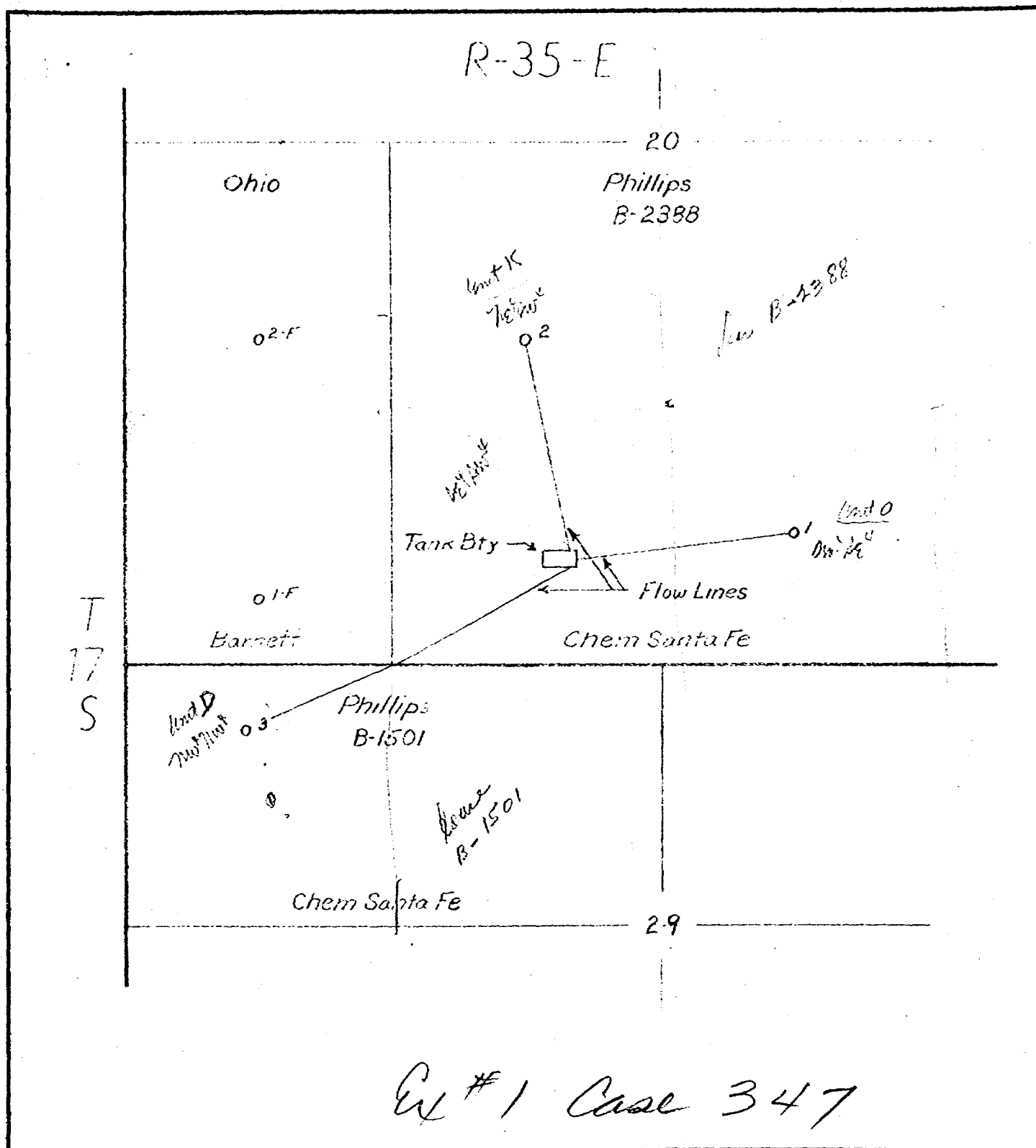


Case No.

347

Application, Transcript,
Small Exhibits, Etc.



BARTLESVILLE, OKLAHOMA

LEASE PLAT - CHEM SANTA FE BATTERY NO. 1
AND WELL NOS. 1-2-3

DRAWN		REVISION	BY	DATE	AFE. NO.	DWG. NO.
CHECKED					SCALE	SHEET NO.
APPROVED						

Department of the Interior, Bureau of Land Management, Protection Division

On December 10, 1968, the Bureau of Land Management received your letter of December 10, 1968, requesting permission to establish a trap line for the purpose of trapping the Phillips Company. The trap line is located in the NE/4 SW/4 of Section 28, Township 10N, Range 10E, and the third located in the SW/4 NW/4 of Section 28, Township 10N, Range 10E. It is indicated that the trap line is located in the NE/4 SW/4 of Section 28, Township 10N, Range 10E.

