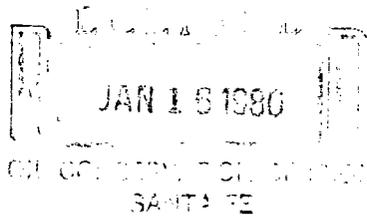


Shell Oil Company



P.O. Box 991
Houston, Texas 77001



State of New Mexico
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

SUBJECT: COMMINGLING OF BLINEBERRY PADDOK ZONES IN THE STATE A LEASE SECTION 32 TOWNSHIP 18-S RANGE 38E WITH PADDOK DRINKARD ZONES IN THE STATE B LEASE SEC. 33 TOWNSHIP 18-S RANGE 38E HOBBS FIELD, LEA COUNTY, NEW MEXICO

We are, by this letter and enclosed documents, making application for an exception to Rules 303(a) and 309A of the New Mexico Oil Conservation Commission Rules and Regulations. We propose to commingle the Blineberry, Paddock, and Drinkard zones and the State A and State B leases in the Hobbs Field, Lea County, New Mexico. Since these wells have all dropped below top allowable, we wish to eliminate the continuous metering and sampling of each well concerned and wish individual well production to be allocated by monthly well tests. These tests will be conducted by producing the subject well through a metering test separator.

Included with our application are the required lease plat, schematic of facilities, and production history. Copies of the certified letters requesting permission to commingle sent to the State of New Mexico, the lease owner, and Shell Pipeline, the Purchaser, are attached. Due to our immediate need for a commingling permit (target date of February 1, 1980), these letters have been included to hopefully hasten the paperwork. As soon as their reply is made to us, you will be notified and will be given copies of their letters immediately. Hopefully, this will avoid the necessity of filing a temporary commingling permit for each well.

If any further information is required, or if you have any questions concerning this application, please call Ms. Jaye B. Tixier, of my staff, at (713) 932-5483.

Sincerely,

Hilton D. Moore

for H. M. Mathiesen
Production Superintendent
Central Operations
Mid-Continent Division

*PLC-31
omit metering
omit San Andres
add Paddock*

JBT:JP

Enclosures

SHELL OIL COMPANY
 COMMINGLING REQUEST FORM
 FOR THE
 STATE OF NEW MEXICO
 OIL CONSERVATION
 COMMISSION

JAN 13 1980

APPLICATION FOR EXCEPTION TO COMMISSION RULE 303a (AND/OR) 309A

1. Operator SHELL OIL COMPANY
 2. Address P. O. BOX 991
 3. City Houston 4. State TEXAS
 5. Commission Dist. No. I
 6. County Lea
 7. Date of Application 1/4/80

8. Identification of leases and pools as shown on statewide oil proration

| 9. Field Name | Lease Name | Pool (Zone) Name | API Gravity Range | Lease Location S-T-R |
|---------------|------------|------------------|-------------------|----------------------|
| Hobbs | State A | Blineberry | 33.6°-35.0° | 32-18S-38E |
| Hobbs | State A | Paddok | 34.4°-35.2° | 32-18S-38E |
| Hobbs | State B | Paddok | 33.2°-34.2° | 33-18S-38E |
| Hobbs | State B | Drinkard | 33.6°-35.4° | 33-18S-38E |
| | | | | |
| | | | | |

10. Request for exception to Rule 303a (segregation of production from pools)
 11. Request for exception to Rule 309A (lease commingling)
 12. POOL COMMINGLING (exception to Rule 303) 1.) Lease plat (required)
 2.) Schematic of commingling (required)
 13. Commingled royalty interest are the same Yes No
 14. Are producing zones marginal or top allowable Marginal-see (a.) below
 Top allowable

(a.) If producing zones are not capable of producing top unit allowable for their respective pools, commingling will be permitted without separately measuring the production from each pool. A 60-day period tabulation of production showing that the average daily production has been below top allowable for the subject pools.

