

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DRIP TRANSPORTATION REPORT

FORM C-110-A
(As proposed by
El Paso Natural
Gas Company)
TICKET NO. _____

PRODUCER'S IDENTIFICATION NO. _____
(To Be Inserted by Owner of Drip)

SECTION I

1. NAME OF OWNER OF DRIP _____

a. PRODUCED BY OWNER ☐ b. PURCHASED FROM PRODUCER ☐
(Check one. If b. is checked, attach copy of Form C-110-B showing transfer of title)

2. ADDRESS OF OWNER _____

3. SOURCE OF DRIP _____

4. DESTINATION _____

(Name of Person and Physical Place to Which Delivery Authorized)

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell the same.

SECTION II

Signature of Owner or Agent

1. NAME AND ADDRESS OF OWNER OF VEHICLE _____

2. TYPE OF VEHICLE _____ 3. LICENSE NO. OF VEHICLE _____

4. NAME OF OWNERS AGENT ORDERING TRIP _____

5. DATE ORDERED _____

6. FACILITIES TO BE SERVICED _____

The undersigned accepts drip for delivery in accordance with the above directions.

SECTION III

Signature of Transporter or Agent

1. NAME AND ADDRESS OF DRIVER _____

Source	Gauge (Top)	Gauge (Bottom)	Barrels	Date and Hour
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		
	Ft. ____ In. ____	Ft. ____ In. ____		

Total _____

I hereby certify that drip transported by me was obtained by me from the source described in Section I and loaded as described in Section III.

Signature of Driver

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

(As proposed by
El Paso Natural
Gas Company)

DRIP SALE AND PURCHASE REPORT

I

NAME OF PRODUCER _____

ADDRESS OF PRODUCER _____

SOURCE OF DRIP _____

EXPIRATION DATE OF THIS AUTHORIZATION _____

I certify that I have transferred title to the drip from the above source or sources to the below-named purchaser and he is hereby authorized to obtain drip from such source or sources until the expiration of this authorization.

Producer

II

NAME OF PURCHASER _____

ADDRESS OF PURCHASER _____

I certify that I am the purchaser and owner of the drip from the source or sources indicated above and am authorized to remove the same until the expiration date set out in Section I above.

Purchaser

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

DRIP TRANSPORTER'S REPORT

Producer's Identification No. _____ Ticket No. _____

SECTION I (Owner)

1. Name of owner of drip _____
a. Produced by owner _____ b. Purchased from producer _____
(Check one. If b. is checked, attach copy of Form C-110-B showing transfer of title)
2. Address of owner _____
3. Source of drip _____
4. Destination _____
(Name and physical place to which delivery authorized)

I hereby certify that on this _____ day of _____, 19____, I have authorized the below-named transporter to gather and transport to the above destination the quantity of drip specified below and that I have authority to sell same.

Signature of owner's agent

SECTION II (Transporter)

1. Name and address of owner of vehicle _____
2. Type of vehicle _____ 3. License No. of vehicle _____
4. Name of vehicle owner's agent ordering trip _____
5. Date ordered _____
6. Facilities to be serviced _____

The undersigned accepts drip for delivery in accordance with the above directions.

Signature of transporter's agent

SECTION III (Driver)

1. Name and address of driver _____
2. Load to be delivered to _____
(Name of company and physical place of delivery)
3. Load consists of the following:

TANK NO.	SOURCE (drip or lease)	GAUGES		GROSS BARRELS	DATE & HR. LOADED
		TOP	BOTTOM		
		Ft. ____ In. ____	Ft. ____ In. ____		
		ft. ____ in. ____	ft. ____ in. ____		
		ft. ____ in. ____	ft. ____ in. ____		
		ft. ____ in. ____	ft. ____ in. ____		

TOTAL BARRELS _____

I hereby certify that drip transported by me was obtained by me from the source indicated and loaded as indicated.

(THIS SECTION TO BE COMPLETED BEFORE LEAVING TANKS)

Signature of driver

SECTION IV (Receiver)

I hereby certify that I am an agent for (company) _____
and that I have received _____ barrels of drip from (Identify truck) _____
for the account of (owner) _____
at _____, _____ M. on this _____ day of _____, 19____.

