

Case Number

4711

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
205 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103  
FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
May 5, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company  
for commingling, Lea County,  
New Mexico.

CASE NO. 4711

BEFORE: Elvis A. Utz  
Examiner

TRANSCRIPT OF HEARING

7

1 MR. UTZ: Case No. 4711.

2 MR. HATCH: The Application of Shell Oil Company  
3 for commingling, Lea County, New Mexico.

4 MR. BUELL: I am Sumner Buell appearing on behalf  
5 of the Applicant and we have one witness and ask that he  
6 be sworn.

7 MR. UTZ: Any other appearances?

8 (No response.)

9 ROBERT WALDEN.

10 was called as a witness and, after being duly sworn, testified  
11 as follows:

12 DIRECT EXAMINATION

13 BY MR. BUELL:

14 Q Would you state your name?

15 A Robert Walden.

16 Q By whom are you employed, and in what capacity?

17 A The Shell Oil Company, Midland, Texas, as a working  
18 facility Engineer.

19 Q And you have not previously testified before the  
20 Commission; is that correct?

21 A That is correct.

22 Q Would you give the Examiner some of your educational  
23 background, please?

24 A I am a graduate of Delmar Junior College, and took  
25 additional training at Arlington State College in Texas.

1 Q What is the nature of your present job with Shell?

2 A I am presently field facility Engineer for nine  
3 production units, located in the southeast part of  
4 New Mexico, the State of Illinois, the north part of  
5 Texas.

6 MR. BUELL: Are the witness' qualifications  
7 accepted?

8 MR. UTZ: They are.

9 Q (By Mr. Buell) Are you familiar with what Shell is  
10 seeking in this Application?

11 A Yes, I am. Shell Oil Company seeks authority to  
12 commingle North Vacuum Abo production from its State  
13 VB Well No. 1 located in Unit B of Section 19, Township  
14 17 South, Range 35 East, Lea County, New Mexico, and  
15 from its State K Lease comprising the SE/4 of the  
16 said Section 19 afterseparately metering the State VB  
17 production and determining the State K production by  
18 means of the subtraction method.

19 Q Referring you to what has been marked as Applicant's  
20 Exhibit Number 1, would you briefly state what that  
21 Exhibit shows?

22 A Yes. Exhibit Number 1 is a plat and shows the following:  
23 It shows the State VB Com Well Number 1, the Shell  
24 Numbers 2 and 3 which produce from the Morrow.

25 Q Are the royalty interest owners common throughout these

dearnley-meier reporting service

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
209 SIMMS BLDG., P.O. BOX 1092, ALBUQUERQUE, NEW MEXICO 87108  
FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

- 1 three wells?
- 2 A Yes.
- 3 Q Referring to what has been marked Exhibit 2, would you
- 4 please state what that shows?
- 5 A Exhibit Number 2 shows on the right-hand side of the
- 6 Exhibit, a location plat depicting the three wells
- 7 in Section 19.
- 8 On the left-hand side of the Exhibit, are the
- 9 electric logs of the three wells which are producing
- 10 at an interval of 8,700 feet.
- 11 Q All three wells are producing from the common zone?
- 12 A That is correct.
- 13 Q Referring to what has been marked Exhibit 3, would you
- 14 please explain what that shows?
- 15 A Exhibit 3 shows the proposed producing scheme of the
- 16 State VB Com Well Number 1.
- 17 Q Referring you to what has been marked Exhibit 4, would
- 18 you just very briefly state what that shows?
- 19 A This is a list of the components of the metering
- 20 scheme and also the mechanical application of the
- 21 units.
- 22 Q And referring you to what has been marked Exhibit 6,
- 23 would you please state what that shows?
- 24 A This is a letter from the Marathon Oil Company
- 25 agreeing to our proposal.

1 Q And a fifty percent working interest owner?

2 A That is correct.

3 Q Referring you to Exhibit 5, would you state what that  
4 shows?

5 A This is a letter from the State Land Commission  
6 attesting to the fact of the subleases in Section 19  
7 and the common royalty throughout.

8 Q And, is it your opinion, that the granting of this  
9 Application would protect correlative rights, and  
10 prevent waste?

11 A Yes. Shell will save approximately \$2,600 a year in  
12 operating costs, and Shell believes the correlative  
13 rights will be protected under the proposed method  
14 of production.

15 Q Were Exhibits 1 through 6 either prepared by you or  
16 under your supervision?

17 A Yes, they were.

18 MR. BUELL: Mr. Examiner, I move for the introduction  
19 of Applicant's Exhibits 1 through 6. I believe the  
20 Commission has a letter from the Purchaser of the oil  
21 agreeing to this type of arrangement.

22 MR. UTZ: I don't see one in the file.

23 MR. HATCH: Here it is.

24 MR. UTZ: Yes, I'm sorry.

25 MR. BUELL: I have no other questions.

1 MR. UTZ: Without objection, Exhibits 1 through  
2 6 will be made part of the record of this case.

3 (Whereupon, Applicant's Exhibits 1 through 6 were  
4 entered in evidence.)

5 CROSS-EXAMINATION

6 BY MR. UTZ:

7 Q In your proposal here you are going to meter the  
8 production to your State VB Com Well Number 1; is  
9 that correct?

10 A That is correct.

11 Q And you are going to commingle it with 2 and 3?

12 A Yes.

13 Q These are oil wells; right?

14 A Yes.

15 Q You are not going to meter the production from the  
16 2 and 3 wells, but you will meter the total and  
17 subtract the number 1 from the total stream to get  
18 the production for the numbers 2 and 3 wells?

19 A Yes, we are going to use the subtraction method to  
20 determine production.

21 Q Have you used this method before?

22 A Not to my knowledge.

23 Q Do you know anyone else that has?

24 A On marginal leases, where the royalty ownership was  
25 the same throughout.

1 Q What would be the difference in volume between the  
2 actual metering versus the subtraction method?

3 A What would be the difference in volume?

4 Q Yes, would there be a loss of any kind?

5 A Yes, but we feel that it would be marginal.

6 MR. UTZ: Any other questions of the witness?

7 (No response.)

