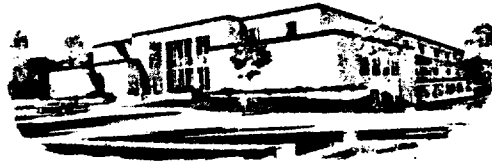


State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

July 7, 1986

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Shell Western E&P Inc.
Attn: Mr. A. J. Fore
P. O. Box 576
Houston, Texas 77001

Re: REQUEST FOR EXCEPTION TO NMOCD
RULES 303-A, 309-B, AND 403 SHELL
WESTERN ANTELOPE RIDGE UNIT.
ANTELOPE RIDGE FIELD (ATOKA,
MORROW AND DEVONIAN POOLS) LEA
COUNTY, NEW MEXICO

Gentlemen:

Reference is made to your application dated June 30, 1986, wherein you have requested our approval to commingle gas and condensate from wells producing from a common source of supply prior to metering. You have also asked for authority to commingle gas production from separate common sources and separate leases after metering, but prior to sales and for common storage of condensate after metering.

It is our understanding that the commingled production from each participating area will be metered/tested prior to commingling and the value of the gas and condensate will not be decreased because of the commingled production.

You are hereby given approval to the above request. This approval is subject to being withdrawn at the discretion of the Commissioner of Public Lands, if in his opinion, the operation proves to be unsound or otherwise against the best interest of the State of New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit a filing fee in the amount of Thirty Dollars.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:

F. Coyote Vane
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 327-5744

JB/FOP/pm
cc: OCD, BLM

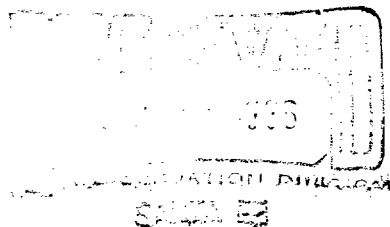
Shell Western E&P Inc.

A Subsidiary of Shell Oil Company



P.O. Box 576
Houston, TX 77001

June 30, 1986



State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

SUBJECT: REQUEST FOR EXCEPTION TO MMOCD RULES 303-A, 309-B, AND 403
SHELL WESTERN ANTELOPE RIDGE UNIT
ANTELOPE RIDGE FIELD (ATOKA, MORROW AND DEVONIAN POOLS)

Shell Western E&P Inc. (Shell Western) requests an exception to Rule 403 in order to commingle gas and condensate from wells producing from a common source of supply prior to metering. We also request authority to commingle gas production from separate common sources and separate leases after metering, but prior to sales and for common storage of condensate after metering (exception to Rule 303-A and 309-B). The Antelope Ridge Unit is a Federal Unit with a different participating area for each pool, therefore, each pool is a separate lease (Attachment 1).

As shown on the flow diagram (Attachment 2), the effluent from each well is gathered through a header system which allows for individual well testing. The effluent stream is then delivered to a three-phase separator that is provided for each pool, where gas, condensate and water are separated.

Each product is continuously metered as it leaves the separator. The like products from each separator, or pool, are then commingled for sale through a master meter.

The gas volume from the master sales meter is allocated back to each pool based on the meter readings at each separator. The allocated pool volume is then proportioned back to the individual wells based on monthly well test volumes. The condensate production is allocated back to the pool and the individual well in the same manner.

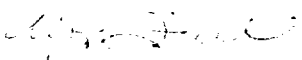
Below is a tabulation of the gravities of the liquid hydrocarbons, value and volumes from each pool:

<u>Pool</u>	<u>August Gravity °API@ 60°</u>	<u>Value \$/BBL</u>	<u>Volume BBL/Day</u>
Atoka	51.6	10.69	10
Morrow	55.2	10.56	5
Devonian	58	11.38	90
Combined	57.2	11.23	105

The value of this condensate is not reduced appreciably and one gas contract covers all three pools.

Royalty interest is common in each pool in the Antelope Ridge Unit, therefore, correlative rights will be protected. By copy of this letter we are requesting the concurrence of the Commissioner of Public Lands and the Bureau of Land Management.

