

BASS ENTERPRISES PRODUCTION CO.
DIVISION PRODUCTION OFFICE
P. O. BOX 2760
MIDLAND, TEXAS 79702

November 12, 1980

NOV 12 1980

800 VAUGHN BUILDING
(915) 684-5723

SANTA FE DIVISION
100-597
OLS-126

Effective 12/4

Re: Lease Commingling
Off-Lease Storage
Palmillo State No. 1
Undesignated (Wolfcamp) Field
N. Turkey Track (Morrow) Field
Sec. 1, T19S, R28E
Eddy County, New Mexico
File: 400-WF

Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico

ATTN: Division Director

Dear Sir:

Bass Enterprises Production Company respectfully requests your approval of our applications for Rules 309-B and 309-C regarding lease commingling and off-lease storage on the subject dually completed well. Bass proposes commingling the sweet crudes from the Morrow and Wolfcamp zones at the wellhead so that they may be transported off-lease to the tank battery using the same flowline. Bass is currently operating two wells in the area and plans to construct a battery at the same location as the battery for our Merchant State No. 1 which is producing sour crude from the Palmillo (Bone Springs) Field.

Production from the Palmillo State No. 1 will be adequately measured using a positive displacement Flowco meter prior to commingling and will be properly separated from the sour crude at the off-lease storage facility. Initial oil production from Palmillo State No. 1 is expected to be 230 bbls/day from the Wolfcamp and 6 bbls/day from the Morrow. Attached are diagrams of the commingling and off-lease storage facilities.

Enclosed is a plat showing the producing wells operated by Bass along with the commingling facility at Palmillo State No. 1 and its separate tank battery facility. Also attached is a certified letter to Cities Service, the only other interest owner, informing them of our intentions to store the oil off-lease.

If you approve of our request for Rules 309-B and 309-C, please notify us by return letter. Should you have any questions, please contact Mr. Jack Gevecker at the letterhead address.

Very truly yours,

J. E. Pullig
J. E. Pullig
Division Manager

File: PC-597

Make copy & file: OLS-126

JEP:JRG/gp
Attachments

BASS ENTERPRISES PRODUCTION CO.

DIVISION PRODUCTION OFFICE

P O BOX 2760

MIDLAND, TEXAS 79702

October 3, 1980

800 VAUGHN BUILDING
(915) 684-5723

Re: Off-Lease Storage
Palmillo State No. 1
Undesignated (Wolfcamp) Field
N. Turkey Track (Morrow) Field
Sec 1, T19S, R28E
Eddy County, New Mexico
File: 400-WF

Cities Service
Box 1919
Midland, Texas 79702
Attn: Mr. John Young

Gentlemen:

Please be advised that Bass Enterprises Production Company intends to store off-lease all crude production for the dual completion of Palmillo State No. 1 in accordance with Rule 309-C of the New Mexico Oil Conservation Commission. A central battery is being installed on Bass' Merchant State Lease for handling this crude which will be metered and kept separate from all other production and sold.

If you have any questions concerning this off-lease treating and storage, please contact Mr. Jack Gevecker at this office.

