

SHELL OIL COMPANY

1200 MILAM STREET
P. O. BOX 576
HOUSTON, TEXAS 77001

March 2, 1977

Subject: Zone Commingling of Drinkard,
Blinebry, Tubb, Wantz ABO, Brunson,
and Hare, State Lease of Section 2
Township 21S Range 37E
Drinkard Field
Lea County, New Mexico

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Gentlemen:

Shell Oil Company proposes to commingle the State-Section 2 production of the above-captioned zones.

We propose to commingle the two zones without separately metering the production from each pool since zones are marginal with no wells physically capable of top allowable production. Allocation of production from each well will be based on monthly well tests.

According to our records, the API gravities of the State-Section 2 crude range from 32.0 to 38.9. No change in the actual commercial value of the crude production is anticipated as a result of commingling.

Attached for your consideration is a lease plat, schematic diagram of the proposed installation, and a tabulation of production by each well on the lease for the months of December 1976 and January 1977.

If you are in agreement with this proposal, please furnish us with a letter to the State of New Mexico Oil Conservation Commission stating your approval.

If any additional information is needed concerning this proposal, please contact Beverly Adamson of this office.

Yours very truly,

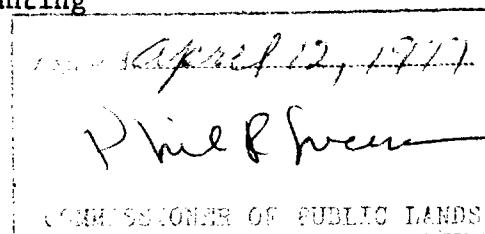

M. J. Adams

Supervisor Oil Accounting
Western E&P Region

BA:SA

Enclosures

cc - New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 81501



FORM NO. 1
COMMINGLING BY
POOL OR LEASE

SHELL OIL COMPANY
P. O. BOX 576
HOUSTON, TEXAS 77001

SHELL OIL COMPANY
COMMINGLING REQUEST FORM
FOR THE
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION

APPLICATION FOR EXCEPTION TO COMMISSION RULE 303a AND/OR 309A

| | | | | | |
|---|-------------------|------------------|-------------------------|------------------------|--------|
| 1. Operator | SHELL OIL COMPANY | | 5. Commission Dist. No. | 2 | |
| 2. Address | P. O. BOX 576 | | 6. County | Lea | |
| 3. City | HOUSTON | 4. State | TEXAS | 7. Date of Application | 3-2-77 |
| 8. Identification of leases and pools as shown on statewide oil proration | | | | | |
| 9. Field Name | Lease Name | Pool (Zone) Name | API Gravity Range | Lease Location S-T-R | |
| Drinkard | State-Sec. 2 | Bliebry | 32.0-37.2 | 2-21-37 | |
| Drinkard | State-Sec. 2 | Drinkard | 35.6-36.0 | 2-21-37 | |
| Drinkard | State-Sec. 2 | Tubb | 35.4-36.3 | 2-21-37 | |
| Drinkard | State-Sec. 2 | Wantz Abo | 32.0 | 2-21-37 | |
| Drinkard | State-Sec. 2 | Brunson | 38.9 | 2-21-37 | |
| Drinkard | State-Sec. 2 | Hare | 35.1 | 2-21-37 | |

10. ☒ Request for exception to Rule 303a (segregation of production from pools)

11. ☐ Request for exception to Rule 309A (lease commingling)

12. POOL COMMINGLING (exception to Rule 303) 1.) Lease plat (required)

2.) Schematic of commingling (required)

13. Commingled royalty interest are the same ☒ Yes ☐ No

14. Are producing zones marginal or top allowable ☒ Marginal-see (a.) below

☐ Top allowable

(a.) If producing zones are not capable of producing top unit allowable for their respective pools, commingling will be permitted without separately measuring the production from each pool. A 60-day period tabulation of production showing that the average daily production has been below top allowable for the subject pools.

15. Allocation of production from well zones will be by ☒ Periodic well test ☐ All zones metered ☐ All zones metered & sampled ☐ All zones except one separately metered - subtraction method

16. Will the commingling of zones or pools decrease revenue due to API gravity change ☐ Yes ☒ No

17. If answer to (16.) is "Yes" state how much less.

18. Are Federal lands or State lands involved? ☒ Yes ☐ No

19. If answer to (18.) is "Yes" furnish an approval letter from the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United States Department of the Interior Geological Survey stating approval of the proposed commingling.

