

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION OF THE ATLANTIC REFINING COMPANY TO COMMINGLE PRODUCTION OF OIL AND GAS FROM SEPARATE RESERVOIRS UNDERLYING THE ATLANTIC STATE "Y" LEASE, JUSTIS POOL, LEA COUNTY, NEW MEXICO, COVERING THE  $N\frac{1}{2}NE\frac{1}{4}$  AND THE  $SE\frac{1}{4}NE\frac{1}{4}$  SECTION 25, TOWNSHIP 25 SOUTH, RANGE 37 EAST, N.M.P.M.

To New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Comes the undersigned, The Atlantic Refining Company, and hereby makes application to commingle the production of oil and gas produced from separate reservoirs underlying its Atlantic State "Y" lease located in the Justis Pool, Lea County, New Mexico, and embracing the following described lands situated in said county, to-wit:

$N\frac{1}{2}NE\frac{1}{4}$ ,  $SE\frac{1}{4}NE\frac{1}{4}$  Section 25, Township 25 South, Range 37 East, N.M.P.M., containing 120 acres, more or less,

and in support of such application respectfully shows:

1. That The Atlantic Refining Company has completed three wells on the lease hereinabove referred to, more particularly described as follows:

(1) Atlantic State Y 1B completed in the Queen formation located 660' FNL and 1979' FEL said well being completed in the interval between 2911' and 3238'.

(2) Atlantic State Y 2A completed in the Queen formation located 330' FNL and 330' FEL, said well being completed in the interval from 3306' to 3332'.

(3) Atlantic State Y 3B located 330' FNL and 1650' FEL, said well being a dual completion in the Montoya formation in the interval from 6821' to 6683' and in the Ellenburger formation in the interval from 8143' to 8205'.

Applicant is in the process of drilling a fourth well, which at the present time has attained a depth of approximately 3,000 feet,

known as the Atlantic State Y 4A which said well is located 430' FNL and 660' FEL and applicant contemplates completing the same in the Montoya formation at an interval of approximately 6,810' to 6,880' and in the Ellenburger formation at an interval of approximately 8,100' to 8,200'. There is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A" a plat showing said leasehold interest and the location of the respective wells.

2. That well number 3 above referred to is producing oil and gas from separate reservoirs underlying said leasehold premises, namely the Montoya and Ellenburger formations and it is contemplated that applicant may also secure production from the McKee, Fusselman, Blinebry and Drinkard formations and proposes to commingle the production from said separate reservoirs by producing the same into a common storage where the character of the crude produced is similar.

3. That the oil and gas produced from each reservoir, with the exception of the Queen reservoir, will be metered separately before commingling. An oil and gas separator, a dump-type oil meter and an orifice meter will be provided for each producing reservoir. When the fourth and each additional well is completed a test separator with identical oil and gas meters will be installed and whenever any zone begins producing water an emulsion treater will be installed between the respective separators and oil meters.

4. The installation contemplated for the measuring and production of the oil and gas from each separate reservoir into a common tank battery will include equipment tested and generally recognized by the industry as acceptable for such purpose so that the production from each separate reservoir will be effectively measured. Oil sold as crude of intermediate sulfur content will be commingled into the same tank battery and if any one zone produces another type crude another tank battery will be provided.

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4. The installation contemplated for the measuring and production of the oil and gas from each separate reservoir into a common tank battery will include equipment tested and generally recognized by the industry as acceptable for such purpose so that the production from each separate reservoir will be effectively measured and kept separate. Oil sold as crude of intermediate sulfur content will be commingled into the same tank battery and if any one zone produces another type crude another tank battery will be provided.

5. That applicant proposes to allocate the production from each of said wells producing from the respective reservoirs on the basis of periodic well tests made at such reasonable times as may be designated by the Oil Conservation Commission.

6. That the production from said reservoirs into a common tank battery will effect a considerable saving in installation and operating costs and it is believed that such installation will be in the interest of conservation and that such installation will not cause waste or impair correlative rights.

WHEREFORE, applicant prays that the Oil Conservation Commission after due notice and hearing as provided by law and the rules and regulations of the Oil Conservation Commission enter an order approving the production of oil and gas as above set forth from the several separate reservoirs underlying the above described lease into a common tank battery.

Respectfully submitted,

THE ATLANTIC REFINING COMPANY

By 

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