

SHELL OIL COMPANY

PETROLEUM BUILDING
P.O. BOX 1509
MIDLAND, TEXAS 79701

April 29, 1969

MAY 5 11 18 00

PC-375

PC-

State of New Mexico
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

With this letter and enclosed documents we are applying for an exception to Rule 303(a) of the New Mexico Oil Conservation Commission Rules and Regulations. We propose to commingle the Blinebry and San Andres on our State "A" Lease located in the S/2 NE/4 of Section 32, Township 18 South, Range 38 East, Hobbs Field, Lea County, New Mexico. Since each of the zones will have top allowable wells, we propose to continuously meter and sample the Blinebry separately as is prescribed by the subtraction method of commingling. Since both zones are sour priced with an API gravity of 33° to 35°, we expect no change in revenue as a result of commingling.

In compliance with Rule 303(b) the following attachments accompany this application:

1. Plat of lease
2. Schematic of proposed installation
3. Copy of approval from State Land Department.

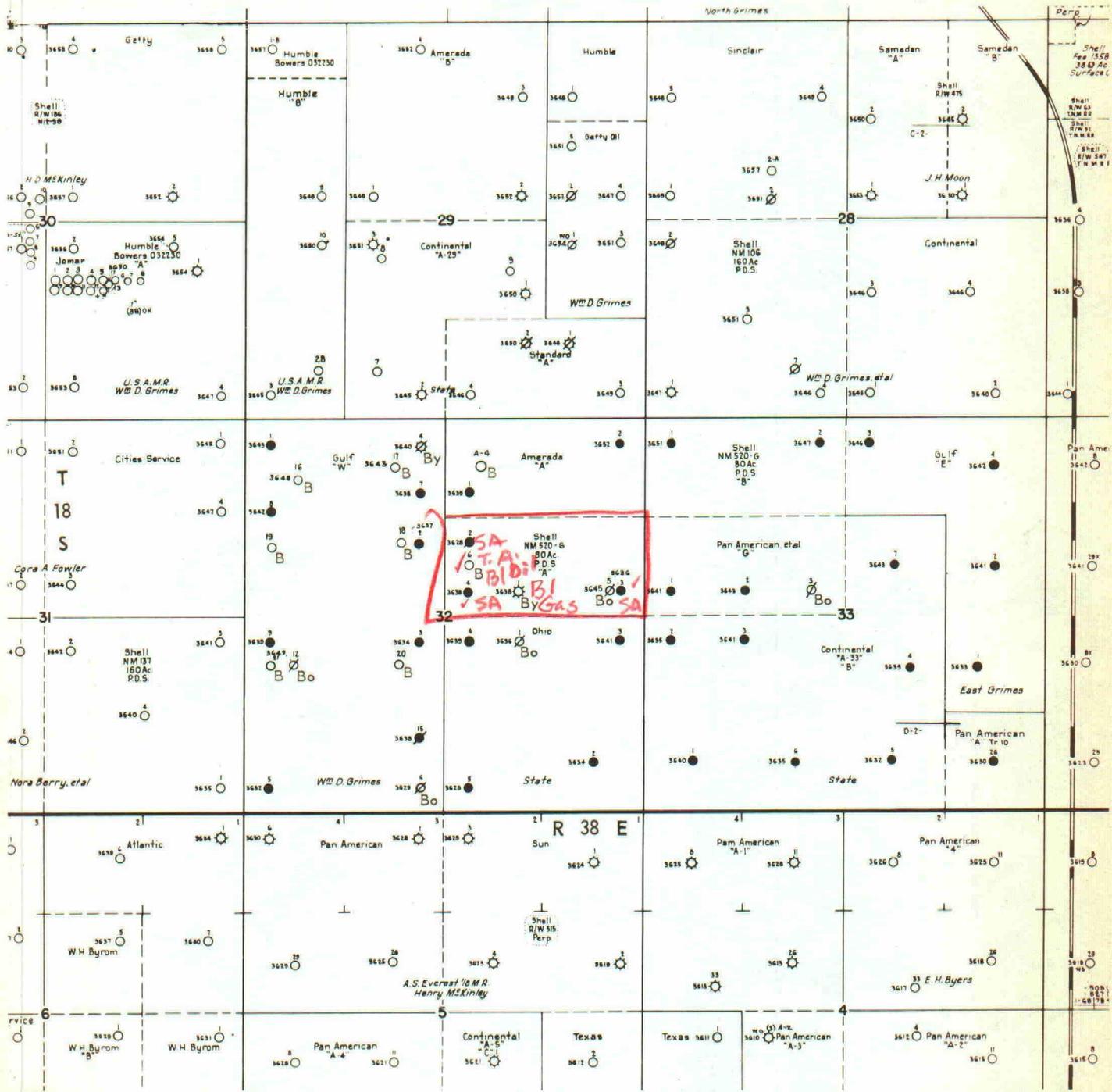
If you need any further information, please contact Mr. J. C. Vadala at our Midland Office.

