

CASE 1387: Shell Oil Co. application to  
consolidate production from 2 separate federal  
leases, Taylor Fed. Lease & Spencer Fed. "A"  
Lease.

Case No.

1387

Application, Transcript,  
Small Exhibits, Etc.

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 26, 1938

IN THE MATTER OF: Case No. 1387

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 26, 1958

IN THE MATTER OF:

The application of Shell Oil Company for permission to commingle the production from two separate federal leases. Applicant, in the above-styled cause, seeks an order granting permission to produce the following described leases in the West Henshaw-Grayburg Pool into common storage:

) Case 1387

Taylor Federal Lease consisting of Lots 9, 10, & 11 of Section 4;

Spencer Federal "A" Lease consisting of Lots 13, 14, 15 & 16 of Section 4;

all in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to continuously meter the production from each lease.

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: We will proceed to Case 1387.

MR. MONTGOMERY: J. W. Montgomery. I also appear as the only witness in that case.

MR. COOLEY: Let the record show that the witness was previously sworn in Case 1386.

J. W. MONTGOMERY

called as a witness, having been first duly sworn on oath, testified as follows:

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DIRECT EXAMINATION

By MR. TOLLEY:

Q Would you state your name and position again for the record in this case?

A J. W. Montgomery with Shell Oil Company, mechanical engineer in Roswell, New Mexico.

Q You have previously qualified as an expert witness before the Oil Conservation Commission?

A Yes, sir.

Q Will you proceed, please?

MR. UTZ: Is this your Exhibit No. 1?

A Yes, sir.

(Shell's Exhibit No. 1.  
marked for identification.)

A Exhibit 1 is a plat of the area with the two leases shown. The leases are the Taylor Federal Lease which is 120 acres in Lots 9, 10, and 11 of Section 4, Township 16 South, Range 30 East; the Spencer Federal "A" Lease which is 160 acres in Lots 13, 14, 15 and 16 of Section 4, Township 16 South, Range 30 East, Eddy County, New Mexico.

MR. UTZ: Mr. Montgomery, I wish you would clear up what these leases are before we go any further. On your Exhibit No. 1 when you refer to them as "lots", is the little figure upon the corner the lot number?

A Yes, sir. I don't know about my terminology on this, whether

you would call it an unorthodox section or not, but it is a long section. I have another map with me which might clear that up. It contains more than the normal 640.

MR. UTZ: All right, you may proceed.

A The current wells on this plat are shown in blue, filled in, and the Taylor No. 2 has a well which is now in the process of being completed. All of the wells will be or are producing from the Grayburg formation. I believe it's Basil-Grayburg Premier sand. All wells are flowing at the present, with the exception of two, but may require artificial lift equipment later. The flowing tubing pressure is approximately 70 to 125 psi. The gas-oil ratio is on the average between 200 and 450, and one of them is a little higher than that, but they are all less than a thousand.

At this time I would like to pass out our Exhibit No. 2 which is a schematic and operating directions for the proposed header system.

(Shell's Exhibit No. 2  
marked for identification.)

MR. UTZ: Both of these sheets will be Exhibit 2?

A Yes, sir.

MR. UTZ: Would you care to have one marked Exhibit 3?

A No, they both can be marked Exhibit No. 2. On this schematic diagram, the blue lines are either equipment or oil lines. Our valves, separator and P.D. meter are all shown in the blue line. The red line is just our supply gas for the operation of

the valves. To outline the operation of this system, the oil from either lease would flow into the production header where it is routed either to test leg or to production leg of the header itself. Now the production header is shown right here. There are two separate headers for the two leases.

If a well from either lease is on production, oil is routed directly to the production separator for that lease, and then through a strainer, positive displacement meter, sampler, and flow rate controller, all located upstream from the separator dump valve. The crude is then commingled into storage.

For test purposes, the lease pumpout manually routes production from a well into the test leg and operates the toggle switch valves. The manner in which these valves are mechanically coupled will prevent production from the Taylor lease being routed into the Spencer "A" production separator during test. Production is routed from the test leg, through the metering separator and by means of a 3-way, 2-position valve into the correct lease production separator.

After a predetermined number of barrels of fluid have been metered, the 3-way valve on the header, it's shown as Item 3, will be actuated to route production from the test leg directly into the production leg without passing through the metering separator.

The volume of oil produced as determined by tank gauges, will be allocated to each lease by the temperature corrected

positive displacement meter readings and composite samples.

In that respect the allegation of production back to the Taylor Federal Lease or the Spencer Federal "L" Lease is essentially the same as was presented to the Commission for the Pearl-Queen Pool, which was Case 1342. Permission for that method of operation was granted by Commission Order R-1101.

We have gone into considerable detail about this in the Bisti and the Pearl-Queen applications concerning P.D. meter applications. This being, as I stated just a moment ago, essentially the same as it was in the Pearl where we discussed the accuracies under this particular type of application, and I would like to move that the portions of Cases 1275, which was the Bisti, and 1342, the Pearl-Queen, that they be introduced in evidence in cases where they may be applicable to this case.

MR. UTZ: As to the operation of the positive displacement meters, you mean?

A Yes, sir.

MR. UTZ: Is there objection to the entrance of portions of Case 1275, of the Bisti case, and 1342, of the Pearl-Queen case to be entered as part of this record insofar as they pertain to positive displacement meters? If there are no objections, the parts of these cases pertinent to positive displacement meters will be incorporated into this case. You may proceed.

A In this system the storage at the end of the month may be easily allocated and determined to the leases in question. The



crude is sweet crude. We expect no unusual operations such as corrosion or paraffine. I would like to point out that this will be a normal lease operation, in that it will be operated manually by a pumper. We are not asking for automatic production control or testing; all of the valves at the header will be operated manually and in a sense it is identical to all of our other leases wherein the pumper checks the lease daily. We feel that the calibration of the positive displacement meter varies with throughput rather than time and we request that the check of the calibration be on a throughput basis, and in that, we feel that one hundred thousand barrels throughput would be a good basis. However, in view of the similar suggestion in the Pearl-Queen we feel or we would be willing to go along with a six-month check, calibration check of the equipment.

