

Case No.

1654

Application, Transcript,
Small Exhibits. Etc.

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

May 13, 1959

Mr. William Federici
Beth, Montgomery, Federici
& Andrews
P. O. Box 828
Santa Fe, New Mexico

Dear Mr. Federici:

On behalf of your client, Shell Oil Company, we enclose two copies of Order No. E-1363 issued May 13, 1959, by the Oil Conservation Commission in Case No. 1654, which was heard on May 6, 1959 at Santa Fe before an examiner.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

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Enclosures

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Y



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

April 7, 1959

Subject: Application by Shell Oil Company for
Exception to Rule 309 of the Rules
and 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 and 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 three contiguous leases in the West Henshaw-Grayburg Field. These leases and their locations are described as follows:

1. Spencer Federal "B" Lease, consisting of 120 acres in Lots 9, 10, and 11 of Section 3, T-16-S, R-30-E
2. Williams Federal "B" Lease, consisting of 40 acres in Lot 16, Section 3, T-16-S, R-30-E
3. State "HA" Lease, consisting of 40 acres in Lot 12 of Section 2, T-16-S, R-30-E.

Shell proposes to meter continuously the total production from each lease with individual positive displacement meters prior to entering common storage. Automatic samplers will be installed with each meter to collect a representative sample of the produced fluid for determining BS&W content. The total monthly production from the three leases, as determined by tank gauges, will then be allocated to the individual lease on the basis of positive displacement meter readings and BS&W content.

*Examiner
Henshaw*

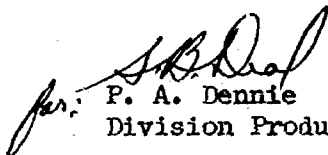
*Docket Mailed
5-1-59
JR*

*Docket Mailed
4-22-59
BP*

There are presently two wells completed on the Spencer Federal "B" Lease and one proposed well on the Williams Federal "B" Lease. This proposed storage facility would serve a maximum of five wells, should the proposed well on the Williams Lease provide information to warrant drilling an additional well on the Spencer Lease and a well on the State "HA" Lease. All five wells will be producing from the same pay zone.

Wherefore Shell Oil Company requests that the foregoing application for an exception to Rule 309 be heard on May 6 at the Examiners' Hearing of the New Mexico Oil Conservation Commission in Santa Fe, New Mexico.

Very truly yours,


P. A. Dennie
Division Production Manager

DOCKET: EXAMINER HEARING MAY 6, 1959OIL CONSERVATION COMMISSION, MABRY HALL, STATE CAPITOL, 9 a.m., SANTA FE

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

- CASE 1651:** Application of Continental Oil Company for an automatic custody transfer system and for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Hobbs Pool from three separate non-contiguous leases in Township 18 South, Range 38 East, Lea County, New Mexico. Applicant proposes to separately meter the production from each lease prior to commingling.
- CASE 1652:** Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 8, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Danciger A-8 Well No. 3 located 990 feet from the North and East lines of said Section 8.
- CASE 1653:** Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SE/4 of Section 28 and the NW/4 of Section 27, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Lynn A-28 Well No. 5 located 660 feet from the North and East lines of said Section 28.
- CASE 1654:** Application of Shell Oil Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the West Henshaw-Grayburg Pool from three separate contiguous leases located in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each lease prior to commingling.
- CASE 1655:** Application of Skelly Oil Company for permission to commingle the production from the Tubb Gas Pool and the Drinkard Oil Pool. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the liquids produced from the Tubb Gas Pool with the oil produced from the Drinkard Oil Pool underlying its State "K" Lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to meter the production from each pool prior to commingling.
- CASE 1656:** Application of Skelly Oil Company for permission to commingle the production from five separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Ellenburger, McKee, Fusselman, Montoya, and Blinbry formations underlying its Hobbs "A" Lease comprising the NW/4 of Section 30, Township 25 South, Range 38 East, in the Justis Field, Lea County, New Mexico. Applicant proposes to separately meter the production from each pool prior to commingling.
- CASE 1657:** Application of Standard Oil Company of Texas for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order authorizing its Vac-Edge Unit Area comprising 2078 acres, more or less, of state lands in Township 18 South, Range 35 East, Lea County, New Mexico.

CASE 1658:

Application of The Texas Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its "BN" (NCT-1) Well No. 1 located 1980 feet from the South line and 660 feet from the West line of Section 25, Township 11 South, Range 32 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water in the interval from 3529 feet to 7430 feet.

CASE 1659:

Application of Tidewater Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its A. B. Coates "C" Well No. 9 located in the NW/4 SE/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Drinkard Pool and the production of oil from the Justis-Ellenburger Pool through parallel strings of 2-3/8 inch tubing.

CASE 1660:

Application of Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system utilizing positive volume tanks with automatic dumping facilities to transfer custody of all oil produced on its Navajo Lease comprising certain acreage in Township 31 North, Range 16 West, Horseshoe-Gallup Oil Pool, San Juan County, New Mexico.

CASE 1661:

Application of Pan American Petroleum Corporation for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its W. H. Turner No. 1 located in the SE/4 SE/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont producing interval adjacent to the Eumont Pool and the production of oil from the Drinkard Pool. Applicant proposes to utilize a retrievable-type packer in said well.

CASE 1662:

Application of Pan American Petroleum Corporation for permission to commingle the production from several separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from all or a portion of seven separate federal leases in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each lease prior to commingling.



