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## ANNOUNCEMENT

July 21, 2011

### TEST GAS ALLOWABLES

Operators may produce and sell gas encountered during drilling, completion, or recompletion provided that the operator has filed and received OCD district office approval of a Form C-104, Request for Allowable and Authorization to Transport, stating REASON FOR FILING CODE as "Test Allowable" and specifying the anticipated date of first sale for each proposed formation from which it will be produced. All administrative and regulatory approvals; i.e. NSL, NSP, DHC, etc., are required to be approved prior to producing the well.

Approval of the Test Allowable C-104 grants authorization to produce the well during the drilling, completion, or recompletion processes **ONLY**, not to exceed twenty (20) days. Gas volumes produced and sold during these activities are to be designated and submitted in a timely manner on a Sundry Notice of First Delivery by the Operator to the appropriate agency.

A second C-104 marked as "New Well" must be submitted and approved for Authorization to Transport for producing the well. If all other requisite forms, logs and summaries are not received and approved within 20 days of the completion or recompletion of the well, the operator will be in violation of 19.15.7.16 NMAC, with sanctions through legal compliance proceedings.

### TEST GAS ALLOWABLE REQUIREMENTS

- 1) All administrative and regulatory filings must be in place; i.e. NSL, NSP, DHC, etc.
- 2) Operator will file and have approved with the appropriate NMOCD district office Form C-104 designating **REASON FOR FILING CODE** as "**Test Allowable**" prior to completion activities.
- 3) The anticipated date of first sale for each proposed formation must be specified as closely as possible. If completion of the well is delayed so as to impact C-115 reporting, the district office should be contacted either by phone or by e-mail to advise of the completion date change, at which time it will be updated in ONGARD to ensure C-115 reporting is not compromised
- 4) A copy of the well's deviation survey, directional survey and "As Drilled C-102" if the well is directional or horizontal must be provided prior to C-104 approval. It does not have to be a certified copy; an informational copy will suffice. The certified copy should still be submitted at a later date as required by NMOCD Rule 19.15.16.14 and for **NEW WELL** C-104 approval.
- 5) **Approval of the Test Allowable C-104 grants authority to produce the well during the drilling, completion, or recompletion processes ONLY, not to exceed 20 Days.**
- 6) Gas volumes produced and sold during these activities are to be designated and submitted on a Sundry Notice of First Delivery to BLM on Federal form for all Federal wells **including State and Fee wells that are in a com agreement and or unit agreement.**



PLEASE NOTE: Allow district offices sufficient time to review and approve C-104's before ready date.  
**Make sure all information on C-104's is complete and correct.**  
C-104 Form and instructions are available on the OCD web site at:  
<http://www.emnrd.state.nm.us/oed/Forms.htm>.