

Case No.

546

Application, Transcript,
Small 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. 546
Order No. R-337

THE APPLICATION OF SINCLAIR OIL AND
GAS COMPANY FOR AUTHORIZATION TO
COMMINGLE IN A COMMON TANK BATTERY
OIL PRODUCED FROM CERTAIN PORTIONS
OF ITS STATE LEASES NUMBERED B-10209
AND B-10137, TOWNSHIP 13 SOUTH, RANGE 33
EAST, NMPM, LEA COUNTY, NEW MEXICO,
IN THE LAZY 'J' POOL; THIS TO BE IN EXCEPTION
TO RULE 309 OF THE COMMISSION'S RULES AND
REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 16, 1953,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission."

NOW, on this ²¹23 day of June, 1953, the Commission, a quorum
being present, having considered the testimony adduced and 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 applicant is the sole owner of New Mexico state oil and
gas leases numbered B-10209 and B-10137, said leases being owned in fee
by the State of New Mexico.

3. That for reasons of efficiency applicant desires to use common
tankage for the storage and measurement of oil produced from the Pennsyl-
vanian formation underlying the following contiguous portions of said leases:

State Lease B-10209 insofar as it covers:
SE/4 Section 21, Township 13 South,
Range 33 East, NMPM, Lea County, New Mexico.

State Lease B-10137 insofar as it covers:
NE/4 Section 28, Township 13 South,
Range 33 East, NMPM, Lea County, New Mexico.

4. That applicant has made provision for installation of common
tank battery for the storage of oil produced from the Pennsylvanian formation
underlying the described portions of the above leases, a total of 320 acres,
and that equipment is to be installed whereby production from each well
drilled on the described land may be accurately determined as prescribed by
the Commission.

Case No. 546
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5. That by reason of practical convenience and economy, and in absence of objection by the Commissioner of Public Lands of New Mexico, exception to Rule 309 should be granted.

6. That no objection by the Commissioner of Public Lands has been entered.

IT IS THEREFORE ORDERED:

That the application of Sinclair Oil and Gas Company for an exception to Rule 309 be, and the same hereby is approved, and Sinclair Oil and Gas Company be and it hereby is authorized to establish, maintain and operate a central tank battery to receive production from wells completed to the Pennsylvanian formation of the Lazy 'J' Pool only, on certain described contiguous portions of its State Leases B-10209 and B-10137, as follows:

State Lease B-10209 insofar as it covers:
SE/4 Section 21, Township 13 South,
Range 33 East, NMPM, Lea County, New Mexico.

State Lease B-10137 insofar as it covers:
NE/4 Section 28, Township 13 South,
Range 33 East, NMPM, Lea County, New Mexico.

PROVIDED, HOWEVER, That adequate tankage and proper equipment are installed and maintained so as to permit specific production tests of each connected well at reasonable intervals or upon request of the Commission, or of the Commissioner of Public Lands, and

PROVIDED FURTHER, That no well now or hereafter connected to such tank battery be permitted to produce at a rate in excess of top allowable as now or may hereafter be fixed for the Lazy 'J' Pool.

IT IS FURTHER ORDERED: That jurisdiction of this case is hereby retained for purpose of revocation and modification under changed conditions.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

R. R. Spurrer
R. R. SPURRIER, Secretary

S E A L

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

July 7, 1953

C
O
P
Y

Mr. H. B. Smith
Sinclair Oil & Gas Company
Sinclair Building
TULSA, OKLAHOMA

Dear Sir:

We enclosed two signed copies each of orders issued in
Sinclair cases heard by this Commission on June 16, 1953:

Order No. R-336 in Case 545
Order No. R-337 in Case 546

Very truly yours,

W. B. Macey
Chief Engineer

WBM:mr

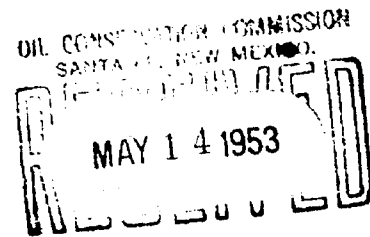
SINCLAIR OIL & GAS COMPANY

SINCLAIR BUILDING

TULSA, OKLAHOMA

May 12, 1953

H. B. SMITH
EXECUTIVE VICE-PRESIDENT



Mr. R. R. Spurrier, Secretary
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Enclosed herewith, in triplicate, find our Application to permit the use of common tankage for the storage of oil produced from portions of state leases numbered B-10209 covering the SE/4 of Section 21, and B-10137 covering the NE/4 of Section 28, all in Township 13-South, Range 33-East, Lea County, New Mexico.