Yours very truly,


A. J. Fore
Supervisor
Regulatory and Permitting
Western Division

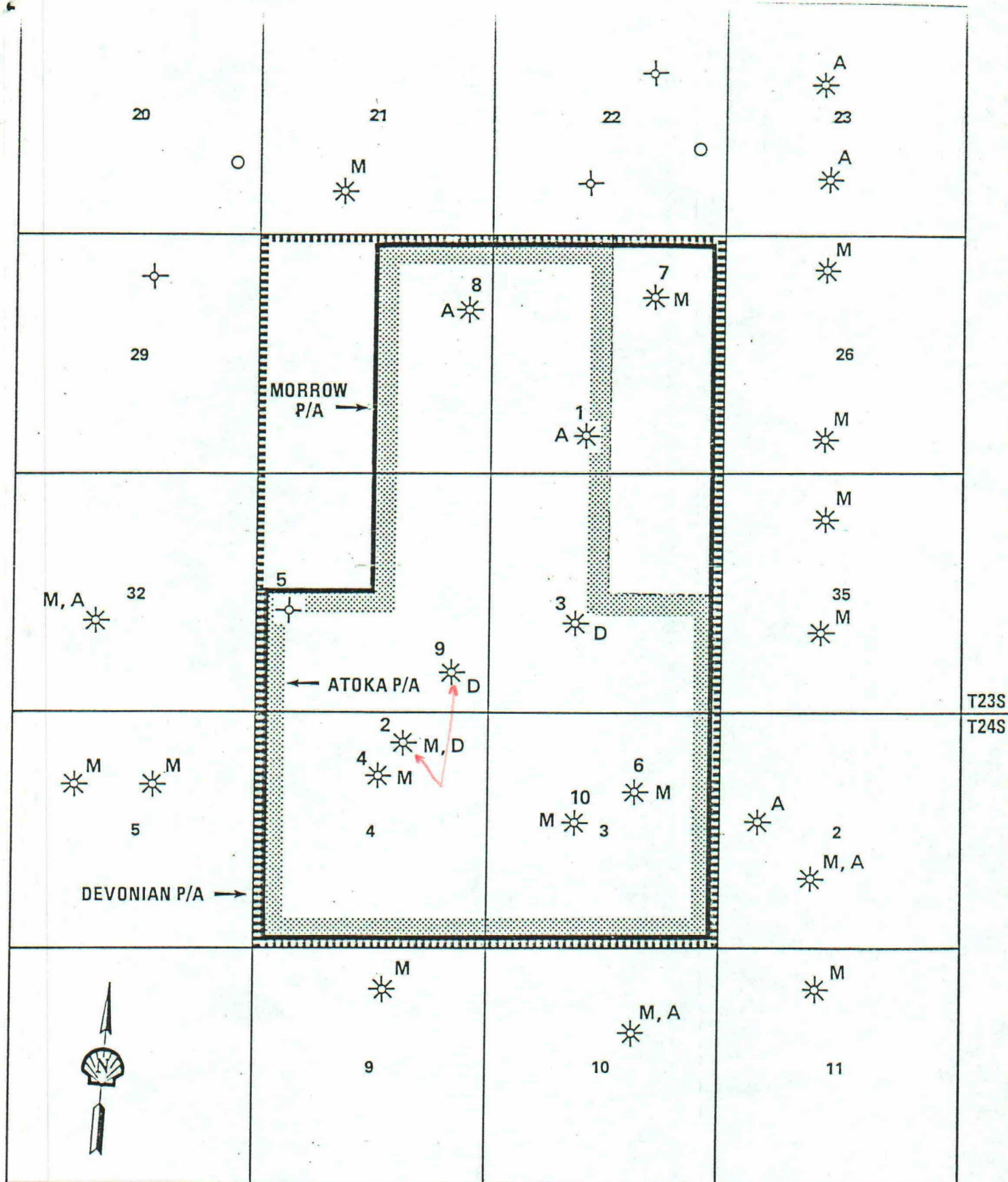
AJF:JD

Attachments

cc: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

State of New Mexico
Commissioner of Public Lands
P. O. box 1148
Santa Fe, New Mexico 87505-1148

United States Department of the Interior
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201



☼ D, M, A D = DEVONIAN PRODUCER
 M = MORROW PRODUCER
 A = ATOKA PRODUCER

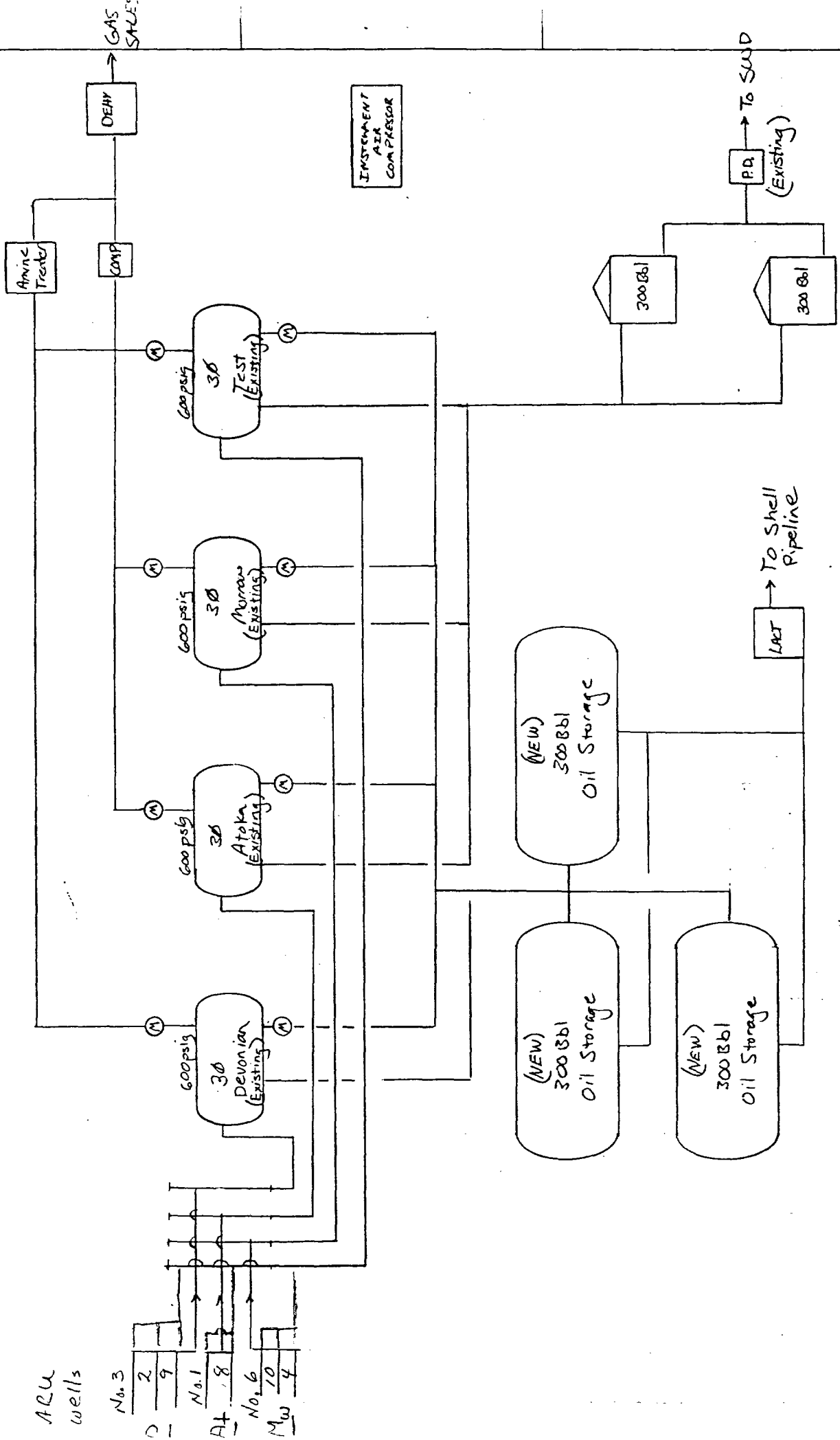
☼ DRY HOLE

ATTACHMENT 1

SHELL WESTERN E&P INC.
 ANTELOPE RIDGE UNIT
 T23 & 24S, R34E
 LEA COUNTY, NEW MEXICO
 PARTICIPATING AREAS

0 2000' 4000'
 SCALE

ATTACHMENT 2



PROPOSED ARU FACILITIES

6/19/86
RLW