15. Allocation of production from well zones will be by Periodic well test All zones metered All zones metered & sampled All zones except one separately metered - subtraction method
 16. Will the commingling of zones or pools decrease revenue due to API gravity change Yes No
 17. If answer to (16.) is "Yes" state how much less. N/A

18. Are Federal lands or State lands involved? Yes No
 19. If answer to (18.) is "Yes" furnish an approval letter from the Commissioner of Public Lands for the State of New Mexico or the Regional Supervisor of the United States Department of the Interior Geological Survey stating approval of the proposed commingling. Copy of letter sent to the state is included. Waiting on reply.

20. LEASE COMMINGLING (exception to Rule 309A)
 20a. 1.) Lease plat required
 2.) Schematic diagram of the commingling facility
 21. All production is from the same common source of supply or an exception to Rule 303(a) has been obtained Yes No Application filed above
 22. If answer to (21.) is "Yes" show acceptance letter date and commission order number _____
 23. Allocation of production Monthly well test All leases metered All leases metered & sampled All leases except one separately metered - subtraction method

24. All parties owning an interest in the Leases and the purchaser of the commingled production have consented in writing to the commingling of production from the separate leases. Yes No

25. If answer to (24.) is "No," Explain

The State and purchaser have been notified of the commingling and we are waiting on reply. Copies of letters sent to them are enclosed.

26. Name and address of gatherer Shell Pipeline, P. O. Box 1910, Midland, TX 79702

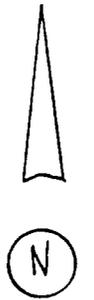
27. Signature *Walter W. Moore* Title *Prod. Supt.*

for H. M. Mathiesen

Commingling permit number _____ Approval date _____

Approved by _____

R-38-E
T-18-S



Shell
B
5 Paddock 6 Drinkard

State

Shell
A
6 Blinberry 7 Paddock

State

32

33

State

SHELL OIL
COMPANY

WESTERN E & P REGION
MID-CONTINENT DIVISION

PRODUCTION

LEASE PLAT -
HOBBS FIELD .
STATE A & B

By: JBT

Date: 1-4-80

Scale: _____

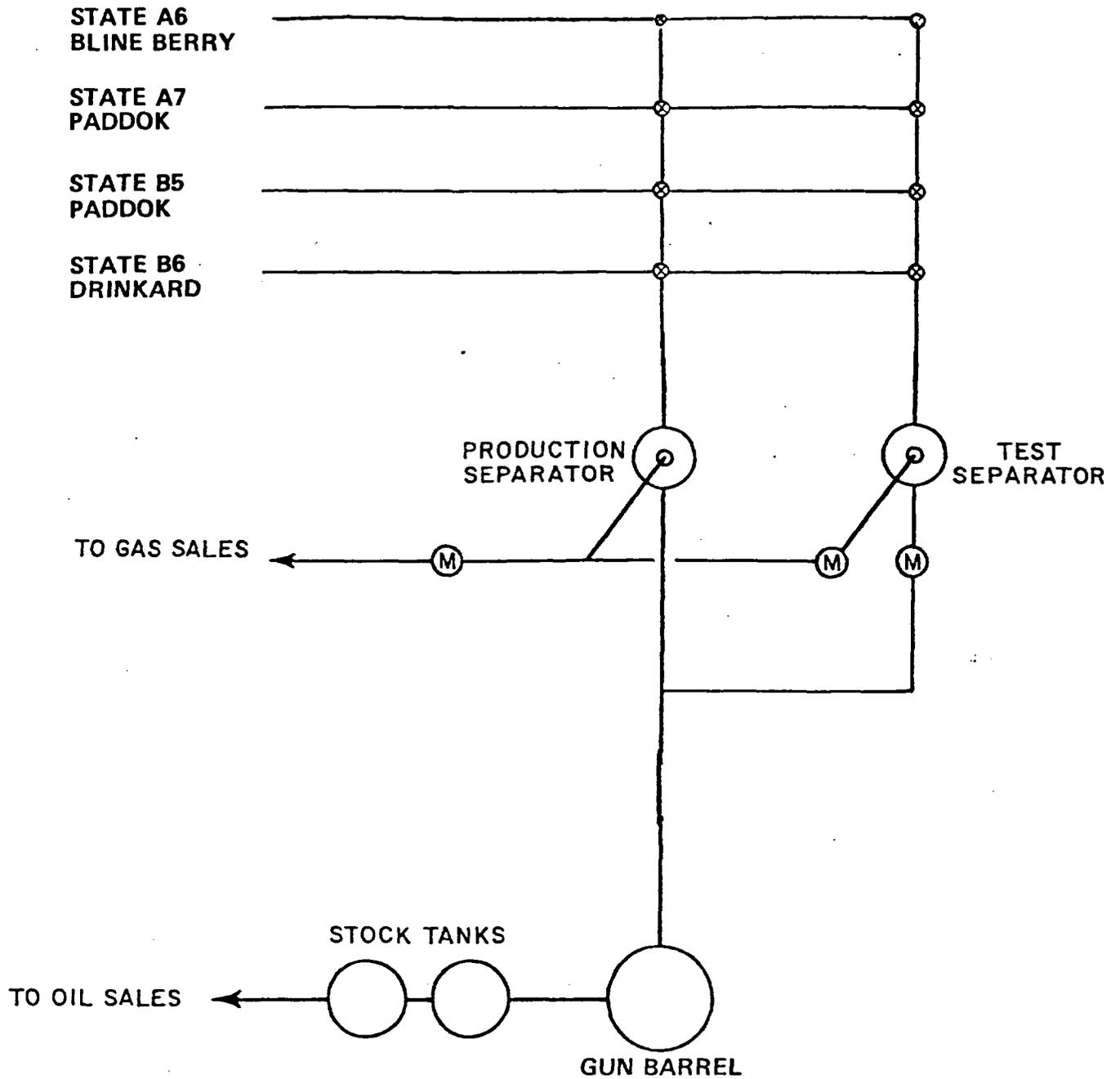
No. _____

STATE A6
BLINE BERRY

STATE A7
PADDOK

STATE B5
PADDOK

STATE B6
DRINKARD



(M) = METER

| SHELL OIL COMPANY | WESTERN E & P REGION MID-CONTINENT DIVISION | PRODUCTION |
|---|--|------------|
| SCHEMATIC OF COMMINGLED FACILITIES STATE A & B LEASES HOBBS FIELD LEA COUNTY, NEW MEXICO | | |
| By: JBT | Date: 1-4-80 | |
| Scale: NONE | No. | |

Production History
1979

| | <u>Allowable bbls</u> | <u>Actual Oil Produced (bbls)</u> | <u>Days Produced</u> |
|--------------------------|-----------------------|-----------------------------------|----------------------|
| State A-6 Blineberry Oil | | | |
| May | 2263 | 1878 | 31 |
| June | 2190 | 1738 | 30 |
| July | 2263 | 1790 | 31 |
| August | 2263 | 1705 | 31 |
| State A-7 Paddock Oil | | | |
| May | 2170 | 904 | 31 |
| June | 2100 | 742 | 30 |
| July | 2170 | 752 | 31 |
| August | 2170 | 709 | 31 |
| State B-5 Paddock Oil | | | |
| May | 3224 | 1799 | 31 |
| June | 3120 | 1716 | 30 |
| July | 3224 | 1762 | 31 |
| August | 3224 | 1687 | 31 |
| State B-6 Drinkard Oil | | | |
| May | 1364 | 1099 | 31 |
| June | 1320 | 1084 | 30 |
| July | 1364 | 1146 | 31 |
| August | 1364 | 1105 | 31 |