Signature of receiver's agent

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

June 7, 1962

Mr. Ben Howell
El Paso Natural Gas Company
Box 1492
El Paso, Texas

Re: Case No. 2558

Order No. R-2254

Applicant:

El Paso Natural Gas Co.

(OCC Motion)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC x

OTHER

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS

B. L. FRANCIS, ASSISTANT DIVISION MANAGER

May 11, 1962

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

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

Reference is made to Cases No. 2558[✓], 2559, 2560, and 2561 set for hearing on the regular hearing docket to be held in Hobbs, New Mexico, on May 16, 1962. Texaco has reviewed the proposed changes to Rules 314, 112A, 201, 1105, and 111, and we wish to go on record in concurrence with the proposals as submitted. Texaco urges the Commission to approve the above mentioned rules as revised.

Yours very truly,

B L Francis

CRB-MM

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH 1, TEXAS

KENNETH J. BARR
DIVISION ENGINEER

May 11, 1962

File: GHF-208-986.510.1

Subject: Amendment of Statewide Rule 314
Case 2558

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Reference is to Case 2558 on the regular hearing docket for May 16, 1962, which is on the application of the Commission to amend Statewide Rule 314. This is to advise that Pan American Petroleum Corporation concurs in the amendment of Rule 314 as proposed by the Commission.

Yours very truly,

Kenneth J. Barr

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS

GEORGE A. GRAHAM, JR.

301 DON GASPAR AVENUE

SANTA FE, NEW MEXICO

J. O. SETH
COUNSEL

POST OFFICE BOX 828
TELEPHONE YU 3-7315

May 3, 1962

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: Case No. 2558
El Paso Natural Gas Company

Gentlemen:

This letter will constitute our Entry of Appearance as Attorneys for El Paso Natural Gas Company in the above case. We will be associated with Mr. Ben Howell and Mr. Garrett Whitworth, attorneys for El Paso Natural Gas Company.

Very truly yours,

SETH, MONTGOMERY, FEDERICI & ANDREWS

By



OS:wcl

Case
2558

NEW MEXICO PETROLEUM INDUSTRIES COMMITTEE
142 Truman, N. E. - Suite F
Albuquerque, New Mexico

PRODUCER SUBCOMMITTEE ON DRIP GASOLINE MEETING MINUTES

Albuquerque, New Mexico
January 30, 1962

The producer subcommittee appointed to study the problem of theft of drip gasoline met in the NMPIC office at 10:00 A. M., Monday, January 30. Present were:

E. E. Alsup, Chairman	El Paso Natural Gas Co.	Farmington, N.M.
Ray Ely	Cities Service Petrol. Co.	Hobbs, N.M.
John Newkirk	Amerada Petroleum Corp.	Midland, Texas
Tom Curtis	Pan American Petrol. Corp.	Farmington, N.M.
Joe Palmer	NMPIC	Albuquerque, N.M.

Unable to be present because of a previous commitment was Albert Greer, Benson-Montin-Greer, Farmington, New Mexico.

Chairman Alsup called the meeting to order at 10:05 A. M. He opened with a brief discussion of the history and background of the problem of theft of drip gasoline in the San Juan Basin. It was noted that theft of drip was historically common-place in the petroleum industry, but that losses by operators in San Juan County, New Mexico, had become quite large. It was brought out, also, that an attempt to cope with the problem by legislative means was made in the 1961 session of the state assembly, but with limited success.

After some general discussion, it was the consensus of the committee that the theft problem had these aspects: losses are large, and serious from both an operating standpoint and from a revenue-loss point of view of local, state and federal units of government; drip, apparently flowing into the retail market, is having a disturbing effect on an already unstable gasoline market; that the amount of drip stolen points to a well organized ring of thieves; that stolen drip is being moved in tank truck, possibly even transport-size, loads; that it is probable some oil field employees are working collusively with the thieves; that it is believed most thefts take place at night; that the great geographical spread and remoteness of the San Juan Basin area, great number of drip-producing gas wells and number and scope of workers and trucks doing legitimate business in the area complicate the problem; and, finally, that the theft problem is industry-wide, in that producer, transporter, refiner and marketer all have a stake in its solution.

