, employee or representative of the Commission, restraining the Commission, or any of its members, or any of its agents, employees or representatives, or the Attorney General, from enforcing any statute of this state relating to conservation of oil or gas, or any of the provisions of this act, or any rule, regulation or order made thereunder, except after due notice to the members of the Commission, and to all other defendants, and after a hearing at which it shall be clearly shown to the court that the act done or threatened is without sanction of law, or that the provision of this act, or the rule, regulation or order complained of, is invalid, and that, if enforced against the complaining party, will cause an irreparable injury. With respect to an order or decree granting temporary injunctive relief, the nature and extent of the probable invalidity of the statute, or of any provision of this Act, or of any rule, regulation or order thereunder involved in such suit, must be recited in the order or decree granting the temporary relief, as well as a clear statement of the probable damage relied upon by the court as justifying temporary injunctive relief.

(b) No temporary injunction of any kind, including a temporary restraining order against the Commission or the members thereof, or its agents, employees or representatives, or the Attorney General, shall become effective until the plaintiff shall execute a bond to the State with sufficient surety in an amount to be fixed by the court reasonably sufficient to indemnify all persons who may suffer damage by reason of the violation pendente lite by the complaining party of the statute or the provisions of this act or of any rule, regulation or order complained of. Any person so suffering damage may bring suit thereon before the expiration of six months after the statute, provision, rule, regulation or order complained of shall be finally held to be valid, in whole or in part, or such suit against the Commission, or the members thereof, shall be finally dismissed. Such bond shall be approved by the judge of the court in which the suit is pending, and shall be for the use and benefit of all persons who may suffer damage by reason of the violation pendente lite of the statute, provision, rule, regulation or order complained of in such suit, and who may bring suit within the time prescribed by this section; and such bond shall be so conditioned. From time to time, on motion and with notice to the parties, the court may increase or decrease the amount of the bond and may require new or additional sureties, as the facts may warrant.

Section 21. Whenever it shall appear that any person is violating, or threatening to violate, any statute of this State with respect to the conservation of oil and gas, or both, or any provision of this act, or any rule, regulation or order made thereunder, the Commission, through the Attorney General, shall bring suit against such person in the county of the residence of the defendant, or in the county of the residence of any defendant if there be more than one defendant, or in the county where the violation is alleged to have occurred, for penalties, if any are applicable, and to restrain such person from continuing such violation or from carrying out the threat of violation. In such suit the Commission may obtain injunctions, prohibitory and mandatory, including temporary restraining orders and temporary injunctions, as the facts may warrant, including when appropriate, an injunction restraining any person from moving or disposing of illegal oil or illegal oil product, or illegal gas or illegal gas product, and any or all such commodities, or funds derived from the sale thereof, may be ordered to be impounded or placed under the control of an agent appointed by the court if, in the judgment of the court, such action is advisable.

Section 22. Nothing in this act contained or authorized, and no suit by or against the Commission, and no penalties imposed or claimed against any person for violating any statute of this state with respect to conservation of oil and gas, or any provision of this act, or any rule, regulation or order issued thereunder, shall impair or abridge or delay any cause of action for damages which any person may have or assert against any person violating any statute of this state with respect to conservation of oil and gas, or any provision of this act, or any rule, regulation or order issued thereunder. Any person so damaged by the violation may sue for and recover such damages as he may be entitled

to receive. In the event the Commission should fail to bring suit to enjoin any actual or threatened violation of any statute of this state with respect to the conservation of oil and gas, or of any provision of this act, or of any rule, regulation or order made thereunder, then any person or party in interest adversely affected by such violation, and who has notified the Commission in writing of such violation or threat thereof and has requested the Commission to sue, may, to prevent any or further violation, bring suit for that purpose in the District Court of any county in which the Commission could have brought suit. If, in such suit, the court holds that injunctive relief should be granted, then the Commission shall be made a part and shall be substituted for the person who brought the suit, and the injunction shall be issued as if the Commission had at all times been the complaining party.

Section 23. The violation by any person of an order of the court relating to the operation of a well or wells, or of a pipe line or other transportation, equipment or facility, or of a refinery, or of a plant of any kind, shall be sufficient ground for the appointment of a receiver with power to conduct operations in accordance with the order of the court.

Section 24. Any person who, for the purpose of evading this act, or of evading any rule, regulation or order made hereunder, shall *knowingly and wilfully* make or cause to be made any false entry or statement of fact in any report required to be made by this act or by any rule, regulation or order made hereunder; or who, for such purpose, shall make or cause to be made any false entry in any account, record or memorandum kept by any person in connection with the provisions of this act or of any rule, regulation or order made thereunder; or who, for such purpose, shall omit to make, or cause to be omitted, full, true and correct entries in such accounts, records or memoranda, of all facts and transactions pertaining to the interest or activities in the petroleum industry of such person as may be required by the Commission under authority given in this act or by any rule, regulation or order made hereunder; or who, for such purpose, shall remove out of the jurisdiction of the state, or who shall mutilate, alter, or by any other means falsify, any book, record, or other paper pertaining to the transactions regulated by this act or by any rule, regulation or order made hereunder; — shall be deemed guilty of a felony and shall be subject, upon conviction in any court of competent jurisdiction, to a fine of not more than One Thousand (\$1,000.00) Dollars, or imprisonment for a term of not more than three years, or to both such fine and imprisonment.

(b) Any person who *knowingly and wilfully* violates any provision of this act or any rule, regulation or order of the Commission made hereunder, shall, in the event a penalty for such violation is not otherwise provided for herein, be subject to a penalty of not to exceed One Thousand (\$1,000.00) Dollars a day for each and every day of such violation, and for each and every act of violation, such penalty to be recovered in a suit in the District Court of the county where the defendant resides, or in the county of the residence of any defendant if there be more than one defendant, or in the District Court of the county where the violation took place. The place of suit shall be selected by the Commission, and such suit, by direction of the Commission, shall be instituted and conducted in the name of the Commission by the Attorney General or under his direction by the district attorney of the county where the suit is instituted. The payment of any penalty as provided for herein shall not have the effect of changing illegal oil or illegal gas into legal oil or legal gas, or illegal oil or illegal gas product into legal oil or legal gas product, nor shall such payment have the effect of authorizing the sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of such illegal oil or illegal gas, or illegal oil or illegal gas product, but to the contrary penalty shall be imposed for each prohibited transaction relating to such illegal oil or illegal gas or illegal oil or illegal gas product.

(c) Any person *knowingly and wilfully* aiding or abetting any other person in the violation of any statute of this State relating to the conservation of oil and gas, or the violation of any provision of this act, or any rule, regulation or order made thereunder, shall be subject to the same penalties as are prescribed herein for the violation by such other person.

Section 25 (a) Apart from, and in addition to, any other remedy or procedure which may be available to the Commission, or any penalty which may be sought against or imposed upon any person, with respect to violations relating to illegal oil or illegal gas or illegal oil or illegal gas product shall, except under such circumstances as are stated herein, be contraband and shall be seized and sold, and the proceeds applied as herein provided. Such sale shall not take place unless the court shall find in the proceeding provided in this paragraph, that the owner of such illegal oil or illegal gas or illegal oil or illegal gas product is liable or in some proceeding authorized by this act, such owner has already been held to be liable, for penalty for having produced such illegal oil or illegal gas, or for having purchased or acquired such illegal oil or illegal gas or illegal oil or illegal gas product. Whenever the Commission believes that illegal oil or illegal gas or illegal oil or illegal gas product is subject to seizure and sale, as provided herein, it shall, through the Attorney General, bring a civil action in rem for that purpose in the District Court of the county where the commodity is found, or the action may be maintained in connection with any suit or cross-action for injunction or for penalty relating to any prohibited transaction involving such illegal oil or illegal gas or illegal oil or illegal gas product.

Notice of the action in rem shall be given in conformity with the law or rule applicable to such proceeding. Any person or party in interest who may show himself to be adversely affected by any such seizure and sale shall have the right to intervene in said suit to protect his rights.

(b) Whenever the pleading with respect to the forfeiture of illegal oil or illegal gas or illegal oil or illegal gas product shows ground for seizure and sale, and such pleading is verified or is supported by affidavit or affidavits, or by testimony under oath, the court shall order such commodity to be impounded or placed under the control, actual or constructive, of the court through an agent appointed by the court.

(c) The judgment effecting the forfeiture shall provide that the commodity be seized, if not already under the control of the court, and that a sale be had in similar manner and with similar notice as provided by law or rule with respect to the sale of personal property under execution; provided, however, the court may order that the commodity be sold in specified lots or portions, and at specified intervals, instead of being sold at one time. Title to the amount sold shall pass as of the date of the seizure. The judgment shall provide for payment of the proceeds of the sale into the Common School Fund, after first deducting the costs in connection with the proceedings and the sale. The amount sold shall be treated as legal oil or legal gas or legal oil or legal gas product, as the case may be, in the hands of the purchaser, but the purchaser and the commodity shall be subject to all applicable laws and rules, regulations and orders with respect to further sale or purchase or acquisition, and with respect to the transportation, refining, processing, or handling in any other way, of the commodity purchased.

(d) Nothing in this section shall deny or abridge any cause of action a royalty owner, or any lien holder, or any other claimant, may have, because of the forfeiture of the illegal oil or illegal gas or illegal oil or illegal gas product, against the person whose act resulted in such forfeiture.

Section 26. Unless the context otherwise requires, the words defined in this section shall have the following meaning when found in this act, to-wit:

(a) "Person" means any natural person, corporation, association, partnership, receiver, trustee, guardian, executor, administrator and a fiduciary of any kind.

(b) "Pool" means an underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein. *"Pool" is synonymous with "common source of supply" and with "common reservoir."*

(c) "Field" means the general area which is underlaid or appears to be underlaid by at least one pool; and "field" also includes the underground reservoir or reservoirs containing such crude petroleum oil or natural gas, or both. The words "field" and "pool" means the same thing when only one underground reservoir is involved; however, "field" unlike "pool" may relate to two or more pools.

(d) "Product" means any commodity or thing made or manufactured from crude petroleum oil or natural gas, and all derivatives of crude petroleum oil or natural gas, including refined crude oil, crude tops, topped crude, processed crude petroleum, residue from crude petroleum, cracking stock, uncracked fuel oil, treated crude oil, fuel oil, residuum, gas oil, naphtha, distillate, gasoline, kerosene, benzine, wash oil, waste oil, lubricating oil, and blends or mixtures of crude petroleum oil or natural gas or any derivative thereof.

(e) "Owner" means the person who has the right to drill into and to produce from any pool, and to appropriate the production either for himself or for himself and another.

(f) "Producer" means the owner of well or wells capable of producing oil or natural gas or both in paying quantities.

(g) *"Gas transportation facility" means a pipe line in operation serving gas wells for the transportation of natural gas, or some other device or equipment in like operation whereby natural gas produced from gas wells connected therewith can be transported or used for consumption.*

(h) *"Correlative rights" means the opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce without waste his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for such purpose to use his just and equitable share of the reservoir energy.*

Section 27. There is hereby levied a tax on one-eighth of one per cent on the proceeds of all oil and gas produced in this State, except royalties payable to the United States or to this State. Such tax shall be reported and collected at the same time and in the same manner as the emergency school tax now, or hereafter provided by law, is returned and collected. Such tax when collected shall be paid to the State Treasurer and by him covered into a fund designated as the Oil Conservation Fund. Such fund, or so much thereof as may be necessary, is hereby appropriated to the Oil Conservation Commission to be by it expended in the enforcement of this act. The Commission is hereby authorized, within the limits of the fund available, to employ a secretary and such other employees and agents as may be necessary to enforce the provisions of this act.

Section 28. The Oil Conservation Commission is hereby vested with the authority and duty of regulation and conserving the production of and preventing waste of carbon dioxide gas within this state in the same manner, in so far as is practicable as it regulates, conserves and prevents waste of natural or hydrocarbon gas. The provisions of this act relating to gas or natural gas shall also apply to carbon dioxide gas in so far as the same are applicable. "Carbon dioxide gas" as used herein shall mean non-combustible gas composed chiefly of carbon dioxide occurring naturally in underground rocks.

Section 29. If any part or parts of this act be held to be unconstitutional, such unconstitutionality shall not affect the validity of the remaining portions of this act. The legislature hereby declares that it would have passed the remaining parts of this act if it had known that such part or parts thereof would be declared unconstitutional.



# NEW MEXICO OIL CONSERVATION COMMISSION

**GOVERNOR THOMAS J. MABRY, Chairman**

Executive Office, State Capitol Building  
Santa Fe, New Mexico  
Telephone: 2260

**LAND COMMISSIONER GUY SHEPARD, Member**

State Land Office, P. O. Box 791  
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**STATE GEOLOGIST R. R. SPURRIER, Secretary & Director**

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## FIELD PERSONNEL

### District I

**ROY O. YARBROUGH, Oil & Gas Inspector**

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Telephone: 559

### Districts I & II

**ROBERT S. BLYMM, Engineer & Deputy**

P. O. Box 1545, Hobbs, New Mexico  
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### District II

**JUSTIN P. NEWMAN, Oil & Gas Inspector & Scout**

205 Booker Building, Artesia, New Mexico  
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### District III

**AL GREER, Oil & Gas Inspector**

P. O. Box 337  
Aztec, New Mexico

### District IV

**R. R. SPURRIER, Director, Oil Conservation Comm.**

**F. C. BARNES, Geologist**

**E. A. Utz, Gas Engineer**

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

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

CASE NO. 189  
ORDER NO. 850

**RULES AND REGULATIONS**

**ORDER OF THE COMMISSION**

BY THE COMMISSION:

After due notice and hearings in Santa Fe, New Mexico, on September 7, 1949, and November 1, 1949, the Commission finds that certain rules, regulations and orders should be adopted and others repealed.

IT IS THEREFORE ORDERED:

1. All rules, regulations and orders heretofore issued by the Commission are repealed and rescinded, effective January 1, 1950, except the following orders which are of a special nature and are not of statewide application, they being:

- a. All orders heretofore issued granting permission for specific unorthodox locations.
- b. Orders relating to approval of unit agreements No. 570, 583, 603, 602, 628, 629, 648, 655, 656, 676, 677, 684, 706, 717, 731, 737, 755, 759, 772, 774, 786, 794, 796, 836.
- c. Orders relating to Carbon Black Plants No. 650, 651, 724, 806.
- d. Orders relating to spacing in the Fulcher Basin Pool No. 541, 647, 748, 815.
- e. Orders relating to specific five (5) spot locations No. 733, 819, 826, 821, 828, 844.
- f. Order No. 799 relating to spacing in the Blanco Pool.
- g. Orders relating to specified pressure maintenance projects as follows:
  - (1) Loco Hills Pressure Maintenance Association, 339, 484, 498, 540, 562.
  - (2) Maljamar Cooperative Repressuring Agreement, 485, 495, 736, 793.
  - (3) Grayburg Unit Association, 659, 791, 802.
  - (4) Culbertson-Irwin Pressure Maintenance Project, 388.
  - (5) Langlie Unitized Pressuring Project, 340.
- h. Orders relating to pooling of interests in specified leases, No. 739, 780.
- i. Order No. 795 relating to a specific tank battery.
- j. Orders relating to dual completions on specified wells, No. 740, 750, 801, 810, 816, 829, 838.
- k. Order No. 831 rescinding the bonus discovery allowable.
- l. Order No. 779 relating to 80-acre spacing in the Crossroads Pool.
- m. Section 2 of Order No. 835, relating to gas-oil ratios.
- n. Order 846, establishing 80-acre spacing in Bagley-Hightower Pool.
- o. Order 33, relating to the proration plan for Monument Pool, Lea County, New Mexico.
- p. Order 398, relating to proration plan for Hobbs Pool.
- q. Orders No. 66 and 67, relating to carbon dioxide.

2. This order shall not affect in any way the validity of any statewide proration order heretofore issued.

3. An exception from the rules and regulations hereby adopted is granted until March 31, 1950, as to all presently existing oil and gas wells that have been in the past and are presently operated or the products thereof utilized in a manner differing from the requirements herein, but in compliance with former rules and regulations. If during said period the operator of any such well files with the Commission an application for a permanent exception for such well from the requirements of these rules and regulations, the temporary exception herein granted shall continue in force until the Commission has acted on such application.

4. The following rules and regulations are hereby adopted, effective January 1, 1950.  
DONE at Santa Fe, New Mexico, on this 9th day of December, 1949.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPURRIER, SECRETARY

## A — DEFINITIONS

1. **Adjustable Allowable** shall mean the allowable production a well or proration unit receives after all adjustments are made.
2. **Allocated Pool** is one in which the total oil or natural gas production is restricted and allocated to various wells therein in accordance with proration schedules.
3. **Allowable Production** shall mean that number of barrels of oil or standard cubic feet of natural gas authorized by the Commission to be produced from an allocated pool.
4. **Back Allowable** shall mean the authorized accumulative under production or shortage for a given proration unit.
5. **Barrel** shall mean 42 United States Gallons measured at 60 degrees Fahrenheit and atmospheric pressure at the sea level.
6. **Barrel of Oil** shall mean 42 United States gallons of oil, after deductions for the full amount of basic sediment, water, and other impurities present, ascertained by centrifugal or other recognized and customary test.
7. **Bottom Hole or Subsurface Pressure** shall mean the gauge pressure in pounds per square inch under conditions existing at or near the producing horizon.
8. **Bradenhead Gas Well** shall mean any well producing gas through wellhead connections from a gas reservoir which has been successfully cased off from an underlying oil or gas reservoir.
9. **Carbon Dioxide Gas** shall mean noncombustible gas composed chiefly of carbon dioxide occurring naturally in underground rocks.
10. **Casinghead Gas** shall mean any gas or vapor or both gas and vapor indigenous to and produced from a pool classified as an oil pool by the Commission. This also includes gas-cap gas produced from such an oil pool.
11. **Commission** shall mean the Oil Conservation Commission created by Section 3, Chapter 168, Session Laws 1949.
12. **Common Purchaser for Natural Gas** shall mean any person now or hereafter engaged in purchasing from one or more producers gas produced from gas wells within each common source of supply from which it purchases (See: Sec. 14 (d), Chap. 168, Session Laws 1949).
13. **Common Purchaser for Oil** shall mean every person now engaged or hereafter engaging in the business of purchasing oil to be transported through pipe lines (See Sec. 14(a), Session Laws 1949),
14. **Common Source of Supply** see Pool.
15. **Condensate** shall mean the liquid recovered at the surface that results from condensation due to reduced pressure or temperature of petroleum hydrocarbons existing in a gaseous phase in the reservoir.
16. **Correlative Rights** shall mean the opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce without waste his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for such purpose to use his just and equitable share of the reservoir energy (See: Sec. 26(h), Chap. 168, 1949 Session Laws).
17. **Cubic Foot of Gas or Standard Cubic Foot of Gas**, for the purposes of these rules, shall mean that volume of gas contained in one cubic foot of space and computed at a base pressure of 10 ounces per square inch above the average barometric pressure of 14.4 pounds per square inch (15.025 psia), at a standard base temperature of 80 degrees Fahrenheit.
18. **Deep Pool** shall mean a common source of supply which is situated 5000 ft. or more below the surface.
19. **Field** means the general area which is underlaid or appears to be underlaid by at least one pool; and **field** also includes the underground reservoir or reservoirs containing such crude petroleum oil or natural gas, or both. The words **field** and **pool** mean the same thing when only one underground reservoir is involved; however, **field** unlike **pool** may relate to two or more pools (See: Sec. 26, Chap. 168, 1949 Session Laws).

20. **Gas Lift** shall mean any method of lifting liquid to the surface by injecting gas into a well from which oil production is obtained.
21. **Gas-Oil Ratio** shall mean the ratio of the casinghead gas produced in standard cubic feet to the number of barrels of oil concurrently produced during any stated period.
22. **Gas-Oil Ratio Adjustment** shall mean the reduction in allowable of a high gas-oil ratio unit to conform with the production permitted by the limiting gas-oil ratio for that particular pool during a particular proration period.
23. **Gas Transportation Facility** shall mean a pipe line in operation serving gas wells for the transportation of natural gas, or some other device or equipment in like operation whereby natural gas produced from gas wells connected therewith can be transported or used for consumption (See: Sec. 26(g), Chap. 168, 1949 Session Laws).
24. **Gas Well** shall mean a well producing gas or natural gas from a common source of gas supply as determined by the Commission.
25. **High Gas-Oil Ratio Proration Unit** shall mean a unit with at least one producing oil well with a gas-oil ratio in excess of the limiting gas-oil ratio for the pool in which the unit is located.
26. **Illegal Gas** shall mean natural gas produced from a gas well in excess of the allowable determined by the Commission (See: Sec. 15 (a), Chap. 168, 1949 Session Laws).
27. **Illegal Oil** shall mean crude petroleum oil produced in excess of the allowable as fixed by the Commission (See: Sec. 15 (a), Chap. 168, 1949 Session Laws).
28. **Illegal Product** shall mean any product of illegal gas or illegal oil (See: Sec. 15 (b), Chap. 168, 1949 Session Laws).
29. **Injection or Input Well** shall mean any well used for the injection of air, gas, water, or other fluids into any underground stratum.
30. **Limiting Gas-Oil Ratio** shall mean the gas-oil ratio assigned by the Commission to a particular oil pool to limit the volumes of casinghead gas which may be produced from the various oil producing units within that particular pool.
31. **Log or Well Log** shall mean a systematic detailed and correct record of formations encountered in the drilling of a well.
32. **Marginal Unit** shall mean a proration unit that will not produce at a rate equal to the top unit allowable for the proration period for the pool.
33. **Minimum Allowable** shall mean the minimum amount of production from an oil or gas well which may be advisable from time to time to the end that production will repay reasonable lifting cost and thus prevent premature abandonment and resulting waste.
34. **Multiple Completion** shall mean the completion of any well so as to permit the production from more than one common source of supply with the production from each common source of supply completely segregated.
35. **Natural Gas or Gas** shall mean any combustible vapor composed chiefly of hydrocarbons occurring naturally in a pool classified by the Commission as a gas pool.
36. **Non-Marginal Unit** shall mean a proration unit that will produce at a rate equal to the top unit allowable for the proration period for the pool.
37. **Official Gas-Oil Ratio Test** shall mean the periodic gas-oil ratio test made by order of the Commission and by such method and means and in such manner as prescribed by the Commission.
38. **Oil, Crude Oil, or Crude Petroleum Oil** shall mean any petroleum hydrocarbon produced from a well in the liquid phase and which existed in a liquid phase in the reservoir.
39. **Oil Well** shall mean any well capable of producing oil and which is not a gas well as defined herein.
40. **Operator** shall mean any person or persons who, duly authorized, is in charge of the development of a lease or the operation of a producing property.

41. **Overage or Over Production** shall mean the amount of oil or the amount of natural gas produced during a proration period in excess of the amount authorized on the proration schedule.
42. **Owner** means the person who has the right to drill into and to produce from any pool, and to appropriate the production either for himself or for himself and another (See Sec. 26 (e), Chap. 168, 1949 Session Laws).
43. **Person** means any natural person, corporation, association, partnership, receiver, trustee, guardian, executor, administrator and fiduciary of any kind (See: Sec. 26 (a), Chap. 168, 1949 Session Laws).
44. **Pool** means an underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein. "Pool" is synonymous with "common source of supply" and with "common reservoir" (See: Sec. 26 (b), Chap. 168, 1949 Session Laws).
45. **Potential** shall mean the properly determined capacity of a well to produce oil, or gas, or both, under conditions prescribed by the Commission.
46. **Pressure Maintenance** shall mean the injection of gas or other fluid into a reservoir, either to maintain the existing pressure in such reservoir or to retard the natural decline in the reservoir pressure.
47. **Producer** shall mean the owner of well or wells capable of producing oil or natural gas or both in paying quantities.
48. **Product** means any commodity or thing made or manufactured from crude petroleum oil or natural gas, and all derivatives of crude petroleum oil or natural gas, including refined crude oil, crude tops, topped crude, processed crude petroleum, residue from crude petroleum, cracking stock, uncracked fuel oil, treated crude oil, fuel oil, residuum, gas oil, naphtha, distillate, gasoline, kerosene, benzene, wash oil, waste oil, lubricating oil, and blends or mixtures of crude petroleum oil or natural gas or any derivative thereof (See: Sec. 26 (d), Chap. 168, 1949 Session Laws).
49. **Proration Day** shall consist of 24 consecutive hours which shall begin at 7 A. M. and end at 7 A. M. on the following day.
50. **Proration Month** shall mean the calendar month which shall begin at 7 A. M. on the first day of such month and end at 7 A. M. on the first day of the next succeeding month.
51. **Proration Period** shall mean for oil the proration month and for gas six consecutive calendar months which shall begin at 7 A. M. on the first day of a calendar month and end at 7 A. M. on the first day of the seventh succeeding month.
52. **Proration Schedule** shall mean the periodic order of the Commission authorizing the production, purchase and transportation of oil or of natural gas from the various units of oil or of natural gas proration in allocated pools.
53. **Recomplete** shall mean the subsequent completion of a well in a different pool from the pool in which it was originally completed.
54. **Secondary Recovery** shall mean a method of recovering quantities of oil or gas from a reservoir which quantities would not be recoverable by ordinary primary depletion methods.
55. **Shallow Pool** shall mean a pool which has a depth range from 0 to 5000 feet.
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.
57. **Shut-in Pressure** shall mean the gauge pressure noted at the wellhead when the well is completely shut in. Not to be confused with bottom hole pressure.
58. **Tank Bottoms** shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in handling and storing of crude oil, and which accumulations contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

59. **Top Unit Allowable for Gas** shall mean the maximum number of cubic feet of natural gas, for the proration period, allocated to a gas producing unit in an allocated gas pool.
60. **Top Unit Allowable for Oil** shall mean the maximum number of barrels of oil daily for each calendar month allocated on a proration unit basis in a pool to non-marginal units.
61. **Treating Plant** shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.
62. **Unit of Proration for Gas** shall consist of such multiples of 40 acres as may be prescribed by special pool rules issued by the Commission.
63. **Unit of Proration for Oil** shall consist of tracts of land each containing approximately forty acres in the form of a square in accordance with the legal subdivision of the U. S. Public Land Surveys and each predominantly situated within the confines of a pool.
64. **Unorthodox Well Location** shall mean a location which does not conform to the spacing requirements established by the rules and regulations of the Commission.
65. **Waste**, in addition to its ordinary meaning, shall include:
- (a) **Underground Waste** as those words are generally understood in the oil and gas business, and in any event to embrace the inefficient, excessive, or improper use of dissipation of the reservoir energy, including gas energy and water drive, of any pool, and the locating, spacing, drilling, equipping, operating or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground storage of natural gas.
- (b) **Surface Waste** as those words are generally understood in the oil and gas business, and in any event to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of natural gas of any type or in any form or crude petroleum oil, or any product thereof, and including the loss or destruction, without beneficial use, resulting from evaporation, seepage, leakage, or fire, especially such loss or destruction incident to or resulting from the manner of spacing, equipping, operating or producing, well or wells, or incident to or resulting from the use of inefficient storage or from the production of crude petroleum oil or natural gas, in excess of the reasonable market demand.
- (c) **The production of crude petroleum oil in this state in excess of the reasonable market demand for such crude petroleum oil.** Such excess production causes or results in waste which is prohibited by Chapter 168, 1949 Session Laws. The words "reasonable market demand" as used herein with respect to crude petroleum oil, shall be construed to mean the demand for such crude petroleum oil for reasonable current requirements for current consumption and use within or outside of the state, together with the demand for such amounts as are reasonably necessary for building up or maintaining reasonable storage reserves of crude petroleum oil or the products thereof, or both such crude petroleum oil and products.
- (d) **The non-ratable purchase or taking of crude petroleum oil in this state.** Such non-ratable taking and purchasing causes or results in waste, as defined in the subsections (a), (b), (c) of this section and causes waste by violating Section 12 (a), Chapter 168, 1949 Session Laws.
- (e) **The production in this state of natural gas** from any gas well or wells, or from any gas pool, in excess of the reasonable market demand from such source for natural gas of the type produced or in excess of the capacity of gas transportation facilities for such type of natural gas. The words "reasonable market demand," as used herein with respect to natural gas, shall be construed to mean the demand for natural gas for reasonable current requirements, for current consumption and for use within or outside the state, together with the demand for such amounts as are necessary for building up or maintaining reasonable storage reserves of natural gas or products thereof, or both such natural gas and products.

