

BASS ENTERPRISES PRODUCTION CO.
DIVISION PRODUCTION OFFICE
P. O. BOX 2760
MIDLAND, TEXAS 79702

November 12, 1980

800 VAUGHN BUILDING
(915) 684-5723

NOV 12 1980
SANTA FE
DIVISION
PC-597

OLS-126

Re: Lease Commingling
Off-Lease Storage
Palmillo State No. 1
Undesignated (Wolfcamp) Field
N. Turkey Track (Morrow) Field
Sec. 1, T19S, R28E
Eddy County, New Mexico
File: 400-WF

Effective 12/4

Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico

ATTN: Division Director

Dear Sir:

Bass Enterprises Production Company respectfully requests your approval of our applications for Rules 309-B and 309-C regarding lease commingling and off-lease storage on the subject dually completed well. Bass proposes commingling the sweet crudes from the Morrow and Wolfcamp zones at the wellhead so that they may be transported off-lease to the tank battery using the same flowline. Bass is currently operating two wells in the area and plans to construct a battery at the same location as the battery for our Merchant State No. 1 which is producing sour crude from the Palmillo (Bone Springs) Field.

Production from the Palmillo State No. 1 will be adequately measured using a positive displacement Flowco meter prior to commingling and will be properly separated from the sour crude at the off-lease storage facility. Initial oil production from Palmillo State No. 1 is expected to be 230 bbls/day from the Wolfcamp and 6 bbls/day from the Morrow. Attached are diagrams of the commingling and off-lease storage facilities.

Enclosed is a plat showing the producing wells operated by Bass along with the commingling facility at Palmillo State No. 1 and its separate tank battery facility. Also attached is a certified letter to Cities Service, the only other interest owner, informing them of our intentions to store the oil off-lease.

If you approve of our request for Rules 309-B and 309-C, please notify us by return letter. Should you have any questions, please contact Mr. Jack Gevecker at the letterhead address.

Very truly yours,

J. E. Pullig
J. E. Pullig
Division Manager

File: PC-597

Make copy & file: OLS-126

JEP:JRG/gp
Attachments

BASS ENTERPRISES PRODUCTION CO.
DIVISION PRODUCTION OFFICE
P O BOX 2760
MIDLAND, TEXAS 79702

October 3, 1980

800 VAUGHN BUILDING
(915) 684-5723

Re: Off-Lease Storage
Palmillo State No. 1
Undesignated (Wolfcamp) Field
N. Turkey Track (Morrow) Field
Sec 1, T19S, R28E
Eddy County, New Mexico
File: 400-WF

Cities Service
Box 1919
Midland, Texas 79702
Attn: Mr. John Young

Gentlemen:

Please be advised that Bass Enterprises Production Company intends to store off-lease all crude production for the dual completion of Palmillo State No. 1 in accordance with Rule 309-C of the New Mexico Oil Conservation Commission. A central battery is being installed on Bass' Merchant State Lease for handling this crude which will be metered and kept separate from all other production and sold.

If you have any questions concerning this off-lease treating and storage, please contact Mr. Jack Gevecker at this office.

Very truly yours,

J. E. Pullig
J. E. Pullig
Division Manager

JEP:JRG/gp
Attachment

Mail: Certified

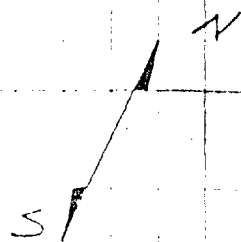
10/8/80
CITIES SERVICE OIL CO.
Box 1919
MIDLAND, TX 79702
15
80
45
1.40

PS Form 3811, Mar. 1976

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered..... 15¢ <input type="checkbox"/> Show to whom, date, & address of delivery.. 35¢ <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom and date delivered..... 65¢ <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢		2. ARTICLE ADDRESSED TO: CITIES SERVICE OIL Co Box 1919 MIDLAND TX 79702	
3. ARTICLE DESCRIPTION: REGISTERED NO. 185349 CERTIFIED NO. INSURED NO.		4. DATE OF DELIVERY 10/8/80	
5. ADDRESS (Complete only if requested) J. E. Pullig Division Manager		6. UNABLE TO DELIVER BECAUSE: CITIES SERVICE OIL Co	

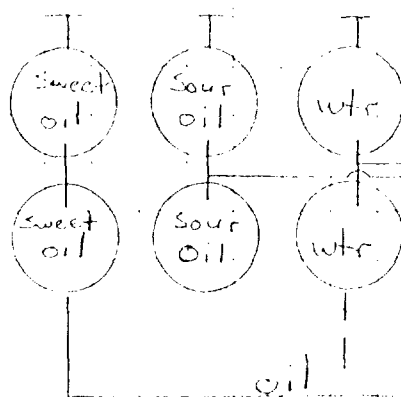
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SUBJECT	DATE	DEPARTMENT	PREPARED BY
Merchant State Well #1	9/18/80		JRG



Merchant State No. 1 well

Sides



Gas to Phillips

4'x13' 3 phase

FWKO sour

Transfer pump

gts

water oil

Heater Treater

Metering 3 phase 4'x13'

4'x10' heater treater

Sweet

Access Road

Antenna flow line

Future SWD line

Bring electricity to this point

Line should be buried under road