

# OIL CONSERVATION COMMISSION

207 CARPER BUILDING

ARTESIA, NEW MEXICO

May 23, 1960

Atlantic Oil & Refining Company  
Denver City, Texas

Attention: Mr. N. A. Carr

Re: Underground Storage  
State "AO", Wells No. 1-J &  
2-O, Sec. 2-T18S-R27E, Empire-  
Abo Pool, Eddy County, New Mexico

Gentlemen:

By your letter of May 13, 1960 you informed us that the subject "underground storage" was unrecovered load oil transferred to the subject lease from the Saunders-Penn Field in Lea County. We referred your letter to Mr. I. R. Trujillo of our Santa Fe office and after discussing the situation, he directed us to write you explaining our position in the matter. Normally, the Commission considers the first oil recovered from a well to be the load oil used in the completion of the well. You will note that Form C-104 asks for the Initial Potential after all load oil is recovered. This reported Initial Potential is then a part of the basis for allowable assignment and no allowable is supposed to be assigned to any well until the load oil has been recovered. We have, therefore, been directed to advise you that this "underground storage" should be recovered as soon as possible. You understand of course, that this oil will not be charged against your allowable.

When you are ready to sell the oil please file Form C-126 with this office.

Atlantic Oil & Refining Company  
Denver City, Texas

May 23, 1960

In the future the Commission will consider that all load oil has been recovered when Form C-104, stating the same, is filed and approved.

If you have any questions concerning this situation do not hesitate to call me.

Very truly yours,

OIL CONSERVATION COMMISSION

R. L. Stamets,  
Geologist

RLS/jn



THE ATLANTIC REFINING COMPANY  
INCORPORATED 1970  
PETROLEUM PRODUCTS

RECEIVED

MAY 16 1960

May 13, 1960

O. E. O.  
ARTESIA, OFFICE

DOMESTIC PRODUCING DEPARTMENT

ADDRESS REPLY TO:  
P. O. BOX 1038  
DENVER CITY, TEXAS

Ref: REPORTS: Production  
State AO Lease, Well #1 & 2  
Sec. 2-18S-37E, Empire-Abo  
Pool, Eddy County, New Mexico  
Your Letter Dated 5-9-60

New Mexico Oil Conservation Commission  
321 Carper Building  
Artesia, New Mexico

Gentlemen:

The underground storage oil of 224.39 bbls. of oil was transferred 3-24-59 from our State R Lease in the Saunders Penn Field to the State AO #1 well for operating purposes.


This oil is presently carried as underground storage because we haven't had an opportunity to recover this oil due to storage capacity, change in pipe line carries and pipe line proration.

We will ask for permission to run this oil as soon as pipe line proration has discontinued.

If you need further information, please advise.

Yours very truly,

THE ATLANTIC REFINING COMPANY

By   
N. A. Carr  
District Superintendent

DLW:hmm