



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

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October 31, 1963

Subject: Commingling of San Andres
and Paddock on ~~State V,~~
State T and ~~State A, B,~~
F, and H Leases

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

Gentlemen:

We are, by this letter and enclosed documents, making application for an exception to Rule 303(a) of the N.M.O.C.C. Rules and Regulations. We propose to commingle the San Andres zone with whatever wells we may successfully complete in the Paddock zone on each of the following leases: State V, State T, State A, B, F, and H, Vacuum Field, Lea County, New Mexico. (The State A, B, F, and H Leases are commingled by authorization of Order No. R-1920-A.) Since each of the separate batteries contains San Andres wells capable of top allowable production, the Paddock zone will be continuously metered and sampled as prescribed by the subtraction method of zone commingling. Individual well production will be allocated by monthly well tests which will be conducted by producing the subject well through a metering separator. Since the San Andres is sour with an API gravity range between 36° and 38° and the Paddock is normally sour with a similar gravity range, no change in revenue is expected as a result of commingling. Daily San Andres production for each lease is as follows: State A, B, F, and H - 310 barrels, State V - 80 barrels, State T - 160 barrels. Production for each Paddock well added is expected to be equal to top allowable for that zone.

In accordance with Rule 303(b), the following attachments accompany this application (1) Plat of each lease (2) Schematic of each proposed installation (3) Copy of State Land Commissioner's approval.

In view of the above presented information, we respectfully request your approval of this project.

Yours very truly,

W.E. Dwyer
for T. H. Dwyer

Division Production Manager