

*Entered August 30, 1972*  
*R.L.S.*

OCD Exhibit 56

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION  
ON ITS OWN MOTION TO AMEND RULE 306  
OF THE COMMISSION RULES AND REGULATIONS  
TO INCORPORATE THEREIN THE PROVISIONS  
OF ORDER NO. R-4070 WHICH REGULATE  
THE FLARING OR VENTING OF CASINGHEAD  
GAS.

CASE NO. 4799  
Order No. R-4382

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of August, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That by Order No. R-4070 dated December 1, 1970, the Commission prohibited the flaring or venting of casinghead gas from any well in the State or from any extraction plant in the State except under certain limited and specified conditions.
- (3) That after a period of time in which to test the efficacy of said order and the provisions contained therein, the Commission believes that said order has been a useful tool in promoting the beneficial use of even small amounts of casinghead gas and has been in the interest of conservation and the prevention of waste.
- (4) That Rule 306 of the Commission Rules and Regulations should be amended to incorporate the provisions of Order No. R-4070 therein.
- (5) That Form C-129, "Application for Exception to No-Flare Rule 306," should be adopted to provide a uniform means for operators to request exceptions to Rule 306, and to provide the Commission certain basic criteria upon which to analyze the justification for each such exception.

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(6) That Rule 1129 should be added to the Commission's Rules and Regulations, reading in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO  
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in accordance with Rule 306."

(7) That the adoption of the foregoing will prevent unnecessary waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 306 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 306. CASINGHEAD GAS

(a) No casinghead gas produced from any well in this state shall be flared or vented after 60 days following completion of the well.

(b) Any operator seeking an exception to the foregoing shall file an application therefor on Commission Form C-129, Application for Exception to No-Flare Rule 306. Form C-129 shall be filed in triplicate with the appropriate district office of the Commission. The district supervisor may grant an exception when the same appears reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardships on the applicant. The district supervisor shall either grant the exception within ten days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(c) The flaring or venting by an operator of gas from any well in violation of this rule will result in suspension of the allowable assigned to the well.

(d) No extraction plant processing gas in the State of New Mexico shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulty of a very limited temporary nature or unless the gas flared or vented is of no commercial value.

In the event of more prolonged mechanical difficulty or in the event of plant shut-downs or curtailment because of scheduled or non-scheduled maintenance or testing operations or other reasons, or in the event a plant is unable to accept, process, and market all of the casinghead gas produced by wells connected to its system, the plant operator shall notify the

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Commission as soon as possible of the full details of such shut-down or curtailment, following which the Commission shall take such action as is necessary to reduce the total flow of gas to such plant.

(e) Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Section (a) of this rule, all gas produced and not utilized shall be burned, and the estimated volume reported on the monthly production report, Form C-115.

(f) The provisions of Section (a) of this rule shall not be applicable to wells completed prior to January 1, 1971, in pools which had no gas-gathering facilities on that date, provided however, said provisions shall be applicable to all wells in such a pool 60 days after the date of first casinghead gas connection in the pool."

(2) That the Rule and Regulations of the Commission are hereby amended by the addition of Rule 1129, which shall read in its entirety as follows:

"RULE 1129. APPLICATION FOR EXCEPTION TO  
NO-FLARE RULE 306 (FORM C-129)

Form C-129, when applicable, shall be filed in accordance with Rule 306."

(3) That Commission Form C-129, Application for Exception to No-Flare Rule 306, as shown by Exhibit 1 attached hereto and made a part hereof, is hereby adopted.

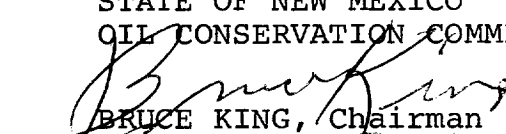
(4) That Order No. R-4070 is hereby superseded.

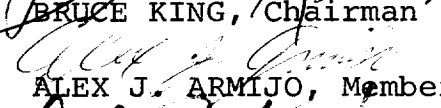
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.


(6) That the effective date of this order and all the provisions therein shall be September 1, 1972.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMIJO, Member

  
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

NFO Permit No. \_\_\_\_\_  
(Commission Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

A. Applicant, \_\_\_\_\_,  
whose address is \_\_\_\_\_,  
hereby requests an exception to Rule 306 for \_\_\_\_\_ days or  
until \_\_\_\_\_, 19\_\_\_\_, for the following described tank battery  
(or LACT):

Name of Lease \_\_\_\_\_ Name of Pool \_\_\_\_\_

Location of Battery: Unit Letter \_\_\_\_\_ Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_

Number of wells producing into battery \_\_\_\_\_

B. Based upon oil production of \_\_\_\_\_ barrels per day, the estimated(\*) volume  
of gas to be flared is \_\_\_\_\_ MCF; Value \_\_\_\_\_ per day.

C. Name and location of the nearest gas gathering facility:  
\_\_\_\_\_

D. Distance \_\_\_\_\_ Estimated cost of connection \_\_\_\_\_

E. This exception is requested for the following reasons:

F. I hereby certify the above information is true and complete to the best of my  
knowledge and belief.

By \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

G. Approved until \_\_\_\_\_

New Mexico Oil Conservation Commission

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

\*Gas-Oil ratio test may be required to verify estimated gas volume.

Exhibit No. 1  
Order No. R-4382