

Case No.

938

Application, Transcript,
Small Exhibits, Etc.

CASE 938: Shell Oil Co. application for
exception to Rule 309 (a) to permit com-
mingling of oil

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
September 15, 1955

IN THE MATTER OF:

CASE NO. 930

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 15, 1955

IN THE MATTER OF:

Application of Shell Oil Company for an
exception to Rule 309 (a) to permit the
commingling of oil from two separate state
oil and gas leases in the Townsend-Wolfcamp
into one central tank battery.

Case No. 938

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 938.

MR. CAMPBELL: Jack Campbell, representing M. A. McCress.

At the time this application for administrative approval of common tankage was made by Shell Oil Company, McCress filed an objection, and the case was, therefore, under the rules, set down for hearing. Since the time of the filing of the protest, Shell and McCress have been in conferences as a result of which McCress at this time wishes to withdraw its protest inasmuch as Shell has agreed with McCress that subject to working out details and obtaining approval of other operators in the pool, they will assist McCress in getting uniform pool-wide testing procedures for the Townsend-Wolfcamp pool, encompassing an established flow. McCress will make such a request.

to the Commission in the immediate future.

In connection with the withdrawal of this protest, and in connection with the Townsend-Wolfcamp Pool, the Commission will recall that several months ago there was another case involving gas-oil ratios and gas-oil ratio tests in the pool. We would like to remind the Commission that at that time it was our understanding that a gas-oil ratio test in this particular pool would be taken each six months, and that one would be scheduled for the month of November. To date we have not received any notice that that is to be taken, under Commission supervision, but we assume that notice will be forthcoming and that the Commission still contemplates the taking of the gas-oil ratio test in this particular pool during the month of November.

MR. HOWARD: Paxton Howard for Shell Oil. With the withdrawal of this protest, I believe this case is subject to administrative handling?

MR. MACKEY: That is correct.

MR. HOWARD: We can save considerable time by me handing in the waivers and consent obtained, the Land Commissioner's consent and the maps?

MR. MACKEY: You wish the case dismissed and rely on the administrative approval?

MR. HOWARD: Yes, I think it is in proper shape for that at this time.

MR. MACKEY: With that in mind, we will discuss Case 918.

STATE OF NEW MEXICO)
 : ss.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability..

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 29th day of September, 1955.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1959

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 17, 1955

IN THE MATTER OF:

CASE NO. 938

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

Memo

From

To

This application was approved administratively
as an exception to Rule 309 (a).

on 9/24/55.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 936
Order No. R-696

THE APPLICATION OF SHELL OIL
COMPANY FOR AN EXCEPTION TO
RULE 309 (a) TO PERMIT THE
COMMINGLING OF OIL FROM TWO
SEPARATE STATE LEASES IN SECTION
2, TOWNSHIP 16 SOUTH, RANGE 35 EAST,
NMPM, TOWNSEND WOLFCAMP POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF DISMISSAL

BY THE COMMISSION:

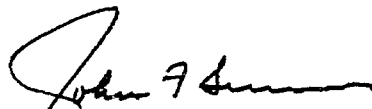
It appearing to the Commission that a motion has been filed
by Shell Oil Company moving that the above-styled case be dismissed
without prejudice.

IT IS THEREFORE ORDERED:

That the application of Shell Oil Company for an exception to
Rule 309 (a), to permit the commingling of oil from two separate state
leases in Section 2, Township 16 South, Range 35 East, NMPM, Townsend
Wolfcamp Pool, Lea County, New Mexico, be dismissed without prejudice.

DONE at Santa Fe, New Mexico on this 13th day of October,
1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



ir/

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

October 19, 1955

C
O
P
Y

Shell Oil Company
P.O. Box 1957
Hobbs, New Mexico

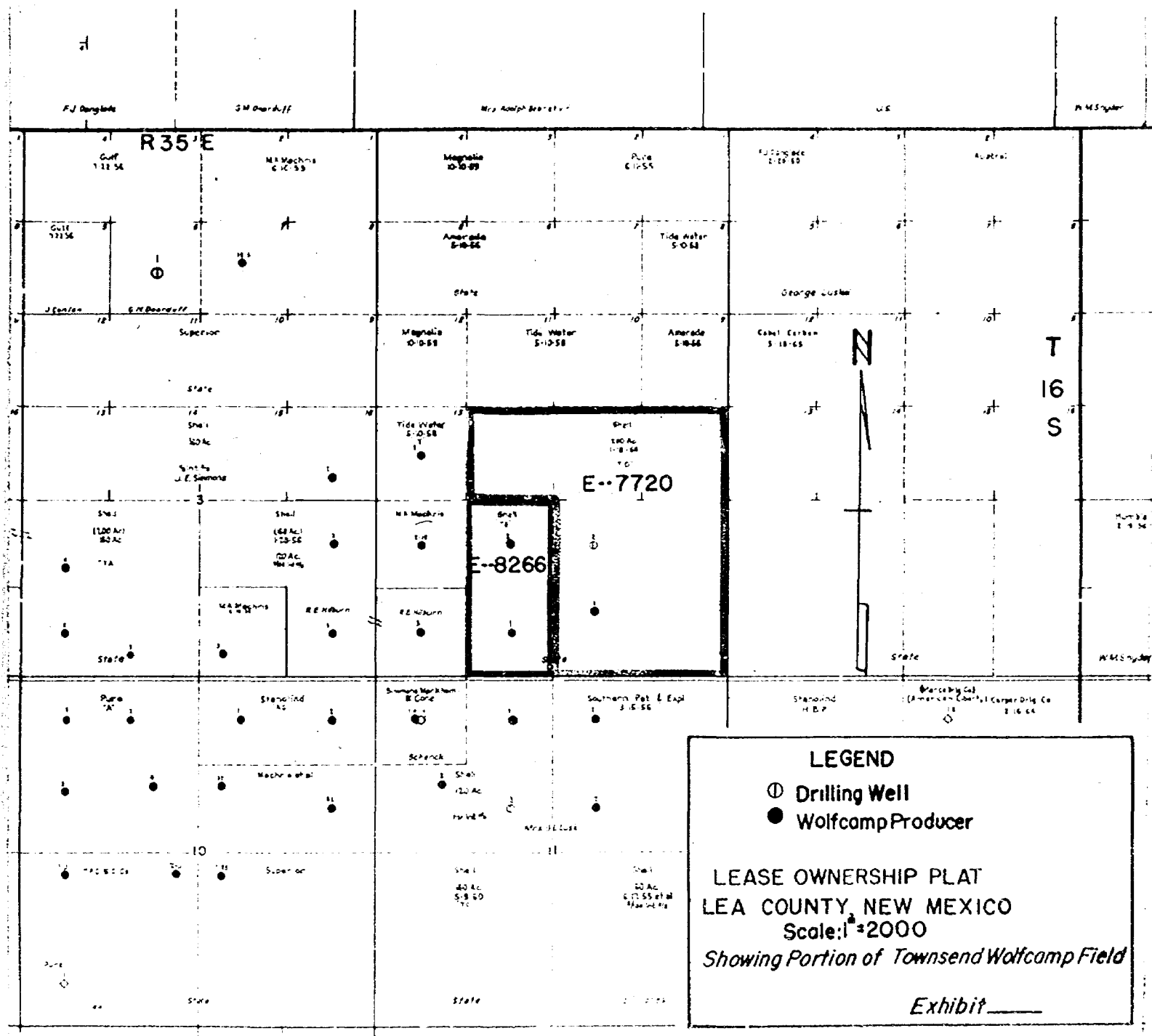
Gentlemen:

We enclose a copy of Order R-696 issued October 13, 1955,
by the Oil Conservation Commission in Case 938.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encl.



SFE OCC AUG. 4

MACEY TO PORTER

MSG 1

PLS ADVISE TEXAS- NEW MEX PIPE LINE THAT WE HAVE GRANTED TEMPORARY PERMISSION TO SHELL OIL CO TO COMMINGLE PRODUCTION FROM TOWNSEND- WOLF CAMP IN COMMON TANK BATTERY FOR THEIR STATE " TB" AND STATE " TD" LEASES IN SEC 2-16-35. WILL SEND THEM A COPY OF THE LETTER AUTHORIZING SAME. THIS REFERS TO CASE 938

WILSHIRE OIL COMPANY OF TEXAS

LEGGETT BUILDING

MIDLAND, TEXAS

August 9, 1955

*File
Case 938*

Mr. W. B. Macey
Secretary-Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

I wish to acknowledge receipt of your letter of August 4 advising that the commission would, in all probability, postpone Case No. 938 until the regular hearing on September 15, provided, of course, that such date would be agreeable to both Shell and us.

Please be advised that this date is most agreeable to us, and I appreciate your consideration in the matter.

Very truly yours,

WILSHIRE OIL COMPANY OF TEXAS

Clyde N. Stone
Clyde N. Stone

CNS:bw

cc: Mr. Richard H. Hughston
Attorney
Shell Oil Company
P. O. Box 1509
Midland, Texas

Refer Reply to:
Oil & Gas Royalty Div.

September 22, 1955

C
O
Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

Attention: Mr. W. E. Owen, Division Manager

Dear Sir:

P
This letter is for the purpose of clarifying acreage and lease holdings as should have been included in our letter written June 2, 1955 granting you permission to commingle oil from two leases.

Y
Permission is hereby granted to commingle oil produced from leases located in E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 2-168-35E, State Lease E-8266 with oil produced from the SE $\frac{1}{4}$ and Lots 14, 15 and 16 of Section 2-168-35E, State Lease E-7720.

Very sincerely yours,

E. S. Walker
E. S. WALKER
Commissioner of Public Lands

ESW:LC:mb

cc: Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 4, 1955

C
O
P
Y

Shell Oil Company
Box 1957
Hobbs, New Mexico

Attention: Mr. W. E. Owen

Gentlemen:

Reference is made to your request for temporary approval of an exception to Rule 309 (a) of the Commission's Statewide Rules and Regulations for permission to commingle production from the Wolfcamp formation of the Townsend-Wolfcamp Pool into a common tank battery. The leases from which production is to be commingled are the State TB (E-8266) and the State TD (E-7720), and comprise lots 14, 15, 16, E/2 SW/4 and the SE/4 of Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

You are hereby granted temporary permission to commingle the production of the above described leases in the Townsend-Wolfcamp Pool into a common tank battery until such time as Case 938 has been heard and a proper order of the Commission can be entered.

Very truly yours,

W. B. MACEY,
Secretary Director

CMR/lr

cc: Oil Conservation Commission - Hobbs
Texas-New Mexico Pipeline Company
Wilshire Oil Company of Texas



SHELL OIL COMPANY

RECEIVED JUL 14 1955

Received Aug 17
Box 1957
Hobbs, New Mexico

July 14, 1955

Subject: Centralization of Tankage
State TB(E-8266) and State TD
(E-7720) lots 14, 15, 16, E/2
SW/4 and SE/4 Section 2-16S-35E
Townsend Field, Lea County,
New Mexico

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

Attn: Mr. W. B. Macey

Gentlemen:

We refer to your letter of like caption, dated July 11, 1955, concerning centralization of tankage for our State TB (E-8266) and State TD(E-7720) leases in the Townsend Field, Lea County, New Mexico. Since your office is unable to grant administrative approval to our request for exception to Rule 309(a), Section E, Oil Production Operating Practices, of the New Mexico Oil Conservation Commission's Rules and Regulations due to the objection of one of the offset operators, we do hereby request that the subject application be placed on the August 17th docket for public hearing.

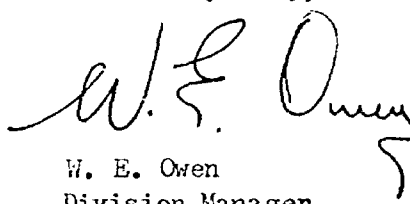
In support of the above application, the following data are furnished:

- (1) The separate state leases are contiguous and continuous.
- (2) The separate state leases are dedicated to a common beneficiary.
- (3) All wells on the two leases are producing from a common source of supply.
- (4) No more than eight units will produce into the centralized tank battery, and adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
- (5) The applicant has approval in writing from the State Land Commissioner to commingle oil from the two separate state leases.

- (6) All offset operators are being furnished a copy of this letter by registered mail as notification of this application.

We anticipate that before a ruling has been made on the above application, it will be necessary to store oil from the subject leases. We request, therefore, that the Secretary-Director of the Commission grant us immediate temporary permission to commingle the oil production in a common tank battery from Shell's State TB and TD leases comprising Lots 14, 15, 16 E/2 SW/4 and SE/4 of Section 2-16S-35E, Townsend Field, Lea County, New Mexico. The temporary order should remain into effect until permanent order has been issued by the Commission disposing of this case.

Yours very truly,



W. E. Owen
Division Manager

cc: Amerada Petroleum Corp.
Attn: Mr. R. S. Christie
Box 2040
Tulsa, Oklahoma

Cabot Carbon Company
Box 2095
Midland, Texas

Mr. M. A. Machris
Attn: Mr. Paxton
811 Midland Tower
Midland, Texas

Magnolia Petroleum Company
Box 633
Midland, Texas

Simmons, Markham & Cone
Attn: Mr. L. O. Storm
209 Turner Drive
Hobbs, New Mexico

Southern Petroleum Exploration, Inc.
Box 192
Sisterville, West Virginia

Stanolind Oil & Gas Company
Box 1410
Fort Worth, Texas

Tide Water Associated Oil Company
Box 731
Midland, Texas



SHELL OIL COMPANY

MAIN OFFICE 800

MIDLAND AREA

MAILING ADDRESS

P. O. BOX 1509
MIDLAND, TEXAS

11:42

GENERAL OFFICES

PETROLEUM BUILDING
MIDLAND, TEXAS

August 8, 1955

Mr. W. B. Macey
Secretary-Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Copy of your letter of August 4, 1955, to Mr. Clyde N. Stone, has been received and we thank you therefor.

Shell Oil Company has no objection to Case 938 being postponed to the regular hearing in September, on September 15, 1955.

Very truly yours,

Richard L. Hughston
Richard L. Hughston, Attorney

RLH:AW

cc: Mr. Clyde N. Stone
Wilshire Oil Company of Texas
Leggett Building
Midland, Texas.

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

August 4, 1955

C
O
P
Y

Mr. Clyde N. Stone
Wilshire Oil Company of Texas
Leggett Building
Midland, Texas

Dear Sir:

Reference is made to your letter of August 2 pertaining to Cars 938 which is on our August docket for hearing on August 17.

