

ATLANTIC

THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

December 12, 1958

DOMESTIC PRODUCING DEPARTMENT
ROCKY MOUNTAIN REGION

R. T. COX, MANAGER

T. S. PACE, LAND MANAGER

A. D. KLOXIN, OPERATIONS MANAGER

WYOMING NAT'L. BANK BLDG.

MAILING ADDRESS

P. O. BOX 520

CASPER, WYOMING

Oil Conservation Commission
of the State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

RE: El Paso Natural Gas Products Company
Application for Exception to Rule
104-(c) of the Rules and Regulations
for Non-Standard Oil Proration Unit,
Horseshoe-Gallup Pool,
San Juan County, New Mexico

Gentlemen:

The application, dated December 5, 1958, of the El Paso Gas Products Company for administrative approval of a non-standard oil proration unit consisting of that portion of the SW/4 of the SW/4 (19.12 acres) and that portion of the NW/4 of the SW/4 (18.21 acres) lying within the Ute Mountain Indian Reservation, Section 33, T 31N-R 16W, San Juan County, New Mexico, is opposed by The Atlantic Refining Company for the following reasons:

Atlantic's preliminary studies of reservoir characteristics in the Horseshoe-Gallup pool indicate that this pool is a good prospect for a water flooding. The proposed well on the non-standard unit applied for by the El Paso Natural Gas Products Company would be off-pattern and occasion off-setting off-pattern wells by Atlantic on its adjacent lease. All such off-pattern wells would be detrimental to a water flood pattern. Atlantic is not unwilling to communitize its lease on acreage in the SW/4 of the SW/4 of Section 33, T 31N-R 16W, nor its lease on acreage in the NW/4 of the SW/4, Section 33, T 31N-R 16W, with El Paso Natural Gas Products Company, on a 40-acre pattern, however Atlantic has suggested the pooling of larger units in order to eliminate a number of operating problems which would occur if separate 40-acre units were communitized.

Yours very truly,

THE ATLANTIC REFINING COMPANY

By: R. T. Cox,
Regional Manager

TSP/hsc

cc: El Paso Natural Gas Products Company
U.S. Geological Survey