

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 10, 1971

**Atlantic Richfield Company
1860 Lincoln St., Suite 501
Denver, Colorado 80203**

Attention: Mr. W. A. Walther, Jr.

Administrative Order OLS-79

Gentlemen:

Reference is made to your application dated November 19, 1971, for administrative approval for an exception to Rule 309-A of the Commission Rules and Regulations to permit off-lease storage for production from your Ki-Yah-De-Tah Well No. 1 (formerly East Bisti Unit Well No. 14) located in Unit E of Section 24, Township 25 North, Range 11 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

It is our understanding that a separate tank battery for this production will be provided on the Mar-Ga-Le-Ta Lease in Unit J of Section 23, and that there will be no intercommunication of the handling, separating, treating, or storage facilities for the Ki-Yah-De-Tah Lease and any other lease.

Pursuant to the authority vested in me by Rule 309-C of the Commission Rules and Regulations, Atlantic Richfield Company is hereby authorized off-lease storage as described above.

Very truly yours,

**A. L. PORTER, Jr.
Secretary-Director**

ALP/DSM/dr

**cc: U. S. Geological Survey - Roswell
Oil Conservation Commission - Astec
N. M. Oil & Gas Engineering Committee - Hobbs**

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 10, 1971

Atlantic Richfield Company
1860 Lincoln St., Suite 201
Denver, Colorado 80202

Attention: Mr. W. A. Walther, Jr.

Administrative Order OLS-79

Re:

Reference is made to your application dated November 19, 1971, for administrative approval for an exception to Rule 309-2 of the Commission Rules and Regulations to permit off-lease storage for production from your Ki-Yah-De-Tah Well No. 1 (formerly East Bist Unit Well No. 14) located in Unit 2 of Section 24, Township 22 North, Range 11 West, Bist-Lower Gallup Oil Pool, San Juan County, New Mexico.

It is our understanding that a separate tank battery for this production will be provided on the Mar-Ga-La-Ta lease in Unit 3 of Section 23, and that there will be no intercommunication of the handling, separating, treating, or storage facilities for the Ki-Yah-De-Tah lease and any other lease.

Pursuant to the authority vested in me by Rule 309-2 of the Commission Rules and Regulations, Atlantic Richfield Company is hereby authorized off-lease storage as described above.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP:BNV
cc: U. S. Geological Survey - Roswell
Oil Conservation Commission - Aztec
N. M. Oil & Gas Engineering Committee - Hobbs

North American Producing Division
Rocky Mountain District
1860 Lincoln St. — Suite 501
Denver, Colorado 80203
Telephone 303 266 2461

W. A. Walther, Jr.
District Production & Drilling
Superintendent

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OIL CONSERVATION COMM
SANTA FE

November 19, 1971

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

OLS-77

Re: Application for Administrative Approval
of Off-Lease Storage

Dear Mr. Porter:

This is an application under Rule 309-C for an exception to Rule 309-A, New Mexico Oil Conservation Commission, to permit production from two leases to be transported prior to measurement to a third tract for storage thereon. Production from two leases being involved, the application is submitted in sextuplicate.

The leases concerned have been part of the East Bisti Gallup Unit. It is planned that such unit be terminated effective at 7:00 A.M. on December 1, 1971, and that the operation of the properties comprising that unit will be returned to the owners of the respective properties.

It is proposed that production from the Gallup formation from the following leases:

East Bisti Unit, Well No. 14
Ki-Yah-De-Tah Lease, Well No. 1
2110' from North and 330' from West lines
(Unit Letter "E") Section 24-25N-11W,
San Juan County, New Mexico
Contract No. 14-20-603-1382

East Bisti Unit, Well No. 15
Bittoney Nez Lease, Well No. 1
2310' from North and 2310' from East lines
(Unit Letter "G") Section 25-25N-11W,
San Juan County, New Mexico
Contract No. 14-20-603-1349

Mr. A. L. Porter, Jr.
November 19, 1971
Page Two

be separately transported prior to separate measurement, and be stored separately on land comprising what is now described as the following lease:

Mar-Ga-Le-Ta Lease, SE $\frac{1}{4}$ Sec. 23-25N-11W
San Juan County, New Mexico.