Will you please advise the undersigned the date this Application will be set down for hearing.

Yours very truly,

LH/es

A handwritten signature in cursive script, appearing to read "H. B. Smith".

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR AN
EXCEPTION TO RULE 309 OF THE NEW
MEXICO OIL CONSERVATION COMMISSION
PERMITTING THE USE OF COMMON TANKAGE
FOR THE STORAGE OF OIL PRODUCED FROM
PORTIONS OF STATE LEASES B-10209 AND
B-10137, LAZY "J" FIELD, LEA COUNTY,
NEW MEXICO

CAUSE NO. 546
FILED 5-14-53
HEARING SET 6-16-53

A P P L I C A T I O N

Comes now SINCLAIR OIL & GAS COMPANY, applicant herein, and would show to the Commission as follows:

1. That applicant is the sole owner of New Mexico State oil and gas leases Nos. B-10209 and B-10137; that said leases cover lands owned in fee by the State of New Mexico; that applicant desires to use common tankage for the storage of oil produced upon the following contiguous portions of said leases:

State Lease B-10209 in so far only as it covers the -

Southeast Quarter (SE $\frac{1}{4}$) of Section Twenty-one (21), Township Thirteen (13) South, Range Thirty-three (33) East, Lea County, New Mexico;

State Lease B-10137 in so far only as it covers the -

Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty-eight (28), Township Thirteen (13) South, Range Thirty-three (33) East, Lea County, New Mexico;

Containing a total of 320 acres.

2. That applicant has heretofore completed a well located 330 feet from the south and east lines of the Northeast Quarter (NE $\frac{1}{4}$) of Section 28, Township 13 South, Range 33 East, and proposes to locate a tank battery in the center of said quarter section and seeks permission to use said tank battery as common tankage for the storage of all oil produced from the Pennsylvania Formation underlying the above described 320 acres.

3. That adequate tankage and other equipment will be installed so that the production from each well which may be drilled upon the above described land can be accurately determined at reasonable intervals or upon request of the Commission, in the event applicant is authorized to maintain such common tankage.

4. That authority to use common tankage in the operation of portions of said leases will result in substantial economies of operation and maintenance and will minimize the use of steel.

5. Attached hereto, marked Exhibit "A" and made a part hereof is a plat of the lands sought to be joined by common tankage showing

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR AN
EXCEPTION TO RULE 309 OF THE NEW
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PERMITTING THE USE OF COMMON TANKAGE
FOR THE STORAGE OF OIL PRODUCED FROM
PORTIONS OF STATE LEASES B-10209 AND
B-10137, LAZY "J" FIELD, LEA COUNTY,
NEW MEXICO

CAUSE NO. 546
FILED 5-14-53
HEARING SET 6-16-53

A P P L I C A T I O N

Comes now SINCLAIR OIL & GAS COMPANY, applicant herein, and would show to the Commission as follows:

1. That applicant is the sole owner of New Mexico State oil and gas leases Nos. B-10209 and B-10137; that said leases cover lands owned in fee by the State of New Mexico; that applicant desires to use common tankage for the storage of oil produced upon the following contiguous portions of said leases:

State Lease B-10209 in so far only as it covers the -

Southeast Quarter (SE $\frac{1}{4}$) of Section Twenty-one (21), Township Thirteen (13) South, Range Thirty-three (33) East, Lea County, New Mexico;

State Lease B-10137 in so far only as it covers the -

Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty-eight (28), Township Thirteen (13) South, Range Thirty-three (33) East, Lea County, New Mexico;

Containing a total of 320 acres.