## **B — MISCELLANEOUS RULES**

### **RULE 1. SCOPE OF RULES AND REGULATIONS**

(a) The following General Rules of statewide application have been adopted by the Oil Conservation Commission to conserve the natural resources of the State of New Mexico, to prevent waste, and to protect correlative rights of all owners of crude oil and natural gas. Special rules, regulations and orders have been and will be issued when required and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules will apply in each case.

(b) The commission may grant exceptions to these rules after notice and hearing, when the granting of such exceptions will not result in waste but will protect correlative rights or prevent undue hardship.

### **RULE 2. ENFORCEMENT OF LAWS, RULES AND REGULATIONS DEALING WITH CONSERVATION OF OIL AND GAS**

The Commission, its agents, representatives and employees are charged with the duty and obligation of enforcing all rules and statutes of the State of New Mexico relating to the conservation of oil and gas. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas before operations have begun.

### **RULE 3. WASTE PROHIBITED**

(a) The production or handling of crude petroleum oil or natural gas of any type or in any form, or the handling of products thereof, in such a manner or under such conditions or in such amount as to constitute or result in waste is hereby prohibited.

(b) All operators, contractors, drillers, carriers, gas distributors, service companies, pipe pulling and salvaging contractors, or other persons shall at all times conduct their operations in the drilling, equipping, operating, producing, plugging and abandonment of oil and gas wells in a manner that will prevent waste of oil and gas, and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage, conduit or operating equipment.

### **RULE 4. UNITED STATES GOVERNMENT LEASES**

The Commission recognizes that all persons drilling on United States government land shall comply with the United States government regulations. Such persons shall also comply with all applicable State rules and regulations which are not in conflict therewith. Copies of the "Sundry Notices and Reports on Wells" and the "Well Log" of the wells on U. S. government land shall be furnished the Commission.

### **RULE 5. CLASSIFYING AND DEFINING POOLS**

The Commission will determine whether a particular well or pool is a gas or oil well, or a gas or oil pool, as the case may be, and from time to time classify and re-classify wells and name pools accordingly, and will determine the limits of any pool or pools producing crude petroleum oil or natural gas from time to time re-determine such limits. Pools hereby named and defined are listed in the Appendix attached hereto.

### **RULE 6. FORMS UPON REQUEST**

Forms for written notices, requests and reports required by the Commission will be furnished upon request. For information on forms see Appendix.

### **RULE 7. AUTHORITY TO COOPERATE WITH OTHER AGENCIES**

The Commission may from time to time enter into arrangements with State and Federal governmental agencies, industry committees and individuals, with respect to special projects, services and studies relating to conservation of oil and gas.

## **C — DRILLING**

### **RULE 101. PLUGGING BOND**

(a) Any person who has drilled or is drilling or proposes to drill for oil or gas shall submit to the Commission and obtain its approval of a bond, in a form approved by the Commission, conditioned to plug such well, if dry or when abandoned, in such way as to confine the oil, gas or water in the respective strata in which they are found. The bond shall be in an amount determined by the Commission after taking into consideration the depth of the well and local conditions, but in no case shall the amount of the bond\* applicable to one well only, be more than \$10,000.00. Each such bond shall be executed by a responsible surety company, authorized to transact business in the State of New Mexico. In cases where the principal on the bond is drilling or operating a number of wells within the State or proposes to do so, such principal may, with the approval of the Commission, submit a blanket bond\* in the amount of \$10,000.00 conditioned as above provided, covering all wells which such person may at any time before such bond is released, drill or operate within this state.

(b) For the purposes of the Commission the bond required is a plugging bond, not a drilling bond, and is to endure up to and including approved plugging when the well is dry or abandoned, even though the well be a producer. Transfer of property does not release the bond. In case of transfer of property and the principal desires to be released from the bond, he should proceed as follows:

(1) The principal on the bond should notify the Commission in writing that the well, or wells, describing each well by 40-acre tract—Section, Township and Range, has or have been transferred to a certain transferee, for the purpose of ownership or operation.

(2) On the same instrument the transferee should recite that he accepts such transfer and accepts the responsibility of such well or wells under his bond tendered therewith or under his blanket bond on file with the Commission.

(c) When the Commission has approved the transfer, the transferrer is immediately released of the plugging responsibility of the well or wells as the case may be, and if such well or wells include all the wells within the responsibility of the transferrer's bond, such bond will be released upon written notice by the Commission to that effect.

(d) The transferee of any oil or gas well or of the operation of any such well shall be responsible for the plugging of any such well and for that purpose shall submit a new plugging bond or produce the written consent of the surety of the prior plugging bond that the latter's responsibility shall continue.

(e) When the well or wells involved, or any such wells, are located on a state oil and gas lease, and the surface of the land involved was sold by the state prior to such oil and gas lease, such bond may, at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment of such damages to the livestock, range, water, crops or tangible improvements on such land as may be suffered by such purchaser or his successors in interest by reason of the development, use and occupation of the land resulting from such oil and gas leases. Any bond so conditioned must be approved, not only by the Commission, but by the Commissioner of Public Lands, in his capacity as such.

(f) Bonds conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved.

(g) The Commission will in writing advise the principal and sureties on any bond as to whether the plugging is approved, in order that, if the plugging is approved, liability under such bond may be formally terminated.

(h) The Secretary of the Commission is vested with power to act for the Commission as to all matters within this rule.

\*Both forms—for one-well bond and blanket bond form—distributed from Commission office at Santa Fe.

### **RULE 102. NOTICE OF INTENTION TO DRILL OR RECOMPLETE**

Prior to the commencement of operations, notice shall be delivered to the Commission of intention to drill any well for oil or gas, on Form C-101. Prior to the commencement of recompletion operations notice shall likewise be delivered to the Commission of intention to deepen or plug back to any common source of supply other than the existing production horizon.

### **RULE 103. SIGN ON WELLS**

Every drilling and producible well shall be identified by a sign, posted on the derrick or not more than 20 feet from such well, and such signs shall be of durable construction and the lettering thereon shall be kept in a legible condition and shall be large enough to be legible under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. Each sign shall show the number of the well, the name of the lease (which shall be different or distinctive for each lease), the name of the lessee, owner or operator, and the location by quarter section, township and range.

### **RULE 104. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS**

(a) Each well drilled not within the limits of a defined oil pool or a defined gas pool shall be located on a tract consisting of not less than 40 surface contiguous acres substantially in the form of a square and shall be drilled not closer than 660 feet to any boundary line of said tract.

(b) Each well drilled within a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square in accordance with the legal subdivision of the United States Public Land Surveys or on a governmental quarter quarter section or lot and shall not be drilled closer than 330 feet to any boundary line of such tract or closer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

(c) Each well drilled within a defined gas pool shall be located on a tract consisting of approximately 160 surface contiguous acres substantially in the form of a square in accordance with the legal subdivisions of the United States Public Land Surveys and shall not be drilled closer than 660 feet to any boundary line of the tract or closer than 1320 feet to a well drilling to or capable of producing from the same pool.

(d) Wells drilled not in conflict with the three preceding paragraphs are orthodox locations.

(e) The Commission may grant an exception to the above requirements whenever the Commission shall determine after notice and hearing that the unit is partly outside a defined oil pool or a defined gas pool or for some other reason a well so located on the unit would be non-productive or topographical conditions are such as to make the drilling of such location unduly burdensome or that such exception is necessary to prevent waste or the confiscation of property. Application for an exception shall be accompanied by a plat drawn to the scale of 1-inch equals 660 feet accurately showing to scale the property on which the exception is sought and accurately showing to scale all other completed drilling and permitted wells on this property and all adjoining surrounding properties. The application shall be verified by some person acquainted with the facts and sworn to before a notary public. In addition to the published notice of the hearing elsewhere herein required, a 10-days written notice shall be given by the Commission by mailing by registered mail to all adjoining lessees. The names and addresses of such adjoining lessees shall be given in the application.

(f) The Secretary of the Commission shall have authority to grant an exception to the requirements of (a), (b) and (c) above without notice and hearing where application has been filed in due form and

1. The necessity for the unorthodox location is based on topographical conditions, and

2. a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or

b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(g) Whenever an exception is granted, the Commission may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location.

(h) If the drilling tract is within an allocated oil pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than  $39\frac{1}{2}$  acres or more than  $40\frac{1}{2}$  acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40.

(i) If the drilling tract is within an allocated gas pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than 158 acres or more than 162 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 160.

**RULE 104. WELLSPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS**

(m) The Commission may approve the pooling for communitization of fractional lots of 20.49 acres or less with another oil proration unit when:

1. The units involved are contiguous;
2. Part of the same basic lease, carrying the same royalty interest; and
3. The ownership of the units involved is common.

Application to the Commission for pooling shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the pooling, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

Applicants shall furnish all operators who directly offset the units involved with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. In this instance, offset operators shall include only those operators who have offset properties within the state of New Mexico. The Commission shall wait at least ten (10) days before approving any such pooling, and shall approve such pooling only in the absence of objection from any offset operator. In the event that an operator objects to the pooling, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the ten-day waiting period requirement if the applicant furnishes the Commission with the written consent to the pooling by all offset operators involved.

The Commission may consider that the requirements of sub-paragraphs 2 and 3 of Paragraph (m) of this rule have been fulfilled if the applicant furnishes with each copy of each application to the Commission a copy of an executed pooling agreement communitizing the units involved.

Each well drilled on any communitized tract shall be located in the approximate geographical center of the combined units with a tolerance of 150 feet for topographical conditions, but in any event shall not be located closer than 330 feet to the outer boundaries of the proposed proration unit or communitized tract.

(j) In computing acreage under (h) and (i) above, minor fractions of an acre shall not be counted but  $\frac{1}{2}$  acre or more shall count as 1 acre.

(k) The provisions of (h), (i) and (j) above shall apply only to wells completed after the effective date of this rule. Nothing herein contained shall affect in any manner any well completed prior to the effective date of this rule and no adjustments shall be made in the allowable production for any such wells by reason of these rules.

(l) In order to prevent waste the Commission may, after notice and hearing, fix different spacing requirements and require greater acreage for drilling tracts in any defined oil pool or in any defined gas pool notwithstanding the provisions of (b) and (c) above.

#### **RULE 105. PIT FOR CLAY, SHALE AND DRILL CUTTINGS**

In order to assure a supply of proper material for mud-laden fluid to confine oil, gas, or water to their native strata during the drilling of any well, operators shall provide before drilling is commenced an adequate pit for the accumulation of drill cuttings.

#### **RULE 106. SEALING OFF STRATA**

(a) During the drilling of any oil or natural gas well, all oil, gas, and water strata above the producing horizon shall be sealed or separated in order to prevent their contents from passing into other strata.

(b) All fresh waters and waters of present or probable value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precautions by methods satisfactory to the Commission shall be taken in drilling and abandoning wells to guard against any loss of artesian water from the strata in which it occurs, and the contamination of artesian water by objectionable water, oil or gas.

(c) All water shall be shut off and excluded from the various oil and gas bearing strata which are penetrated. Water shut-offs shall ordinarily be made by cementing casing or landing casing with or without the use of mud-laden fluid.

#### **RULE 107. CASING AND TUBING REQUIREMENTS**

(a) All wells drilled for oil or natural gas shall be completed with a string of casing which shall be properly cemented at a sufficient depth adequately to protect the oil or natural gas-bearing stratum to be produced. In addition thereto, such other casing shall be used in order to seal off all oil, gas, and water stratum which may be encountered in the well, except the one or ones to be produced.

(b) Sufficient cement shall be used on surface casing to fill the annular space back of the casing to the bottom of the cellar or to the surface of the ground. Surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. All other strings of casing shall stand cemented for at least 30 hours before drilling plug or initiating tests. Cementing shall be by pump and plug method, or other method approved by the Commission.

(c) All flowing wells shall be tubed, the tubing shall be set as near the bottom as practical, but tubing perforations shall not be more than 250 feet above the top of pay, unless authorized by the Commission. The bottom of the tubing shall be restricted to an opening of less than one inch or bull plugged in order to prevent loss of pressure bombs or other devices.

#### **RULE 108. DEFECTIVE CASING OR CEMENTING**

In any well that appears to have a defective casing program, faulty cemented or corroded casing which will permit or may create underground waste, the operator shall proceed with diligence to use the appropriate method and means to eliminate such hazard of underground waste. If such hazard of waste cannot be eliminated, the well shall be properly plugged and abandoned.

#### **RULE 109. BLOW-OUT PREVENTION**

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

#### **RULE 110. PULLING OUTSIDE STRINGS OF CASING**

In pulling outside strings of casing from any oil or gas well, the space outside the casing left in the hole shall be kept and left full of mud-laden fluid or cement of adequate specific gravity to seal off all fresh and salt water strata and any strata bearing oil or gas not producing.

## **RULE 111. DEVIATION TESTS**

(a) When any well is drilled or deepened with rotary tools, tests to determine the deviation from the vertical shall be taken. When the deviation from the vertical in any 500 foot interval averages more than 5 degrees, a directional survey shall be filed with the Commission before any oil or gas from the well is sold so as to determine that the bottom of the hole is on the lease where the well is drilled.

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

## **RULE 112. MULTIPLE ZONE COMPLETIONS**

(a) The multiple zone completion of any well, including a bradenhead gas well, may be permitted only by order of the Commission upon hearing. ✓

(b) The application for such hearing shall be accompanied by an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases, and shall set forth all material facts on the common sources of supply involved, and the manner and method of completion proposed.

## **RULE 113. SHOOTING AND CHEMICAL TREATMENT OF WELLS**

If injury results to the producing formation, casing or casing seat from shooting or treating a well, the operator shall proceed with diligence to use the appropriate method and means for rectifying such damage. If shooting or chemical treating results in irreparable injury to the well the Commission may require the operator to properly plug and abandon the well.

## **RULE 114. SAFETY REGULATION**

(a) All oil wells shall be cleaned into a pit or tank, not less than 40 feet from the derrick floor and 150 feet from any fire hazard. All flowing oil wells must be produced through an oil and gas separator of ample capacity and in good working order. No boiler or portable electric lighting generator shall be placed or remain nearer than 150 feet to any producing well or oil tank. Any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the vicinity of wells and tanks. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard.

(b) When coming out of the hole with drill pipe, drilling fluid shall be circulated until equalized and subsequently drilling fluid level shall be maintained at a height sufficient to control subsurface pressures. During course of drilling, blow-out preventers shall be tested at least once each 24 hour period.

## **RULE 115. WELL AND LEASE EQUIPMENT**

Christmas tree fittings or wellhead connections with a working pressure equivalent to at least 150% of the calculated or known pressure in the reservoir from which production is expected shall be installed and maintained in first class condition so that on flowing wells, gas-oil ratio, static bottom-hole or other pressure tests may be easily made. Valves shall be installed and maintained in good working order to permit pressures to be obtained on both casing and tubing. Each flowing well shall be equipped to control properly the flowing of each well, and in case of an oil well, shall be produced into an oil and gas separator of a type generally used in the industry.

## **RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS OR BLOW-OUTS**

All persons controlling or operating any oil or gas well or pipe line, or receiving tank, storage tank, or receiving and storage receptacle into which crude oil is produced, received or stored, or through which oil is piped or transported, shall immediately notify the Commission by letter giving full details concerning all fires which occur at such oil or gas well or tank or receptacle on their property, and all such persons shall immediately report all tanks or receptacles struck by lightning and any other fire which destroys oil or gas, and shall immediately report any breaks or leaks in or from tanks or receptacles and pipe lines from which oil or gas is escaping or has escaped. In all such reports of fires, breaks, leaks or escapes, or other accidents of this nature, the location of the well, tank, receptacle, or line break shall be given by Section, Township, Range and property, so that the exact location thereof can be readily located on the ground. Such report shall likewise specify what steps have been taken or are in progress to remedy the situation reported; and shall detail the quantity of oil or gas lost, destroyed or permitted to escape. In case any tank or receptacle is permitted to run over,

the amount running over shall be reported as in the case of a leak. The report hereby required as to oil losses shall be necessary only in case such losses exceed 100 barrels in the aggregate during any proration period.

**RULE 117. WELL LOG, COMPLETION AND WORKOVER REPORTS**

Within 20 days after the completion of a well drilled for oil or gas, or the recompletion of a well into a different common source of supply, a completion report shall be filed with the Commission on Form C-105. For the purpose of this rule, any hole drilled or cored below fresh water or which penetrates oil or gas-bearing formations or which is drilled by an "owner" as defined herein shall be presumed to be a well drilled for oil or gas.

## **D — ABANDONMENT AND PLUGGING OF WELLS**

### **RULE 201. NOTICE**

Notice of intention to plug must be filed with the Commission by the owner or his agent prior to the commencement of plugging operations, on Form C-102, which notice shall state the name and location of the well and name of the operator, and contain an affidavit that the owner or his agent has notified all offset lessees, giving the names of such lessees and the location of their leases. In case of a newly completed dry hole in which no casing, except surface casing has been run, the operator may commence plugging by securing the approval of the Commission as to the time plugging operations are to begin. He shall, however, file the regular notification form.

### **RULE 202. METHOD OF PLUGGING**

(a) Before any well is abandoned, it shall be plugged in a manner which will confine permanently all oil, gas, and water in the separate strata originally containing them. This operation shall be accomplished by the use of mud-laden fluid, cement and plugs, used singly or in combination as may be approved by the Commission. The exact location of abandoned wells shall be shown by a steel marker at least four inches in diameter set in concrete, and extending at least four feet above mean ground level. Seismic, core or other exploratory holes drilled to or below sands containing fresh water shall be plugged and abandoned in accordance with the applicable provisions recited above. Permanent markers are not required on seismic holes.

(b) If a well is to be abandoned temporarily and no casing pulled, then a plug shall be placed at the top and bottom of the casing in such manner as to prevent the intrusion of any foreign matter into the well.

(c) When drilling operations have been suspended for 60 days, the well shall be plugged and abandoned unless a permit for temporary abandonment shall be obtained from the Commission.

### **RULE 203. WELLS TO BE USED FOR FRESH WATER**

When the well to be plugged may safely be used as a fresh water well and such utilization is desired by the landowner, the well need not be filled above a sealing plug set below the fresh water formation; provided that written authority for such use shall be secured from the landowner and filed with the Commission.

### **RULE 204. LIABILITY**

The owner of any well drilled for oil or gas, or any seismic, core or other exploratory holes, whether cased or uncased, shall be responsible for the plugging thereof.

## **E — OIL PRODUCTION OPERATING PRACTICES**

### **RULE 301. GAS-OIL RATIO TEST**

(a) Each operator shall take a gas-oil ratio test within 30 days following the completion or recompletion of an oil well. Also, each operator shall make an annual gas-oil ratio test of each well during the month which contains the anniversary date of the discovery well, in the pool in which the well is located, or at such other periods which the Commission may designate. During such tests, each well shall be produced at a rate equal to or not exceeding its allowable by more than 25 percent. No well shall be given an allowable greater than the amount of oil produced on official test during a 24-hour period. The results of such test shall be reported on Form C-116 on or before the 15th day of the month following the month during which such test is made. The Commission will drop from the Proration Schedule any proration unit for failure to make or report such test as herein provided until such time as a satisfactory explanation is given. Provided, however, that no gas-oil ratio test shall be required as to the following wells:

- (1) Any well for which a permit has been granted and which is being used as an input well for the injection of gas, or
- (2) Any well in a pool exempted from the requirements of this rule after hearing by the Commission.

(b) Even though no gas-oil ratio test is required to be taken, the operator shall annually file Form C-116 and shall show thereon the reason no test was taken.

### **RULE 302. SUBSURFACE PRESSURE TESTS ON NEW POOLS**

The operator shall make a subsurface pressure test on the discovery well of any new pool hereafter discovered, and shall report the results thereof to the Commission within 30 days after the completion of such discovery well. During the month which contains the anniversary date of the discovery well for each pool or at such other periods as the Commission directs, all operators within the same pool shall make each year a subsurface pressure test on all flowing wells in the pool. This test shall be made by a person qualified by both training and experience to make such test, and with an approved subsurface pressure instrument which shall have been calibrated both prior and subsequent to such test against an approved dead weight tester. Provided the prior and subsequent calibrations agree within one percent, the accuracy of the instrument shall be considered acceptable. All wells shall remain completely shut-in for at least twenty-four hours prior to the test. The subsurface determination shall be obtained as close as possible to the midpoint of the productive sand of the reservoir. The report shall be on Form C-103 and shall state the name of the pool, the name of the operator and lease, the well number, the sub-sea depth in feet of the reservoir datum plane, the wellhead elevation above sea level, the depth in feet to the top of the producing formation or top of perforations, whichever is the lower, the date of the test, the total number of hours the well was shut in prior to the test, the subsurface temperature in degrees Fahrenheit at the test depth, the depth in feet at which the subsurface pressure test was made, the observed pressure in pounds per square inch gauge at the test depth, and the corrected pressure computed from applying to the observed pressure the appropriate corrections for calibration, temperature, and differences in depth between test depth and reservoir datum plane.

### **RULE 303. COMINGLING OF OIL FROM POOLS**

Each pool shall be produced as a single common reservoir and the wells therein shall be completed, cased, maintained and operated as the producing media for that specific pool, and the production of oil therefrom shall at all times be actually segregated into separate, identified tanks, and the comingling or confusion of such production, before marketing, with fluid hydrocarbons produced from other and distinct pools or fields in any tank or tanks is strictly prohibited.

### **RULE 304. CONTROL OF MULTIPLE COMPLETED WELLS**

Multiple completed wells which have been authorized by the Commission shall at all times be operated, produced and maintained in a manner to insure the complete segregation of the various common sources of supply. The Commission may require such tests as it deems necessary to determine the effectiveness of the segregation of the different common sources of supply.

### **RULE 305. METERED CASINGHEAD GAS**

The owner of a lease shall not be required to measure the exact amount of casinghead gas produced and used by him for fuel purposes in the development and normal operation of the lease. All casinghead gas produced and sold or transported away from a lease, except small amounts of flare gas, shall be metered and reported in standard cubic feet monthly to the Commission. The amount of casinghead gas sold in small quantities for use in the field may be calculated upon a basis generally acceptable in the industry, or upon a basis approved by the Commission in lieu of meter measurements.

### **RULE 306. VENTED CASINGHEAD GAS**

Pending arrangement for disposition for some useful purpose, all vented casinghead gas shall be burned, and the estimated volume reported on Form C-115.

### **RULE 307. USE OF VACUUM PUMPS**

Vacuum pumps or other devices shall not be used for the purpose of creating a partial vacuum in any stratum containing oil or gas.

### **RULE 308. SALT OR SULPHUR WATER**

Operators shall report monthly on Form C-115, the amount or percentage of salt or sulphur water produced with the oil by each well making 2% or more water.

