

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. 1421
Order No. R-1172

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO ON ITS
OWN MOTION TO AMEND RULE 309 OF
THE COMMISSION RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 16, 1958, at Roswell, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5th day of May, 1958, the Commission, a quorum being present, having considered the evidence adduced 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 Rule 309 of the Commission Rules and Regulations should be revised to permit the production of as many as sixteen units into a common tank battery.
- (3) That Rule 309 of the Commission Rules and Regulations should be further revised to permit the commingling of production from separate contiguous oil and gas leases in a common tank battery in the absence of objection by offset operators, provided all production is from the same common source of supply and provided further that the ownership of said leases is common throughout.

IT IS THEREFORE ORDERED:

That Rule 309 of the Commission Rules and Regulations be and the same is hereby revised to read as follows:

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. Common tankage may be used to receive the production from as many as sixteen proration units on the

same basic lease, provided adequate tankage and other equipment is installed so that the production from each unit can be accurately determined at reasonable intervals.

- (b) The Secretary-Director of the Commission shall have authority to grant exceptions to Rule 309 (a) to permit the commingling of production from two or more separate State, Federal, Indian, or patented oil and gas leases in a common tank battery, without notice and hearing, provided application has been filed in due form and provided further that:
1. The leases are contiguous.
 2. All production is from the same common source of supply.
 3. No more than sixteen units will be produced into a common tank battery and adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
 4. The ownership of the leases is common throughout.
 5. All persons owning an interest in the leases (including royalty owners) have consented in writing to the commingling of production from the separate leases. Consent must also be obtained from the State Land Commissioner in the case of State lands and from the Regional Supervisor of the U. S. Geological Survey in the case of Federal or Indian lands.
 6. All owners of adjoining oil and gas leases have consented in writing to the commingling of production from the separate leases.
 7. In lieu of paragraph 6 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to commingle production from the separate leases. The

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Secretary-Director of the Commission
may approve the application if, after
a period of 20 days following the
mailing of said notice, no operator
has made objection to the application.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



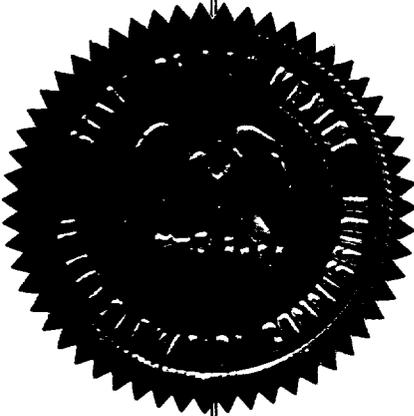
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



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