

Entered December 26, 1957  
0288

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. 1342  
Order No. R-1101

APPLICATION OF SHELL OIL COMPANY  
FOR PERMISSION TO INSTALL CENTRALIZED  
AUTOMATIC PRODUCTION FACILITIES AND  
LEASE CUSTODY TRANSFER SYSTEM ON  
CERTAIN OF ITS LEASES IN THE PEARL  
QUEEN POOL, LEA COUNTY, NEW MEXICO,  
AND FOR PERMISSION TO PRODUCE MORE  
THAN EIGHT WELLS INTO COMMON STORAGE  
AND TO TRANSPORT OIL FROM THE LEASES  
PRIOR TO MEASUREMENT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 20, 1957, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18<sup>th</sup> day of December, 1957, 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 the applicant, Shell Oil Company, is the operator of 23 oil and gas leases in the Pearl Queen Pool located in Sections 21, 22, 23, 25, 26, 27, 28, 34, 35, and 36 in Township 19 South, Range 35 East, and Section 2 in Township 20 South, Range 35 East, NMPM, all in Lea County, New Mexico.

(3) That the applicant proposes to install automatic testing and production facilities and automatic lease custody transfer equipment to handle the oil production from said leases from the Pearl Queen Pool.

(4) That the applicant proposes to measure and record the production from each lease prior to being commingled in common storage with the production from other leases.



(5) That the applicant also proposes to transfer custody of the production from all of said leases to the purchaser thereof by means of positive displacement meters.

(6) That the applicant seeks permission to produce more than eight wells into the above-described central production and test facilities and to transport the oil off of said leases prior to measurement.

(7) That the applicant should be permitted to install automatic testing and production facilities and automatic lease custody transfer equipment on the above-referenced leases in the Pearl Queen Pool, provided the production from each lease is measured and recorded prior to being commingled in common storage with the production from other leases.

(8) That the applicant should be permitted to produce all wells completed in the Pearl Queen Pool on the above-referenced leases into said central production and testing facilities and to transport the oil off of said leases prior to measurement if necessary.

(9) That positive displacement meters will provide an accurate and reliable means for measuring the amount of oil produced from each lease and that their use should be permitted provided said meters are periodically checked for accuracy.

(10) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown 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.

(11) That each of the several systems should be so equipped as to prevent the undue waste of oil or gas in the event of malfunction or line break.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to install automatic testing and production facilities and automatic custody transfer equipment to handle the production from the following described leases in the Pearl Queen Pool:

Shell's McIntosh "E" lease consisting of 80 acres in the E/2 SW/4, Section 21, Township 19 South, Range 35 East.

Shell's McIntosh "D" lease consisting of 320 acres in the E/2, Section 21, Township 19 South, Range 35 East.

Shell's McIntosh "B" lease consisting of 120 acres in the E/2 NW/4 and NW/4 SW/4, Section 22, Township 19 South, Range 35 East.

Shell's McIntosh "A" lease consisting of 40 acres in the SW/4 SW/4, Section 22, Township 19 South, Range 35 East.

Shell's McIntosh "C" lease consisting of 200 acres in the NE/4 and NE/4 SE/4, Section 28, Township 19 South, Range 35 East.

Shell's McIntosh lease consisting of 120 acres in the W/2 NW/4 and NW/4 SW/4, Section 27, Township 19 South, Range 35 East.

Shell's Kimberlin lease consisting of 120 acres in the E/2 SW/4 and W/2 SE/4, Section 22, Township 19 South, Range 35 East.

Shell's State "PB" lease consisting of 80 acres in the E/2 NW/4, Section 27, Township 19 South, Range 35 East.

Shell's State "PA" lease consisting of 80 acres in the E/2 SW/4, Section 27, Township 19 South, Range 35 East.

Shell's Hooper lease consisting of 80 acres in the W/2 NE/4, Section 27, Township 19 South, Range 35 East.

Shell's Allen Estate "A" lease consisting of 80 acres in the E/2 NE/4, Section 27, Township 19 South, Range 35 East.

Shell's Allen Estate lease consisting of 160 acres in the E/2 and NW/4 SE/4, Section 27 and NE/4 NE/4, Section 34, Township 19 South, Range 35 East.

Shell's Record "A" lease consisting of 40 acres in the SW/4 SE/4, Section 27, Township 19 South, Range 35 East.

Shell's State "PD" lease consisting of 160 acres in the NW/4, Section 34, Township 19 South, Range 35 East.

Shell's State "PC" lease consisting of 80 acres in the W/2 NE/4, Section 34, Township 19 South, Range 35 East.

Shell's State "PE" lease consisting of 120 acres in the SE/4 NE/4, Section 34, and SW/4 NW/4 and NW/4 SW/4, Section 35, Township 19 South, Range 35 East.

Shell's State "PF" lease consisting of 80 acres in the N/2 SE/4, Section 34, Township 19 South, Range 35 East.

Shell's State "PG" lease consisting of 160 acres in the S/2 SE/4, Section 34 and S/2 SW/4, Section 35, Township 19 South, Range 35 East.

Shell's Record lease consisting of 1120 acres in the S/2 SW/4, Section 23, all Section 26, and 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, Section 35, Township 19 South, Range 35 East.

Shell's State "PI" lease consisting of 80 acres in the SE/4 NE/4 and NE/4 SE/4, Section 35, Township 19 South, Range 35 East.

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Shell's State "PH" lease consisting of 640 acres in  
Section 2, Township 20 South, Range 35 East.

Shell's Record "B" lease consisting of 640 acres in  
Section 25, Township 19 South, Range 35 East.

Shell's State "PJ" lease consisting of 480 acres in  
N/2 and SW/4, Section 36, Township 19 South, Range 35  
East,

all in Lea County, New Mexico, provided the production from each  
lease is measured and recorded prior to being commingled in  
common storage with the production from other leases.

(2) That the applicant be and the same is hereby authorized  
to produce all wells completed in the Pearl Queen Pool on the  
above-referenced leases into said central production and testing  
facilities and to transport the oil off of said leases prior to  
measurement if necessary; provided however, that each well connected  
to each of the above-described systems shall be individually tested  
at least once a month.

(3) That each of the positive displacement meters in the  
above-described systems shall be checked for accuracy at intervals  
and in a manner satisfactory to the Commission.

(4) That each of the above-described systems shall be so  
equipped as to prevent the undue waste of oil or gas in the event  
of malfunction or line break.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

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