



October 17, 1988

INTER-OFFICE CORRESPONDENCE / SUBJECT:

Proposed Changes to the NMOCD
Statewide Rules

The Permian Basin Region would like for Phillips Petroleum Company to offer a few suggested changes to the proposals offered by the NMOCD.

1. Rule 4. United States Government Leases.

The Division 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 BLM Approved "Application for Permit to Drill, Deepen or Plug Back," [(USGS Form No. 9-331C)] (BLM Form No. 3160-3), "Sundry Notices and Reports on Wells," [(USGS Form No. 9-331)] (BLM Form 3160-5), and "Well Completion or Recompletion Report and Log," [(USGS Form No. 9-330)] (BLM Form No. 3160-4), for wells on U. S. Government land shall be furnished to the Division[.] by the BLM.

This well defines who is to provide the forms to the OCD.

2. Rule 503. Authorization for Production of Oil.

Change the second paragraph under (b) to:

If the Division determines that such capacity may be in excess of the anticipated reasonable market demand, and that a market demand factor of less than 100 percent may be necessary to prevent waste, it shall immediately institute proper proceedings for a hearing to be held before the 20th day of the following month to determine actual reasonable market demand [for the next two succeeding months] up to a maximum of six months.

As written to OCD, there would be no limitation as to how long reduced market demand could be instituted by the OCD. Six months would be inline with the new proration schedule.

Proposed Changes to the NMOCD
Statewide Rules
October 17, 1988
Page 2

3. Rule 1103. Sundry Notices and Reports on Wells (Form C-103).

Change paragraph B. (3) to:

(3) Report of Temporary Abandonment.

A report of temporary abandonment of a well shall be filed by the operator of the well within [ten days] thirty days following completion of the work. The report shall be filed in TRIPLICATE and shall present a detailed account for the work done on the well, including location and type of plugs used, if any, and status of surface and downhole equipment, and any other pertinent information to the overall status of the well.

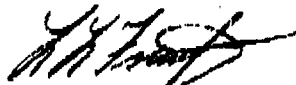
This will make Temporary Abandonment and Plugging and Abandonment requirements the same.

4. Rule 1128. Forms Required on Federal Land.

Change the fourth paragraph to:

After a well is completed and ready for pipeline connection, Division Form C-104 shall be filed, along with a copy of BLM Form No. 3160-4, with the Division on any and all wells drilled in the State, regardless of land status. Further, all reports and forms as required under the preceding rules of the section of the Rules and Regulations that pertain to production must be filed on the proper Oil Conservation Division form as set out in said rule - no other forms will be accepted.

This will allow the OCD to process the Form C-104 and assign the appropriate allowable without waiting for the BLM to be forwarded the Completion Reports. When the completion reports are received from the BLM, the OCD copy can be destroyed.



L. L. Frantz
Odessa Office

LLF:LMS:sdb
REG3:changes1

RULE 1103. SUNDRY NOTICES AND REPORTS ON WELLS (Form C-103)

Form C-103 is a dual purpose form to be filed with the appropriate District Office of the Division to obtain Division approval prior to commencing certain operations and also to report various completed operations.

A. Form C-103 as a Notice of Intention

Form C-103 shall be filed in TRIPLICATE by the operator and approval obtained from the Division prior to:

- (1) Effecting a change of plans from those previously approved on Form C-101 or Form C-103.
- (2) Altering a drilling well's casing program or pulling casing or otherwise altering an existing well's casing installation.
- (3) Temporarily abandoning a well.
- (4) Plugging and abandoning a well.
- (5) Performing remedial work on a well which, when completed, will affect the original status of the well. (This shall include making new perforations in existing wells or squeezing oil perforations in existing wells, but is not applicable to new wells in the process of being completed nor to old wells being deepened or plugged back to another zone when such recompletion has been authorized by an approved Form C-101, Application for Permit to Drill, Deepen, or Plug Back, nor to acidizing,

fracturing, or cleaning out previously completed wells, nor to installing artificial lift equipment.)

In the case of well plugging operations, the Notice of Intention shall include a detailed statement of the proposed work, including plans for shooting and pulling casing, plans for mudding, including weight of mud, plans for cementing, including number of sacks of cement and depths of plugs, and the time and date of the proposed plugging operations. If not previously filed, a complete log of the well on Form C-105 (See Rule 1105) shall accompany the Notice of Intention to plug the well; the bond will not be released until this is complied with.

B. Form C-103 as a Subsequent Report

Form C-103 as a subsequent report of operations shall be filed in accordance with the section of this rule applicable to the particular operation being reported.