### **RULE 309. CENTRAL TANK BATTERIES**

Oil shall not be transported from a lease until it has been received and measured in tanks located on the lease. At the option of the operator, common tankage may be used to receive the production from as many as 8 units of the same basic lease, provided adequate tankage and other equipment is installed so that the production from each well can be accurately determined at reasonable intervals.

### **RULE 310. OIL TANKS AND FIRE WALLS**

Oil shall not be stored or retained in earthen reservoirs, or in open receptacles. Dikes or fire walls shall not be required except such fire walls must be erected and kept around all permanent oil tanks, or battery of tanks that are within the corporate limits of any city, town, or village, or where such tanks are closer than 150 feet to any producing oil or gas well or 500 feet to any highway or inhabited dwelling or closer than 1000 feet to any school or church; or where such tanks are so located as to be deemed an objectionable hazard within the discretion of the Commission. Where fire walls are required, fire walls shall form a reservoir having a capacity one-third larger than the capacity of the enclosed tank or tanks.

### **RULE 311. TANK CLEANING PERMIT**

No tank bottom shall be removed from any tank used for the storage of crude petroleum oil unless and until application for tank-cleaning permit is approved by Agent of the Commission. To obtain approval, owner shall submit Commission's Form C-117 reporting an accurate gauge of the contents of the tank and the amount of merchantable oil determinable from a representative sample of the tank bottom by the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil. Number 25, Section 5. The amount of merchantable oil shall be shown as a separate item on Commission Form C-115, and shall be charged against the allowable of the unit or units producing into such tank or pit where such merchantable oil accumulated. Nothing contained in this rule shall apply to the use of tank bottoms on the originating lease where owner retains custody and control of the tank bottom or to the treating of tank bottoms by operator where the merchantable oil recovered is disposed of through a duly authorized transporter and is reported on Commission Form C-115. Nothing contained in this Rule shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

### **RULE 312. TREATING PLANT**

No treating plant shall operate except in conformity with the following provisions:

(a) Before construction of a treating plant and upon written application for treating plant permit stating in detail the location, type, and capacity of the plant contemplated and method of processing proposed, the Commission in not less than 20 days will set such application for hearing to determine whether the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and whether there is need for such a plant at the proposed location thereof. Before actual operations are begun, the permittee shall file with the Commission a surety bond of performance satisfactory to the Commission and payable in the amount of \$25,000.00 to the Commission of the State of New Mexico.

(b) Such permit, if granted, shall be valid for 1 year, shall be revocable at the discretion of the Commission at any time after hearing is had on 10 days' notice and shall entitle the treating plant operator to an approved Certificate of Compliance and Authorization to Transport Oil, Commission Form C-110, for the total amount of products secured from tank bottoms and other waste oils

processed. Any operating treating plant shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission, a monthly report on Commission Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a Commission Form C-110 for the net oil on hand at the end of the reported period. In no event shall Commission Form C-110 be issued for moving the products of a treating plant without supporting Commission Form C-118 being completed and approved.

(c) None of the provisions of this rule are applicable to the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of by owner to an authorized transporter and accounted for on Commission Form C-110. Before any person other than owner shall pick up, reclaim or salvage wash-in oil, creek oil, or pit oil, a permit to do so shall be obtained from owner or operator of lease and from the duly authorized agent of the Commission. Application for permit shall state the name and location of the lease, the number of well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

### **RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS**

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and B. S. These substances and tank bottoms shall not be allowed to pollute streams or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair.

## **F — NATURAL GAS PRODUCTION OPERATING PRACTICE**

### **RULE 401. METHOD OF DETERMINING NATURAL GAS WELL POTENTIAL**

All operators shall make tests annually to determine the daily open flow potential volumes of all natural gas wells from which gas is being used or marketed. Such tests shall be reported on forms furnished by the Commission. To establish comparable open flow capacity, wells shall be tested by the back pressure method, using 4 back pressure flows taken in sequence from low to high flow. In the event the Commission approves an alternate method of testing, all wells producing from a common source of supply shall be tested in a uniform and comparable manner. In a like manner all natural gas wells hereafter completed shall be tested and the potential test reported. Where it has been determined that a natural gas well in any pool has a potential of 400,000 cubic feet per day or less, further potential tests shall not be required provided the operator periodically reports the shut-in pressure of the well.

### **RULE 402. METHOD AND TIME OF SHUT-IN PRESSURE TESTS**

(a) Shut-in pressures shall be taken by the operator on all natural gas wells during the months of April and October of each year, unless the taking of such pressures is covered by special pool order.

(b) Shut-in pressures shall be taken with a calibrated gauge after a minimum shut-in period of twenty-four hours. When the shut-in period exceeds 24 hours, such shut-in period shall be reported to the Commission. All shut-in pressures shall be reported to the Commission.

### **RULE 403. NATURAL GAS FROM GAS WELLS TO BE MEASURED**

All natural gas produced shall be accounted for by metering or other method approved by the Commission and reported to the Commission by common purchaser of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well, and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility, shall be reported by the operator of the well.

### **RULE 404. NATURAL GAS UTILIZATION**

After the completion of a natural gas well, no gas from such well shall be (1) permitted to escape to the air, (2) used expansively in engines or pumps and then vented, (3) used to gas lift oil wells unless all gas produced is processed in a gasoline plant, or beneficially used thereafter without waste, or (4) used for the manufacture of carbon black.

### **RULE 405. STORAGE GAS**

With the exception of the requirement to meter and report monthly the amount of gas injected and the amount of gas withdrawn from storage, in the absence of waste these rules and regulations shall not apply to gas being injected into or removed from storage.

### **RULE 406. CARBON DIOXIDE**

(a) Insofar as is applicable, the state-wide regulations relating to gas, natural gas, gas wells, gas reservoirs, shall also apply to carbon dioxide, carbon dioxide wells, and carbon dioxide reservoirs.

(b) Copies of rules and regulations particularly affecting carbon dioxide gas fields, insofar as they may vary from these general rules and regulations for oil and natural gas may be obtained from the Commission office in Santa Fe.

## **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 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.

### **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.

(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.

(c) 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. 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 and the purchase and transportation of oil so produced. Allowable for wells completed after the first day of the proration period will become effective from the date of well completion. A supplementary order will be issued by the Commission to the operator of a newly completed or recompleted well, and to the purchaser or transporter of the oil from a newly completed or recompleted well, establishing the effective date of completion, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well.

(d) 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 Commission for a supplemental order covering the increase above the amount shown on the proration schedule. The Commission 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) Current oil shortages may be made up or unavoidable and lawful overages compensated for during the second proration period next following the proration period in which such shortages or overages occurred.

(f) All legal and authorized back allowable available for purchase will be published in the monthly proration schedule. No back allowable will be placed in the proration schedules unless request is made by producer and proof is shown that shortage is legal and should be considered as back allowable. There are only three justifications for back allowable, namely: (1) failure of purchaser or transporter to run assigned oil allowable, (2) mechanical failures affecting the producing well during the proration period, (3) gathering engineering data. Unless application is filed for back allowable within 90 days after the occurrence of the shortage, no back allowable for such shortage shall be granted. Unless the justification for back allowable is the continuing failure of purchaser or transporter to run the assigned oil allowable, the back allowable filed for and occurring in any one month will be authorized for production and purchase on not more than 3 consecutive monthly proration schedules.

(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.

#### **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.

#### **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:

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. 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 = 
$$\frac{(B-30U)}{(30-N) U (B-30 U)}$$

Where:

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

N = Normal unit allowable 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. 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. 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 A. M. on the date of completion and for the remainder of that calendar month.

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**

(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 are 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 AREAS**

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

## **SECTION H—GAS PRORATION AND ALLOCATION**

### **RULE 601. DESIGNATION OF GAS POOLS**

There presently being no classified and defined gas pools within the state, the Commission shall as soon as practicable initiate proceedings to name, classify and define the limits of all known producing gas pools. Pools classified as gas pools shall be known as "gas pools" as distinguished from "oil pools," i. e. the "Blanco gas pool" or "Hobbs oil pool." There shall be no proration or allocation of gas production unless and until the provisions of Rule 602 are followed.

### **RULE 602. ALLOCATION OF GAS PRODUCTION**

When the Commission determines that allocation of gas production in a designated gas pool is necessary to prevent waste, the Commission, after notice and hearing, shall consider the nominations of purchasers from that gas pool and other relevant data, and shall fix the allowable production of that pool, and shall allocate production among the gas wells in the pool delivering to a gas transportation facility upon a reasonable basis and recognizing correlative rights. The Commission shall include in the proration schedule of such pool any gas well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well.

### **RULE 603. PRORATION PERIOD**

The proration period shall be at least six months and the pool allowable and allocations thereof shall be made at least 30 days prior to each proration period.

### **RULE 604. ADJUSTMENT OF ALLOWABLES**

When the actual market demand from any allocated gas pool during a proration period is more than or less than the allowable set by the Commission for the pool for the period, the Commission shall adjust the gas proration unit allowables for the pool for the next proration period so that each gas proration unit shall have a reasonable opportunity to produce its fair share of the gas production from the pool and so that correlative rights shall be protected.

### **RULE 605. GAS PRORATION UNITS**

Before issuing a proration schedule for an allocated gas pool, the Commission, after notice and hearing, shall fix the gas proration unit for that pool.

## **I — SECONDARY RECOVERY AND PRESSURE MAINTENANCE**

### **RULE 701. PERMIT FOR INJECTION OF GAS, AIR, OR WATER**

(a) The injection of gas or air or water into any reservoir for the purpose of maintaining reservoir pressure for secondary recovery or for water disposal, shall be permitted only by order of the Commission after a hearing.

(b) The application for all permits to inject gas, or air, or water into any reservoir shall contain the following:

1. Plat showing the location of the intake well or wells and the location of all oil and gas wells including drilling wells and dry holes and the names of lessees within one-half mile of the intake well or wells; and each offset operator.
2. The formations from which wells are producing or have produced.
3. The name, description, and depth of the formations to be affected by injection.
4. The log of the intake well or wells or such information as is available.
5. Description of the intake well's casing or the proposed casing program, and proposed method for testing casing before use of the input wells.
6. Statement as to whether gas, air, or water is to be used for injection, its source, and the estimated amounts to be injected daily.
7. The names and addresses of the operator or operators of the project.

### **RULE 702. CASING AND CEMENTING OF INJECTION WELLS**

Wells used for injection of gas, air, or water into the producing formation shall be cased with safe and adequate casing, or tubing so as to prevent leakage and such casing or tubing shall be so set or cemented that damage will not be caused to oil, gas or fresh water resources.

### **RULE 703. NOTICE OF COMMENCEMENT AND DISCONTINUANCE OF INJECTION OPERATIONS**

The following provisions shall apply to all injection projects:

(a) Immediately upon the commencement of injection operations, the operator shall notify the Commission of the injection date.

(b) Within 10 days after the discontinuance of injection operations the operator shall notify the Commission of the date of such discontinuance and the reasons therefor.

(c) Before any intake well shall be plugged, notice shall be served on the Commission by the owner of said well, and the same procedure shall be followed in the plugging of such well as provided for the plugging of oil and gas wells.

### **RULE 704. RECORDS**

The operator of an injection project shall keep accurate records and report monthly to the Commission the amount of oil produced, the volumes of fluid injected and the injection pressures.

## **J — OIL PURCHASING AND TRANSPORTING**

### **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.

### **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 the same field, purchase all oil tendered to it which has been lawfully produced in the vicinity of, 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 or in favor of the 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.

### **RULE 803. PURCHASE OF LIQUIDS FROM GAS WELLS**

Provided that a supplemental order is issued authorizing such production on the monthly proration schedule, any common purchaser is authorized to purchase 100 percent of the amount of associated crude oil or condensate produced and recovered from a natural gas proration unit.

## **K — GAS PURCHASING AND TRANSPORTING**

### **RULE 901. ILLEGAL SALE PROHIBITED**

The sale, purchase or acquisition, or the transporting, refining, processing or handling in any other way, of natural gas in whole or in part (or of any product of natural gas so produced) 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.

### **RULE 902. RATABLE TAKE**

(a) Any person now or hereafter engaged in purchasing from one or more producers gas produced from gas wells shall be a common purchaser thereof within each common source of supply from which it purchases, and as such it shall purchase gas lawfully produced from gas wells with which its gas transportation facilities are connected in the pool and other gas lawfully produced within the pool and tendered to a point on its gas transportation facilities. Such purchases shall be made without unreasonable discrimination in favor of one producer against another in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells. In the event any such person is likewise a producer, he is prohibited to the same extent from discriminating in favor of himself on production from gas wells in which he has an interest, direct or indirect, as against other production from gas wells in the same pool. For the purposes of this rule reasonable differences in prices paid or facilities afforded, or both, shall not constitute unreasonable discrimination if such differences bear a fair relationship to differences in quality, quantity or pressure of the gas available or to the relative lengths of time during which such gas will be available to the purchaser. The provisions of this subsection shall not apply (1) to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the Commission, (2) to purchases of casinghead gas from oil wells, and (3) to persons purchasing gas principally for use in the recovery or production of oil or gas.

(b) Any common purchaser taking gas produced from gas wells from a common source of supply shall take ratably under such rules, regulations and orders, concerning quantity, as may be promulgated by the Commission consistent with this rule. The Commission, in promulgating such rules, regulations and orders may consider the quality and the deliverability of the gas, the pressure of the gas at the point of delivery, acreage attributable to the well, market requirements in the case of unprorated pools, and other pertinent factors.

(c) Nothing in this rule shall be construed or applied to require, directly or indirectly, any person to purchase gas of a quality or under a pressure or under any other condition by reason of which such gas cannot be economically and satisfactorily used by such purchaser by means of his gas transportation facilities then in service.

## **L — REFINING**

### **RULE 1001. REFINERY REPORTS**

Each refiner of 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 oil and products involved in such refiner's operations during each month. Such report for each month shall be prepared and filed according to instructions on the form, on or before the 15th day of the next succeeding month.

### **RULE 1002. GASOLINE PLANT REPORTS**

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 within the State of New Mexico, shall furnish for each calendar month a "Monthly Gasoline or Other Extraction Plant Monthly Report," Form C-114, containing the information indicated by such form respecting natural gas and products involved in the operation of each plant during each month.

Such reports for each month shall be prepared and filed according to instructions on the form on or before the 15th day of the next succeeding month.

No. 1204

THIS AGREEMENT made and entered into this 4<sup>th</sup> day of April, 1951, by and between EL PASO NATURAL GAS COMPANY, a Delaware corporation with offices at El Paso, Texas, hereinafter referred to as "Buyer", and TEXAS PACIFIC COAL AND OIL COMPANY, a Texas corporation with offices at Fort Worth, Texas, hereinafter referred to as "Seller";

W I T N E S S E T H:

That, for and in consideration of the sum of One and No/100 (\$1.00) Dollars cash in hand paid to Seller by Buyer, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter set out, Buyer and Seller do hereby contract, covenant and agree with each other as follows:

ARTICLE I

Subject Matter of Agreement

Section 1. Seller covenants and represents that it is the owner of valid and subsisting oil and gas mining leases covering the following described two blocks of land in Lea County, State of New Mexico, upon which Seller has drilled or recompleted, or contemplates drilling or recompleting, wells capable of producing natural gas in commercial

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quantities, a portion of such gas being considered by Seller as available for sale to Buyer under the terms of this agreement, said two blocks of land being described as follows:

a. Block 1

The South One-Half ( $S\frac{1}{2}$ ) of Section Three (3); the North One-Half ( $N\frac{1}{2}$ ) and Southwest Quarter ( $SW\frac{1}{4}$ ) of Section Four (4); all of Section Nine (9); the West One-Half ( $W\frac{1}{2}$ ), the East One-Half ( $E\frac{1}{2}$ ) of the Northeast Quarter ( $NE\frac{1}{4}$ ), the South One-Half ( $S\frac{1}{2}$ ) of the Southeast Quarter ( $SE\frac{1}{4}$ ), and the Northeast Quarter ( $NE\frac{1}{4}$ ) of the Southeast Quarter ( $SE\frac{1}{4}$ ) of Section Ten (10); the West One-Half ( $W\frac{1}{2}$ ) and Northeast Quarter ( $NE\frac{1}{4}$ ) of Section Eleven (11); the North One-Half ( $N\frac{1}{2}$ ) and Southwest Quarter ( $SW\frac{1}{4}$ ) of Section Thirteen (13); the North One-Half ( $N\frac{1}{2}$ ) of Section Fourteen (14); the North One-Half ( $N\frac{1}{2}$ ) of Section Fifteen (15); the Southeast Quarter ( $SE\frac{1}{4}$ ) of Section Seventeen (17); the East One-Half ( $E\frac{1}{2}$ ) of Section Twenty (20); the South One-Half ( $S\frac{1}{2}$ ) and Northwest Quarter ( $NW\frac{1}{4}$ ) of Section Twenty-One (21); the West One-Half ( $W\frac{1}{2}$ ) of Section Twenty-Two (22); the North One-Half ( $N\frac{1}{2}$ ) of Section Twenty-Three (23); and the South One-Half ( $S\frac{1}{2}$ ) and Northwest Quarter ( $NW\frac{1}{4}$ ) of Section Twenty-Four (24); all in Township Twenty-Three (23) South, Range Thirty-Six (36) East, Lea County, New Mexico.

b. Block 2

The South One-Half ( $S\frac{1}{2}$ ) and Northwest Quarter ( $NW\frac{1}{4}$ ) of Section Five (5); the South One-Half ( $S\frac{1}{2}$ ) and Northeast Quarter ( $NE\frac{1}{4}$ ) of Section Seven (7); all of Section Eight (8); and the North One-Half ( $N\frac{1}{2}$ ) and Southwest Quarter ( $SW\frac{1}{4}$ ) of Section Nine (9); all in Township Twenty-Two (22) South, Range Thirty-Six (36) East, Lea County, New Mexico.

Section 2. Block 1 Gas Covered by and Excepted from this Agreement

a. Subject to the reservations and exceptions in this agreement hereinafter contained, this agreement shall

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cover and include all gas from dry gas wells and gas-distillate wells now located or hereafter drilled or recompleted upon the lands comprising Block 1, above described, produced from formations encountered above four thousand (4,000) feet below the surface of the earth.

b. This agreement does not cover and include the following described gas which may be produced from Block 1, which gas is expressly excepted and reserved to Seller, its successors and assigns.

- (1) Gas produced from formations encountered at a depth greater than four thousand (4,000) feet from the surface of the earth;
- (2) Gas produced from an oil well, except as provided in Section 3 of Article II;
- (3) Gas reserved by Seller under the provisions of Section 3 of Article II.

Section 3. Block 2 Gas Covered by and Excepted from this Agreement

a. Subject to the reservations and exceptions in this agreement hereinafter contained, this agreement shall cover and include all gas from dry gas wells and gas-distillate wells now located, or hereafter drilled or recompleted upon the lands comprising Block 2, above described, produced from the Yates Sand formation only, encountered

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above four thousand (4,000) feet below the surface of the earth, excepting such gas from such wells as may be used to gas-lift wells located upon the lands comprising Block 2, above described.

b. This agreement does not cover and include the following described gas which may be produced from Block 2, which gas is expressly excepted and reserved to Seller, its successors and assigns:

- (1) Gas produced from formations encountered at a depth greater than four thousand (4,000) feet from the surface of the earth;
- (2) Gas produced from the "Seven Rivers" and "Queen" formations encountered below the Yates Sand formation, and above four thousand (4,000) feet below the surface of the earth;
- (3) Gas (including gas-lift gas) produced from an oil well;
- (4) Gas reserved by Seller under the provisions of Section 3 of Article II.

#### ARTICLE II

##### Purchase and Sale

Section 1. For the term of this agreement, and subject to the exceptions and reservations herein contained,

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Seller hereby agrees to sell and deliver to Buyer, and Buyer agrees to purchase and receive from Seller, in the usual conduct of its business, gas described in Article I hereof as being subject to the terms of this agreement, produced from wells located, or hereafter drilled or recompleted upon Block 1, and gas described in Article I hereof as being subject to the terms of this agreement, produced from wells located, or hereafter drilled or recompleted upon Block 2, while and so long as such premises are subject to the oil and gas leases now owned by Seller, or any extensions or renewals thereof, in accordance with the terms and conditions hereinafter set forth.

Such wells on the acreage covered hereby as are completed at the date hereof and are capable of producing gas covered by the terms of this contract shall be connected by Buyer not later than one hundred twenty (120) days from the effective date of this agreement, and the provisions of Article III hereof shall become effective as to each such well at the expiration of such one hundred twenty (120) day period or on the date of connection, whichever date is earlier. New wells subject to this agreement, and completed or recompleted after the effective date hereof, shall be connected by Buyer to its gathering system not later than ninety (90) days after receipt by Buyer of notice from Seller that such well has been completed or recompleted,

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and the provisions of Article III hereof shall become effective as to each such well at the expiration of such ninety (90) day period or on the date of connection, whichever date is earlier.

Section 2. The point of delivery for all gas sold and delivered hereunder shall be at the mouth of the well, or at the outlet of Seller's separator, if installed.

Section 3. Seller reserves sufficient gas for the development and operation of said premises, and other premises in the vicinity owned by Seller, including, but not by way of limitation, the use of gas for gas-lift purposes, and so much other gas as the lessors are entitled to use under the respective terms of the oil and gas mining leases under which Seller is operating. Buyer shall have the right to purchase, under its standard casinghead gas contract being used in the area, the casinghead gas from any well located upon the lands other than Block 2, above described, the oil from which is being gas-lifted by gas otherwise subject to this agreement, but in the event Buyer shall not make connection to and commence taking gas from any such well within ninety (90) days after receipt of notification from Seller that such gas is available, the gas from such well shall thereafter be considered released from the terms of this agreement.

Buyer agrees that it will at all times pay Seller for such casinghead gas at the highest price, and on the

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most favorable terms being paid and used by Buyer in making settlement for casinghead gas purchased from other sellers furnishing gas to the plant in which Seller's gas is being processed.

Seller shall not be required, except in its sole judgment and discretion, to drill, rework, recondition, recomplete or repair any well now or hereafter capable of producing gas subject to this agreement, and Seller shall not be obligated to maintain in force and effect any of the said leases, or any right, title or interest thereunder. Seller shall have the sole right to determine when any well will be abandoned, or recompleted in a zone not covered by this agreement.

Section 4. Title to and ownership of the gas delivered hereunder, as well as title and ownership of all gasoline and other hydrocarbons which are in a gaseous state at the time of delivery, shall pass to and absolutely vest in Buyer at the point of delivery, as hereinabove provided.

Section 5. The terms "dry gas well", "gas-distillate well", and "oil well", as used herein, shall mean any well classified respectively as such by any regulatory body having jurisdiction or, in the absence of such classification, by mutual agreement of the parties hereto.

Section 6. Unless it elects to do so, Buyer shall not be obligated to purchase any gas subject to this agree-

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ment which is not "merchantable gas" at the point of delivery. "Merchantable gas", as used herein, shall mean gas containing not more than one thousand (1,000) grains total sulphur per one hundred (100) standard cubic feet, and not more than five percent (5%) of carbon dioxide, and it shall have a gross heating value of not less than nine hundred fifty (950) British thermal units per standard cubic foot saturated with water vapor. Such gas shall be reasonably free from objectionable liquids. Except as provided in Article VI hereof, Seller shall never be required to treat gas to render it merchantable.

Buyer shall have the right to refuse to take gas from any well, the gas from which fails to meet any of the above specifications, and in the event Buyer shall not commence taking gas from any such well within ninety (90) days after receipt of notification from Seller that gas from such well is available, the well and the acreage allocation unit upon which it is located shall thereafter be considered released from the terms of this agreement.

### ARTICLE III

#### Right of way

Section 1. Seller grants to Buyer, so far as Seller has the right to do so, right of way on said premises and other lands controlled by Seller for Buyer's gathering pipe lines and other equipment as may be necessary, right of

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ingress and egress to and from said premises, and the further right to do thereon acts necessary or convenient for the carrying out of the terms of this agreement.

Section 2. All equipment placed on said premises by Buyer shall be and remain its property and shall be subject to removal by it at any time.

#### ARTICLE IV

##### Regulation

Buyer shall have the right to regulate the flow of gas at the point of delivery insofar as the fluctuating demand of Buyer's market is concerned, but such regulation shall be subject to control by Seller insofar as the ability of any well or wells to produce, and insofar as possible well or reservoir damage by excessive rates of withdrawal are concerned. Seller shall never be required to deliver gas from any well in excess of twenty-five percent (25%) of its open flow capacity.

#### ARTICLE V

##### Delivery Pressure

Buyer shall take gas hereunder at natural flowing pressures at the point of delivery, and shall have the right to operate its high pressure gathering system at pressures not to exceed six hundred pounds (600) per square inch gauge. In the event any well becomes incapable of producing at least one million (1,000,000) cubic feet

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of gas per day at a flowing pressure of six hundred pounds (600#) per square inch gauge, or at the existing pressure of Buyer's high pressure gathering system, whichever is lower, Buyer agrees either to lower immediately the pressure on its gathering system to the extent necessary to permit delivery of gas from such well in such quantity, or to install immediately sufficient compression facilities to permit the delivery of gas in such quantity from such well at the operating pressure of Buyer's gathering system, and thereafter Buyer shall maintain such compression facilities in operation to the extent necessary to enable such well to deliver into Buyer's gathering system the volume of gas which Buyer has herein contracted to take from such well.

Buyer shall not discontinue taking gas from any well covered hereby so long as such well will produce at a wellhead flowing pressure of at least one hundred pounds (100#) per square inch gauge.

Buyer shall have the right to refuse to take gas from any well failing to produce at a wellhead flowing pressure of less than one hundred pounds (100#) per square inch gauge, and in the event Buyer shall not commence taking gas from any such well within ninety (90) days after receipt of notification from Seller that gas from such well is available, such well and the acreage allocation unit on which it is located shall thereafter be considered released from this agreement.

