

CASE 2475: Application of the OCC on
its own motion to amend RULE 309 to
include provisions for adm. approval
of off-lease storage of hydrocarbons.

- case 110.

2475

Application, Transcript,
and 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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2475
Order No. R-2174

APPLICATION OF THE OIL CONSERVATION
COMMISSION, UPON ITS OWN MOTION, FOR
AN AMENDMENT OF RULE 309.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 17, 1962, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 22nd day of January, 1962, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 amended in order to facilitate the administration of requests for approval of off-lease storage.

IT IS THEREFORE ORDERED:

That Rule 309 of the Commission Rules and Regulations is hereby amended by the inclusion of Rule 309-C which reads in its entirety as follows:

RULE 309-C. ADMINISTRATIVE APPROVAL, OFF-LEASE STORAGE

For good cause shown, the Secretary-Director of the Commission shall have authority to grant an exception to Rule 309-A to permit the production from one lease to be transported prior to measurement to another lease for storage thereon, provided an application reflecting ownership of the leases has been filed in triplicate with the Commission and is accompanied by plats of the leases showing thereon the wells on the leases and the

-2-

CASE No. 2475
Order No. R-2174

formations in which they are completed and the proposed location of the tank battery, and provided further that:


1. All production is from the same common source of supply.
2. Commingling of production from the two leases will not result.
3. There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.
4. All parties owning an interest in the leases have consented in writing to the off-lease storage.
5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said parties were notified by registered or certified mail of his intent to transport prior to measurement the production from one lease to another lease for storage. The Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no party has made objection to the application.
6. Where State or Federal lands are involved, the applicant shall furnish evidence that the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United States Geological Survey has consented to the proposed off-lease storage.

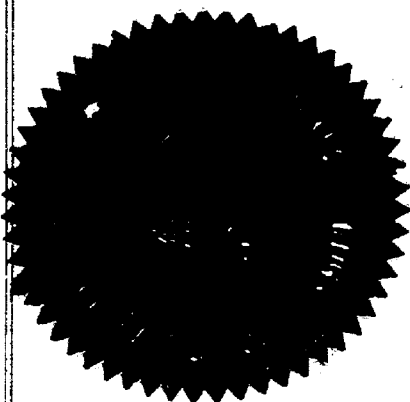
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHAM, Chairman


E. S. WALKER, Member


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



esr/

CLASS OF SERVICE

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WESTERN UNION TELEGRAM

1201 (4-60)

SYMBOLS

DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

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LA085 DA303
D MDA088 PD=FAX MIDLAND TEX 16 PM 1055 CST
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG SANTA FE NMEX

ATTN: MR A L PORTER, JR.

IN REGARD TO CASE 2475 SCHEDULED FOR HEARING
ON JANUARY 17, 1962, HUMBLE URGES THE ADOPTION OF THE
COMMISSION'S PROPOSED AMENDMENT TO RULE 309 PROVIDING
FOR ADMINISTRATIVE APPROVAL OF OFF-LEASE STORAGE. THE
COMMISSION IS TO BE COMMENDED FOR ITS EFFORTS TO REDUCE
THE BURDEN OF COMMISSION HEARINGS THROUGH ADMINISTRATIVE
PROCEDURES WHEREVER POSSIBLE.

HUMBLE OIL AND REFINING COMPANY R R MCCARTY
BY H E MEADOWS

2475 17 1962 309

PRECEDENT SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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WESTERN UNION TELEGRAM

1201 (4-80)

SYMBOLS

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LA 182

1962 JAN 15 PM 4:41

1962 JAN 16 PM 4 31

L DVA198 PD=WUX DENVER COLO 16 345PM MST=

NEW MEXICO OIL AND GAS CONSERVATION COMM=

MORGAN HALL STATE LAND OFFICE BLDG SANTA FE NMEX=

RE: CASE 2475

PLEASE ENTER THE APPEARANCE OF CONTINENTAL OIL CO AS
APPROVING THE APPLICATION. THE GRANTING OF THE
APPLICATION WILL ELIMINATE UNNECESSARY HEARINGS BEFORE
THE CONSERVATION COMMISSION. FURTHERMORE MORE EFFICIENT
ECONOMIC OPERATIONS MAY BE ACHIEVED BY THE
CENTRALIZATION OF TANK BATTERY FACILITIES=

A E AUSTIN REGIONAL MANAGER PRODUCTION DEPT

CONTINENTAL OIL CO DENVER COLO

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
ptopee symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

1220
R-1-00

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of destination. Time of receipt is LOCAL TIME at point of destination.