8 MR. UTZ: If not, the witness may be excused.

9 (Witness excused.)

10 MR. UTZ: Any statements in this Case?

11 (No response.)

12 MR. UTZ: The Case will be taken under advisement.  
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1 STATE OF NEW MEXICO )  
2 ) SS  
3 COUNTY OF BERNALILLO )

4 I, RICHARD E. MCCORMICK, a Certified Shorthand Reporter  
5 in and for the County of Bernalillo, State of New Mexico,  
6 do hereby certify that the foregoing and attached Transcript  
7 of Hearing before the New Mexico Oil Conservation Commission  
8 was reported by me; and that the same is a true and correct  
9 record of the said proceedings to the best of my knowledge,  
10 skill and ability.

11   
12 CERTIFIED SHORTHAND REPORTER

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22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the hearing held on March 4, 1922,  
25 heard by me at Albuquerque, New Mexico.  
Richard E. McCormick, Reporter  
New Mexico Oil Conservation Commission

I N D E XWITNESS:PAGEROBERT WALDEN

Direct Examination by Mr. Buell

3

Cross-Examination by Mr. Utz

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E X H I B I T SAPPLICANT'S: (Shell)OFFEREDADMITTED

Exhibit 1

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Exhibit 2

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Exhibit 3

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Exhibit 4

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Exhibit 5

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Exhibit 6

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## OIL CONSERVATION COMMISSION

**STATE OF NEW MEXICO**  
**P. O. BOX 2088 - SANTA FE**  
**87501**

GOVERNOR  
BRUCE KING  
CHAIRMAN

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

**May 17, 1972**

Mr. Sumner Buell  
Montgomery, Federici, Andrews,  
Hannahs & Morris  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: Case No. 4711  
Order No. R-4303  
Applicant:  
  
**Shell Oil Company**

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

**Aztec OCC**

**Other** \_\_\_\_\_

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. 4711  
Order No. R-4303

APPLICATION OF SHELL OIL  
COMPANY FOR COMMINGLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 5, 1972,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of May, 1972, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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 the State "K" Lease comprising the SE/4 of Section 19 and  
the State "VB" Com Lease comprising the W/2 NE/4 of Section 19,  
Township 17 South, Range 35 East, NMPM, North Vacuum Abo Pool,  
Lea County, New Mexico.
- (3) That the applicant seeks authority to commingle the  
North Vacuum Abo oil production from said leases in a common  
tank battery located in the NW/4 SE/4 of Section 19 and to  
allocate production to the State "K" Lease by the subtraction  
method after separately metering production from the State  
"VB" Com Lease.
- (4) That approval of the subject application will result  
in economic savings to the operator, prevent waste, and protect  
correlative rights, provided the installation of facilities for  
commingling production will permit the individual testing of  
each of the wells on the subject lease.

IT IS THEREFORE ORDERED:

- (1) That the applicant, Shell Oil Company, is hereby  
authorized to commingle the North Vacuum Abo production from

-2-

CASE NO. 4711  
Order No. R-4303

its State "K" Lease comprising the SE/4 of Section 19 and its State "VB" Com Lease comprising the W/2 NE/4 of Section 19 in a common tank battery located in the NW/4 SE/4 of Section 19, Township 17 South, Range 35 East, NMPM, North Vacuum Abo Pool, Lea County, New Mexico, and to allocate the production to the State "K" Lease by the subtraction method after separately metering the production from the State "VB" Com Lease.

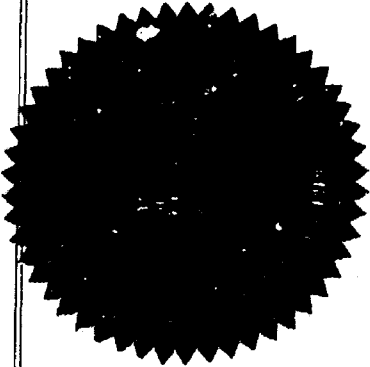
PROVIDED HOWEVER, that the facilities for said commingling of production shall be installed and maintained in a manner that will permit a determination of the producing capacity of each of the wells on the subject lease at least once each month;

PROVIDED FURTHER, that the applicant shall conduct monthly productivity tests on each of the wells on the subject lease and shall file the results of said tests with the Commission's District Office at Hobbs, New Mexico, on Commission Form C-116 each month.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMILLO, Member

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

S E A L

dr/

Case 4711

Leased 5-3-72

Rec. 5-9-72

Grant Shells request for  
coning the Prod from their  
St. V B + St. K. leases.  
Applicant ~~will~~ meter the Prod.  
from the St. V B lease, (Well #1)  
+ will not meter the prod from  
the St. K. lease (Wells #2 + 3).  
Will then measure total stream  
and subtract St. V B lease  
meter reading from total to  
arrive at the St. K. prod.

— The O. M. —

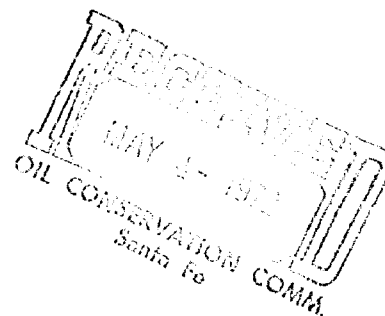


ALEX J. ARMIJO  
COMMISSIONER



Commissioner of Public Lands

May 4, 1972



P. O. BOX 1148  
SANTA FE, NEW MEXICO

Shell Oil Company  
Petroleum Building  
P. O. Box 1509  
Midland, Texas 79701

*Case 4711*  
*don*

*RDG*

Re: Commingling of Abo zone,  
State K Lease Sec. 19  
Township 17S, Range 35E,  
and State VB Com Lease  
Sec. 19, Twp. 17S, Rge. 35E,  
Vacuum Abo North Field Lea  
County, New Mexico

ATTENTION: Mr. P. A. Halverson

Gentlemen:

As requested this is to advise that the subject leases covering the NW/4NE/4 and SE/4 of Section 19, Township 17 South, Range 35 East, all belong to the same beneficiary and ownership is common throughout the above lands.

