

December 1, 1954

MEMORANDUM:

TO: All Operators

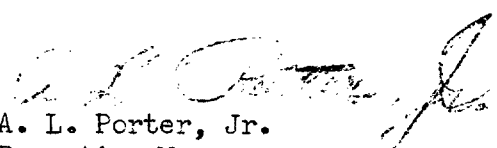
SUBJECT: Changes in Nomination Procedure for Oil Wells.

Commission Order R-552 provides that form C-127 shall be used for requesting changes in allowables for oil wells at the beginning of a proration period. It will only be necessary to file one copy of this form and that copy must be mailed to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico by the 15th of the month preceeding the month for which the changes are desired. Please include on the form only those wells for which changes are desired. Form C-127 is not to be used to request allowable changes during a proration period.

This order also extends the deadline date for filing form C-115 to the 24th of the month and provides that repeated failure of the operator to file this form in accordance with the provisions of the order may result in the cancellation of form C-110 for the affected well or wells.

It will no longer be necessary to fill in the Nomemation Column of form C-115.

Please direct your requests for form C-127 to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

  
A. L. Porter, Jr.  
Proration Manager

ALP/jh

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Santa Fe, New Mexico

Dear Bill:

I have received the November docket of the Commission and have noted that you are sending out recommendations in Case No. 791. If you have a copy left I would certainly appreciate receiving the same in order that I may study it before the hearing.

Thanking you for your assistance, and with kindest personal regards, I am

Very truly yours,

  
Jack M. Campbell

December 1, 1954

MEMORANDUM:

TO: All Operators

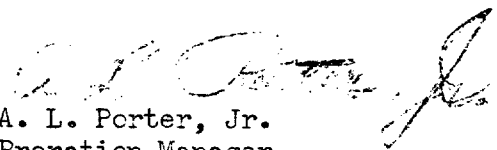
SUBJECT: Changes in Nomination Procedure for Oil Wells.

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This order also extends the deadline date for filing form C-115 to the 24th of the month and provides that repeated failure of the operator to file this form in accordance with the provisions of the order may result in the cancellation of form C-110 for the affected well or wells.

It will no longer be necessary to fill in the Nomemation Column of form C-115.

Please direct your requests for form C-127 to the Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

  
A. L. Porter, Jr.  
Proration Manager

ALP/jh

*file*

**JACK M. CAMPBELL**  
ATTORNEY AT LAW  
224 J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

PHONE 4975

Nov. 6, 1954

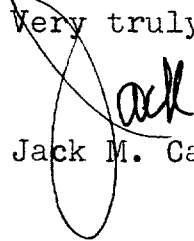
Mr. Wm. B. Macey  
Oil Conservation Commission of N. M.  
Santa Fe, New Mexico

Dear Bill:

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Jack M. Campbell

JMC:le

Case No. 791

*Continental Oil Company's proposed change in Rule  
No. 502, Paragraph II.*

Rule 502 II

No unit shall produce during any one proration period more than the allowable production of such unit for the proration period plus a tolerance of not to exceed 5 days allowable production.

Overproduction within the permitted tolerance shall be considered oil produced against the allowable assigned to the unit for the next succeeding proration period. Said overproduction shall be carried as overproduction on the Form C-115 for the month during which said overproduction occurred and also carried as "overproduction carried over" on the Form C-115 for the succeeding proration period. The full amount of said "overproduction carried over" shall be deducted from the schedule allowable and the difference after such deduction shall be shown as net allowable to said unit. No unit shall at the end of any proration period be overproduced in excess of the five days allowable tolerance allowed herein.

"Case 791"  
Exhibit 1

PROPOSED RULE REVISIONS IN CASE 791

The following memorandum reflects informally the changes in rules recommended by the Oil Conservation Commission staff in Case 791, as advertised for the November 17, 1954, regular hearing.

502 II

No unit shall produce during any one proration period more than the allowable production of such unit for the proration period plus a tolerance of not to exceed 5 days allowable production. This permissive tolerance of overproduction from a unit shall be adjusted or balanced by subsequent corresponding underproduction from the same unit. Overproduction within the permitted tolerance shall be considered as oil produced against the allowable production assigned to the unit for the proration period during which such overproduction is adjusted or balanced by underproduction.

(The present rule requires that any overproduction must be adjusted during the month following the month in which it occurs. The proposed revision retains the limit of 5 days tolerance but does not prescribe a specific time for adjustment. It provides in effect a running cushion of 5 days tolerance which is more in keeping with practical operating practices.)