LA146 DA430

D FWB352 PD=WUX FORT WORTH TEX 12 40 IP CST=
A L PORTER JR=

1962 JAN 12 PM 3 26

SECY=DIRECTOR NEW MEXICO OIL CONSERVATION COMMISSION

PO BOX 871 SANTA FE NMEX=

REFERENCE IS TO CASE NO. 2475 ON THE COMMISSION'S MOTION
FOR AN AMENDMENT TO STATEWIDE RULE 309 TO **PROVIDE**
ADMINISTRATIVE APPROVAL OF OFF LEASE STORAGE UNDER
CERTAIN CONDITIONS. THIS HEARING APPEARS ON THE REGULAR
HEARING DOCKET FOR WEDNESDAY JANUARY 17, 1962. AS A RESULT
OF OUR REVIEW OF THE PROPOSED AMENDMENT OF STATEWIDE RULE
309 PAN AMERICAN PETROLEUM CORPORATION FEELS THAT THE
ADOPTION OF THE PROPOSED AMENDMENT WILL BE DESIREABLE AND
CONSEQUENTLY URGES THE COMMISSION TO ADOPT THE AMENDMENT
AS PROPOSED=

ALEX CLARKE JR PAN AMERICAN PET CORP==

2475 309 17 1962 309.

MAIN OFFICE OCC
AMERADA PETROLEUM CORPORATION
1962 JAN 15 AM 8:47
P. O. BOX 2040
TULSA 2, OKLA.

LEGAL DEPARTMENT

January 12, 1962

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case 2475
Motion to Amend Rule 309

Gentlemen:

Amerada Petroleum Corporation supports the motion to the extent of giving the Secretary-Director of the Commission administrative authority to grant an exception to Rule 309.

We object, however, to the proposed draft for the following reasons:

- (1) The proposal is expressly limited to oil transported "to another lease" without recognizing that off-lease storage may be required on a tract not covered by an oil and gas lease explicitly.
- (2) The inclusion of Subsections 1, 2, 3, 4, and 5 imply, contrary to the expressed purpose of this proposal, that it has application to commingled production from separate sources of supply or separate leases, these purposes covered by present Rules 303 and 309(b) respectively.
- (3) More explicitly, Subsections 1, 2, and 3 should have no application to this proposal which applies solely to off-lease storage.
- (4) Subsections 4 and 5, in requiring proof of consent either express or implied, necessarily include lease owners who may bear no cost of production but exclude unleased mineral owners who do share such costs. If there is any reason to require consent by "parties owning an interest in the leases," the unleased mineral interest owner should not be excluded.

We offer the following as a suggested draft which incorporates changes of the matters discussed above:

January 12, 1962

"Section C - Administrative approval of off-lease storage of oil:

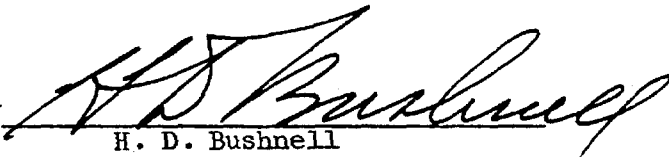
"The Secretary-Director of the Commission shall have authority to grant exceptions to Rule 309-(a) to permit the transportation of oil from a lease prior to measurement for purposes of separate storage off the lease upon application filed in triplicate with the commission showing:

- (1) Ownership of the lease under production;
- (2) A plat showing the location of the lease, the producing wells thereon and the proposed location of the tank battery.
- (3) The name of the pool in which the producing wells are completed.
- (4) In the event the lease under production is a State or Federal lease, evidence of consent to the proposed off-lease storage by the Commissioner of Public Lands or by the Regional Supervisor of the U. S. Geological Survey, whichever may be applicable."

Very truly yours,

AMERADA PETROLEUM CORPORATION

By


H. D. Bushnell

HDB:ca

PROPOSED AMENDMENT

RULE 309-C. ADMINISTRATIVE APPROVAL, OFF-LEASE STORAGE.

For good cause shown,

¹the Secretary-Director of the Commission shall have authority to grant an exception to Rule 309-A to permit the production from one lease to be transported prior to measurement to another lease for storage thereon, provided an application reflecting ownership of the leases has been filed in triplicate with the Commission and is accompanied by plats of the leases showing thereon the wells on the leases and the formations in which they are completed and the proposed ^{location} ~~site~~ of the tank battery, and provided further that:

1. All production is from the same common source of supply.

Commingling of production from the two leases
2. ~~The storage facility will be completely segregated from~~
*will not result. **
~~the storage facility of the lease onto which the production is to~~
~~be transported.~~ *Handling, separating, treating, etc.*

3. *There will be no intercommunication of the storage*
~~The production will not be commingled with any production~~
facilities designated to each lease.
~~from the lease on which the off lease tank battery is to be located.~~

4. All parties owning an interest in the leases have consented in writing to the off-lease storage.

5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said parties were notified by registered or certified mail of his intent to transport prior to measurement the production from one lease to another lease for storage. The Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no party has made objection to the application.

6. Where State or Federal lands are involved, the applicant shall furnish evidence that the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United States Geological Survey has consented to the proposed off-lease storage.

DOCKET: REGULAR HEARING - WEDNESDAY - JANUARY 17, 1962

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE:
- (1) Consideration of the oil allowable for February, 1962.
 - (2) Consideration of the allowable production of gas for February, 1962, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for February, 1962.

CASE 2475:

Application of the Oil Conservation Commission, upon its own motion, for the amendment of Rule 309 to include the following:

Section C - Administrative Approval, Off-Lease Storage.

For good cause shown, the Secretary-Director of the Commission shall have authority to grant an exception to Rule 309-A to permit the production from one lease to be transported prior to measurement to another lease for storage thereon, provided an application reflecting ownership of the leases has been filed in triplicate with the Commission and is accompanied by plats of the leases showing thereon the wells on the leases and the formations in which they are completed and the proposed location of the tank battery, and provided further that:

1. All production is from the same common source of supply.
2. Commingling of production from the two leases will not result.
3. There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.
4. All parties owning an interest in the leases have consented in writing to the off-lease storage.

5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said parties were notified by registered or certified mail of his intent to transport prior to measurement the production from one lease to another lease for storage. The Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no party has made objection to the application.
6. Where State or Federal lands are involved, the applicant shall furnish evidence that the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United States Geological Survey has consented to the proposed off-lease storage.

CASE 2476:

Southeastern New Mexico nomenclature case calling for an order creating new pools, extending and contracting certain existing pools in Eddy and Lea Counties, New Mexico.

- (a) Create a new oil pool for Seven Rivers production, designated as the Hackberry-Seven Rivers Pool and described as:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 25: NE/4

- (b) Create a new oil pool for Lower Wolfcamp production, designated as the Henshaw-Lower Wolfcamp Pool, and described as:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 24: W/2 & SE/4

- (c) Create a new oil pool for Blinebry production, designated as the North Justis-Blinebry Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 1: NW/4

- (d) Create a new oil pool for McKee production, designated as the North Justis-McKee Pool, and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 35: SE/4

Section 36: SW/4

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 1: W/2

Section 2: NE/4

- (e) Create a new oil pool for Drinkard production, designated as the North Justis Tubb-Drinkard Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 1: NE/4

- (f) Create a new oil pool classified as an oil pool for Delaware production, designated as the North Malaga-Delaware Pool, and described as:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

- (g) Contract the Red Lake (Grayburg-San Andres) Pool in Eddy County, New Mexico, by the deletion of the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

Section 3: S/2

Section 4, 5 & 8: (All of sections)

Section 9: W/2 & W/2 E/2

Section 10: N/2, SE/4 & N/2 SW/4

Section 11: W/2

Section 16: N/2

Section 17: (All)

Section 23: N/2 & SE/4

Section 24: N/2

- (h) Extend the Arkansas Junction-Queen Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM

Section 11: S/2

- (i) Extend the South Benson-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 24: E/2 SW/4 & SW/4 NW/4

- (j) Extend the Cedar Lake-Abo Pool to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 19: SE/4 SE/4

- (k) Extend the Empire-Paddock Pool to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 3: N/2 N/2
Section 4: NE/4

