



# PHILLIPS OIL COMPANY

A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

PERMIAN BASIN REGION

ODESSA, TEXAS 79762

4001 PENBROOK

December 13, 1984

cc: OCD, Artesia Office

Request for Exception to Rule 309-A as  
Provided by Rule 309-B & C - Use of Common  
Storage and Commingling of Production Off-Lease  
Between Federal Leases - Grayburg-Jackson  
7-R--Queen--Grayburg--San Andres Pool  
Eddy County, New Mexico

New Mexico Oil Conservation Division - 3  
New Mexico Department of Energy and Minerals  
P. O. Box 2088,  
Santa Fe, New Mexico 87501

Attention: Mr. R. L. Stametz  
Division Director

Gentlemen:

We respectfully request an exception to the captioned rule to allow commingling of Grayburg-Jackson 7-Rivers--Queen--Grayburg--San Andres Pool production between the listed federal leases, and to locate the commingled satellites and central tank battery off-lease from various of the affected leases. Oil and casinghead gas production will be allocated to each respective lease on the basis of periodic well tests. Working interests in all leases are common to Phillips Oil Company and all royalty interests are common to the U. S. Department of the Interior.

Common storage and commingling between leases is the most economically feasible operation in order to upgrade the storage facilities serving these leases and to comply with site security requirements of federal leases. A savings of \$343,000 is estimated in using the proposed facilities versus the upgrade of individual storage and sales facilities for each respective lease.

The attached copy of our application to the Bureau of Land Management - U. S. Department of the Interior, and its subsequent approval, detail the federal leases to be involved, the federal lease numbers, the platted location of the wells on each lease to be served by each respective satellite, the location of the central tank battery and sales point, and include schematics of a typical satellite installation as well as the central tank battery. Provisions are made for specific critical tests on each well and, also, for proving of production of each satellite at the central tank battery. These provisions will ensure proper allocation of production to each well and lease.

Time is of the essence in upgrading of production facilities on these leases in order to meet site security requirements on federal leases. Therefore, your early consideration and advice will be appreciated.

Very truly yours,

T. Harold McLemore  
Regulation and Proration Supervisor

THM:SE  
Attachments



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Carlsbad Resource Area Headquarters

P. O. Box 1778

Carlsbad, New Mexico 88220

December 10, 1984

Phillips Oil Company  
4001 Penbrook  
Odessa, TX 79762

Ref: Federal Lease Nos.  
LC-028748-a, LC-028748-b,  
LC-028748-c, LC-028793-a,  
LC-028793-b, LC-028793-c,  
and LC-054406, Eddy County,  
New Mexico

Gentlemen:

Your request to Use Common Storage Facilities (surface co-mingling) for  
Crude Oil Products on the above leases, dated December 3, 1984, is  
approved.

Sincerely yours,

  
Earl R. Cunningham  
District Manager



# PHILLIPS OIL COMPANY

A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

EXPLORATION AND PRODUCTION GROUP  
Permian Basin Region

ODESSA, TEXAS 79762  
4001 PENBROOK

December 3, 1984

Request to Use Common Storage Facilities  
Crude Oil Production, Loco Hills Area Leases,  
Federal Lease Nos. LC-028748-a, LC-028748-b,  
LC-028748-c, LC-028793-a, LC-028793-b,  
LC-028793-c, and LC-054406 - Exception to  
Part 644, Chapter 3.F, Eddy County, New Mexico

U. S. Department of the Interior  
Bureau of Land Management  
Carlsbad Resources Area  
P. O. Box 1778  
Carlsbad, New Mexico 88220

Attention: Mr. Charles S. Dahlen,  
Area Manager

Gentlemen:

We respectfully request authority to use a series of common tank storage facilities on the captioned leases to handle oil production from the Grayburg/Jackson 7 Rivers-Queen-Grayburg-San Andres Pool on the captioned leases and to allow allocation of oil and casinghead gas production to each lease based on individual well tests. Facilities will consist of seven satellite batteries and one central tank battery, resulting in a single common oil sales point (See attached plat of leases with storage facilities reflected thereon). Lease and well production storage routing, with respect to individual satellite facility is identified on the attached lease and well data detail. In addition, we enclose a schematic of a typical satellite battery which includes well headers, production mode routing, test mode routing, treating, oil/gas separation, and storage facilities. Each satellite will be connected, by pipeline, directly to the common central tank battery.

