

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

November 25, 1975

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. Leland Franz

Administrative Order OLS-97

Gentlemen:

Reference is made to your application for an exception to the provisions of Rule 309-A of the Commission Rules and Regulations to permit off-lease storage for Langlie-Mattix production from your Hughes Federal Lease comprising the SE/4 SW/4, SW/4 SE/4, and E/2 SE/4 of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico. It is our understanding that this production would be handled in a separate tank battery on your E. L. Steeler Lease, also in said Section 17, located in Unit J.

Pursuant to the authority granted me by Rule 309-C of the Commission Rules and Regulations, Skelly is hereby authorized off-lease storage as described above, provided that there shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.

Very truly yours,

JOE D. RAMEY
Secretary-Director

DSN/JDR/dr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Hobbs

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P. O. BOX 2088
SANTA FE NEW MEXICO 87501

November 25, 1975

Skelly Oil Company
P. O. Box 1331
Midland, Texas 79701

Attention: Mr. Ireland Franz

Administrative Order OCS-97

Gentlemen:

Reference is made to your application for an exception to the provisions of Rule 309-A of the Commission Rules and Regulations to permit off-lease storage for Landlie-Matrix production from your Hughes Federal Lease comprising the SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico. It is our understanding that this production would be handled in a separate tank battery on your E. L. Steeler Lease, also in said Section 17, located in Unit 7.

Pursuant to the authority granted me by Rule 309-C of the Commission Rules and Regulations, Skelly is hereby authorized off-lease storage as described above, provided that there shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.

Very truly yours,

JOE D. RAMEY
Secretary-Director

DSN/DR/HR
cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Hobbs



SKELLY OIL COMPANY

September 9, 1975

13
1-12
Oil & Gas Division
Santa Fe

DOMESTIC EXPL. & PROD. DEPARTMENT

MIDLAND E & P DISTRICT

F. L. FRANZ, DISTRICT PRODUCTION MANAGER
M. J. EKMAN, DISTRICT ENGINEER
C. F. BOSECKER, LEAD RESERVOIR ENGINEER
F. J. PETRO, LEAD PRODUCTION ENGINEER

File: Hughes Federal Lease General
Lease No. 10908
Lea County, New Mexico

ADDRESS REPLY TO:
P. O. BOX 1351
MIDLAND, TEXAS 79701

New Mexico Oil Conservation Commission (3)
P. O. Box 1980
Hobbs, New Mexico 88240

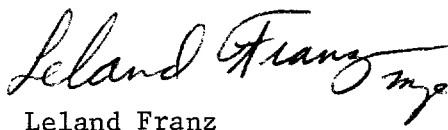
Gentlemen:

As provided under Rule 309-C, Skelly respectfully makes application for administrative approval for off-lease storage for the Hughes Federal Lease described as the SE/4 SW/4, SW/4 SE/4 and the E/2 SE/4 Section 17-23S-37E, Lea County, New Mexico (160 acres). Attached is plat indicating leases, wells, and location of tank battery to be used for off-lease storage.

Other information required under Rule 309-C follows:

1. The Hughes Federal Lease has two oil wells both producing from the same common source of supply, the Langlie-Mattix formation.
2. There will be no commingling of production from the E. L. Steeler and the Hughes Federal Leases.
3. There will be no intercommunication of the handling, separating, treating or storage facilities designated to the E. L. Steeler or the Hughes Federal Leases.
4. Skelly owns 100 per cent working interest in both of the above leases. All parties owning an interest in the leases have consented in writing to the off-lease storage. Copies of these consents from the E. L. Steeler Estate and the U.S. Geological Survey are attached.