- (l) Extend the Fren-Seven Rivers Pool to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 7: E/2 SE/4
Section 18: E/2 NE/4

- (m) Extend the North Hackberry-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 25: NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 30: NW/4 SW/4

- (n) Extend the North Justis-Ellenburger Pool to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 36: SW/4

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 1: W/2

- (o) Extend the North Justis-Fusselman Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: NE/4

- (p) Extend the Justis Tubb-Drinkard Pool to include:

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM
Section 31: NW/4

- (q) Extend the Paddock Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: E/2 NW/4

- (r) Extend the Pecos-Delaware Pool to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 35: Lot 1

- (s) Extend the East Red Lake-Queen Pool to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 12: NW/4 NE/4

- (t) Extend the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 25: S/2 S/2

- (u) Extend the North Square Lake-Grayburg Pool to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 5: Lots 13 & 14 & N/2 SW/4
Section 6: Lot 16 & NE/4 SE/4

- (v) That the vertical limits of the North Square Lake-Grayburg Pool be extended to include the San Andres Formation and rename the North Square Lake-Grayburg Pool to be North Square Lake Grayburg-San Andres Pool.

- (w) Extend the Vacuum-Abo Pool to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 34: SE/4

CASE 2477: Northwestern New Mexico nomenclature case calling for an order extending existing pools in Rio Arriba, Sandoval and San Juan, Counties.

(a) Extend the Ballard-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 27: SW/4

Section 28: SE/4

(b) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 6: E/2

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

Section 30: SE/4

(c) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 8: W/2

(d) The proposed extension of the Flora Vista-Mesaverde Pool to include certain acreage should be dismissed.

(e) Extend the Boulder-Mancos Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 1 WEST, NMPM

Section 11: SW/4

(f) Extend the Cha Cha-Gallup Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM

Section 23: NE/4

Section 24: SW/4

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 31: NW/4 and W/2 NE/4

(g) Extend the Escrito-Gallup Oil Pool to include:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 23: W/2 NW/4

Docket No. 2-62

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(h) Extend the Totah-Gallup Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Section 13: NE/4

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM
Section 15: N/2 NE/4

(i) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 22: N/2 NW/4

(j) Extend the Devils Fork-Gallup Pool to include:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 7: SE/4 SW/4

iqg/

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 17, 1962

IN THE MATTER OF:

Application of the Oil Conservation
Commission, upon its own motion, for the
amendment of Rule 309 to include the
following:

No. 2475

BEFORE:

Edwin L. Mechem, Governor
E. S. "Johnny" Walker, Land Commissioner
A. L. "Pete" Porter, Secretary-Director of Commission

TRANSCRIPT OF HEARING

MR. PORTER: The hearing will come to order please. The
Commission will hear the testimony in case numbered 2475.

Mr. Nutter, will you please come forward and be sworn?

(Witness sworn.)

DANIEL S. NUTTER

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

DIRECT EXAMINATION

BY MR. MORRIS:

- Q State your name.
A Daniel S. Nutter.
Q What is your position?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

A Chief Engineer for the Oil Commission.

Q Are you familiar with Rule 309 as it is presently written?

A Yes.

Q Would you refer to Rule 309 and read it please?

A Rule 309. "Application of the Oil Conservation Commission, upon its own motion, for the amendment of Rule 309 to include the following:

"Section C - Administrative Approval, Off-Lease Storage.

"For good cause shown, the Secretary-Director of the Commission shall have authority to grant an exception to Rule 309-A to permit the production from one lease to be transported prior to measurement to another lease for storage thereon, provided an application reflecting ownership of the leases has been filed in triplicate with the Commission and is accompanied by plats of the leases showing thereon the wells on the leases and the formations in which they are completed and the proposed location of the tank battery, and provided further that:

"1. All production is from the same common source of supply.

"2. Commingling of production from the two leases shall not result.

"3. There will be no intercommunication of handling, separating, treating, or storage facilities designed to each



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PHONE 243-6601

lease.

"4. All parties owning an interest in the leases have consented in writing to the off-lease storage.

"5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said parties were notified by registered or certified mail of his intent to transport prior to measurement the production from one lease to another lease for storage. The Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no party has made objection to the application.

"6. Where State or Federal lands are involved, the applicant shall furnish evidence that the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United State Geological Survey has consented to the proposed off-lease storage."

