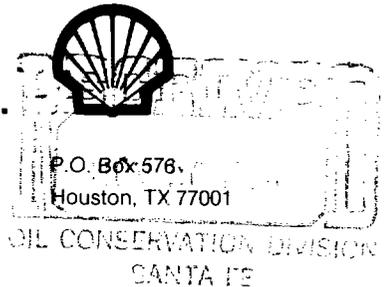


Shell Western E&P Inc.

A Subsidiary of Shell Oil Company



November 20, 1984

New Mexico Oil Conservation Commission
ATTN Gilbert Quintana
State Land Office Building
P. O. Box 2088
Santa Fe, NM 87501

Gentlemen:

APPLICATION FOR EXCEPTION TO RULE 303-A
LIVINGSTON LEASE
LEA COUNTY, NEW MEXICO

Application is hereby made for an exception to Rule 303-A to permit the commingling of oil production from the Hare Simpson formation into the commingled Blinebry - Drinkard - Wantz - ABO - Tubb battery on the Livingston lease located in sections 3 and 4, T-21-S, R-37-E, Lea County, New Mexico.

Currently, oil from the Drinkard, Blinebry, Wantz - ABO and Tubb formations are commingled under administrative order PC-675. The Livingston Well No. 7 has been recently worked over and completed to the Hare Simpson formation. We propose to commingle production from these formations in a single battery. None of the five zones are capable of top allowable production and are categorized as marginal. Allocation of production from this battery would be based on periodic well tests.

The weighted average API gravities of these zones range from 35.9 to 36.8. No change in actual commercial value is anticipated as a result of commingling.

As requested, enclosed is a lease plat and a schematic diagram to aid you in reviewing our proposal. If you have further questions, please contact R. W. Pelton at (713) 870-4045.

Yours very truly,

A handwritten signature in cursive script, appearing to read "D. A. Montgomery".

D. A. Montgomery
Supervisor Oil Accounting
Mid-Continent Division

RWP:VJC

Enclosures

MP2:rwp-1-1

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

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

1. Operator SHELL WESTERN E/P INC.		5. Commission Dist. No. I		
2. Address P. O. BOX 576		6. County LEA		
3. City HOUSTON		4. State TEXAS		7. Date of Application
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
DRINKARD ↓	LIVINGSTON ↓	BLINEBRY	36.2	314-215-37 E
		DRINKARD	36.0	314-215-37 E
		TUBB	31.5	3-215-37 E
		WANTZ-ABO	41.4	3-215-37 E
		HARE SIMPSON	40.1	3-215-37 E

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 **WEIGHTED AVERAGE INCREASES FROM 36.5 TO 36.9**

17. If answer to (16.) is "Yes" state how much less.

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.