## ARTICLE VI

### Drips and Separators

Seller agrees to install all drips, separators and other devices that may be found necessary to separate crude oil, liquid hydrocarbons and/or water in its liquid state from the gas so that such oil, liquid hydrocarbons and/or water in its liquid state may be kept from entering Buyer's pipe line, all oil and liquid hydrocarbons coming from said premises being the property of Seller. Buyer agrees to install and maintain in operation such heaters as may be necessary to enable delivery from each well of the volume of gas Buyer has herein contracted to take from such well.

## ARTICLE VII

### Meters

Section 1. Buyer, at its sole cost and expense, shall install, maintain and operate at the points of delivery a standard type orifice meter for the measuring of the quantity of gas delivered hereunder. Orifice meters shall be installed and operated in accordance with the specifications prescribed in Gas Measurement Report No. 2, dated May 6, 1935, of the Natural Gas Department of the American Gas Association. Buyer shall cause the charts on such meter to be changed daily or weekly, as may be agreed upon by the parties hereto. The respective meter, meter readings and meter charts shall be accessible, at all reasonable times, to inspection and examination by Seller.

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Section 2. From time to time and at least once in each three (3) months, the accuracy of Buyer's measuring equipment shall be verified by and at the expense of Buyer in the presence of representatives of both Seller and Buyer, and the parties shall jointly observe any adjustments which are made in such measuring equipment. If either party at any time shall notify the other that it desires a special test of any meter, the other party shall cooperate to secure an immediate verification of the accuracy of such meter and joint observation of any adjustments. Each party shall give to the other notice of the time of all tests, in order that the other party may conveniently have its representative present. Reading, calibration and adjustment of Buyer's meters and changing of charts shall be done only by Buyer.

Section 3.. If, upon any test, the percentage of inaccuracy shall be two percent (2%) or more, the registration of such meter shall be corrected at the rate of such inaccuracy for any period which is definitely known or agreed upon, but in case the period is not definitely known or agreed upon, then for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration. Following any test, metering equipment found inaccurate shall be immediately restored by Buyer as closely as possible to a condition of accuracy. If, for any reason, any meter is out of service and/or out of repair so that the amount of natural gas delivered cannot be estimated or com-

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puted from the reading thereof, the amount of natural gas delivered through the period such meter is out of service and/or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available, using the first of the following methods which is feasible:

- a. By correcting the error if the percentage of error is ascertainable by calibration test or mathematical calculation;
- b. By using the registration of Seller's check meter, if installed and accurately registering;
- c. By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

Section 4. Seller may, at its option and expense, install and operate a check meter to check Buyer's meter, but measurement of gas for the purpose of this agreement shall be by Buyer's meter, except as hereinabove specifically provided to the contrary.

#### ARTICLE VIII

##### Gas Measurement

Section 1. The unit of measurement for the natural gas delivered under this agreement shall be one thousand

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(1,000) cubic feet at a base temperature of sixty (60) degrees Fahrenheit, at a specific gravity of 1.0, and at a base pressure of sixteen and four-tenths pounds (16.4#) per square inch absolute, and the readings and registrations of the metering equipment herein provided for shall be computed into such units in accordance with the specifications prescribed in Gas Measurement Report No. 2, dated May 6, 1935, of the Natural Gas Department of the American Gas Association as supplemented and modified, applied in a practical and appropriate manner, and proper correction shall be made for deviation from Boyle's Law in accordance with Bulletin TS-402 and Bulletin TS-461 of the California Natural Gasoline Association, as such Bulletins in the future may be supplemented and modified.

Section 2. For the purpose of measurement, the average absolute atmospheric (barometric) pressure shall be assumed to be fourteen and four-tenths pounds (14.4#) to the square inch, irrespective of the actual elevation or location of the delivery point above sea level or of variations in such barometric pressure from time to time. For meters of the orifice type, the following factors shall be given due consideration, viz:

- a. The temperature of the natural gas flowing through Buyer's meter shall be obtained by the use of a recording thermometer so installed by Buyer that it may

properly record the temperature of such gas. The average recorded temperature shall be used in computing gas measurements.

- b. The specific gravity of the natural gas shall be determined by Buyer each three (3) months (joint tests if desired by Seller) on or as near the first of each three (3) months' period as practicable, by means of an Edwards Balance or by such other method as may be agreed upon by the parties hereto. Such test shall determine the specific gravity to be used in computations for the measurement of natural gas deliveries during such three (3) months' period.

Seller shall be notified of and have the right to be represented at and to participate in all tests (including gasoline content tests) of gas delivered hereunder or of any equipment used in measuring or determining the nature or quality of such gas. Should Seller not be satisfied with any such test, it shall so notify Buyer and Buyer shall perform such retests as may be necessary to assure an accurate test.

## ARTICLE II

### Gasoline Content Tests

Tests for the determination of gasoline content of the gas sold hereunder shall be made by Buyer each three (3) months, on or as near the first of each three (3) months' period as practicable. The Natural Gasoline Association of America standard charcoal method, or such other method as may be agreed upon, shall be used in making such tests. The content as determined shall be adjusted to the pressure base specified in Article VIII hereof.

## ARTICLE I

### Gasoline and Other By-Products

Section 1. Buyer agrees to make payment to Seller on the basis of the schedule set out in "Basis of Settlement for Gasoline and Additional Products", attached hereto as Exhibit "A", for all the natural gasoline contained in all the gas purchased hereunder, irrespective of whether such gas is processed for extraction of said gasoline.

In the event Buyer processes (or causes to be processed) the gas purchased hereunder for the extraction of other liquefied petroleum products, Buyer shall pay Seller for such other products on the basis of the schedule set out in "Basis of Settlement for Gasoline and Additional Products", attached hereto marked Exhibit "A" and hereby made a part hereof.

Section 2. Buyer agrees to at all times pay Seller for such gasoline and other products at the highest price, and on the most favorable basis, being used by Buyer in paying and settling with other sellers furnishing gas to the plant in which Seller's gas is, could be, or may be, being processed.

## ARTICLE XI

### Billing

Section 1. On or before the tenth (10th) day of each calendar month, Buyer shall render to Seller a statement accompanied by charts, showing the amount of gas purchased by Buyer hereunder during the preceding calendar month, and payment for such gas shall be made by Buyer to Seller on or before the twentieth (20th) day of the calendar month in which such statement is rendered. Any errors in such charts, statement or payment shall be promptly reported to Buyer, and Buyer shall make proper adjustment thereof within thirty (30) days after final determination of the correct volume and/or value involved.

Section 2. It is understood and agreed that Seller will pay and satisfy all production, severance or similar taxes levied or assessed on or against the gas delivered hereunder up to the point of delivery as defined herein, or in the event Buyer pays any such taxes for Seller, Buyer may deduct such taxes so paid from amounts due Seller hereunder. All taxes and assessments or similar charges upon

the gas sale or delivery hereunder or assessed or levied on the gas or its transportation, sale or handling beyond the point of delivery hereunder shall be paid by Buyer. In the event that any tax now in force and levied or assessed on or against the gas delivered hereunder up to the point of delivery is increased, or in the event that any new or additional tax is hereafter levied or assessed by the State of New Mexico, the Federal Government or other competent authority in respect to or applicable to the gas to be delivered by Seller to Buyer under this agreement, which Seller may be liable for under the law and under this agreement, and which would, except for this provision, be payable by or chargeable to Seller without right of reimbursement from others, the amount of such increase or new or additional tax shall be divided between and borne three-fourths ( $3/4$ ) by Buyer and one-fourth ( $1/4$ ) by Seller, unless such increase or new or additional tax is assessed or levied on or against "make-up" gas as defined in Section 6 of Article XII hereof, in which event the entire amount of such increase or new or additional taxes shall be borne by Buyer. Also Buyer shall reimburse Seller to the extent that the amount of any such taxes payable on "make-up" gas at the time of delivery exceeds the amount of such taxes payable at the time such "make-up" gas was paid for.

Section 3. Seller shall return to Buyer all charts after they have been inspected. Seller shall have access to Buyer's records and books at all reasonable hours so far as they affect the gas sold hereunder.

## ARTICLE III

### Quantities

Section 1. It is expressly agreed that Buyer undertakes no obligation to purchase solely from Seller and within the district in which the acreage covered hereby is located, nor to purchase at all times Seller's full allowable production. Buyer agrees, insofar as practicable, to take ratably from each allocation unit connected to its system in Lee County, based upon the well acreage allocations and the ability of individual wells to deliver gas into Buyer's gathering system against the working pressure therein, or against a pressure of six hundred pounds (600#) per square inch gauge, whichever is lower, within the allowable limits that may be set from time to time by governmental authorities having proper jurisdiction thereof. In no event shall Buyer be required to take, or Seller be required to deliver, gas from any well in excess of twenty-five percent (25%) of its open flow capacity.

Section 2. Buyer agrees to purchase and take, or failing to take, nevertheless to pay for, a daily average minimum of five hundred thousand (500,000) cubic feet per day from each well located upon a "maximum gas allocation unit" as that term is hereinafter defined in Section 5 below; provided, however, that in the event any well becomes incapable of producing, at a flowing pressure of one hundred pounds (100#) per square inch gauge, a daily stabilized rate

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of at least one million (1,000,000) cubic feet per day, the above minimum shall be reduced proportionately so that Buyer shall not be obligated to take or pay for a daily average minimum greater than fifty percent (50%) of such well's daily stabilized producing capacity at such one hundred-pound (100#) flowing pressure. If a well is located upon less than a maximum gas allocation unit, the applicable minimum for such well shall be reduced proportionately.

Section 3. At the request of Seller, when any required approval has been obtained by Seller from all governmental authorities having jurisdiction in the premises, the daily average minimum of five hundred thousand (500,000) cubic feet per day required to be taken by Buyer shall be increased proportionately up to a maximum of two million (2,000,000) cubic feet per day, in the case of any well located on a tract consisting of more than one hundred sixty (160) acres, up to, but not exceeding, a total of six hundred forty (640) acres. All such tracts shall meet the requirements of Section 5 below.

Section 4. Said minimum average shall be averaged over each calendar year, or the applicable portion thereof if the well is, or could be, connected to Buyer's system for only a part of the calendar year under consideration.

Section 5. For the purpose of this agreement, a "maximum gas allocation unit" is hereby defined to be a

tract or portion of a tract under one lease operated under a unified working interest which contains at least one hundred sixty (160) acres. In designating a maximum unit or fractional portion thereof, section lines may be disregarded so long as the unit acreage is under the same lease or unit of unified working interests, forming a continuous block whose longest boundary dimension does not exceed five thousand two hundred eighty (5,280) feet.

Section 6. In the event Buyer shall fail to take from any well during any calendar year, or applicable portion thereof, the daily average minimum as above defined, and such failure is not due to physical non-availability of gas, causes within the control of Seller or force majeure intervention, then within thirty (30) days after the end of such calendar year, Buyer shall pay Seller for the difference between the average minimum quantity required to be taken from such well and the amount actually taken by Buyer from such well during such calendar year. Payment shall be made at the weighted average price paid by Buyer for gas from such well during such calendar year.

During the next four (4) years following that in which Buyer failed to take the gas so paid for, all gas taken by Buyer from such well during any year which is in excess of the daily average minimum for such well for such year shall be known as "make-up" gas and shall be without

charge to Buyer until such excess is equal to the amount of gas previously paid for but not taken (and not having been made up) during the preceding four (4) years; provided, however, that this provision shall not operate to extend the primary term of this agreement for any period in excess of one (1) year.

Section 7. Wells requiring tests to determine their open flow capacity and their daily stabilized producing capacity shall be tested by Buyer annually, and such test shall determine the daily average minimum for such well during the succeeding twelve (12) months' period. Buyer shall give Seller prior notice of the date of such tests, and Seller shall have the right to be represented at and to participate in such tests. In the absence of agreement of the parties as to the manner and method of conducting such tests, such tests shall be conducted in the manner and under the rules prescribed by the Railroad Commission of Texas for such tests.

Section 8. In the event that any governmental authority having proper jurisdiction in the premises should establish rules allocating gas withdrawals from the wells covered hereby to the extent that Seller should be unable for that reason to deliver from any particular well the minimum amount of gas Buyer is obligated to take from such well, and at the same time Seller owns or operates a well or wells covered hereby which can by virtue of such allocation be produced at a rate higher than the minimum Buyer is obli-

gated to take from such well or wells, Buyer agrees to increase its takes of gas from wells having such higher allocation, up to the maximum of such allocation, for the purpose of offsetting takes from wells having allocations lower than Buyer's minimum allocation hereunder.

The provisions of this Section 8 shall not become applicable unless allocation rules so established are pool-wide in scope.

#### ARTICLE XIII

##### Price

Section 1. Buyer shall pay Seller for the gas contracted hereunder in accordance with the following schedule:

a. For gas taken from wells having sufficient pressure either to deliver gas into Buyer's high pressure gathering system against the working pressure therein, or against a pressure of six hundred pounds (600#) per square inch gauge, whichever is lower:

- (1) From the effective date of this agreement until September 30, 1954, seven cents (7¢) per thousand (1,000) cubic feet;
- (2) For the five (5) year period commencing October 1, 1954, eight cents (8¢) per thousand (1,000) cubic feet;

- (3) For the next five (5) year period thereafter, nine cents (9¢) per thousand (1,000) cubic feet;
- (4) For the remainder of the term hereof, the market value at the commencement of such period for gas of similar quality and pressure in the area from which the gas covered by this agreement is being produced, but not less than ten cents (10¢) per thousand (1,000) cubic feet.

b. For all gas which must be compressed by Buyer before it will enter Buyer's high pressure gathering system against a pressure of six hundred pounds (600#) per square inch gauge, or at the existing pressure of Buyer's high pressure gathering system, whichever is lower, the above listed prices shall be reduced one-half cent (1/2¢) per thousand (1,000) cubic feet. Buyer shall take such gas at pressures as low as one hundred pounds (100#) per square inch gauge. Buyer represents that it contemplates a gradual reduction in the operating pressure of its high pressure gathering system consistent with the general decline of pressures in the field, and, anything contained in this subsection to the contrary notwithstanding, the reduction in price provided for in the first sentence of this subsection shall

never be applicable in any single month to a greater quantity of gas than that delivered to Buyer from those of Seller's wells which produced the least quantity of gas into Buyer's lines during such month and constitute not more than twenty percent (20%) of all of Seller's wells so producing into Buyer's lines during such month.

Section 2. During any month during the term hereof, should gas of similar kind and quality as that delivered hereunder be sold in the same field or area at a higher price per thousand (1,000) cubic feet than provided herein, and as a result thereof Seller is required to pay royalty to its lessor or lessors based upon such higher price for gas delivered hereunder, then and in that event Buyer agrees to reimburse Seller in the amount that the actual royalty paid by Seller to its lessor on gas delivered during said month exceeds the amount of such royalty if computed on the basis of the price paid hereunder. Provided, further, that Buyer may refuse to pay excess royalty on gas delivered hereunder should the same higher field price exceed by more than one and one-half cents (1½¢) per thousand (1,000) cubic feet the price currently being paid under this agreement, by giving written notice to Seller, in which event Seller shall have thirty (30) days after receipt of such notice in which to elect whether it will assume and bear all excess royalty due on gas delivered hereunder in excess of a field price

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of one and one-half cents (1½¢) per thousand (1,000) cubic feet more than the price currently being paid under this agreement, and if Seller shall not within said period of thirty (30) days elect to assume and bear such excess, then this agreement shall terminate with respect to the acreage applicable to such excess royalty. Sums due under the provisions of this Section 2 shall be paid by Buyer to Seller monthly, within fifteen (15) days after receipt of statement from Seller showing the amount due.

For purposes of determining Buyer's obligation to pay any excess royalty that may be applicable, the royalty obligation of Seller on the date gas is actually delivered will be considered.

Section 3. Payment for the gas sold hereunder shall be made directly to Texas Pacific Coal and Oil Company at Fort Worth, Texas.

Seller hereby assumes the responsibility and liability for making payments to the lessors and royalty owners for the proportionate amounts due them on account of all deliveries hereunder.

Section 4. If at any time or times after the date of this agreement there should be in effect any contract, agreement or other arrangement between Buyer (or any person, firm or corporation in which Buyer owns stock or with which Buyer is otherwise associated or affiliated) and any party

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or parties providing for the purchase of gas for use in Buyer's pipe line system, from "dry gas" or "gas-distillate" wells, oil wells, gasoline plants and other sources of natural gas within Lea or Eddy Counties, New Mexico, or Cochran, Hookley, Yeakum, Gaines, Andrews, Ector, Loving, Cimarron, Crane or Ward Counties, Texas, under which Buyer pays a price per thousand (1,000) cubic feet higher than at the time being paid hereunder, Buyer shall forthwith notify Seller of such fact and of the amount of such higher price, and thereupon each price being paid hereunder which is less than the price being paid at the same time for such other gas under such other contract, agreement or arrangement shall be immediately increased so that it will equal the price being paid at the same time under such other contract, agreement or arrangement. Each such increased price shall at all times be equal to the respective highest price paid at the same time by Buyer or any such affiliate for such gas in such area so long as any such price so paid by Buyer or any such affiliate under other contracts, agreements or arrangements exceeds the respective prices fixed by this agreement.

In determining whether (1) the price payable under such other contract, agreement or arrangement is "higher" than the price payable for gas under this agreement, and (2) if the same is higher, in determining the amount of such price, appropriate conversion of price figures shall

be made to compensate for any difference in the basis of measurement and, additionally, an appropriate reduction in said price, not to exceed one-half cent (1/2¢) per thousand (1,000) cubic feet, shall be made to compensate for the gathering costs, if any, incurred by the seller in delivering the gas covered by such other contract to Buyer's pipe line facilities. In making the determinations provided for in the preceding sentence, consideration shall be given only to the matters mentioned therein, all other factors being excluded.

#### ARTICLE XIV

##### Title

Seller hereby warrants the title to the gas, the Seller's right to sell such gas, and that the gas is free from all liens and adverse claims.

#### ARTICLE XV

##### Consideration

It is specifically agreed that the consideration paid and the payments to be made hereafter, according to the terms hereof, in all respects support each and every covenant, right, privilege and option hereof.

## ARTICLE XVI

### Indemnification

Neither Seller nor Buyer shall be held responsible or liable for damages for the acts or conduct of the other.

## ARTICLE XVII

### Force Majeure

Section 1. Except for Buyer's obligation to make payments for gas delivered hereunder, neither party hereto shall be liable for any failure to perform the terms of this agreement when such failure is due to "force majeure" as hereinafter defined. The term "force majeure" as employed in this agreement shall mean acts of God, strikes, lockouts or industrial disturbances, civil disturbances, arrests and restraint from rulers and people, interruptions by government or court orders, present and future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure materials or labor, inability to obtain right of way, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipe lines, partial or entire failure of gas supply, or any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party

claiming force majeure. Nothing herein contained, however, shall be construed to require either party to settle a strike against its will.

Section 2. If, by reason of "force majeure", Buyer is prevented for a period of one hundred eighty (180) days from taking from any well subject to this agreement the daily average minimum of gas for such period provided for in Section 2 of Article XII hereof, Seller shall have the option of canceling this agreement as to any such well, and the allocation unit upon which it is located, upon thirty (30) days written notice to Buyer unless Buyer shall, within such thirty (30) day period, commence paying to Seller and thereafter, during the continuance of such period of "force majeure" pay to Seller, on a monthly basis, for such daily average minimum of gas which Buyer has failed to take from such well. The provisions of the second paragraph of Section 6 of Article XII hereof shall apply to gas paid for but not taken under the provisions of this Section. 2.

#### ARTICLE XVIII

##### Successors and Assigns

This agreement shall bind and benefit the parties hereto and their respective successors and assigns, provided that no conveyance or transfer of any interest of either party shall be binding upon the other party until such other

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party has been furnished with written notice and true copy of such assignment or transfer; provided, further, that no assignment by Buyer of an undivided interest herein and no assignment of this agreement as to a part of the acreage, wells or gas covered hereby shall ever be effective without the written consent of Seller first having been obtained; and provided, further, that either Buyer or Seller, or both, may assign its right, title and interest in, to and by virtue of this agreement, including any and all extensions, renewals, amendments and supplements thereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor, and if any such trustee be a corporation, without its being required by the parties hereto to qualify to do business in the State of New Mexico.

#### ARTICLE XIX

##### Governmental Regulation

Section 1. It is expressly agreed that this agreement and the respective obligations of Buyer and Seller hereunder are subject to present and future valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction.

Section 2. Should the Federal Power Commission, or any successor commission or board which takes over the func-

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tions of said Federal Power Commission, assert, assume or exercise jurisdiction over the production, gathering or sale of the gas covered by this agreement, or over the price at which such gas is sold, then Seller shall have the right at any time thereafter to terminate this agreement upon ninety (90) days' written notice to Buyer.

#### ARTICLE XI

##### INRS

Both duplicate originals of this agreement contemporaneously with their execution have been placed in escrow with the Fort Worth National Bank, at Fort Worth, Texas, as escrow agent pursuant to the terms of an escrow agreement between Buyer and Seller. If, pursuant to the provisions of said escrow agreement both of said duplicate originals of this agreement are delivered to Seller, this agreement shall be a nullity and of no force and effect. If, pursuant to the provisions of said escrow agreement one of said duplicate originals of this agreement is delivered to Buyer and the other is delivered to Seller, this agreement shall be binding and effective from the date of each delivery and shall continue in full force until November 1, 1967, and thereafter from month to month until terminated by either party upon not less than sixty (60) days' notice to the other; provided, however, that in the event this agreement terminates on November 1, 1967, and Buyer shall have been unable

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to take delivery of all gas previously paid for but not taken under the provisions of Section 6 of Article XII hereof, Buyer shall have the right to continue to take gas from the applicable wells under the provisions of this agreement until November 1, 1968, if necessary, in order to receive such gas previously paid for but not taken.

#### ARTICLE XII

##### Breach of Contract

Should either party hereto fail to keep any of the agreements herein by it to be kept or performed, or to make any payments herein provided for, the other party may give the party in default written notice of such breach and unless such breach or default is corrected by the defaulting party within thirty (30) days from receipt of such notice, the notifying party, at its option, may cancel this agreement. Waiver of a prior breach or default shall never prevent either party from invoking the terms of this Article XII in case of a subsequent breach or default.

#### ARTICLE XIII

##### Notices

Notices to be given hereunder shall be deemed sufficiently given and served when and if deposited in the United States mail, postage prepaid and registered, addressed to Seller at P. O. Box 2110, Fort Worth, Texas, or to Buyer at P. O. Box 1492, El Paso, Texas, as the case may be, or to such other address as either party may respectively hereafter designate in writing.

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Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered mail or ordinary first class mail, postage prepaid.

**ARTICLE XIII**

**Cancellation of Prior Contract**

If and when this agreement becomes binding and effective, that certain gas purchase contract between Buyer and Seller dated March 26, 1947, as amended by letter agreements dated April 1, 1947, June 26, 1947, and September 2, 1947, shall be superseded by this agreement and canceled as of the date this agreement becomes binding and effective. If this agreement does not become binding and effective said gas purchase contract dated March 26, 1947, as amended, shall continue in force, unaffected hereby.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed, in duplicate originals, on this the day and year first above written.

**BUYER:**

**EL PASO NATURAL GAS COMPANY**

By

*W. H. ...*  
Vice President

**ATTORNEY**

*W. M. ...*  
Attorney

**SELLER:**

**TEXAS PACIFIC COAL AND OIL COMPANY**

By

*W. M. ...*  
Vice President

**ATTORNEY**

*W. M. ...*  
Attorney

**ILLEGIBLE**

STATE OF TEXAS |

COUNTY OF TARRANT |

On this 6th day of April, 1951, before me personally appeared A. J. [illegible], to me personally known, who, being by me duly sworn did say that he is the Vice President of El Paso Natural Gas Company, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said HE acknowledged said instrument to be the free act and deed of said corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal on this, the day and year first above written.

GEO. E. SCHAFER  
Notary Public

My Commission Expires:

6-1-51

STATE OF TEXAS |

COUNTY OF TARRANT |

On this 6th day of April, 1951, before me personally appeared O. E. Mitchell, to me personally known, who being by me duly sworn did say that he is the Vice President of Texas Pacific Coal and Oil Company, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said O. E. Mitchell acknowledged said instrument to be the free act and deed of said corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal on this, the day and year first above written.

GEO. E. SCHAFER  
Notary Public

My Commission Expires:

6-1-51

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EXHIBIT "A"

WARRANTY OF SUPPLYMENT FOR GASOLINE AND ADDITIONAL PRODUCTS

Attached to and made a part of agreement dated August 6, 1941 by and between El Paso Natural Gas Company, Buyer, and El Paso Lumber, Coal and Oil Company, Seller.

The Buyer shall pay to Seller for the gasoline contained in the gas delivered hereunder a price computed on the following basis:

- (a) When the average price of Grade 26/70 natural gasoline, or its substantial equivalent, is less than 2¢ per gallon, 10% of the value of the gasoline contained in said gas.
- (b) When the average price of Grade 26/70 natural gasoline, or its substantial equivalent, is 2¢ but less than 3¢ per gallon, 20% of the value of the gasoline contained in said gas.
- (c) When the average price of Grade 26/70 natural gasoline, or its substantial equivalent, is 3¢ but less than 4¢ per gallon, 25% of the value of the gasoline contained in said gas.
- (d) When the average price of Grade 26/70 natural gasoline, or its substantial equivalent, is 4¢ but less than 5¢ per gallon, 30% of the value of the gasoline contained in said gas.
- (e) When the average price of Grade 26/70 natural gasoline, or its substantial equivalent, is 5¢ or more per gallon, 33-1/3% of the value of the gasoline contained in said gas.

