

Case No.

1476

Application, Transcript,
Small Exhibits, Etc.

Produce -
need test report
the of the committee

CASE 1476: Austral Oil Exploration Co.
application to commingle production from 2
separate leases, Snyder D & E Leases,
Sec. 6-16S-35E.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 11, 1958

**Austral Oil Exploration Company
San Jacinto Building
Houston 2, Texas**

ATTENTION: Mr. Dobbs

Gentlemen:

We enclose two copies of Order R-1215 issued July 11, 1958, by the Oil Conservation Commission in Case 1476, which was heard on July 2nd at Santa Fe before an examiner.

Please note that this order requires that each meter installed in the subject system shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. It will be necessary for you to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter tests should be made at intervals not to exceed one month and a report of said calibration filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

ALP/DSN:bp
Encls.

C
O
P
Y

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. 1476
Order No. R-1215

APPLICATION OF AUSTRAL OIL EXPLORATION
COMPANY FOR AN ORDER AUTHORIZING IT TO
COMMINGLE THE PRODUCTION FROM ALL WELLS
ON ITS W. M. SNYDER "D" LEASE AND ITS
W. M. SNYDER "E" LEASE IN THE TOWNSEND-
WOLFCAMP POOL, LEA COUNTY, NEW MEXICO,
IN A COMMON TANK BATTERY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 2, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 11th day of July, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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 the applicant, Austral Oil Exploration Company, is the operator of the W. M. Snyder "D" Lease, consisting of Lots 5 and 6 of Section 6, and the W. M. Snyder "E" Lease, consisting of Lot 2 of Section 6, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to commingle the Townsend-Wolfcamp Pool production from each of the above-described leases in common tankage after being separately measured by means of metering separators.

(4) That the maximum number of 40-acre units to be commingled will be 3.

(5) That the ownership of the above-described W. M. Snyder "D" Lease and W. M. Snyder "E" Lease is not common throughout; however all interested parties have waived objection to applicant's proposal.

-2-

Case No. 1476
Order No. R-1215

(6) That approval of the subject application will not cause waste nor impair correlative rights provided adequate testing and measuring equipment is installed.

IT IS THEREFORE ORDERED:

1. That the application of Austral Oil Exploration Company for an order authorizing it to commingle the production from all wells completed in the Townsend-Wolfcamp Pool, Lea County, New Mexico, on its W. M. Snyder "D" Lease, consisting of Lots 5 and 6 of Section 6, and on its W. M. Snyder "E" Lease consisting of Lot 2 of Section 6 in Township 16 South, Range 36 East, NMPH, Lea County, New Mexico, be and the same is hereby granted.

PROVIDED HOWEVER, That the production from each of the above-described leases shall be separately measured by means of metering separators prior to commingling.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

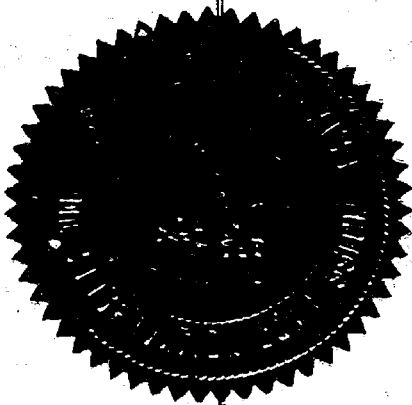
EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



ir/

Case 1476

NEW YORK OFFICE
630 FIFTH AVENUE
NEW YORK 20, N. Y.

AUSTRAL OIL EXPLORATION COMPANY
INCORPORATED
SAN JACINTO BUILDING
HOUSTON 2, TEXAS

TELEPHONE
CA 6-9461

May 23, 1958

W. G. Smith

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Attention: Mr. William J. Cooley, General Council

Gentlemen:

We enclose herewith in triplicate application for
Austral Oil Exploration Company Incorporated for an exception to
New Mexico Oil Conservation Commission Rule 309 (a).

We trust the application is in good form and that
the application may be set for a Public Hearing as soon as
possible.

Should you have any questions or require further
information, please telephone the writer, and we will be happy to
try and furnish same to you.

Yours very truly,

Winston G. Smith

Winston G. Smith
Chief Engineer

CRG:bjm

cc: New Mexico Oil Conservation Commission
Hobbs, New Mexico

*Docket Mailed
6-24-58 BP*

NEW YORK OFFICE
630 FIFTH AVENUE
NEW YORK 20, N. Y.

AUSTRAL OIL EXPLORATION COMPANY
INCORPORATED
SAN JACINTO BUILDING
HOUSTON 2, TEXAS

TELEPHONE
CA 8-9461

May 23, 1958

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Attention: Mr. William J. Cooley, General Council

Re: Application for Central Tank Battery
W. M. Snyder "D" and "E" Leases
Townsend Field, Lea County,
New Mexico

Gentlemen:

The purpose of this letter is to request permission to set forth before Examiner's Public Hearing Application of Austral Oil Exploration Company Incorporated for an exception to New Mexico Oil Conservation Commission Rule 309 (a), as follows:

1. (a) Austral Oil Exploration Company Incorporated is the Operator of the W. M. Snyder "D" No. 1 Well and "D" Lease comprising lots 5 and 6 of Section 6, T16S, R36E, Lea County, New Mexico. Austral is also the Operator of the W. M. Snyder "E" No. 1 Well and "E" Lease consisting of lot 2 of Section 6, T16S, R36E, Lea County, New Mexico.
- (b) The "D" No. 1 Well is located 2336.4' from the North Line and 1916.4' from the West Line of Section 6, T16S, R36E, Lea County, New Mexico and it is in the process of being drilled at 4300' as of this date.

