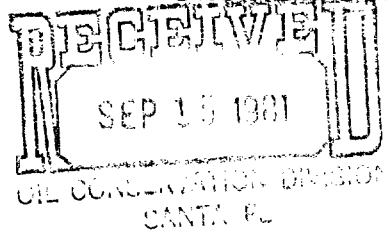


Shell Oil Company



P.O. Box 576
Houston, Texas 77001

September 11, 1981



New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Gentlemen:

APPLICATION FOR EXCEPTION TO
COMMISSION RULE 303A

Shell Oil Company hereby makes application for administrative approval to commingle the Devonian and Ellenburger production on the St. B Com Lease, Section 36, T-24S, R-36E, Custer Field, Lea County, New Mexico.

We propose to commingle the two zones without separately metering the production from each pool since the 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.

The API gravities of the Devonian and Ellenburger crudes range from 58.0 to 59.7. No change in the actual commercial value of the production is anticipated as a result of commingling.

Attached for your consideration is a lease plat and schematic diagram of the proposed installation. If we can be of further assistance, please advise.

Very truly yours,

M. C. Babcock, Supervisor
Oil Accounting
Western E&P Operations

NS:LJS

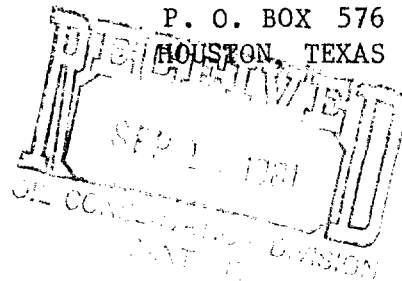
Attachments

*... approval is for the ...
pressure gas ...
to the ...*

FORM NO. 1
COMMINGLING BY
POOL OR LEASE

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

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



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

1. Operator	SHELL OIL COMPANY		5. Commission Dist. No.	I
2. Address	P. O. BOX 576		6. County	
3. City	HOUSTON	4. State	TEXAS	7. Date of Application 9-11-81
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
Custer	St. B. Com	Devonian		36-24S-36E
Custer	St. B. Com	Ellenburger		36-24S-36E

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

*Well completed 7-13-81

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.

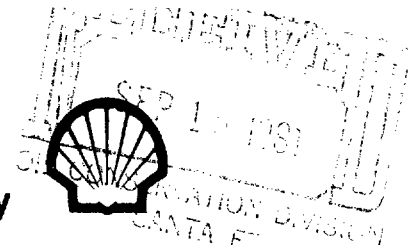
26. Name and address of gatherer Western Oil Transportation/Hobbs, New Mexico

27. Signature *Joe Salinger* Title Section Supervisor Oil Accounting

Commingling permit number _____ Approval date _____

Approved by _____

Shell Oil Company



P.O. Box 576
Houston, Texas 77001

August 5, 1981

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

Gentlemen:

COMMINGLING OF THE DEVONIAN AND ELLENBURGER ZONES
SECTION 36, TOWNSHIP 24S, RANGE 36E
CUSTER FIELD, LEA COUNTY, NEW MEXICO

Shell Oil Company proposes to commingle the Devonian and Ellenburger production in the St. B Com Lease, well number 2.

The API gravities of the Devonian and Ellenburger crudes range from 58.0 to 59.7. No change in the actual commercial value of the production is anticipated as a result of commingling.

Attached for your consideration is a lease plat and schematic diagram of the proposed installation. 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.

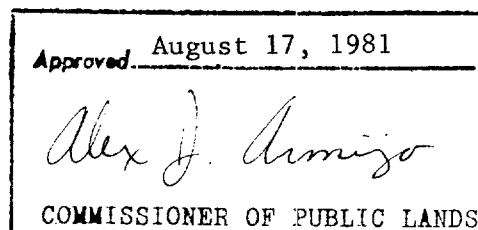
If we may be of further assistance, please advise.

