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AMERADA PETROLEUM CORPORATION
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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