This is to advise that at the time the case is called the Commission will take your letter into consideration and in all probability will postpone the case to the regular hearing in September, on September 15. If this date is not agreeable to both you and Shell Oil Company, I would appreciate your advising us.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp

CC-Mr. Paxton Howard
General Counsel
Shell Oil Company
P.O. Box 1509
Midland, Texas

Case 938

WILSHIRE OIL COMPANY OF TEXAS
LEGGETT BUILDING MIDLAND, TEXAS

August 2, 1955

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

Attention Mr. W. B. Macey

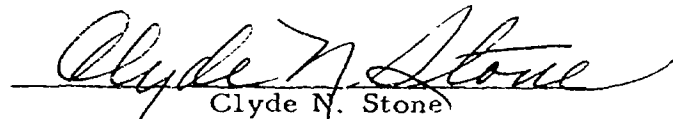
Gentlemen:

Pursuant to our telephone conversation this date, we respectfully request that the hearing in Case No. 938 on application by Shell Oil Company for an exception to Rule 309(a) to permit the commingling of oil from two separate state oil and gas leases in the Townsend-Wolfcamp Pool into one central tank battery, set for August 17, be set over until the week of August 29 for the reason that I will not be able to attend said hearing due to reasons explained to you and Shell Oil Company.

This matter has been discussed with Shell and concurred in by Mr. Paxton Howard, General Counsel for this area. Will you please advise us of the date you set for the hearing.

Very truly yours,

WILSHIRE OIL COMPANY OF TEXAS


Clyde N. Stone

CNS:bw

cc: Mr. Paxton Howard
General Counsel
Shell Oil Company
P. O. Box 1509
Midland, Texas

June 22, 1955

C

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

O

Attention: Mr. W. E. Owen

Gentlemen:

P

Reference is made to your letter of June 10, 1955, in which you have requested administrative relief to enable you to produce oil from two separate state oil and gas leases into one common tank battery.

Y

On April 20, 1955, Case No. 879 was heard by this Commission and Order R-645 has been entered which will make it possible to approve the exception you requested. However, as outlined by said order, it will be necessary for you to notify all operators of adjoining oil and gas leases. For your assistance I have enclosed an excerpt of Rule 309, as amended by Order No. R-645.

I regret the delay this additional requirement will entail. However, should you desire immediate temporary relief, you may request such relief from the Secretary-Director of the Commission until such time as a permanent order may be entered.

Your cooperation in this matter will be of great assistance to this office and will be greatly appreciated.

Very truly yours,

C. M. Rieder
District Engineer

CMR:jh
encl.

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

July 11, 1955

C
O
P
Y

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

Attention: Mr. W. E. Owen

Re: Centralization of Tankage
Shell Leases NM-1665 (E-8266)
and NM-1665 (E-7720), Townsend
Field, Sec. 2, T-16S-R-35E,
Lea County, New Mexico.

Gentlemen:

Reference is made to our letter to you dated June 22, 1955 in which we requested additional information in your application for administrative relief to enable you to produce oil from two separate state oil and gas leases into one common tank battery.

This is to inform you that this office has received an objection to your application for exception to Rule 309 and therefore is unable to grant administrative approval to it.

If you desire this application set for August 17th hearing, please submit the additional information requested in our letter of June 22, 1955, on or before July 20, 1955.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

CLYDE N. STONE

ATTORNEY AT LAW
301 LEGGETT BUILDING
TELEPHONE 2-2581
MIDLAND, TEXAS

July 1, 1955

Shell Oil Company
Box 1957
Hobbs, New Mexico

Re: Centralization of Tankage
State TB (E-8266) and State TD (E-7720)
Lots 14, 15, 16, E/2 SW/4 and SE/4 of
Section 2-168-35E
Townsend Field, Lea County, New Mexico

Gentlemen:

This will acknowledge receipt of your letter of July 1, 1955, addressed to Mr. M. A. Machris, 811 Midland Tower Building, Midland, Texas, relative to your proposed application to the New Mexico Oil Conservation Commission to commingle in a common tank battery oil from two leases in the Townsend Field, Lea County, New Mexico.

You are advised that Mr. Machris does not waive notice in hearing as to said application, and further advises that he objects to such practice.

Very truly yours,


Clyde N. Stone

CNS:bw

cc: Amerada Petroleum Corporation
Attention: Mr. R. S. Christie
Box 2040
Tulsa, Oklahoma

Cabot Carbon Company
Box 2095
Midland, Texas

Magnolia Petroleum Company
Box 633
Midland, Texas

Simmons, Markham & Cone
Attention: Mr. L. O. Storm
209 Turner Drive
Hobbs, New Mexico

Southern Petroleum Exploration, Inc.
Box 192
Sisterville, West Virginia

Standlind Oil and Gas Company
Box 1410
Fort Worth, Texas

Tide Water Associated Oil Company
Box 731
Midland, Texas

Mr. W. B. Macey
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Memo

From
W. B. MACEY
Director

To Charles:

Shell is planning on
asking for approval of
a State level commingling
approval on 360 acres of
the Townsend tract.
Let me know when we get
application.



SHELL OIL COMPANY

RECEIVED

Box 1957
Hobbs, New Mexico

June 10, 1955

Subject: Centralization of Tankage
Shell Leases NM-1665 (E-8266)
and NM 1655 (E-7720), Townsend
Field, Section 2, T-16-S,
R-35-E, NMPL, Lea County,
New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Gentlemen:

The Shell Oil Company has initiated development of a state oil lease in the Townsend (Wolfcamp) Field with one well recently completed and a second well currently drilling below 9000 feet in the E/2 SW/4 of Section 2, T-16-S, R-35-E, NMPL, Lea County, New Mexico. These two wells are on Shell's State lease NM-1665 (New Mexico State E-8266), being an 80-acre tract in Section 2. Further development was initiated recently of Shell's contiguous State lease NM-1655 (New Mexico State E-7720) with one well drilling in the SW/4 of the SE/4 of Section 2. This lease consists of 280 acres covering the SE/4 and Lots 14, 15, and 16 of Section 2. The lease holdings and wells concerned are shown on an attached plat.