The value of the gasoline contained in a thousand cubic feet of gas shall be determined by multiplying the gasoline content (determined as hereinabove provided) by the average sales price of Grade 26/70 natural gasoline, or its substantial equivalent, as quoted in the National Petroleum News for the North Texas District during each settlement period.

ADDITIONAL PRODUCTS. Buyer shall, with reference to all additional products, compensate Seller by paying Seller for

gas delivered under this contract, in addition to the sum of money otherwise provided to be paid therefor, a sum to be computed by multiplying the actual average net sales price of additional products, hereinafter defined, by the quantity of additional products, actually saved and sold from the plant attributable to gas delivered by Seller to Buyer, and multiplying the result by whichever of the following percentages is applicable, to wit:

15% when said average net sales price of additional products is 2¢ or less per gallon;

20% when said average net sales price of additional products is more than 2¢ but less than 4¢ per gallon;

25% when said average net sales price of additional products is 4¢ or more per gallon but less than 6¢;

33-1/3% when said average net sales price of additional products is 6¢ or more per gallon.

The "average net sales price of additional products" shall be the average net sales price per gallon f.o.b. plant of additional products saved and sold during the settlement period involved. As to any of such additional products that Buyer removed from said plant for its own use at points away from the plant same shall be deemed to have been sold f.o.b. the plant at the same price per gallon at which actual sales to others f.o.b. the plant of like material during the settlement period. In the event there should be no actual sales of additional products from the plant to others during any settlement period, then the average net sales price which Buyer shall use in computing payment to Seller for any of such additional products used by Buyer, as aforesaid, shall be the weighted average net sales price of three (3) other manufactures, f.o.b. their plants, of like material in the same general area during such settlement period. The "quantity of additional products actually saved and sold from Buyer's plant attributable to gas delivered by Seller to Buyer" shall, for the purpose of this computation, be that percentage of such additional products actually saved and sold from the plant, expressed in gallons, which the total gasoline content (determined as hereinabove provided) of the gas delivered by Seller to the plant bears to the total gasoline content of all gas delivered to the plant (determined in a like manner). By the term "additional products" is meant all products other than and in addition to residue gas and natural gasoline not in excess of 26 R.V.P. currently being manufactured in Buyer's plant.

JANUARY 1954

ORDERS AG 1 AND AG 1 A

NEW MEXICO  
OIL CONSERVATION COMMISSION

LEA COUNTY  
GAS PRORATION SCHEDULE

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER No. AG-1

GAS PRORATION ORDER  
FOR PERIOD JANUARY 1, 1954 THROUGH JUNE 30, 1954

The Commission held public hearing at Santa Fe, New Mexico on November 19, 1953 at 9 o'clock a.m., pursuant to legal notice for the purpose of setting the allowable production of gas from the following nine (9) gas pools in Lea County, New Mexico for the six month period, January 1, 1954 through June 30, 1954:

Amanda, Arrow, Blinebry, Byers-Queen  
Eumont, Jalco, Justis, Langmat and Tubb.

NOW, on this day the Commission, a quorum being present, having considered the nominations of purchasers, the capacity of producing wells, and being otherwise fully advised in the premises,

FINDS:

(1) The total nominations of purchasers of gas produced from the above listed nine (9) gas pools for the period January 1, 1954 through June 30, 1954 is 49,163,888 MCF. The individual pool nominations, which total 49,163,888 MCF, are as follows:

AMANDA	181,000
ARROW	654,962
BLINEBRY	3,832,813
BYERS-QUEEN	193,370
EUMONT	14,154,009
JALCO	9,808,806
JUSTIS	378,593
LANGMAT	17,038,720
TUBB	2,921,615

(2) The potential producing capacity of all gas wells in the nine (9) gas pools listed above is in excess of the nominations of purchasers of gas and in order to prevent waste and protect correlative rights, the production of gas from the above listed nine (9) gas pools should be limited and allocated and distributed during the six month proration period commencing January 1, 1954.

(3) That all the producing gas wells, together with the expected completed or recompleted wells in the nine (9) gas pools listed above can produce a total of 49,163,888 MCF without causing waste within the six month proration period commencing January 1, 1954, and an allocation based upon such production would be reasonable and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) For the six month proration period commencing January 1, 1954 the total allowable production to be assigned the nine (9) allocated gas pools in Lea County be and the same hereby is as follows:

AMANDA	181,000	MCF
ARROW	654,962	MCF
BLINEBRY	3,832,813	MCF
BYERS-QUEEN	193,370	MCF
EUMONT	14,154,009	MCF
JALCO	9,808,806	MCF
JUSTIS	378,593	MCF
LANGMAT	17,038,720	MCF
TUBB	2,921,615	MCF

(2) The allocation hereby set for said six month proration period in the nine (9) allocated pools in Lea County, New Mexico shall be in accordance with Orders Nos. 368-A through 376-A inclusive, and the Commission's Rules and Regulations.

(3) The total allowable production for each pool as set forth shall be allocated on a monthly basis in accordance with Schedule "A", attached hereto and said schedule shall be adjusted monthly to meet changes in market conditions as reflected by purchasers supplemental nominations and actual gas production, in accordance with Orders Nos. 368-A through 376-A inclusive.

The foregoing order shall remain effective until further order of the Commission.

DONE at Santa Fe, New Mexico, this 24th day of November, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

SCHEDULE "A"

	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>TOTAL</u>
AMANDA	<u>31,000</u>	<u>28,000</u>	<u>31,000</u>	<u>30,000</u>	<u>31,000</u>	<u>30,000</u>	<u>181,000</u>
ARROW	<u>121,449</u>	<u>93,233</u>	<u>142,821</u>	<u>107,722</u>	<u>94,997</u>	<u>94,740</u>	<u>654,962</u>
BLINEBRY	<u>820,320</u>	<u>677,076</u>	<u>922,163</u>	<u>571,889</u>	<u>414,369</u>	<u>426,996</u>	<u>3,832,813</u>
BYERS-QUEEN	<u>33,760</u>	<u>30,160</u>	<u>33,260</u>	<u>31,990</u>	<u>32,710</u>	<u>31,490</u>	<u>193,370</u>
EUMONT	<u>2,734,570</u>	<u>2,494,793</u>	<u>2,633,282</u>	<u>2,249,856</u>	<u>2,065,222</u>	<u>1,976,286</u>	<u>14,154,009</u>
JALCO	<u>2,030,192</u>	<u>1,555,596</u>	<u>2,909,317</u>	<u>1,505,725</u>	<u>858,871</u>	<u>949,105</u>	<u>9,808,806</u>
JUSTIS	<u>83,682</u>	<u>66,702</u>	<u>100,669</u>	<u>55,490</u>	<u>34,411</u>	<u>37,639</u>	<u>378,593</u>
LANGMAT	<u>3,528,708</u>	<u>2,754,662</u>	<u>4,929,995</u>	<u>2,621,570</u>	<u>1,534,222</u>	<u>1,669,563</u>	<u>17,038,720</u>
TUBB	<u>605,480</u>	<u>517,823</u>	<u>596,384</u>	<u>439,286</u>	<u>381,176</u>	<u>381,466</u>	<u>2,921,615</u>
						<u>TOTAL</u>	<u>49,163,888</u>

All figures in MCF @ 60° F. & 15.025 P.S.I.A.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER NO. AG-1-A

SUPPLEMENTARY GAS PRORATION ORDER FOR  
MONTH OF JANUARY, 1954

The Commission held public hearing at Santa Fe, New Mexico on December 17, 1953 at 9 o'clock a. m., pursuant to legal notice, for the purpose of setting the allowable production of gas from the following nine gas pools in Lea County, New Mexico, for the month of January, 1954:

Amanda, Arrow, Blinebry, Byers-Queen, Eumont, Jalco, Justis  
Langmat and Tubb

NOW, on this day the Commission, a quorum being present, having considered the supplementary nominations of purchasers, the capacity of producing wells, and being otherwise fully advised in the premises,

FINDS:

(1) The total nominations of purchasers of gas produced from the above listed nine gas pools for the month of January, 1954 is 12,299,763 MCF. The individual pool nominations, which total 12,299,763 MCF, are as follows:

Amanda	31,000
Arrow	135,391
Blinebry	973,425
Byers-Queen	8,760
Eumont	3,040,253
Jalco	2,629,478
Justis	130,109
Langmat	4,655,871
Tubb	695,476

(2) The potential producing capacity of all gas wells in the nine gas pools listed above is in excess of the nominations of purchasers of gas and in order to prevent waste and protect correlative rights, the production of gas from the above listed nine gas pools should be limited, allocated and distributed during the month of January, 1954.

(3) That all the producing gas wells, together with the expected completed or recompleted wells in the nine gas pools listed above, can produce a total of 12,299,763 MCF without causing waste during the month of January 1954, and an allocation based upon such production would be reasonable and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) For the month of January, 1954 the total allowable production to be assigned the nine allocated gas pools in Lea County, New Mexico, be and the same hereby is as follows:

Amanda	31,000
Arrow	135,391
Blinebry	973,425
Byers-Queen	8,760
Eumont	3,040,253
Jalco	2,629,478
Justis	130,109
Langmat	4,655,871
Tubb	695,476

(2) The allocation hereby set for the month of January in the Nine allocated pools in Lea County, New Mexico, shall be in accordance with Order Numbers R-368-A through R-376-A, inclusive, and the Commission's Rules and Regulations.

Order No. AG-1-A

(3) A proration schedule, duly prepared by the the Commission and thereafter adopted, for the month of January, 1954, is hereto attached and made a part hereof; it distributes and allocates the allowable production among the gas wells in the nine gas pools listed above for the period stated, in accordance with the Rules and Regulations of the Commission and Orders R-368-A through R-376-A, inclusive.

The foregoing order shall remain effective until further order of the Commission.

DONE at Santa Fe, New Mexico, this 21st day of December, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

SEAL



OPERATOR	WELL NO.	S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
LEASE	NO.					
HUMBLE OIL & RFG. CO.						
Penrose	1-B	13-22-37	160	1.00	31,150	E.P.
MAGNOLIA PET. CO.						
Brunson Argo	6-E	10-22-37	160	1.00	31,150	P.B.
Carson, E.O.	8-F	33-21-37	120	.75	23,363	P.B.
Corrigan, H	7-P	33-21-37	120	.75	23,363	P.B.
Long, S.E.	8-J	11-22-37	160	1.00	31,150	P.B.
Marshall Unit	3-D	34-21-37	160	1.00	31,150	P.B.
Williamson	1-A	23-21-37	40	.25	7,788	P.B.
MARKHAM, CONE & REDFERN						
Eubanks	1-M	14-21-37	160	1.00	31,150	E.P.
MORAN, E. F.						
Owen	2-D	14-21-37	160	1.00	31,150	E.P.
OHIO OIL CO.						
Marshall B	4-L	27-21-37	160	1.00	31,150	P.B.
Muncy	3-N	24-22-37	80	.50	15,575	E.P.
Warlick C	2-O	15-21-37	160	1.00	31,150	P.B.
Wortham	12-H	11-22-37	160	1.00	31,150	P.B.
OLSEN, R. OIL CO.						
Boyd	2-H	23-22-37	160	1.00	31,150	E.P.
Danglade	1-L	13-22-37	80	.50	15,575	E.P.
Drinkard	1-C	25-22-37	120	.75	23,363	E.P.
Sims	1-F	25-22-37	40	.25	7,788	E.P.
PHILLIPS PET. CO.						
Sims	1-L	24-22-37	80	.50	15,575	E.P.
Sims	4-D	24-22-37	160	1.00	31,150	E.P.
SAMEDAN OIL CORP.						
Parks	2-M	14-22-37	160	1.00	31,150	E.P.
Parks A	5-O	14-22-37	160	1.00	31,150	"
SHELL OIL CO.						
Argo	3-K	15-21-37	160	1.00	31,150	E.P.
Argo A	5-F	22-21-37	160	1.00	31,150	E.P.

OPERATOR LEASE	WELL NO.	S.T.R.	NO. ACRES	FACTOR	BLINERY CONT'D	JAN. ALLOW.	PIPE LINE
SHELL OIL CONT'D							
Livingston	8-F	3-21-37	80	.50		15,575	E.P.
Livingston	9-N	3-21-37	120	.75		23,363	E.P.
Sarkeys	2-K	23-21-37	160	1.00		31,150	E.P.
State	2-H	15-21-37	80	.50		15,575	E.P.
Turner	5-I	22-21-37	160	1.00		31,150	E.P.
Turner	13-N	22-21-37	160	1.00		31,150	E.P.
SINCLAIR OIL & GAS CO.							
Boyd	4-F	23-22-37	160	1.00		31,150	E.P.
Sarkeys A	1-J	23-21-37	160	1.00		31,150	E.P.
TIDE WATER ASSOC. OIL CO.							
Sarkeys	3-C	26-21-37	160	1.00		31,150	E.P.
State S	2-C	15-21-37	80	.50		15,575	E.P.
TOKIAN PROD. CO.							
Williamson	2-C	23-21-37	80	.50		15,575	E.P.
POOL TOTALS	39		5,000	31.25		973,441	
CONTINENTAL OIL CO.							
State A-29	1-J	29-18-38	40	.25		1,252	Cont.
GULF OIL CORP.							
Grimes, W	4-C	32-18-38	160	1.00		5,006	Gulf
SHELL OIL CO.							
State A	1-G	32-18-38	80	.50		2,504	Shell
POOL TOTALS	3		280	1.75		8,762	

BYERS-QUEEN

OPERATOR	WELL	NO.	S.T.R.	ACRES	FACTOR	PIPE
LEASE	NO.	S.T.R.	ACRES	FACTOR	PIPE	
AMERADA PET. CORP.						
Andrews	1-D	12-20-36	80	.50	19,806	P.B.
Lambert	1-B	6-20-37	160	1.00	39,612	P.B.
Phillips A	1-G	31-19-37	80	.50	19,806	A.M.
Phillips	8-G	1-20-36	160	1.00	39,612	P.B.
State D	3-F	1-20-36	160	1.00	39,612	P.B.
State F	1-M	36-19-36	160	1.00	39,612	P.B.
State G	1-N	18-19-37	80	.50	19,806	P.B.
State O	1-B	30-19-37	160	1.00	39,612	P.B.
State P	2-M	29-19-37	160	1.00	39,612	P.B.
State Q	3-O	16-20-37	160	1.00	39,612	P.B.
State T	3-F	25-19-36	80	.50	19,806	P.B.
State V	3-H	36-19-36	160	1.00	39,612	P.B.
Weir	4-F	35-19-36	160	1.00	39,612	P.B.
ANTWELL, MORRIS R.						
Phillips Hooper	1-O	27-20-37	160	1.00	39,612	S.U.
" Crawford	1-A	34-20-37	160	1.00	39,612	P.B.
Stan.Fed.	1-E	35-20-37	160	1.00	39,612	P.B.
ANDERSON PRICHARD OIL CORP.						
Britt A	2-K	6-20-37	80	.50	19,806	A&P
ATLANTIC REG. CO.						
Coleman	1-C	17-21-36	40	.25	9,903	S.U.
Crutchfield	1-I	32-19-37	40	.25	9,903	P.B.
State H	1-O	5-21-36	160	1.00	39,612	P.B.
State K	2-S	6-21-36	80	.50	19,806	Phil
State O	1-E	32-20-37	40	.25	9,903	Phil
State U	2-D	32-20-37	40	.25	9,903	S.U.
AZTEC OIL & GAS CO.						
Burke	1-P	28-19-37	80	.50	19,806	S.U.
Burke	2-H	"	80	.50	19,806	S.U.
Maxwell St.	1-K	27-19-37	80	.50	19,806	S.U.
CITIES SERVICE OIL CO.						
Laughlin	5-U	5-20-37	120	.75	29,709	P.B.
State F	2-I	30-20-37	120	.75	29,709	P.B.

OPERATOR	WELL	S.T.R.	ACRES	FACTOR	EUMONT	CONT'D	JAN.	PIPE
LEASE	NO.						ALLOW.	LINE
CONTINENTAL OIL CO.								
Britt A-6	4-L	6-20-37	80	.50			19,806	Cont.
Britt B-8	1-C	8-20-37	40	.25			9,903	E.P.
Britt B-10	1-M	10-20-37	160	1.00			39,612	E.P.
Britt B-15	3-L	15-20-37	160	1.00			39,612	Cont.
Britt B-18	3-J-6-P	18-20-37	160	1.00			39,612	Cont.
Lockhart A-18	1-P	18-21-36	80	.50			19,806	Cont.
Meyer A-8	3-M	8-21-36	160	1.00			39,612	E.P.
Meyer B-4	14-G	4-21-36	160	1.00			39,612	E.P.
Meyer B-8	4-D	8-21-36	160	1.00			39,612	E.P.
Meyer, Semu B-26	#1	26-20-37	150	1.00			39,612	E.P.
Sanderson A-11	1-I	11-20-36	160	1.00			39,612	Cont.
State A-19	1-L	19-19-37	40	.25			9,903	Cont.
State D-11	1-L	11-21-36	160	1.00			39,612	S.U.
EL PASO NATURAL GAS CO.								
Shell St.	1-A	3-20-37	80	.50			19,806	E.P.
FIELDS, BERT								
Turner, Hudson St.	2-C	32-20-37	80	.50			19,806	S.U.
GULF OIL CORP.								
Bell, R.R.	2-P	8-21-36	80	.50			19,806	Gulf
Leonard A	3-B	22-21-36	160	1.00			39,612	Gulf
Orcutt B	1-G	5-21-36	80	.50			19,806	P.B.
Ramsey B	1-M	29-20-37	160	1.00			39,612	Gulf
HUMBLE OIL & RFG. CO.								
Adkins	4-L	10-21-37	160	1.00			39,612	E.P.
Fopano	1-N	25-20-36	80	.50			19,806	E.P.
State Aggies	7-B	31-20-37	160	1.00			39,612	E.P.
State F	1-K	17-20-37	160	1.00			39,612	E.P.
KELLY, JOHN M.								
Houston Unit	1-P	8-19-37	160	1.00			39,612	E.P.
Cont. State F	1-D	1-21-36	160	1.00			39,612	E.P.
Kelly St.	1-F	13-19-36	160	1.00			39,612	P.B.
Phillips St.	1-P	12-19-36	160	1.00			39,612	E.P.
ME TEX								
Wallace St.	2-L	3-21-36	160	1.00			39,612	S.U.
Wallace St.	3-N	3-21-36	80	.50			19,806	S.U.

OPERATOR LEASE	WELL NO.	S.T.R.	ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
EUMONT CONT'D						
NOLAN & LANE						
Sinclair Williams	1-0	34-19-37	80	.50	19,806	S.U.
Williams, J.H.	3-N	34-19-37	160	1.00	39,612	W.P.
OHIO OIL CO.						
Barber	11-D	5-20-37	160	1.00	39,612	P.B.
PACIFIC WESTERN OIL CORP.						
State D	1-H	32-20-37	80	.50	19,806	S.U.
PHILLIPS PET. CO.						
Bern A	1-P	14-19-36	160	1.00	39,612	E.P.
Monument	1-H	12-19-36	160	1.00	39,612	E.P.
New	2-H	26-20-36	80	.50	19,806	Phil.
SCHERMERHORN OIL CORP.						
Christmas	1-D	11-20-37	40	.25	9,903	P.B.
SHELL OIL CO.						
State	1-G	20-21-36	160	1.00	39,612	E.P.
State	1-E	7-19-37	160	1.00	39,612	E.P.
State A	1-P	35-19-36	40	.25	9,903	E.P.
State B	1-E	36-19-36	160	1.00	39,612	E.P.
State F	1-I	29-19-37	40	.25	9,903	E.P.
State L	2-X	1-21-35	160	1.00	39,612	E.P.
State M	4-P	1-21-35	160	1.00	39,612	E.P.
SINCLAIR OIL & GAS CO.						
Barber	7-E	8-20-37	80	.50	19,806	E.P.
SKELLY OIL CO.						
Christmas	1-M	25-19-36	40	.25	9,903	E.P.
Monstate	2-I	13-19-36	160	1.00	39,612	E.P.
Monstate	4-N	13-19-36	160	1.00	39,612	P.B.
Monstate	5-H	13-19-36	160	1.00	39,612	P.B.
State G	1-J	30-20-37	40	.25	9,903	S.U.
State B	5-G	16-21-36	80	.50	19,806	P.B.
State B	7-E	"	160	1.00	39,612	P.B.

OPERATOR LEASE	WELL NO.	S.T.R.	ACRES	FACTOR	EUMONT CONT'D	JAN. ALLOW.	PIPE LINE
SKELLY OIL CONT'D							
Van Eften	9-L	9-20-37	160	1.00		39,612	S.U.
"	10-C	9-20-37	160	1.00		39,612	S.U.
SOUTHERN UNION GAS CO.							
Williams	1-B	33-19-37	120	.75		29,709	S.U.
Williams	2-I	33-19-37	120	.75		29,709	S.U.
STANOLIND OIL & GAS CO.							
Gillully A	4-B	24-20-36	160	1.00		39,612	P.B.
SUN OIL CO.							
Akens, J.N.	1-L	3-21-36	160	1.00		39,612	E.P.
Akens, J.N.	6-I	3-21-36	160	1.00		39,612	E.P.
SUNRAY OIL CORP.							
Cooper	3-D	7-20-37	80	.50		19,806	SUNR.
"	4-H	12-20-36	80	.50		19,806	E.P.
THE TEXAS CO.							
Phillips	1-D	10-20-37	120	.75		29,709	P.B.
Riddel	1-N	12-21-36	80	.50		19,806	P.B.
TIDE WATER ASSOC. OIL CO.							
Coleman	3-A	17-21-36	160	1.00		39,612	E.P.
Marshall (D)	1-H	13-21-36	160	1.00		39,612	E.P.
State A	4-A	8-21-36	160	1.00		39,612	E.P.
State J	3-F	17-19-37	160	1.00		39,612	E.P.
State K	1-K	13-20-36	80	.50		19,806	E.P.
State E	2-P	16-21-36	160	1.00		39,612	E.P.
TWO STATES OIL CO.							
McQuatters	1-J	11-21-36	40	.25		9,903	E.P.
WARREN PET. CORP.							
Evans St.	3-I	3-21-36	160	1.00		39,612	P.B.
Heasley St.	7-E	5-21-36	160	1.00		39,612	P.B.
RCCL TOTALS	400		12,280	76.75		3,040,221	

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	JALCO		PIPE LINE
					JAN. ALLOW.		
AMERADA PET. CORP. State JCT "	1-B	16-23-36	80	.50	18,211		P.B.
	2-G	"	80	.50	18,211		P.B.
AMERICAN REPUBLICS CORP. Crosby A Crosby B	1-O	29-25-37	80	.50	18,211		E.P.
	1-N	28-25-37	160	1.00	36,421		E.P.
ARGO OIL CORP. Langhart, B.T.	1-H	21-25-37	80	.50	* 9,610		E.P.
CONTINENTAL OIL CO. Ascarate C-24 Ascarate D-24 Danciger A-8 Farney A-5 Lockhart A-30 Lockhart A-30 " A-30 Lynn, J.T. A-27 Lockhart A-18 Lynn A-28 Meyer Mc. A-29 Meyer A-29 Meyer B-18 Meyer B-33 Sholes, A-13 Sholes B-30 State A-32 State A-32 State C-20 " E-17 " E-17 Stevens A-34 Vaughan A-14 Wells, F.J. B-1	1-B	24-25-36	80	.50	* 4,495		E.P.
	1-J	24-25-36	80	.50	* 12,648		E.P.
	2-P	8-23-36	160	1.00	36,421		E.P.
	2-I	5-23-36	160	1.00	* 33,325		E.P.
	1-H	30-21-36	160	1.00	36,421		E.P.
	5-K	30-21-36	80	.50	18,211		E.P.
	6-F	30-21-36	160	1.00	36,421		E.P.
	1-D	27-23-36	160	1.00	36,421		E.P.
	3-K	18-21-36	160	1.00	36,421		E.P.
	5-A	28-23-36	160	1.00	36,421		E.P.
	1-O	29-22-36	160	1.00	36,421		Cont.
	5-A	29-22-36	160	1.00	* 7,223		E.P.
	2-C	18-21-36	160	1.00	36,421		Cont.
	1-M	33-22-36	160	1.00	36,421		E.P.
	3-P	13-25-36	160	1.00	* 2,108		E.P.
	2-D	30-25-37	80	.50	* 3,348		E.P.
	2-G	32-22-36	160	1.00	36,421		E.P.
	3-P	32-22-36	160	1.00	36,421		E.P.
	5-M	20-21-36	160	1.00	36,421		E.P.
	4-E	17-22-36	160	1.00	* 7,161		Cont.
	5-L	"	160	1.00	36,421		E.P.
	1-E	34-23-36	160	1.00	* 4,433		Cont.
	6-K	14-24-36	160	1.00	36,421		E.P.
	1-A	1-25-36	160	1.00	36,421		Cont.

OPERATOR	WELL	NO.	JAN.	PIPE
LEASE	UNIT	S.T.R.	ACRES	FACTOR
				ALLOW.
				LINE
JALCO CONT'D				
CULBERTSON, E. A. & IRWIN, W. W. Lanehart, C.J.	1-B	28-25-37	120	.75
			27,316	E.P.
DALPORT OIL CORP. Harrison Lunt Winters Winters C	1-G 1-F 1-B 1-J	7-25-37 20-22-36 18-25-37 7-25-37	80 160 160 160	.50 1.00 1.00 1.00
			18,211 *17,422 36,421 36,421	E.P. E.P. E.P. E.P.
EL PASO NAT. GAS CO. Bates Langlie Fed. Parker	1-M 1-J 1-D	10-26-37 17-25-37 29-26-37	80 160 80	.50 1.00 .50
			18,211 36,421 18,211	E.P. E.P. E.P.
GULF OIL CORP. Ramsey Arnott B W. E Campbell Janda B	1-M 2-O 2-K 1-J	32-25-37 16-25-37 7-21-36 32-21-36	160 160 160 160	1.00 1.00 1.00 1.00
			36,421 36,421 36,421 36,421	Gulf E.P. Gulf P.B.
HUBBARD, HARRY Elliott	1-F	17-26-37	80	.50
			18,211	E.P.
HUMBLE OIL & RFG. CO. Cooper, J.M. Harrison Lanehart State B State B Thomas A E	1-F 1-M 1-K 1-F 7-I 1-O	14-24-36 25-24-36 21-25-37 29-21-36 " 23-24-36	40 160 40 80 160 80	.25 1.00 .25 .50 1.00 .50
			9,105 * 8,618 9,105 18,211 36,421 18,211	E.P. E.P. E.P. E.P. E.P. E.P.
KELLY, JOHN M. Shahan	3-G	33-25-37	120	.75
			27,316	E.P.
KRUPP-FLAHERTY Moberly C	3-E	21-26-37	80	.50
			18,211	E.P.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES FACTOR	JAN. ALLOW.	PIPE LINE
JALCO CONT'D				
LATE OIL CO. Rector, J.K.	1-G 31-21-36	80 .50	18,211	E.P.
LEONARD OIL CO. Bates, C.T.	1-L 20-25-37	160 1.00	36,421	E.P.
Bates, C.T.	2-D 29-25-37	160 1.00	*26,877	E.P.
Justis, B.M.	1-H 19-25-37	80 .50	18,211	E.P.
Justis, R.M.	2-H 20-25-37	160 1.00	36,421	E.P.
Justis, V.H.	1-D 20-25-37	160 1.00	36,421	E.P.
LOWE, RALPH Rose, Maggie	1-M 18-25-37	160 1.00	*21,111	E.P.
Shell St. B	1-K 16-23-36	40 .25	*1,116	E.P.
OLSEN-BLOUNT OIL CO. Legal	2-I 31-25-37	160 1.00	*21,142	E.P.
Jenkins	1-M 29-25-37	160 1.00	36,421	E.P.
Owens, Eva	1-M 21-25-37	80 .50	18,211	E.P.
Woolworth	1-P 26-24-36	80 .50	18,211	E.P.
OLSEN R. PERSONAL Repollo	1-E 28-25-37	160 1.00	36,421	E.P.
Watkins	1-A 35-24-36	80 .50	18,211	E.P.
OLSEN, R. OIL CO. Calley	1-H 7-25-37	80 .50	18,211	E.P.
Cooper, S.R.	1-H 23-24-37	160 1.00	36,421	E.P.
"	5-H 14-24-36	80 .50	18,211	E.P.
Cooper B	2-C 14-24-36	40 .25	9,105	E.P.
" G	1-C 11-24-36	160 1.00	36,421	E.P.
Winnigham	1-C 30-25-37	80 .50	18,211	E.P.
"	2-H 19-25-37	80 .50	18,211	E.P.
PHILLIPS PET. CO. Woolworth	12-K 26-24-36	80 .50	18,211	Phil.
SHELL OIL CO. State	1-A-D 36-24-36	160 1.00	36,421	E.P.

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	JALCO CONT'D	JAN. ALLOW.	PIPE LINE
SHELL OIL CONT'D							
State A	2-A	12-21-35	160	1.00		36,421	E.P.
State H	2-A	13-21-35	160	1.00		36,421	E.P.
SINCLAIR OIL & GAS CO.							
State 157 F	1-A	17-23-36	160	1.00		36,421	E.P.
SKELLY OIL CO.							
Sherrell, J.W.	3-B	6-25-37	40	.25		9,105	E.P.
"	5-N	31-24-37	80	.50		18,211	E.P.
SOUTHERN CALIF. PET. CORP.							
Debbs	1-M	34-25-37	160	1.00		36,421	E.P.
"	2-E	34-25-37	160	1.00		*7,719	E.P.
Texas St.	2-I	16-23-36	80	.50		18,211	E.P.
Vosburg	1-I	18-25-37	80	.50		18,211	E.P.
Woolworth	4-M	8-25-37	160	1.00		36,421	E.P.
SUN OIL CO.							
Lanehart	2-I	20-25-37	80	.50		18,211	E.P.
STANOLIND OIL & GAS CO.							
Gregory A	22-N	31-25-37	40	.25		9,105	P.B.
" C	1-C	33-25-37	40	.25		9,105	E.P.
TEXAS PACIFIC COAL & OIL CO.							
State A Ac/1	2-L	21-23-36	160	1.00		36,421	E.P.
"	3-E	"	80	.50		18,211	E.P.
"	4-C	"	80	.50		*10,044	E.P.
"	6-F	"	40	.25		9,105	E.P.
"	8-O	"	160	1.00		36,421	E.P.
"	9-M	9-23-36	160	1.00		36,421	E.P.
"	12 O	"	160	1.00		36,421	E.P.
"	14 E	"	160	1.00		36,421	E.P.
"	15-F	4-23-36	160	1.00		36,421	E.P.
"	18 M	"	160	1.00		36,421	E.P.
"	23 B	"	160	1.00		36,421	E.P.
State A Ac/2	12-I	7-22-36	160	1.00		36,421	E.P.

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	JALCO CONT'D	
					JAN. ALLOW.	PIPE LINE
TEXAS PACIFIC COAL & OIL CONT'D State A Ac/2	41-M	5-22-36	160	1.00	36,421	E.P.
TREBOL & RODMAN Federal	1-Y-C	5-23-36	160	1.00	36,421	E.P.
WESTATES PET. CORP. Wells B-6	1-A	6-25-37	40	.25	9,105	E.P.
WESTERN NATURAL GAS CO. Guthrie Wells Woolworth	1-O	34-23-36	160	1.00	36,421	E.P.
					9,105	E.P.
					36,421	E.P.
POOL TOTAL	104		12,880	80.50	2,629,513	

OPERATOR	WELL	NO.	UNIT	AGRES	FACTOR	JUSTIS	JAN.	PIPE
LEASE	S.T.R.						ALLOW.	LINE
ATLANTIC REG. CO.								
Justis	1-P	11-25-37	.80	.50		29,435		E.P.
CITIES SERVICE OIL CO.								
Hodges B	1-M	1-25-37	160	1.00		*12,369		E.P.
OLSEN, R. OIL CO.								
Wimberly	1-H	23-25-37	40	.25		14,718		E.P.
TIDE WATER ASSOC. OIL CO.								
Coates C	1-F	24-25-37	40	.25		14,718		E.P.
WESTERN NATURAL GAS CO.								
Faton	1-E	12-25-37	160	1.00		58,870		E.P.
POOL TOTALS	5		480	3.00		130,110		

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
LANGMAT						
AMERADA PET. CORP.						
State LMT	2 F	36-23-36	160	1.00	30,852	P.B.
ANDERSON-PRICHARD						
Wells	13 L	5-25-37	120	.75	23,139	E.P.
ATLANTIC RFG. CO.						
Solby	1 F	33-22-36	160	1.00	30,852	EP
Hodges	1 I	8-24-37	160	1.00	30,852	PB
State 24	1 D	32-24-37	40	.25	7,713	Phil.
CITIES SERVICE OIL CO.						
Dabbs	1 D	23-25-37	80	.50	15,426	EP
State 4	1 L	36-23-36	80	.50	15,426	EP
CONTINENTAL OIL CO.						
Jack A-20	4 G	20-24-37	160	1.00	* 9,362	EP
Jack A-21	1 M	21-24-37	40	.25	7,713	EP
Jack A-29	3 H	29-24-37	160	1.00	* 6,324	EP
Jack P-17	3 A	17-24-37	160	1.00	30,852	EP
Jack B-30	1 H	30-24-37	160	1.00	30,852	EP
Lockhart B-28	3 L	28-21-36	160	1.00	30,852	Cont.
Lynn B-25	1 J	25-23-36	160	1.00	30,852	EP
Lynn B-25	2 M	"	160	1.00	30,852	EP
Lynn B-26	1 J	26-23-36	160	1.00	30,852	EP
Lynn B-26	2 A	"	160	1.00	30,852	EP
"	3 C	"	160	1.00	30,852	EP
"	4 M	"	160	1.00	30,852	EP
Lynn B-27	1 A	27-23-36	160	1.00	30,852	EP
Meyer B-28	2 A	28-22-36	160	1.00	* 14,880	EP
Meyer B-22	1 I	22-22-36	160	1.00	30,852	EP
Meyer B-23	1 C	23-22-36	160	1.00	30,852	EP
"	2 O	"	160	1.00	30,852	EP
Stevens A-34	2 G	34-23-36	160	1.00	30,852	EP
" A-35	1 J	35-23-36	120	.75	23,139	EP
"	2 L	"	160	1.00	* 23,560	EP
" B-7	1 M	7-23-37	160	1.00	30,852	EP
" B-7 Unit	1 D	"	160	1.00	30,852	EP

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	LANGMAT CONT'D	JAN. ALLOW.	PIPE LINE
CONTINENTAL CONT'D							
Stevens B-7	2 J	7-23-37	160	1.00		* 6,696	EP
" B-12	1 C	12-23-36	80	.50		15,426	EP
"	2 A	"	160	1.00		30,852	EP
" B-14	1 I	14-23-36	160	1.00		30,852	EP
" B-15	2 K	15-23-36	160	1.00		30,852	EP
" B-18	1 F	18-23-37	160	1.00		30,852	EP
"	2 K	"	160	1.00		30,852	EP
" B-18 Unit	1 B	18-23-37	160	1.00		* 9,579	EP
Vaughan B-1	1 H	1-24-36	160	1.00		30,852	EP
"	2 F	"	160	1.00		30,852	EP
" B-12	1 H	12-24-36	80	.50		15,426	EP
DALPORT OIL CORP.							
Christmas	1 O	25-22-36	160	1.00		30,852	EP
" B	1 J	21-22-36	160	1.00		30,852	EP
King, E.F.	1 M	31-22-37	160	1.00		30,852	EP
" W.H.	1 M	6-23-37	160	1.00		30,852	EP
Jones, O.L.	1 P	34-22-36	160	1.00		30,852	EP
EL PASO NAT. GAS CO.							
Jal D	3 B	8-25-37	160	1.00		30,852	EP
Shell Black	2 O	21-24-37	80	.50		15,426	EP
GACKLE, ALBERT							
Combst	1 I	27-23-36	160	1.00		30,852	EP
Cowden R. W.	1 J	30-23-37	80	.50		15,426	EP
" B	1 L	"	80	.50		15,426	EP
" C	4 C	31-23-37	160	1.00		30,852	EP
King, E.F.	1 O	12-23-36	160	1.00		30,852	EP
Jones, Rodman	1 M	35-22-36	160	1.00		30,852	EP
Sinclair St.	1 I	23-23-36	160	1.00		30,852	EP
"	2 K	"	160	1.00		30,852	EP
"	3 D	3-23-36	160	1.00		30,852	EP
"	4 H	"	160	1.00		30,852	EP
GULF OIL CORP.							
Christmas	1 P	27-22-36	160	1.00		30,852	PB

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
LANGMAT CONT'D					
GULF OIL CORP. CONT'D					
Christmas	2 H 27-22-36	160	1.00	30,852	PB
Janda H	1 I 11-23-36	160	1.00	30,852	PB
" G	1 A 24-23-36	160	1.00	30,852	Gulf
" I	1 H 2-23-36	160	1.00	30,852	EP
" I	2 D "	160	1.00	30,852	EP
Woolworth	3 K 30-24-37	160	1.00	30,852	EP
HUMBLE OIL & RFG. CO.					
Hunter EE	1 D 24-24-36	160	1.00	* 9,734	EP
State AA	1 H 22-23-36	160	1.00	30,852	EP
State Z	1 H 2-24-36	160	1.00	30,852	EP
KELLY, JOHN M.					
Hair	1 K 8-24-37	120	.75	23,139	EP
KENWOOD OIL CO.					
State	1 C 32-24-37	40	.25	7,713	Sch.
LATE OIL CO.					
Thomas	1 M 17-24-37	160	1.00	30,852	EP
OLSEN, R. OIL CO.					
Blankenship	1 J 18-24-37	160	1.00	30,852	EP
Blinebry A	8 L 29-23-37	160	1.00	30,852	EP
Cooper	1 O 11-24-36	160	1.00	30,852	EP
James Mattio	1 G 10-22-36	160	1.00	30,852	EP
King (NW)	1 E 1-23-36	160	1.00	30,852	EP
Kind (SE)	1 O "	160	1.00	30,852	EP
Meyers B	1 F 13-24-36	160	1.00	30,852	EP
"	2 H 11-24-36	160	1.00	30,852	EP
OLSEN, R. PERSONAL					
Christmas BA	1 L 28-22-36	160	1.00	30,852	EP
PHILLIPS PET. CO.					
Woolworth	4 J 33-24-37	160	1.00	30,852	Phil.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	PIPE LINE	JAN. ALLOW.
SAMEDAN OIL CORP.					
Hughes B	1 C	19-23-37	160	1.00	30,852
SCHEMERHORN OIL CO.					
Woolworth	3 J	28-24-37	160	1.00	* 16,740
SHELL OIL CO.					
Christmas A	1 M	23-22-36	160	1.00	30,852
" B	1 L	25-22-36	160	1.00	30,852
Dov. Christmas	2 B	21-22-36	160	1.00	30,852
SIMON, JULIAN E.					
Smith	3 I	4-25-37	80	.50	15,426
Woolworth	1 K	33-24-37	80	.50	15,426
SINCLAIR OIL & GAS CO.					
Fowler Hair	2 E	9-24-37	80	.50	15,426
Jenos, Rodman	1 D	35-22-36	160	1.00	30,852
Stato 157-C	1 O	32-24-37	40	.25	7,713
"	2 F	"	40	.25	7,713
" E	1 G	"	80	.50	* 12,183
SKELLY OIL CO.					
Cooper J.W.	3 N	12-24-36	160	1.00	30,852
King C	1 G	1-23-36	160	1.00	30,852
" D	1 E	6-23-37	160	1.00	30,852
Liberty Roy.	5 J	7-24-37	160	1.00	30,852
Mexico D	1 J	36-23-36	80	.50	15,426
" E	1-O-P	2-25-36	80	.50	15,426
" G	1 D	16-24-37	160	1.00	30,852
Stato M	3 K	32-24-37	120	.75	23,139
SOUTHERN CALIF. PET. CORP.					
Alston	4 F	26-25-37	120	.75	23,139
Gutman	1 G	18-24-37	80	.50	15,426
Hunter	1 K	13-24-36	160	1.00	30,852
Lankford	1 G	25-23-36	120	.75	23,139
Liberty Roy.	3 L	3-25-37	80	.50	15,426

LANGMAT CONT'D

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
LANGMAT CONT'D					
SO. CALIF. CONT'D					
Martin B	1 F 31-24-37	160	1.00	* 10,075	EP
Martin	2 A "	160	1.00	30,852	EP
Mosely	2 L 34-24-37	80	.50	15,426	EP
STANOLIND OIL & GAS CO.					
Langlio B	2 D 15-25-37	120	.75	23,139	EP
Meyer E	1 D 7-24-37	160	1.00	30,852	EP
" B	10 G "	160	1.00	30,852	EP
"	11 B 6-24-37	160	1.00	30,852	PB
Woolworth.	4 E 28-24-37	160	1.00	30,852	PB
SUN OIL CO.					
Record Unit	1 A 22-22-36	160	1.00	30,852	EP
TEXAS-PACIFIC COAL & OIL					
State A ac/1	1 P 22-23-36	160	1.00	30,852	EP
"	13 H 14-23-36	160	1.00	30,852	EP
"	16 A 11-23-36	160	1.00	30,852	EP
"	19 E 22-23-36	160	1.00	30,852	EP
"	20 C 13-23-36	160	1.00	30,852	EP
"	21 H 13-23-36	160	1.00	30,852	EP
"	22 N "	160	1.00	30,852	EP
"	24 N 24-23-36	160	1.00	30,852	EP
"	25 F "	160	1.00	30,852	EP
"	26 G 23-23-36	160	1.00	30,852	EP
"	28 F 14-23-36	160	1.00	30,852	EP
"	29 C 11-23-36	160	1.00	30,852	EP
"	30 I 3-23-36	160	1.00	30,852	EP
"	31 H 15-23-36	160	1.00	30,852	EP
"	32 J 24-23-36	160	1.00	30,852	EP
"	33 F 15-23-36	160	1.00	30,852	EP
"	34 K 11-23-36	160	1.00	30,852	EP
"	35 L 3-23-36	160	1.00	30,852	EP
"	36 M 11-22-36	160	1.00	30,852	SU
"	37 F 10-23-36	160	1.00	30,852	EP
"	38 M "	160	1.00	30,852	EP
State A ac/2	40 A 9-22-36	160	1.00	30,852	EP



OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
<u>LANGMAT CONT'D</u>					
WESTERN NAT. GAS CONT'D					
St. McDonald	11 D 14-22-36	160	1.00	30,852	EP
"	12 M 24-22-36	160	1.00	30,852	EP
"	13 P 15-22-36	160	1.00	30,852	EP
"	14 G "	160	1.00	30,852	EP
Record	1 P 10-22-36	160	1.00	30,852	EP
Stuart A	1 C 14-25-37	40	.25	7,713	EP
Toby A	1 A 13-24-36	160	1.00	30,852	EP
Wimberly	1 F 23-25-37	80	.50	15,426	EP
POOL TOTAL	175	25,120	157.00	4,655,877	
<u>TUBB</u>					
AMERADA PET. CORP.					
Haro, J. G.	7 M 33-21-37	160	1.00	32,240	PB
CITIES SERVICE OIL CO.					
Owen	3 J 35-21-37	160	1.00	32,240	PB
State S	2 F 15-21-37	80	.50	16,120	EP
CONE, S. E.					
Anderson	1 I 21-21-37	40	.25	8,060	EP
CONTINENTAL OIL CO.					
Hawk B-9	7 P 9-21-37	160	1.00	32,240	Cont.
Lockhart A-27	1 D 27-21-37	160	1.00	32,240	EP
Wantz	3 J 21-21-37	120	.75	24,180	Cont.
GULF OIL CORP.					
Danglade	1 M 13-22-37	80	.50	10,385	PB
Paddock	3 P 1-22-37	160	1.00	32,240	Gulf
HUMBLE OIL & RFG. CO.					
Penrose	2 H 13-22-37	160	1.00	32,240	EP
MAGNOLIA PET. CO.					
Brunson Argo	6 E 10-22-37	160	1.00	32,240	PB
Carson E.O.	8 F 33-21-37	160	1.00	32,240	PB
Corrigan	7 P "	120	.75	24,180	PB
Long	8 J 11-22-37	160	1.00	32,240	PB

OPERATOR	WELL	NO.	PIPE
LEASE	UNIT S.T.R.	ACRES	ALLOW.
TUBB CONT'D			
MARKHAM, CONE & REDFERN	2 L	14-21-37	160
Eubanks			1.00
			32,240
OHIO OIL CO.	2 M	27-21-37	160
Marshall B			1.00
Warlick C	1 J	15-21-37	160
			1.00
			32,240
32,240			PB
32,240			PB
SHELL OIL CO.	1 M	15-21-37	160
Argo			1.00
Argo A	1 D	22-21-37	160
			1.00
Sarkoys	1 M	23-21-37	160
			1.00
State	1 G	15-21-37	80
			.50
Turner	2 L	22-21-37	160
			1.00
Turner	3 J	"	160
			1.00
			32,240
			32,240
			16,120
			32,240
			32,240
TIDE WATER ASSOC. OIL CO.	4 F	26-21-37	160
Sarkoys			1.00
State S	2 C	15-21-37	80
			.50
			32,240
			16,120
POOL TOTAL	25		3480
			21.75
			695,485

SUMMARY

POOL	TOTAL NO. WELLS	TOTAL ACREAGE FACTOR		TOTAL NOMINATIONS & ALLOC.	TOTAL ALLOCATION		ALLOC.				TOTAL COMPUTED ALLOC.
		MARG.	NON- MARG.		MARG.	NON- MARG.	1.00 UNIT	.75 UNIT	.50 UNIT	.25 UNIT	
AMANDA	1	.75	.75	31,000		31,000					31,000
ARROW	4	4.00	4.00	135,391		135,391	33,848				135,392
BLINEBRY	39	31.25	31.25	973,425		973,425	31,150	23,363	15,575	7,788	973,441
BYERS QUEEN	3	1.75	1.75	8,760		8,760	5,006	3,755	2,504	1,252	8,762
EUMONT	100	76.75	76.75	3,040,253		3,040,253	39,612	29,709	19,806	9,903	3,040,221
JALCO	104	80.50	13.75	2,629,478	198,400	2,431,078	36,421	27,316	18,211	9,105	2,629,513
JUSTIS	5	3.00	1.00	130,109	12,369	117,740	58,870	44,153	29,435	14,718	130,110
LANGMAT	175	157.00	10.50	4,655,871	136,059	4,519,812	30,852	23,139	15,426	7,713	4,655,877
TUBB	25	21.75	.50	695,476	10,385	685,091	32,240	24,180	16,120	8,060	695,485

PURCHASERS

E.P.-	El Paso Natural Gas Co.
P.B.-	Permian Basin Pipeline Co.
Phil.-	Phillips Pet. Co.
W.P.-	Warren Pet. Co.
S.U.-	Southern Union Gas Co.



(j) Orders Nos. R-368 and R-368-A require the drilling of unnecessary wells.

(k) Orders Nos. R-368 and R-368-A impair the obligation of contracts of the type now of record in this case between producers and purchasers of gas inasmuch as under said orders minimum take and ratable take provisions of said contracts can or will be abrogated.

WHEREFORE, Applicant prays for a rehearing in Case No. 582 before the Oil Conservation Commission of the State of New Mexico.

DATED this 25th day of November, 1953.

TEXAS PACIFIC COAL & OIL COMPANY

By John F. Russell, Roswell,  
New Mexico

Eugene Adair, Fort Worth,  
Texas

Attorneys for Applicant

Case 502  
Rehearing 2-17-54  
Russell - Oasing  
Texas Pacific

## MEMORANDUM OF LEGAL ARGUMENT

The position of the applicant, Texas Pacific Coal and Oil Company, with reference to the power of the Commission to prorate gas in the State of New Mexico is as follows:

1. The Commission does have the power to prorate gas in the State of New Mexico when the following conditions are met:

(a) A proper defining and delineation of the gas pool to which the proration order is directed, and the order defining and delineating the gas pool must be based upon substantial evidence which was before the Commission at the hearing set after proper notice has been given. The Commission cannot consider any evidence or testimony in support of an order unless such evidence and testimony was introduced at the hearing and all interested parties were given the opportunity to examine the evidence and cross-examine with reference to any testimony offered.

(b) After a proper order defining and delineating the gas pool, the Commission may, after proper notice and hearing, issue an order for the proration of gas in that pool when, and only when, it can be shown that such a step is necessary to prevent waste and cannot be based upon the mere protection of correlative rights.

Rule 601 (p.31) of the Commission provides that there shall be no proration or allocation of gas production unless and until the provisions of Rule 602 are followed. Rule 602 provides that when the Commission determines that the allocation of gas production in a designated gas pool is necessary to prevent waste, the Commission, after notice and hearing, shall consider the nominations of purchasers from that gas pool and other relative data. Section 12C (p.86) of the

Statutes, upon which Rule 601 and 602 are based, provides that whenever, to prevent waste, the total allowable natural gas production from gas wells producing from any pool in this State is fixed by the Commission \* \* \*. Section 2D of the Statutes provides that the non-ratable purchase or taking of crude petroleum oil in this State causes or results in waste, as defined in sub-sections A, B and C of that Section, and causes waste by violating Section 12A of the act.

It appears obvious from reading the rules and statutes covering the proration of gas that the power of the Commission to prorate gas is limited to cases wherein it is determined that it is necessary to prevent waste. A mere recitation in an order issued by the Commission to the effect that the order is necessary to prevent waste is not a sufficient basis for the order, and such order must be based upon substantial evidence that there is waste as defined in the statutes and rules. It is to be pointed out the statutes provide that the non-ratable purchase or taking of crude petroleum oil does constitute waste, but there is no such provision with reference to gas, and the only conclusion that can be drawn is that there must be an affirmative showing of waste in the gas pool before a proration order can be issued.

In the absence of affirmative showing of waste within the pool, the Commission to protect correlative rights must turn to Sections 14D and 14E (p.89) of the statutes. An examination of the transcripts and evidence introduced at the hearings upon which the proration order was based fails to show any testimony or evidence of waste in the Jalco Pool; all testimony with reference to waste affirmatively shows that there was no waste of gas in the Jalco Pool.

If the Commission decides or finds that it is necessary to protect correlative rights within a defined gas pool, it

would appear that they must resort to the ratable take provision of the statutes which will accomplish what apparently is sought here. It would protect any abuse of correlative rights; it would not upset old vested property rights within the pool, nor would it impair contract rights; it would not discriminate between producers within the pools as presently defined. Under the present rule, because of a boundary line, the location of which is not based upon any substantial evidence, a well on the Jalco side of the line has been given an allowable of 36,421 M.C.F. per month, and the well on the Langmat side of the line is given a reduced allowable of 30,852 M.C.F. per month.