On December 10, 1968, the Bureau of Land Management received your letter of December 10, 1968, requesting permission to establish a trap line for the purpose of trapping the Phillips Company. The trap line is located in the NE/4 SW/4 of Section 28, Township 10N, Range 10E, and the third located in the SW/4 NW/4 of Section 28, Township 10N, Range 10E. It is indicated that the trap line is located in the NE/4 SW/4 of Section 28, Township 10N, Range 10E.

It is always the practice of this office to respect the general policy of the BLM. It is the policy of the BLM to give the maximum protection for all wildlife, and the practicability of your suggestion.

The Bureau of Land Management is a part of the Department of the Interior, and is responsible for the management of the public lands. The Bureau of Land Management is a part of the Department of the Interior, and is responsible for the management of the public lands.

Production Department

Three wells are located on the three sections of the NE 1/4 of Section 20, Township 10N, Range 10E, which are under the Phillips Petroleum Company lease. The first well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The second well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The third well is located in the SW 1/4 of Section 20, Township 10N, Range 10E. It is indicated that the three wells are located on the three sections of the NE 1/4 of Section 20, Township 10N, Range 10E.

The three wells are under State Lease. The first well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The second well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The third well is located in the SW 1/4 of Section 20, Township 10N, Range 10E. The three wells are under State Lease. The first well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The second well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The third well is located in the SW 1/4 of Section 20, Township 10N, Range 10E. The three wells are under State Lease.

The three wells are under State Lease. The first well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The second well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The third well is located in the SW 1/4 of Section 20, Township 10N, Range 10E. The three wells are under State Lease. The first well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The second well is located in the NE 1/4 of Section 20, Township 10N, Range 10E. The third well is located in the SW 1/4 of Section 20, Township 10N, Range 10E. The three wells are under State Lease.

Ex # 2

CASE 347

3-1-10

42
100-47

PHILLIPS PETROLEUM COMPANY

PRODUCTION DEPARTMENT
C. P. DIMIT
VICE PRESIDENT

BARTLESVILLE, OKLAHOMA

February 14, 1952

L. E. FITZJARRALD
MANAGER
H. H. KAVELER
ASSISTANT MANAGER
J. M. HOUGHIN
GENERAL SUPERINTENDENT
H. S. KELLY
CHIEF ENGINEER

Handwritten signature

In re: Application of Phillips Petroleum Company for
Permission to Commingle in the Same Tank Battery
Oil to be Produced from Phillips Chemical Company's
Chem-Santa Fe Wells Nos. 1, 2 and 3, Vacuum Field,
Lea County, New Mexico.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention of Mr. R. R. Spurrier, Secretary

Gentlemen:

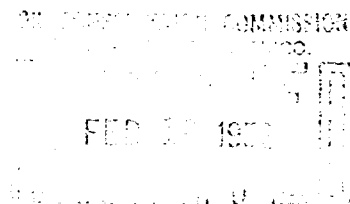
Phillips Chemical Company has completed its Chem-Santa Fe Wells Nos. 1 and 2 located respectively in Unit O, SW/4 SE/4 Section 20, Township 17S, Range 35E and Unit K, NE/4 SW/4 Section 20, Township 17S, Range 35E, and is now in process of completing its Chem-Santa Fe Well No. 3 located in Unit D, NW/4 NW/4 Section 29, Township 17S, Range 35E, all of which wells are in the Vacuum Pool of Lea County, New Mexico.

Chem-Santa Fe Wells Nos. 1 and 2 are located on Common School land State Lease B-2388 and Chem-Santa Fe No. 3 Well is located on Common School land State Lease B-1501.

In view of the common ownership of both working interests and mineral interests in these two leases, it is the operator's desire to obtain approval to permit commingling of oil produced from these three wells into the same tank battery located on Common School land State Lease B-2388.

