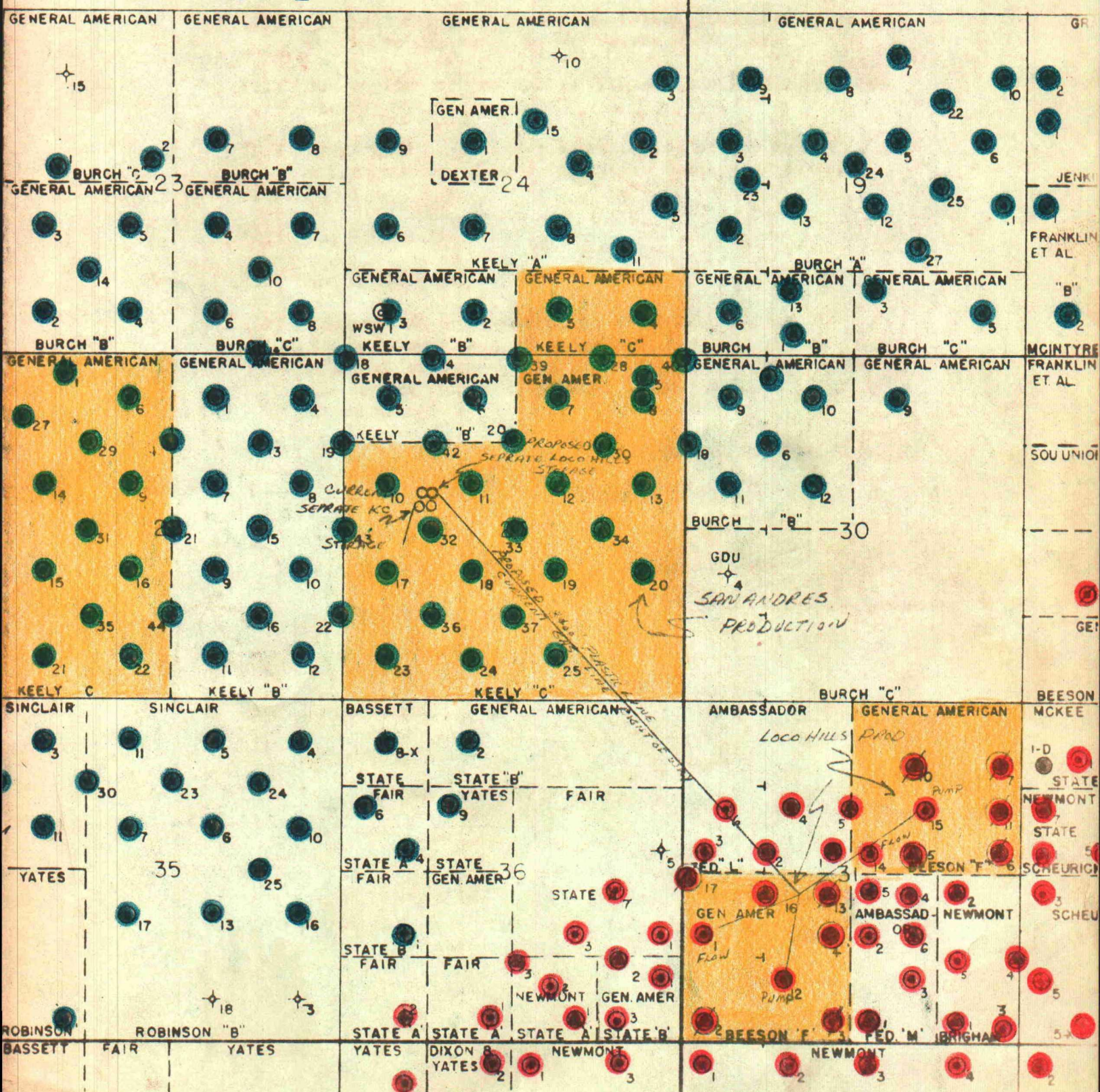


Grayburg Jackson Wells
Loco Hills Wells

A horizontal graphic scale bar with tick marks at 0, 2000', 4000', 6000', and 8000'.

R 29 E





UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico 88201

IN REPLY REFER TO:



October 24, 1968

General American Oil Company of Texas
Post Office Box 416
Loco Hills, New Mexico 88255

Gentlemen:

Your letter of October 11, 1968, requests approval of off-lease storage for production from that portion of lease Las Cruces 060529 embracing the NE $\frac{1}{4}$ and SW $\frac{1}{4}$ sec. 31, T. 17 S., R. 30 E. The off-lease storage will be located at the tank battery of lease Las Cruces 028784(c) in the NW $\frac{1}{4}$ sec. 25, T. 17 S., R. 29 E., all N.M.P.M., Eddy County, New Mexico. The production from each of the two leases is to be handled in separate storage facilities.

The method of off-lease storage described by your letter and plat is hereby approved subject to approval by the New Mexico Oil Conservation Commission. This approval does not in any way authorize the commingling of the oil or gas production of the two leases involved. The proposed separate storage facilities at the tank battery should be properly marked and identified with signs reflecting the lease from which the production originated.

You are requested to notify the District Engineer, U. S. Geological Survey, Post Office Drawer U, Artesia, New Mexico 88210, when the installation is completed and operative so that it can be inspected.

Sincerely yours,

CARL C. TRAYWICK
Acting Oil and Gas Supervisor

October 28, 1968

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

General American Oil Company of Texas requests an exception to Rule 309-A to permit the production of fluids from its Beeson F federal lease to be transported prior to measurement to its Keely C federal lease for storage thereon in separate facilities. General American has operated both leases since 1949 date of acquisition from Republic Petroleum Company.

Currently plans are being made to build an injection plant at the proposed battery location to reinject all produced water from the Keely C wells and the Loco Hills wells. Economics no longer warrant the reconstruction of the facilities at the Loco Hills plant.

By bringing the Loco Hills production of oil and water to the proposed Keely C plant site the Beeson F lease can be operated for an additional period of time.

Attached is a plat showing the two leases being considered colored in yellow. The plat shows all wells located on the two leases and indicates the producing zones. Currently the Loco Hills Beeson F lease has two flowing wells and two pumping wells making a lease total of 32 barrels of oil and 590 barrels of water per day. Currently the water is being re-injected at the Loco Hills plant which is becoming economically beyond repair.

The Keely C lease has 29 pumping wells making a lease total of 74 barrels of oil and 82 barrels of water per day.

Loco Hills storage will consist of a separator, a 500 barrel wash tank and a 500 barrel stock tank. The Keely C storage will have a separator, a free water knock out and two 500 barrel stock tanks.

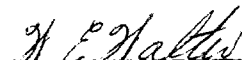
October 28, 1968
Page 2

In reference to items 1 thru 6 of Rule 309-C we submit the following:

- (1.) All production on the Beeson F lease to be stored off the lease is from a common source of supply.
- (2.) Commingling of production from the two leases will not occur.
- (3.) There will be no intercommunication of the handling, separating or storage facilities designated to each lease.
- (4.) Not applicable.
- (5.) Not applicable.
- (6.) The only other ownership of the Beeson F lease is the Federal Government 12.5% royalty. A statement of approval of this application from the Regional Oil and Gas Supervisor of the United States Geological Survey is attached.

Respectfully submitted,

GENERAL AMERICAN OIL COMPANY OF TEXAS



W. E. Walter
District Superintendent

WEW/rl
Encls.

cc: L. P. O'Neill

Grayburg Jackson Wells
Loco Hills Wells

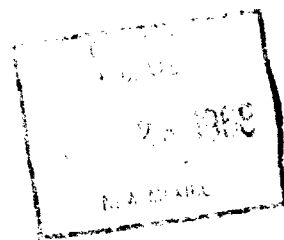
A horizontal graphic scale bar with major tick marks at 0, 2000', 4000', 6000', and 8000'. The bar is divided into four equal segments by these tick marks.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico 88201

IN REPLY REFER TO:



October 24, 1968

General American Oil Company of Texas
Post Office Box 416
Loco Hills, New Mexico 88255

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Sincerely yours,

CARL C. TRAYWICK
Acting Oil and Gas Supervisor