In view of the considerable saving of \$15,000 in initial investment cost and additional savings in operational expense over the life of centralized battery facilities as compared with a tank battery on each lease, we propose to utilize centralized oil treating and storage facilities for Shell wells drilled in Section 2 (NM-1665- and NM-1655), with the facilities to be located at a favorable location in the NE/4 of the SW/4 of Section 2. The State Land Office recently was consulted regarding the subject centralization of tankage by a letter to Mr. E. S. Walker, Commissioner of Public Lands, Santa Fe, New Mexico dated May 25, 1955, in which permission was requested to commingle future production from Shell wells to be located on State leases NM-1665 and NM-1655 and completed in the same pay formation. A copy of the affirmative reply by the State Land Office dated June 2, 1955, is attached. In this letter, permission was granted to commingle future production from the Shell State leases NM-1665 and NM-1655 in Section 2, subject to approval by the New Mexico Oil Conservation Commission.

All Oil Conservation Commission rules and regulations will be complied with in the centralized handling of oil, including Rule 309 regarding central tank batteries. Adequate tankage and testing facilities

-2-

June 10, 1955

will be installed so that the production from each well can be accurately determined at reasonable intervals.

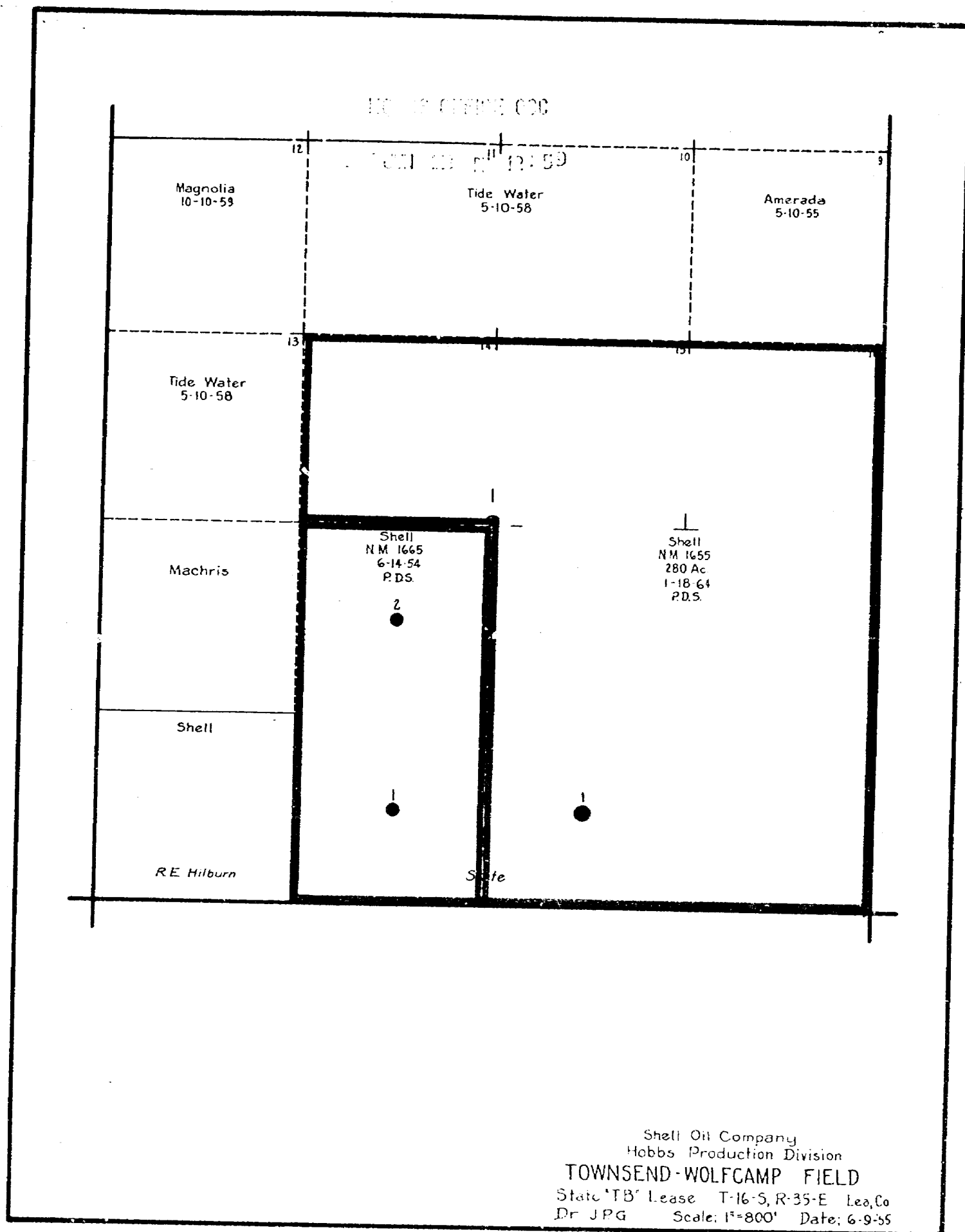
If this plan meets with your approval, an affirmative reply at your earliest convenience will be appreciated.

Yours very truly,

A handwritten signature in cursive script, appearing to read "B. Neville".

For: W. E. Owen
Division Manager

Attachments



KOM

STATE LAND OFFICE

State of New Mexico

E. S. WALKER
Commissioner of Public Lands



Refer Reply To:
Oil & Gas Royalty Div.

June 2, 1955

AIR MAIL

Shell Oil Co.
P. O. Box 1957
Hobbs, New Mexico

Att: Mr. W. E. Owen
Division Manager

RECEIVED	
JUN 8 1955	
HOBBS, N. MEX.	
<i>See</i>	<i>File</i>
<i>Boh</i>	<i>File</i>

STATE TO LEASE

Gentlemen:

Permission is hereby granted to co-mingle oil produced from wells located in the E $\frac{1}{2}$ SW $\frac{1}{4}$ Section 2-16-35, Lease E-8266 and Lots 14-15-16 of the SE $\frac{1}{4}$ of Section 2-16-35, provided, however, that approval will then be obtained from the Oil Conservation Commission.

On Production & Royalty Statements, Form SLC-111-A, when reporting combined production, please use both lease numbers.

Very sincerely yours,

E. S. Walker

E. S. WALKER
Commissioner of Public Lands

LC:ESW:ocdb

STATE LAND OFFICE

Santa Fe, New Mexico

E. J. WALKER
COMMISSIONER OF PUBLIC LANDS



June 2, 1959

AIR MAIL

Shell Oil Co.
P. O. Box 1957
Hobbs, New Mexico

Attn: Mr. W. L. Owen
Division Manager

RECEIVED	
JUN 8 1959	
HOBBS, N. MEX.	
<i>Gas</i>	<i>Adv</i>
<i>Rec</i>	<i>Rec</i>
<i>Brn</i>	<i>File</i>
STATE TO LEASE	

Gentlemen:

Permission is hereby granted to co-mingle oil produced from wells located in the E 1/4 Section 2-16-35, Lease E-0266 and Lots 1-11-16 of the SE 1/4 of Section 2-16-35, provided, however, that approval will then be obtained from the Oil Conservation Commission.

On Production & Royalty Statements, Form SIC-111-1, when reporting combined production, please use both lease numbers.

Very sincerely yours,

E. J. Walker

E. J. Walker
Commissioner of Public Lands

LC:BSL:ecdb

CLYDE N. STONE

ATTORNEY AT LAW
301 LEGGETT BUILDING
TELEPHONE 2-2581
MIDLAND, TEXAS

July 1, 1955

RECEIVED		
JUL 6 1955		
HOBBS, N. MEX		
WEO		
DCM		
Reply	Discuss	File

Shell Oil Company
Box 1957
Hobbs, New Mexico

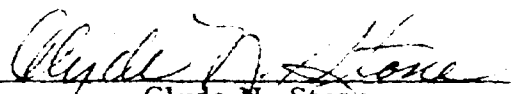
Re: Centralization of Tankage
State TB (E-8266) and State TD (E-7720)
Lots 14, 15, 16, E/2 SW/4 and SE/4 of
Section 2-16S-35E
Townsend Field, Lea County, New Mexico

Gentlemen:

This will acknowledge receipt of your letter of July 1, 1955, addressed to Mr. M. A. Machris, 811 Midland Tower Building, Midland, Texas, relative to your proposed application to the New Mexico Oil Conservation Commission to commingle in a common tank battery oil from two leases in the Townsend Field, Lea County, New Mexico.

You are advised that Mr. Machris does not waive notice in hearing as to said application, and further advises that he objects to such practice.

Very truly yours,


Clyde N. Stone

CNS:bw

cc: Amerada Petroleum Corporation
Attention: Mr. R. S. Christie
Box 2040
Tulsa, Oklahoma

Cabot Carbon Company
Box 2095
Midland, Texas

Magnolia Petroleum Company
Box 633
Midland, Texas

Simmons, Markham & Cone
Attention: Mr. L. O. Storm
209 Turner Drive
Hobbs, New Mexico

Southern Petroleum Exploration, Inc.
Box 192
Sisterville, West Virginia

Stanolind Oil and Gas Company
Box 1410
Fort Worth, Texas

Tide Water Associated Oil Company
Box 731
Midland, Texas

Mr. W. B. Macey
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

July 13, 1955

File: RDR-4353-986.510.1

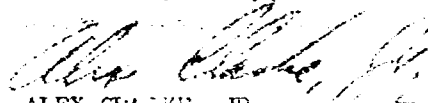
Subject: Waiver of Objection
Commingling of Production
Shell Oil Company's
State TB and State TD Leases
Townsend Wolfcamp Field
Lea County, New Mexico

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

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly informed by the Shell Oil Company of their intention to apply, in accordance with Order No. R-645, for approval to commingle in a common tank battery the oil production from their State TB and State TD Leases in the Townsend Wolfcamp Field, and hereby waives all objections to the granting of a permit for this purpose. These leases are located in Section 2, T-16-S, R-35-E. The State TB Lease is comprised of the E/2 of the SW/4 and the State TD Lease is comprised of Lots 14, 15 and 16 and the SE/4.

Yours very truly,


ALEX CLARK, JR.
Division Engineer

CWN:cp

Date July 6, 1955

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

We have been informed that Shell Oil Company has made application, as provided in Order R-645, for administrative approval for commingling in a common tank battery the oil production from their State TB and TD leases in the Townsend Field, Lea County, New Mexico.

You are respectively advised that we hereby waive notice and hearing under Rule 309 (b), as revised by Order R-645, as to said application for approval of the common tankage for the above leases.

Yours very truly,

Company AMERADA PETROLEUM CORPORATION
Name R S Christie
Position Division Engineer

Date 7-5-55

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

We have been informed that Shell Oil Company has made application, as provided in Order R-645, for administrative approval for commingling in a common tank battery the oil production from their State TB and TD leases in the Townsend Field, Lea County, New Mexico.

You are respectively advised that we hereby waive notice and hearing under Rule 309 (b), as revised by Order R-645, as to said application for approval of the common tankage for the above leases.

Yours very truly,

Company Cabot Carbon Company
Name L. M. Martin
Position Dist. Production Supt.

Date April 18, 1938

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

We have been informed that Shell Oil Company has made application, as provided in Order R-645, for administrative approval for commingling in a common tank battery the oil production from their State TB and TD leases in the Townsend Field, Lea County, New Mexico.

You are respectively advised that we hereby waive notice and hearing under Rule 309 (b), as revised by Order R-645, as to said application for approval of the common tankage for the above leases.

Yours very truly,

Company MAGNOLIA PETROLEUM COMPANY
Name W. E. Bradley
Position Assistant Manager, Producing Division

Date July 6, 1955

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

We have been informed that Shell Oil Company has made application, as provided in Order R-645, for administrative approval for commingling in a common tank battery the oil production from their State TB and TU leases in the Townsend Field, Lea County, New Mexico.

You are respectively advised that we hereby waive notice and hearing under Rule 309 (b), as revised by Order R-645, as to said application for approval of the common tankage for the above leases.

Yours very truly,

Company Simmons, Markham & Coe
Name L. D. Storm
Position Engineer

Date July 6, 1955

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

We have been informed that Shell Oil Company has made application, as provided in Order R-645, for administrative approval for commingling in a common tank battery the oil production from their State TB and TD leases in the Townsend Field, Lea County, New Mexico.

You are respectively advised that we hereby waive notice and hearing under Rule 309 (b), as revised by Order R-645, as to said application for approval of the common tankage for the above leases.

Yours very truly,

Company SOUTHERN PETROLEUM EXPLORATION, INC.
Name Paul H. Hummer
Position President

Date July 13, 1955

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

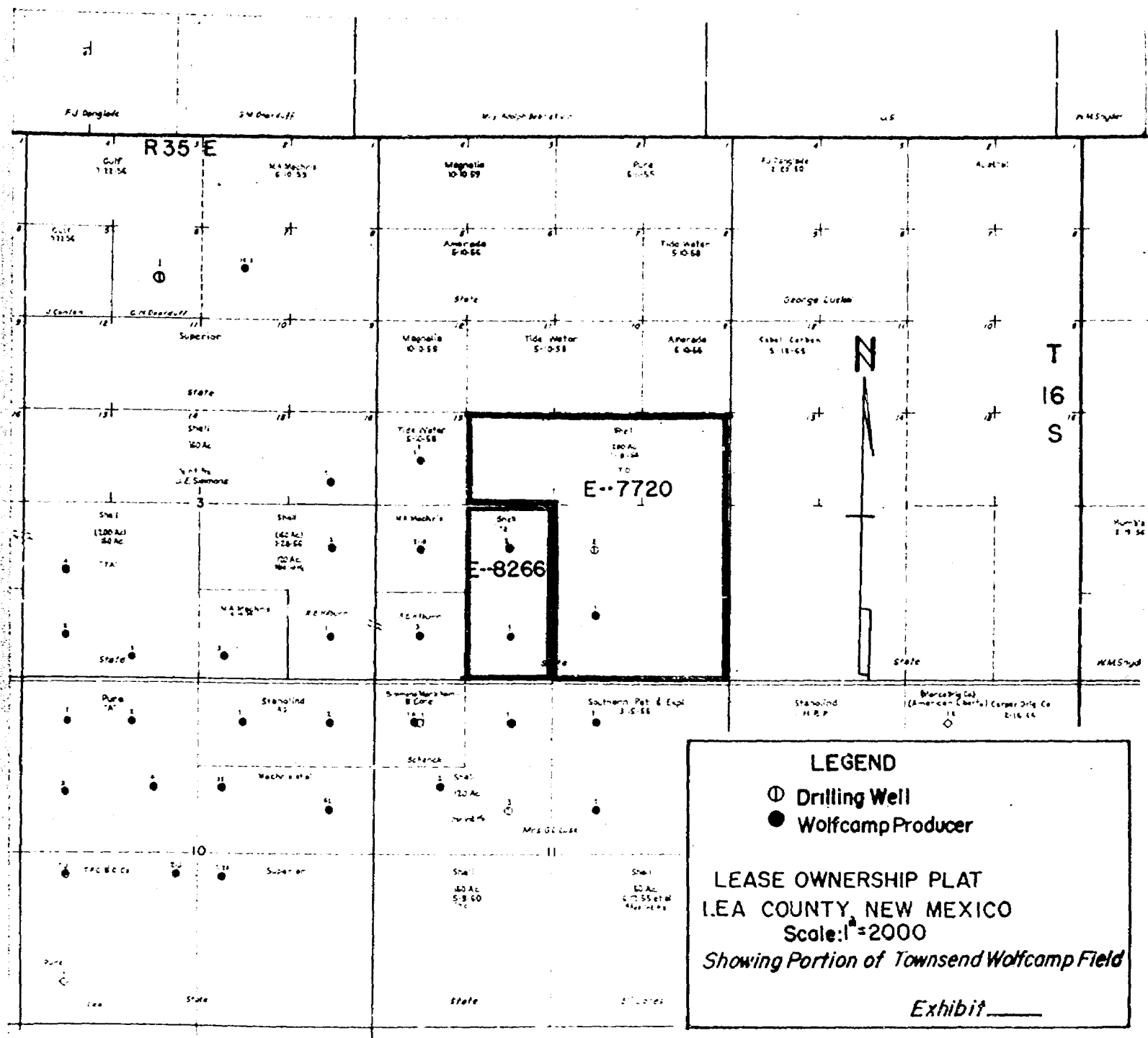
We have been informed that Shell Oil Company has made application, as provided in Order R-645, for administrative approval for commingling in a common tank battery the oil production from their State TB and TD leases in the Townsend Field, Lea County, New Mexico.