Working interests are 100 per cent Phillips; royalty interests are 100 per cent Federal.

Justification (estimate attached) is based on the requirement to up-grade storage facilities to meet BLM operating requirements, with common facilities being the most economical and efficient operation. Specific benefits include the common sales point, recovery of tank vapors, more efficient well testing, reduction in the potential for oil or gas leaks, simplification of lease operations and maintenance, and enhanced site security.

Request to Use Common Storage Facilities

December 3, 1984

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Your early consideration and advice will be appreciated. Please direct any mechanical inquiries to the attention of Eric Wiszneaukas - telephone (915) 367-1349, and administrative discussions to me.

Yours very truly,



T. Harold McLemore  
Regulation and Proration Supervisor  
(915) 367-1257

THM:lsw  
Attachments

PHILLIPS OIL COMPANY

CONSOLIDATED BATTERIES/Common Storage Facilities

LOCO HILLS AREA

GRAYBURG-JACKSON-SEVEN RIVERS-QUEEN-GRAYBURG-SAN ANDRES

<u>Federal Lease No.</u>	<u>Lease Name &amp; Well Numbers</u>
<u>SATELLITE A</u>	
LC-028793-a	Burch-AA Fed. No. 2
LC-028793-b	Burch-BB Fed. No. 6
LC-028784-a	Keely-A Fed. No. 2, 4, 5, 7, 8, 10, 11, 15, 23, 24, 25, 27
LC-028784-b	Keely-B Fed. No. 2, 26
LC-028784-c	Keely-C Fed. No. 4, 5, 8, 28, 39, 40
<u>SATELLITE B</u>	
LC-028793-a	Burch-AA Fed. No. 3, 4, 6, 7, 8, 9, 10, 14, 15, 16, 17, 22, 25, 28, 29, 32, 33
LC-028793-c	Burch-C Fed. No. 43
LC-028784-a	Keely-A Fed. No. 3
<u>SATELLITE C</u>	
LC-028793-b	Burch-BB Fed. No. 21, 22, 23, 24, 25, 26, 31
LC-028793-c	Burch-C Fed. No. 19, 20, 21, 22, 23, 24
LC-028784-a	Keely-A Fed. No. 17, 20, 21, 22
LC-028784-c	Keely-C Fed. No. 2, 3, 45, 46, 47, 48, 49, 50, 51, 52, 55
<u>SATELLITE D</u>	
LC-028793-b	Burch-BB Fed. No. 8, 19, 20, 27, 28, 29
LC-028793-c	Burch-C Fed. No. 15, 17, 25, 36, 40
LC-054406	Dexter Fed. No. 1, 2
LC-028793-b	Grayburg-Keely Unit Tract BB, No. 7*
LC-028793-c	Grayburg-Keely Unit Tract BC, No. 2*
LC-028784-a	Keely-A Fed. No. 9, 16, 18, 19, 28

\* Water Injection Wells

PHILLIPS OIL COMPANY

CONSOLIDATED BATTERIES/Common Storage Facilities

LOCO HILLS AREA

GRAYBURG-JACKSON-SEVEN RIVERS-QUEEN-GRAYBURG-SAN ANDRES

Federal Lease No.	Lease Name & Well Numbers
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SATELLITE E

LC-028793-b	Burch-BB Fed. No. 30, 33, 34, 35, 36
LC-028793-c	Burch-C Fed. No. 44
LC-028793-b	Grayburg-Keely Unit Tract BB, No. 2, 3, 4, 5, 14
LC-028793-c	Grayburg-Keely Unit Tract BC, No. 1*, 4, 6, 7*, 8*, 10, 14, 37, 38
LC-028784-b	Grayburg-Keely Unit Tract KB, No. 1, 4*, 13*
LC-028784-c	Grayburg-Keely Unit Tract KC, No. 1, 6, 9*, 14*, 27, 29, 41
LC-028784-a	Keely-A Fed. No. 6, 26
LC-028784-b	Keely-B Fed. No. 3, 21, 23, 24, 25
LC-028784-c	Keely-C Fed. No. 15, 16, 21, 22, 31, 35, 44, 53, 56, 57