Very truly yours,

M. C. Babcock, Supervisor
Oil Accounting
Western E&P Operations

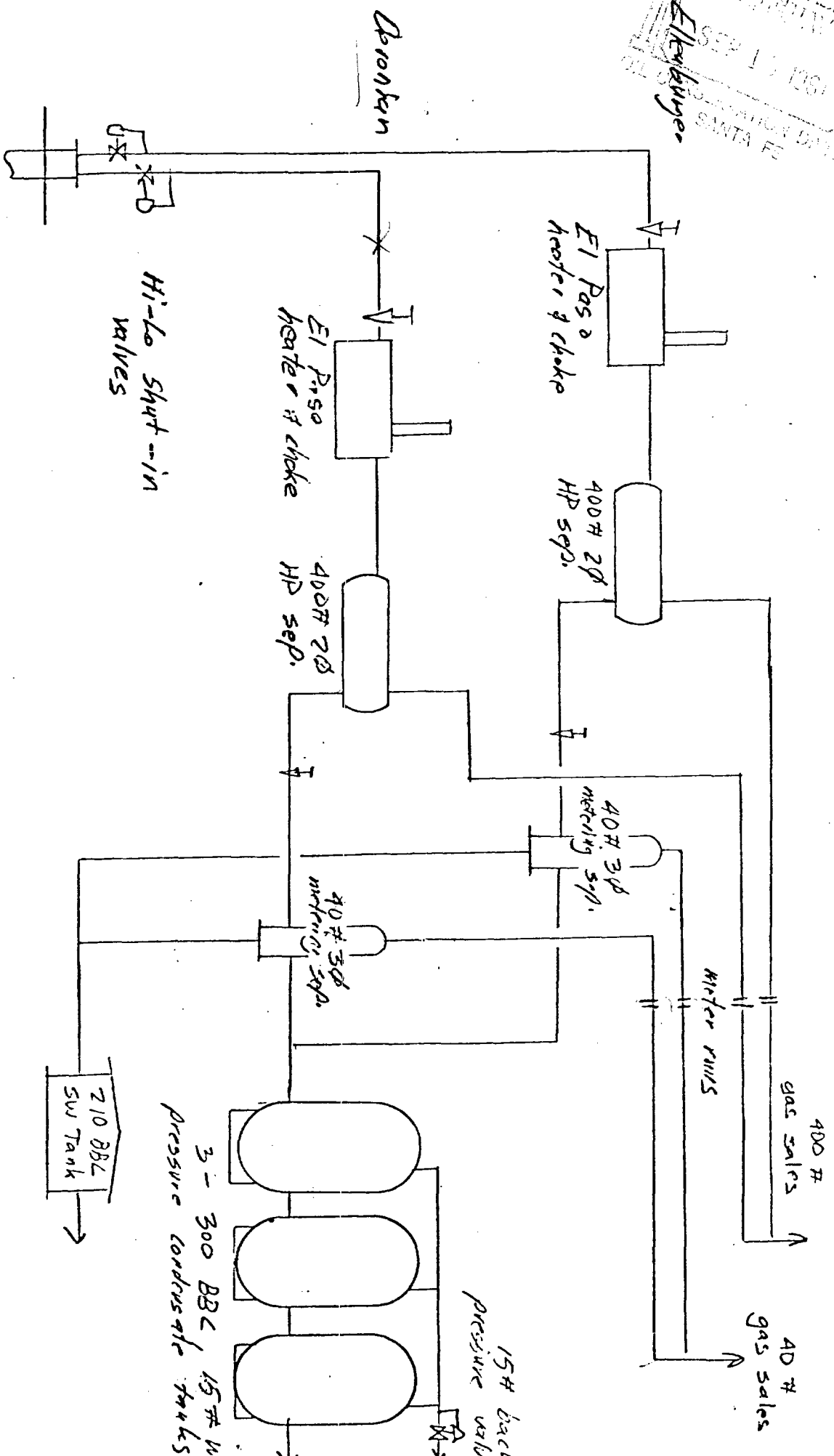
NLS:LJS

Attachments

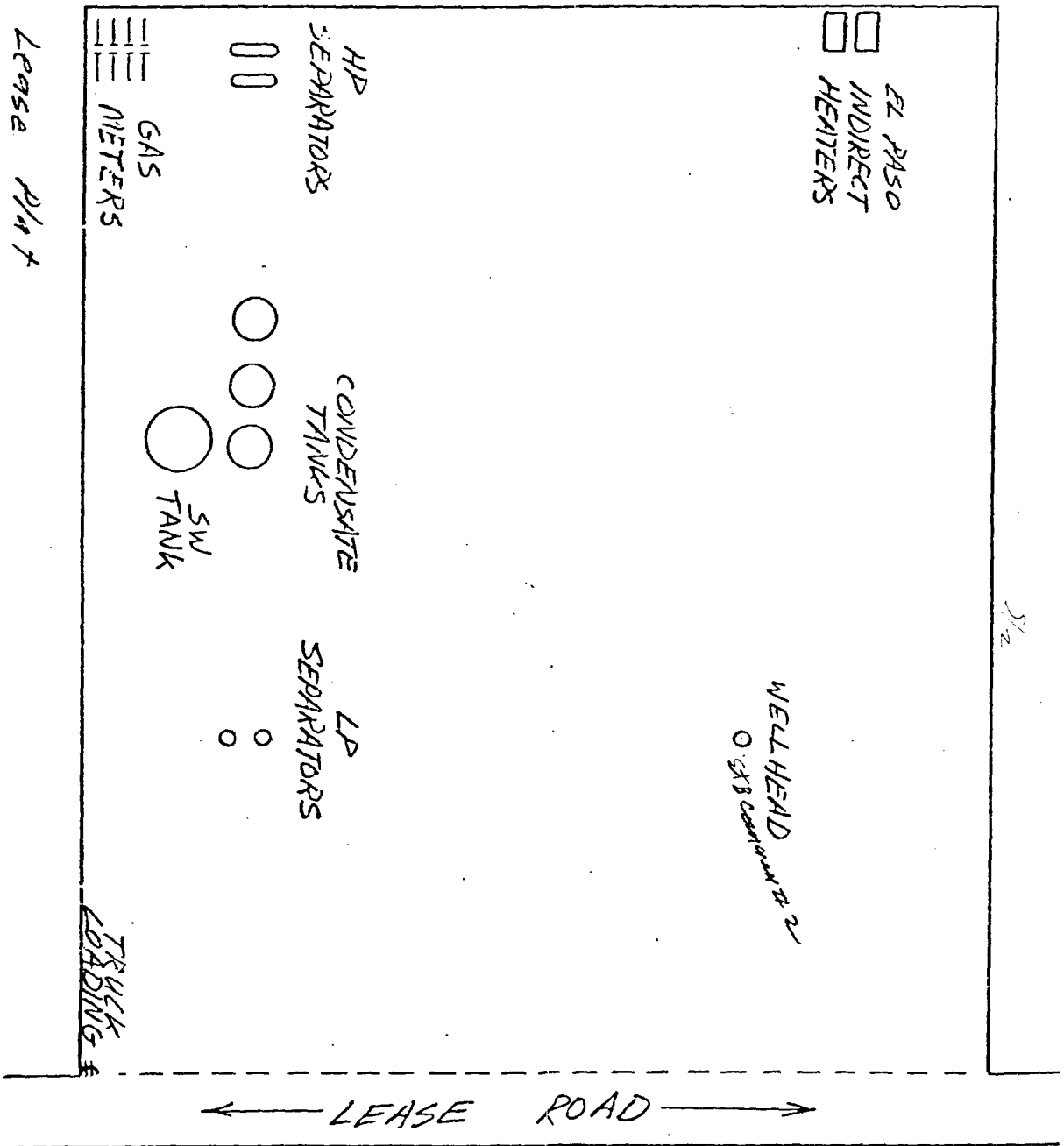


RECEIVED
AUG 11 9 29 AM '81
STATE LAND OFFICE
SANTA FE, N.M.

RECEIVED
 SEP 13 1981
 EL PASO OPERATING DIVISION
 SANTA FE



State "B" Com. #2
 Proposed facilities schematic

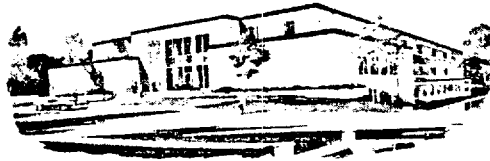


Proposed Lease Plant
 State "B" Conn. #2
 Scale: 1" = 50'

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

August 14, 1981

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Shell Oil Company
P. O. Box 576
Houston, Texas 77001

Re: Commingling of the Devonian
and Ellenburger zones
Sec. 36-T24S-R36E, Custer Field
Lea County, New Mexico

ATTENTION: Mr. M. C. Babcock

Gentlemen:

Reference is made to your request to commingle production from the Devonian and Ellenburger zones from your State "B" Com Well No 2.

You are hereby granted approval to the above request. Any deviation from your proposed request will be reason to cancel our approval. This approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is one approved copy for your files.

Please remit a Ten (\$10.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encl.
cc:

OCD-Santa Fe, New Mexico
Oil and Gas Accounting Commission
State Lease No. B-1167-12
State Lease No. B-1167-31

State Lease No. B-1484-5
State Lease No. E-1734
State Lease No. E-2388-1
State Lease No. E-8327-1