The procedure which the Commission must follow in issuing an order is set out in the Statutes under Section 17 (p.91). The Statutes provide that except in a case of emergency, the Commission can enter an order only after notice and hearing. It is a well established rule of law that an administrative body in entering an order cannot act upon their own information. All parties must be fully apprised of the evidence to be submitted or to be considered and must be given an opportunity to cross-examine witnesses, to inspect documents and to offer evidence in explanation or rebuttal.

The Commission entered Order 356 in Case 521 on August 28, 1953, which order contains a finding that the order was necessary for the prevention of waste and protection of correlative rights and further finds that such rules and regulations relating to the proration of gas well gas produced in the gas pools should be promulgated. The record at previous hearings fails to show any evidence that there is waste being committed in the Jalco Gas Pool. Section B of the order provides that the rules thereafter set out shall

apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt counties only after hearings are held and an order issued on each individual pool.

The Commission, on September 28, 1953, issued Order No. R-368 in Case No. 582, which order recites that the Commission had considered the statements of interested persons and the official records of the office and other pertinent data which were the basis of their findings that the production records of gas wells producing within the Jalco Gas Pool indicate the necessity for the proration of gas well gas for the prevention of waste and the protection of correlative rights and ordered that the rules and regulations relating to gas well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are, made the special rules and regulations of the Jalco Gas Pool pending further order of the Commission after notice and hearing. It is pointed out to the Commission that there was no notice of hearing prior to issuance of this order as contemplated by Order No. 356 issued in August. The August order specifically stated that the rules would apply only after hearings were held and an order issued on each individual pool. It is to be further noted that the show cause portion of Order No. R-368 in Case No. 582 does not advise interested parties upon what evidence and testimony the order was based other than the general statement that the Commission had considered the statements of interested persons, and the official records of the office and other pertinent data. An examination of the record in Case No. 582 fails to reveal any testimony, data or records upon which the order could be based and certainly the statement that the Commission considered the official records of the office is too indefinite to put anybody on notice of what official records were considered by the Commission and it is obvious that such data, records or testimony was not

made available to the interested parties for examination, cross-examination or rebuttal at the original hearings.

It affirmatively appears that the procedure of the Commission in entering Order No. R-368 and R-368A did not conform to that procedure required by the statutes and when a board or commission, created by a statute, does not conform to the procedure set out in the statute, their orders are nullity.

The applicant requests that the Commission take the following steps:

1. Revoke all orders pertaining to gas proration in the Jalco Pool and since the Jalco and Langmat pools have a common boundary to also revoke those orders pertaining to the Langmat pool, and to start all over giving careful consideration to the question of whether waste can be established in these pools, as the basis for a proration order and as to whether Sections 14D and 14E of the statutes will accomplish the desired results without disturbing and upsetting the old vested rights and impairing contract rights, or

2. To suspend all proration orders in the Jalco and Langmat pools and call hearings to determine:

- (a) Common reservoir delineations
- (b) Individual pool hearings to determine at that time if there is substantial evidence to justify proration or whether inequities, if any exist, can be resolved under the ratable take provision of the statutes.

The applicant re-affirms their position that the Commission cannot consider any new evidence or testimony in support of the original order entered; such order having to stand upon the question of whether there was substantial evidence before the Commission at the time of hearing to

support such an order. The applicant acknowledges the authority of the Commission to hear any and all new evidence, at this time, as the basis for a new order but would like to point out to the Commission that a new order entered as the result of this rehearing is subject to attack by other interested parties who may take the position that they have not been given proper notice that the Commission was going to consider new evidence for the purpose of issuing a new order which will affect them. If the Commission anticipates the entry of a new order after this rehearing, then the Commission should consider the suspension of the old order pending the issuance of a new order.

Note: Under the definition of "Gas Transportation facility", (23) (p2), the Commission apparently has no authority to issue a proration order covering "casinghead gas" since they, under 12(c) can only allocate the allowable production of natural gas among the gas wells in the pool delivering to a gas transportation facility; also see definition of casing-head gas (10) (p1).

NEW MEXICO OIL CONSERVATION COMMISSION

LEA COUNTY

GAS PROPRATION SCHEDULE

ORDER NO. AG-1-B

FEBRUARY 1954

PROPRATION OFFICE  
BOX 2045  
HOBBS, NEW MEXICO

Case 582

T. T. Gaskin 57

2-17-54

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER NO. AG-1-B

SUPPLEMENTARY GAS PRORATION ORDER FOR THE  
MONTH OF FEBRUARY 1954

The Commission held public hearing at Santa Fe, New Mexico, on January 20, 1954, at 9 o'clock a.m., pursuant to legal notice, for the purpose of setting the allowable production of gas from the following nine gas pools in Lea County, New Mexico, for the month of February, 1954:

Amanda, Arrow, Blinebry, Byers-Queen, Eumont, Jalco, Justis,  
Langmat and Tubb.

NOW, on this day the Commission, a quorum being present, having considered the supplementary nominations of purchasers, the capacity of producing wells, and being otherwise fully advised in the premises,

FINDS:

(1) The total nominations of purchasers of gas from the above listed nine gas pools for the month of February, 1954, is 13,872,411 MCF. The individual pool nominations, which total 13,872,411 MCF, are as follows:

Amanda	1,000
Arrow	103,837
Blinebry	1,147,193
Byers-Queen	8,310
Eumont	3,072,316
Jalco	2,495,018
Justis	90,476
Langmat	6,142,548
Tubb	811,713

(2) The potential producing capacity of all gas wells in the nine gas pools listed above is in excess of the nominations of purchasers of gas and in order to prevent waste and protect correlative rights, the production of gas from the above listed nine gas pools should be limited, allocated, and distributed during the month of February 1954.

(3) That all the producing gas wells, together with the expected completed or recompleted wells in the nine gas pools listed above, can produce a total of 13,872,411 MCF without causing waste during the month of February 1954, and an allocation based upon such production would be reasonable and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) For the month of February 1954, the total allowable production to be assigned the nine allocated gas pools in Lea County, New Mexico, be and the same hereby is as follows:

Order No. AG-1-B

Amanda	1,000 MCF
Arrow	103,837
Blinebry	1,147,193
Byers-Queen	8,310
Eumont	3,072,316
Jalco	2,495,018
Justis	90,476
Langmat	6,142,548
Tubb	811,713

(2) The allocation hereby set for the month of February in the nine allocated pools in Lea County, New Mexico, shall be in accordance with provisions of Orders R-368-A through R-376-A, incl., and the Commission's Rules and Regulations.

(3) A proration schedule, duly prepared by the Commission and thereafter adopted, for the month of February 1954, is hereto attached and made a part hereof; it distributes and allocates the allowable production among the gas wells in the nine gas pools listed above for the period stated, in accordance with the Rules and Regulations and Orders R-368-A through R-376-A, inclusive.

The foregoing order shall remain effective until further order of the Commission.

DONE at Santa Fe, New Mexico, this 27th day of January, 1954.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

OPERATOR	WELL	NO.	NO.	ACRES	FACTOR	PIPE
LEASE	NO.	S.T.R.	* Indicates marginal wells			LINE
						ALLOW. MCF
GULF OIL CORP.	1 J	25-22-37	120	.75		Gulf
Amanda						
CONTINENTAL OIL CO.	6 P	1-22-36	160	1.00		Cont.
lockhart B-1						
GULF OIL CORP.	1 O	24-21-36	160	1.00		Gulf
Mattern H.T. A	2 E	25-21-36	160	1.00		"
Ramsey B						
SINCLAIR OIL & GAS CO.	4-N	25-21-36	160	1.00		E.P.
Brownlee						
POOL TOTALS	4		640	4.00		
AMERADA PET. CORP.	4-I	16-21-37	80	.50		P.B.
State DA						
AZTEC OIL & GAS CO.	2 A	10-21-37	40	.25		S.U.
Daeron						
CITIES SERVICE OIL CO.	1 E	15-21-37	80	.50		E.P.
State S						
CONTINENTAL OIL CO.	8 O	11-21-37	160	1.00		E.P.
lockhart-B-11						
GULF OIL CORP.	5-D	30-22-38	160	1.00		E.P.
Vivian						

AMANDA TOTAL ALLOCATION 1,000 MCF

ARROW TOTAL ALLOCATION 103,837

BLINEBRY TOTAL ALLOCATION 1,147,193 MCF

(1)

OPERATOR LEASE	WELL NO.	S.T.R.	NO. ACRES	FACTOR	FEB. ALLOW. MCF	PIPE LINE
<u>BLINERY CONT'D</u>						
HUMBLE OIL & RFG. CO.	1 B	13-22-37	160	1.00	35,298	E.P.
Penrose						
MAGNOLIA PET. CO.	6 E	10-22-37	160	1.00	35,298	P.B.
Brunson Argo	8 F	33-21-37	160	1.00	35,298	P.B.
Carson, E. O.	7 P	33-21-37	120	.75	26,474	P.B.
Corrigan, H.	8 J	11-22-37	160	1.00	35,298	P.B.
Long, S.E.	3 D	34-21-37	160	1.00	35,298	P.B.
Marshall Unit	1 A	23-21-37	40	.25	8,825	P.B.
Williamson						
MARKHAM, CONE & REDFERN	1 M	14-21-37	160	1.00	35,298	E.P.
Eubanks						
MORAN, E. F.	2 D	14-21-37	160	1.00	35,298	E.P.
Owen						
OHIO OIL CO.	4 L	27-21-37	160	1.00	35,298	P.B.
Marshall B	3 N	24-22-37	80	.50	17,649	E.P.
Murcy	2 O	15-21-37	160	1.00	35,298	P.B.
Warlick C	12 H	11-22-37	160	1.00	35,298	P.B.
Wortham						
OLSEN, R. OIL CO.	2 H	23-22-37	160	1.00	35,298	E.P.
Boyd	1 L	13-22-37	80	.50	17,649	E.P.
Danglade	1 C	25-22-37	120	.75	26,474	E.P.
Drinkard	1 F	25-22-37	40	.25	8,825	E.P.
Sims						
PHILLIPS PET. CO.	1 L	24-22-37	80	.50	17,649	E.P.
Sims	4 D	24-22-37	160	1.00	35,298	E.P.
Sims						
SAMEDAN OIL CORP.	2 M	14-22-37	160	1.00	35,298	E.P.
Parks	5 O	14-22-37	160	1.00	35,298	"
Parks A						

OPERATOR LEASE	WELL NO.	S.T.R.	NO. ACRES	FACTOR	BLINBERRY CONT'D	FEB. ALLOW. MCF	PIPE LINE
SHELL OIL CO.							
Argo	3 K	15-21-37	160	1.00		35,298	E.P.
Argo A	5 F	22-21-37	160	1.00		35,298	E.P.
Livingston	8 F	3-21-37	80	.50		17,649	E.P.
Livingston	9 N	3-21-37	120	.75		26,474	E.P.
Sarkeys	2 K	23-21-37	160	1.00		35,298	E.P.
State	2 H	15-21-37	80	.50		17,649	E.P.
Turner	5 I	22-21-37	160	1.00		35,298	E.P.
Turner	13 N	22-21-37	160	1.00		35,298	E.P.
SINCLAIR OIL & GAS CO.							
Boyd	4 F	23-22-37	160	1.00		35,298	E.P.
Sarkeys A	1 J	23-21-37	160	1.00		35,298	E.P.
STANOLIND OIL & GAS CO.							
Southland Royalty A 6 H	9-21-37		160	1.00		35,298	P.B.
TIDE WATER ASSOC. OIL CO.							
Sarkeys	3 C	26-21-37	160	1.00		35,298	E.P.
State S	2 C	15-21-37	80	.50		17,649	E.P.
TOKIAN PROD. CO.							
Williemson	2 C	23-21-37	80	.50		17,649	E.P.
POOL TOTALS	40		5200	32.50		1,147,188	

OPERATOR LEASE	WELL		NO.	ACRES	FACTOR	BYERS-QUEEN		FEB. ALLOW. MCF	PIPE LINE
	NO.	S.T.R.				TOTAL ALLOCATION 8,310 MCF			
CONTINENTAL OIL CO. State A-29	1	J 29-18-38	40	.25				1,187	Cont.
GULF OIL CORP. Grimes W	4	C 32-18-38	160	1.00				4,749	Gulf
SHELL OIL CO. State A	1	G 32-18-38	80	.50				2,375	Shell
POOL TOTALS	3		280	1.75				8,311	

OPERATOR LEASE	WELL NO.	S.T.R.	NO. ACRES	FACTOR	EUMONT	TOTAL ALLOCATION	FEB. ALLOW. MCF	PIPE LINE
AMERADA PET. CORP.								
Andrews	1 D	12-20-36	80	.50		19,262	A&P.B.	
Lambert	1 B	6-20-37	160	1.00		38,523	P.B.	
Phillips A	1 G	31-19-37	80	.50		19,262	A&P.B.	
Phillips	8 G	1-20-36	160	1.00		38,523	P.B.	
State D	3 F	1-20-36	160	1.00		38,523	P.B.	
State F	1 M	36-19-36	160	1.00		38,523	P.B.	
State G	1 N	18-19-37	80	.50		19,262	P.B.	
State O	1 B	30-19-37	160	1.00		38,523	P.B.	
State P	2 M	29-19-37	160	1.00		38,523	P.B.	
State Q	3 O	16-20-37	160	1.00		38,523	P.B.	
State T	3 F	25-19-36	80	.50		19,262	A&P.B.	
State V	3 H	36-19-36	160	1.00		38,523	P.B.	
Weir	4 F	35-19-36	160	1.00		38,523	P.B.	
ANTWEIL, MORRIS R.								
Phillips Hooper	1 O	27-20-37	160	1.00		38,523	S.U.	
" Crewford	1 A	34-20-37	160	1.00		38,523	S.U.	
Stan.Fed.	1 E	35-20-37	160	1.00		38,523	P.B.	
ANDERSON PRICHARD OIL CORP.								
Britt A	2 K	6-20-37	80	.50		19,262	A&P	
ATLANTIC REG. CO.								
Coleman	1 C	17-21-36	40	.25		9,631	S.U.	
Crutchfield	1 I	32-19-37	40	.25		9,631	P.B.	
State H	1 O	5-21-36	160	1.00		*15,000	P.B.	
State K	2 S	6-21-36	80	.50		19,262	P.B.	
State O	1 E	32-20-37	40	.25		9,631	Phil.	
State O	2 D	32-20-37	40	.25		9,631	S.U.	
AZTEC OIL & GAS CO.								
Burke	1 P	28-19-37	80	.50		19,262	S.U.	
Burke	2 H	"	80	.50		19,262	S.U.	
Maxwell St.	1 K	27-19-37	80	.50		19,262	S.U.	
CHARM OIL CO.								
Gulf St.	1 V	1-21-35	160	1.00		38,523	P.B.	

OPERATOR LEASE	WELL NO.	S.T.R.	NO. ACRES	FACTOR	FEB. ALLOW. MCF	PIPE LINE
EUMONT CONT'D						
CITIES SERVICE OIL CO.						
Laughlin	5 O	5-20-37	120	.75	28,892	P.B.
State F	2 I	30-20-37	120	.75	28,892	P.B.
CLARK, E. B.						
Cooper C	2 B	3-20-37	80	.50	19,262	S.U.
CONTINENTAL OIL CO.						
Britt A-6	4 L	6-20-37	80	.50	19,262	Cont.
Britt B-8	1 C	8-20-37	40	.25	9,631	E.P.
Britt B-10	1 M	10-20-37	160	1.00	38,523	E.P.
Britt B-15	3 L	15-20-37	160	1.00	38,523	Cont.
Britt B-18	3-J-6 P	18-20-37	160	1.00	38,523	Cont.
Lockhart A-18	1 P	18-21-36	80	.50	19,262	Cont.
Meyer A-8	3 M	8-21-36	160	1.00	38,523	E.P.
Meyer B-4	6 N	4-21-36	80	.50	19,262	Cont.
Meyer B-4	14 G	4-21-36	160	1.00	38,523	E.P.
Meyer B-8	4 D	8-21-36	160	1.00	38,523	E.P.
Meyer, SEMU B-26	#1	26-20-37	160	1.00	38,523	E.P.
Sanderson A-11	1 I	11-20-36	160	1.00	38,523	Cont.
State A-19	1 L	19-19-37	40	.25	9,631	Cont.
State D-11	1 L	11-21-36	160	1.00	38,523	S.U.
State F-1	1 M	1-21-36	160	1.00	38,523	E.P.
EL PASO NATURAL GAS CO.						
Shell St.	1 A	3-20-37	80	.50	19,262	E.P.
FIELDS, BERT						
Turner Hudson St.	2 C	32-20-37	80	.50	19,262	S.U.
GULF OIL CORP.						
Bell, R.R.	2 P	8-21-36	80	.50	19,262	Gulf
Leonard A	3 B	22-21-36	160	1.00	38,523	Gulf
Orcutt B	1 G	5-21-36	80	.50	19,262	P.B.
Ramsey B	1 M	29-20-37	160	1.00	38,523	Gulf

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	EUMONT CONT'D		FEB. ALLOW. MCF	PIPE LINE
GREAT WESTERN PRODUCERS, INC.								
Bordages	1 D	33-19-37	120	.75			28,892	S.U.
HUMBLE OIL & RFG. CO.								
Adkins	4 L	10-21-37	160	1.00			38,523	E.P.
Fopeano	1 N	25-20-36	80	.50			19,262	E.P.
State Aggies	7 B	31-20-37	160	1.00			38,523	E.P.
State F	1 K	17-20-37	160	1.00			38,523	E.P.
KELLY, JOHN M.								
Houston Unit	1 P	8-19-37	160	1.00			38,523	E.P.
Cont. St. F	1 D	1-21-36	160	1.00			38,523	E.P.
Kelly St.	1 F	13-19-36	160	1.00			38,523	P.B.
Phillips St.	1 P	12-19-36	160	1.00			38,523	E.P.
ME TEX								
Wallace St.	2 L	3-21-36	160	1.00			38,523	S.U.
Wallace St.	3 N	"	80	.50			19,262	S.U.
NOLAN & LANE								
Sinclair Williams	1 O	34-19-37	80	.50			19,262	S.U.
Williams, J.H.	3 N	"	160	1.00			38,523	W.P.
OHIO OIL CO.								
Barber	11 D	5-20-37	160	1.00			38,523	P.B.
PACIFIC WESTERN OIL CORP.								
State D	1 H	32-20-37	80	.50			19,262	S.U.
PHILLIPS PET. CO.								
Bern A	1 P	14-19-36	160	1.00			38,523	P.B.
Monument	1 H	12-19-36	160	1.00			38,523	E.P.
New	2 H	26-20-36	80	.50			19,262	P.B.
SCHERMERHORN OIL CORP.								
Christmas	1 D	11-20-37	40	.25			9,631	P.B.

OPERATOR LEASE	WELL NO.	S.T.R.	NO. ACRES	FACTC"	EUMONT CONT'D		PIPE LINE
					FEB. ALLOW.	MCF	
SHELL OIL CO.							
State	1 G	20-21-36	160	1.00	38,523		E.P.
State	1 E	7-19-37	160	1.00	38,523		E.P.
State A	1 P	35-19-36	40	.25	9,631		E.P.
State B	1 E	36-19-36	160	1.00	38,523		E.P.
State F	1 I	29-19-37	40	.25	9,631		E.P.
State L	2 X	1-21-35	160	1.00	38,523		E.P.
State M	4 P	1-21-35	160	1.00	38,523		E.P.
SINCLAIR OIL & GAS CO.							
Barber	7 E	8-20-37	80	.50	19,262		E.P.
SKELLY OIL CO.							
Christmas	1 M	25-19-36	40	.25	9,631		E.P.
Monstate	2 I	13-19-36	160	1.00	38,523		E.P.
Monstate	4 N	13-19-36	160	1.00	38,523		P.B.
Monstate	5 H	"	160	1.00	38,523		P.B.
State G	1 J	30-20-37	40	.25	9,631		S.U.
State B	5 G	16-21-36	80	.50	19,262		P.B.
State B	7 E	"	160	1.00	38,523		S.U.
Van Etten	9 L	9-20-37	160	1.00	38,523		S.U.
"	10 O	"	160	1.00	38,523		S.U.
SOUTHERN UNION GAS CO.							
Williams	1 B	33-19-37	120	.75	28,892		S.U.
Williams	2 I	"	120	.75	28,892		S.U.
STANOLIND OIL & GAS CO.							
Gillully A	4 B	24-20-36	160	1.00	38,523		P.B.
SUN OIL CO.							
Akens, J.N.	1 L	3-21-36	160	1.00	38,523		E.P.
Akens, J.N.	6 I	"	160	1.00	38,523		E.P.
SUNRAY OIL CORP.							
Cooper	3 D	7-20-37	80	.50	19,262		SUNR.
"	4 H	12-20-36	80	.50	19,262		E.P.

OPERATOR LEASE	WELL NO.	S.T.R.	NO, ACRES	FACTOR	EDMONT CONT'D	FEB. ALLOW. MCF	PIPE LINE
THE TEXAS CO.							
Phillips	1 D	10-20-37	120	.75		28,892	P.B.
Riddel	1 N	12-21-36	80	.50		*14,000	P.B.
TIDE WATER ASSOC. OIL CO.							
Coleman	3 A	17-21-36	160	1.00		38,523	E.P.
Marshall (D)	1 H	13-21-36	160	1.00		38,523	E.P.
State A	4 A	8-21-36	160	1.00		38,523	E.P.
State J	3 F	17-19-37	160	1.00		38,523	E.P.
State K	1 K	13-20-36	80	.50		19,262	E.P.
State E	2 P	16-21-36	160	1.00		38,523	E.P.
TWO STATES OIL CO.							
McQuatters	1 J	11-21-36	40	.25		9,631	E.P.
WARREN PET. CORP.							
Evans St.	3 I	3-21-36	160	1.00		38,523	P.B.
Heasley St.	7 E	5-21-36	160	1.00		38,523	P.B.
POOL TOTALS	105		12,880	80.50		3,072,332	

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	JALCO TOTAL ALLOCATION 2,495,018	FEB. ALLOW. MCF	PIPE LINE
AMERADA PET. CORP. State JCI	1 B	16-23-36	80	.50		15,179	P.B.
	2 G	"	80	.50		15,179	P.B.
AMERICAN REPUBLICS CORP. Crosby A	1 O	29-25-37	80	.50		15,179	E.P.
	1 N	28-25-37	160	1.00		30,358	E.P.
ARGO OIL COORP. Langhart, B.T.	1 H	21-25-37	80	.50		* 9,610	E.P.
CHARM OIL CO. Wilson St.	1 A	11-21-35	160	1.00		30,358	P.B.
CONTINENTAL OIL CO. Ascarate C-24	1 B	24-25-36	80	.50		* 4,495	E.P.
	1 J	"	80	.50		* 12,648	E.P.
Danciger A-8	2 P	8-23-36	160	1.00		30,358	E.P.
	2 I	5-23-36	160	1.00		30,358	E.P.
Farney A-5	1 H	30-21-36	160	1.00		30,358	E.P.
	5 K	"	80	.50		15,179	E.P.
Lockhart A-30	6 F	"	160	1.00		30,358	E.P.
	1 D	27-23-36	160	1.00		30,358	E.P.
Lynn, J.T. A-27	3 K	18-21-36	160	1.00		30,358	E.P.
	5 A	28-23-36	160	1.00		30,358	E.P.
Lockhart A-18	1 O	29-22-36	160	1.00		30,358	Cont.
	4 L	"	160	1.00		30,358	E.P.
Lynn A-28	5 A	"	160	1.00		* 7,223	E.P.
	2 C	18-21-36	160	1.00		30,358	Cont.
Meyer Mc. A-29	1 M	33-22-36	160	1.00		30,358	E.P.
	3 P	13-25-36	160	1.00		* 2,108	E.P.
Meyer A-29	1 N	19-25-37	80	.50		15,179	E.P.
	1 L	"	80	.50		15,179	E.P.
Meyer B-18	2 D	30-25-37	80	.50		* 3,348	E.P.
	2 G	32-22-36	160	1.00		30,358	E.P.
Meyer B-33	3 P	32-22-36	160	1.00		30,358	E.P.
	5 M	20-21-36	160	1.00		30,358	Cont.
Sholes A-13	4 E	17-22-36	160	1.00		* 7,161	E.P.
	"						
Sholes B-30	2 D	30-25-37	80	.50		* 3,348	E.P.
	2 G	32-22-36	160	1.00		30,358	E.P.
State A-32	3 P	32-22-36	160	1.00		30,358	E.P.
	5 M	20-21-36	160	1.00		30,358	Cont.
State A-32	4 E	17-22-36	160	1.00		* 7,161	E.P.
	"						
State C-20	2 D	30-25-37	80	.50		* 3,348	E.P.
	2 G	32-22-36	160	1.00		30,358	E.P.
" E-17	3 P	32-22-36	160	1.00		30,358	Cont.
	5 M	20-21-36	160	1.00		30,358	E.P.