SATELLITE F

LC-028784-b	Keely-B Fed. No. 5, 6, 7, 8, 10, 11, 12, 14, 15, 16, 18, 19, 20, 22
LC-028784-c	Keely-C Fed. No. 7, 10, 11, 13, 17, 19, 23, 24, 25, 30, 32, 33, 34, 36, 37, 42, 43

SATELLITE G

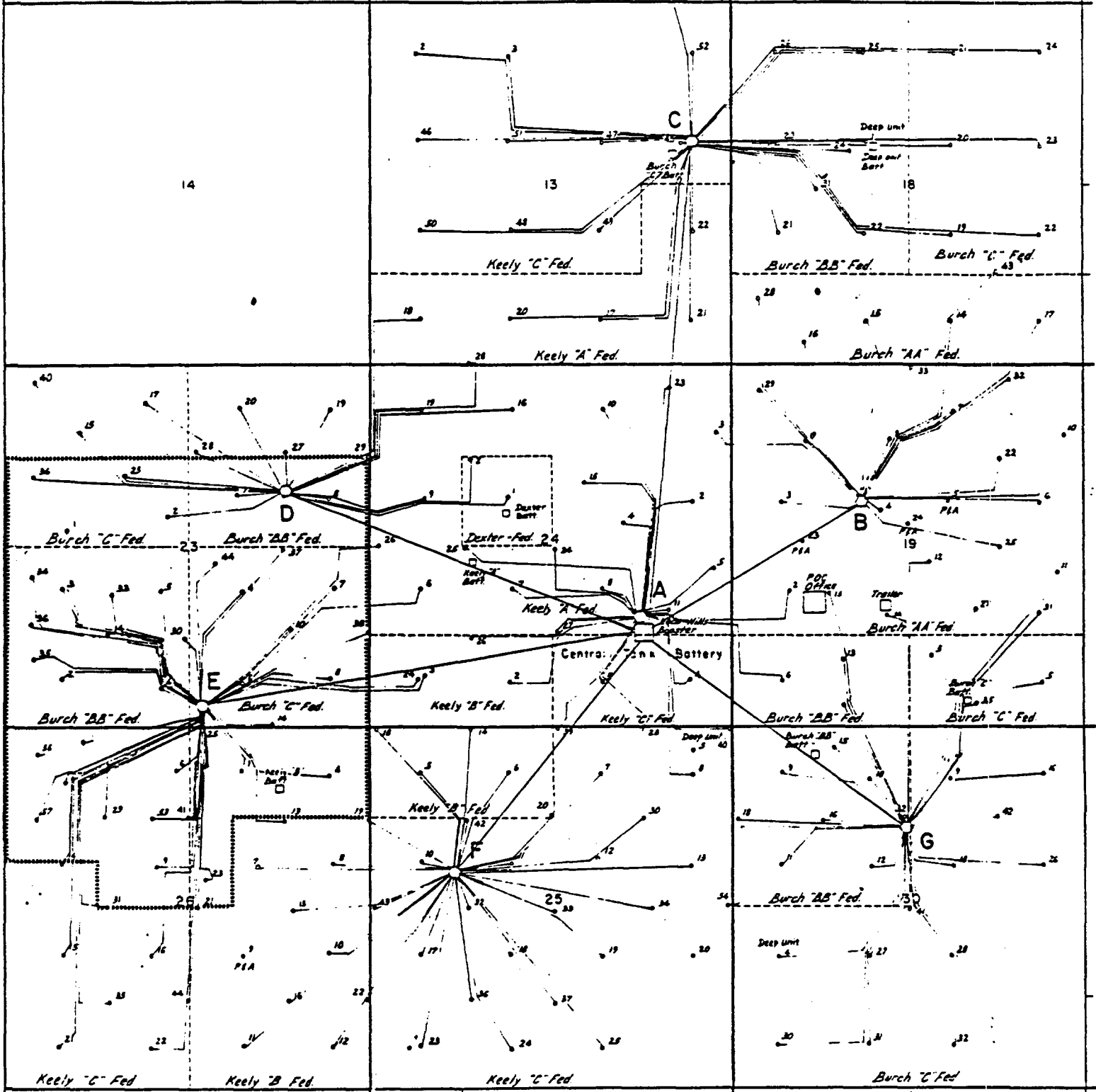
LC-028793-a	Burch-AA Fed. No. 11, 12, 13, 27, 31, 34
LC-028793-b	Burch-BB Fed. No. 1, 9, 10, 11, 12, 13, 15, 16, 18, 32
LC-028793-c	Burch-C Fed. No. 3, 5, 9, 16, 18, 26, 27, 28, 30, 31, 32, 35, 41, 42
LC-028793-c	Grayburg Deep Unit No. 4
LC-028784-c	Keely-C Fed. No. 54

