

M-3948

~~R-201~~

LEASE FOR UNDERGROUND L.P.G. STORAGE CAVERN

R-201

Case# 410

THIS AGREEMENT, Made and entered into this 17th day of November, 1952, by and between the State of New Mexico, hereinafter called the Lessor and El Paso Natural Gas Company of El Paso, Texas, hereinafter called the Lessee.

WITNESSETH:

WHEREAS, the State of New Mexico has executed its Patent dated August 14, 1951, to El Paso Natural Gas Company, wherein and whereby the State of New Mexico did grant, bargain, sell and convey to El Paso Natural Gas Company and its successors and assigns, a tract of land described as that portion of the S 1/2 SW 1/4 of Section 32, T-23S, R-37E, N.M.P.M., lying west of the westerly right of way line of the Texas and New Mexico Railroad, being more particularly described as follows, to-wit;

Beginning at the SW corner of Section 32, T-23S, R-37E, thence S 89° 59' E along the S boundary of said Section 32 a distance of 1397.9 feet to a point on the westerly right of way of the Texas and New Mexico Railroad; thence N 13° 26' E along said railroad right of way line a distance of 1357.8 feet to a point on the N boundary of the S 1/2 SW 1/4 of said Section 32; thence N 89° 59' W along said N boundary line of S 1/2 SW 1/4 of said Section 32 a distance of 1710.0 feet to a point on the W boundary of said Section 32; thence S along the W boundary of said Section 32 a distance of 1320.0 feet to the point of beginning.

This tract contains 47.14 acres, more or less, in the S 1/2 SW 1/4, Section 32, T-23S, R-37E;

subject to valid existing right, easements, rights of way, reservations and reserving to the State of New Mexico all minerals of whatsoever kind and reserving to said State or persons authorized by it, the right to prospect for, mine, produce and remove such minerals and to perform any and all acts necessary in connection therewith.

The Lessee desires to drill a storage well to be known as the El Paso Natural Gas Company State LPG Storage Well No. 1, to be located 780 feet from the W line and 450 feet from the S Line of Section 32 and to create a storage reservoir of approximately 50,000 barrels capacity for underground storage of liquified petroleum gases by dissolving a cavity in the salt section which is expected to lie under the above described tract of land, with the top of said salt section (sometimes referred to as the Salado Formation) at a depth of approximately 1400 feet below the surface and the base lying approximately 2700 feet below the surface. The cavity will have a diameter of approximately 24 feet and a depth of approximately 1300 feet.

NOW THEREFORE, for and in consideration of the sum of ten dollars evidenced by Official Receipt No. _____ does hereby grant, demise, lease and let to the Lessee the above described land.

TO HAVE AND TO HOLD by the Lessee, its successors and assigns, so long as the premises shall be used for the purpose above specified, with a reversion of said land to the State of New Mexico upon the cessation of its use for the said purpose by the Lessee, its successors and assigns. The Lessee shall have the right to assign this lease with the approval of the Lessor.

Subject to valid existing rights.

IN WITNESS WHEREOF, the State of New Mexico has caused this instrument to be executed by its Commissioner of Public Lands, thereunto duly authorized, with the seal of his office affixed, the day and year first above written.

Guy Shepard

Lessor

EL PASO NATURAL GAS COMPANY

By C. L. Perkins

Vice President Lessee

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 25, 1952

Mr. Warren L. Taylor
Division Geologist
El Paso Natural Gas Co.
Box 1384
Jal, N. M.

Dear Sir:

Your application for permission to drill your State-LPG Well No. 1, as described in your application of September 16, 1952, has been set for hearing on October 15 as Case 410.

Very truly yours,

W. B. Hacey
Chief Engineer

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