Now all offset operators and overriding royalty owners, with the exception of the Ballard E. Spencer Estate have signed waivers stating that they have no objection to our proposal. Co-Executors of the Spencer Estate, Mr. J. A. Fairey and B. R. Gorman of Artesia, have been notified by certified mail of our request for hearing. At this time I would like to read the names of the people and who they represent, that have signed waivers, if that is necessary.

MR. DOOLEY: Do you have waivers from each of them?

A. I can give you copies of the waivers.

MR. DOOLEY: You have a copy of each one?

A Yes, sir.

MR. COOLEY: Identify them as a group as Exhibit No. 3 and read the names off, but give us the waivers as Exhibit No. 2 in a group.

A Pan American Petroleum Corporation, by Mr. C. L. Kelly; Elizabeth C. Chaney; Ruby C. Bell --

MR. COOLEY: Just a minute, please. Slow down, we're trying to follow you on these. Elizabeth Chaney was number two?

A They may not be in order with mine.

MR. COOLEY: What was the second one you named?

A Pan American was first, Elizabeth C. Chaney was second, Ruby C. Bell; Aileen T. Taylor; C. F. Featherstone; Pauline V. Trigg, by Joe H. Trigg; W. B. Macy, Western Ventures, Inc.; Malco Refineries, by Donald E. Anderson; General American Oil Company, L. P. O'Neill; Richardson and Bass, and I believe it is E. W. Sampson, but it may be Simpson.

MR. COOLEY: These ten waivers just mentioned shall be identified as Shell Exhibit No. 3 in this case.

(Shell's Exhibit No. 3  
marked for identification.)

MR. COOLEY: These waivers represent all the royalty and working interest, other than one exception previously mentioned?

MR. COOLEY: A lot of these represent not working interest and royalty interest in the two leases he is referring to, do they not, but affect acreage that is not involved in this matter

before the Commission now?

MR. COOLEY: These are waivers from offsets, are they not, rather than from --

MR. KAWEN: (interrupting) You have the waivers there from the offset people.

A I believe they represent both cases.

MR. GORMAN: Most of them I think you will find are not royalty owners.

MR. UTZ: Will you identify yourself?

MR. GORMAN: B. R. Gorman, one of the co-executors of the Estate of Ballard E. Spencer, deceased, which estate owns one-third of the override on the Spencer lease.

MR. UTZ: All right.

A I think I can clear it up. Aileen Taylor has five percent on the Taylor lease; the Spencer Estate one-third of five percent on the Spencer Federal "A"; C. F. Featherstone has one-third of five percent on the Federal "A"; Mrs. Elizabeth C. Chaney one-sixth of five percent on the Spencer Federal "A"; and Mrs. Ruby C. Bell has one-sixth of five percent on the Spencer Federal "A". According to our records that is the entire royalty interest.

MR. COOLEY: This Aileen Taylor is the Taylor you refer to in the Taylor lease?

A Yes.

MR. UTZ: All of the other waivers are from offset operators?

A Yes.

MR. MEY: Does that answer your question, Mr. Gorman?

MR. GORMAN: Yes, sir.

MR. MEY: All right, you may proceed, Mr. Montgomery.

A: Our proposal for commingling of production on these two leases has been discussed with the United States Geological Survey and I have their letter which I would like to read at this time.

MR. COOLEY: I would also appreciate it if you would introduce that as an exhibit.

A: Yes, sir.

MR. COOLEY: That will be Exhibit No. 4, I believe.

(Shell's Exhibit No. 4  
marked for identification.)

A: The letter is to Shell Oil Company in Roswell, New Mexico, Attention: Mr. W. E. Owen. "Gentlemen: Your letter of December 19, 1957, requests our approval of the use of certain facilities for the measurement of oil produced and sold from oil and gas leases New Mexico 06407-B and Las Cruces 060398 in the West Henshaw field, Eddy County, New Mexico. You propose to meter continuously the total fluid production from each lease with individual metering separators prior to being commingled in a common tank battery for pipeline shipment.

No objection is offered to the method that you propose for measuring and selling oil from the leases, provided, that approval is obtained from the New Mexico Oil Conservation Commission for proration purposes. Very truly yours, James A. Knopf."

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MR. COOLEY: Before you introduce that, Mr. Montgomery, are the lease identifications referred to in the letter corresponding with the terms that you have been using in this hearing today as the Taylor lease and the Spencer lease? You identified them by number, I believe, in that letter, did you not?

A Yes, sir, they do by number. I can only say this, that personally I didn't check that particular item, but one of the men working on this project under me did, and he said that that is correct, so I'm sure it is.

MR. COOLEY: You don't know which one is which?

A No, sir, I can't answer that question.

MR. COOLEY: But it does cover the two leases in question?

A Yes, sir, it does.

MR. UTZ: You did mention in your letter a Las Cruces lease, didn't you?

A Yes, sir.

MR. UTZ: Well, that's not shown on your Exhibit No. 1. Both of those leases are New Mexico leases.

A I believe that this terminology here must be for the Federal Government terminology because we use New Mexico 1785 and New Mexico 1782.

MR. UTZ: These lease numbers do not correspond with your Exhibit No. 1 in any way, do they?

A No, sir. It's their own identification.

MR. UTZ: The identification shown on your Exhibit No. 1

is Shell's own identification for these leases?

A Yes, sir. I'm sure that it is.

MR. COOLEY: Can you forward us a letter, Mr. Montgomery, at your earliest convenience, showing the acreage contained in the two leases identified in Exhibit No. 4, that is the United States Geological Survey letter, for approval?

A Yes, sir.

MR. UTZ: You may proceed, Mr. Montgomery.

A We feel that commingling of production on these two leases will prevent the waste of unmined hydrocarbons in that such operation will afford lower operating costs and lower capital investment.

That concludes our presentation of direct testimony.

MR. UTZ: Did you want to introduce your exhibits at this time?

A Yes, sir. I would like to introduce Exhibits 1 through 4 at this time.

MR. UTZ: Is there objection to the entrance of Exhibits 1 through 4 in this case? If not, they will be so admitted. Are there questions of the witness?