Q Now, let's take the situation where an operator wishes to utilize existing storage facilities for a new well completed on another lease. Under Rule 309, and particularly the part you just read, can this be done without a hearing?

A No, sir.

Q Has this situation arisen from time to time in your experience?

A Yes, it has.

Q How has the Commission handled it in the past?



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A It has been the case where an operator wished to use facilities on another lease, you have a hearing in order to utilize those facilities.

Q No administrative procedures are available?

A No, no administrative procedures are available.

Q Has the Commission been plagued with a vast number of these in the past?

A No, not a great number of them but it is a cumbersome amount of effort to have a hearing.

Q In these hearings in the past has it been your experience that any information was divulged that could not have been submitted by a letter?

A In my opinion all information could have been provided in the application, as we have stated, for administrative approval, if administrative procedures were available.

Q Do you have a proposed change in Rule 309 which would provide for this off-lease storage?

A I do. Section-C, Administrative Approval of off-lease storage.

Q Do you have your proposal prepared as an exhibit?

A I do.

Q Does it read the same as shown on the docket for this hearing?

A Yes.

Q You recommend to the Commission that this proposal



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be adopted?

A I do.

Q Is there anything further?

A No, sir.

MR. MORRIS: That concludes the direct examination of Mr. Nutter and I recommend that the Commission adopt Rule 309. We offer Exhibit 1, as prepared by Mr. Nutter.

(Staff Exhibit 1 is offered in evidence.)

MR. PORTER: Exhibit 1, will be admitted. Does any one have any questions for Mr. Nutter?

(Staff Exhibit 1 is admitted in evidence.)

MR. PORTER: There being no further questions, the witness may be excused.

(Witness excused.)

MR. PORTER: Mr. Morris, I believe you have some communications to read at this time?

MR. MORRIS: Yes, sir. First, I would like to state that the Commission has received a telegram from the Humble Oil and Refining Company and a telegram from the Continental Oil Company and one from the Pan American Petroleum Company, that I would like to make part of our record. These telegrams concur in the proposed amendment to Rule 309 proposed by Mr. Nutter. At this time, I also have a letter from the Amerada Petroleum Corporation, dated January 12, 1962, which proposes certain changes in Rule 309.



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that differ slightly from that as proposed by Mr. Nutter. In essence, the Amerada's proposal differs in this regard, rather than merely providing for the off-lease storage of oil on other leases, Amerada proposes that permission be granted to store on tracts of land not necessarily covered by oil leases, or lend-lease tracts or something of that nature. Amerada further requests that Rule 309, as proposed by Mr. Nutter, concerning the information to be submitted, and in particular the information concerning the fact that commingling of production would not result and no intercommunication of the storage facilities, and it proposes that that not be submitted in the application for Administrative approval. I will offer Amerada's letter as part of the record in this case so that the Commission may be advised of their proposal.

MR. PORTER: Let the letter of Amerada Petroleum Company be made part of the record.

(Said letter was not marked as an exhibit, but was made part of the record.)

MR. PORTER: The Commission will take case number 2475 under advisement at this time.

* * * * *



STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, KATHERINE B. KITZMILLER, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico 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 this 2nd day of February, 1962.

Katherine B. Kitzmiller
Court Reporter

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243 6691



DOCKET: REGULAR HEARING - WEDNESDAY - JANUARY 17, 1962

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for February, 1962.
- (2) Consideration of the allowable production of gas for February, 1962, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for February, 1962.

CASE 2475: Application of the Oil Conservation Commission, upon its own motion, for the amendment of Rule 309 to include the following:

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Staff
EXHIBIT No. 1
CASE 2475

Section C - Administrative Approval, Off-Lease Storage.

For good cause shown, the Secretary-Director of the Commission shall have authority to grant an exception to Rule 309-A to permit the production from one lease to be transported prior to measurement to another lease for storage thereon, provided an application reflecting ownership of the leases has been filed in triplicate with the Commission and is accompanied by plats of the leases showing thereon the wells on the leases and the formations in which they are completed and the proposed location of the tank battery, and provided further that:

1. All production is from the same common source of supply.
2. Commingling of production from the two leases will not result.
3. There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.
4. All parties owning an interest in the leases have consented in writing to the off-lease storage.