Tank battery facilities now being utilized in connection with the operation of the East Bisti Gallup Unit are located on the above designated Mar-Ga-Le-Ta Lease. It is proposed that upon termination of the East Bisti Gallup Unit, the tank battery facilities will be separated, and Gallup formation production from the Ki-Yah-De-Tah Lease and the Bittoney Nez Lease will not be commingled, either production from one with production from the other, or with production from any other lease. It is contemplated that there will be no oil or gas produced from the Mar-Ga-Le-Ta Lease, and that that lease will be relinquished after termination of the Unit. Utilizing available storage, separated as indicated above, will eliminate substantial expense of relocating battery facilities and lines.

For additional details, please see copy of letter dated October 20, 1971 from Mr. N. O. Frederick, Regional Oil and Gas Supervisor, U.S. Geological Survey, Roswell, New Mexico, to Mr. W. A. Walther, Jr., and letter dated October 12, 1971, referred to therein, from Mr. W. A. Walther, Jr., to Mr. P. T. McGrath, District Engineer, U.S. Geological Survey, Farmington, New Mexico, copies of which are attached as enclosures 1 and 2, respectively.

The two leases which will be involved, the Ki-Yah-De-Tah Lease and the Bittoney Nez Lease, both described above, are owned by Atlantic Richfield Company and Sun Oil Company, each an undivided one-half interest. Atlantic will be the operator. Please see attached enclosure 3, letter dated November 12, 1971 from Mr. C. R. McClain, Land Department, Atlantic Richfield Company, to Sun Oil Company, attention Mr. V. M. Williams, with approval by Sun Oil Company dated November 15, 1971, consenting to the off-lease storage.

Mr. A. L. Porter, Jr.
November 19, 1971
Page Three

Herewith as enclosure 4 is a plat of the leases concerned, showing thereon the wells on the leases and the formations in which they are completed and the proposed location of the tank batteries.

1. All production concerned is from the same common source of supply, being the Gallup Formation.

2. Commingling of production from the two leases will not result.

3. There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.

4. All parties owning an interest in the leases have consented in writing to the off-lease storage. Please see attached enclosure 3 referred to above.

5. All lands involved are Navajo allotted lands. The Regional Oil and Gas Supervisor of the U.S. Geological Survey at Roswell has consented to the proposed off-lease storage. Please see attached enclosure 1, referred to above.

We are in process of arranging with the Department of the Interior and the Navajo Indian owners of the land comprising what is now the Mar-Ga-Le-Ta Lease (SE $\frac{1}{4}$ Sec. 23-25N-11W) for use of that land to the extent necessary for the tank battery facilities, pipelines and roadways which will be involved in the off-lease storage above mentioned.

Yours very truly,

ATLANTIC RICHFIELD COMPANY

By W. A. Walther, Jr.
District Production and Drilling
Superintendent

9144

WAWjr/lcn
Enclosures



United States Department of the Interior

GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

October 20, 1971

Atlantic Richfield Company
Suite 501
1860 Lincoln Street
Denver, Colorado 80203

Attention: Mr. W. A. Walther, Jr.

Gentlemen:

Your letter of October 12, 1971, requests approval for off-lease storage for Navajo allotted leases 14-20-603-1382 and 1420-603-1349. As stated in your letter, upon termination of the East Bisti unit agreement, production from unit well No. 14 located 2,110 feet FNL and 330 feet FWL of sec. 24, T. 25 N., R. 11 W., Navajo allotted lease No. 14-20-603-1382 and unit well No. 15 located 2,310 feet FNL and 2,310 feet FEL of sec. 23, T. 25 N., R. 11 W., San Juan County, New Mexico, Navajo allotted lease No. 14-20-603-1349, will be stored in existing facilities on Navajo allotted leasehold No. 14-20-603-1381. Such facilities are located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 23, T. 25 N., R. 11 W. Your letter states that there will be no commingling of production and that it would not be economical to provide on-lease storage. Your off-lease storage plans are hereby approved.

You are advised that the terms of Navajo allotted lease No. 14-20-603-1381 do not grant either the use of the surface on the lands covered by such lease for a tank battery and associated production equipment for oil produced from another leasehold or the right to construct or maintain oil and gas flow lines to such battery from wells on another leasehold. Accordingly, it will be necessary for Atlantic to make the appropriate arrangements with the lessors of lease No. 14-20-603-1381 and with the Navajo Area Office, Window Rock, Arizona, for the surface use of such leasehold after termination of the unit agreement. We believe that such arrangement will include an application for a business lease for the tank battery site and right-of-way approval for the flow lines across lease No. 14-20-603-1381.