MR. GORMAN: I would like to ask a question or two. I am P. H. Gorman, one of the co-executors of the Estate of Ballard E. Spencer, deceased, which estate owns one-third of five percent of the overriding royalty on the Spencer lease which has been described.

RECEIVED EXAMINATION

By MR. GORMAN:

Q Mr. Montgomery, what is the reason for asking for the commingling of the oil in this manner? Why does Shell want to do that?

A We wish to do it to lower our operating costs and our initial investment.

Q Would it be a lowering of the operating costs or the lowering of the investment that you put in the tanks and batteries and so forth?

A It would be both.

Q How much would you save in the investment here?

A In the investment approximately \$5,000, in capital investment; and on the operating costs I would judge that we will save anywhere from a half an hour to an hour a day in pumper labor.

Q I have a schedule of costs here that was sent to me by Shell. I would like to have you look that over. Show me what you would save in that, what of that installation would you save? I can't see that you save anything. How many tanks have you got up there now?

A I'm not prepared to answer the exact question of how many tanks we have up there. If I am not mistaken, we have one tank battery which is located as shown on this plat, approximately -- I would like to go on and finish your question. As to what we save if allowed to commingle, we would save the amount shown on the particular A.F.E., or the schedule you have shown me, because we will save an entire tank battery on the Taylor lease.

Q Isn't it true that up until the time you completed the first Taylor well you had two tanks on the Spencer lease; since you have completed the well on the Taylor lease you have added two more tanks? Isn't it true that you have enough tanks there now, four three hundred barrel tanks, to take care of all of the oil from both leases without metering?

A I'm afraid you have me at one disadvantage here. Did I understand you to say that we had two tanks on the Spencer Federal "A" and two tanks on the Taylor lease?

Q You had two tanks on the Spencer Federal "A", and since the first Taylor well has been completed, I am informed that two more tanks have been put up on the Spencer.

A On the Spencer.

Q So altogether you have four tanks there now, which should be sufficient to take care of all the production without metering. What I'm trying to get at is I have been told that this is to save money on the installation here. I have been unable to find out where you are saving anything. It looks to me as though it's costing you more.

A Well, maybe I can explain it this way. There is every possibility and probability, I will say, I don't know for sure that we have adequate tankage to handle the production, say on the Spencer Federal "A", but not the Taylor lease. If we place tankage or if we commingle and put all of our production on the Spencer Federal "A" lease, then we would reduce the initial cost of the



tankage there as far as the Spencer Federal "A" is concerned, in that it would be allocated also to the Taylor lease. For the two leases in question, we will save \$11,000. We will save one tank battery. However, we will have the added cost of the header as passed out on the plat, and the positive displacement meter equipment which will come close to \$6,000 installed, which means an overall saving for the tankage requirements for the two leases of approximately \$5,000.

Q You say you would save \$11,000, which is the amount of all of that, which includes the cost of your metering devices?

A The schedule or A.F.E. which you handed me is just a typical tank battery cost for a new tank battery replaced on a lease of this size.

Q And your claim is that you will save one tank battery?

A Yes, sir.

Q But for these two leases, three wells on one lease and two wells on another, you will only need four tanks and you have already got four tanks up there?

A That is essentially what we are asking for is permission to commingle into the tankage up there, yes, sir.

Q Then where would you save anything?

MR. COOLEY: Point of clarification. The rules would require the installation of a tank battery on the Federal lease unless an exception is granted in this case. Does that clarify anything? Unless we grant this exception, there will be a necessity

of installing a tank battery on the Taylor lease.

MR. GORMAN: They have already done it, except they didn't put it on the Taylor. They have put it there they are going to commingle. They have as many tank batteries as if they weren't going to commingle it.

MR. COOLEY: I do not mean to argue with you. Unless we grant this exception, there will be a necessity of installing a tank battery on the Taylor lease. The rules would require the installation of a tank battery on the Federal lease, unless an exception is granted in this case.

MR. GORMAN: I want to make a statement. I do not want to get into an argument with Mr. Montgomery, because I am not an expert on the matters. I would like to ask a question about the royalty before going into the statement.

Q When you went over that, didn't it appear that there was three ownerships of overriding royalty on the Spencer lease, and didn't you say four, and one on the Taylor?

A Yes, sir.

Q Do you happen to know, and isn't it true that that five percent override that's now in the name of Taylor is actually owned by O. F. Featherstone, and those other two, Bell and Crosby, whose names are on there, and that there is an assignment from Taylor to the largest part of that already? Do you know that?

A We had no indication of that on our records, sir, and none in our correspondence with Mr. Featherstone.



...it would be quite ... and ...  
...under ideal conditions ...  
...they could be ...

Q This is continuous measurement of the production from each lease?

A Yes, sir.

Q Rather than an estimation on the basis of periodic tests?

A That is correct. Pardon me, it is a continuous measurement of all production from each of the two leases.

Q And that each lease will be, and consequently the royalty owners and interest owners on each lease will be paid on the basis of the meter readings, with the exception that they may be necessary to correct them for temperature or other necessary corrections? It will be paid on the basis of the meter readings as corrected?

A Yes, sir. The meter reading is temperature corrected and the allocation of the production back to the two leases and royalty payments will be based on the meter readings and the composite sample.

Q What about shrinkage, if the amount of oil sold from the tank is 100 barrels less than the total amount of oil metered into the tanks, how is that accounted for?

A The two meter readings would be -- I don't quite know how to compare it, I guess you would say to the tank gauge or the sold production, and each would bear its proportionate share, based

on the meter readings. I don't know if the meter reading would be exactly the same as the last ones.

Q There will be a corrected reading?

A Yes.

Q On the basis of which the royalty owners and working interest owners will be paid?

A Yes, sir.

Q In your opinion will this provide a reasonably accurate measurement of the oil produced from each of the leases?

A Yes, sir.

Q Mr. Montgomery, I believe you stated that Shell would be willing to follow a calibration procedure essentially the same as heretofore prescribed for P. D. meters presently installed in the State of New Mexico?

A Yes, sir.

Q I believe that system has been a calibration of once each month for each six months and then a calibration for each six months thereafter?