We are in receipt of a letter dated January 23 from Mr. Geo. A. Graham of the State Land Office which states in part as follows:

"Should your company see fit to make application to the Oil Conservation Commission for an exception to Rule 309, the State Land Office would offer no opposition"



New Mexico Oil Conservation Commission
Application of Phillips Petroleum Company for Permission to
Commingle in the Same Tank Battery Oil to be Produced from
Phillips Chemical Company's Chem-Santa Fe Wells Nos. 1, 2,
and 3, Vacuum Field, Lea County, New Mexico.
February 14, 1952
Page No. 2

Therefore, Phillips Petroleum Company, operator of the subject wells, hereby respectfully makes application for hearing before the Oil Conservation Commission for an exception to Rule 309 to permit the commingling and measurement of oil from the three subject wells in a common tank battery. The granting of such exception will result in the saving of scarce steel and reduced cost of operation and will result in the prevention of waste and the protection of correlative rights.

It will be appreciated if this hearing can be scheduled on March 20, 1952, the date of the March statewide hearing.

Yours very truly,


C. F. Dimit

CPD

IN FOR THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 347
ORDER NO. R-

THE APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR PERMISSION TO ~~COMMONLY~~ COMMINGLE
IN THE SAME TANK BATTERY OIL TO BE PRODUCED FROM
THE PHILLIPS CHEMICAL COMPANY'S CHEM-SANTA FE
WELLS NOS. 1, 2 AND 3, VACUUM POOL, LEA COUNTY,
NEW MEXICO, THIS BEING AN EXCEPTION TO RULE 309
OF THE OIL CONSERVATION COMMISSION'S RULES
AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION

This matter came on for hearing at 10:00 A.M., on March 20, 1952
at Santa Fe, New Mexico, before the Oil Conservation Commission of New
Mexico hereinafter referred to as the "Commission".

NOW, on the _____ day of April, 1952, the Commission, a
quorum being present, having considered the testimony adduced and the
exhibits received at said hearing, and being fully advised in the premises,

FINDS: (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the subject
matter thereof.

~~(2) That the acreage involved in this application is all
state land and that all royalty under all of said acreage is owned by the
Common School Fund of the State of New Mexico.~~

(3) That the acreage involved in this application has been
leased for oil and gas purposes by the State of New Mexico, acting by
and through its Commissioner of Public Lands, as lessor, under State Lease
Numbers B-2388, and B-1501 (which leases also cover lands which are not
the subject of this application) and that said oil and gas leases are now
owned by the said Phillips Chemical Company and are being operated by the
Phillips Petroleum Company.

Finds. (1) do not (OK)

(2) That the acreage ^{located in the Vacuum Pool, Sec 20, T. 175. N. 35. E.} which is the subject matter of the application ^{there} is all State owned land held in trust for the benefit of the Common Schools.

(3) That acreage which is the subject matter of the application is contiguous, and is held by the Applicant under State oil & gas leases B-2388, and B-1501

(4) That by reason of common ownership of ~~both working~~ and mineral interests, practical convenience and economic benefits in connection with absence of objection by the Commission of Public Lands, exception to rule 309 of the Commission rules should be granted.

It is therefore Ordered That application of Phillips Petrol Co, for an exception to Rule 309, of this Commission, effective March 20, 1952, be and the same hereby is granted and approved, and that Phillips Petroleum Company, and Phillips Chemical Company be and they respectively are authorized to establish, maintain and operate a Central Tank battery for Phillips Chem Co. wells Nos 1 and 2 located respectively in lot SE⁴, and NE⁴ Sec 20, T 175. N. 35 E and well No 3 located in NW⁴ Sec 20, T 175. N. 35 E only; provided however, that adequate tankage and other equipment be

established and maintained in connection with such Central Tank battery in order that specific production from each well, and of future wells can be accurately determined at reasonable intervals, or upon request of this Commission, and provided further that no well now, or hereafter connected with such Common Tank battery shall be permitted to produce at a rate in excess of top allowable as fixed for the vacuum pool.

It is further Ordered that jurisdiction of this case be retained for purposes of revision or modification under changing conditions

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE No. 347
ORDER No. R-143

THE APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR PERMISSION TO COMMINGLE
IN THE SAME TANK BATTERY OIL TO BE PRO-
DUCED FROM THE PHILLIPS CHEMICAL
COMPANY'S CHEM-SANTA FE WELLS NOS. 1,
2 AND 3, VACUUM POOL, LEA COUNTY, NEW
MEXICO, THIS BEING AN EXCEPTION TO RULE
309 OF THE OIL CONSERVATION COMMISSION'S
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 9:00 a. m. on March 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of April, 1952, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the acreage, located in the Vacuum pool, Lea County, New Mexico, the subject matter of the application herein, is all state-owned land held in trust for the benefit of the common schools.

