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AUG 20 1956

August 17, 1956

Exc. to Rule 309 (a)

by Rule 309 (a)

Due 9/19/56

New Mexico Oil Conservation Commission
125 Mabry Hall, Capital Building
Santa Fe, New Mexico

Townsend Wolfcamp Pool

RE: Application for Central Tank Battery
State #1 Well and State #2 Well
East Townsend Field (DB 56-b)
Lea County, New Mexico

Gentlemen:

Application is hereby made for exception to New Mexico Oil Conservation Commission Rule No. 309 (a) to permit the production of oil from two separate State oil and gas leases, all acreage therein being contiguous, into a common tank battery.

During the latter part of July 1956, Austral Oil Engineering Company Incorporated completed the State #1 well which is located in Section 1, T16S, R35E, on the east side of the Townsend Field, Lea County, New Mexico. This well is located on State of New Mexico Lease No. E-9117. This well was drilled on the site of the Lea County (Lovington) Airport, which is now being constructed. We have erected a tank battery and are producing the well. At the present time we are drilling our State #2 well, also in Section 1, on the adjoining State Lease No. E-9116 and desire to use the existing oil storage facility as a common tank battery for both State owned leases. We in particular make this application for a common tank battery in order to eliminate the necessity of erecting an additional tank battery on the airport site and thereby eliminating one hazard to airport traffic.

We are by copy of this letter advising the New Mexico State Land Commissioner, of our request for a common tank battery and are requesting that the State Land Commissioner advise your office by letter of their approval to commingle oil from these two leases. Attached is a photostatic print of a wire received from the State Land Commission which states that the two leases are dedicated to a common beneficiary.

The State #1 Well is producing from casing perforations 10,546-10,576 feet and 10,600-10,630 feet in the Wolfcamp formation and it is anticipated that our State #2 well will also be completed in the Wolfcamp formation. No more than eight wells will be produced into the common tank battery and adequate facilities will be provided for accurately determining the production from each well at reasonable intervals. This we intend to accomplish by erecting a test separator.

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We are notifying the following offset operators by registered mail of our applications and intent to combine oil from separate leases. Copies of each of these letters are enclosed.

- a. Cabot Gasless Company, Pampa Texas
- b. Texas Pacific Oil and Oil Company, Fort Worth, Texas
- c. American Liberty Oil Company, Dallas, Texas

Attached is a plat of location for these two leases and wells. Austral Oil Exploration Company Encumbered leases are shown in yellow.

I hereby certify that the facts herein stated are true and correct to the best of my knowledge and belief.

Very truly yours,



Winston G. Smith
Division Engineer

WGS/m

Enclosures

cc: State Land Commissioner
P. O. Box 791
Santa Fe, New Mexico
Attn: Mr. E. S. Walker

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