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ARTESIA, NEW MEXICO

20 December 1960

100-1117-31  
6-11-2165

Mr. A. L. Porter, Jr., Secretary  
New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

Enclosed herewith you will please find Application of Yates Drilling Company for an exception to Rule 309(a) of the New Mexico Oil Conservation Commission rules and regulations, to permit the installation of an automatic custody transfer system on Federal Oil and Gas Lease New Mexico 03283, insofar as it covers the W/2 Section 31, Township 8 South, Range 37 East. We will appreciate your setting this matter for hearing before an examiner on or about January 25, 1961.

With a carbon copy of this letter we are furnishing each of the owners of production from this lease with a copy of this Application and with a request that they advise your office if they consent or object to the proposed automatic custody transfer system.

Thank you in advance for your attention to this matter.

Very truly yours

  
A. J. Losee

*Handwritten notes:*  
Losee  
7-12-61  
JK

Enclosure

cc: United States Geological Survey  
Mr. S. P. Yates  
Mrs. Francis Nix  
Mrs. Lillie M. Yates and  
Mr. Martin Yates, III  
Nearburg and Ingram  
Artesia Broadcasting Company

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES )  
DRILLING COMPANY FOR AN ORDER AUTHORIZING )  
AN AUTOMATIC CUSTODY TRANSFER SYSTEM, IN )  
EXCEPTION TO RULE 309(a) OF THE RULES AND )  
REGULATIONS OF THE NEW MEXICO OIL CONSER- )  
VATION COMMISSION, ON FEDERAL OIL AND GAS )  
LEASE NEW MEXICO 03283, EMBRACING THE W/2 )  
OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 37 )  
EAST, IN ROOSEVELT COUNTY, NEW MEXICO. )

No. 2463

APPLICATION

COMES YATES DRILLING COMPANY and in support of  
this Application, respectfully states:

1. That Applicant is the Operator of Federal Oil  
and Gas Lease New Mexico 03283, from the surface down to  
and including the Bough "C" sand of the Pennsylvanian forma-  
tion, insofar as it covers the following lands in Roosevelt  
County, New Mexico:

Township 8 South, Range 37 East, N.M.P.M.,

Section 31: Lots 1, 2, 3, 4, E/2 W/2  
containing 313.80 acres, more or less.

2. The Applicant has drilled its No. 1 well and  
completed the same as a producer in the Bough "C" sand of  
the Pennsylvanian formation within the SE/4 SW/4 said Sec-  
tion 31, and is now drilling its No. 2 well in the NW/4  
SW/4 of Section 31. It appears probable that Applicant  
will, in the near future, drill its No. 3 well in the SE/4

*Robert  
Miles*  
1-12-61

NW/4 and its No. 4 well in the NW/4 NW/4 said Section 31.

3. The ownership of the production from said wells is vested as follows:

United States	. . . . .	1/8	R.I.
S. P. Yates	. . . . .	1/8	O.R.I.
Francis Nix	. . . . .	1/16	O.R.I.
Artesia Broadcasting Company	. . . .	35.15625%	O.P.
Lillie M. Yates and Martin Yates III.	. .	1/4	W.I.
Nearburg and Ingram, a partnership	. .	1/4	W.I.
Yates Drilling Company	. . . . .	1/2	W.I.

Simultaneously with the filing of this Application the Applicant has furnished each of the above owners of production with a copy of this instrument.

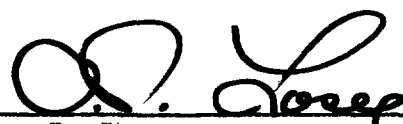
4. Applicant proposes to install an automatic custody transfer system on said lease so that the oil will be transported and measured on the lease without the necessity of storing the same in tanks on the lease. The Applicant will submit a schematic diagram and full details of the proposed automatic custody transfer system at the time of the hearing on this Application.

WHEREFORE, Applicant prays that this Application be set for hearing after due notice as required by law; that such hearing be heard before an examiner on or about January 25, 1961; and that an order be entered granting Applicant permission, in exception to Rule 309(a) of the New Mexico Oil Conservation Commission rules and regulations, to install an automatic custody transfer system on Federal

Oil and Gas Lease New Mexico 03283 embracing the W/2 Section 31, Township 8 South, Range 37 East, in Roosevelt County, New Mexico.

LOSEE AND STEWART

By

A handwritten signature in dark ink, appearing to read 'A. J. Losee', written over a horizontal line.

A. J. Losee  
Carper Building  
Artesia, New Mexico  
Attorneys for Applicant