

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

IN THE MATTER OF:

CASE NO. 879 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
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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.

D A N N U T T E R ,

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.

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. MACEY: Without objection it will be received.

MR. KITTS: That is all.

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

(Witness excused.)

MR. MACEY: 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.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1955

CCE
Ex. #1
Case 879

CASE 879

PROPOSED REVISION 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.

(b) The Secretary 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 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.