A No, I didn't understand that, but we will be willing to accept that procedure.

Q Do you feel that such a program of calibration will afford an adequate check of the accuracy of the meters?

A Yes, sir. In fact, we feel that we can start out immediately from all experience that we have been able to find.

Q You feel it will be more than adequate?

A Yes, more than adequate.

Q The maximum number of wells that can be produced into this tank battery is what?

A Seven on the two leases shown.

Q Therefore it would not exceed the more than eight well limitation?

A No, sir.

Q You are herein requesting permission to measure the production from the Taylor lease off that lease, are you not?

A That is correct.

Q Which is also an exception to Rule 309, Commission Rule 309?

A Yes, sir.

MR. COOLEY: That's all the questions I have. Thank you.

MR. UTZ: Does anyone else have a question of the witness? If not, the witness may be excused.

A I had one other thing I would like to say on this that I neglected. I said before that this was a normal lease operation to be visited by the pumper. I also want to state that we are not shutting off our wells at the header. They will be shut off at the well just on a standard lease operation; that this is not a request for automatic production control or unusual control at the header system; and that we do have suitable safety devices throughout the header system to prevent oil from one lease being metered in the production separation and P. D. meter with the other production from the other lease, even if the pumper should accidentally fail

to do his job correctly, it is impossible for the oil to get from one lease to the other prior to the comingling point.

MR. COOLEY: That raises one more question. Are you through?

A Yes, sir.

By MR. COOLEY:

Q The installation of this equipment will in no wise make it more difficult for your pumper to keep the wells within the allowable authorized by the Oil Conservation Commission?

A No, sir. I don't feel that it will.

MR. COOLEY: That all I have.

MR. UTZ: Mr. Nutter.

By MR. NUTTER:

Q Mr. Montgomery, has the Automatic Custody Transfer system in the use of P. D. meters as authorized by the Oil Conservation Commission been installed in the Pearl-Queen Pool yet?

A No, sir, we are in the process of installation right now. We expect to have the system in and in operation by the 1st of April.

MR. NUTTER: Thank you.

MR. UTZ: Is there more or less chances of physical waste of oil by the method you propose here than by measuring a tank battery?

A I believe to the best of my ability, my opinion would be that it would be less. There would be less chance of wastage in

that we have fewer tanks in the two cases and less time for them to be open and so forth, and that this system of metering is a closed system up to the tanks, so I think in reality we would have less waste.

MR. UTZ: You say that from the standpoint of shrinkage in the tanks or waste through drainage of tank bottoms?

A Well, with the fewer number of tanks and fewer times opened, I would say it would be in both cases.

MR. UTZ: Any further questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Is there further statements in this case? Mr. Gorman.

MR. GORMAN: Yes. I would like to state that as a representative of the Ballard H. Spencer Estate that has this overriding royalty, we feel that it is possible we are the only owners of overriding royalty that could be adversely affected by this ruling that is proposed, and it has been given and we have been given to understand by the Shell Oil Company that they asked this ruling as a matter of economics to save money, but in discussing it with them, in detail, we have been unable to find where there is any appreciable saving. At least they have failed to convince us of it. For that reason we have decided, because of the fact that by the terms of Mr. Spencer's Will, the Spencer Estate will become invested in some twenty-five different heirs when, with the exception of Mrs.



Spencer and one other heir, all reside outside of the State of New Mexico, none of these people are familiar with the oil business and none of them will be capable of making any checks, we hesitate to take the responsibility under the circumstances, of acceding to this request.

MR. UTZ: Any further statements in this case? Mr. Montgomery, did you introduce your exhibits?

MR. MONTGOMERY: I believe so, 1 through 4.

MR. UTZ: Let the record show that the exhibits were introduced and accepted.

The case will be taken under advisement. Let's take a ten-minute break, please.

(Recess.)

\* \* \* \* \*

# NOTARIAL CERTIFICATE

STATE OF NEW MEXICO }  
COUNTY OF BERNALILLO }

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 12<sup>th</sup> day of March, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a copy of the transcript of the proceedings in the New Mexico Oil Conservation Commission, No. 1387, held at Albuquerque, N.M., Feb. 26, 1958.

*Ernest W. Meyer*, Secretary  
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 17, 1958

Mr. J. W. Montgomery  
Shell Oil Company  
P.O. Box 845  
Roswell, New Mexico

Dear Mr. Montgomery:

We enclose two copies of Order R-1137 issued March 14, 1958, by the Oil Conservation Commission in Case 1387, which was heard on February 26th at Santa Fe.

You will note that the third paragraph in the "It Is Therefore Ordered" portion of the order requires that each of the positive displacement flow meters shall be calibrated in a manner and at intervals satisfactory to the Commission. Shell Oil Company is hereby directed to calibrate each of the positive displacement flow meters at intervals not to exceed one month and to file a report of said calibrations with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

ALP/DSN:bp  
Encls.

C  
O  
P  
Y

*Handwritten:*  
R-1137  
20750  
to J. W. Montgomery  
March 17, 1958

*Handwritten:*  
R-1137

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. 1387  
Order No. R-1137

APPLICATION OF SHELL OIL COMPANY  
FOR PERMISSION TO COMMINGLE THE  
PRODUCTION FROM TWO SEPARATE LEASES  
IN THE WEST HENSHAW-GRAYBURG POOL,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 26, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14<sup>th</sup> day of March, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Elvis A. Utz, 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 applicant, Shell Oil Company, is the owner and operator of the following described oil and gas leases in the West Henshaw-Grayburg Pool:

Taylor-Federal Lease                Lots 9, 10, and 11 of Section 4,  
Spencer-Federal "A" Lease        Lots 13, 14, 15 and 16 of Section 4,  
all in Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That the applicant proposes to commingle the production from all wells completed in the West Henshaw-Grayburg Pool on the above-described leases in a common tank battery located on the said Spencer-Federal "A" Lease, and that the applicant proposes to continuously meter the production from each of the above-described leases by means of positive displacement meters.

(4) That the metering system proposed by the applicant will provide an accurate and reliable means for measuring the amount of oil produced from each of the above-described leases, provided said meters are periodically checked for accuracy.