20. LEASE COMMINGLING (exception to Rule 309A)

20a. 1.) Lease plat required

2.) Schematic diagram of the commingling facility

21. All production is from the same common source of supply or an exception to Rule 303(a) has been obtained ☐ Yes ☐ No

22. If answer to (21.) is "Yes" show acceptance letter date and commission order number

23. Allocation of production ☐ Monthly well test ☐ All leases metered ☐ All leases metered & sampled ☐ All leases except one separately metered - subtraction method

24. All parties owning an interest in the Leases and the purchaser of the commingled production have consented in writing to the commingling of production from the separate leases. ☐ Yes ☒ No

25. If answer to (24.) is "No," Explain

Commingling consent will come by notification from Commissioner of Public Lands as a reply to attached letter.

26. Name and address of gatherer Shell Pipeline Corp. P.O. Box 1910 Midland, TX 79701

27. Signature  Title Supv. Oil Accounting

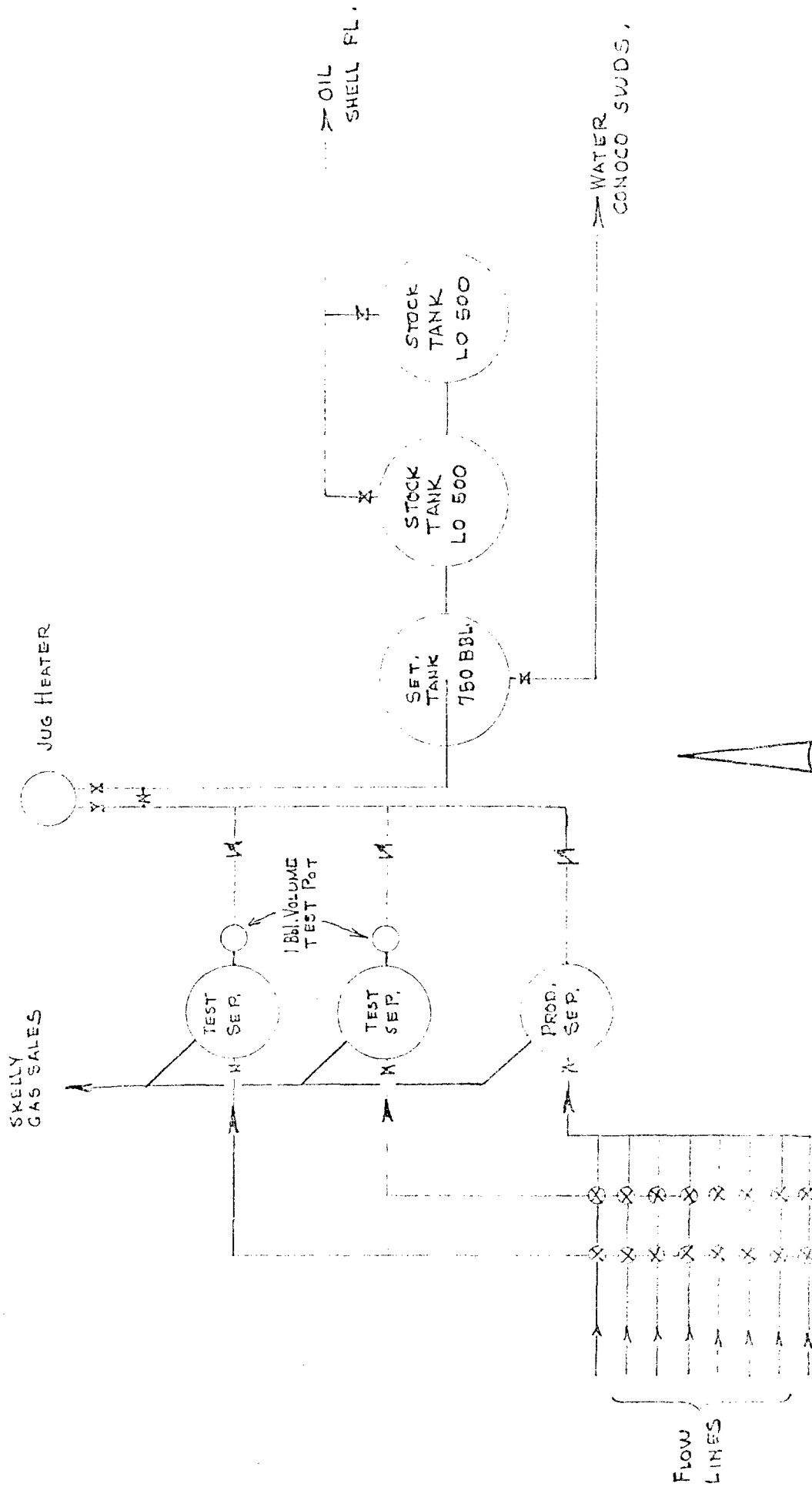
Commingling permit number _____ Approval date _____

