

Case No.

685

Application, Transcript,
Small Exhibits, Etc.

MAIN OFFICE OCC
1954 MAR 25 AM 8:43

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

* * * * *

TRANSCRIPT OF PROCEEDINGS
CASE NO. 685
Regular Hearing
March 17, 1954

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
March 17, 1954

IN THE MATTER OF:

Application of the Commission for an
order establishing Rule 508 pertaining
to the running of Recovered Load Oil; for
a definition of Recovered Load Oil; and
for the adoption of Form C-126, said form
pertaining to the running of Recovered
Load Oil.

Case No. 685

TRANSCRIPT OF PROCEEDINGS

WILLIAM B. MACEY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. YOST:

Q State your name, please.

A William B. Macey.

Q By whom are you employed, and in what capacity?

A Oil Conservation Commission as Chief Engineer.

Q You have made a study, and have some information in connection with Case 685?

A I wouldn't go so far as to say I made a study of it, Mr. Yost.

Q You are familiar with it then?

A Yes, sir, I am familiar with the case. Unfortunately, Mr. Porter, who has spent a considerable amount of time in this matter,

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COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

is not able to be here today, but he has devised a proposed rule, and a proposed form to permit transporting Recovered Load Oil. The Load Oil problem has arisen especially in southeastern New Mexico in the last two and a half years in connection with hydrophyte. I think the form is very appropriate; it is well drawn, and the rule covers every eventuality that might come up, as we see it right now. There is a possibility that over a period of time we may want to add or delete from the rule, but we cannot see any reason why anyone would have any unfair advantage, or that the operators of off-set wells would be hurt on any wells if this rule was followed.

MR. YOST: I would like to have it marked as Exhibit No. 1.

A The exhibit contains both the rule and the form.

MR. SPURRIER: Have the operators had an opportunity to study this form?

A I am almost sure that the form was distributed in the regular mailing list of the Commission. We thought we had a bunch of forms for this hearing. If anyone wants me to read the rule, or take a look at the form, they are certainly welcome to do so.

MR. SPURRIER: Does anyone have an objection to Mr. Macy's proposal and this form?

MR. WALKER: Don Walker with Gulf Oil. We have looked over the form, and we have looked at it from an accounting viewpoint and production standpoint, and we like it.

MR. TOWNSEND: Jim Townsend with Stanolind. We feel exactly the same way.

MR. ABBOTT: W. G. Abbott. We urge the adoption of the rule and also the form. We have studied it, and it looks very good.

MR. SPURRIER: Anyone else? Without objection, we can

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PHONES 7-9845 AND 8-9846
ALBUQUERQUE, NEW MEXICO

recommend to the Commission that the rule and the form be adopted.

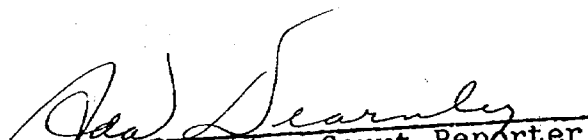
MR. YOST: We want to offer this in evidence.

MR. SPURRIER: Without objection the exhibit will be admitted. Does anyone else have a comment in this case? If not, we will take the case under advisement and go on to Case 686.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

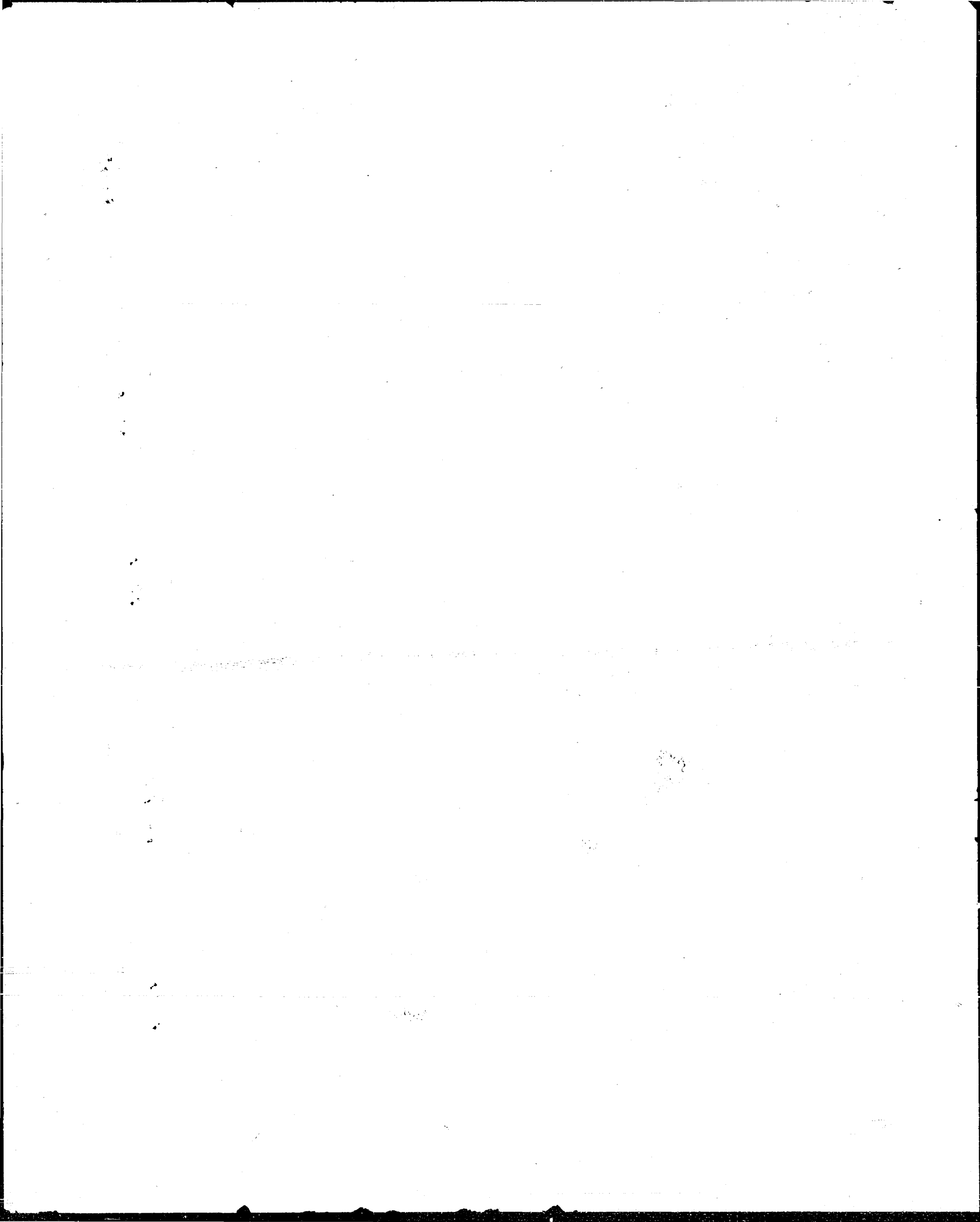
IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of March, 1954.


Notary Public, Court Reporter

My Commission Expires:

June 19, 1955.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9648 AND 5-9546
ALBUQUERQUE, NEW MEXICO



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 685
Order No. R-422

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON
ITS OWN MOTION FOR AN ORDER
ESTABLISHING RULE 508, PERTAINING
TO THE RUNNING OR TRANSPORTING
OF RECOVERED LOAD OIL; AND FOR
THE ADOPTION OF FORM C-126, SAID
FORM PERTAINING TO THE RUNNING
OR TRANSPORTING OF RECOVERED
LOAD OIL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on March 18, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 15th day of April, 1954, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice having been given of the time and place of hearing and the purpose thereof, as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the adoption of the rules hereinafter designated and of related Commission Form C-126, all as hereinafter set out, is in the interest of conservation, the protection of correlative rights and the prevention of waste; and that no objection to the adoption of said rules and related form appears in the records of this case.

IT IS THEREFORE ORDERED:

(1) That Section "G" of the Rules and Regulations of the Commission entitled "Oil Proration and Allocation" be, and the same hereby is amended to include Rule 508 entitled: "Recovered Load Oil", which said rule is hereby promulgated and adopted, and is in the following words and figures, to-wit:

"RULE 508 - RECOVERED LOAD OIL. Recovered load oil may be run from the lease on which it is recovered provided Commission approval is obtained by means of Form C-126. Form C-126 must be filed in quadruplicate with the Proration Manager. Upon approval, one copy will be returned to the Operator and one copy will be sent to the Designated transporter as authority to transport the oil.

This rule applies only to oil which has been obtained from a source other than the lease on which it is used.

Recovered load oil as used herein is any oil or liquid hydrocarbon which has been used in any operation in an oil or gas well, and which has

Order No. R-422

been recovered as a Merchantable product.

(2) That Section "M" of the Rules and Regulations of the Commission entitled "Reports" be, and the same hereby is amended to include Rule 1125 - Permit for Transporting Load Oil (Form C-126), which said rule is hereby promulgated and adopted, and is in the following words and figures, to-wit:

"RULE 1125: PERMIT FOR TRANSPORTING RECOVERED LOAD OIL
(Form C-126)

Form C-126 shall be submitted in quadruplicate to the Proration Manager at Hobbs, New Mexico (Box 2045) and shall be used in conformance with Rule 508 and Rule 1109 (b)

(3) That the form attached hereto as "Appendix A", and designated "Form C-126, Permit to Transport Recovered Load Oil" be and the same hereby is adopted.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

R. R. Spurr
R. R. SPURRIER, Secretary

(S E A L)

APPENDIX A

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICOPERMIT FOR TRANSPORTING RECOVERED LOAD OIL
(Submit in Quadruplicate: See Rule 508)

(This form is to be used only when the load oil was obtained from a source other than the lease on which it was used.)

Company & Address

Date

Permission is hereby requested for the running of _____ bbls of load oil by _____ Transporter. This oil was recovered from our _____ Lease

Well No.

S. -T. -R.

Pool

Date

_____, after being used for _____

Source of Load Oil (Fill in appropriate spaced below)

bbls of oil were transferred for this purpose from the _____ Lease _____ Pool and the transfer was reported by letter to the Commission dated _____ in compliance with Rule 1109 (b). _____ bbls of oil were obtained for this purpose from _____ on

Source

Date

Approved: Oil Conservation Commission

Title

Date

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

Name

Position

Address

(PROPOSED FORM)

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

FORM _____

PERMIT FOR TRANSPORTING RECOVERED LOAD OIL

(This permit is to be issued only after the load oil was obtained from a lease other than the lease on which it was used)

COMPANY & ADDRESS _____

_____ Date _____

Permission is hereby requested for the running of _____ bbls of load oil by

_____ Transporter

. This oil was recovered from our _____

Lease

_____ Well No. _____

S. T. R. _____

Pool _____

on _____

_____ Date _____

, after being used for _____

SOURCE OF LOAD OIL (Fill in appropriate spaces below)

~~If the load oil was transferred from a lease owned by the operator, fill in the~~

~~spaces below:~~

For this purpose
_____ bbls of oil were transferred from the _____

Lease

Pool _____

and was reported by letter to the Commission dated _____

in compliance with Rule 1109 (b).

~~If the load oil was obtained from any other source, fill in the spaces below:~~

_____ bbls of oil were obtained for this purpose from _____

Source _____

_____ Date _____

Approved: Oil Conservation Commission

_____ Name _____

_____ Title _____

_____ Date _____

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

_____ Name _____

_____ Position _____

_____ Address _____

(PROPOSED FORM)
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Form _____

PERMIT FOR TRANSPORTING RECOVERED LOAD OIL

(This form is to be used only when the load oil was obtained from a source other than the lease on which it was used.)

Company & Address

Date

Permission is hereby requested for the running of _____ bbls of load oil by
_____. This oil was recovered from our _____ Lease

Transporter

Well No.

S. - T. - R.

Pool

on

Date

_____, after being used for _____

Source of Load Oil (Fill in appropriate spaces below)

bbls of oil were transferred for this purpose from the _____

Lease

Pool

and the transfer was reported by _____

letter to the Commission dated _____ in compliance with Rule 1109 (b).
_____ bbls of oil were obtained for this purpose from _____ Source

on

Date

Approved: Oil Conservation Commission

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

Title

Date

Name

Position

Address

(PROPOSED RULE)

RECOVERED LOAD OIL

Recovered load oil may be run from the lease on which it is recovered provided Commission approval is obtained by means of Form C-126. Form C-126 must be filed in quadruplicate with the Proration Manager. Upon approval, one copy will be returned to the Operator and one copy will be sent to the Designated transporter as authority to transport the oil.

This rule applies only to oil which has been obtained from a source other than the lease on which it is used.

DEFINITION OF RECOVERED LOAD OIL

Recovered load oil is any oil or liquid hydrocarbon which has been used in any operation in an oil or gas well, and which has been recovered as a Merchantable product.

(See reverse side for Proposed Form)

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE _____

This is to notify the Oil Conservation Commission that connection
for the purchase of gas from the _____, Lease
Operator

Well Unit _____, S.T.R. _____, by _____, Name of Purchaser
Pool
was made on _____, Date

Purchaser

Representative

Title

cc to operator