It is our understanding that the above information is needed in case No. 4711 in the Examiner Hearing on Friday-May 5, 1972.

Very truly yours,

*Ray D. Graham*

RAY D. GRAHAM, Director  
Oil and Gas Department

AJA/RDG/s

cc: New Mexico Oil Conservation Commission ✓  
Santa Fe, New Mexico

- CASE 4700: Application of Penasco Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Penasco Shugart Queen Sand Unit Area, Shugart Pool, by the injection of water into the Queen formation through four wells located in Sections 8, 9, 16, and 17, Township 18 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks a procedure whereby additional injection wells within the unit area may be approved administratively.
- CASE 4701: Application of Wynn Oil Company for an unorthodox location and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion of its Largo Federal Well No. 2 to produce gas from the Blanco-Mesaverde and Basin-Dakota Pools at an unorthodox location for the Blanco-Mesaverde Pool 1500 feet from the South line and 1100 feet from the East line of Section 13, Township 27 North, Range 8 West, San Juan County, New Mexico.
- CASE 4702: Application of Penroc Oil Corporation for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of the special rules and regulations for the Hobbs-Drinkard Pool, Lea County, New Mexico, to provide for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil for said pool.
- CASE 4703: Application of Continental Oil Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, including provisions defining a gas well in the pool as one producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of oil or one which produces oil with a gravity of 60° API or greater, a gas-oil ratio limitation for oil wells of 10,000 cubic feet of gas per barrel of oil, and 160-acre spacing units for both oil and gas wells.
- CASE 4709: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Penrose Skelly Oil Pool in the wellbore of its Lockhart A-17 Well No. 1 located in Unit L of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 4710: Application of Hanson Oil Corporation for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into unlined surface pits water produced by 22 wells located



DOCKET: EXAMINER HEARING - FRIDAY - MAY 5, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 4689: (Continued from the April 5, 1972, Examiner Hearing)

Application of Petroleum Corporation of Texas for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into unlined surface pits water produced by its Dexter Federal Well No. 15 located in Unit J of Section 15, and all of its wells located or to be located in the NW/4 of Section 20, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 4697: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (tubingless) of its V. M. Henderson Well No. 9 located in Unit G of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock and Tubb Pools through parallel strings of casing, cemented in a common well-bore.

CASE 4698: Application of David Fasken for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Arco "9" Morrison Well No. 1 located in Unit B of Section 9, Township 19 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Cisco gas pool through tubing and gas from the Boyd-Morrow Gas Pool through the casing-tubing annulus.

CASE 4711: Application of Shell Oil Company for commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle North Vacuum Abo production from its State VB Com Well No. 1 located in Unit B of Section 19, Township 17 South, Range 35 East, Lea County, New Mexico, and from its State K Lease comprising the SE/4 of said Section 19 after separately metering the State VB Com production and determining the State K production by means of the subtraction method.

CASE 4699: Application of Penasco Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Penasco Shugart Queen Sand Unit Area comprising 520 acres, more or less, of Federal and State lands in Sections 8, 9, 16, and 17, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

(Case 4710 continued)

or to be located in Sections 24, 25, 26, 34, and 35, Township 18 South, Range 30 East, Shugart Pool, Eddy County, New Mexico.

CASE 4704: Application of Atlantic Richfield Company for rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-1932 to permit the 240-acre non-standard gas proration unit comprising the NE/4 NE/4 of Section 33 and the NW/4 and NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, established by said order to be dedicated simultaneously to its J. H. Williams "Com" Well No. 3 and its J. H. Williams Well No. 5 located, respectively, in Units E and F of said Section 34.

CASE 4705: Application of Atlantic Richfield Company for waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to institute three waterflood projects on its leases in Sections 19 and 30, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into the Grayburg formation through five wells located in said Sections 19 and 30.

CASE 4706: Application of Kennedy Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg-Jackson Pool by the injection of water into the Grayburg formation through its State "B" Well No. 1 located in the NW/4 SW/4 of Section 19, Township 17 South, Range 31 East, Eddy County, New Mexico.

CASE 4708: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant- in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian and Devonian formations in perforated and open-hole interval from 10,492 feet to 13,100 feet in his State B-2330 Well No. 1 located in Unit C of Section 31, Township 16 South, Range 36 East, East Shoebar-Devonian Field, Lea County, New Mexico.

CASE 4707: Application of Blackrock Oil Company for a dual completion, salt water disposal, and unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Bates McIntyre Federal Well No. 1 at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 9, Township 6 South, Range 27 East, Chaves County, New Mexico, in such a manner as to produce gas from the Haystack Cisco Gas Pool through tubing and to dispose of salt water down the casing-tubing annulus into the San Andres and other formations in the open-hole interval from 1186 feet to 4389 feet, the N/2 of said Section 9 would be dedicated to the well.

NEW MEXICO OIL CONSERVATION COMMISSION  
POST OFFICE BOX 2088  
SANTA FE, NEW MEXICO 87501

COMINGLING ORDER CTB-

Company *Shell Oil Company*  
Address *P.O. Box 1810*  
City, State, Zip *Middleburg, Texas*

Attention: *Mr. R.A. Halverson*

The above-named company is hereby authorized to commingle  
*North Vacuum-A60*

pool production from the following leases:

Lease Name: *State K*  
Description:

Lease Name: *State VB*  
Description: *NW 1/4 NE 1/4 Sec 19, T17S, R3SE, Lea County, NM*

Lease Name:  
Description:

Production shall be allocated to each lease by

☐ separately metering the production from each lease prior to  
commingling

☒ separately metering the production from the  
and determining the  
production by the subtraction method

☐ well tests (if this method or the subtraction method above is  
to be authorized, all commingled production must be of identical  
ownership: working interest, royalty interest, and overriding  
royalty interest)

Note: This installation shall be installed and operated in accordance  
with the applicable provisions of Rule 309-B of the Commission  
Rules and Regulations and the Commission "Manual for the Installation and  
Operation of Commingling Facilities." It is the responsibility of the  
producer to notify the transporter of this commingling authority.

REMARKS:

DONE at Santa Fe, New Mexico, on this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_.

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

*Review all  
not commingling  
needs are (the  
meter &  
samples)  
Maggie for  
working*

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 All parties owning an interest in the subject leases and the purchaser of the commingled production are being informed of this proposal.

26. Name and address of gatherer Mobil Pipe Line Co. P. O. Box 900, Dallas, Tx 75221

27. Signature R. A. Halverson Title Product Accounting Supervisor

R. A. Halverson

Commingling permit number \_\_\_\_\_ Approval date \_\_\_\_\_

Approved by \_\_\_\_\_

FORM NO. 1  
COMMINGLING BY  
POOL OR LEASE

SHELL OIL COMPANY  
P. O. BOX 1810  
MIDLAND, TEXAS 79701

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

RECEIVED

MAR 23 1972

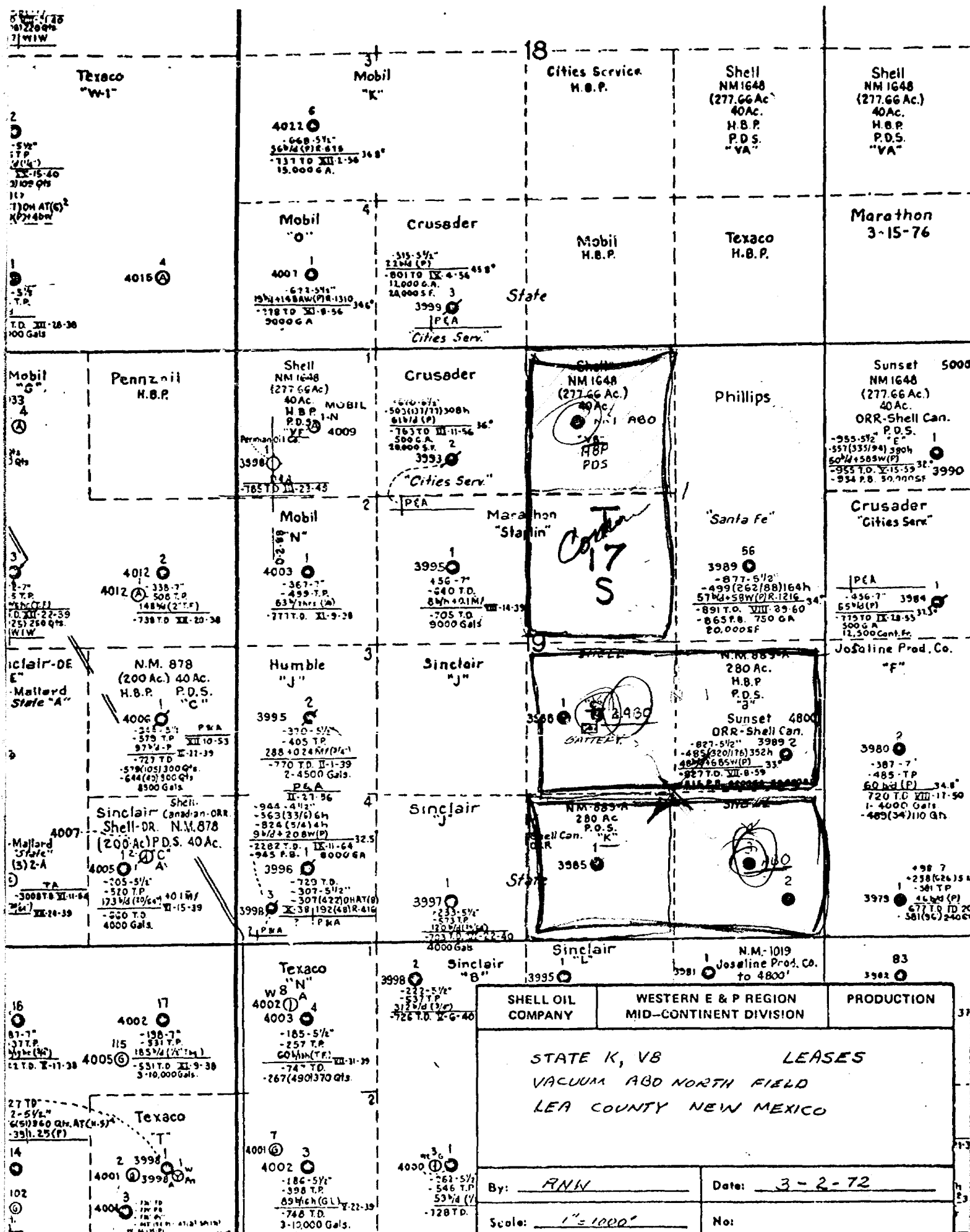
CONSERVATION COM. 7  
-ANTA PE

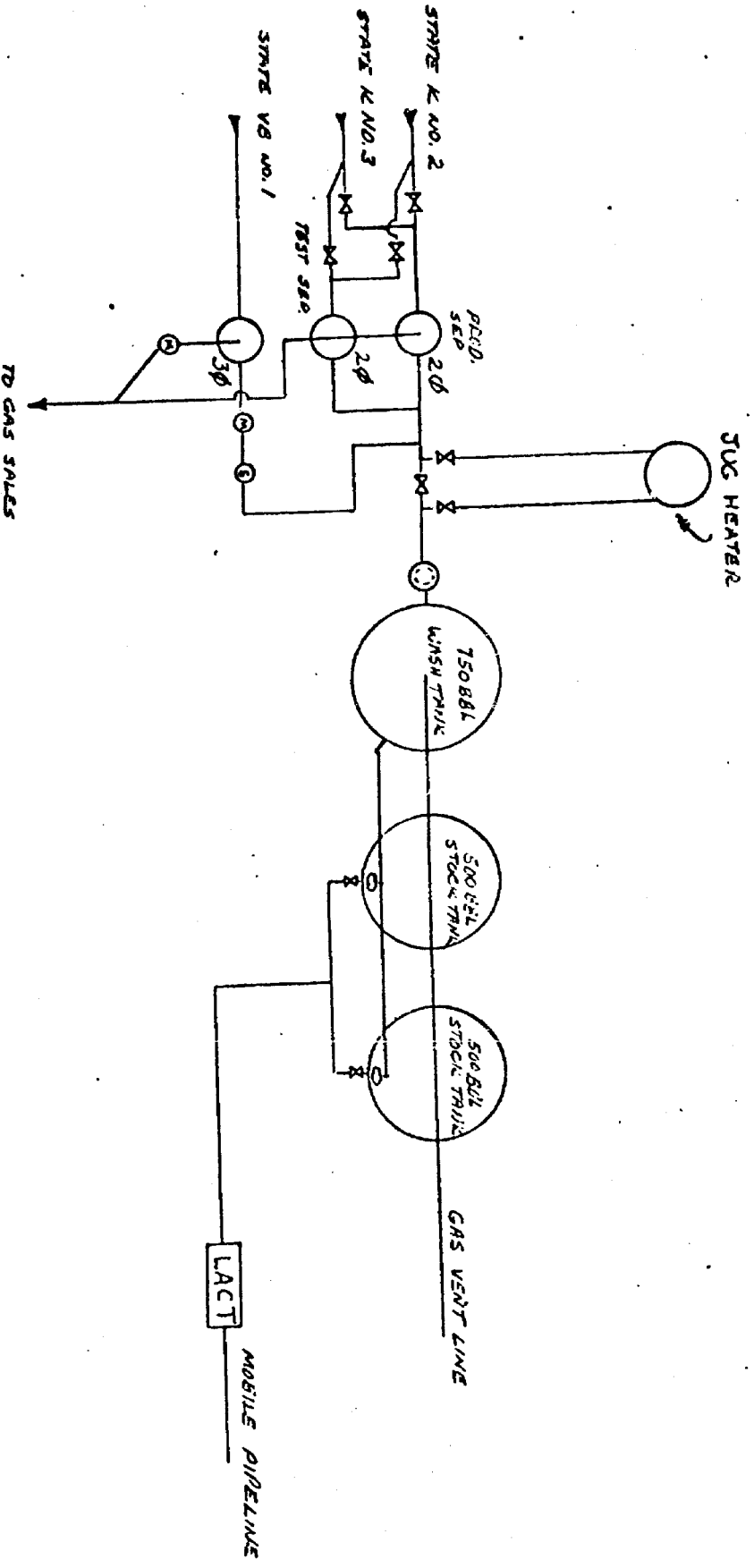
APPLICATION FOR EXCEPTION TO COMMISSION RULE 303a AND/OR 309A

1. Operator	SHELL OIL COMPANY	5. Commission Dist. No.	I	
2. Address	P. O. BOX 1509	6. County	Lea	
3. City	MIDLAND	4. State	TEXAS	
7. Date of Application		3-20-72		
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
Vacuum Abo North	State K	Abo	34.0-36.6	19-17S-35E
Vacuum Abo North	State VB Com	Abo	34.0-36.6	19-17S-35E

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 ~~(11) (12) (13) (14)~~
- ☐ 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 attached ✓
- 2.) Schematic diagram of the commingling facility attached ✓
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

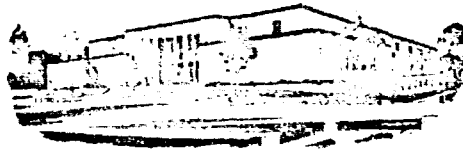




- LEGEND
- (M) METER
  - (S) SAMPLER

SHELL OIL COMPANY	WESTERN E & P REGION MID-CONTINENT DIVISION	PRODUCTION
STATE K, VB LEASES VACUUM AGO NORTH FIELD LEA COUNTY NEW MEXICO		
By: <u>RNH</u>	Date: <u>3-2-72</u>	
Scale: <u>1" = 1000'</u>	No: _____	

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO  
COMMISSIONER

March 14, 1972

P. O. Box 1148  
SANTA FE, NEW MEXICO

Shell Oil Company  
Petroleum Building  
P. O. Box 1509  
Midland, Texas 79701

Re: Commingling of Abo zone,  
State K Lease Sec. 19  
Township 17S, Range 35 E,  
and State VB Com Lease  
Sec. 19, Twp. 17S, Rge 35 E,  
Vacuum Abo North Field Lea  
County, New Mexico

ATTENTION: Mr. R. A. Halverson

Gentlemen:

Reference is made to your application dated March 8, 1972, requesting approval to commingle the Abo zone, State K Lease and State VB Com Lease, Vacuum Abo North Field, both in Section 19, Township 17 South, Range 35 East, Lea County, New Mexico.

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

Your ten (\$10.00) dollar filing fee has been received.

Very truly yours,

*Ray D. Graham*  
RAY D. GRAHAM, Director  
Oil and Gas Department

AJA/RDG/s  
encls.  
cc:

New Mexico Oil Conservation Commission  
New Mexico Oil & Gas Accounting Commission  
State Lease B-1398-14-21, and E-7259



# Mobil Oil Corporation

P.O. BOX 633  
MIDLAND, TEXAS 79701

March 16, 1972

New Mexico Oil Conservation Commission  
P. O. Box 1148  
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter, Jr.

Gentlemen:

With reference to Shell Oil Company's proposal to commingle the Abo zone on their State K and State VB Com leases, both located in Section 19, Township 17S, Range 35E of Lea County, New Mexico; Mobil Oil Corporation, as the purchaser of this crude oil production, is agreeable to this proposal. We would not expect any change in the actual commercial value of the commingled production.

Very truly yours,



J. H. Jouette, Area Representative  
Crude Oil Department

JHJ/tw

## Mobil Pipe Line Company

P. O. Box 1073, Midland, Texas 79701

March 16, 1972

New Mexico Oil Conservation Commission  
P. O. Box 1148  
Santa Fe, New Mexico 87501

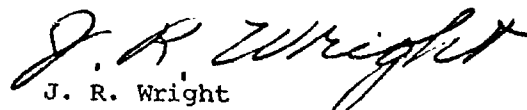
Attention: Mr. A. L. Porter, Jr.

110 - PERMISSION TO COMMINGLE  
SHELL - STATE K & STATE VB  
LEASES, LEA CO., N. MEXICO

Gentlemen:

With reference to Shell Oil Company's proposal to commingle the Abo zone on its State "K" and State "VB" Com leases, both located in Section 19, T17S, R35E, Lea County, New Mexico, Mobil Pipe Line Company as the crude oil gatherer is agreeable to this proposal.

Yours very truly,

  
J. R. Wright  
Division Manager

JRW:ed

FD-350 Form 3811 Apr. 1969

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS



POSTMARK OF DELIVERING OFFICE

Print your name and address below. If you want to  
request delivery, or to have the address of delivery  
shown on this receipt, check block(s) on your label.  
When furnished ends and attach this card to back of  
article.

RETURN  
TO

SHELL OIL COMPANY

*Room 308*

P. O. Box 1509

Midland, Texas 79701

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).  
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

SIGNATURE ON NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

114899

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

3-15-72

SHOW WHERE DELIVERED (only if required)

40-10-71a (Rev. 6-1-66)

March 7, 1972

Subject: Commingling of Abo zone,  
State K Lease, Sec. 19,  
Township 17S Range 35E, and  
State VB Com Lease, Sec. 19  
Township 17S Range 35E,  
Vacuum Abo North Field,  
Lea County, New Mexico

Marathon Oil Company  
P. O. Box 552  
Midland, TX 79701

Gentlemen:

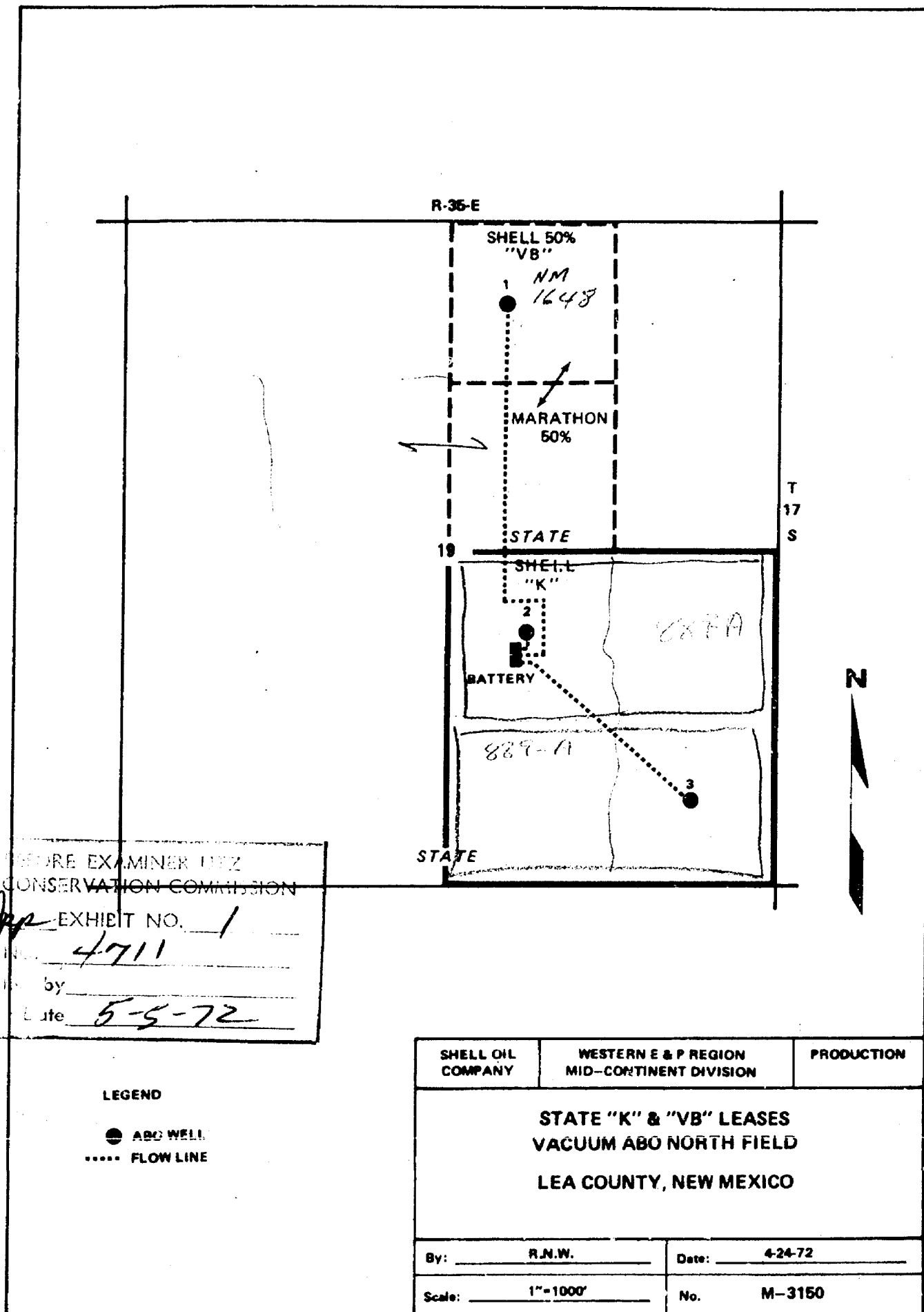
Shell Oil Company proposes to commingle production from the subject leases into common storage. The oil production from each Lease shall be separately metered and sampled before commingling. The allocation of production as to each lease and the installation and operation of commingling facilities will be in accordance with New Mexico Oil Conservation Commission commingling rules and regulations. No change in the commercial value of the production is anticipated.