The committee discussed the probable amount of the loss, in terms of quantity and of value. (It was noted here that tabulated loss figures are estimated at only two-thirds of actual loss. This is because most gas wells that produce drip will continue to produce unmeasured amounts after gauging. In short, unless the thief stole drip from a tank immediately after gauging, chances are good that there was more drip in the tank than shown on the previous gauging.)

Alsup estimated that his company's combined loss from stolen drip and motor fuel unsold because of drip-disrupted markets was at least \$150,000 per month. He noted that El Paso Natural Gas Co.'s actual gauged loss was 1,831 barrels in December, 1961. Curtis said Pan American's loss was 68 barrels so far in January, 1962; but that the loss approximated 200 barrels per month throughout 1961. Alsup noted that his company's loss, on federal and Indian lands alone, had been over 14,000 barrels for the first nine months of 1961. (If this drip was used in lieu of motor

fuel, excise tax loss to federal and state governments was over \$24,000 and \$36,000 respectively.)

Chairman Alsop then invited discussion on those agencies and regulatory bodies, state and federal, that might be concerned with the problem. Herein, it was noted that the State Corporation Commission had jurisdiction on regulation of common carriers, but none on private truckers whose vehicles were not for hire. It was thought by the subcommittee that this aspect might bear further investigation. It was noted that the Gasoline Tax Division, Bureau of Revenue, had jurisdiction over illegal use, transporting and storage of drip. And it was noted that the Oil Conservation Commission had jurisdiction over field operations of producers and had the authority to require tenders for all movement of petroleum and products thereof in the field.

Questions about the interest of the federal Internal Revenue Service and the Federal Bureau of Investigation in the matter were answered thus: that the IRS was interested in prosecution for non-payment of excise taxes after a thief had been apprehended; and that the FBI was interested only if it could be proved that it had jurisdiction and that interstate shipment of stolen goods was going on.

Palmer pointed out that Bureau of Revenue attorneys had checked the state statutes relative to both Oil Conservation Commission and Gasoline Tax Division jurisdiction and ease of prosecution over drip thefts. He said their opinion was that the Bureau of Revenue should take leadership in apprehension and prosecution of drip thieves. It was noted here that operators in San Juan County had agreed to pool contributions on the basis of relative production and to hire a man for a year to help in apprehending thieves.

It also was brought out that the Governor had approved Bureau of Revenue hiring of a full-time man to work in San Juan County, under the Gasoline Tax Division, in view of operator willingness to support the expense of an additional man. Thus two men now are working at the job of apprehending thieves. (It was noted here that one man is working on patrol duties in the field, the other undercover checking records, distribution channels for drip and the like. It was further noted that thefts had decreased substantially since the men had gone on the job (several months), though losses were still serious.)

Insofar as field practices under the authority of the Oil Conservation Commission are concerned, it was noted that "buy and sell" operators of drip are not required to maintain extensive records, nor are they subject to other than cursory, if any, cross-checking by the Commission. In short, there is not now any required accounting for specific shipments of drip gasoline on the part of transporters and truckers or refiners. The subcommittee felt that this lack of control on individual loads or shipments made it impossible to account for movement of drip from the producer to the final consumer. (It was noted here that only refiners and natural gasoline plant operators are legitimate buyers under New Mexico law.)

After a great deal of general discussion of the problem, the subcommittee concluded its deliberations with two specific recommendations for NMPIC's Executive Committee:

- 1) That all haulers of liquid hydrocarbons in the San Juan Basin area be required to maintain in their possession, while hauling any load, a trip ticket or sales slip from the seller to the purchaser for that particular load. The trip

ticket or sales slip would show the source, amount and properly identified authorization for that load. The regulation requiring such trip ticket to be a regulation of the New Mexico Oil Conservation Commission or New Mexico Corporation Commission, whichever is most applicable.

2) That the producers' subcommittee recommend that all operators in the San Juan Basin area, in cooperation with law enforcement agencies, adopt a procedure of dyeing their liquid hydrocarbons for identification purposes in order to forestall theft of those hydrocarbons.

There being no further business to discuss, the producer subcommittee adjourned at 12:30 P. M., subject to the call of the Chairman.

