

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 805

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 16, 1954

Application of Texas Gulf Producing Company for
exception to Rule 309 to permit storage of oil in a
single tank battery from two separate leases (State
Leases B-2229 and B-8398) located in Section 36,
Township 17 South, Range 33 East, Lea County, New
Mexico, in the Vacuum Pool.

Case No.
805

BEFORE:

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

TRANSCRIPT OF HEARING

W I L L I A M S. A M M E R M A N,

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

WITNESS: Gentlemen, my name is William S. Ammerman, I live in Midland, Texas and I am employed by the Texas Gulf Producing Company in the Land Department. Texas Gulf is the owner of the operating rights under certain shallow horizons covering the north half of Section 36, Township 17 South, Range 33 East, Lea County. This ownership is by virtue of two state leases, being State Leases B-2229 covering all of the north half of the section with the exception of the southwest quarter of the northeast quarter and state lease B-8398, covering the southwest quarter of the northeast quarter. We have recently completed a well producing from the San Andres formation on the southwest quarter of the northeast quarter and we desire permission from the Commission to set tanks for that well, at a location in the approximate center of the north half of Section 36, the purpose being to consolidate

the tankage for those two leases.

There is at the present time no production from State Lease B-2229 but we have every reasonable expectation that the area covered by that lease will be productive and in the interests of the efficient and economical operations, we desire to co-mingle the production from any wells on that state lease with the production now being secured from the lease covering the southwest quarter of the northeast quarter. According to title examination, the royalty ownership, including such overriding royalty as exists against those leases is uniform and both of the tracts insofar as the state ownership is concerned belong to the common school fund.

We don't see any reason why there would be any difficulties in accounting or otherwise in that respect. I believe that's it unless the members of the Commission have any questions.

MR. MACEY: Anyone have any questions?

MR. RHODES: I have one. Do you expect the San Andres to be productive in this state lease which is now unproductive?

A Yes.

Q That is, there will be no co-mingling of oil from different producers arising?

A No, as a matter of fact, our rights are limited to San Andres horizon.

MR. MACEY: It is not the intention to co-mingle the oil from two different pools but mainly solely between the two leases?

A That is correct.

MR. MACEY: Anyone have any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Take the case under advisement.

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, MARGARET McCOSKEY, 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 December, 1954.


Notary Public-Court Reporter

My commission expires
August 15, 1956.