Yours very truly,

S. M. Paine, Manager
Production Department - West
Midland Division

JCV:LB

Attachments

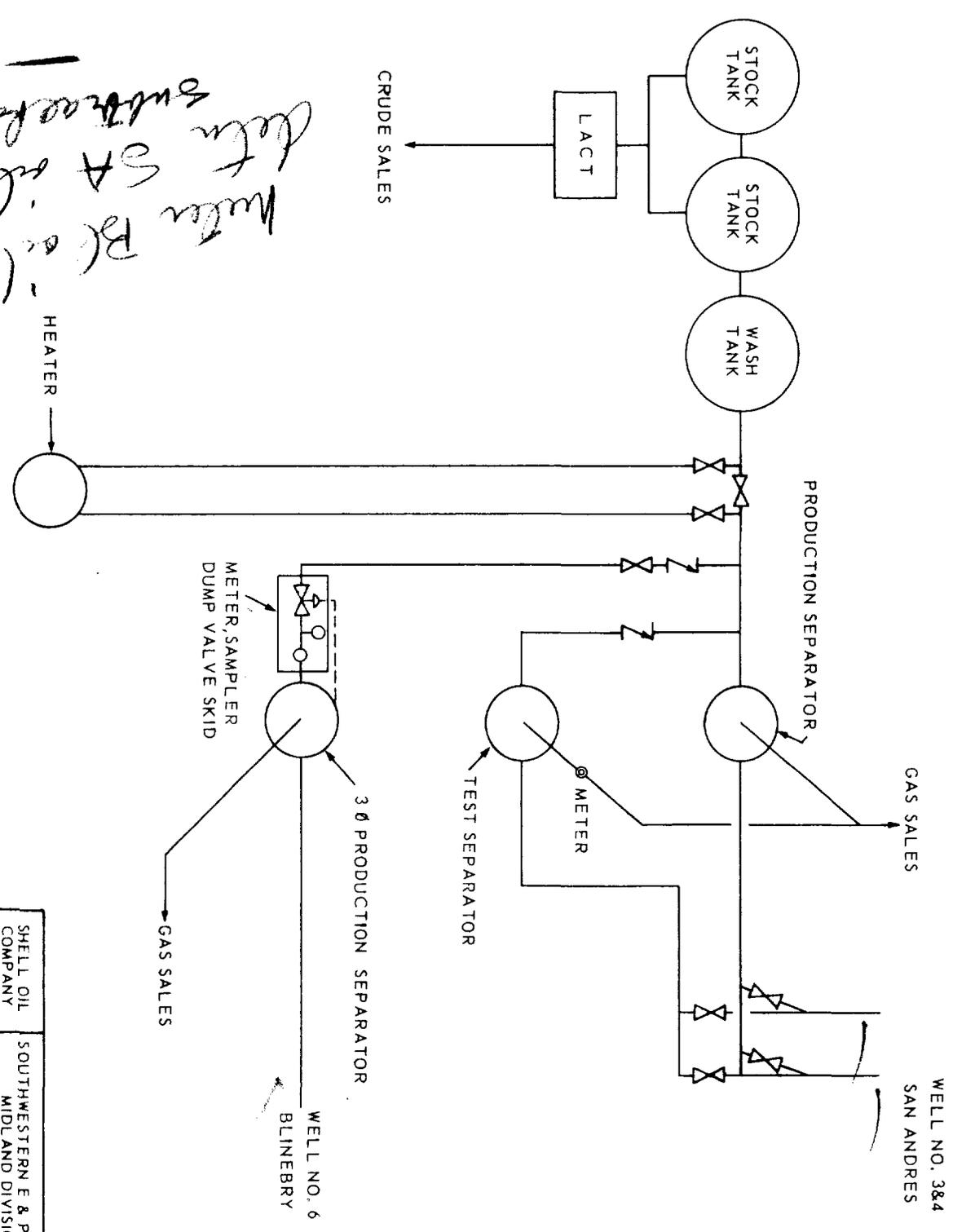


**LEGEND
FOR
SECTIONS 32 & 33**

- SAN ANDERS PRODUCER
- _B BLINEBRY PRODUCER
- _{Bo} BOWERS PRODUCER
- _{By} BYERS GAS WELL
- ⊗ P & A WELL

SHELL OIL COMPANY	SOUTHWESTERN E & P REGION MIDLAND DIVISION	PRODUCTION WEST
LEASE PLAT - STATE "A" LEASE HOBBS FIELD S/2 OF NE/4 OF SEC. 32 T-18-S, R-38-E LEA CO., NEW MEXICO		
Des: R. COENEN		Date: 4-17-69
Scale: 1" = 2000'		Dwg. No. 3141

*meter B.C. oil
data SA oil by
substation*



SHELL OIL COMPANY	SOUTHWESTERN E & P REGION MIDLAND DIVISION	PRODUCTION WEST
SCHEMATIC OF PROPOSED COMMINGLING INSTALLATION STATE "A" LEASE, HOBBS FIELD S/2, NE/4, SEC. 32, T 18 S, R 38 E		
Des: R. COENEN	Date: 4-16-69	
Scale: NONE	Dwg. No. 3140	

April 29, 1969

Shell Oil Company
P. O. Box 1509
Midland, Texas 79701

Attn: Mr. S. M. Paine - Manager
Production Department - West

Gentlemen:

Your request for permission to commingle the Blinbry and San Andres production from your State "A" lease in the Hobbs Field, Lea County, New Mexico is granted.

This operation will be allowed as long as the gravity for the commingled product does not change to affect the price of the crude to the extent that the State would loose royalty therefrom.

We have no particular problem in this case due to the fact that the acreage covers only the $S\frac{1}{2}$ NE $\frac{1}{4}$ of Section 32, Township 13 South, Range 38 East, which acreage belongs to the common schools and we are not in violation in commingling the production therefrom.

As mentioned by telephone, please submit the \$10.00 filing fee at your earliest convenience so that we can process this request.

Yours very truly,

Alex J. Armijo
Commissioner of Public Lands

By: *Ted Bilberry*
TED BILBERRY, Director
Oil and Gas Department

AJA:TB:cw