2. That applicant has heretofore completed a well located 330 feet from the south and east lines of the Northeast Quarter (NE $\frac{1}{4}$) of Section 28, Township 13 South, Range 33 East, and proposes to locate a tank battery in the center of said quarter section and seeks permission to use said tank battery as common tankage for the storage of all oil produced from the Pennsylvania Formation underlying the above described 320 acres.

3. That adequate tankage and other equipment will be installed so that the production from each well which may be drilled upon the above described land can be accurately determined at reasonable intervals or upon request of the Commission, in the event applicant is authorized to maintain such common tankage.

4. That authority to use common tankage in the operation of portions of said leases will result in substantial economies of operation and maintenance and will minimize the use of steel.

5. Attached hereto, marked Exhibit "A" and made a part hereof is a plat of the lands sought to be joined by common tankage showing

the location of the well thereon and the properties of offsetting operators.

WHEREFORE, applicant prays that the Commission set a day for hearing, that notices be given as required by law and that upon said hearing permission be granted applicant to receive and measure in common tankage oil produced from the Pennsylvania Formation underlying the above described portions of State Leases Nos. B-10209 and B-10137.

Respectfully submitted,

SINCLAIR OIL & GAS COMPANY

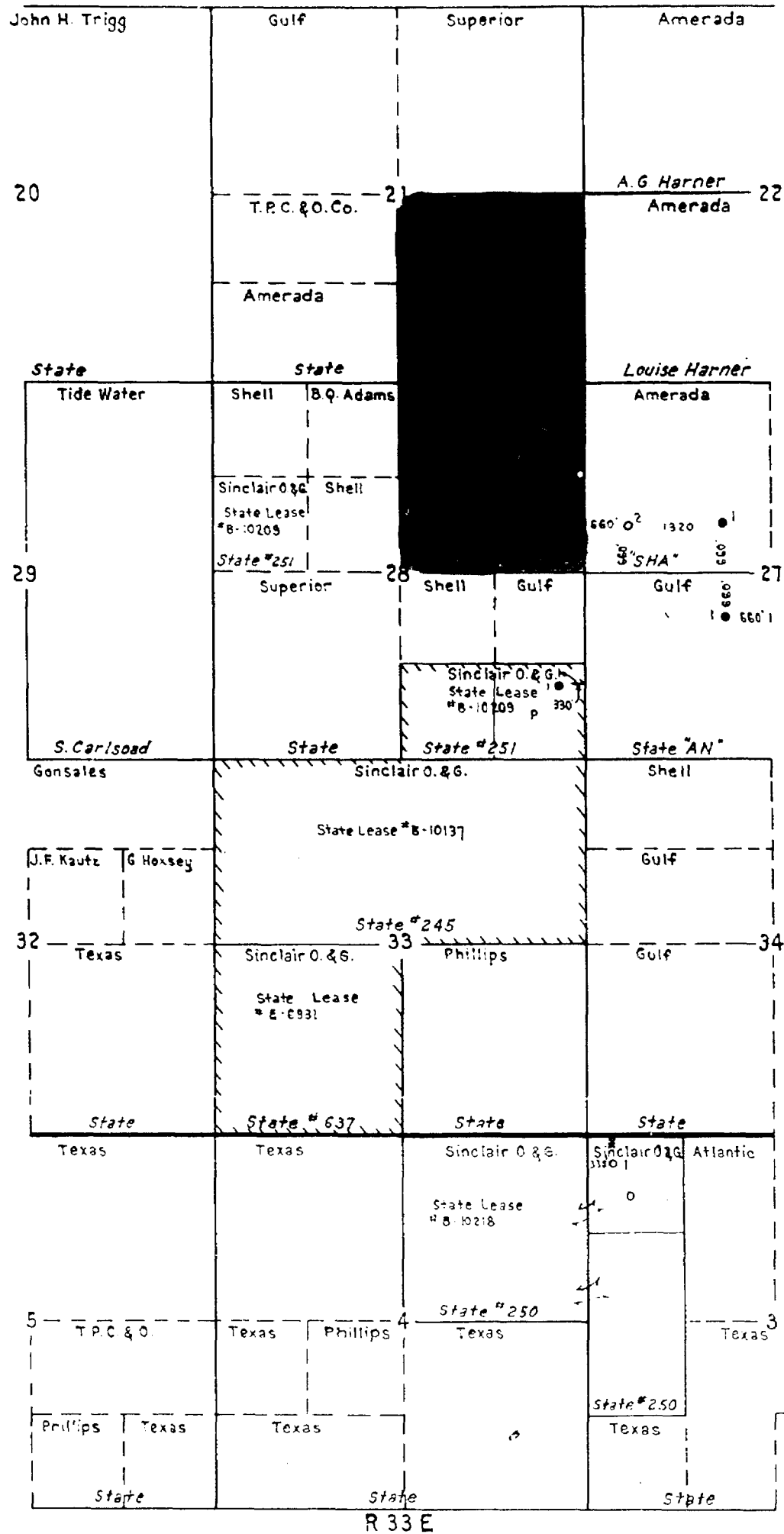
By Ralph W. Garrett

Asst. L. Inlwr

As. D. Almer, Jr.

Frederic C. Phillips
Its Attorneys

DCP/ws



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PART OF
LEA CO., NEW MEXICO
SCALE: 1" = 2000'

EXHIBIT "A"

EX-546

10. 1. 1941

STATE OF NEW MEXICO
SINCLAIR OIL COMPANY
EXEMPTION TO WHEAT ROYALTY
NEW MEXICO OIL CONSERVATION COMMISSION
PERMITTING THE USE OF COMMON TANKAGE
FOR THE STORAGE OF OIL PRODUCED UPON
PORTIONS OF STATE LEASES B-10209 AND
B-10137, LLOYD "W" FIELD, LEA COUNTY,
NEW MEXICO

TO THE COMMISSION
FROM THE SINCCLAIR OIL COMPANY
BY _____

APPLICANTS

Come now SINCLAIR OIL COMPANY, applicant herein, and would show to the Commission as follows:

1. That applicant is the sole owner of New Mexico state oil and gas leases Nos. B-10209 and B-10137; that said leases cover lands owned in fee by the State of New Mexico; that applicant desires to use common tankage for the storage of oil produced upon the following contiguous portions of said leases:

State Lease B-10209 in so far only as it covers the -

Southeast Quarter (SE) of Section Twenty-one (21), Township Thirteen (13) South, Range Thirty-three (33) East, Lea County, New Mexico;

State Lease B-10137 in so far only as it covers the -

Northeast Quarter (NE) of Section Twenty-eight (28), Township Thirteen (13) South, Range Thirty-three (33) East, Lea County, New Mexico;

Containing a total of 320 acres.

2. That applicant has heretofore completed a well located 150 feet from the south and east lines of the Northeast Quarter (NE) of Section 28, Township 13 South, Range 33 East, and proposes to locate a tank battery in the center of said quarter section and seeks permission to use said tank battery as common tankage for the storage of all oil produced upon the above-described portions of the above-described leases.

3. That applicant desires that the oil produced upon the above-described portions of the above-described leases be drilled and produced in accordance with the provisions of the New Mexico Oil Conservation Act, and that the oil produced upon the above-described portions of the above-described leases be sold to the State of New Mexico at the prevailing market price for oil of similar quality.

4. That applicant desires that the oil produced upon the above-described portions of the above-described leases be sold to the State of New Mexico at the prevailing market price for oil of similar quality.

5. That applicant desires that the oil produced upon the above-described portions of the above-described leases be sold to the State of New Mexico at the prevailing market price for oil of similar quality.

the location of the well thereon and the properties of offsetting operators.

WHEREFORE, applicant prays that the Commission set a day for hearing, that notices be given as required by law and that upon said hearing permission be granted applicant to receive and measure in common tankage oil produced from the Pennsylvania Formation underlying the above described portions of State Leases Nos. B-10309 and B-10137.

Respectfully submitted,

SINCLAIR OIL & GAS COMPANY

By

Its Attorneys

DCP/ws

