



MAIN OFFICE OGC

SHELL OIL COMPANY

1963 FEB 5 PM 1:35

P. O. Box 1858
Roswell, New Mexico

February 1, 1963

Subject: Application for Exception to N.M.O.C.C.
Rule 303 (a) to Permit Shell Oil Company
to Commingle Paddock and Penrose Skelly
Production, Shell Long Lease.

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

This is an application for Administrative Approval to commingle, before marketing, Paddock and Penrose Skelly oil production on the Shell Long Lease, Section 11, T-22-S, R-37-E, Lea County, New Mexico.

We propose to commingle production from four marginal Paddock wells with production from one top allowable Penrose Skelly well by the subtraction method. The commingling system will be installed as per the attached schematic diagrams. Production from the Penrose Skelly well will be continuously metered and sampled. Penrose Skelly net production will be determined by applying the meter factor to the gross meter reading, less BS&W content. The unmetered Paddock production will be the difference between the net pipeline runs (with beginning and ending stock adjustments), and the net Penrose Skelly metered production. The system will be operated in accordance with the Commission "Manual for the Installation and Operation of Commingling Facilities".

Expected production is 25 barrels per day of Paddock oil with a 34.5° API gravity, and 36 barrels per day of Penrose Skelly oil with a 33.7° API gravity. The commingled gravity will be 34.0 API. The commercial value of the commingled production will slightly exceed the sum of the values of the production if the crudes were sold separately.

Attached for your consideration are lease plats and schematic diagrams of the proposed commingling installation. If additional information is desired, please contact this office.

Very truly yours,

R. L. Rankin
Division Production Manager

Attachments

SHELL OIL CO.
 Proposed Installation Diagram
 Commingle Paddock and Penrose SKelly Production
 Shell Long Lease
 1-30-63