503 (a)

The Commission shall meet between the 13th 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.

(This would merely change the monthly dates of hearings from the 15th to 20th, to the 13th to 20th, thus allowing for hearing to be held earlier in the month. This would facilitate the publication of the proration schedule, by making known the normal unit allowable at an earlier date. It would also allow more time between the New Mexico and Texas hearings for those who would attend both hearings.

505 (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 wells, other than those affected by gas-oil ratios, will be assigned on the basis of nominations submitted by the operator on form C-127. 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.

(No changes except to substitute form C-127 for form C-115 for use in making nominations.)

1114

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. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests. Each report for each month shall be filed in time to reach the Commission offices not later than the 24th of the next succeeding month. [Failure of the operator to file form C-115 in time to reach the Commission by the 24th of the month shall result in the reduction of the next month's allowable for the affected well or wells by one day for each day the C-115 is late.]

It will not be necessary to fill in the daily well nomination column of form C-115, since this information is reported on form C-127.

(This proposed revision extends the deadline date for filing form C-115 from the 18th to the 24th of the month, and a penalty of an allowable reduction of one day for each day the report is late is provided. This proposal would also allow oil production of units producing into common storage to be estimated.)

1126

Request for allowable changes, Form C-127.

(One copy of Form C-127 shall be filed with the Oil Conservation Commission, Box 2045, Hobbs, New Mexico, not later than the 15th of the month preceding the month for which allowable changes are requested.)

This form shall include only the wells for which allowable changes are desired.

11-791 Perm. Evaluated

(Proposed Form)

Form No. C-127

OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
REQUEST FOR ALLOWABLE CHANGES

(One copy of Form C-127 shall be filed with the Oil Conservation Commission, Box 2045 Hobbs, New Mexico not later than the 15th of the month preceeding the month for which allowable changes are requested. This form shall include only the wells for which allowable changes are desired.)

Date \_\_\_\_\_

The following allowable changes for the month of \_\_\_\_\_, 19\_\_\_\_

are hereby requested by \_\_\_\_\_  
operator

address

(No well can be assigned an allowable greater than the amount of oil produced on the latest G.O.R. test. For wells on which top allowable is desired, enter a "T" in the Allowable Requested column.)

POOL	LEASE	WELL NO.	UNIT	S	T	R	ALLOWABLE REQUESTED	REMARKS

It is further requested that all other wells operated by this producer be assigned the allowables that they are currently receiving, with the exception that top allowable wells and wells affected by excessive gas-oil ratios be given the benefit of any increase in normal unit allowable.

Representing

Signed \_\_\_\_\_

Title \_\_\_\_\_

operator

1919



79  
(PROPOSED RULE REVISIONS)

502 II

No unit shall produce during any one proration period more than the allowable production of such unit for the proration period plus a tolerance of not to exceed 5 days allowable production. This permissive tolerance of overproduction from a unit shall be adjusted or balanced by subsequent corresponding underproduction from the same unit. Overproduction within the permitted tolerance shall be considered as oil produced against the allowable production assigned to the unit for the proration period during which such overproduction is adjusted or balanced by underproduction.

(The present rule requires that any overproduction must be adjusted during the month following the month in which it occurs. The proposed revision retains the limit of 5 days tolerance but does not prescribe a specific time for adjustment. It provides in effect a running cushion of 5 days tolerance which is more in keeping with practical operating practices.)

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PROPOSED RULE REVISIONS IN CASE 791

*Recommended by the Commission Staff*

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(No changes except to substitute form C-127 for form C-115 for use in making ~~NOM~~ nominations.)

1114

Operator's monthly report, ~~F~~ 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. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests. Each report for each month shall be filed in time to reach the Commission offices not later than the 24th of the next succeeding month. Failure of the operator to file form C-115 in time to reach the Commission by the 24th of the month shall result in the reduction of the next month's allowable for the affected well or wells by one day for each day the C-115 is late.

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(Proposed Form)

Form No. C-127

OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
REQUEST FOR ALLOWABLE CHANGES

(One copy of Form C-127 shall be filed with the Oil Conservation Commission, Box 204<sup>4</sup> Hobbs, New Mexico not later than the 15th of the month preceeding the month for which allowable changes are requested. This form shall include only the wells for which allowable changes are desired.)

Date \_\_\_\_\_

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(No well can be assigned an allowable greater than the amount of oil produced on the latest G.O.R. test. For wells on which top allowable is desired, enter a "T" in the Allowable Requested column.)

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