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Case No. 1387  
Order No. R-1137

(5) That approval of the subject application will not cause waste nor impair correlative rights.

(6) That approval of the subject application will permit a considerable reduction in the operating costs and initial capital expenditures for the above-described leases.

(7) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to commingle the production from all wells completed in the West Henshaw-Grayburg Pool on the following described leases in a common tank battery, to-wit:

Taylor-Federal Lease      Lots 9, 10, and 11 of Section 4,

Spencer-Federal "A" Lease      Lots 13, 14, 15 and 16 of Section 4,

all in Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico.

(2) That the applicant shall continuously and separately measure the production from each of the above-described leases by means of positive displacement meters.

(3) That each of said positive displacement meters shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

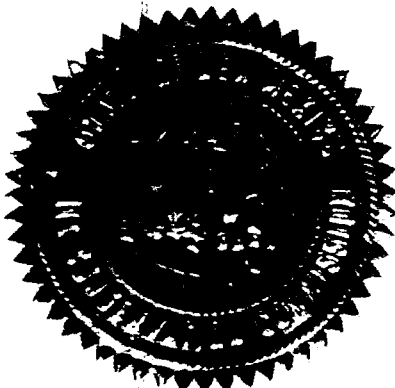
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
MURRAY E. MORGAN, Member

  
A. L. PORTER, Jr., Member & Secretary



at  
K3/6



# SHELL OIL COMPANY

P. O. Box 845  
Roswell, N. M.

March 4, 1958

*case file*

Subject: Supplementary Information  
Case 1387 Examiner Hearing  
Santa Fe, New Mexico

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

Gentlemen:

The following information was requested by Mr. Cooley at the Examiner Hearing in Santa Fe on February 26, 1958.

The oil and gas leases designated by the U.S.G.S. as New Mexico 06407-B and Las Cruces 060398 in their letter of January 23, 1958, which was entered in evidence in the above case are shown on our Exhibit I, also entered in evidence, as NM-1785 and NM-1782, respectively.

Very truly yours,

W. E. Owen  
Division Manager

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 2-28-58

CASE NO. 1387

HEARING DATE 2-26-58

My recommendations for an order in the above numbered case(s) are as follows:

1. The Shell application should be approved as requested.
2. The 2 leases are:  
Federal "Taylor" lease, Lots 9, 10 & 11 of Sec 4-16S-30E  
" " "Spencer" lease, Lots 13, 14, 15 & 16 " " " "
3. Maximum of 7 wells with testing & metering equipment to a common tank battery to be located in Lot 15 of Sec. 4-16S-30E.
4. The total monthly production will be gauged in the common tank battery and production allocated to each lease on the basis of metering separator readings.  
(shrinkage and BSW will be lost.)
5. Only wells completed in the West Henshaw Grayburg Pool will be commingled.

Charles H. [Signature]  
Staff Member

*Case file  
Case 1387*  
**PAN AMERICAN PETROLEUM CORPORATION**

Roswell, New Mexico  
January 9, 1958

File: S-5-986.510.1

Subject: Waiver of Objection  
Proposed Use of Common  
Tankage - Shell Spencer  
Federal "A" and Taylor  
Federal Leases - West  
Henshaw Field, Eddy County,  
New Mexico.

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly informed by Shell Oil Company of their proposal to use common tankage for the Spencer Federal "A" and the Taylor Federal Leases in Section 4, T-16-S, R-30-E, West Henshaw Field. Pan American Petroleum Corporation hereby waives all objections to the granting of a permit for the above purpose.

It is our understanding that the common tank battery is to be located on the Spencer Federal "A" Lease and that production from each of the two leases will pass through individual metering separators prior to entering common storage.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

*C. L. Kelley*  
C. L. Kelley  
District Superintendent



Case 1387

NEW MEXICO  
OIL CONSERVATION COMMISSION  
P. O. Box 871  
Santa Fe, New Mexico

Date February 6, 1958

Shell Oil Company  
P.O. Box 845  
Roswell, New Mexico

ATTENTION: W. E. Owen

Gentlemen:

Your application for permission to produce the Taylor Federal Lease and  
Spencer Federal WAM Lease into common storage in Eddy County, New Mexico,

dated February 4, 1958 has been received, and has been tentatively  
scheduled for hearing before an examiner on  
February 26, 1958

A copy of the docket will be forwarded to you as soon as the matter is  
advertised.

Very truly yours,

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

ga

*Docket mailed 2-17-58  
BP*

DOCKET: EXAMINER HEARING FEBRUARY 26, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1382: In the matter of the application of Buffalo Oil Company to amend Order No. 821. Applicant, in the above-styled cause, seeks an order amending Order No. 821 to permit simultaneous production from the Grayburg-San Andres pay of the Maljamar Field from the Baish "A" Well No. 15 and Baish "A" Well No. 21, located in the NE/4 of the SW/4 of Section 21, Township 17 South, Range 32 East, Lea County, New Mexico.
- CASE 1383: Application of Forest Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "A" No. 1 Well located 660 feet from the North line and 660 feet from the East line of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wolfcamp formation adjacent to the Kemnitz Wolfcamp Pool through the casing-tubing annulus, and to permit the production of oil from an undesignated Pennsylvanian oil pool through the tubing.
- CASE 1384: In the matter of the application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing an oil-gas dual completion for its State BTO No. 1 Well, located 990 feet from the South line and 2310 feet from the East line of Section 34, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bagley-Pennsylvanian (oil) Pool and the production of gas from the Bagley-Lower Pennsylvanian Gas Pool through parallel strings of tubing.
- CASE 1385: In the matter of the application of Gulf Oil Corporation for permission to produce more than eight wells into a common tank battery. Applicant, in the above-styled cause, seeks an order granting permission to produce a maximum of sixteen oil wells in the Eumont Gas Pool into a common tank battery on its Arnott-Ramsay "D" Lease comprising All of Section 33, Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 1386: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks an order granting permission to commingle the production from the following described leases in the Monument Pool:
- Cooper "A" Lease, NW/4 NE/4 Section 4;  
Cooper "B" Lease, N/2 NW/4 and SW/4 NW/4 Section 4;
- all in Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate the individual lease production on the basis of monthly well tests.

