

INSTRUCTIONS

REQUIREMENTS FOR "OPERATOR'S MONTHLY REPORT OF OPERATIONS" IN THE LEA COUNTY FIELDS

For all units in the Lea County fields producing oil and/or gas, including Government units, a report shall be required on Form C-104-A, "Operator's Monthly Reports of Operations (Lea County)," instead of on Form C-104. This report shall be for each calendar month and shall be submitted before the 25th day of the succeeding month. It shall be made out in quadruplicate except as noted below. The original and one copy shall be submitted to the Commission, one copy to the Lea County Proration Office at Hobbs, and one copy to the pipe line company running the oil. A separate form shall be required for each basic lease except as noted below.

Reports on drilling wells located on leases that are producing oil and/or gas, shall be included with production reports on Form C-104-A. Drilling reports shall include, for each well the location including the 40-acre tract, well number, progress during month, depth at end of month, and number of days during which drilling operations were conducted. For wells at which drilling operations were discontinued, the cause shall be given.

Reports for drilling wells on non-productive basic leases may be made in triplicate on either Form C-104 or C-104-A, and copies should be sent only to the Commission.

For wells producing oil, the report shall give for each well the location including 40-acre tract, well number, net barrels of oil produced, net barrels of oil run to pipe line, and gravity of oil. For wells producing oil and water the report shall give for each well the barrels of water produced and the percentage of water. The method used in determining water shall be stated. The report shall state the number of days each well produced, and if a well was shut down that shall be stated and the cause of the shut-down given. The method of operating, whether flowing, pumping or gas lift, shall be indicated. The total production of oil from the lease or group of wells reported on a separate form shall be divided into pipe line runs, amount from or to lease storage, local sales, amount used in developing or operating the lease and any miscellaneous dispositions. The sum of the dispositions shall balance the total production.

The report shall state whether the wells included discharge the oil into separate tanks or a central tank battery. A separate form shall be required for each group of wells that discharge into a central tank battery and on such report the total pipe line run shall be distributed among the individual wells in proportion to their production during the month, which production shall be accurately determined.

For all wells producing gas, the report shall give for each well the total amount of gas produced in thousands of cubic feet, and the gas-oil ratio or cubic feet of gas per barrel of oil. If gasoline was extracted from the gas, the report shall give the gallons of gasoline recovered and sold, and the estimated gallons of gasoline per thousand cubic feet of gas. The gas delivered to the gasoline plant may be less than the total production. If any gas wells were shut down that shall be stated, and the cause of the shutdown shall be given. The total gas production of the lease or group of wells reported on a single form shall be divided into the amount used on the lease, amount sold, amount blown into the air or burned, and any miscellaneous dispositions. The total amount of gasoline obtained from the gas shall be segregated according to the dispositions made. If reports on gas or gasoline are not available in time for inclusion on Form C-104-A, figures for the last month for which they are available should be given, and the correct month should be indicated.

For wells producing oil and gas, data as outlined above shall be given for both oil and gas.

Reports on Form C-104-A shall be subscribed and sworn to by a responsible employee of the company before a Notary Public.

REMARKS ON PRODUCING WELLS

If remarks are made here state this fact under "Remarks on Producing Wells" on opposite side.