

APPLICATION

In the matter of the ~~application~~^{request} of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department upon its own motion to amend certain existing rules.

A. Change certain sub-paragraphs under A - Definitions as follows:

BACK ALLOWABLE - delete "prorating" and replace with "proration".

DIVISION - correct the agency name to read New Mexico Energy, Minerals and Natural Resources Department.

PRORATION PERIOD - add the following to the end of the sentence "or other period designated by general or special order of the Division."

SHORTAGE OR UNDERPRODUCTION - change the word "the" to "that".

WASTE - Sub-paragraph (b) add an "a" so that it reads "a well or wells,".

B. Amend Rule 106 to reflect the following change in Sub-paragraph (c): "oil- and gas-bearing strata".

C. Amend Rule 111 to reflect the following change in Sub-paragraph (b), third sentence: delete the word "receipt" and replace it with the word "request".

D. Rule 117. Add a hyphen to the word "oil".

E. Rule 118. In Paragraph B, add the symbols H₂O after the word handling in the second sentence.

F. Rule 301. Delete the word "proration" before department in Sub-paragraph (c).

G. Rule 301. In Sub-paragraph (g), sentence 2, change the word "with" to "within".

H. Rule 303. Change Sub-paragraph B by deleting the words "from each pool, as well as the expected gravity and value of the commingled liquid hydrocarbons" in the second sentence.

I. Rule 303. Change the last paragraph of Sub-paragraph B to delete the "United States Geological Survey" and replace with "Bureau of Land Management."

J. Rule 303. Change Subparagraph (j) to delete "United States Geological Survey" and replace with "Bureau of Land Management."

K. Rule 309-C. Change Sub-paragraph 6 to delete "United States Geological Survey" and replace with "Bureau of Land Management."

L. Rule 503. Change Sub-paragraph (c) to delete the figure "10" and replace with the figure "100".

M. Rule 505. In Sub-paragraph (d), delete the word "available" and replace it with the word "appropriate".

N. Rule 506. In Sub-paragraph (1) amend the paragraph to have the last part after "official" read "test gas-oil ratio of the well, and the proration unit will be designated non-marginal".

O. Rule 509. In the fourth paragraph, delete the word "sent" and replace it with the word "set" in the last sentence.

P. Rule 509. In the sixth paragraph after the word "discovery" in the first sentence, add the word "allowable".

Q. Rule 1100. Add the word "for" after "Request" in the listing of forms being specifically Form C-123.

R. Rule 1113. Delete the word "of" after "calendar month" in this paragraph.

S. Rule 1122. Add the following phrase after "Manual for Back-Pressure Testing of Natural Gas Wells," "or 'Gas Well Testing Manual for Northwest New Mexico'"

T. Rule 1304. Add the wording "or 'AG' in the case of gas pools" after "letter A" and the wording "or AG-1 and AG-2" at the end of the sentence.

RULE CHANGES

A - DEFINITIONS

BACK ALLOWABLE shall mean the authorization for production of any shortage or underproduction resulting from pipeline prorationing.

DIVISION shall mean the Oil Conservation Division of the New Mexico Energy, and Minerals and Natural Resources Department.

PRORATION PERIOD shall mean for oil the proration month and for gas the twelve-month period which shall begin at 7 a.m. on January 1 of the succeeding year or other period designated by general or special order of the Division.

SHORTAGE OR UNDERPRODUCTION shall mean the amount of natural gas during a proration period by which a given proration unit failed to produce an amount equal to ~~the~~ that authorized in the proration schedule.

WASTE, in addition to its ordinary meaning, shall include:

- (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, a 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.

RULE 106. SEALING OFF STRATA

(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.

RULE 111. DEVIATION TESTS AND DIRECTIONAL DRILLING

(b) Except as provided in Paragraph (c) below, no well shall be intentionally deviated without special permission from the Division. Permission to deviate toward the vertical to straighten