Respectfully submitted:

Joseph W. Palmer
Acting Secretary

NMPIC Producer Subcommittee on
Drip Gasoline
E. E. Alsup, Chairman
Ray Ely
John Newkirk
Tom Curtis

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION, HOBBS, NEW MEXICO

IN RE: THE MOTION OF THE NEW MEXICO OIL)
CONSERVATION COMMISSION TO AMEND) CASE NO. 2558
RULE 314)

STATEMENT OF GENERAL PETROLEUM, INC. IN
OPPOSITION TO THE MOTION

General Petroleum, Inc. concurs with the desires and purposes of the parties to the hearing and would support any action which would assure more efficient and legitimate handling of the products to be covered. However, we feel that the revisions proposed would impose an undue hardship on those legitimate operators presently servicing, transporting and selling drip oil, while in no way deterring the illegitimate operator. In our opinion, the essence of the proposed revisions is the witness and certification of fluid acquisition at each and every drip serviced by operators and transporters of drip. We feel that particularly here in the Southeast where many drips are serviced in a single day for relatively small volumes, that such a requirement would make continued service on this basis uneconomical. Further, it is our feeling that the irregularities incident to the handling of this product are a problem of enforcement. We feel that the present rules provide adequate protection for the acquisition and reporting of this product. We would like to refer directly to Rule 314 and in particular to paragraph G thereof:

"Every person transporting drip directly from a gas gathering or transportation system shall keep a record of daily acquisitions from each drip trap authorized to service, which record shall be made available at all reasonable times for inspection by the Commission or its authorized representative."

We feel that this paragraph, if enforced, could provide all of the information desired by Form C-110-A (Proposed) with the exception of a

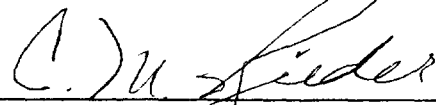
witness and validation by the seller. The witness by the seller of such acquisitions would place a tremendous burden on the personnel of such seller in that they would be required to be present at all acquisitions. I am sure that the industry would support the Commission's efforts to police these acquisitions and it will require such cooperation from all segments of the industry to insure sufficient numbers to achieve this end.

We would like to recommend that all efforts be made to enforce the present rules and regulations before any new regulations or revisions are attempted, and in this regard, we would respectfully suggest that the Commission could, by memorandum from the Secretary-Director, further amplify the requirements for records and reporting as set out in Rule 314 G so that a field surveillance or inspection could adequately assure the validity and source of the fluid being transported at any one time. Such memorandum could further require that every truck or other vehicle moving, hauling, transporting drip, within the State of New Mexico, have the name of its owner and number of such truck or vehicle plainly stenciled on each side thereof. If it was deemed necessary, the Commission could require and provide a seal, sticker, or other device which could be placed upon all certified vehicles servicing this product.

It is our position that the Commission has adequate power to prescribe the form of this reporting and may require that it be available in the vehicle. However, the other part of the proposed rule would necessitate the presence of the seller or his agent at every drip trap in the state when the acquisitions are made. This, we think, is not feasible and would not accomplish the ends desired.

GENERAL PETROLEUM, INC.

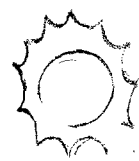
BY



C. M. REIDER
President



THEFT OF DRIP GASOLINE IN NEW MEXICO



40-45-1. Penalty for larceny and receiving stolen goods.--

Any person convicted of the crime of larceny or the crime of feloniously receiving stolen goods or property, shall be punished by imprisonment in the penitentiary for any period not less than one (1) year nor more than ten (10) years if the value of the property stolen, or feloniously received shall exceed fifty dollars (\$50.00); and by imprisonment in the county jail for any period not more than three (3) months, or by fine not exceeding one hundred dollars (\$100), or both such fine and imprisonment in the discretion of the court if the value of the property shall be fifty (\$50.00) or less.

NEW MEXICO STATUTES 1953 ANNOTATED

40-45-2. Grand larceny--Value of property--Documents.--

Every person who shall commit the crime of larceny, by stealing of the property of another any money, goods or chattels, or any bank note, bond, promissory note, bill of exchange, or other bill, order or certificate, or any books of accounts for or concerning money or goods, due or to become due, or to be delivered, or any deed of writing, containing a conveyance of land or other valuable contract in force, or any writ, process or public record, if the property stolen shall exceed the value of fifty dollars (\$50.00), shall be punished as provided in section 40-45-1 New Mexico Statutes, Annotated, 1953 Compilation.