CASE 1387: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate federal leases. Applicant, in the above-styled cause, seeks an order granting permission to produce the following described leases in the West Henshaw-Grayburg Pool into common storage:

Taylor Federal Lease consisting of Lots 9, 10, & 11 of Section 4;

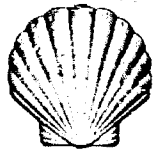
Spencer Federal "A" Lease consisting of Lots 13, 14, 15 & 16 of Section 4;

all in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to continuously meter the production from each lease.

CASE 1388: In the matter of the application of El Paso Natural Gas Products Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox gas well location for its Chimney Rock No. 1 Well located 1550 feet from the South line and 340 feet from the East line of Section 23, Township 31 North, Range 17 West, in an undesignated Gallup gas pool in San Juan County, New Mexico.

CASE 1389: In the matter of the application of Skelly Oil Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox oil well location of its C. W. Roberts Well No. 3 located 1190 feet from the South line and 1450 feet from the East line of Section 18, Township 25 North, Range 3 West, in an undesignated Dakota oil pool in Rio Arriba County, New Mexico.

ir/



SHELL OIL COMPANY

P. O. Box 245  
Roswell, N. M.

February 4, 1958

Subject: Application by Shell Oil Company for  
Exception to Rule 309 of the Rules &  
Regulations of the New Mexico Oil  
Conservation Commission

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

By this letter of application Shell Oil Company requests approval of an Exception to Section (a) of Rule 309 of the Rules & Regulations of the New Mexico Oil Conservation Commission to permit oil to be transported from a lease for measurement and storage.

It is Shell's desire to install a system employing consolidated storage facilities for two contiguous leases in the West Henshaw-Grayburg Field. These leases and their location are described as follows:

1. Taylor-Federal Lease, consisting of 120 acres in Lots 9, 10 and 11 of Section 4, T-16-S, R-30-E.
2. Spencer-Federal "A" Lease, consisting of 160 acres in Lots 13, 14, 15 and 16 of Section 4, T-16-S, R-30-E.

Shell proposes to meter continuously the total production from each lease with individual metering separators prior to entering common storage. Automatic samplers will be installed with each metering separator to collect a representative sample of the produced fluid and aid in determining BS&W content. The total monthly production from both leases, as determined by tank gauges, will then be allocated to the individual leases on the basis of metering separator readings and BS&W content. Shell is anticipating the completion of five wells on these two leases, all of which will be producing from the same pay zone.

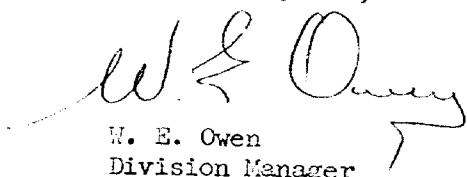
By copy of this letter, any royalty interests or offset operators who have not signed waivers stating that they have no objection to Shell's proposal, are being notified by certified mail of this application.

NEW MEXICO OIL CONSERVATION COMMISSION

2

Wherefore, Shell Oil Company requests that the foregoing application for an Exception to Rule 309 be heard at the February 26th Examiners Hearing of the New Mexico Oil Conservation Commission in Santa Fe, New Mexico.

Very truly yours,

  
W. E. Owen  
Division Manager

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. 1342  
Order No. R-1101

APPLICATION OF SHELL OIL COMPANY FOR  
PERMISSION TO INSTALL CENTRALIZED  
AUTOMATIC PRODUCTION FACILITIES AND  
LEASE CUSTODY TRANSFER SYSTEM ON  
CERTAIN OF ITS LEASES IN THE PEARL  
QUEEN POOL, LEA COUNTY, NEW MEXICO,  
AND FOR PERMISSION TO PRODUCE MORE  
THAN EIGHT WELLS INTO COMMON STORAGE  
AND TO TRANSPORT OIL FROM THE LEASES  
PRIOR TO MEASUREMENT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 20, 1957, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th. day of December, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, 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 applicant, Shell Oil Company, is the operator of 23 oil and gas leases in the Pearl Queen Pool located in Sections 21, 22, 23, 25, 26, 27, 28, 34, 35, and 36 in Township 19 South, Range 35 East, and Section 2 in Township 20 South, Range 35 East, NMPM, all in Lea County, New Mexico.

(3) That the applicant proposes to install automatic testing and production facilities and automatic lease custody transfer equipment to handle the oil production from said leases from the Pearl Queen Pool.

-2-  
Case No. 1342  
Order No. R-1101

(4) That the applicant proposes to measure and record the production from each lease prior to being commingled in common storage with the production from other leases.

(5) That the applicant also proposes to transfer custody of the production from all of said leases to the purchaser thereof by means of positive displacement meters.

(6) That the applicant seeks permission to produce ~~more than~~ <sup>7</sup> ~~eight~~ wells into the above-described central production and test facilities and to transport the oil off of said leases prior to measurement.

(7) That the applicant should be permitted to install automatic testing and production facilities and automatic lease custody transfer equipment on the above-referenced leases in the Pearl Queen Pool, provided the production from each lease is measured and recorded prior to being commingled in common storage with the production from other leases.

(8) That the applicant should be permitted to produce all wells completed in the ~~Pearl Queen Pool~~ <sup>McIntosh - Kingburg Pool</sup> on the above-referenced leases into said central production and testing facilities and to transport the oil off of said leases prior to measurement if necessary.

(9) That positive displacement meters will provide an accurate and reliable means for measuring the amount of oil produced from each lease and that their use should be permitted provided said meters are periodically checked for accuracy.

(10) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil and that the use of such equipment should be permitted.

(11) That each of the several systems should be so equipped as to prevent the undue waste of oil or gas in the event of malfunction or line break.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to install ~~automatic~~ testing and production facilities and ~~automatic custody transfer equipment~~ to handle the production from the following described leases in the Pearl Queen Pool:

Shell's McIntosh "E" lease consisting of 80 acres in the E/2 SW/4, Section 21, Township 19 South, Range 35 East.

Shell's McIntosh "D" lease consisting of 320 acres in the E/2, Section 21, Township 19 South, Range 35 East.

