

Casa No.

879

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 379
Order No. R-645

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
REVISING RULE 309 OF THE OIL
CONSERVATION COMMISSION'S RULES
AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. April 20, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 23rd day of June, 1955, 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 of the time and place of hearing having been given as required by law, the Commission has jurisdiction of this cause and of the subject matter thereof.

(2) That the following revision of Rule 309 will result in a more efficient and economic administration of the conservation laws of the State of New Mexico.

IT IS THEREFORE ORDERED:

That Section "E", Oil Production Operating Practices, of the New Mexico Oil Conservation Commission's Rules and Regulations be revised in accordance with the following:

RULE 309. CENTRAL TANK BATTERIES

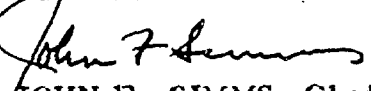
(a) Oil shall not be transported from a lease until it has been received and measured in tanks located on the lease. At the option of the operator, common tankage may be used to receive the production from as many as eight units of the same basic lease, provided adequate tankage and other equipment is installed so that the production from each well can be accurately determined at reasonable intervals.

(b) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 309 (a) and to permit the production of oil from separate state oil and gas leases, all of the acreage therein being contiguous, into a common tank battery without notice and hearing where application has been filed in due form, and


1. The separate state leases are dedicated to a common beneficiary.
2. The wells are producing from a common source of supply.
3. No more than eight units will produce into a common tank battery, and adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
4. All owners of adjoining oil and gas leases have consented in writing to the proposed commingling of oil from separate leases.
5. Applicant shall have furnished a letter from the State Land Commissioner approving the commingling of oil from the two separate state leases.
6. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to so commingle production from separate leases. The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to the commingling of production from separate leases.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
April 21, 1955

IN THE MATTER OF:

CASE NO. 272 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 21, 1955

IN THE MATTER OF:

Application of the Oil Conservation Commission upon its own motion for an order revising provisions of Rule 309 to permit the production of oil from separate state leases into a common tank battery. (This visualizes a system of administrative approval provided the state leases have the same beneficiary and the wells are producing from a common source of supply.)

Case No. 879

BEFORE:

Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 879.

DAN NUTTER,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. KITTS:

Q State your name, please?

A Dan Nutter, Engineer for the Oil Conservation Commission.

Q Mr. Nutter, are you familiar with this case?

A Yes, sir, I am.

Q In connection therewith, I believe you have a recommendation?

A Yes, sir, I do.

Case 789 is the application of the New Mexico Oil Conservation Commission upon its own motion for an order revising provisions of Rule 309, Central Tank Batteries.

ADA DEARNLEY & ASSOCIATES
STENOTYPE REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

The purpose of the proposed revision is to provide a system of administrative approval by the Secretary of the Commission to permit certain exceptions to present Rule 309 and allow the production of oil from separate state leases into a common tank battery, where certain other conditions have been complied with.

We have furnished each of you with copies of the proposed revision at the registration desk.

You will note that for an application for exception to Rule 309 to be eligible for administrative approval by the Secretary of the Commission without notice and hearing, several basic requirements must be met. While all these requirements are important, I believe that two in particular should be stressed.

First is the requirement that the separate state leases must be dedicated to a common beneficiary. Also very important is the requirement that the applicant must furnish a letter from the Commissioner of Public Lands of the State of New Mexico, in which he has approved the commingling of oil from the two separate state leases, as provided in section b, paragraph 5 of the proposed revision.

With reference to the just mentioned paragraph 5, in order to correct the tense and make the Land Commissioner's approval a prerequisite, the word "furnish" be stricken and the words "have furnished a" be substituted therefor.

I offer as Exhibit 1 in Case 879 a copy of the proposed revision of Rule 309, Central Tank Batteries.

Q That was prepared by you?

A Yes, it was.

(Marked Commission's Exhibit No. 1,
for identification.)

MR. KITTS: We offer it in evidence.

MR. MACY: Without objection it will be received.

MR. KITTS: That is all.

MR. MACY: Any questions? If not the witness may be excused.

(Witness excused.)

MR. MACY: We will take the case under advisement.

STATE OF NEW MEXICO)
 : SS.
COUNTY OF BERNALILLO)

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 1st day of May, 1955.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:
June 19, 1955

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#1
EX.
Case 879

CASE 879

PROPOSED REVISION OF RULE 309
CENTRAL TANK BATTERIES

RULE 309: CENTRAL TANK BATTERIES

(a) Oil shall not be transported from a lease until it has been received and measured in tanks located on the lease. At the option of the operator, common tankage may be used to receive the production from as many as eight units of the same basic lease, provided adequate tankage and other equipment is installed so that the production from each well can be accurately determined at reasonable intervals.

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1. The separate state leases are dedicated to a common beneficiary.
2. The wells are producing from a common source of supply.
3. No more than eight units will produce into a common tank battery, and adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
4. All owners of adjoining oil and gas leases have consented in writing to the proposed commingling of oil from separate leases.
5. Applicant shall have furnished a letter from the State Land Commissioner approving the commingling of oil from the two separate state leases.
6. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to so commingle production from separate leases. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to the commingling of production from separate leases.