Sincerely yours,

N. O. Frederick
N. O. FREDERICK
Regional Oil and Gas Supervisor

cc- Sartain

McClain

Johnson ✓

Encl. 1

October 12, 1971

Mr. P. T. McGrath, District Engineer
United States Geological Survey
P. O. Box 959
Farmington, New Mexico

RE: Off-Lease Storage

Dear Mr. McGrath:

Effective 7:00 a.m. November 1, 1971, the East Bisti Unit will be terminated. Skelly Oil Company is the current Unit Operator. With the termination of the Unit, leases not plugged out, or otherwise terminated, will be returned to their former operator(s). Two one-well leases are being returned to Atlantic Richfield Company and Sun Oil Company. These leases and wells are as follows:

East Bisti Unit, Well No. 14
Ki-Yah-De-Tah Lease, Well No. 1
2110' from North and 330' from West lines
(Unit Letter "E") Section 24-25N-11W,
San Juan County, New Mexico
Contract No. 14-20-603-1382

East Bisti Unit, Well No. 15
Bittoney Nez Lease, Well No. 1
2310' from North and 2310' from East lines
(Unit Letter "G") Section 23-25N-11W,
San Juan County, New Mexico
Contract No. 14-20-603-1349

Current Unit battery facilities being utilized by these wells are located in the NW/4 SE/4 (Unit Letter "J" of Section 23-25N-11W, San Juan County, New Mexico. A portion of the current battery facilities will be obtained by Atlantic Richfield Company for handling of crude production from the above wells. Each well will produce through, and into, its individual flow line, treating system, and storage tanks. There will not be commingling of production between these two wells, or production from any other well or lease.

Encl. 2

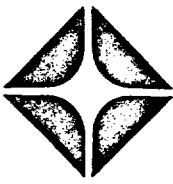
Off-Lease Storage
Ki-Yah-De-Tah Lease
Bittoney Nez Lease

Since these wells have been under water flood operations, the production is relatively small, and, if any large expenditures are incurred, the wells could not be operated economically. Only minor connection work will be required on the present facilities to provide separate battery facilities for each of the wells. The cost of relocating the flow line and battery facilities for "on-lease" storage would amount to several thousand dollars. Therefore, due to the small amount of production and the high cost of relocating the facilities, we hereby request approval for "Off-Lease Storage" for the two wells.

As a matter of information, all lands involved are Indian Lands, and arrangements are being made to secure their approval for "Off-Lease Storage".

Very truly yours,

W. A. Walther, Jr.



November 12, 1971

Sun Oil Company
P. O. Box 2880
Dallas, Texas 75221

Attn: Mr. V. M. Williams

Gentlemen:

This refers to our conversations concerning off lease storage of oil produced after termination of the East Bisti Unit from the Ki-Yah-DE-Tah Lease, Well #1, in Section 24-25N-11W and from the Bittoney Nez Lease, Well #1, in Section 23-25N-11W all in San Juan County, New Mexico. Sun Oil Company and Atlantic Richfield each own a one-half interest in the above leases. We propose to utilize existing pipelines, tank battery sites, and roadways on the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23-25N-11W for storage and removal of the oil above mentioned, as more fully described in our letter dated October 12, 1971, to Mr. P. T. McGrath, District Engineer, U. S. Geological Survey, Farmington, New Mexico, and reply by Mr. N. O. Frederick dated October 20, 1971, approving our off lease storage plans.

We plan to seek approval from the New Mexico Oil Conservation Commission for such off lease storage, as provided in Rule 309-C, rules of that commission. One of the requirements for such approval is that all parties owning an interest in the leases have consented in writing to the off lease storage.

We should appreciate having your consent. If you consent to the foregoing, please so indicate by signing at the place provided below on one of the enclosed copies hereof, and return same to me at the above address.

Very truly yours,

ATLANTIC RICHFIELD COMPANY

By

C. R. McClain
C. R. McClain
Land Department

APPROVED THIS 15 day of November, 1971.

SUN OIL COMPANY

By

V. M. Williams

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enc 3

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE