

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 7, 1968

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Y

Petroleum Consultants, Inc.
2820 Central Avenue, S.E.
Albuquerque, New Mexico 87106

Attention: Mr. Lewis C. Jamieson

Administrative Order OLS-67

Gentlemen:

Reference is made to your letter dated July 11, 1968, wherein you request authority to transport oil from your VanDemburgh Lease in the SW/4 of Section 11, Township 23 North, Range 7 West to a sales tank located near Shell pipeline in the NE/4 of Section 15, Township 23 North, Range 7 West, all in the Lybrook-Gallup Pool, Rio Arriba County, New Mexico.

Petroleum Consultants, Inc., is hereby authorized to transport oil from its VanDemburgh Lease to the sales tank located as described above, provided that there shall be no commingling of this oil prior to sale with that from any other lease, and provided further, that you shall obtain the approval of the United States Geological Survey to this arrangement.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSH/esr

cc: Oil Conservation Commission (with enclosure) - Aztec
Oil & Gas Engineering Committee - Hobbs
United States Geological Survey - Roswell

OIL CONSERVATION COMMISSION

P. O. Box 2888

SANTA FE, NEW MEXICO 87501

August 11, 1964

Mr. J. W. ...
...
...

Commissioner of Conservation

Executive Order 012-67

Dear Sir:

Reference is made to your letter dated July 11, 1964, in which you request authority to transport oil from your lease in the SW/4 of Section 12, Township 22 North, Range 1 East, to a sales tank located near Shell Station, in the SW/4 of Section 12, Township 22 North, Range 1 East, in the Hydrocarbon-Selling Pool, Rio Arriba County, New Mexico.

Authority is hereby authorized to transport oil from the Varianburg lease to the sales tank as described above, provided that there shall be no combination of this oil prior to sale with that from any other lease, and provided further, that you shall obtain the approval of the United States Geological Survey to this arrangement.

Very truly yours,

A. L. WORTER, Jr.
Secretary-Director

cc: Mr. ...

- Oil Conservation Commission (with enclosure) - After
- Oil and Gas Producing Committee - Flood
- United States Geological Survey - Rowell

PETROLEUM CONSULTANTS, Inc. — CONSULTING GEOLOGISTS

243-3569 AREA CODE 505

2820 CENTRAL AVE., S.E., ALBUQUERQUE, NEW MEXICO 87106

July 11, 1968

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P112 50

22-67

Mr. Elvis Utz
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Elvis:

As I discussed briefly with you by phone this morning, we are anxious to start delivering oil from our VanDenburgh lease in Section 11, T-23N, R-7W through a pipeline which we acquired from Permian Corporation to the Shell receiving point at Lybrook in Section 15 of the same township. Since the letter written to Al Kendrick on February 8th we have obtained Shell division orders and are at present delivering oil from this well to the delivery point by truck at a cost of 20¢ per barrel.

Shell's personnel will not go from their receiving station to our well and gauge the oil prior to transporting it to their station due to their desire to keep personnel needs in the area at an absolute minimum. The actual transfer of custody will therefore take place in the 500-barrel tank referred to in the letter to Mr. Kenrick. We will, of course, have our own gauges on the 300-barrel lease tanks from which production will be computed. Sale volumes will be based on Shell's run statements.

The VanDenburgh well will be the only well connected to this line or to this tank. There will therefore be no possibility of commingling resulting from our being responsible for pumping the oil across the highway to Shell. The storage tank at Shell is to be leased to us for use by this well exclusively, and there will be no inner communication with other storage. The lease owners are

Mr. Elvis Utz
July 11, 1968
Page No. 2

understandably anxious to transport the oil by the most economical means.

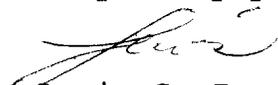
I have not yet discussed this arrangement with the U.S.G.S. but would certainly expect no objection since it is the same line and in fact the same tank that was formerly used by Permian Corporation to transport the oil. The only difference is that Shell won't send their personnel to the lease battery like Permian Corporation did.

I was preparing to have a plat made to use in applying for the off-lease storage when I noticed that Rule 309-C states that an exception to Rule 309-A may be granted to permit the production from one lease to be transported prior to measurement. In this case the oil is being measured by our personnel at the lease tank. Shell's personnel measures the oil in the tank at their receiving station. This is exactly the same situation that exists at present with the oil being trucked. At present we gauge the tank; the trucker loads his truck and hauls it to a tank on Shell's receiving station; the oil is pumped out of the truck into the tank; and Shell's employee comes at some later date and gauges the oil in the tank and writes a delivery ticket.

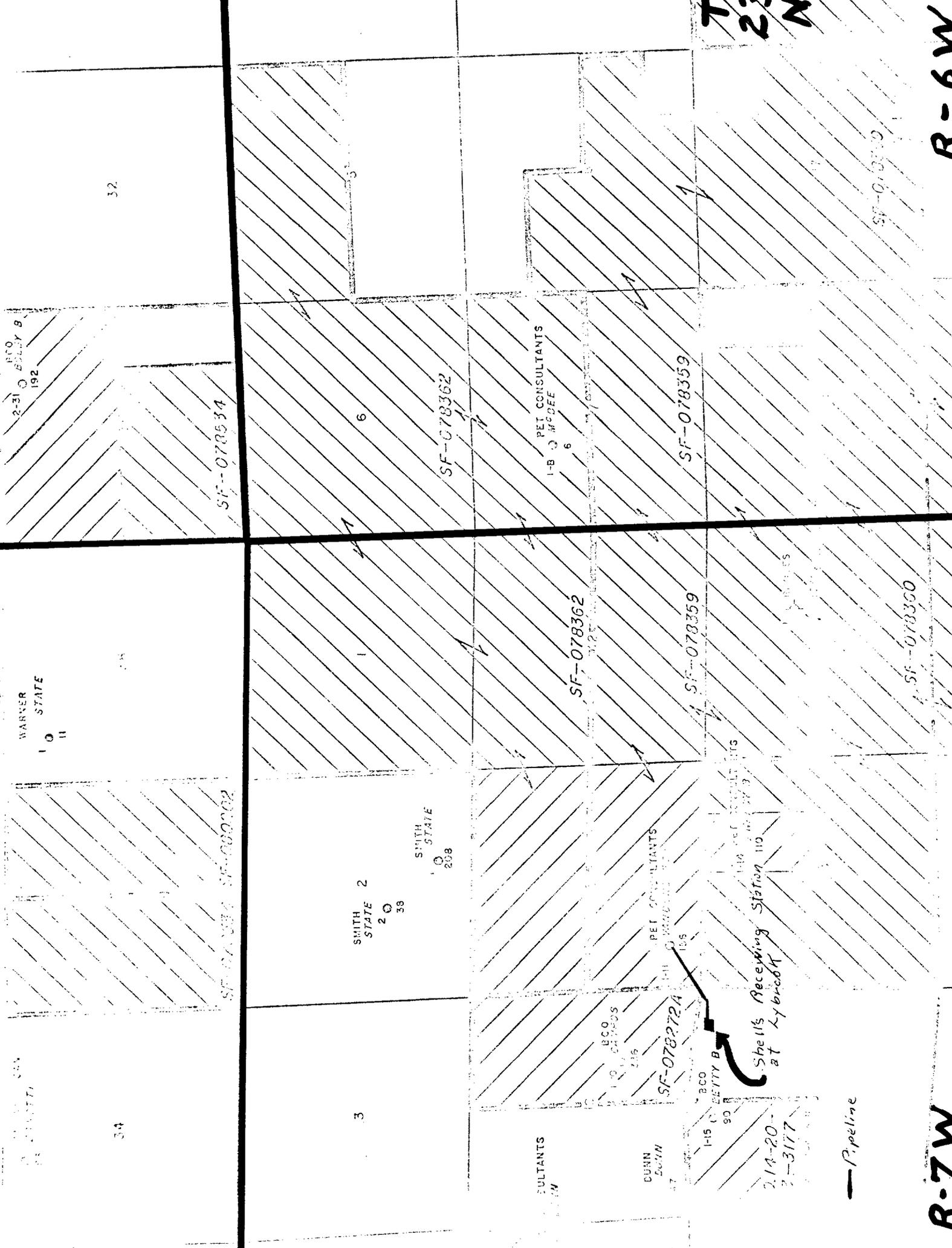
There is the possibility that oil would be transported from the lease to Shell's tank near the end of the month and would not be measured by Shell prior to the end of the month. This is, however, no different from the condition that exists with trucking. If oil has been removed from the lease and Shell has not yet written their delivery ticket, the oil is considered as having been moved in the next month. The oil volume is included in the oil on hand at the lease even though in actuality it is "enroute."

If an off-lease storage permit is needed, we are perfectly willing to go that route. However, I cannot see how the arrangement differs from the arrangement which is used by all operators trucking into Shell's Lybrook receiving station. Please let me know your opinion on the matter after you have had time to look into the proposed procedure.

Very truly yours,


Lewis C. Jameson

LCJ:hk
Enc.



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PET CONSULTANTS
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Shell's Receiving Station 110
at Lybrook

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— Pipeline

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GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

1000 RIO BRAZOS ROAD
AZTEC

February 16, 1968

Lewis C. Jameson
Petroleum Consultants, Inc.
2820 Central Avenue SE
Albuquerque, New Mexico 87106

Re: Van Denburgh #1, M-11-23N-7W

Dear Lewis:

Your proposed off-lease storage appears to be compatible to rule 309 (C) provided that you comply with the following provisions:

1. Apply to Mr. Porter for off-lease storage. Your application would be in letter form with a plat showing ownership and well locations and the location of the proposed storage.
2. All production in this storage must originate at the same source of supply.
3. Commingling will not result.
4. No intercommunication with other storage.
5. All owners of the lease waive objection.
6. In lieu of waivers, proof of notification.
7. Where State or Federal lands are involved, consent of the appropriate commissioner or supervisor.

If there are further questions, please contact us.

Yours very truly,


A. R. Kendrick
Engineer, District #3

ARK:mc

cc: Mr. Evan Norton
Raw Materials Supply Dept.
Shell Oil Co.
P. O. Box 2099
Houston, Texas 77001



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Drawer 1857
Roswell, New Mexico 88201

August 27, 1968

Petroleum Consultants, Inc.
2820 Central Avenue, SE
Albuquerque, New Mexico 87106

Attention: Mr. Lewis C. Jameson

Gentlemen:

Your letter of August 20 requests authorization of off-lease storage for Gallup oil produced from well No. 1-11 VanDenburgh in the SW $\frac{1}{4}$ sec. 11, T. 23 N., R. 7 W., N.M.P.M., lease Santa Fe 078359. Your off-lease storage and sales facilities are located near Shell Oil Company's pipeline in the NE $\frac{1}{4}$ sec. 15, T. 23 N., R. 7 W., and the oil transported to such facilities will be through an existing pipeline.

You are hereby authorized to transport Gallup oil produced from your well No. 1-11 VanDenburgh to off-lease storage facilities at Shell's Lybrook Receiving Station. Royalty at the lease rate will be computed on Shell's run tickets at the posted price for the Lybrook Receiving Station.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:

NMOCC, Santa Fe ✓

60 AUG 30 1968

