

*Entered December 31, 1959  
O.P.*

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. 1816  
Order No. R-1101-A

APPLICATION OF SHELL OIL COMPANY  
FOR PERMISSION TO COMMINGLE THE  
PRODUCTION FROM SEVERAL SEPARATE  
POOLS FROM SEVERAL SEPARATE LEASES  
AND FOR PERMISSION TO INSTALL  
AUTOMATIC CUSTODY TRANSFER EQUIP-  
MENT TO HANDLE THE PRODUCTION FROM  
SAID LEASES IN LEA COUNTY, NEW  
MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of December, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 by Order R-1101 the applicant was authorized to commingle the production from the Pearl-Queen Pool in Lea County, New Mexico, from the following-described leases after separately metering the production from each lease and to transfer custody of said production by means of automatic custody transfer equipment:

McIntosh "E" lease, E/2 SW/4 of Section 21

McIntosh "D" lease, E/2 of Section 21

McIntosh "B" lease, E/2 NW/4 and NW/4 SW/4  
of Section 22

McIntosh "A" lease, SW/4 SW/4 of Section 22

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McIntosh "C" lease, NE/4 and NE/4 SE/4 of  
Section 28

McIntosh lease, W/2 NW/4 and NW/4 SW/4 of  
Section 27

Kimberlin lease, E/2 SW/4 and W/2 SE/4 of  
Section 22

State "PB" lease, E/2 NW/4 of Section 27

State "PA" lease, E/2 SW/4 of Section 27

Hooper lease, W/2 NE/4 of Section 27

Allen Estate "A" lease, E/2 NE/4 of Section 27

Allen Estate lease, E/2 SE/4 and NW/4 SE/4  
of Section 27 and NE/4 NE/4 of Section 34

Record "A" lease, SW/4 SE/4 of Section 27

State "PD" lease, NW/4 of Section 34

State "PC" lease, W/2 NE/4 of Section 34

State "PE" lease, SE/4 NE/4 of Section 34 and  
SW/4 NW/4 and NW/4 SW/4 of Section 35

State "PF" lease, N/2 SE/4 of Section 34

State "PG" lease, S/2 SE/4 of Section 34 and  
S/2 SW/4 of Section 35

Record lease, S/2 SW/4 of Section 23, all of  
Section 26, N/2 N/2 and SW/4 NE/4 and SE/4 NW/4  
and NE/4 SW/4 and NW/4 SE/4 and S/2 SE/4 of  
Section 35

State "PI" lease, SE/4 NE/4 and NE/4 SE/4 of  
Section 35

Record "B" lease, all of Section 25

State "PJ" lease, N/2 and SW/4 of Section 36

all in Township 19 South, Range 35 East.

State "PH" lease, all of Section 2, Township  
20 South, Range 35 East.

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(3) That by Administrative Order CTB-38, issued April 28, 1959, the applicant was authorized to commingle the production from the Pearl-Queen Pool from the said State "PA," State "PB," State "PC," State "PD," State "PE," State "PF," and State "PG" leases without separately metering the production from each of said leases.

(4) That the applicant now proposes to commingle the Pearl-Queen, San Andres, and Atoka production from the said State "PI" lease and the said Record lease after separately metering the production from each zone of each of said leases.

(5) That the applicant further proposes to enlarge the previously authorized automatic custody transfer equipment to handle the Pearl-Queen production from all wells presently drilled or hereafter completed on the leases described in Finding No. 2 and also to handle San Andres and Atoka production from the said State "PI" lease and the said Record lease.

(6) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has demonstrated that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the Pearl-Queen, San Andres, and Atoka production from all wells presently drilled or hereafter completed on the following-described leases after separately metering the production from each zone of each lease and to commingle said production with Pearl-Queen production from all leases described in this order:

State "PI" lease, SE/4 NE/4 and NE/4 SE/4  
of Section 35

Record lease, S/2 SW/4 of Section 23, all of  
Section 26, N/2 N/2 and SW/4 NE/4 and SE/4 NW/4  
and NE/4 SW/4 and NW/4 SE/4 and S/2 SE/4 of  
Section 35

both in Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That the applicant be and the same is hereby authorized to commingle the production from the Pearl-Queen Pool from all wells presently drilled or hereafter completed on the following-described leases after separately metering the production from each lease and to commingle said production with the production from all leases described in this order:

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McIntosh "E" lease, E/2 SW/4 of Section 21

McIntosh "D" lease, E/2 of Section 21

McIntosh "B" lease, E/2 NW/4 and NW/4 SW/4 of Section 22

McIntosh "A" lease, SW/4 SW/4 of Section 22

McIntosh "C" lease, NE/4 and NE/4 SE/4 of Section 28

McIntosh lease, W/2 NW/4 and NW/4 SW/4 of Section 27

Kimerlin lease, E/2 SW/4 and W/2 SE/4 of Section 22

Hooper lease, W/2 NE/4 of Section 27

Allen Estate "A" lease, E/2 NE/4 of Section 27

Allen Estate lease, E/2 SE/4 and NW/4 SE/4 of Section 27 and NE/4 NE/4 of Section 34

Record "A" lease, SW/4 SE/4 of Section 27

Record "B" lease, all of Section 25

State "PJ" lease, N/2 and SW/4 of Section 36

all in Township 19 South, Range 35 East.

State "PH" lease, all of Section 2, Township 20 South, Range 35 East.

(3) That the applicant be and the same is hereby authorized to commingle the Pearl-Queen Pool production from all wells presently completed or hereafter drilled on the following-described State leases without separately metering the production from each lease and to commingle said production with the production from all leases described in this order:

State "PB" lease, E/2 NW/4 of Section 27

State "PA" lease, E/2 SW/4 of Section 27

State "PD" lease, NW/4 of Section 34

State "PC" lease, W/2 NE/4 of Section 34

State "PE" lease, SE/4 NE/4 of Section 34 and SW/4 NW/4 and NW/4 SW/4 of Section 35

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State "PF" lease, N/2 SE/4 of Section 34

State "PG" lease, S/2 SE/4 of Section 34  
and S/2 SW/4 of Section 35

PROVIDED HOWEVER, That the total production from the above-described seven State leases shall not be commingled with the production from any other leases until it has been separately metered.

(4) That the applicant be and the same is hereby authorized to enlarge the previously authorized automatic custody transfer equipment to handle the Pearl-Queen production from the leases described in this order and also to handle San Andres and Atoka production from the above-described State "PI" lease and the Record lease, and, if necessary, to transport the oil off of said leases prior to measurement.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on the subject leases at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That the above-described system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

PROVIDED FURTHER, That all meters used in the above-described system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

PROVIDED FURTHER, That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

(5) That Order No. R-1101 and Administrative Order Nos. CTB-20 and CTB-38 be and the same are hereby superseded.


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

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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

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