NEW MEXICO STATUTES 1953 ANNOTATED

Article 45

Theft, Larceny and Embezzlement

Section 40-45-14. Buying, receiving and concealing stolen goods.--Every person who shall buy, receive or aid in the concealment of stolen money, goods or property, knowing the same to have been stolen, shall be punished as provided in Section 1529 (40-45-1).

NEW MEXICO STATUTES 1953 ANNOTATED

Article 45

Theft, Larceny and Embezzlement

Section 40-45-16. Proof of conviction of thief not required.--In any prosecution for the offense of buying, receiving or aiding in the concealment of stolen money or other property, known to have been stolen, it shall not be necessary to aver, nor on the trial thereof, to prove that the person who stole such property has been convicted.

NEW MEXICO STATUTES 1953 ANNOTATED

Article 26

Tax on Gasoline and Motor Fuel

Sec. 64-26-1. Definitions.--As used in Chapter 64, Article 26, New Mexico Statutes Annotated, 1953 Compilation, except where other meanings are specifically given:

A. "motor vehicle" means every self-propelled vehicle operated or suitable for operation on the highways; (As amended by Ch. 301, Laws 1959, effective June 13, 1959.) (Comp. 40-055.)

B. "motor fuel" means gasoline or any other inflammable liquid, by whatever name such liquid may be known and sold, the chief use of which is as fuel for the propulsion of motor vehicles, motor boats or aircraft, provided, however, the term "motor fuel" shall not include products specifically prepared and sold for use in turbo prop or jet type engines; (As amended by Ch. 202, Laws 1957; and Ch. 301, Laws 1959, effective June 13, 1959.) (Comp. 40-054.)

C. "distributor" means any person, (including the state and any political subdivision thereof, but not including the United States of America or any of its agencies except to the extent now or hereafter permitted by the constitution and laws thereof):

(1) making the first sale or other disposition in the state of any motor fuel, imported into the state from any other state, territory or foreign country, after the motor fuel shall have been received within the state;

(2) consuming or using in the state of New Mexico any motor fuel so imported, who shall have purchased or otherwise acquired the same before it shall have been received by any other person in this state;

(3) producing, refining, preparing, distilling, manufacturing, blending or compounding motor fuel in the state;

(4) engaged in the business of selling or delivering gasoline or motor fuel in this state from refineries, tank farms, tank cars, receiving tanks, bulk stations or tank wagons in wholesale quantities, not coming within the definition of "distributor" as given above; (As amended by Ch. 301, Laws 1959, effective June 13, 1959.) (Comp. 40-052.)

H. Motor fuel is deemed to be "received" for motor fuel excise tax purposes in the following cases:

(1) motor fuel produced, refined, prepared, distilled, manufactured, blended, compounded, or formed by natural processes commonly known as drip gasoline at any refinery or other place in the state by any person and motor fuel transported from points outside the state by pipeline to a refinery or pipeline terminal tank farm in the state and motor fuel transported by pipeline from a refinery or pipeline terminal tank farm in the state to another refinery or pipeline terminal tank farm in the state shall be deemed to be "received" by such person thereat, when the motor fuel has been loaded at such refinery or other place or at such pipeline terminal tank farm into tank cars or tank wagons or other types of transportation equipment or containers of any kind designed or intended to be removed from such refinery or other place or from such pipeline terminal tank farm otherwise than for delivery or shipment by pipeline to another refinery or

pipeline terminal in the state. When so withdrawn from the refinery or other place or pipeline terminal tank farm the motor fuel shall be deemed to be received by the person who is the owner thereof immediately prior to the time of withdrawal, unless

(a) the motor fuel is withdrawn for shipment or delivery to a distributor, in which case it shall be deemed received by the distributor to whom shipped or delivered, or

(b) the motor fuel is withdrawn for shipment or delivery to a person not licensed as a distributor for the account of a distributor, in which case it shall be deemed received by the distributor for whose account the shipment or delivery is made.