↓
9900'
or 1-2

(c) The "E" No. 1 Well is located 1016.4' from the North Line and 1980' from the East Line of Section 6, T16S, R36E, Lea County, New Mexico and it is in the process of being drilled at 1840' as of this date.

2. The "D" No. 1 and the "E" No. 1 Wells will both be completed in the Townsend - Wolfcamp Pool.

3. Austral Oil Exploration Company Incorporated is Agent for Oil Participations Incorporated and is Operator of the subject wells and the leases which were granted by Mr. W. M. Snyder, joined by his wife, Reba Snyder, both of Lovington, New Mexico. The ownership of the leases is not common throughout. Royalty interest and working interest are different for these leases.

(a) "D" Lease

W. M. Snyder, joined by his wife, Reba Snyder have a 5/32 royalty interest, Robert E. LeBlond has a 1.5% of 27/32 overriding royalty interest and Oil Participations Incorporated has a 98.5% of 27/32 working interest.

(b) "E" Lease


W. M. Snyder joined by his wife, Reba Snyder have a 3/16 royalty interest. Oil Participations Incorporated has a 13/16 working interest.

4. The leases are contiguous as shown by the attached plat.

5. Austral Oil Exploration Company Incorporated requests that authorization be granted as an exception to Rule 309 (a) for the commingling of production



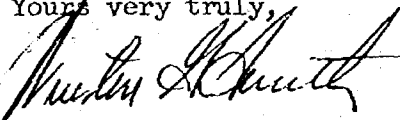
from all wells which have been or may be drilled in the Townsend - Wolfcamp Pool underlying the W. M. Snyder "D" and "E" Leases.

6. Mr. W. M. Snyder, joined by his wife, Reba Snyder, who are owners of both leases, have no objection to this commingling. Mr. Robert E. LeBlond, who owns an overriding royalty on the "D" Lease also has no objection to the commingling. We offer to show at the proposed Examiner's Public Hearing that the working interest owner (Oil Participations Incorporated, 300 San Jacinto Building, Houston, Texas), the lessor and royalty interest owner (Mr. W. M. Snyder, joined by his wife, Reba Snyder), and the overriding royalty interest owner (Mr. Robert E. LeBlond) consent to this application.
7. The proposed central tank battery will consist of 2 - 500 barrel tanks and 2 metering separators. 

Attached to this triplicate application for exception is a plat showing the location of the Snyder "D" and "E" Leases and the present wells thereon and the location of the proposed tank battery.

I hereby certify that the facts herein stated are true and correct to the best of my information, knowledge and belief.

Yours very truly,


Winston G. Smith
Chief Engineer

CRG:bjm

cc: New Mexico Conservation Commission
Hobbs, New Mexico

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

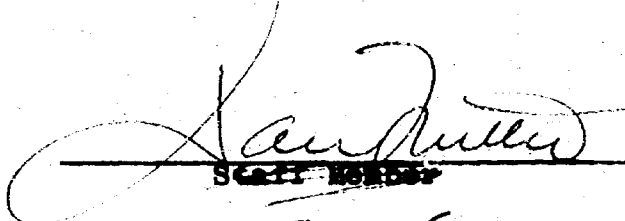
Date July 7, 1958

CASE NO. 1476

HEARING DATE 9:00 A.M. July 2, 1958 DSN - SF

My recommendations for an order in the above numbered case(s) are
as follows:

Enter an order approving the commingling of oil produced on Austral Oil
Exploration Company's W. M. Snyder "D" and "E" leases in Section 6, Town-
ship 16 South, Range 36 East, Lea County in the Townsend-Wolfcamp Pool.
No violation of correlative rights nor waste will result from this
proposed commingling. Applicant has agreed to separately measure the
oil produced on each of the two leases and waivers have been furnished
from all working interests and royalty interest owners.


Scott Hender
Examiner

DOCKET: EXAMINER HEARING JULY 2, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 354:

In the matter of the application of Skelly Oil Company to amend Order No. R-179-A. Applicant, in the above-styled cause, seeks an order amending Order No. R-179-A to permit the transfer of allowables from water injection wells to producing wells on the same basic lease and to establish a lease allowable for its H. O. Sims pilot water flood project in the Penrose-Skelly Pool in Lea County, New Mexico, to enable the production of six times the normal unit allowable from any well or wells in said project.

CASE 1475:

Application of Sinclair Oil and Gas Company for permission to commingle oil from two separate pools in common storage. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the Kemnitz-Wolfcamp Pool and Kemnitz-Pennsylvanian Pool production from its State Lea 692 Well No. 1 located 660 feet from the South lines of Section 24, Township 16 South, Range 33 East, Lea County, New Mexico.

