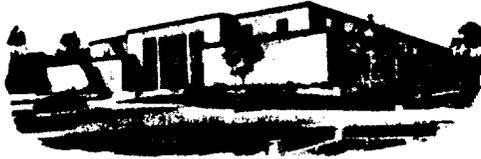


State of New Mexico



ALEX J. ARMIJO
COMMISSIONER

Commissioner of Public Lands

September 22, 1981

RECEIVED

SEP 24 1981

LOCO HILLS

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Anadarko Production Company
P. O. Box 67
Loco Hills, New Mexico 88255

Re: Off-Lease Storage
State Leases Nos. B-161-7 & OG-1306-1
Section 36-T16S-R31E
Eddy County, New Mexico

ATTENTION: Mr. Jerry E. Buckles

Gentlemen:

Reference is made to your request of September 3, 1981, whereby, you request approval regarding off-lease storage from the Western Development "B" Well No. 1 in lease No. OG-1306-1 and Brinson State Wells Nos. 1 and 4 in lease No. B-161-7, Section 36, Township 16 South, Range 31 East, to the SE/4SW/4 Section 25 (Federal Land), Township 16 South, Range 31 East, Eddy County, New Mexico.

You are hereby given approval to the above request, this being subject to like approval by the New Mexico Oil Conservation Division.

Approval is given with the understanding that there is to be no commingling or intercommunication or production between handling, separating, treating, or storage facilities. Any deviation from your proposed request will be reason to cancel approval.

Enclosed is one approved copy for your files. Please remit a Ten (\$10.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director,
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encls.
cc:

OCD, OGAC, USGS, St. Leases B-161-7 and OG-1306-1

Exhibit #6

Anadarko
PRODUCTION COMPANY

A
Panhandle
Eastern
Company

P. O. Box 67 • Loco Hills, New Mexico 88255 • (505) 677-2411

September 3, 1981

Mr. Alex Armijo
Commissioner of Public Lands
P. O. Box 1449
Santa Fe, New Mexico 87501

Re: "Off-Lease Storage - Rule 309-C, Item #6"

Dear Sir:

Anadarko Production Company hereby requests your permission to proceed with an application to the NMOCC for "Off-lease Storage". See Exhibits #1, #2 and #3 for area involved. This request would involve moving State Oil onto Federal Land.

We propose to relocate the production from Western Development "B"-1 (Unit Letter F, SE/4 NW/4 Sec. 36, T16S, R31E, Eddy County, New Mexico), Brinson State #1 (Unit Letter B, NW/4 NE/4 Sec. 36, T16S, R31E, Eddy County, New Mexico), and Brinson State #4 (Unit Letter H, SE/4 NE/4 Sec. 36, T16S, R31E, Eddy County, New Mexico) to the SE/4 SW/4, Unit Letter N, Sec. 25, T16S, R31E, Eddy County, New Mexico.

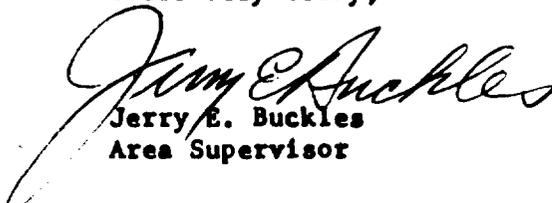
It is our intention to build a new tank battery at Unit Letter N, Sec. 25, consisting of four oil storage tanks and four gunbarrels. Production on the Robinson Federal Lease (LC-029492-A) wells #1 and #2, the Robinson Federal Lease (LC-029492-A) wells #3, #4 and #7, the Western Development "B" Lease (G-1306), and the Brinson State Lease (B-161-3) wells #1 and #4 will be maintained separately.

This consolidation is proposed for four reasons:

1. Existing facilities were not designed to handle produced water. The new batteries will incorporate atmospheric gunbarrels set at an elevation which will permit transferral of produced water to the Water Plant for disposal via gravity.
2. The old facilities are junk. New facilities could be built at this central location and put into service with a minimal amount of down time.
3. Consolidation reduces gauging time.
4. Consolidation would reduce road maintenance since travel would be more centralized.

Your prompt approval of this move will allow Anadarko to proceed with other stipulations set forth in Rule 309-C.

Yours very truly,


Jerry E. Buckles
Area Supervisor

JEB/rk
3 Exhibits



United States Department of the Interior

GEOLOGICAL SURVEY

South Central Region

P. O. Box 26124

Albuquerque, New Mexico 87125-6124

20 OCT 1981

Anadarko Production Company
P. O. Box 67
Loco Hills, New Mexico 88255

Gentlemen:

Your application of September 3, 1981 requests the approval for off-lease measurement and storage of oil and gas production from State leases into storage facilities on Federal lease LC-029492-A.

This office has no authority to approve off-lease storage when there is no Federal production involved. Your authority to construct any facilities or use any surface for pipeline right-of-way on Federal or non-Federal leases should be approved by the surface managing agency concerned.

Sincerely yours,

Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Exhibit # 7