Shell's McIntosh "B" lease consisting of 120 acres in the E/2 NW/4 and NW/4 SW/4, Section 22, Township 19 South, Range 35 East.

Shell's McIntosh "A" lease consisting of 40 acres in the SW/4 SW/4, Section 22, Township 19 South, Range 35 East.

Shell's McIntosh "C" lease consisting of 200 acres in the NE/4 and NE/4 SE/4, Section 28, Township 19 South, Range 35 East.

Shell's McIntosh lease consisting of 120 acres in the W/2 NW/4 and NW/4 SW/4, Section 27, Township 19 South, Range 35 East.

Shell's Kimberlin lease consisting of 120 acres in the E/2 SW/4 and W/2 SE/4, Section 22, Township 19 South, Range 35 East.

Shell's State "PB" lease consisting of 80 acres in the E/2 NW/4, Section 27, Township 19 South, Range 35 East.

Shell's State "PA" lease consisting of 80 acres in the E/2 SW/4, Section 27, Township 19 South, Range 35 East.

Shell's Hooper lease consisting of 80 acres in the W/2 NE/4, Section 27, Township 19 South, Range 35 East.

Shell's Allen Estate "A" lease consisting of 80 acres in the E/2 NE/4, Section 27, Township 19 South, Range 35 East.

Shell's Allen Estate lease consisting of 160 acres in the E/2 and NW/4 SE/4, Section 27 and NE/4 NE/4, Section 34, Township 19 South, Range 35 East.

Shell's Record "A" lease consisting of 40 acres in the SW/4 SE/4, Section 27, Township 19 South, Range 35 East.

Shell's State "PD" lease consisting of 160 acres in the NW/4, Section 34, Township 19 South, Range 35 East.

Shell's State "PC" lease consisting of 80 acres in the W/2 NE/4, Section 34, Township 19 South, Range 35 East.

Shell's State "PE" lease consisting of 120 acres in the SE/4 NE/4, Section 34, and SW/4 NW/4 and NW/4 SW/4, Section 35, Township 19 South, Range 35 East.

Shell's State "PF" lease consisting of 80 acres in the N/2 SE/4, Section 34, Township 19 South, Range 35 East.

Shell's State "PG" lease consisting of 160 acres in the S/2 SE/4, Section 34 and S/2 SW/4, Section 35, Township 19 South, Range 35 East.



-4-

Case No. 1342  
Order No. R-1101

Shell's Record lease consisting of 1120 acres in the S/2 SW/4, Section 23, all Section 26, and N/2 N/2 and SW/4 NE/4 and SE/4 NW/4 and NE/4 SW/4 and NW/4 SE/4 and S/2 SE/4, Section 35, Township 19 South, Range 35 East.

Shell's State "PI" lease consisting of 80 acres in the SE/4 NE/4 and NE/4 SE/4, Section 35, Township 19 South, Range 35 East.

Shell's State "PH" lease consisting of 640 acres in Section 2, Township 20 South, Range 35 East.

Shell's Record "B" lease consisting of 640 acres in Section 25, Township 19 South, Range 35 East.

Shell's State "PJ" lease consisting of 480 acres in N/2 and SW/4, Section 36, Township 19 South, Range 35 East,

all in Lea County, New Mexico, provided the production from each lease is measured and recorded prior to being commingled in common storage with the production from other leases.

(2) That the applicant be and the same is hereby authorized to produce all wells completed in the Pearl Queen Pool on the above-referenced leases into said central production and testing facilities and to transport the oil off of said leases prior to measurement if necessary; provided however, that each well connected to each of the above-described systems shall be individually tested at least once a month.

(3) That each of the positive displacement meters in the above-described systems shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

(4) That each of the above-described systems shall be so equipped as to prevent the undue waste of oil or gas in the event of malfunction or line break.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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NM-1784  
385 AC.  
11-5-52  
PDS

NM-1782  
320 AC.  
11-5-52  
PDS

NM-1785  
120 AC.  
11-5-52 (2)  
PDS

NM-1782  
320 AC.  
11-5-59  
PDS

11-5-52  
PDS

P.V. Trigg

TANK  
BATTERY

"Crosby"  
Featherstone

Western Ventures

Pan American

Malco &  
San Antonio

GORE 200-450  
Hickman 7 miles

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Shell EXHIBIT No. 1  
CASE 1387

Shell Oil Company  
Petroleum Conservation Division  
PROPOSED 200-450 G.P. BATTERY  
WIDE AREA  
THE OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Header System Operation  
West Henshaw Field Central Tankage

1. Oil from either lease flows into the header where routing to production or test leg of the header is accomplished manually (Valves 1).
2. If a well from either lease is on production, oil is routed directly to the production separator for that lease and then thru a strainer, positive displacement meter, sampler, and flow rate controller, all located upstream from the separator dump valve. The crude is then commingled into storage.
3. For test purposes, the lease pumpman manually routes production from a well into the test leg and operates the toggle switch valves (the manner in which these valves are mechanically coupled will prevent production from the Taylor lease being routed into the Spencer "A" production separator during test). Production is routed from the test leg, thru the metering separator and by means of a 3-way, 2-position valve into the correct lease production separator.
4. After a predetermined number of barrels of fluid have been metered, the 3-way valve (3) on the header will be actuated to route production from the test leg directly into the production leg without passing thru the metering separator.
5. The volume of oil produced by each lease, determined by tank gauges, will be allocated to each lease by the use of corrected positive displacement meter readings and computer calculations.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

*Shell* EXHIBIT No. 1 page 2  
CASE 1387

R-1137

PAN AMERICAN PETROLEUM CORPORATION

Roswell, New Mexico  
January 9, 1958

File: S-5-986.510.1

Subject: Waiver of Objection  
Proposed Use of Common  
Tankage - Shell Spencer  
Federal "A" and Taylor  
Federal Leases - West  
Henshaw Field, Eddy County,  
New Mexico.