You are respectively advised that we hereby waive notice and hearing under Rule 309 (b), as revised by Order R-645, as to said application for approval of the common tankage for the above leases.

Yours very truly,

Company TIDE WATER ASSOCIATED OIL COMPANY
Name *[Signature]*
Position Manager of Production

adm.



DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate telegram	
FULL RATE TELEGRAM	
DAY LETTER	
NIGHT LETTER	

WESTERN UNION

1206 10-51

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHIP RADIOGRAM	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
	COLLECT			

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SHELL OIL COMPANY
P. O. BOX 1957
HOBBS, NEW MEXICO

W. E. OWEN

PENDING THE DISPOSITION OF CASE 938, THIS WILL BE YOUR TEMPORARY AUTHORITY TO
COMMINGLE TOWNSEND-WOLFCAMP PRODUCTION FROM YOUR STATE "TB" AND STATE "TD" LEASES
IN SECTION 2-T158-R35E IN A COMMON TANK BATTERY. LETTER TO FOLLOW.

W. B. MACEY
SECRETARY-DIRECTOR
NEW MEXICO OIL CONSERVATION COMM.

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeatable message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeatable message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Telegraph Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: in cities or towns of 5,000 or more inhabitants where the Telegraph Company has an office which, as shown by the filed tariffs of the Telegraph Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Telegraph Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Telegraph Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Telegraph Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Telegraph Company is located.

5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender.

6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 476 of the Communications Act of 1934, as amended.

7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Telegraph Company is authorized to vary the foregoing.

5-52

CLASSES OF SERVICE

DOMESTIC SERVICES

FULL RATE TELEGRAM

A full rate expedited service.

DAY LETTER (DL)

A deferred service at lower than the full rate

NIGHT LETTER (NL)

Accepted up to 2 A. M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters, or in secret language. A minimum charge for 5 words applies.

LETTER TELEGRAM (LT)

Overnight plain language messages. Minimum charge for 22 words applies.

SHIP RADIOGRAM

A service to and from ships at sea. Plain or secret language may be used. Minimum charge for 5 words applies.

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	
DAY LETTER	
NIGHT LETTER	

WESTERN UNION

1206 10-51

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHIP RADIOGRAM	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
	COLLECT			

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SHELL OIL COMPANY
P. O. BOX 1957
HOBBS, NEW MEXICO

W. B. OWEN

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COMPIGLE TOWNSEND-WOLFECAMP PRODUCTION FROM YOUR STATE "TB" AND STATE "TD" LEASES
IN SECTION 2-T168-R35E IN A COMMON TANK BATTERY. LETTER TO FOLLOW.

W. B. MACEY
SECRETARY-DIRECTOR
NEW MEXICO OIL CONSERVATION COM..

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unreported message rate is charged in addition. Unless otherwise indicated on its face, this is an unreported message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unreported-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; not in any case for delays arising from unavoidable interruption in the working of its lines.
2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Telegraph Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: in cities or towns of 5,000 or more inhabitants where the Telegraph Company has an office which, as shown by the filed tariffs of the Telegraph Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Telegraph Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Telegraph Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Telegraph Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Telegraph Company is located.
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6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Island on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 90 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934, as amended.
7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.
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