(2) motor fuel imported from any other state, territory or foreign country in a tank car which shall be unloaded in the state shall be deemed to be "received" at the time when and the place where such tank car comes to rest in the state and the interstate or foreign shipment is completed, by the person who is at the time the owner thereof, but not before;

(3) motor fuel imported by any person into the state from any other state, territory, or foreign country, other than by pipeline for storage at pipeline terminals or pipeline tank farms as set forth above, or by tank car, shall be deemed to be "received" in the case of motor fuel imported from a foreign country, at the time when and the place where the shipment comes to rest in the state and the foreign shipment is completed, by the person who at the time is the owner thereof, but not before, and shall be deemed to be "received" in the case of motor fuel imported from another state or territory of the United States, at the time when and the place where the interstate transportation of the motor fuel has been completed within the state, by the

person who at the time is the owner thereof, but not before;

(4) the amount "received" shall be measured by the amount manifested by the shipper, provided, however, that when a correction is made by the shipper either increasing or decreasing the manifested amount the correction shall be made on the manifest;

(5) except as set forth above, the word "received" shall be given its usual and customary meaning; (As amended by Ch. 301, Laws 1959, effective June 13, 1959.) (Comp.40-057-40-063.)

J. "sale" means any exchange, gift or other disposition and "purchase" shall include any acquisition of ownership; (As amended by Ch. 301, Laws 1959, effective June 13, 1959.) (Comp. 40-065.)

Sec. 64-26-2. Six cents (6¢) per gallon excise tax.-- There is hereby levied and imposed an excise tax of six cents (6¢) per gallon upon the sale, use, or sale and use of all motor fuel sold or used in this state for any purpose; provided, that this tax shall be collected only once upon any particular motor fuel and where the excise tax has been paid in this state upon the sale, a like tax shall not be collected for the use of the same motor fuel, and likewise where the excise tax has been paid in this state upon the use a like tax shall not be collected for the sale of the same motor fuel; Provided further that nothing in this article (New Mexico Compilation of 1941, sections 68-1201 to 1233 as amended (64-26-1 to 64-26-38) shall prohibit any incorporated municipality from assessing and collecting the tax provided for in chapter 159 of the 1931 Session Laws (New Mexico Compilation of 1941, sections 14-3901--14-3908 (14-43-1 to 14-43-8). (Comp. 40-101, 40-104, 40-202, 40-401.)

Sec. 64-26-11. Application for licenses--Contents--Licensing of distributors.--It shall be unlawful for any distributor, wholesale dealer or retail dealer to engage in business within this state as such unless such distributor, wholesale dealer or retail dealer is the holder of an uncanceled license issued by the Bureau of Revenue to engage in such business. To procure such license every distributor, wholesale dealer or retail dealer shall file with the Bureau of Revenue an application, signed by such distributor, wholesale dealer, retail dealer, or his duly authorized agent, and in such form as the Bureau of Revenue may prescribe setting forth in addition to such necessary information as the Bureau of Revenue may require the following:

(a) The name under which the distributor or dealer will transact business within this state;

(b) The location, with street address, of its principal office or place of business within this state;

(c) The name and complete residence address of the owner, or the names and addresses of the partners, if such applicant is a partnership or the names and addresses of the principal officers, if such applicant is a corporation or association; and if such applicant is a corporation or association, organized under the laws of another state, territory or country, it shall also file with such application a certified copy of the certificate of license issued by the New Mexico corporation commission, showing that such corporation or association is authorized to transact business in this state. (Comp. 40-601, 40-603.)

Sec. 64-26-29. Reports--Failure to file--Falsification--
Doing business without license--General penalties.--(a)

It shall be unlawful for any person to refuse or neglect to make any statement, report or return required by the provisions of this act (64-26-1 to 64-26-5, 64-26-11 to 64-26-30), or to knowingly make, aid or assist any other person in making a false statement in a report to the commissioner of revenue or to engage in business in this state as a distributor, whole-sale dealer or retail dealer without being the holder of an uncanceled license, issued in the name of such person, to engage in such business, or to sell, use or sell and use any motor fuel upon which the tax imposed by this act shall not be paid. (Comp. 41-901.)

(c) The violation of any of the provisions of this act which is not already specifically made a felony is hereby made a misdemeanor punishable upon conviction thereof by a fine of not less than one hundred dollars (\$100.00) nor more than one thousand dollars (\$1,000.00) or imprisonment in the county jail for a term of not less than thirty (30) days, nor more than one (1) year, or both such fine and imprisonment. (Comp. 41-901.)

NEW MEXICO STATUTES 1953 ANNOTATED

Article 26

64-26-1.1. Drip gasoline.--It is unlawful for anyone other than a recognized producer, refiner or pipeline company to transport or store gasoline formed by natural processes and commonly known as drip gasoline, without being able to prove that it was purchased from a person duly authorized to sell motor fuel.

Any person violating the provisions of this section shall, upon conviction, be fined not less than twenty-five dollars (\$25.00) nor more than one hundred dollars (\$100.00) or confined in the county jail for a period of not longer than six (6) months, or both, in the discretion of the court.

History: Laws 1959, ch. 301, s 7; 1961, ch. 186, s 1.

Title of Act.

An act relating to gasoline; and amending section 64-26-1.1 New Mexico Statutes Annotated, 1953 Compilation (being Laws 1959, chapter 301, section 7).--Laws 1961, ch. 186.

Amendment.

The 1961 amendment substituted the words "being able to prove that it was purchased from a person duly authorized to sell motor fuel" at the end of the first paragraph for "having in his possession an instrument in writing issued and signed by a person duly authorized to sell motor fuel stating the name and address of the seller, the name and address of the purchaser, the date of the sale, and the amount sold, and the total price paid therefor"; and made minor change in punctuation.

NEW MEXICO STATUTES 1953 ANNOTATED

65-3-19. Rules and Regulations to Effectuate Prohibitions
Against Purchase or Handling of Excess Oil or
Natural Gas - Penalties.

(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. (65-3-18)

(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 provisions 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.

NEW MEXICO STATUTES 1953 ANNOTATED

65-3-10. Power of Commission to Prevent Waste and
Protect Correlative Rights

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.

NEW MEXICO STATUTES 1953 ANNOTATED

65-3-11. Enumeration of Powers

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 filing 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.

(15) To regulate the disposition of water produced or used in connection with the drilling for or production of oil or gas, or both, and to direct surface or subsurface disposal of such water in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the state engineer.

NEW MEXICO STATUTES 1953 ANNOTATED

65-3-24. Actions for Violations.--

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, or 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 they 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.

NEW MEXICO STATUTES 1953 ANNOTATED

65-3-27. Penalties for Violations - Accessories.--

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.

NEW MEXICO STATUTES 1953 ANNOTATED

65-6-10. Gasoline or motor fuel specifications.--Except as hereinafter provided, no person shall sell, offer for sale, or advertise for sale, or possess or store with the intention to sell as gasoline or motor fuel any substance, liquid, or product of petroleum which falls below the standard of gasoline or motor fuel, the minimum requirement of which such standard shall be determined by the following:

A. Distillation range.

(1) When the thermometer reads 167 degrees Fahrenheit not less than ten per cent (10%) shall be evaporated;

(2) When the thermometer reads 284 degrees Fahrenheit not less than fifty per cent (50%) shall be evaporated;

(3) When the thermometer reads 464 degrees Fahrenheit not less than ninety-five per cent (95%) shall be evaporated;

(4) The residue shall not exceed two per cent (2%);

(5) Sulphur shall not exceed twenty-five hundredths of one per cent (25%/100%).

B. Motor fuel or gasoline shall be volatile hydrocarbon fuel, free from water and suspended matter and shall be practicable and suitable for use as fuel in internal combustion engines.

NEW MEXICO STATUTES 1953 ANNOTATED

40-45-3.1. Wrongful taking of drip gasoline as grand larceny.--Any person wrongfully extracting or carrying away or concealing or selling or attempting to sell drip gasoline from any pipeline or drip trap in this state, being the property of another, shall be deemed guilty of a felony, and on conviction thereof, shall be punished as for grand larceny.

SUGGESTED
STATUTES

NEW MEXICO STATUTES 1953 ANNOTATED

40-45-18.1. Purchasers of stolen drip gasoline as accessories to unlawful extraction.--Any person or persons who shall knowingly purchase, or contract to purchase, or make any payment for, or on account of, any drip gasoline which shall have been wrongfully extracted or stolen from any pipeline or drip trap shall be considered an accessory after the fact to the unlawful extraction or stealing of such drip gasoline, and upon conviction, shall be subjected to the same punishment to which the principals may be liable.

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NEW MEXICO OIL CONSERVATION COMMISSION

RULE 314. GATHERING, TRANSPORTING AND SALE OF DRIP

(a) "Drip" is defined as any liquid hydrocarbon incidentally accumulating in a gas gathering or transportation system.

(b) The waste of drip is hereby prohibited when it is economically feasible to salvage the same.

(c) The movement and sale of drip is hereby authorized, provided the provisions of this Rule are complied with.

(d) No drip shall be transported nor sold until the gas transporter has filed Commission Form C-110 designating the drip transporter authorized to remove the drip from its gas gathering or transportation system.

(e) Every person transporting drip within the State of New Mexico shall file Commission Form C-112 each month, showing the amount, source, and disposition of all drip handled during the reporting period, and such other reports as may hereafter be required by the Commission.

(f) Prior to commencement of operations, every person transporting drip directly from a gas gathering or transportation system shall file with the Commission plats drawn to scale, locating and identifying each drip trap which he is authorized to service.

(g) Every person transporting drip directly from a gas gathering or transportation system shall keep a record of daily acquisitions from each drip trap which he is authorized to service, which records shall be made available at all reasonable times for inspection by the Commission or its authorized representatives.

(h) Every gas transporter in the State of New Mexico shall, on or before the first day of November of each year, file with the Commission maps of its entire gas gathering and transportation systems within the State of New Mexico, locating and identifying thereon each drip trap in said systems, said maps to be accompanied by a report, on a form prescribed by the Commission, showing the disposition being made of the drip from each of said drip traps.

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(i) Every truck, or other vehicle moving, hauling and transporting drip within the State of New Mexico shall have the name of its owner and number of such truck, or vehicle plainly stenciled on each side thereof and all sellers of drip moved by truck or other vehicle transporting any drip shall make report of movement on Form C-110A for that purpose, and each and every operator or driver of such truck shall have in his possession a copy of such report signed and certified by the seller of such drip or his agent showing the name of the truck owner, name of driver, truck number, truck license number, number of barrels of drip being transported, total price paid therefor, source from which the drip was obtained, signature of the seller of the drip or his duly authorized agent, name of purchaser, point of delivery and date of purchase. Failure to produce and exhibit such report when so requested by the Commission or its authorized agent shall be prima facie evidence that such drip is being moved, hauled or transported in violation of these rules.

(j) No purchaser shall buy or receive drip as a wholesale purchaser thereof without receiving two (2) completed copies of Commission Form C-110A with such purchase, signed and certified by the seller. Said purchaser shall sign the certificate in the space provided and shall file one (1) copy of said completed Form C-110A with the Commission within 24 hours after the delivery or purchase of said drip and shall retain the other copy which he shall produce and exhibit when so requested by the Commission or its authorized agent. Failure to produce and exhibit such report when so requested by the Commission or its authorized agent shall be prima facie evidence that the drip so purchased is purchased and received in violation of these rules.

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NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICOFORM C-~~110A~~

DRIP GASOLINE SALE AND PURCHASE REPORT

FORM C-110A

NAME OF SELLER _____

ADDRESS OF SELLER _____

TYPE OF VEHICLE _____

LICENSE NUMBER OF VEHICLE _____

NUMBER OF VEHICLE _____

NAME AND ADDRESS
OF OWNER OF VEHICLE _____NAME AND ADDRESS
OF DRIVER _____NAME AND ADDRESS
OF PURCHASER _____

SOURCE OF DRIP _____

POINT OF DELIVERY _____

NUMBER OF BARRELS TRANSPORTED _____

TOTAL PRICE PAID _____ DATE OF SALE _____

I hereby certify that on this _____ day of _____,
19____, I have delivered to the above named driver for delivery to
the above named purchaser the quantity of drip gasoline specified
herein and that I have authority to sell the same.

Signature of Seller or Agent

I hereby certify that on this _____ day of _____,
19____, on payment of a valid consideration, I have received from
the above named seller by delivery from the driver and vehicle set
out above the quantity of drip gasoline specified herein.

Signature of Purchaser or Agent