Form C-103 is to be used in reporting such completed operations as:

- (1) Commencement of drilling operations
- (2) Casing and cement test
- (3) Altering a well's casing installation
- (4) Temporary abandonment

- (5) Plug and Abandon
- (6) Plugging back or deepening
- (7) Remedial work
- (8) Installation of artificial lifting equipment
- (9) Change of operator of a drilling well
- (10) Such other operations which affect the original status of the well but which are not specifically covered herein.

Information to be entered on Form C-103, Subsequent Report, for a particular operation is as follows:

(1) Report of Commencement of Drilling Operations

Within ten days following the commencement of drilling operations, the operator of the well shall file a report thereof on Form C-103 in TRIPLICATE. Such report shall indicate the hour and the date the well was spudded.

(2) Report of Results of Test of Casing and Cement Job; Report of Casing Alteration

A report of casing and cement test shall be filed by the operator of the well within ten days following the setting of each string of casing or liner. Said report shall be filed in TRIPLICATE on Form C-103 and shall present a detailed description of the test method employed and the results obtained by such test, and any other pertinent information required by Rule 107.

The report shall also indicate the top of the cement and the means by which such top was determined. It shall also indicate any changes from the casing program previously authorized for the well.

(3) Report of Temporary Abandonment

A report of temporary abandonment of a well shall be filed by the operator of the well within ten days following completion of the work. The report shall be filed in TRIPLICATE and shall present a detailed account of the work done on the well, including location and type of plugs used, if any, and status of surface and downhole equipment, and any other pertinent information relative to the overall status of the well.

(4) Report on Plugging of Well

A report of plugging operations shall be filed by the operator of the well within 30 days following completion of plugging operations on any well. Said report shall be filed in TRIPLICATE on Form C-103 and shall include the date the plugging operations were begun and the date the work was completed, a detailed account of the manner in which the work was performed including the depths and lengths of the various plugs set, the nature and quantities of materials employed in the plugging operations including the weight of the mud used, the size and depth of all casing left in the hole, and any other pertinent information. (See Rules 201-204 regarding plugging operations.)

No plugging report will be approved by the Division until the pits have been filled and the location levelled and cleared of junk. It shall be the responsibility of the operator to contact the appropriate district office of the Division when the location has been so restored in order to arrange for an inspection of the plugged well and the location by a Division representative.

(5) Report of Remedial Work

A report of remedial work performed on a well shall be filed by the operator of the well within 30 days following completion of such work. Said report shall be filed in QUADUPLICATE on Form C-103 and shall present a detailed account of the work done and the manner in which such work was performed; the daily production of oil, gas, and water both prior to and after the remedial operation; the size and depth of shots; the quantity of sand, crude, chemical or other materials employed in the operation; and any other pertinent information. Among the remedial work to be reported on Form C-103 are the following:

- (a) Report on shooting, fluid fracturing or chemical treatment of a previously completed well
- (b) Report of squeeze job
- (c) Report on setting of liner or packer
- (d) Report of installation of pumping equipment or gas lift facilities

- (e) Report of any other remedial operations which are not specifically covered herein.

- (6) Report on Deepening or Plugging Back Within the Same Pool

A report of deepening or plugging back shall be filed by the operator of the well within 30 days following completion of such operations on any well. Said report shall be filed in QUADRUPLICATE on Form C-103 and shall present a detailed account of work done and the manner in which such work was performed. If the well is recompleted in the same pool, it shall also report the daily production of oil, gas, and water both prior to and after recompletion. If the well is recompleted in another pool, Forms C-101, C-102, C-104 and C-105 must be filed in accordance with Rules 1101, 1102, 1104, and 1105.

- (7) Report of Change of Operator of a Drilling Well

A report of change of operator shall be filed by the new operator of any drilling well within ten days following actual transfer of ownership or responsibility. Said report shall be filed in TRIPLICATE on Form C-103 and shall include the name and address of both the new operator and the previous operator, the effective date of the change of ownership or responsibility, and any other pertinent information. No change

in the operator of a drilling well will be approved by the Division unless the new operator has an approved bond in compliance with Rule 101. (Form C-104 shall be used to report change of operator of a completed well; see Rule 1104.)

(8) Other Reports on Wells

Reports on any other operations which affect the original status of the well but which are not specifically covered herein shall be submitted to the Division on Form C-103, in TRIPLICATE, by the operator of the well ten days following the completion of such operation.

BEFORE THE
OIL CONSERVATION COMMISSION
Santo Fe, New Mexico
Case No. 9502 Sub. No. 1
Submitted by _____
Hearing Date _____

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No plugging report will be approved by the Division until the pits have been filled and the location levelled and cleared of junk. It shall be the responsibility of the operator to contact the appropriate district office of the Division when the location has been so restored in order to arrange for an inspection of the plugged well and the location by a Division representative.

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RECEIVED	
OIL CONSERVATION COMMISSION	
SOUTH PLAINS DISTRICT	
Case No.	9507-1-19
Submitted by	
Hearing Date	