Yours very truly,


Leland Franz

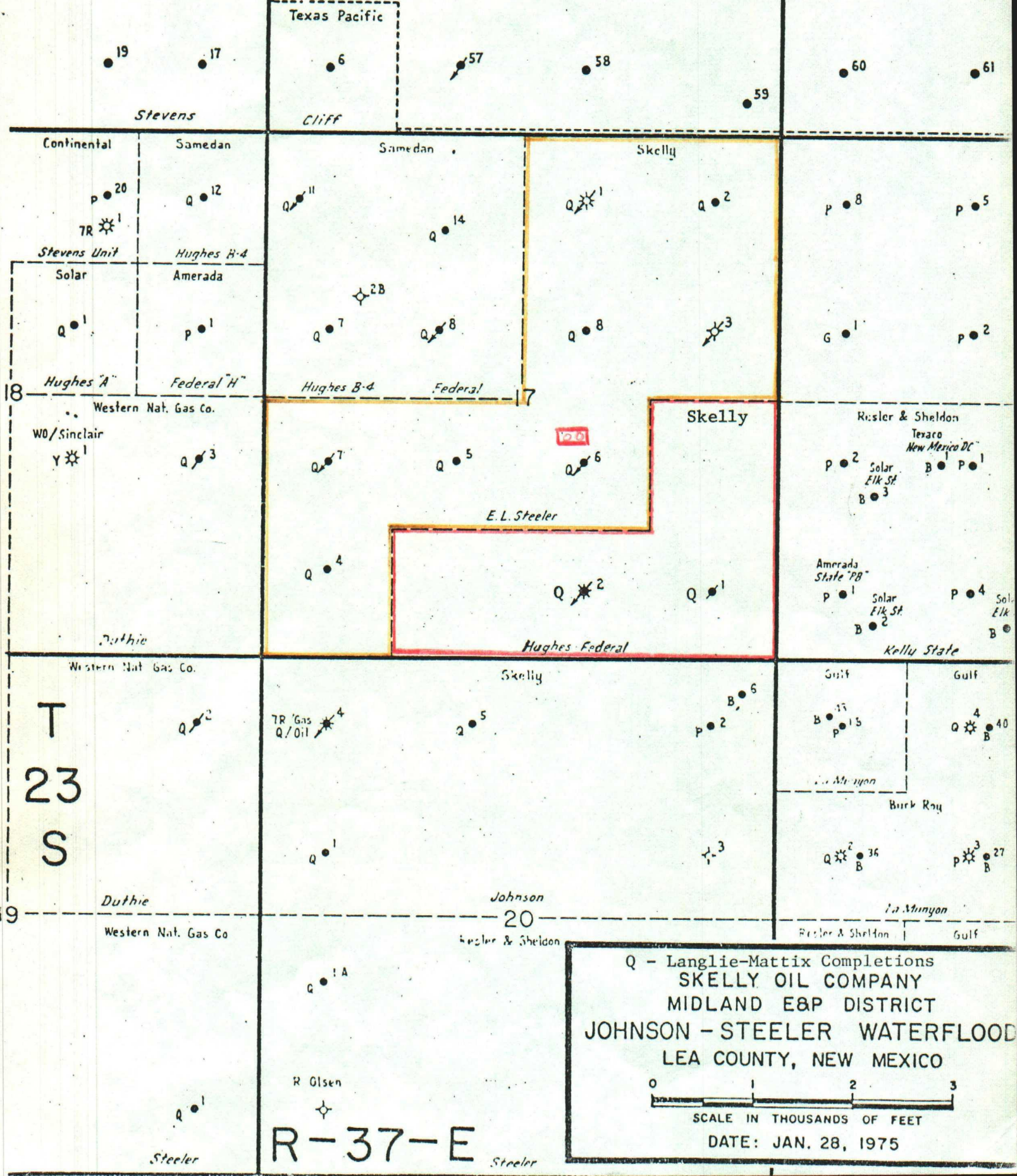
DRC/jf
Attachs.

c c - Mr. D. R. Crockett w/Attach.

7.

8

SKELLY PENROSE "B" UNIT



R-37-E



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Box 1157
Hobbs, New Mexico 88240

September 26, 1975

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Gentlemen:

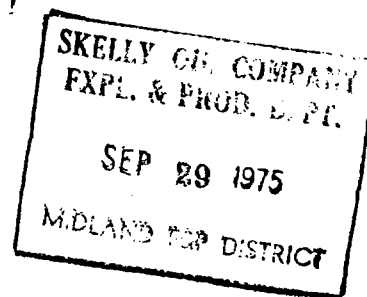
Your letter of September 8 requests approval of off-lease storage for oil produced on your Hughes Federal lease in sec. 17, T. 23 S., R. 37 E., Lea County, New Mexico, lease NM 2244. The oil produced is to be stored in a separate tank battery on fee land in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 17.

The method of off-lease storage described in your letter is hereby approved. The proposed tank battery should be properly identified.

Please advise this office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,


Arthur R. Brown
District Engineer



CC - Crockett to handle para 3.

September 8, 1975

File: E. L. Steeler Lease General
Lease No. 03860
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

Gentlemen:

As surface owner and interest owner in the E. L. Steeler Lease described as the NE/4, NW/4 SE/4 and N/2 SW/4 and SW/4 SW/4 Section 17-23S-37E, Lea County, New Mexico, I have been duly informed by Skelly Oil Company of their intent to make application to the Commission for off-lease storage for the Hughes Federal Lease described SE/4 SW/4, SW/4 SE/4 and the E/2 SE/4 Section 17-23S-37E, Lea County, New Mexico, and do hereby consent for the tank battery serving the Hughes Federal Lease to be located on the E. L. Steeler Lease.

It is understood that the proposed tank battery is to be located at the E. L. Steeler Well No. 6.

Yours very truly,

E. L. STEELER ESTATE
Interest Owner

BY:

A. B. Steeler

DATE:

9-11-75