RECEIVED	
JAN 19 1958	
RO. W. 1	
<i>[Handwritten initials]</i>	
<i>[Handwritten initials]</i>	
<i>[Handwritten initials]</i>	
<i>[Handwritten initials]</i>	
<i>[Handwritten initials]</i>	
Reply	Discuss File

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly informed by Shell Oil Company of their proposal to use common tankage for the Spencer Federal "A" and the Taylor Federal Leases in Section 4, T-16-S, R-30-E, West Henshaw Field. Pan American Petroleum Corporation hereby waives all objections to the granting of a permit for the above purpose.

It is our understanding that the common tank battery is to be located on the Spencer Federal "A" Lease and that production from each of the two leases will pass through individual metering separators prior to entering common storage.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

Original Signed by  
C. L. KELLEY

C. L. Kelley  
District Superintendent

cc: Shell Oil Company

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*[Handwritten signature]* EXHIBIT No. 3  
CASE *[Handwritten number]*

COPY

# TRAINING

██████████ 12/17/77

**New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico**

[REDACTED]

It has been informed by Shell Oil Company that they are making application for the use of common savings for the Super Federal and General Federal "A" Leases in the West Buckner Field, Elbert County, New Mexico.

We are respectfully advised that we have no objection to their proposal for the use of common findings for these two lenses.

**SECRET**

8  
Charles C. Chang  
Elizabeth C. Chang

6-50-10000 2

HAIRER

December 30, 1937

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common landings for the regular Federal and General Federal "A" leases in the West Humber Field, Elky County, New Mexico.

You are respectfully advised that we have no objection to their proposal for the use of common landings for these two leases.

Very truly yours,

<sup>3</sup>  
*Charles C. Cherry*  
Richard C. Cherry

12/30/37, 2

ILLEGIBLE

W A I V E R

December 30, 1957

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common tankage for the Taylor Federal and Spencer Federal "A" Leases in the West Henshaw Field, Eddy County, New Mexico.

You are respectfully advised that we have no objection to their proposal for the use of common tankage for these two leases.

Very truly yours,

  
Rubie C. Bell

141111

December 17, 1937

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

Gentlemen:

I have been informed by Shell Oil Company that they are making application for the use of common savings for the Taylor Federal and Spencer Federal "A" leases in the West Henschel Field, Elky County, New Mexico.

You are respectfully advised that I have no objection to their proposal for the use of common savings for these two leases.

Very truly yours,

  
Mr. Allen T. Taylor

ILLEGIBLE



YAIYER

P. O. Box 849  
Durham, N. C.

December 27, 1957

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common findings for the Taylor National and Spencer Federal "A" leases in the West Hocking Field, Elby County, New Mexico.

You are respectfully advised that we have no objection to their proposal for the use of common findings for these two leases.

Very truly yours,

  
O. P. Hutchinson

5

ILLEGIBLE

W A I V E R

Date Jan. 24, 1958

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

Gentlemen:

I have been informed by Shell Oil Company that they are making application for the use of common tankage for the Taylor Federal and Spencer Federal "A" Leases in the West Henshaw Field, Eddy County, New Mexico.

You are respectfully advised that I have no objection to their proposal for the use of common tankage for these two leases.

Very truly yours,

*Pauline V. Trigg*  
Pauline V. Trigg

By *John H. Trigg*

(6)

W A I V E R

December 30, 1957

RECEIVED	
FEB 3 1958	
ROSWELL N. MEX.	
<i>W B</i>	
<i>AE</i>	
Reply	Discuss File

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common tankage for the Taylor Federal and Spencer Federal "A" Leases in the West Henshaw Field, Eddy County, New Mexico.

You are respectfully advised that we have no objection to this proposal for the use of common tankage for these two leases.

Yours very truly,

Western Ventures, Inc.  
Company

By: W B Macey  
Name

Vice President  
Title

W A I V E R

December 30, 1957

RECEIVED		
JAN 16 1958		
ROSWELL N. MEX.		
<i>WFO</i>		
<i>FE</i>		
<i>GT</i>		
Reply	Discuss	File

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common tankage for the Taylor Federal and Spencer Federal "A" Leases in the West Hamshaw Field, Eddy County, New Mexico.

You are respectfully advised that we have no objection to this proposal for the use of common tankage for these two leases.

Yours very truly,

MALCO REFINERIES, INC.

Company

By:

Name

*Donald B. Anderson*  
Donald B. Anderson

VICE PRESIDENT

Title

W A I V E R

December 30, 1957

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common tankage for the Taylor Federal and Spencer Federal "A" Leases in the West Henshaw Field, Eddy County, New Mexico.

You are respectfully advised that we have no objection to this proposal for the use of common tankage for these two leases.

Yours very truly,

General American Oil Co  
Company

By: L. P. C. Neill  
Name

Vice Pres  
Title

(9)

W A I V E R

December 30, 1957

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

Gentlemen:

We have been informed by Shell Oil Company that they are making application for the use of common tankage for the Taylor Federal and Spencer Federal "A" Leases in the West Henshaw Field, Bddy County, New Mexico.

You are respectfully advised that we have no objection to this proposal for the use of common tankage for these two leases.

Yours very truly,

Richardson & Sons  
Company

By: John Thompson  
Name

Mr. Halsey & Production  
Title

17



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
P. O. Box 6721  
Roswell, New Mexico

RECEIVED  
IN REPLY, JAN 23 1958  
ROSWELL N. MEX.  
GFY  
Reply Discuss File

January 23, 1958

Shell Oil Company  
P. O. Box 845  
Roswell, New Mexico

Attention: Mr. W. E. Owen

Gentlemen:

Your letter of December 19, 1957, requests our approval of the use of certain facilities for the measurement of oil produced and sold from oil and gas leases New Mexico 06407-B and Las Cruces 060398, in the West Henshaw field, Eddy County, New Mexico. You propose to meter continuously the total fluid production from each lease with individual metering separators prior to being commingled in a common tank battery for pipeline shipment.

No objection is offered to the method that you propose for measuring and selling oil from the leases, provided, that approval is obtained from the New Mexico Oil Conservation Commission for proration purposes.

Very truly yours,

*James A. Knauf*  
JAMES A. KNAUF

Acting Oil and Gas Supervisor

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Shell EXHIBIT No.         
CASE 1387

R-1137