(3) That acreage which is the subject matter of the application is contiguous, and is held by the applicant under State Oil and Gas Leases B-2388 and B-1501.

(4) That by reason of common ownership of both working and mineral interests, practical convenience and economic benefit, and in the absence of objection by the Commissioner of Public Lands, exception to Rule 309 of the Commission rules should be granted.

IT IS THEREFORE ORDERED:

That application of Phillips Petroleum Company for an exception to Rule 309 of this Commission, effective March 20, 1952, be, and the same hereby is granted and approved, and that Phillips Petroleum Company and Phillips Chemical Company, be, and they hereby are authorized to establish, maintain and operate a central tank battery for Phillips Chemical Company wells Nos. 1 and 2, located respectively in the SW/4 SE/4 and NE/4 SW/4 section 20, Township 17 South, Range 35 East, and well No. 3, located in the NW/4 NW/4 section 29, Township 17 South, Range 35 East only;

PROVIDED, HOWEVER, That adequate tankage and other equipment be extracted and maintained in connection with such central tank battery in order that specific production from each well, and of future wells, can be accurately determined at reasonable intervals, or upon request of the Commission, and,

PROVIDED FURTHER, That no well now or hereafter connected with such common tank battery be permitted to produce at a rate in excess of top allowable as fixed for the Vacuum pool.

IT IS FURTHER ORDERED: That jurisdiction of this case be retained for purpose of revocation or modification under changing conditions.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

EDWIN L. MECHEM, Chairman

Guy Shepard

GUY SHEPARD, Member

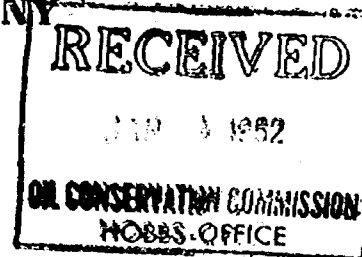
R. R. Spurrer

R. R. SPURRIER, Secretary

S E A L

PHILLIPS PETROLEUM COMPANY

Box 2105
Hobbs, New Mexico
December 29, 1951



Mr. R. O. Yarbrough
Mr. R. O. Yarbrough
Oil and Gas Inspector
New Mexico Oil & Gas Conservation Commission
Box 1545
Hobbs, New Mexico

Dear Sir:

We solicit from the New Mexico Oil & Gas Conservation Commission written permission to commingle oil from each of the following three wells now being drilled by the Phillips Chemical Company. It will be noted that all three 40-acre tracts upon which these wells are located are continuous and contiguous with each other.

<u>Lease & Well</u>	<u>Location</u>
Chem-Santa Fe No. 1	NE/4 SW/4 Section 20, T-17-S, R-35-E, Lea County, N. M.
Chem-Santa Fe No. 2	SW/4 SE/4 Section 20, T-17-S, R-35-E, Lea County, N. M.
Chem-Santa Fe No. 3	NW/4 NW/4 Section 29, T-17-S, R-35-E, Lea County, N. M.

These three wells are under State Land Oil and Lease No. B-2388, all are located on Common School Land, and all will produce from the Vacuum Pool Reservoir.

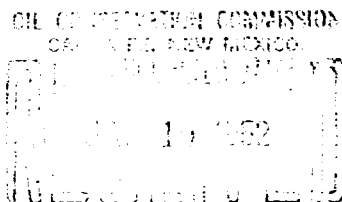
Please direct your reply to the undersigned, Box 2105, Hobbs, New Mexico.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

E. H. Dunn

E. H. Dunn
District Superintendent
Production Department



LEH:MH

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

In the Matter of Phillips
Petroleum Company's appli-
cation for exception to Rule
309 in permitting the com-
mingling in the same tank
battery of oil produced from
Phillips Chemical Company's
Chem-Santa Fe Wells 1, 2 &
3, Vacuum Field.

No. 347

TRANSCRIPT OF HEARING

March 20, 1952

E. E. GREESON
ADA DEARNLEY
COURT REPORTERS
BOX 1302
PHONES 5-9422 AND 5-9546
ALBUQUERQUE, NEW MEXICO

(Mr. Graham reads the notice of publication.)

MR. FOSTER: I am E. H. Foster, representing Phillips Petroleum Company. I just want to make a statement about this case, if that is agreeable?