CASE 1476:

Application of Austral Oil Exploration Company for permission to commingle production from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the Townsend-Wolfcamp Pool production from its W. M. Snyder "D" Lease, comprising Lots 5 and 6, and its W. M. Snyder "E" Lease, comprising Lot 2 of Section 6, all in Township 16 South, Range 36 East, Lea County, New Mexico. Applicant proposes to measure the production from each of the above-described leases by means of metering separators.

CASE 1477:

In the matter of the application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Ida Wimbeley No. 4 Well located 660 feet from the South line and 990 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard formation adjacent to the Justis-Drinkard Pool and oil from the Fusselman formation adjacent to the Justis-Fusselman Pool through parallel strings of 2-3/8" tubing.

CASE 1478:

In the matter of the application of R. Olsen Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the N/2 NW/4, SW/4 NW/4, and NW/4 SW/4 of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1294:

Application of Ambassador Oil Corporation for an order amending Order No. R-1053. Applicant, in the above-styled cause, seeks an order amending Order No. R-1053 to approve a development pattern for the entire water flood project operated by the applicant in the Caprock-Queen Pool, Chaves and Lea Counties, New Mexico, and to permit administrative approval for the conversion of water injection wells in said project, which is within the limits of the North Caprock-Queen Unit No. 2, authorized by Commission Order R-1194.

CASE 1402:

Application of Neville G. Penrose, Inc. for an order amending Order R-1151. Applicant, in the above-styled cause, seeks an order amending Order No. R-1151 to extend the time allowed for the flaring of gas from its McCallister Well No. 1, located 660 feet from the North and West lines of Section 7, Township 22 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico.

CASE 1479:

Application of Aztec Oil and Gas Company for an oil-oil dual completion and for permission to commingle production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State BD-36 Well No. 1, located 1980 feet from the South and East lines of Section 36, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinebry formation adjacent to the Blinebry Oil Pool and oil from the Drinkard Pool through parallel strings of 1 1/2 inch tubing. The applicant further proposes to commingle the Blinebry and Drinkard production from said well in common storage.

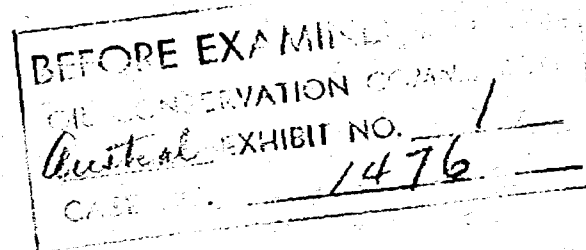
June 16, 1958

ga

1476

New Mexico Oil Conservation Commission
175 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Attention: Mr. William J. Cooley,
General Counsel

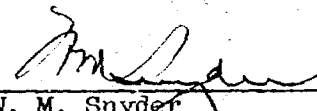


Gentlemen:

It is my understanding that Austral Oil Exploration Company Incorporated, Houston, Texas, has made Application for an exception to New Mexico Oil Conservation Rule 309 (a) so as to commingle production from the W. M. Snyder "D" Lease (covering Lots 5 and 6) and "E" Lease (covering Lot 2), all in Section 6, Township 16 South, Range 36 East, Lea County, New Mexico.

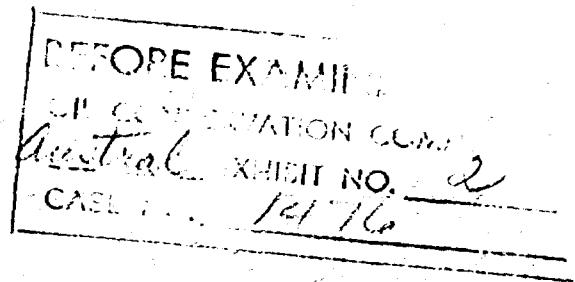
This letter confirms to you that the undersigned, W. M. Snyder, is the Lessor and sole basic royalty owner; however, I understand that Mr. Robert I. LeBlond owns an overriding royalty interest under the Snyder "D" Lease. The basic royalty under the "D" Lease is five thirty-seconds (5/32) of total production and three-sixteenths (3/16) of total production under the "E" Lease. The undersigned, as such Lessor and royalty owner, consents to the Application of Austral for permission to commingle the Townsend - Wolfcamp production from said leases.

Very truly yours,



W. M. Snyder

WSH:jl



New Mexico Oil Conservation Commission
175 Mabry Hall, Capitol Building
Santa Fe, New Mexico

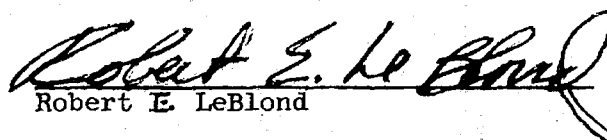
Attention: Mr. William J. Cooley,
General Counsel

Gentlemen:

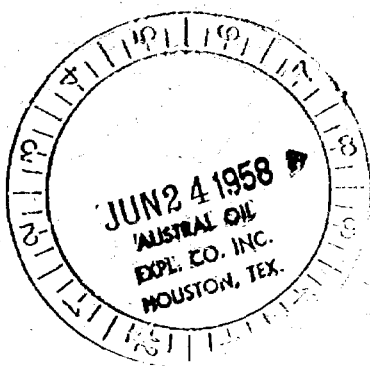
It is my understanding that Austral Oil Exploration Company Incorporated, Houston, Texas, has made Application for an exception to New Mexico Oil Conservation Rule 309 (a) so as to commingle production from the W. M. Snyder "D" Lease (covering Lots 5 and 6) and "E" Lease (covering Lot 2), all in Section 6, Township 16 South, Range 36 East, Lea County, New Mexico.

