



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

MAIN OFFICE OCC
1963 OCT 10 PM 1:13

October 4, 1963

Subject: Application for Exceptions to
N.M.O.C.C. Statewide Rule 303(a)
for Shell Smith Lease and
Shell State (Section 15) Lease

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

Gentlemen:

This is an application for Administrative Approvals to commingle before marketing (1) Drinkard and Blinebry oil production on the Shell State (Section 15) Lease, Section 15, T-21-S, R-37-E, Lea County, New Mexico, and (2) Terry Blinebry and Drinkard oil production on the Shell Smith Lease, Section 14, T-21-S, R-37-E, Lea County, New Mexico.

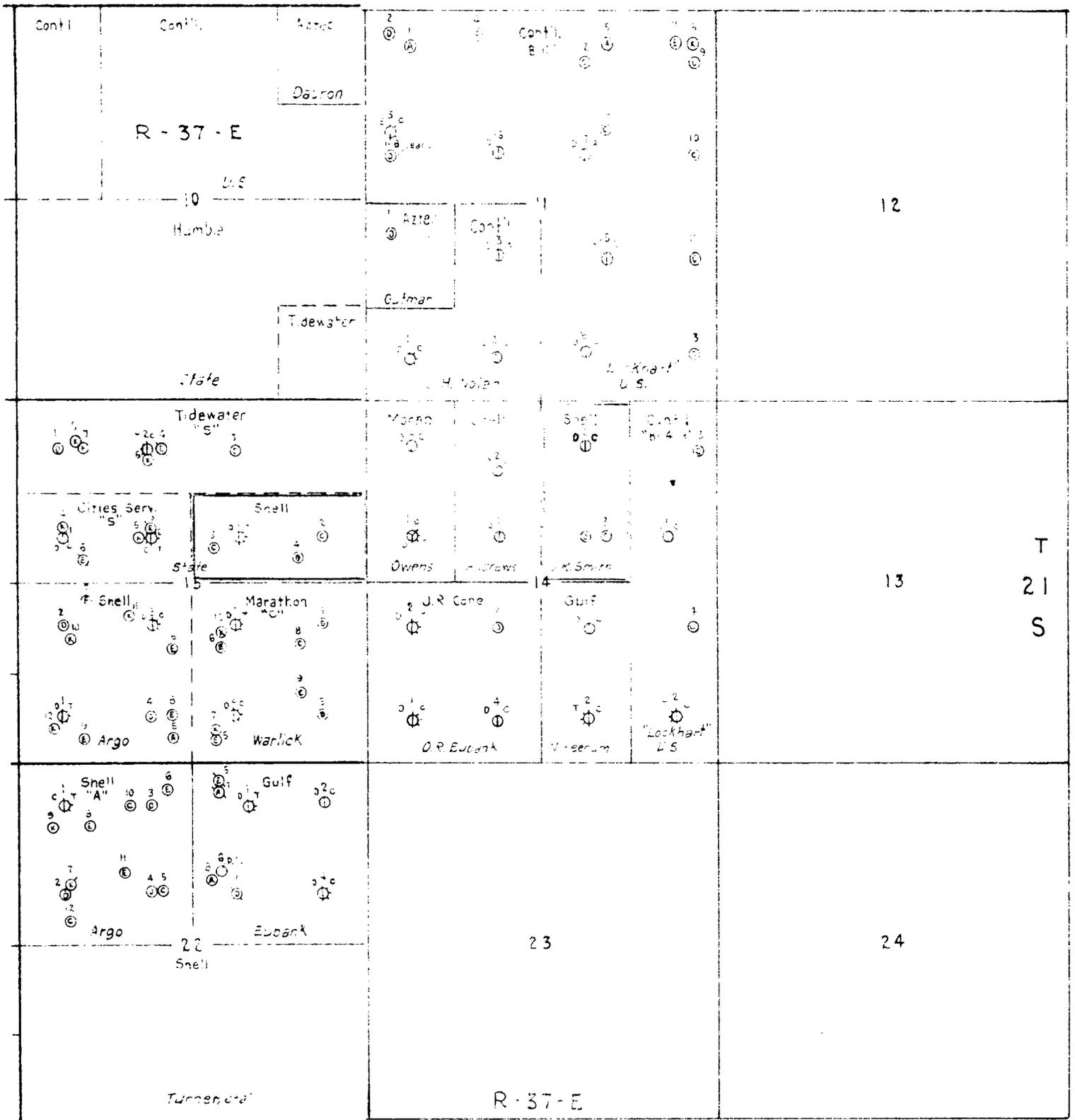
We propose to commingle Drinkard and Blinebry oil production by the subtraction method on the Shell State (Sec. 15) Lease. The commingling installation will be installed as per the attached schematic diagram. All Blinebry production will be continuously metered and sampled prior to commingling. Blinebry oil production will be determined by applying the meter factor to the gross meter reading, less BS&W content. The unmetered Drinkard production will be the difference between the net pipeline runs (with beginning and ending stock adjustments) and the net Blinebry metered production. The Blinebry production meter will be proved for accuracy monthly into a proving tank. Expected production is 68 barrels per day of Blinebry oil with a 39.6° API gravity, and 24 barrels per day of Drinkard oil with a 42.1° API gravity. The commingled gravity will be about 40.25° API. The commercial value of the commingled production will slightly exceed the sum of the values of the production if the two crudes were sold separately.

We propose to commingle Terry Blinebry and Drinkard oil production on the Shell Smith Lease by the subtraction method, also. All Terry Blinebry production will be continuously metered and sampled prior to commingling. The method of allocation and meter proving will be the same as described above for the State (Section 15) Lease. Expected production is 83 barrels per day of Terry Blinebry oil with a 38.4° API gravity, and 38 barrels per day of Drinkard oil with a 38.6° API gravity. The commingled gravity will be about 38.5° API. The commercial value of the commingled production will be equal to the sum of the values of the production if the crudes were sold separately.

Both systems will be operated in accordance with the Commission "Manual for the Installation and Operation of Commingling Facilities". Attached for your consideration are lease plats and schematic diagrams of each proposed installation. We are requesting the Commissioner of Public Lands to inform you in writing of his agreement to the proposed commingling on the Shell State (Section 15) Lease. If additional information is desired, please contact this office.

Very truly yours,


T. H. Dwyer
Division Production Manager



LEGEND

- ^{PS} Pennose Skel
- ⊙ Bluebry
- ⊕ Tobo
- ⊙ Drinkard
- ⊙ Aso
- ⊙ McKee
- ⊙ Euehopper

SHELL OIL CO.
OWNERSHIP MAP
1" = 2000'

October 10, 1963

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P
Y

Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

ATTENTION: T. H. Dwyer, Division Production Manager

RE: Request for permission to commingle production
from Blinbry and Drinkard Pools, Shell State Section
15 Lease, Sec. 15, Twp. 21S-Rge. 37E, Lea County, New
Mexico, B-9188-3

Gentlemen:

The above request is approved by us since the State
stands to gain in royalty by the production being
commingled and since you are metering the Blinbry
production. Ownership is common throughout.

Thank you for the plat and schematic diagram.

Very truly yours,

E. S. JOSEPH WALKER
COMMISSIONER OF PUBLIC LANDS

BY:

ROMULO MARTINEZ
Oil and Gas Department

ESJW/EM/po

CC: ✓ Oil Conservation Commission
Oil and Gas Accounting Commission