Very truly yours,

J. E. Pullig
J. E. Pullig
Division Manager

JEP:JRG/gp
Attachment

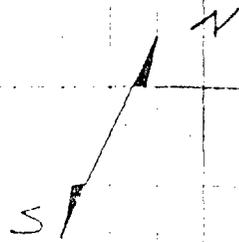
Mail: Certified

10/8/80
CITIES SERV. OIL CO.
Box 1919
MIDLAND, TX 79702
08
.15
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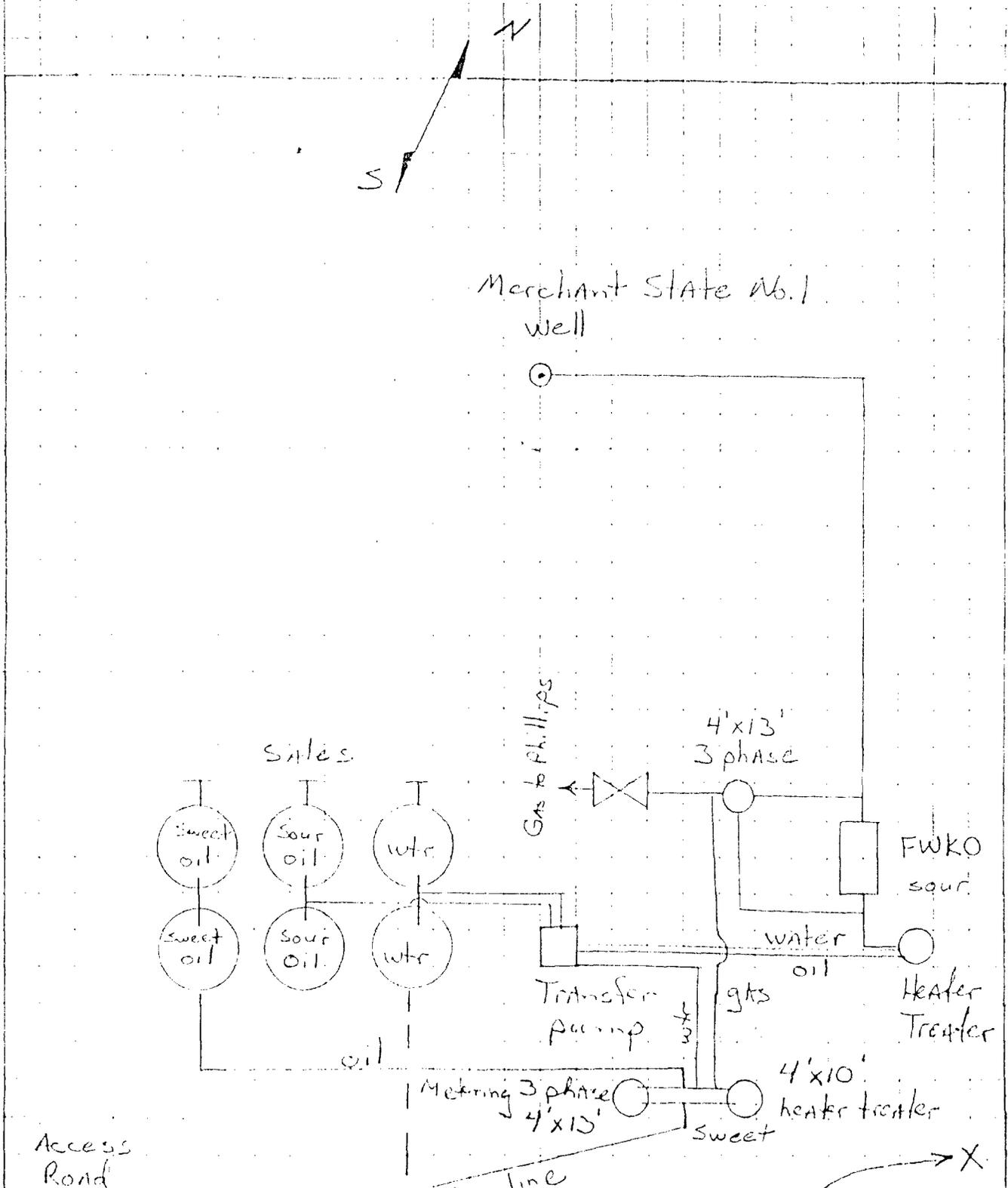
PS Form 3811, Mar. 1976 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered..... 15¢ <input type="checkbox"/> Show to whom, date, & address of delivery.. 35¢ <input type="checkbox"/> RESTRICTED DELIVERY: Show to whom and date delivered..... 65¢ <input type="checkbox"/> RESTRICTED DELIVERY: Show to whom, date, and address of delivery 85¢	
2. ARTICLE ADDRESSED TO: CITIES SERVICE OIL CO BOX 1919 MIDLAND TX 79702	
3. ARTICLE DESCRIPTION: REGISTERED NO. 185349	CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent) I have received the article described above. SIGNATURE <input type="checkbox"/> Address <input type="checkbox"/> Authorized agent <i>J. E. Pullig</i>	
4. DATE OF DELIVERY	POSTMARK
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE:	

SUBJECT Merchant State Well #1	DATE 9/18/80	DEPARTMENT	PREPARED BY JRG
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Merchant State No. 1 well



Line should be buried under road

Future SWD line

Bring electricity to this point