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

April 28, 1959

Subject: Dismissal of Application by Shell Oil
Company for Exception to Rule 309 from
the May 6 Examiners' Hearing

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

Attention: Mr. Elvis A. Utz

Gentlemen:

We should appreciate your dismissing Case No. 1654 from the
May 6 Examiners' Hearing, whereby Shell Oil Company requested per-
mission to commingle oil production from the West Henshaw-Grayburg
Pool from three separate contiguous leases located in T-16-S, R-30-E,
Eddy County, New Mexico.

Very truly yours,

P. A. Dennie
Division Production Manager

Case 1654

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1654
Order No. R-1392

APPLICATION OF SHELL OIL COMPANY
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM THREE 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 May 6, 1959, at Santa Fe, New Mexico, before Elvis A. Uta, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of May, 1959, the Commission, a quorum being present, having considered the application and the recommendations of the Examiner, Elvis A. Uta, 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, requested that Case No. 1654 be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 1654 be and the same is hereby dismissed.

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Case No. 1654
Order No. R-1392

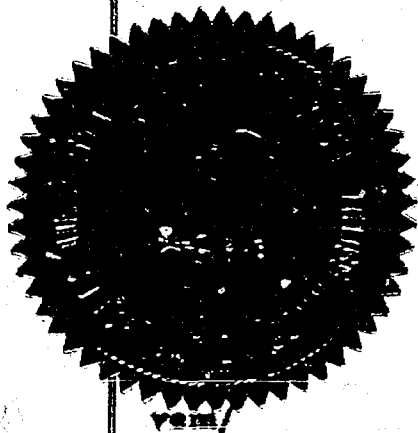
DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member and Secretary



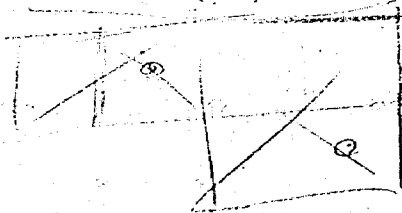
BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1654

TRANSCRIPT OF HEARING

MAY 6, 1959



DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone Chapel 3-6691

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing (Elvis A. Utz)Santa Fe, , NEW MEXICOREGISTERHEARING DATE May 6, 1959 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
<i>M R Stipp</i>	<i>Standard Oil Co. of Texas</i>	<i>Roswell, N.M.</i>
<i>J. D. Ramey</i>	<i>Shelby Oil Co.</i>	<i>Hobbs, N.M.</i>
<i>Jason Kellakin</i>	<i>Kellakin & Fox</i>	<i>Santa Fe.</i>
<i>J A Queen</i>	<i>Continental Oil</i>	<i>Roswell</i>
<i>S.D. Dooley</i>	<i>" "</i>	<i>Hobbs</i>
<i>R N Miner</i>	<i>Tidewater oil</i>	<i>Hobbs</i>
<i>Wm R Federico</i>	<i>Tidewater oil</i>	<i>Santa Fe</i>
<i>John C. Hammaker</i>	<i>Shell Oil Co.</i>	<i>" "</i>
<i>Carl Christensen</i>	<i>Tidewater Oil</i>	<i>Hobbs</i>
<i>George H. Hinkle</i>	<i>Standard Oil Co. of Texas</i>	<i>Roswell.</i>
<i>W. G. Smith</i>	<i>Std. Oil Co. of Texas</i>	<i>Roswell</i>
<i>Elmer Newman</i>	<i>Atwood & Malone</i>	<i>Roswell</i>
<i>CW Proctor</i>	<i>Standard of Texas</i>	<i>Houston</i>
<i>Don Athanas</i>	<i>Pan American Bitts</i>	<i>Lubbock, Tex</i>
<i>D. R. Correns</i>		
<i>L. P. White</i>	<i>Gilbert White & Gilbert</i>	<i>Santa Fe.</i>
<i>H. N. Wade</i>	<i>Texaco Inc.</i>	<i>Ft. Worth</i>
<i>A. M. Foster</i>	<i>TEXACO INC.</i>	<i>Midland</i>
<i>Nancy Royal</i>	<i>NM State Highway Reporting Service</i>	<i>Santa Fe</i>

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 6, 1959

IN THE MATTER OF: :
: :

CASE 1654: Application of Shell Oil Company for permis- :
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separate leases. Applicant, in the above- :
styled cause, seeks an order authorizing it to :
commingle the production from the West Hen- :
shaw-Grayburg Pool from three separate conti- :
guous leases located in Township 16 South, :
Range 30 East, Eddy County, New Mexico. Ap- :
plicant proposes to separately meter the pro- :
duction from each lease prior to commingling. :
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BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: The first case on the docket will be case
1654.

MR. PAYNE: Case 1654. Application of Shell Oil
Company for permission to commingle the production from three sep-
arate leases.

MR. FEDERICI: William Federici, on behalf of Shell
Oil Company, moves the Examiner and the Commission to dismiss the
application.

MR. UTZ: Is there objection to counsel's request?
If not, the case will be dismissed.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, J. A. Trujillo, 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 by me, 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, the 7th day of May, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:
October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1654, heard by me on May 6, 1959.
James R. [Signature] Examiner
New Mexico Oil Conservation Commission

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

Rough Draft
OEP:vem
May 6

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1654
Order No. R. 1392

APPLICATION OF SHELL OIL COMPANY
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM THREE 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 May 6, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of May, 1959, the Commission, a quorum being present, having considered the application ~~of the Shell Oil Company~~ 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, requested that Case No. 1654 be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 1654 be and the same is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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A.P.B.H., 1/10