\* Water Injection Wells

CHECKED BY \_\_\_\_\_

R-29-E

R-30-E  
Price-Fed  
Rarrel-Fed

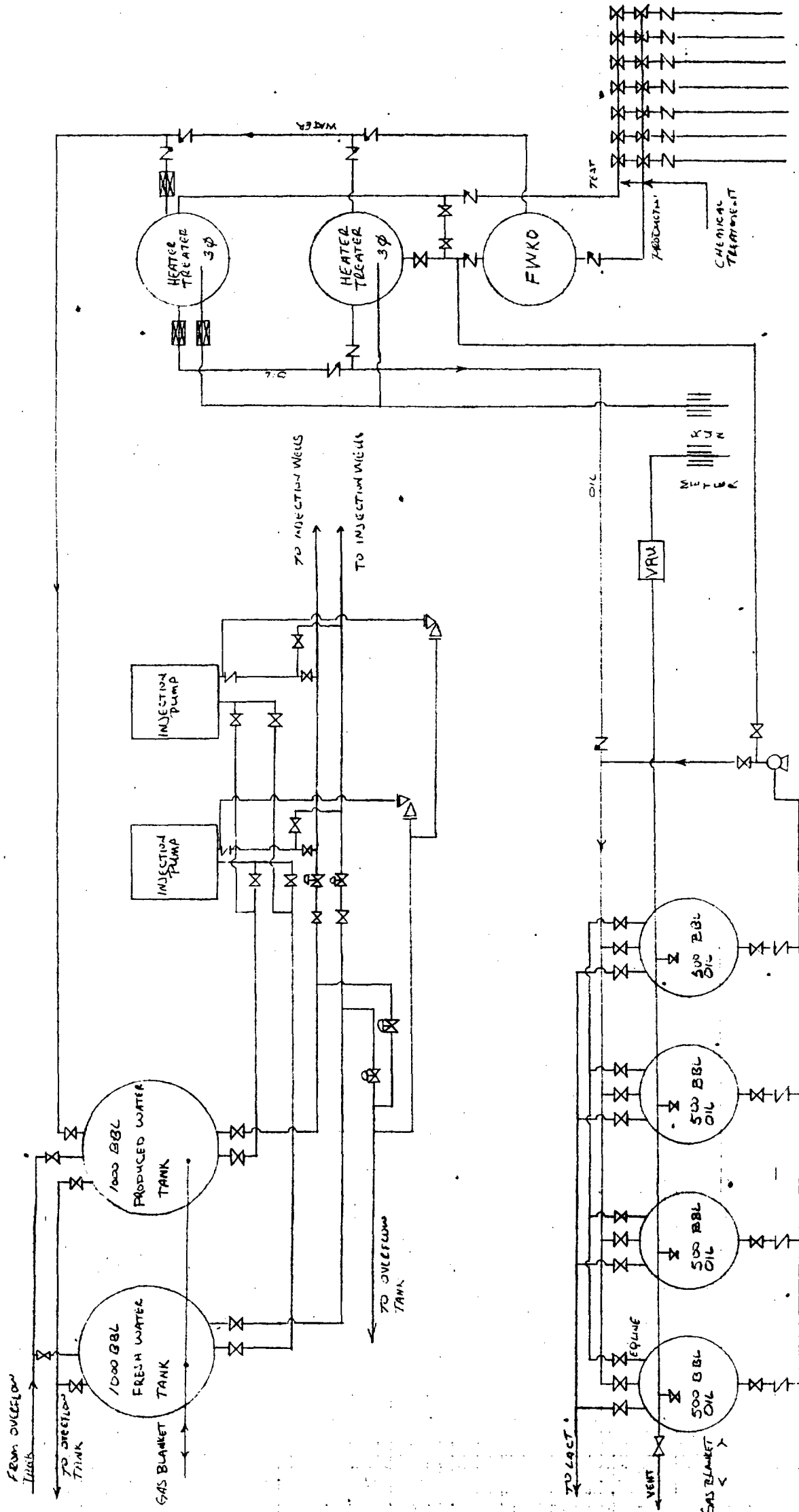


# PROPOSED SATELLITES

State 54458

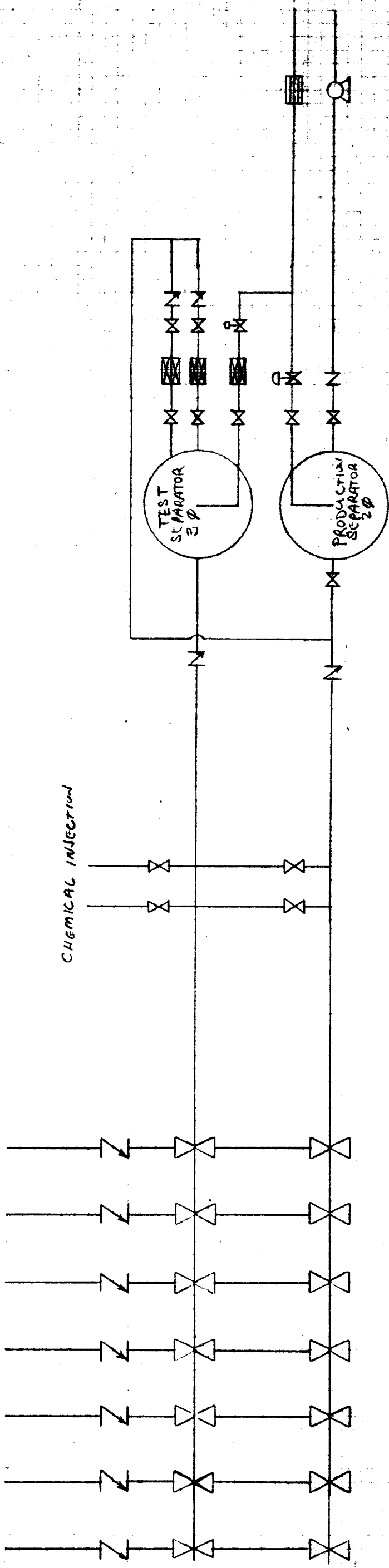






NO.	REVISION	BY CHKD	DATE APP'D	FOR BIDS	FOR APPR	FOR CONST	DRAWN 12/24	CHECKED	APP'D	PHILLIPS PETROLEUM COMPANY BARTLESVILLE, OKLAHOMA				FILE CODE	
										JA NO.	AFE NO.	SCALE NONE			
										DWG NO.		SH NO.		PRINTED IN U.S.A.	
										CENTRAL TANK BATTERY SCHEMATIC - LOCO HILLS					





NO.	REVISION	BY CHKD	DATE APP'D	FOR BIDS	FOR APPR	FOR CONST	DRAWN 12/84 TDW	CHECKED	APP'D	PHILLIPS PETROLEUM COMPANY BARTLESVILLE, OKLAHOMA	JA NO.	FILE CODE
												SALE NONE
											AFE NO.	DWG NO.
												SH NO.
TYPICAL SATELLITE SCHEMATIC — LOCO HILLS —												