

105

C
O
P
Y

TEXAS GULF PRODUCING COMPANY
West Texas-New Mexico Division
Box 1764 Midland - Texas

November 24, 1954

Honorable E. S. Walker
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

Dear Sir:

Pursuant to the terms of a certain assignment and agreement made and entered into November 4, 1954 by and between Phillips Petroleum Company and Texas Gulf Producing Company, which said assignment will be submitted to your office in due course, Texas Gulf Producing Company acquired an interest in New Mexico State Oil and Gas Leases as numbered below insofar as same affected the lands below described located in Lea County, State of New Mexico, to wit:

State Lease B-2229 as to the NW/4, the
N/2 of NE/4 and the SE/4 of NE/4 of Section
36, Township 17-S, Range 33-E.

280 ac

State Lease B-8398 as to the SW/4 of the
NE/4 of Section 36, Township 17-S, Range 33-E.

40 ac

Pursuant to the Agreement with Phillips Petroleum Company, Texas Gulf Producing Company has drilled a test well located in approximately the center of the SW/4 of the NE/4 of said Section 36 on said lease B-8398. Said test well is now at a total depth of 4726 feet preparing to test. It is anticipated that said well will be completed as a producing well at said depth.

In event said test well is completed as a producing oil well, and should additional producing wells be drilled on Lease B-2229, the existence of separate oil and gas leases would necessitate the erection of separate tank batteries for each lease. The net result of this condition would require the erection of a separate tank battery for the one well located on lease B-8398.

According to your original oil and gas lease granted by the State of New Mexico all of the lands hereinabove mentioned are dedicated to the common school fund. Such being the case it would seem to us that production from both of said leases as to the land hereinabove described could be properly accounted for even though commingled in a single tank battery located on the N/2 of said Section 36, T-17S, R-33-E.

It is requested that the State of New Mexico grant us permission to erect a single tank battery on the N/2 of Section 36, T-17-S, R-33-E, to serve both leases hereinabove described as to the lands specifically set out, the production from all wells thereon to be commingled in a single tank battery. If this request is granted, appropriate physical equipment will be installed so that wells on each of said leases may be separately tested should such separate testing be necessary.

We respectfully request that permission to separate said leases in the manner above stated be granted and that we be advised of your decision.

Respectfully yours,

TEXAS GULF PRODUCING COMPANY

by: s/ H. W. HULL

HWH:EH