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5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said parties were notified by registered or certified mail of his intent to transport prior to measurement the production from one lease to another lease for storage. The Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no party has made objection to the application.
6. Where State or Federal lands are involved, the applicant shall furnish evidence that the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United States Geological Survey has consented to the proposed off-lease storage.

CASE 2476:

Southeastern New Mexico nomenclature case calling for an order creating new pools, extending and contracting certain existing pools in Eddy and Lea Counties, New Mexico.

- (a) Create a new oil pool for Seven Rivers production, designated as the Hackberry-Seven Rivers Pool and described as:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 25: NE/4

- (b) Create a new oil pool for Lower Wolfcamp production, designated as the Henshaw-Lower Wolfcamp Pool, and described as:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 24: W/2 & SE/4

- (c) Create a new oil pool for Blinebry production, designated as the North Justis-Blinebry Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 1: NW/4

- (d) Create a new oil pool for McKee production, designated as the North Justis-McKee Pool, and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 35: SE/4

Section 36: SW/4

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 1: W/2

Section 2: NE/4

- (e) Create a new oil pool for Drinkard production, designated as the North Justis Tubb-Drinkard Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 1: NE/4

- (f) Create a new oil pool classified as an oil pool for Delaware production, designated as the North Malaga-Delaware Pool, and described as:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

- (g) Contract the Red Lake (Grayburg-San Andres) Pool in Eddy County, New Mexico, by the deletion of the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

Section 3: S/2

Section 4, 5 & 8: (All of sections)

Section 9: W/2 & W/2 E/2

Section 10: N/2, SE/4 & N/2 SW/4

Section 11: W/2

Section 16: N/2

Section 17: (All)

Section 23: N/2 & SE/4

Section 24: N/2

- (h) Extend the Arkansas Junction-Queen Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM

Section 11: S/2

- (i) Extend the South Benson-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 24: E/2 SW/4 & SW/4 NW/4

- (j) Extend the Cedar Lake-Abo Pool to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 19: SE/4 SE/4

- (k) Extend the Empire-Paddock Pool to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 3: N/2 N/2
Section 4: NE/4

- (l) Extend the Fren-Seven Rivers Pool to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 7: E/2 SE/4
Section 18: E/2 NE/4

- (m) Extend the North Hackberry-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 25: NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 30: NW/4 SW/4

- (n) Extend the North Justis-Ellenburger Pool to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 36: SW/4

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 1: W/2

- (o) Extend the North Justis-Fusselman Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: NE/4

- (p) Extend the Justis Tubb-Drinkard Pool to include:

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM
Section 31: NW/4

- (q) Extend the Paddock Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: E/2 NW/4

- (r) Extend the Pecos-Delaware Pool to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 35: Lot 1

- (s) Extend the East Red Lake-Queen Pool to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 12: NW/4 NE/4

- (t) Extend the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 25: S/2 S/2

- (u) Extend the North Square Lake-Grayburg Pool to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 5: Lots 13 & 14 & N/2 SW/4
Section 6: Lot 16 & NE/4 SE/4

- (v) That the vertical limits of the North Square Lake-Grayburg Pool be extended to include the San Andres Formation and rename the North Square Lake-Grayburg Pool to be North Square Lake Grayburg-San Andres Pool.

- (w) Extend the Vacuum-Abo Pool to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 34: SE/4

CASE 2477:

Northwestern New Mexico nomenclature case calling for an order extending existing pools in Rio Arriba, Sandoval and San Juan, Counties.

- (a) Extend the Ballard-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Section 27: SW/4
Section 28: SE/4

- (b) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM
Section 6: E/2

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
Section 30: SE/4

- (c) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 8: W/2

- (d) The proposed extension of the Flora Vista-Mesaverde Pool to include certain acreage should be dismissed.

- (e) Extend the Boulder-Mancos Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 1 WEST, NMPM
Section 11: SW/4

- (f) Extend the Cha Cha-Gallup Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Section 23: NE/4
Section 24: SW/4

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 31: NW/4 and W/2 NE/4

- (g) Extend the Escrito-Gallup Oil Pool to include:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 23: W/2 NW/4

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(h) Extend the Totah-Gallup Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Section 13: NE/4

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM
Section 15: N/2 NE/4

(i) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 22: N/2 NW/4

(j) Extend the Devils Fork-Gallup Pool to include:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 7: SE/4 SW/4

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