All parties owning an interest in the subject leases and the purchaser of the commingled production are being informed of this proposal. The New Mexico Oil Conservation Commission may approve the commingling if no party has made objection within twenty days of receipt of our application.

Yours very truly,

ORIGINAL SIGNED BY  
R. A. HALVERSON  
R. A. Halverson  
Product Accounting Supervisor  
Mid-Continent Division

SST:BP



BEFORE EXAMINER UTZ  
 OIL CONSERVATION COMMISSION  
 App EXHIBIT NO. 1  
 FILE NO. 4711  
 by  
 Date 5-5-72

METER - SAMPLER SKID UNIT

COMPONENTS

1. P. D. Meter - Floco Model F 500 2" or 3" as required, 500 psi, male pipe thread, C/W Floco Model 571 electrical pulse transmitter. Meter to register in barrels with transmitter pulse rate of one pulse per barrel. Meter to be furnished with Type SA trim.
2. 2" Frank Wheatley 6175 Plug Valve with leak detection connection, 175# WOG.
3. Dump Valve - National Tank Company Catalogue No. DSA-201, Angle body, Diaphragm-Type, Double-Ported Oil dump valve w/2" FPT ends, 303 SS trim, Buna "N" insert and 1-1/4" orifice.
4. Sampler - Valve, Barksdale 1751 SOHC2A1, 115 volt, 60 cps, 2-way w/Viton "O" rings; container, 16", 47 lb. pipe with 6" victaulic opening in top, air tight at 10 psi internal pressure, plastic coated internally, protected sight glass, 20-gallon capacity. Fisher 1/4" 289A back pressure valve, 3-13 psi, set at 10 psi, 0-20 psi pressure gauge, 3". 1" Mixer pump piping and valves, 175 WOG. 1/4" Steel tubing and needle valves.
5. Pump - Goulds Model 3642, size 1" with 1/3 hp single phase, 120 volt, 60 cps, 3450 RPM, TEFC motor, index number 624-113-26 or equal.
6. Control Panel - Hoffman Control Box or equal; Sampler timer - Eagle Signal Model 76-0-A-4-20-02, 6 second cycle, 120-volt, 60 cps, two circuit; Control relays A and B - Octal plug-in, 120-volt, 60 cps, 10 amp. contacts, Potter Bromfield KRP11AG or equal; Power service outlet, weather proof with spring loaded cover, and 120-volt, 15 amp. single outlet; control power transformer, .5 KVA, 480/120 volts single phase, weather proof, mounted on outside of control box.
7. 2" Quick coupling adapter, "Evertite" part F male, with dust cap.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Imp</i>	EXHIBIT NO. <u>4</u>
CASE NO.	<u>4711</u>
Submitted by	
Hearing Date	<u>5-5-72</u>

SKID SPECIFICATIONSGeneral

1. Equipment to be adequately supported, free of vibration, without leaks and piping strain, and weatherproof.
2. All work to be done in a workmanlike fashion and according to the National Electrical Code and National Electrical Safety Code.
3. Three instruction manuals consisting of (1) an electrical schematic, and (2) repair manuals for all major components are to be furnished.

Mechanical

1. Skid and equipment are to be primed with red lead primer and painted with two coats of a suitable oilfield aluminum paint.
2. Drain outlets are to be connected through a valve to a common drain line. Relief valve on sample container is to be connected to the same drain line.
3. All fittings are to be 1/2" or larger as necessary.
4. Rotating parts are to be properly guarded.
5. Tubing must slope down from sampler valve to sample container.

Electrical

1. Components inside and on the front of the control box are to be identified either by stenciled letters or name plates as shown on Shell schematic drawing.
2. All wiring inside control box is to be done on the front of the mounting panel. All wires to be terminated with spade lugs for connection to terminals. Wire no smaller than No. 14 AWG is to be used. Stranded wire should be used whenever flexing of the wire is required.
3. All wires brought into the control box shall be brought first to a numbered terminal strip. These numbers shall be shown on the manufacturer's schematic. When appropriate, terminal numbers of individual components within the control box will also be shown on the schematic.
4. Wiring shall be color coded:  
  
Ground - white; 120 volts - black - 480 volts - red;  
other assorted colors as necessary to facilitate wire tracing.
5. Standard weight galvanized steel conduit, with threaded waterproof fittings, will be used. All conduit will be 1/2" or larger as necessary. Conduit ends are to be reamed and capped with plastic end bushing.

5896

ON BEHALF OF THE UTZ  
CASE NO. 1711  
Submitted by 3-5-72  
Hearing Date 3-5-72



6. Adequate lightning and overload protection will be installed. Circuit breakers only are permitted for overload protection. Control panel door must be interlocked with main power breaker.
7. Lightning arrestor and control circuit grounds will be grounded to unit and also connected to ground lug stud. Ground lug will receive No. 6 external ground wire from ground rod.



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

P.O. BOX 552  
MIDLAND, TEXAS 79701

April 27, 1972

Shell Oil Company  
P. O. Box 1509  
Midland, Texas 79701

Attention: Mr. R. N. Walden

State VB Com. Lease  
Vacuum Abo North Field  
Lea County, New Mexico

Gentlemen:

Marathon Oil Company owns a 50.00 percent non-operated working interest in the referenced lease operated by Shell Oil Company. There is one flowing Abo oil well on this 80-acre communitized lease.

It is our understanding that Shell proposes to commingle Abo production from this lease with Abo production from their State "K" lease located in the same Section 19, T-17-S, R-35-E, after separately metering the State VB production and determining the State "K" production by means of the subtraction method.

Marathon Oil Company has no objection to the above outlined proposed method if approved by the New Mexico Oil Conservation Commission.