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

22. If answer to (21.) is "Yes" show acceptance letter date and commission order number Common source of supply

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

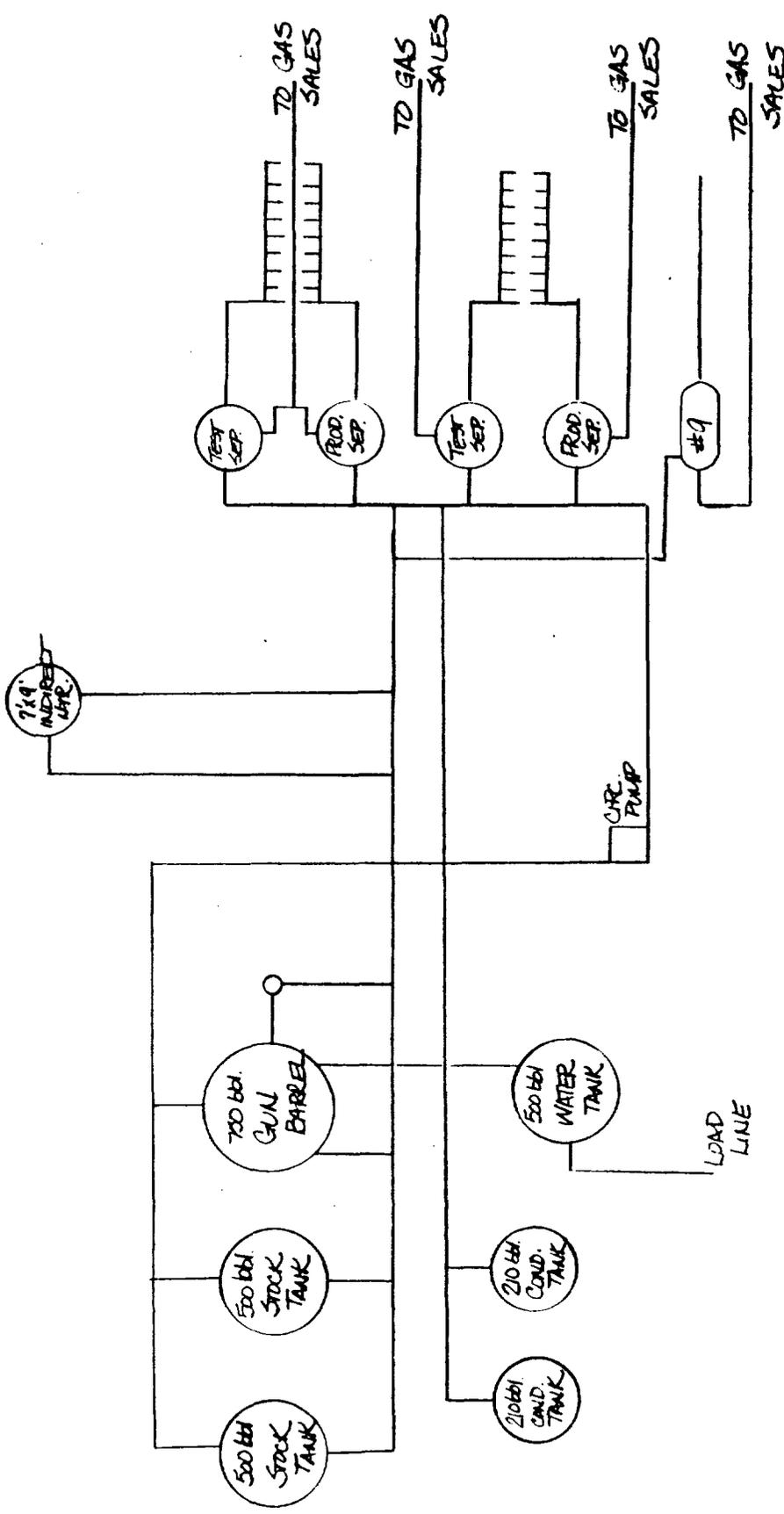
25. If answer to (24.) is "No," Explain

26. Name and address of gatherer **SHELL PIPELINE CORP. PO. BOX 1910, MIDLAND TX 79702**

27. Signature _____ Title **Section Supervisor Oil Accounting**

Commingling permit number _____ Approval date _____

Approved by _____



N

SHELL OIL COMPANY	WESTERN E & P REGION MID-CONTINENT DIVISION	PRODUCTION DEPARTMENT
SCHEMATIC OF PROPOSED COMMINGLED FACILITIES LIVINGSTON LEASE DRINKARD FIELD LEA COUNTY, NEW MEXICO		
Op: E.S.C.	Date: 9/12/84	
Scale	Men	

LIVINGSTON LEASE

LOCATION - SECTIONS 3 AND 4 - T 21-S, R-37-E

LATEST WELL TESTS

WELL #	ZONE	BOPD+BWPD+MCFGD	API	DATE
1	D	3+2+101	37.3	10/84
		3+1+106	37.3	9/84
3	B/D	11+2+221	35.2	10/84
		8+3+230	35.2	9/84
5	B/D	13+1+331	36.2	10/84
		14+1+335	36.2	9/84
6	B	5+1+214	37.8	10/84
		5+1+222	37.8	9/84
7	H	22+57+227	40.1	10/84
8	B/D	8+5+281	36.7	10/84
		8+14+276	36.7	9/84
10	B/D	4+1+199	35.2	10/84
		5+1+205	35.2	9/84
11	T	4+1+115	31.5	10/84
		5+1+119	31.5	9/84
13	B/D	4+8+32	36.0	10/84
		4+9+33	36.0	9/84
14	WA	2+0+6	41.9	10/84
		5+0+9	41.8	9/84

D - DRINKARD

B - BLINEBRY

B/D - BLINEBRY DRINKARD COMINGLED

T - TUBB

WA - WHITE ARO

H - HARE SIMPSON