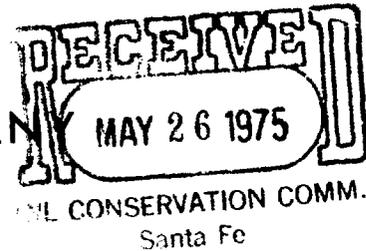


SHELL OIL COMPANY

1200 MILAM STREET
P. O. BOX 576
HOUSTON, TEXAS 77001



May 20, 1975

Subject: Application for Amendment of
Administrative Orders
CTB-174 and CTB-179

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. D. S. Nutter
Chief Engineer

United States Geological Survey
Drawer U
Artesia, New Mexico 88210

Gentlemen:

Reference is made to your Administrative Order CTB-179 dated September 24, 1968, granting permission to commingle Cato-San Andres production from Shell's Amco Federal, Amco Federal "A", Corder Federal, and Hodges Federal "D" Leases after separately metering each lease.

Each of these leases has identical ownership, and none of the leases are top allowable producers. We propose to eliminate the metering of each lease, separately, and instead, to commingle production from all four leases, treat, sample, and then measure the commingled production. The production would then be allocated back to the leases based on current monthly well tests.

We feel that this procedure will provide accurate allocation while simultaneously minimizing the present expense and work load necessary under the present metering system.

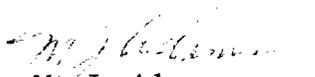
Reference is made to your amended Administrative Order CTB-174 dated January 17, 1969, granting permission to commingle production from Shell's Hodges Federal and Hodges Federal "C" Leases and then separately meter, and to commingle production from Shell's Brown Federal and Brown Federal "A" leases and then separately meter, after which, the production from all four leases would be commingled.

We propose to commingle all four leases, treat, sample, and then measure the commingled production from all four leases. Production would then be allocated back to the individual leases based on current monthly well tests, which would provide accurate allocation of the commingled production.

Each of the leases has the same ownership and none of the leases are top allowable producers. Thus, we feel that the substitution of the current monthly well test allocation for the separate metering allocation procedure would provide accurate allocation while minimizing the expense and work load necessary under the current meter system.

Your further handling and approval of this application will be appreciated.

Yours very truly,



M. J. Adams
Supervisor Oil Accounting
Western E&P Region

JL:SG

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

AMENDMENT
COMMINGLING ORDER CTB- 174

Company Shell Oil Company
Address P. O. Box 576
City, State, Zip Houston, Texas 77001

Attention: Mr. M. J. Adams

The above-named company is hereby authorized to commingle
Cato-San Andres

pool production from the following leases:

Lease Name: Brown-Federal
Description: SE/4 Section 22, Township 8 South, Range 30 East

Lease Name: Brown-Federal "A"
Description: All Section 26, Township 8 South, Range 30 East

Lease Name: Hodges-Federal
Description: S/2 Section 23, and S/2 Section 24, Township 8 South
Range 30 East

Lease Name: Hodges-Federal "C"
SW/4 Section 22, Township 8 South, Range 30 East

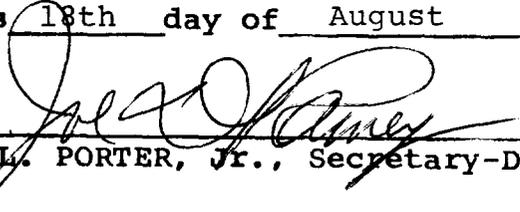
Allocation of production to each well and to each lease shall be on the basis of current monthly well tests. It is the Commission's understanding that all ownership of the above-described four leases is identical throughout, including working interest and royalty interest, as well as overriding royalty interest, if any.

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: Prior to this amendment, the above leases were authorized to be commingled after separate measurement.

DONE at Santa Fe, New Mexico, on this 18th day of August 1975.

CC: NMOCC - Hobbs
NMO&GEC- Hobbs
OCC Mach. Acctg. - SF
CTB 174 File


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