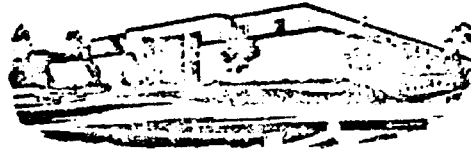
Very truly yours,

G. A. Naert  
Joint Interest Representative

GAN:mc

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	6
CASE NO.	4711
Submitted by	
Hearing Date	5-5-72

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO  
COMMISSIONER

May 4, 1972

P. O. BOX 1148  
SANTA FE, NEW MEXICO

Shell Oil Company  
Petroleum Building  
P. O. Box 1509  
Midland, Texas 79701

Re: Commingling of Abo zone,  
State K Lease Sec. 19  
Township 17S, Range 35E,  
and State VJ Gas Lease  
Sec. 19, Twp. 17S, Rge. 35E,  
Vacuum Abo North Field Lea  
County, New Mexico

ATTENTION: Mr. R. A. Halverson

Gentlemen:

As requested this is to advice that the subject leases covering the NW/4NE/4 and SE/4 of Section 19, Township 17 South, Range 35 East, all belong to the same beneficiary and ownership is common throughout the above lands.

It is our understanding that the above information is needed in case No. 4711 in the Examiner Hearing on Friday-May 5, 1972.

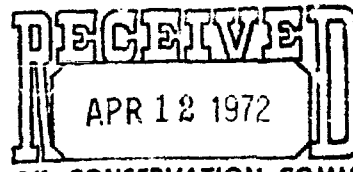
Very truly yours,

RAY D. GRAHAM, Director  
Oil and Gas Department

AJA/RDG/s

cc: New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

MINER UTZ  
P. O. BOX 1148  
SANTA FE, N.M. 87501  
EXHIBIT NO. 7  
CASE NO. 4711  
Submitted by  
Hearing Date 5-5-72



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF SHELL OIL COMPANY FOR THE  
SURFACE COMMINGLING OF PRODUCTION  
AND OFF-LEASE STORAGE OF PRODUCED  
OIL FROM SECTION 19, TOWNSHIP 17  
SOUTH, RANGE 35 EAST, LEA COUNTY,  
NEW MEXICO.

NO. 4710

A P P L I C A T I O N

Comes now Shell Oil Company and applies to the Commission or one of its examiners for the off-lease storage and commingling of production in a common tank battery and in support of its application states:

1. Shell Oil Company is the operator of its State VB Com No. 1 Well located in the NW 1/4 of the NE 1/4 of Section 19, T. 17 S., R. 35 E., N.M.P.M., Lea County, New Mexico.

2. Shell Oil Company is the working interest owner and operator of its wells designated State K No. 2 located in the NW 1/4 of the SE 1/4 of Section 19, T. 17 S., R. 35 E., N.M.P.M., Lea County, New Mexico, and its well State K No. 3 located in the SE 1/4 of the SE 1/4 of Section 19, T. 17 S., R. 35 E., N.M.P.M., Lea County, New Mexico.

3. Each of the three wells above has a common royalty owner, to-wit, the State of New Mexico. There are no other royalty or overriding royalty owners.

4. There is presently a tank battery located in the NW 1/4 of the SE 1/4 of Section 19, T. 17 S., R. 35 E., Lea County, New Mexico.

5. Applicant asks that it be permitted to commingle the production from the above three wells in said tank battery with

DOCKET AMENDED

Date 4-21-72

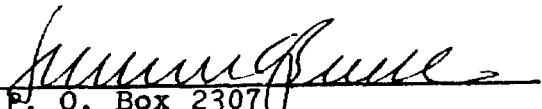
the production from State VB Com No. 1 Well being metered into the tank battery and the production from State K No. 2 and State K No. 3 being determined by a subtraction method.

6. All three wells involved in this application are producing from a common reservoir, to-wit, the Abo Formation.

7. The granting of the application will prevent waste and protect correlative rights.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS,  
HANNAHS & MORRIS

By   
P. O. Box 2307  
Santa Fe, New Mexico 87501  
Attorneys for Shell Oil Company

Don - see if the  
parks marked in red  
are noted -

Geo  
OK

DRAFT

GMH/dr

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. 4711

Order No. R-4303

APPLICATION OF SHELL OIL COMPANY  
FOR COMMINGLING, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 5, 1972  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of May, 1972, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, 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 the State "K" Lease comprising the SE/4 of Section 19, Township  
17 South, Range 35 East, NMPM, North Vacuum Abo Pool, Lea County,  
New Mexico.

*com lease comprising the SE/4 of Section 19,*

CASE NO. 4711  
Order No. R-

(3) That the applicant seeks authority to commingle the North Vacuum Abo oil production from said lease in a common tank <sup>located in the NW 1/4 SE 1/4 of Section 19</sup> battery and to allocate production <sup>to the State K lease by the subtraction</sup> ~~of said lease on the basis of~~ <sup>method after separately metering production from the State VBCOM</sup> ~~periodic well tests.~~ <sup>lease.</sup>

(4) That approval of the subject application will result in economic savings to the operator, prevent waste, and protect correlative <sup>rights</sup> ~~rights~~, provided the installation of facilities for commingling production will permit the individual testing of each of the wells on the subject lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to commingle the North Vacuum Abo production from its State "K" Lease comprising the SE/4 of Section 19, <sup>and its State VBCOM lease comprising the NW 1/4 NE 1/4 of Section 19</sup> Township 17 South, Range 35 East, NMPM, North Vacuum Abo Pool, Lea County, New Mexico, <sup>and to allocate</sup> ~~allocating~~ the production to <sup>the State K lease by the subtraction</sup> ~~each lease on the basis~~ <sup>method after separately metering the production from the State</sup> ~~of monthly well tests;~~ <sup>VBCOM lease.</sup>

PROVIDED HOWEVER, that the facilities for said commingling of production shall be installed and maintained in a manner that will permit a determination of the producing capacity of each of the wells on the subject lease at least once each month;

PROVIDED FURTHER, that the applicant shall conduct monthly productivity tests on each of the wells on the subject lease and shall file the results of said tests with the Commission's District Office at Hobbs, New Mexico, on Commission Form C-116 each month.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



CASE 4712: Application of TEXACO  
FOR MULTIPLE COMPLETION, LEA  
COUNTY, NEW MEXICO.

Produced Pursuant to  
Court Order dated 5/9/88