OPERATOR LEASE CONTINENTAL OIL CONT'D	WELL UNIT S.T.R.	NO. ACRES	FACTOR	JALCO CONT'D	FEB. ALLOW. MCF	PIPE LINE
State E-17	5 L	17-22-36	160	1.00	30,358	Cont.
Stevens A-34	1 E	34-23-36	160	1.00	* 4,433	E.P.
Vaughan A-14	6 K	14-24-36	160	1.00	30,358	Cont.
Wells, E.J. B-1	1 A	1-25-36	160	1.00	30,358	Cont.
CITIES SERVICE OIL CO.						
Closson	1 J	6-22-36	160	1.00	30,358	U.C.
" A	1 A	18-22-36	160	1.00	30,358	U.C.
"	3 I	"	160	1.00	30,358	U.C.
" B	6 E	20-22-36	160	1.00	30,358	U.C.
CULBERTSON, E. A. & IRWIN, W. W. lanehart, C.J.	1 B	28-25-37	120	.75	22,769	E.P.
DALPORT OIL CORP.						
Harrison	1 G	7-25-37	80	.50	15,179	E.P.
Lunt	1 P	20-22-36	160	1.00	*17,422	E.P.
Winters	1 B	18-25-37	160	1.00	30,358	E.P.
Winters C	1 J	7-25-37	160	1.00	30,358	E.P.
EL PASO NAT. GAS CO.						
Bates	1 M	10-26-37	80	.50	15,179	E.P.
Langlie Fed.	1 J	17-25-37	160	1.00	30,358	E.P.
Parker	1 D	29-26-37	80	.50	15,179	E.P.
GULF OIL CORP.						
Ramsey Arnott B	1 M	32-25-37	160	1.00	30,358	Gulf
" E	2 O	16-25-37	160	1.00	30,358	E.P.
Campbell	2 K	7-21-36	160	1.00	30,358	Gulf
Janda B	1 J	32-21-36	160	1.00	30,358	P.B.
HUBBARD, HARRY						
Elliott	1 F	17-26-37	80	.50	15,179	E.P.
Moberly Elliott	2 D	21-26-37	80	.50	15,179	E.P.
HUMBLE OIL & RFG. CO.						
Cooper, J.M.	1 F	14-24-36	40	.25	7,590	E.P.
Harrison	1 M	25-24-36	160	1.00	*8,618	E.P.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	FEB. ALLOW. MCF	PIPE LINE
<u>JALCO CONT'D</u>					
HUMBLE OIL & RFG. CO.	CO. CONT'D				
Lanehart	1 K 21-25-37	40	.25	7,590	E.P.
State B	1 E 29-21-36	80	.50	15,179	E.P.
State B	7 I "	160	1.00	30,358	E.P.
Thomas & E	1 O 23-24-36	80	.50	15,179	E.P.
KELLY, JOHN M.					
Shahan	3 G 33-25-37	120	.75	22,769	E.P.
KRUPP-FLAHERTY					
Moberly C	3 E 21-26-37	80	.50	15,179	E.P.
LATE OIL CO.					
Rector, J.K.	1 G 31-21-36	80	.50	15,179	E.P.
LEONARD OIL CO.					
Bates, C.T.	1 L 20-25-37	160	1.00	30,358	E.P.
Bates, C.T.	2 D 29-25-37	160	1.00	*26,877	E.P.
Justis, B.M.	1 H 19-25-37	80	.50	15,179	E.P.
Justis, B.M.	2 H 20-25-37	160	1.00	30,358	E.P.
Justis, V.H.	1 D 20-25-37	160	1.00	30,358	E.P.
LOWE, RALPH					
Rose, Maggie	1 M 18-25-37	160	1.00	*21,111	E.P.
Shell St. B	1 K 16-23-36	40	.25	* 1,116	E.P.
OLSEN-BLOUNT OIL CO.					
Legal	2 I 31-25-37	160	1.00	*21,142	E.P.
Jenkins	1 M 29-25-37	160	1.00	30,358	E.P.
Owens, Eva	1 M 21-25-37	80	.50	15,179	E.P.
Woolworth	1 P 26-24-36	80	.50	15,179	E.P.
OLSEN, R. PERSONAL					
Repello	1 E 28-25-37	160	1.00	30,358	E.P.
Watkins	1 A 35-24-36	80	.50	15,179	E.P.
OLSEN, R. OIL CO.					
Calley	1 H 7-25-37	80	.50	15,179	E.P.



OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	FEB. ALLOW. MCF	PIPE LINE
JALCO CONT'D					
TEXAS PACIFIC COAL & OIL CONT'D					
State A Ac/1	3 E 21-23-36	80	.50	15,179	E.P.
"	4 C "	80	.50	*10,044	E.P.
"	6 F "	40	.25	7,590	E.P.
"	8 O "	160	1.00	30,358	E.P.
"	9 M 9-23-36	160	1.00	30,358	E.P.
"	12 O "	160	1.00	30,358	E.P.
"	14 E "	160	1.00	30,358	E.P.
"	15 F 4-23-36	160	1.00	30,358	E.P.
"	18 M "	160	1.00	30,358	E.P.
"	23 B "	160	1.00	30,358	E.P.
St. A Ac/2	12 I 7-22-36	160	1.00	30,358	E.P.
"	41 M 5-22-36	160	1.00	30,358	E.P.
THE TEXAS CO.					
Fristoe B NCT-4	2 M 31-24-37	80	.50	15,179	E.P.
Rector, J.K.	2 P 20-21-36	40	.25	7,590	E.P.
"	3 I 30-21-36	80	.50	15,179	E.P.
"	4 O "	40	.25	7,590	E.P.
TREBOL & RODMAN					
Federal	1-Y C 5-23-36	160	1.00	30,358	E.P.
WESTATES PET. CORP.					
Wells B-6	1 A 6-25-37	40	.25	7,590	E.P.
WESTERN NATURAL GAS CO.					
Guthrie	1 O 34-23-36	160	1.00	30,358	E.P.
Wells	1 G 6-25-37	40	.25	7,590	E.P.
Woolworth	1 A 17-25-37	160	1.00	30,358	E.P.
POOL TOTAL	117	14,320	89.50	2,495,058	

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	JUSTIS	TOTAL ALLOCATION 90,476 MCF	FEB. ALLOW. MCF	PIPE LINE
ATLANTIC REG. CO. Justis	1-P 11-25-37	80	.50		19,527		E.P.
CITIES SERVICE OIL CO. Hodges B	1-M 1-25-37	160	1.00		*12,369		E.P.
OLSEN, R. OIL CO. Wimberly	1-H 23-25-37	40	.25		9,764		E.P.
TIDE WATER ASSOC. OIL CO. Ccates C	1-F 24-25-37	40	.25		9,764		E.P.
WESTERN NATURAL GAS CO. Eaton	1-E 12-25-37	160	1.00		39,054		E.P.
POOL TOTALS	5	480	3.00		90,478		

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	LANGMAT	TOTAL ALLOCATION 6,142,548 MCF	FEB. ALLOW. MCF	PIPE LINE
AMERADA PET. CORP.							
State LMT	2-F 36-23-36	160	1.00			40,357	P.B.
Hodges	1-I 8-24-37	160	1.00			40,357	P.B.
ANDERSON-FRICHARD							
Wells	13-L 5-25-37	120	.75			30,268	E.P.
ATLANTIC RFG. CO.							
Selby	1-F 33-22-36	160	1.00			40,357	E.P.
State 24	1-D 32-24-37	40	.25			10,089	Phil.
CITIES SERVICE OIL CO.							
Dabbs	1-D 23-25-37	80	.50			20,179	E.P.
State Q	1-L 36-23-36	80	.50			20,179	E.P.
CONTINENTAL OIL CO.							
Jack A-20	4-G 20-24-37	160	1.00			* 9,362	E.P.
Jack A-21	1-M 21-24-37	40	.25			10,089	E.P.
Jack A-29	3-H 29-24-37	160	1.00			* 6,324	E.P.
Jack B-17	3-A 17-24-37	160	1.00			40,357	E.P.
Jack B-30	1-H 30-24-37	160	1.00			40,357	E.P.
Lockhart B-28	3-L 28-21-36	160	1.00			40,357	E.P.
Lynn B-25	1-J 25-23-36	160	1.00			40,357	Cont.
Lynn B-25	2-M "	160	1.00			40,357	E.P.
Lynn B-26	1-J 26-23-36	160	1.00			40,357	E.P.
Lynn B-26	2-A "	160	1.00			40,357	E.P.
"	3-C "	160	1.00			40,357	E.P.
"	4-M "	160	1.00			40,357	E.P.
Lynn B-27	1-A 27-23-36	160	1.00			40,357	E.P.
Meyer B-28	2-A 28-22-36	160	1.00			*14,880	E.P.
Meyer B-22	1-I 22-22-36	160	1.00			40,357	E.P.
Meyer B-23	1-C 23-22-36	160	1.00			40,357	E.P.
"	2-O "	160	1.00			40,357	E.P.
Stevens A-34	2-G 34-23-36	160	1.00			40,357	E.P.
Stevens A-35	1-J 35-23-36	120	.75			30,268	E.P.
"	2-L "	160	1.00			*23,560	E.P.
Stevens B-7	1-M 7-23-37	160	1.00			40,357	E.P.
Stevens B-7 Unit	1-D "	160	1.00			40,357	E.P.

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	LANGMAT CONT'D	FEB. ALLOW. MCF	PIPE LINE
CONTINENTAL CONT'D							
Stevens B-7	2-J	7-23-37	160	1.00	40,357	E.P.	
Stevens B-12	1-C	12-23-36	80	.50	20,179	E.P.	
Stevens B-12	2-A	"	160	1.00	40,357	E.P.	
Stevens B-14	1-I	14-23-36	160	1.00	40,357	E.P.	
Stevens B-15	2-K	15-23-36	160	1.00	40,357	E.P.	
Stevens B-18	1-F	18-23-37	160	1.00	40,357	E.P.	
"	2-K	"	160	1.00	40,357	E.P.	
Stevens B-18 Unit	1-B	18-23-37	160	1.00	* 9,579	E.P.	
Vaughan B-1	1-H	1-24-36	160	1.00	40,357	E.P.	
"	2-F	"	160	1.00	40,357	E.P.	
Vaughan B-12	1-H	12-24-36	80	.50	20,179	E.P.	
DALPORT OIL CORP.							
Christmas	1-O	25-22-36	160	1.00	40,357	E.P.	
Christmas B	1-J	21-22-36	160	1.00	40,357	E.P.	
King, E.F.	1-M	31-22-37	160	1.00	40,357	E.P.	
King, W.H.	1-M	6-23-37	160	1.00	40,357	E.P.	
Jones, O.L.	1-P	34-22-36	160	1.00	40,357	E.P.	
EL PASO NAT. GAS CO.							
Jel D	3-B	8-25-37	160	1.00	40,357	E.P.	
Shell Black	2-O	21-24-37	80	.50	20,179	E.P.	
GACKLE, ALBERT							
Combest	1-I	27-23-36	160	1.00	40,357	E.P.	
Cowden R.W.	1-J	30-23-37	80	.50	20,179	E.P.	
Cowden B	1-L	"	80	.50	20,179	E.P.	
Cowden C	4-C	31-23-37	160	1.00	40,357	E.P.	
King, E.F.	1-O	12-23-36	160	1.00	40,357	E.P.	
Jones, Rodman	1-M	35-22-36	160	1.00	40,357	E.P.	
Sinclair St.	1-I	23-23-36	160	1.00	40,357	E.P.	
"	2-K	"	160	1.00	40,357	E.P.	
"	3-D	3-23-36	160	1.00	40,357	E.P.	
"	4-H	"	160	1.00	40,357	E.P.	
GULF OIL CORP.							
Christmas	1-P	27-22-36	160	1.00	40,357	P.B.	

OPERATOR LEASE	WELL UNIT	S.T.R.	ACRES	FACTOR	LANGMAT CONT'D		PIPE LINE
FEB. ALLOW. MCF							
GULF OIL CORP. CONT'D							
Christmas	2-H	27-22-36	160	1.00	40,357	P.B.	
Janda H	1-I	11-23-36	160	1.00	40,357	P.B.	
Janda G	1-A	24-23-36	160	1.00	40,357	Gulf	
Janda I	1-H	2-23-36	160	1.00	40,357	E.P.	
Janda I	2-D	"	160	1.00	40,357	E.P.	
Woolworth	3-K	30-24-37	160	1.00	40,357	E.P.	
HUMBLE OIL & RFG. CO.							
Hunter EE	1-D	24-24-36	160	1.00	* 9,734	E.P.	
State AA	1-H	22-23-36	160	1.00	40,357	E.P.	
State Z	1-H	2-24-36	160	1.00	40,357	E.P.	
KELLY, JOHN M.							
Hair	1-K	8-24-37	120	.75	30,268	E.P.	
KENWOOD OIL CO.							
State	1-C	32-24-37	40	.25	10,089	Sch.	
LATE OIL CO.							
Thomas	1-M	17-24-37	160	1.00	40,357	E.P.	
OLSEN, R. OIL CO.							
Blankenship	1-J	18-24-37	160	1.00	40,357	E.P.	
Blinebry A	8-L	29-23-37	160	1.00	40,357	E.P.	
Cooper	1-O	11-24-36	160	1.00	40,357	E.P.	
James Mattie	1-G	10-22-36	160	1.00	40,357	E.P.	
King (NW)	1-E	1-23-36	160	1.00	40,357	E.P.	
King (SE)	1-O	"	160	1.00	40,357	E.P.	
Meyers B	1-F	13-24-36	160	1.00	40,357	E.P.	
Meyers B	2-H	11-24-36	160	1.00	40,357	E.P.	
OLSEN, R. PERSONAL							
Christmas BA	1-L	28-22-36	160	1.00	40,357	E.P.	
PHILLIPS PET. CO.							
Woolworth	4-J	33-24-37	160	1.00	40,357	Phil	

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	LANGMAT CONT'D	FEB. ALLOW. MCF	PIPE LINE
RODMAN, E.G. Humble State L.	1-T	32-24-37	40	.25		10,089	E.P.
SAMEDAN OIL CORP. Hughes B	1-C	19-23-37	160	1.00		40,357	E.P.
SCHENKERHORN OIL CO. Woolworth	3-J	28-24-37	160	1.00		*16,740	E.P.
SHELL OIL CO. Christmas A	1-M	23-22-36	160	1.00		40,357	E.P.
Christmas B	1-L	25-22-36	160	1.00		40,357	E.P.
Dev. Christmas	2-B	21-22-36	160	1.00		40,357	E.P.
SIMON, JULIAN E. Smith	3-I	4-25-37	80	.50		20,179	E.P.
Woolworth	1-K	33-24-37	80	.50		20,179	E.P.
SINCLAIR OIL & GAS CO. Fowler Hair	2-E	9-24-37	80	.50		20,179	E.P.
Jones, Rodman	1-D	35-22-36	160	1.00		40,357	E.P.
State 157-C	1-O	32-24-37	40	.25		10,089	E.P.
"	2-P	"	40	.25		10,089	E.P.
State E	1-G	"	80	.50		*12,183	E.P.
SKELLY OIL CO. Cooper, J.W.	3-N	12-24-36	160	1.00		40,357	E.P.
King C	1-G	1-23-36	160	1.00		40,357	E.P.
King D	1-E	6-23-37	160	1.00		40,357	E.P.
Liberty Roy.	5-J	7-24-37	160	1.00		40,357	E.P.
Mexico D	1-J	36-23-36	80	.50		20,179	E.P.
Mexico E	1-O-P	2-23-36	80	.50		20,179	E.P.
Mexico G	1-D	16-24-37	160	1.00		40,357	E.P.
State M	3-K	32-24-37	120	.75		30,268	E.P.
SOUTHERN CALIF. PET. CORP. Alston	4-F	26-25-37	120	.75		30,268	E.P.
Gutman	1-G	18-24-37	80	.50		20,179	E.P.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	LANGMAT CONT'D	FEB. ALLOW. MCF	PIPE LINE
SOUTHERN CALIF. PET. CORP.	CONT'D					
Hunter	1-K 13-24-36	160	1.00		40,357	E.P.
Lankford	1-G 25-23-36	120	.75		30,268	E.P.
Liberty Roy.	3-L 3-25-37	80	.50		20,179	E.P.
Martin B	1-F 31-24-37	160	1.00		*10,075	E.P.
Martin	2-A "	160	1.00		40,357	E.P.
Mosely	2-L 34-24-37	80	.50		20,179	E.P.
STANCLIND OIL & GAS CO.						
Langlie B	2-D 15-25-37	120	.75		30,268	E.P.
Meyer B	1-D 7-24-37	160	1.00		40,357	E.P.
"	10-G "	160	1.00		40,357	E.P.
"	11-B 6-24-37	160	1.00		40,357	P.B.
Woolworth	4-E 28-24-37	160	1.00		40,357	P.B.
SUN OIL CO.						
Record Unit	1-A 22-22-36	160	1.00		40,357	E.P.
Peerless, et al	1-C "	160	1.00		40,357	E.P.
THE TEXAS CO.						
Black	2-K 7-23-37	40	.25		10,089	E.F.
TEXAS-PACIFIC COAL & OIL						
State A ac/l	1-F 22-23-36	160	1.00		40,357	E.P.
"	13-H 14-23-36	160	1.00		40,357	E.P.
"	16-A 11-23-36	160	1.00		40,357	E.P.
"	19-E 22-23-36	160	1.00		40,357	E.P.
"	20-C 13-23-36	160	1.00		40,357	E.P.
"	21-H 13-23-36	160	1.00		40,357	E.P.
"	22-N "	160	1.00		40,357	E.P.
"	24-N 24-23-36	160	1.00		40,357	E.P.
"	25-F "	160	1.00		40,357	E.P.
"	26-G 23-23-36	160	1.00		40,357	E.P.
"	28-F 14-23-36	160	1.00		40,357	E.P.
"	29-C 11-23-36	160	1.00		40,357	E.P.
"	30-I 3-23-36	160	1.00		40,357	E.P.
"	31-H 15-23-36	160	1.00		40,357	E.P.
"	32-J 24-23-36	160	1.00		40,357	E.P.

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	FEED. ALLOW. MCF	PIPE LINE
TEXAS-PACIFIC COAL & OIL CONT'D						
State A ac/1	33-F	15-23-36	160.	1.00	40,357	E.F.
"	34-K	11-23-36	160	1.00	40,357	E.F.
"	35-L	3-23-36	160	1.00	40,357	E.F.
"	37-F	10-23-36	160	1.00	40,357	E.F.
"	38-M	"	160	1.00	40,357	E.F.
State A ac/2	36-M	11-22-36	160	1.00	40,357	S.U.
"	40-A	9-22-36	160	1.00	40,357	E.F.
"	42-E	11-22-36	160	1.00	40,357	S.U.
State A ac/3	1-A	10-23-36	160	1.00	40,357	E.F.
"	2-I	"	160	1.00	40,357	E.F.
TIDE WATER ASSOC.						
Christmas, A.L.	1-F	26-22-36	160	1.00	40,357	E.F.
King	1-M	1-23-36	160	1.00	40,357	E.F.
State T	1-I	2-24-36	160	1.00	40,357	E.F.
WESTATES PET. CORP.						
Wells B-4	1-D	4-25-37	80	.50	20,179	E.F.
Wells B-5	1-A	5-25-37	80	.50	20,179	E.F.
WESTERN NAT. GAS CO.						
Blinebry A	2-D	30-23-37	160	1.00	40,357	E.F.
"	7-G	"	160	1.00	40,357	E.F.
Combest	1-H	35-23-36	120	.75	30,268	E.F.
Cooper, J.A.	2-F	12-24-36	80	.50	20,179	E.F.
Cowden, R.W.	1-P	30-23-37	80	.50	20,179	E.F.
Curry	1-F	1-24-36	160	1.00	40,357	E.F.
Duthie	1-J	18-23-37	160	1.00	*16,926	E.F.
Hale	1-K	34-22-36	160	1.00	40,357	E.F.
Harrington	1-D	10-22-36	160	1.00	40,357	E.F.
Jones	1-A	34-22-36	160	1.00	40,357	E.F.
Lankford	1-C	25-23-36	120	.75	30,268	E.F.
Matkins	1-F	15-23-36	160	1.00	40,357	E.F.
Owens	1-M	26-22-36	160	1.00	40,357	E.F.
State B	1-C	2-25-37	40	.25	10,089	E.F.
St. McDonald	1-L	14-22-36	160	1.00	40,357	E.F.
"	3-P	36-22-36	160	1.00	40,357	E.F.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	FEB.		PIPE LINE
				ALLOW.	MCF	
LANCMAT CONT'D						
WESTERN NAT. GAS CO. CONT'D						
St. McDonald	4-M 36-22-36	160	1.00	40,357		E.P.
"	5-D "	160	1.00	40,357		E.P.
"	6-B "	160	1.00	40,357		E.P.
"	7-A 35-22-36	160	1.00	40,357		E.P.
"	8-P 26-22-36	160	1.00	40,357		E.P.
"	9-G "	160	1.00	40,357		E.P.
"	10-F 25-22-36	160	1.00	40,357		E.P.
"	11-D 14-22-36	160	1.00	40,357		E.P.
"	12-M 24-22-36	160	1.00	40,357		E.P.
"	13-P 15-22-36	160	1.00	40,357		E.P.
"	14-G "	160	1.00	40,357		E.P.
Record	1-P 10-22-36	160	1.00	40,357		E.P.
Stuart A	1-C 14-25-37	40	.25	10,089		E.P.
Toby A	1-A 13-24-36	160	1.00	40,357		E.P.
Wimberly	1-F 23-25-37	80	.50	20,089		E.P.
POOL TOTAL	178	25,360	158.50	6,142,476		

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	TUBB	TOTAL ALLOCATION 811,713 MCF	FEB. ALLOW. MCF	PIPE LINE
AMERADA PET. CORP. Hare, J.G.	7-M	33-21-37	160	1.00		35,742	P.B.	
CITIES SERVICE OIL CO. Owen	3-J	35-21-37	160	1.00		35,742	P.B.	
State S	2-F	15-21-37	80	.50		17,871	E.P.	
CONE, S. E. Anderson	1-I	21-21-37	40	.25		8,936	E.P.	
CONTINENTAL OIL CO. Hawk B-9	7-P	9-21-37	160	1.00		35,742	Cont.	
Lockhart A-27	1-D	27-21-37	160	1.00		35,742	E.P.	
Wantz	3-J	21-21-37	120	.75		26,807	Cont.	
GULF OIL CORP. Danglado	1-M	13-22-37	80	.50		*10,385	P.B.	
Eubank	1-B	22-21-37	160	1.00		35,742	E.P.	
Paddock	3-P	1-22-37	160	1.00		35,742	Gulf	
HUMBLE OIL & REFG. CO. Penrose	2-H	13-22-37	160	1.00		35,742	E.P.	
MAGNOLIA PET. CO. Brunson Argo	6-E	10-22-37	160	1.00		*15,000	P.B.	
Carson, E.O.	8-F	33-21-37	160	1.00		35,742	P.B.	
Corrigan	7-P	"	120	.75		26,807	P.B.	
Long	8-J	11-22-37	160	1.00		35,742	F.B.	
MARKHAM, CONE & REDFERN Eubanks	2-L	14-21-37	160	1.00		35,742	E.P.	
OHIO OIL CO. Marshall B	2-M	27-21-37	160	1.00		35,742	P.B.	
Warlick C	1-J	15-21-37	160	1.00		35,742	P.B.	
SHELL OIL CO. Argo	1-M	15-21-37	160	1.00		35,742	E.P.	

OPERATOR LEASE	WELL UNIT	S.T.R.	NO. ACRES	FACTOR	TUBE CONT'D		FEB. ALLOW.	PIPE LINE
SHELL OIL CO. CONT'D								
Argo A	1-D	22-21-37	160	1.00			35,742	E.P.
Sarkeys	1-M	23-21-37	160	1.00			35,742	E.P.
State	1-G	15-21-37	80	.50			17,871	E.P.
Turner	2-L	22-21-37	160	1.00			35,742	E.P.
Turner	3-J	"	160	1.00			35,742	E.P.
TIDE WATER ASSOC. OIL CO.								
Sarkeys	4-F	26-21-37	160	1.00			35,742	E.P.
State S	2-C	15-21-37	80	.50			17,871	E.P.
WESTERN OIL FIELDS, INC.								
Drinkard	2-L	30-22-38	40	.25			8,936	E.P.
Gulf State	1-A	36-22-37	80	.50			17,871	E.P.
POOL TOTALS	28		3,760	23.50			811,711	

SUMMARY

POOL	TOTAL NO. WELLS	TOTAL ACREAGE FACTOR	TOTAL ACREAGE MARG.	TOTAL ACREAGE FACTOR NON- MARG.	TOTAL NOMINATIONS & ALLOC.	TOTAL ALLOCATION MARG.	NON- MARG.	ALLOC. 1.00 UNIT	ALLOC. .75 UNIT	ALLOC. .50 UNIT	ALLOC. .25 UNIT	TOTAL COMPUTED ALLOC.
AMANDA	1	.75		.75	1,000		1,000					1,000
ARROW	4	4.00		4.00	103,837		103,837	25,959				103,836
BLINEBRY	40	32.50		32.50	1,147,193		1,147,193	35,298	26,474	17,649	8,825	1,147,188
EYERS QUEEN	3	1.75		1.75	8,310		8,310	4,749	3,562	2,375	1,187	8,311
EUMONT	105	80.50	1.50	79.00	3,072,316	29,000	3,043,316	38,523	28,892	19,262	9,631	3,072,332
JALCO	117	89.50	12.75	76.75	2,495,018	165,075	2,329,943	30,358	22,769	15,179	7,590	2,495,058
JUSTIS	5	3.00	1.00	2.00	90,476	12,369	90,476	39,054	29,291	19,527	9,764	90,478
LANGMAT	178	158.50	9.50	149.00	6,142,548	129,363	6,013,185	40,357	30,268	20,179	10,089	6,142,476
TUEB	26	23.50	1.50	22.00	811,713	25,385	786,328	35,742	26,807	17,871	8,936	811,711

PURCHASERS

E.P. -	El Paso Natural Gas Co.
P.B. -	Permian Basin Pipeline Co.
Phil. -	Phillips Pet. Co.
W.P. -	Warren Pet. Co.
S.U. -	Southern Union Gas Co.
U.C. -	United Carbon