This letter confirms to you that the undersigned, Robert E. LeBlond, owns an overriding royalty interest under the "D" Lease, and hereby consents to the Application of Austral for permission to commingle the Townsend - Wolfcamp production from said leases.

Very truly yours,


Robert E. LeBlond

WSH:jl



NEW YORK OFFICE
630 FIFTH AVENUE
NEW YORK 20, N. Y.
CIRCLE 6-9300

OIL PARTICIPATIONS
INCORPORATED

SAN JACINTO BUILDING

HOUSTON 2, TEXAS

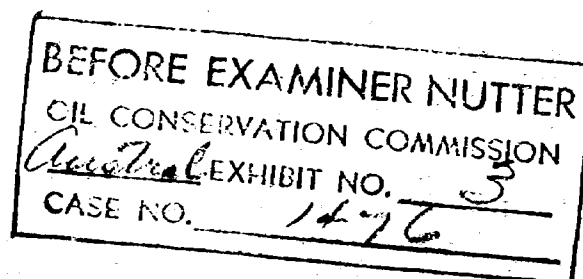
May 27, 1958

TELEPHONE
ATWOOD 9461

Case 1474

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Attention: Mr. William J. Cooley,
General Counsel



Re: 03.43 and 03.70, W. M. Snyder "D" and
"E" Leases, East Townsend Area, Lea
County, New Mexico (DB 56-4)

Gentlemen:

Austral Oil Exploration Company Incorporated, Houston, Texas,
acting as General Operating Agent for Oil Participations Incorporated,
has made Application for an exception to New Mexico Oil Conservation Rule
309 (A) so as to commingle production from the W. M. Snyder "D" Lease
(covering Lots 5 and 6) and "E" Lease (covering Lot 2), all in Section 6,
Township 16 South, Range 36 East, Lea County, New Mexico.

This letter confirms to you that Oil Participations Incorporated
is the owner of the working interest under each of the above leases.
Oil Participations Incorporated, as working interest owner, consents to
the Application of Austral for permission to commingle the Townsend -
Wolfcamp production from said leases.

Very truly yours,

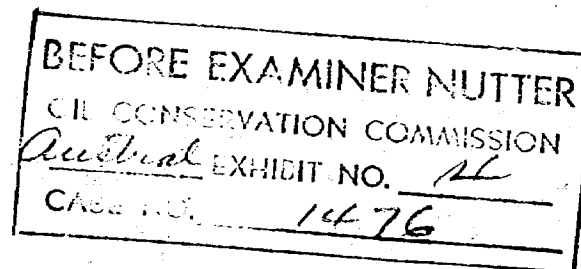
OIL PARTICIPATIONS INCORPORATED

By

Robert S. Moehlman
Vice President

WSH:jl

May 22, 1958



New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Gentlemen:

As lessees of adjoining acreage to Austral Oil Exploration Company Incorporated W. M. Snyder "D" and "E" leases located in Section 6, T16S, R36E, Lea County, New Mexico, in the Townsend Pool, we hereby waive right to protest on their application to commingle production from these leases.

Yours very truly,

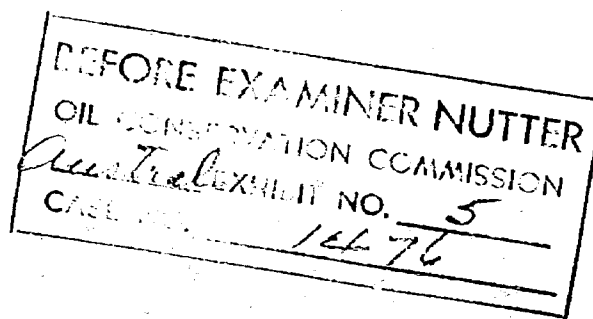
THE ATLANTIC REFINING COMPANY

BY:

R. E. Howard

R. E. Howard
Regional Petroleum Engineer

Dated: 6-2-58



May 22, 1958

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Gentlemen:

As lessees of adjoining acreage to Austral Oil Exploration Company Incorporated W. M. Snyder "D" and "E" leases located in Section 6, T16S, R36E, Lea County, New Mexico, in the Townsend Pool, we hereby waive right to protest on their application to commingle production from these leases.

Yours very truly,

CABOT CARBON COMPANY

BY: Percy C. Ogden

Dated: May 26, 1958

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

ALEX CLARKE, JR.
DIVISION ENGINEER

FORT WORTH, TEXAS

June 12, 1958

File: GWK-3454-986.510.1

Subject: Waiver of Objection to Exception
To Rule 309 by Austral Oil
Exploration Company, Townsend
Wolfcamp Field

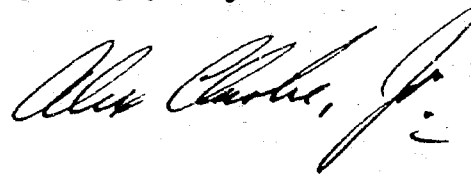
New Mexico
Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly informed by Austral Oil Exploration Company of its intention to request an exception to Rule 309 to permit commingling of production from two of its leases in the Townsend Wolfcamp Field, and hereby waives all objections to the granting of a permit for this purpose.