E-32410

SHELL OIL COMPANY

P. O. BOX 991

HOUSTON, TEXAS 77001

SHELL PIPELINE
ATTN JENNI MARTIN
P. O. BOX 1910
MIDLAND, TX 79702

CERTIFIED

P06 5598850

MAIL

E-32410

SHELL OIL COMPANY

P. O. BOX 991

HOUSTON, TEXAS 77001

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

CERTIFIED

P06 5598851

MAIL

Shell Oil Company



P.O. Box 991
Houston, Texas 77001

January 8, 1980

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Gentlemen:

SUBJECT: COMMINGLING OF BLINEBERRY PADDOK ZONES
IN THE STATE A LEASE SEC. 32 TOWNSHIP 18-S
RANGE 38E WITH PADDOK DRINKARD ZONES IN
THE STATE B LEASE SEC. 33 TOWNSHIP 18-S
RANGE 38E HOBBS FIELD, LEA COUNTY, NEW MEXICO

Shell Oil Company proposes to commingle the Paddock, Blineberry and Drinkard production and the above-captioned leases. According to our records, the API gravities of the Paddock, Blineberry, and Drinkard crudes range from 33.2° API to 35.4° API. We do not anticipate as a result of this commingling any change in the actual commercial value of the production.

We propose to allocate production by monthly well tests since all wells are producing below top allowable. (See attachment).

Attached please find a schematic of the proposed facilities and a lease plat.

If you are in agreement with this proposal, please furnish us with a letter to the State of New Mexico Oil Conservation Commission stating your approval.

If additional information is needed concerning this proposal, please contact Jaye B. Tixier at (713) 932-5483 of this office.

Yours very truly,

A handwritten signature in cursive script, appearing to read "H. M. Mathiesen".

for H. M. Mathiesen
Production Superintendent -
Central Operations
Mid-Continent Division

JBT:LN

Attachment

Shell Oil Company



P.O. Box 991
Houston, Texas 77001

January 8, 1980

Shell Pipeline
ATTN Jenni Martin
P. O. Box 1910
Midland, TX 79702

Gentlemen:

SUBJECT: COMMINGLING OF BLINEBERRY PADDOK ZONES
IN THE STATE A LEASE SEC. 32 TOWNSHIP 18-S
RANGE 38E WITH PADDOK DRINKARD ZONES IN
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Hilton D. Moore

for H. M. Mathiesen
Production Superintendent -
Central Operations
Mid-Continent Division

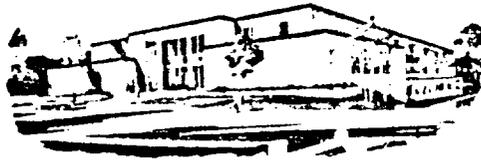
JBT:LN

Attachment

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

January 17, 1980

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Shell Oil Company
P. O. Box 991
Houston, Texas 77001

Re: COMMINGLING OF BLINEBERRY PADDOK ZONES IN THE STATE A LEASE SEC.
32 TOWNSHIP 18-S RANGE 38E WITH PADDOK DRINKARD ZONES IN THE STATE
B LEASE SEC. 33 TOWNSHIP 18-S RANGE 38E HOBBS FIELD, LEA COUNTY,
NEW MEXICO

ATTENTION: Mr. Milton D. Moore

Gentlemen:

We are in receipt of your request to commingle the Paddock,
Blineberry and Drinkard production and the above-captioned leases.

We regret to inform you that we cannot grant you approval being
that there are two different beneficiary institutions involved.

Enclosed is our Rule 52 which strictly prohibits the commingling
from different Beneficiary Institutions.

Therefore, we are returning your application unapproved.

Your Ten (\$10.00) Dollar filing fee will be refunded to you.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
encl.
cc:

OCD-Santa Fe, New Mexico
New Mexico Oil and Gas Accounting Commission
State of New Mexico Oil & Gas Lease A-1118-5