The Phillips Petroleum Company has two leases. They are both -- one of them is located in Sec. 20, T. 17S-R. 35E. The other one is located in Sec. 29, N $\frac{1}{2}$ NW, same township and same range. They are state leases. The one on Sec. 20 is State B-2388, and the one on Sec. 29 is State B-1501. There are two wells located on Sec. 20 and one well located on Sec. 29. I have a plat here reflecting those facts. We want to operate a common tank battery for the three wells. I have a photostatic copy of a letter from Mr. George Graham of the state land department saying the Land Office doesn't have any objection.

MR. SPURRIER: You want these marked as exhibits, Mr. Foster?

MR. FOSTER: Yes, sir.

MR. SPURRIER: You want to introduce them into evidence?

MR. FOSTER: Yes, sir.

MR. SPURRIER: Without objection, they will be accepted. Any questions of Mr. Foster? Is there objection to Phillips' proposal in Case 347? If not, the case will be taken under advisement.

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

ss

I HEREBY CERTIFY That the foregoing transcript is a
true record of the matters therein contained.

DATED at Albuquerque, N. M., March 21, 1952.

G. G. Green
Notary Public

My Commission Expires: 8-4-52

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

March 6, 1952

C
O
P
Y

Phillips Petroleum Company
Box 2105
Hobbs, New Mexico

Gentlemen:

Re: OCC Case 347

The application submitted by your company for permission to coring in the same tank battery oil to be produced from Phillips Chemical Co.'s Chem-Santa Fe Wells 1, 2 and 3, Vacuum Field, has been set up as Case 347 and is set to be heard at the regular March 20, 1952, hearing of the Oil Conservation Commission at 9 a.m., Mabry Hall, Santa Fe.

Legal advertising has been properly issued.

Very truly yours,

W. B. Macey
Chief Engineer

WBM:mr

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

February 1, 1952

C
O
P
Y

Mr. R. H. Dunn
District Superintendent
Production Department
Phillips Petroleum Company

Dear Sir:

We agree with Mr. Graham's comments of January 23, 1952. And according to our Rules and Regulations it will be necessary to hold a hearing.

When we receive your application in triplicate, we shall schedule this case for the March 20 hearing.

Very truly yours,

Secretary and Director

W

cc: Mr. G. A. Graham
Pete Porter

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

February 1, 1952

C
O
P
Y

Mr. R. H. Dunn
District Superintendent
Production Department
Phillips Petroleum Company

Dear Sir:

We agree with Mr. Graham's comments of
January 23, 1952. And according to our Rules and Regulations
it will be necessary to hold a hearing.

When we receive your application in triplicate,
we shall schedule this case for the March 20 hearing.

Very truly yours,

W

Secretary and Director

cc: Mr. G. A. Graham ✓

January 23, 1952

Phillips Petroleum Company
Box 2105
Hobbs, New Mexico

Attention: Mr. R. H. Dunn, District Superintendent, Production Department

Gentlemen:

This writer has been out of the office for almost three weeks with influenza and only now do I acknowledge receipt of your letter of December 29, 1951 in which you asked the State Land Office for permission to commingle oil from three wells now in the process of drilling by the Phillips Chemical Company. You state that these wells are in the NE/4 SW/4 of Section 20 and the SW/4 SE/4 of Section 20 and the third located in the SW/4 NW/4 of Section 29, all in Township 17 South, Range 35 East. It is indicated that this activity is in the Vacuum Pool in Lea County.

Although you state that these three operations are under State Lease B-2388, a check of our records discloses that the two forties in Section 20 are a part of Lease B-2388 by Assignment from the Phillips Petroleum Company; that the forty acres in Section 29 is an Assignment out of Lease B-1501. Our records disclose that all three tracts are Common School land.

It has always been the practice of this office to respect the general theory of the 'basic lease.' It is for this reason that this office cannot give the permission you ask although we recognize the practicality of your suggestion.

May I suggest that you review the Rules and Regulations of the Oil Conservation Commission particularly Order No. 850 in Case No. 189 particularly with reference to Rule 309 therein. Should your company see fit to make application to the Oil Conservation Commission for an exception to Rule 309, the State Land Office would offer no opposition but the matter probably would have to be worked out similar to the solution in an earlier case of the Phillips Petroleum Company in the Caprock area.

This seems to be a small matter and no damage probably would or could result from granting you the authority requested but we are unable to do so because of the central tank battery rule of the Oil Commission.

Very truly yours,

George A. Graham