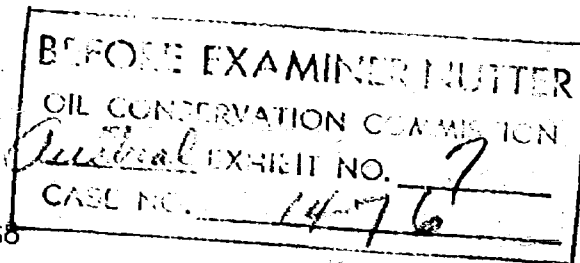
It is our understanding that the two leases involved in this application are located in Section 6, T-16-S, R-36-E, Lea County, New Mexico.

Very truly yours,



REM:ljl

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Austral</i>	EXHIBIT NO. <u>6</u>
CASE NO.	<u>1476</u>



May 22, 1958

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Gentlemen:

As lessees of adjoining acreage to Austral Oil Exploration Company Incorporated W. M. Snyder "D" and "E" leases located in Section 6, T16S, R36E, Lea County, New Mexico, in the Townsend Pool, we hereby waive right to protest on their application to commingle production from these leases.

Yours very truly,

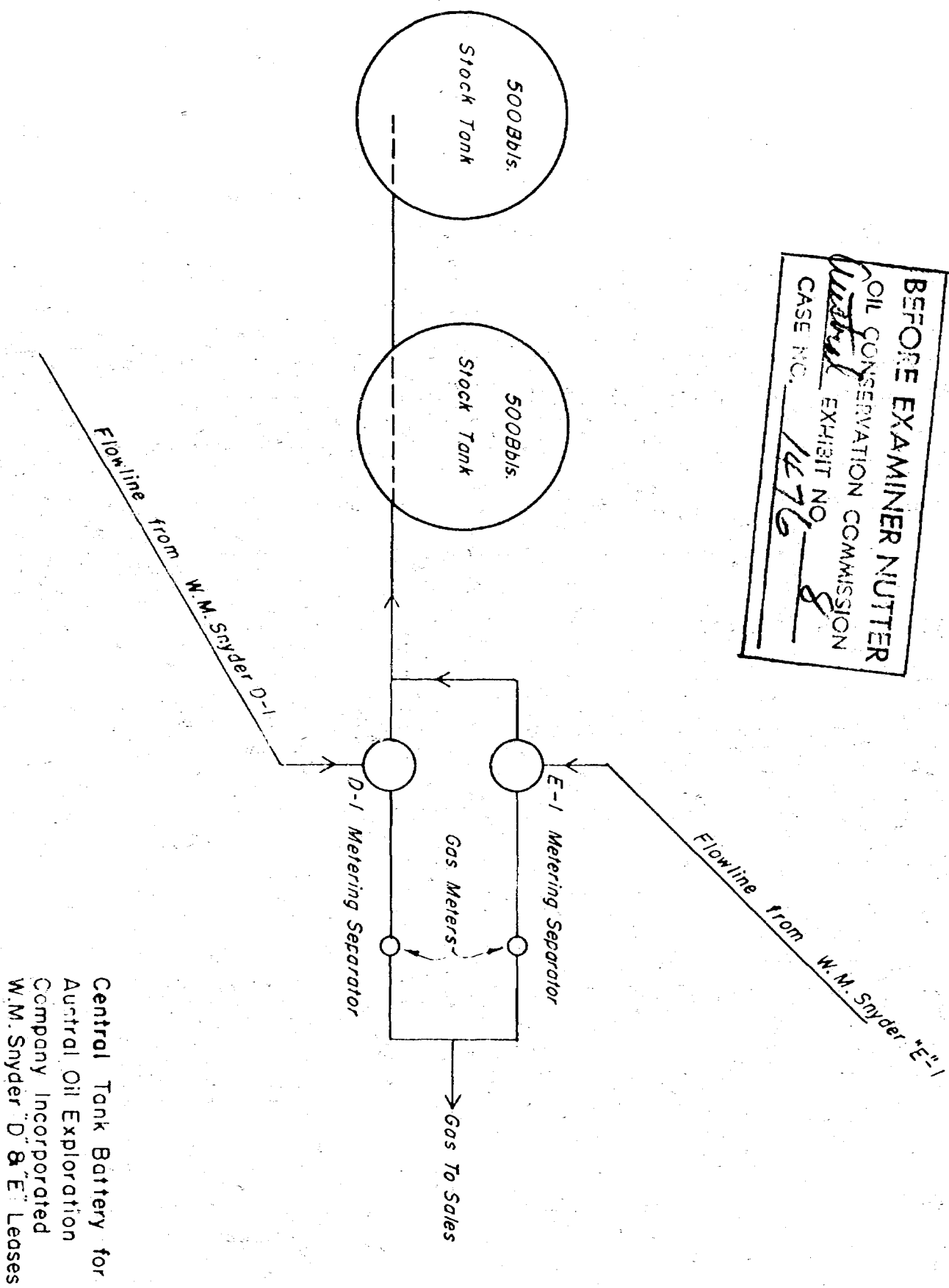
TEXAS PACIFIC COAL AND OIL COMPANY

BY:

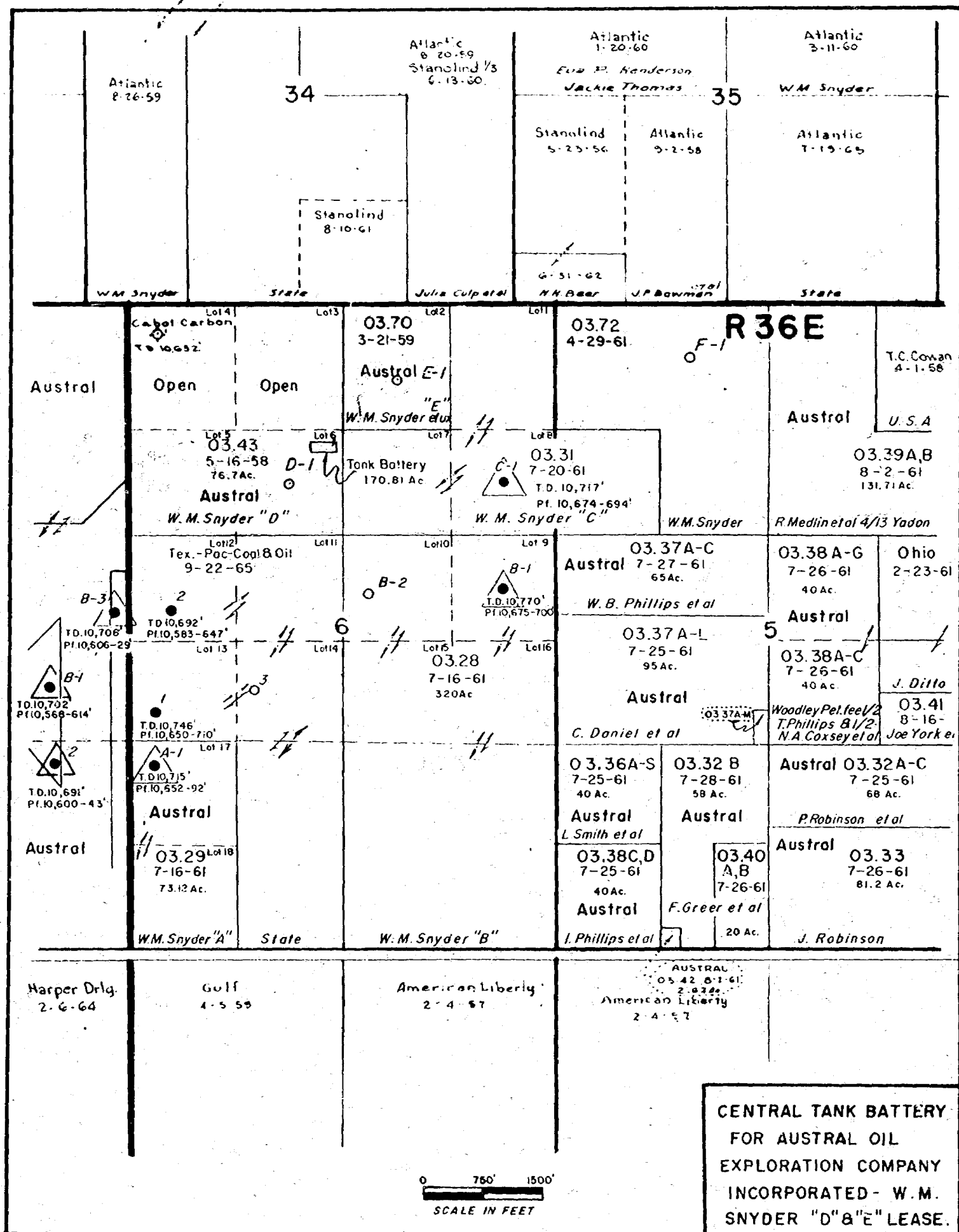
R. A. Lewis
Manager of Production

Dated: June 5, 1958

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
W. M. Snyder EXHIBIT NO. 8
CASE NO. 1476



Central Tank Battery for
Austral Oil Exploration
Company Incorporated
W.M. Snyder "D" & "E" Leases



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

July 2, 1958

TRANSCRIPT OF HEARING

Case 1476

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

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

July 2, 1958

IN THE MATTER OF:

Application of Austral Oil Exploration Company
for permission to commingle production from two
separate leases. Applicant, in the above-
styled cause, seeks an order authorizing it to
commingle the Townsend-Wolfcamp Pool production
from its W. M. Snyder "D" Lease, comprising : Case
Lots 5 and 6, and its W. M. Snyder "E" Lease, : 1476
comprising Lot 2 of Section 6, all in Township
16 South, Range 36 East, Lea County, New Mexico.
Applicant proposes to measure the production
from each of the above-described leases by means
of metering separators.

BEFORE:

Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Let's proceed with Case 1476.

MR. PAYNE: Case 1476. Application of Austral Oil Explora-
tion Company for permission to commingle production from two
separate leases.

MR. DOBBS: My name is Eugene H. Dobbs, D-o-b-b-s, I am a
Secretary and Division Land Man of Austral Oil.

MR. PAYNE: Are you the only witness?

