

MAIL OFFICE OCC

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

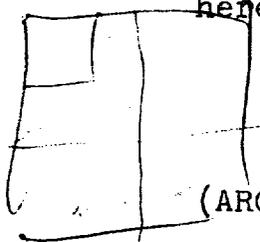
IN THE MATTER OF THE APPLICATION OF SINCLAIR OIL & GAS COMPANY FOR AN EXCEPTION TO RULE 309 AND APPROVAL OF USE OF COMMON TANKAGE TO RECEIVE OIL PRODUCED IN THE EMPIRE ABO POOL FROM APPLICANT'S M. YATES "B" (ARC) LEASE CONSISTING OF SECTION 33, T-17-S, R-28-E, EXCEPT THE NW 1/4 NW 1/4, AND THAT PORTION OF APPLICANT'S STATE EDDY 32 LEASE CONSISTING OF NW 1/4 NW 1/4 SECTION 34 AND SE 1/4 NW 1/4 SECTION 32, T-17-S, R-28-E, IN EDDY COUNTY, NEW MEXICO

CASE NO. 2010

ORDER NO. _____

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby files its application herein, in triplicate, and represents the following:



1.

Applicant is the owner and operator of its M. Yates "B" (ARC) lease consisting of Section 33, T-17-S, R-28-E, except the NW 1/4 NW 1/4 thereof, and also that portion of its State Eddy 32 lease consisting of NW 1/4 NW 1/4 Section 34 and SE 1/4 NW 1/4 Section 32, T-17-S, R-28-E, Eddy County, New Mexico, insofar as said leases cover and pertain to the Abo Reef Formation. Applicant's M. Yates "B" (ARC) lease is subject to a production payment in the amount of 50% of the working interest, reserved in Indenture of Conveyance of Leasehold, Mineral and Other Interests and Retention of Production Payment, dated March 23, 1955, between Alban Corporation and Sinclair Oil & Gas Company, such production payment being created in connection with applicant's acquisition of the properties of American Republics Corporation. The State of New Mexico is the common owner of the royalty interest in all of said lands. Said leases are productive of oil produced from the Empire Abo Pool, which is a common source of supply.

2.

Applicant seeks permission and authority, as an exception to Rule 309, for the use of common tankage to receive oil produced from the separate leases. Applicant anticipates that

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Suzanne
M. Yates
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as many as seventeen (17) wells will be completed in the Empire Abo Pool in the development of its leases. Adequate facilities, either positive displacement meters or dump type metering vessels, will be provided to insure at all times accurate determination of the production obtained from the separate leases which may be commingled into common storage. Applicant proposes to meter the production from one lease and to determine production from the other lease by subtraction from the total production commingled and measured in common storage.

3.

Applicant will show upon hearing hereof that it has obtained the consent of the Commissioner of Public Lands of the State of New Mexico to the commingling of the production from the separate leases.

4.

Applicant alleges that the commingling of such production into common storage is in the interest of prevention of waste and will not impair correlative rights.

WHEREFORE, applicant prays that this application be set for hearing before an Examiner at Santa Fe, New Mexico, that notice be given hereon and that upon such hearing authority and permission be granted to applicant for the use of common tankage to receive oil produced in the Empire Abo Pool from as many as seventeen wells on said leases.

HORACE N. BURTON
P. O. Box 1470
Midland, Texas

GILBERT, WHITE AND GILBERT

By *Lewis*
Bishop Building
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY