



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

See April 27, 1957
CTB - 28
(on waiting period)

April 3, 1959

Subject: Exception to Rule 309(a) of the
N.M.O.C.C. Rules and Regulations

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

Gentlemen:

This letter is to request an exception to Rule 309(a) of the N.M.O.C.C. Rules and Regulations to permit commingling of production from four contiguous State leases in the Pearl Queen Field. These leases are shown outlined in red on the attached plat.

Please note that the four basic State leases are comprised of seven Shell leases as follows:

State E-5838 - Shell State "PA", "PC", and "PG"

State E-5839 - Shell State "PB" and "PE"

State E-5840 - Shell State "PD"

State OG-533 - Shell State "PF"

The above State leases were included in Commission Order No. R-1101 in which permission was granted to commingle production from 23 leases (State and private owned) after the production from each lease had been separately metered.

Thus far, the State "PA" and "PB" are the only Shell State leases producing in the Pearl Queen. On the basis of approval granted in your letter of October 23, 1957, production from these two leases is commingled into a single production separator and metered prior to entering common treating and ACT equipment at the central facility.

If permission to commingle all of the above State leases is granted, we plan to produce the initial one or two wells completed on the State "PD" and "PC" Leases into the "PA-PB" Lease production separator at the central facility. Total metered production would then be allocated to the individual State leases on the basis of monthly well tests. If additional wells are completed on the State "PD" and "PC" and other State leases to the south, we propose to produce the State "PD", "PC", "PE", "PF" and "PG" Leases into a remote facility to be located on either the State "PD" or "PC" Lease. This remote facility would include metering equipment to measure

the total oil production from all ~~five~~⁴ State leases, and test equipment for testing the individual wells. Again, total metered production would be allocated to the individual leases on the basis of monthly well tests. The State "PA" and "PB" Leases would not be connected to the remote facility, but would continue to produce into their separator and meter at the central facility.

To summarize, all of the requirements, as outlined in Rule 309(b) for an exception to Rule 309(a) have been met:

1. All leases are contiguous.
2. All production is from the Queen Formation.
3. No more than 16 State wells will be produced into a single battery or metering point, and adequate well test facilities will be provided.
4. All leases are State leases with no overriding royalty interests.
5. The State Land Commissioner has consented in writing to our proposal.
6. By copy of this letter, all offset operators have been notified by certified mail of this application.

In consideration of the above, we request administrative approval of this application for an exception to Rule 309 of the N.M.O.C.C. Rules and Regulations.