MR. DOBBS: No, I am not. I would like to make some

direct testimony, if I may, and then present a witness.

MR. PAYNE: Do you want to testify yourself?

MR. DOBBS: Yes, I would like to, if I may.

MR. PAYNE: I had better swear you as a witness, then.

(Witness sworn.)

EUGENE H. DOBBS

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

DIRECT EXAMINATION

By MR. PAYNE:

Q Would you state your name and position, please?

A Yes. My name is Eugene H. Dobbs. I am and have been since 1952 Division Land Man of Austral Oil Exploration Company, Incorporated, with principal operating offices in the San Jacinto Building, Houston, Texas.

Q Have you previously testified as an expert witness before this Commission, Mr. Dobbs?

A I have testified before the Commission, yes, I have on April the 9th.

MR. PAYNE: Are the witness's qualifications acceptable?

MR. NUTTER: Yes. Mr. Dobb's testimony is as a Land Man, is that correct?

A Correct.

MR. NUTTER: You may proceed.

A This application was filed by way of a request letter dated May 18, 1958, which, in effect, stated that Austral Oil Exploration Company, Incorporated is the operator of the W. M. Snyder "D" No. 1 Well and the "D" Lease comprising Lots 5 and 6 of Section 6, Township 16 South, Range 36 East, Lea County, New Mexico. Austral is also the operator of the W. M. Snyder "E" No. 1 Well, and "E" Lease consisting of Lot 2, Section 6, Township 16 South, Range 36 East, Lea County, New Mexico.

The "D" No. 1 Well is located approximately 2336.4 feet from the North line and 1916.4 feet from the West line of Section 6, Township 16 South, Range 36 East, Lea County, New Mexico, and is presently being drilled at a depth of 9900 plus or minus feet as of this date.

The "E" No. 1 Well is located 1016.4 feet from the North line and 1980 feet from the East line of Section 6, Township 16 South, Range 36 East, Lea County, New Mexico and is in the process of being drilled, and as of this date is at a depth of approximately 9900 plus or minus feet.

The "D" No. 1 and the "E" No. 1 Wells will be completed in the Townsend-Wolfcamp Pool. Austral is operating agent for Oil Participation, Incorporated, and is the Operator of the sub wells and the leases which were granted by W. M. Snyder dealing with his separate property joined by his wife Feba Snyder, both of Lovington, New Mexico. The ownership of the leases is not common throughout.

The royalty interest and the working interest differs for both leases.

As to the "D" Lease, Mr. W. M. Snyder, dealing with his sole and separate property, but joined by his wife, owns a 532 second royalty interest. A Mr. Robert E. LaBlonde has a 1.5% of 27 over 32, overriding royalty interest. Oil Participations, Incorporated owns 98.5% of the 27/32 working interest.

In respect to the "E" Lease, Mr. W. M. Snyder, dealing with his sole and separate property, but joined by his wife, Reba, owns a 3/16 royalty interest. Oil Participations, Incorporated owns the 13/16 working interest. The leases are contiguous as is shown on the plat which was presented with the application letter of May 23, 1958.

Austral requests that authorization be granted as an exception to Rule 309 (A) for the commingling of production from all wells which have been or may be drilled in the Townsend-Wolfcamp Pool underlying the W. M. Snyder "D" and "E" Leases. Mr. Snyder, who is the owner of the royalty under both leases, has no objection to the commingling application. Mr. Robert E. LaBlonde, who owns an overriding royalty as above described "D" Lease, has no objection to the commingling application. Oil Participations, Incorporated, owner of the working interest under both leases, has no objection to the commingling application. Owners of adjacent leases have no objection to the commingling application.

At this time I would like to offer to the Examiner's consideration as an exhibit, as Exhibit No. 1, the letter of Mr. W. M. Snyder, stating that he has no objection to commingling in respect of his leases which are the subject of today's application.

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

A I would also like to offer as Exhibit No. 2, the letter of consent of Mr. R. E. LaBlonde as to the application.

(Marked Austral's Exhibit No. 2,
for identification.)

A I would also like to present as Exhibit No. 3 the letter of consent of Oil Participations, Incorporated.

(Marked Austral's Exhibit No. 3,
for identification.)

A I would like to present Exhibit No. 4, which is a waiver of the Atlantic Refining Company, owner of an adjacent lease.

(Marked Austral's Exhibit No. 4,
for identification.)

A As Exhibit No. 5 I would like to present a waiver of Cabot Carbon Company, owner of an adjacent lease.

(Marked Austral's Exhibit No. 5,
for identification.)

A I present as Exhibit No. 6, a waiver of Pan American Petroleum Corporation, owner of an adjacent lease.

(Marked Austral's Exhibit No. 6,
for identification.)

A I present as Exhibit No. 7, waiver of the Texas Pacific

Coal and Oil Company, owner of an adjacent lease.

(Marked Austral's Exhibit No. 7,
for identification.)

A I would like to state that it is the opinion of Austral that the granting of the application will save money as far as the Austral Operation is concerned, and will also save money for the oil purchasing company and the purchaser of the casinghead gas.

I would like to state that in our opinion good conservation practice will be effected and same will not be a detriment to good conservation practice.

I'm finished with the direct testimony.

By MR. NUTTER:

Q Is the other witness going to testify as to the actual installation that will be put on the lease?

A Yes, sir, he will.

Q Your letters of waivers by Exhibits No. 1 through 7, cover all royalty ownership of this property?

A Yes.

Q Do they cover all working interest ownership?

A Yes.

Q Are all offset operators represented by these waivers?

A Yes, I believe so, to the best of my knowledge.

MR. NUTTER: Does anyone else have any questions of Mr. Dobbs? If not, he will be excused.

(Witness excused.)

8
MR. DOBBS: I would like to present as our next witness in support of the application, Mr. C. R. Geffs. I don't believe Mr. Geffs has testified before the Examiners or the Commission before, and therefore I would like to offer the following questioning in respect of qualifying Mr. Geffs.

(Witness sworn.)

C. R. GEFFS

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

DIRECT EXAMINATION

By MR. DOBBS:

Q Mr. Geffs, you are an employee of Austral Oil Company as of this time. Will you please state for the Examiner your educational background and your employment record since graduation?

A I was graduated from L.S.U. in 1942 with a B. S. degree in petroleum engineering.

Q Is L.S.U. considered the Louisiana State University?

A That's correct. I went to service until 1946 and from '46 to '47 I was engaged in the shipbuilding business. In '47 I was employed by Sun Oil Company and was a trainee and Junior Engineer until 1949, and then I became an Area Engineer until 1952, Field Engineer from 1952 to '56 at which time I went with Austral Oil. I am classified as District Engineer with Austral Oil.

~~Q Mr. Geffs, in your capacity as District Engineer for Austral,~~

what territory are you assigned?

A Specifically Texas and New Mexico.

Q In your past employment with Sun Oil Company, would you please state what areas you worked in?

A Freemont, Texas, Corpus Christi, Kilgore, Brook Hill, Mississippi.

MR. DOBBS: Does the Examiner consider that Mr. Geffs is qualified?

MR. NUTTER: Yes, he is. Please proceed.

Q Mr. Geffs, in your capacity as District Engineer for Austral, are you familiar with its operations in the Townsend-Field Area, Lea County, New Mexico? A I am.

Q Are you familiar with the operations of Austral on the leases which are the subject of this application?

A I am.

Q Mr. Geffs, are you familiar with the application for the commingling of production from the two leases which are the subject of this application? A I am.

Q Mr. Geffs, I hand you herewith a plat which was attached to the May 23rd, 1958 application of Austral for the commingling. This plat shows the two leases in question and also shows the location of a proposed tank battery. Are you familiar with this plat? A Yes, sir.

Q Mr. Geffs, I show you at this time a plat which shows the

central tank battery as proposed. Would you please look at that plat? Would you please describe for the Examiner, in effect, what the plat shows?

A Yes, sir. We are going to set a metering separator for each individual lease where, for instance, the "D" 1 Well will have its own metering separator and the oil will go to the two 500 barrel stock tanks. From the B. A. 1 we will have another metering separator for the oil to come in and commingle with the "D" 1 oil. The type of separator is a rollocheck metering separator.

MR. DOBBS: At this point I would like to present as Exhibit 8 the plat showing the central tank battery as proposed by the applicants.

(Marked Austral's Exhibit No. 8,
for identification.)

Q Mr. Geffs, would you please describe for the Examiner the economic reason behind this application in that Austral feels that it's a saving of money and that the application will be in good conservation practice if the application were granted?

A Yes. We feel we will save one complete tank battery because we have to have separate tanks on either lease, whichever way you went, and we feel that we are saving in the neighborhood of \$4,000 on a tank battery installation, and then, of course, the oil pipeline company and the gas pipeline company will save, oh, approximately \$1400 not having to lay the additional lines and put in

meters and pump station.

MR. DOBBS: I believe that completes the testimony of the witness, Mr. Geffs.

MR. NUTTER: Anyone have any questions of Mr. Geffs?

CROSS EXAMINATION

By MR. NUTTER:

Q Were both of these wells on the "D" Lease and on the "E" Lease projected to the same pool? A Yes, sir.

Q Do you anticipate that there will be any difference in gravities or B, S and W content of the oil which might penalize the price of the oil from either lease? A No, sir.

Q Will samples be taken of the oil from each lease, however, as it goes through the metering separator?

A Yes, this type of separator we have, in case water comes up we will have an out where we can start measuring the water so we will keep the oil payments straight.

Q Has this type of a metering separator been proven in use by previous installations? A Yes, sir.

Q Is it a reliable means of measuring oil?

A Yes, sir. It's reliable company also that is putting out.

Q Is Austral Oil Company willing to test the meters to prove they are accurate? A To prove them?

Q Yes, sir.

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Geffs? If not,

he will be excused.

(Witness excused.)

MR. NUTTER: Do you wish to formally offer your exhibits?

MR. DOBBS: Yes. At this time I would like to formally present Exhibits 1 through 8 inclusive.

MR. NUTTER: Is there objection to the introduction of Austral's Exhibits 1 through 8? If not, they will be admitted. Does anyone have anything further they wish to offer in Case 1476? We will take the case under advisement and take next Case 1475.

C E R T I F I C A T E

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 7th day of July, 1958.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1476 heard by me on 7-2, 1958.

W. H. H. H. Examiner
DEARNLEY - MEYER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691