Approved by _____

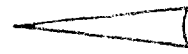
Production History
 Commingling Brunson, Hare, Blinebry, Drinkard
 Tubb, and Wantz ABO Pools
 State-Section 2 Lease
 Drinkard Field

| <u>Pool</u> | <u>Lease & Well No.</u> | <u>Allowable</u> | <u>Act. Bbls. Produced</u> | <u>Bbls. Water</u> | <u>Gas MCF's</u> | <u>Days Produced</u> |
|-------------|-----------------------------|------------------|--------------------------------|------------------------|----------------------|--------------------------|
| | | <u>December</u> | | | | |
| Blinebry | State-Sec. 2 8 | 155 | 73 | 0 | 1487 | 31 |
| Blinebry | State-Sec. 2 16 | (186 | 34 | 0 | 1278 | 31 |
| Blinebry | State-Sec. 2 17 | | 82 | 0 | 1324 | 31 |
| Blinebry | State-Sec. 2 18 | 155 | 137 | 0 | 2473 | 31 |
| Blinebry | State-Sec. 2 19 | 217 | 71 | 0 | 3697 | 31 |
| Blinebry | State-Sec. 2 20 | 341 | 98 | 29 | 11361 | 31 |
| Blinebry | State-Sec. 2 21 | 310 | 133 | 30 | 8074 | 31 |
| Blinebry | State-Sec. 2 22 | 279 | 144 | 29 | 1697 | 31 |
| Lease Total | | 1643 | 772 | 88 | 31391 | |
| | (Combined Allowable | | | | | |
| Drinkard | State-Sec. 2 1 | 186 | 59 | 0 | 2361 | 31 |
| Drinkard | State-Sec. 2 2 | 93 | 79 | 0 | 1204 | 31 |
| Drinkard | State-Sec. 2 3 | 527 | 103 | 0 | 2771 | 31 |
| Drinkard | State-Sec. 2 7 | 279 | 62 | 10 | 2084 | 31 |
| Lease Total | | 1085 | 303 | 10 | 8420 | |
| Tubb | State-Sec. 2 4 | 124 | 73 | 0 | 1029 | 31 |
| Tubb | State-Sec. 2 15 | 124 | 74 | 30 | 3101 | 31 |
| Lease Total | | 248 | 147 | 30 | 4130 | |
| Wantz ABO | State-Sec. 2 10 | 124 | 71 | 0 | 816 | 31 |
| Lease Total | | 124 | 71 | 0 | 816 | |
| Brunson | State-Sec. 2 6 | 341 | 348 | 474 | 648 | 31 |
| Lease Total | | 341 | 348 | 474 | 648 | |
| Hare | State-Sec. 2 14 | 93 | 36 | 0 | 109 | 31 |
| Lease Total | | 93 | 36 | 0 | 109 | |
| | | <u>January</u> | | | | |
| Blinebry | State-Sec. 2 8 | 186 | 59 | 0 | 1061 | 26 |
| Blinebry | State-Sec. 2 16 | (217 | 17 | 0 | 2208 | 31 |
| Blinebry | State-Sec. 2 17 | | 104 | 0 | 1282 | 29 |
| Blinebry | State-Sec. 2 18 | 155 | 169 | 28 | 2621 | 31 |
| Blinebry | State-Sec. 2 19 | 155 | 67 | 0 | 4302 | 31 |
| Blinebry | State-Sec. 2 20 | 31 | 115 | 30 | 12098 | 31 |
| Blinebry | State-Sec. 2 21 | 248 | 166 | 31 | 8786 | 31 |
| Blinebry | State-Sec. 2 22 | 248 | 125 | 27 | 1006 | 28 |
| Lease Total | | 1240 | 822 | 116 | 33364 | |
| | (Combined Allowable | | | | | |