Very truly yours,

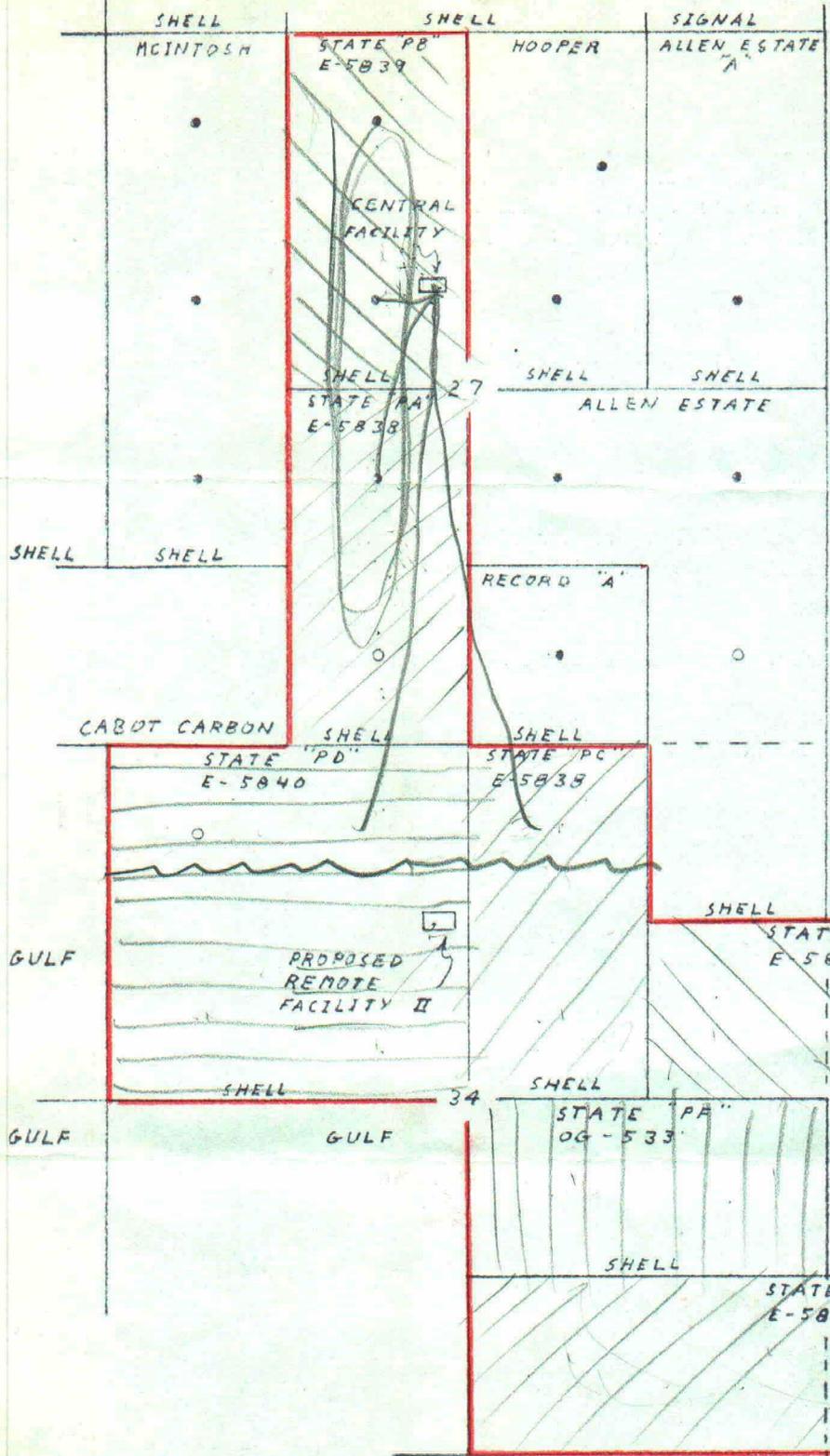


P. A. Dennie
Division Production Manager

Attachment

cc: Cabot Carbon Company
P. O. Box 4395
Midland, Texas

Gulf Oil Corporation
P. O. Box 2167
Hobbs, New Mexico



RECORD
SHELL

5839
5838
5840
533

26

V.L. HARTLEY, et al
UNLEASED

CONSOLIDATION OF STATE LEASES
PEARL QUEEN FIELD
SHELL OIL COMPANY
T 19S R 35E

STATE LAND OFFICE

Santa Fe, New Mexico



NEW MEXICO STATE LAND OFFICE
SANTA FE, NEW MEXICO

September 18, 1957

Shell Oil Company
Box 1947
Hobbs, New Mexico

Dear Sir:

Permission is hereby granted to commingle production from State leases on the following described acreage:

Twenty-one wells on four Shell State Leases, seven on the 280-acre Shell Lease NM-1559 in Sections 27, 34 and 35 (New Mexico State E-5839, eight on the 320-acre Shell Lease NM-1558 in Sections 27, 34 and 35 (New Mexico State E-5838, four on the 160-acre portion of Shell Lease NM-1560 in Section 34 (New Mexico State E-5840) and two on the 80-acre Shell Lease NM-1790 in Section 34 (New Mexico State OG-533).

All this acreage is committed to one beneficiary institution that being Penitentiary.

When reporting production on the Production and Royalty Statement Form SLO-111-A please use all leases involved so that they may be properly credited.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands
By:

Mrs. Linnie Crook
Mrs. Linnie Crook, Supervisor
Royalty Division

10/1/57

cc: Mr. George W. Brown, Commission