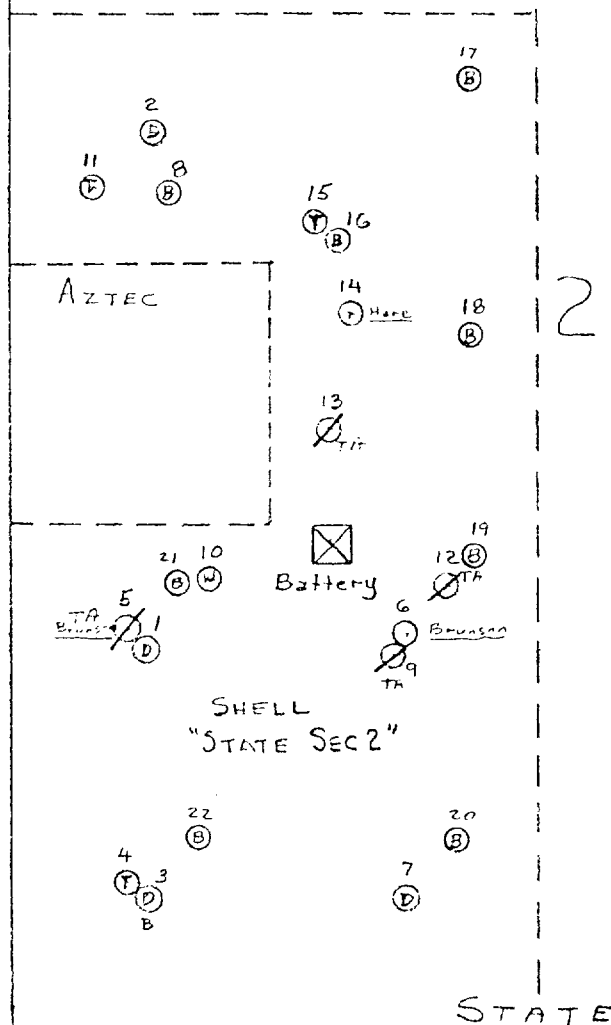
| <u>Pool</u> | <u>Lease & Well No.</u> | <u>Allowable</u> | <u>Act. Bbls. Produced</u> | <u>Bbls. Water</u> | <u>Gas MCF's</u> | <u>Days Produced</u> |
|-------------|-----------------------------|------------------------|--------------------------------|------------------------|----------------------|--------------------------|
| | | <u>January (Cont.)</u> | | | | |
| Drinkard | State-Sec. 2 1 | 186 | 82 | 0 | 1043 | 31 |
| Drinkard | State-Sec. 2 2 | 93 | 82 | 0 | 1436 | 31 |
| Drinkard | State-Sec. 2 3 | 527 | 231 | 0 | 3078 | 31 |
| Drinkard | State-Sec. 2 7 | 279 | 6 | 0 | 5 | 31 |
| | Lease Total | 1085 | 401 | 0 | 5562 | |
| Tubb | State-Sec. 2 4 | 124 | 82 | 0 | 1016 | 31 |
| Tubb | State-Sec. 2 15 | 93 | 82 | 30 | 5581 | 31 |
| | Lease Total | 217 | 164 | 30 | 6597 | |
| Wantz ABO | State-Sec. 2 10 | 124 | 99 | 0 | 523 | 31 |
| | Lease Total | 124 | 99 | 0 | 523 | |
| Brunson | State-Sec. 2 16 | 341 | 346 | 493 | 566 | 31 |
| | Lease Total | 341 | 346 | 493 | 566 | |
| Hare | State-Sec. 2 14 | 93 | 26 | 0 | 446 | 31 |
| | Lease Total | 93 | 26 | 0 | 446 | |



SHELL OIL CO.
 "STATE SEC. 2" LSE.
 DRINKARD FIELD
 LEA CO., N.M.



(N)



R - 37E T-21-S
 Section 2
 Lea Co.
 N.M.

SHELL OIL Co.
 STATE SEC. 2 LSE.
 DRINKARD FIELD
 LEA CO. N.M.
 SCALE 1"=1000'

B - Blinbry
 D - Drinkard
 T - Tubb.
 W - Wintz Abo

Harc