

Case No.

193

Application, Transcript,  
Small Exhibits, Etc.

November 2, 1949

Mr. M. C. Brunner  
Shell Oil Company  
Box 1457  
Hobbs, New Mexico

Dear Mr. Brunner:

We enclose herewith, signed copy of Case No. 193, Order No. 839,  
in connection with the hearing held in Santa Fe, New Mexico, on  
September 8, 1949.

Very truly yours,

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

R. R. Spurrier  
Secretary-Director

RRS:bw  
encl.

Vickers Pet.

SHELL

SHELL (A)  
E-1830  
(320 acres)  
240 acres

CITIES SERVICE

J. C. CLOWER

SHELL (D)  
E-276  
160 acres

SHELL

SHELL (C)  
B-7849  
80 acres

Tank Battery

SHELL (A)  
E-1630  
(320 acres) 80 acres

DAVIDSON  
and  
CLOWER

SHELL (B)  
B-9446  
(1000 acres)  
280 acres

Symbols:

- Producing Well
- Drilling Well
- ◊ Dry Hole

SHELL

New Mexico State Leases of  
SHELL OIL COMPANY, Incorporated  
WEST WILSON FIELD  
LEA COUNTY, N. M.  
Scale: 1" = 1000'

Attachment

R-34-E

T  
21-5

T  
21-5

17

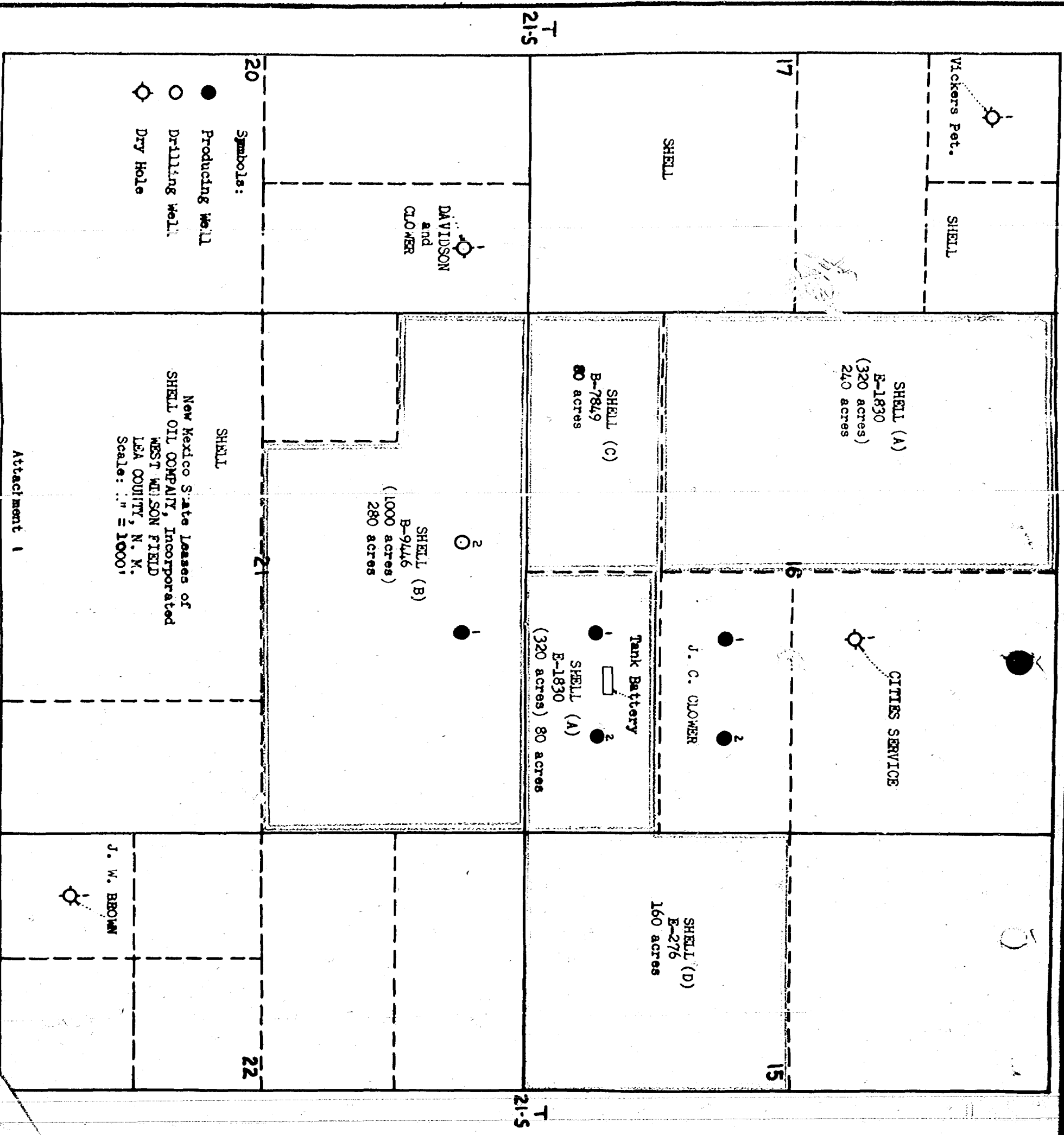
16

15

20

21

22



T  
21-5

T  
21-5

17

16

15

20

21

22

R-34-E

July 26, 1949

Mr. Frank R. Lovering  
District Superintendent  
Shell Oil Company, Inc.  
Box 1457  
Hobbs, New Mexico

Dear Mr. Lovering:

This refers to your application to produce leases E-1830 and B-9446 into the same tank battery.

This is your authority and you are hereby permitted as long as the emergency may exist and until the Commission may hear your application in open hearing, to produce the two leases in question into the same tank battery.

You understand you should make application to the Commission for an open hearing in this matter. This is to stand as an emergency order to alleviate any hardship upon you or your company until and only until, the next open hearing before the Commission which will probably be held sometime near the end of August.

Very truly yours,

R. R. Spurrier  
Secretary-Director

RRS:bw

8/29  
application  
let oil agenda

June 19, 1949

Mr. Frank R. Lovering  
District Superintendent  
Shell Oil Company, Inc.  
Box 1457  
Hobbs, New Mexico

Dear Mr. Lovering:

This is in reply to your letter of June 3, in which you request permission to produce leases D-1030 and D-9446 into the same tank battery.

We have checked with the State Local Office and with our own attorney, and will advise you in a few days whether you may do so, or whether you will have to petition for a hearing.

Very truly yours,

R. H. Spurrier  
Secretary and Director

RHS:jar  
cc: Mr. George Graham

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 193

ORDER NO. 839

THE APPLICATION OF SHELL OIL COMPANY  
FOR A SPECIAL EXCEPTION FROM THE PRO-  
VISIONS OF ORDER NO. 72 RELATING TO  
CENTRAL TANK BATTERIES WITH RESPECT  
TO STATE OIL AND GAS LEASES E-1830,  
B-9446, B-7849, AND E-276 UNDER CON-  
DITIONS EXISTING IN THE WEST WILSON  
POOL, LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 10:00 o'clock a.m. on September 8, 1949, at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of October, 1949, the Commission having before it for consideration the testimony adduced at said hearing and being fully advised in the premises;

FINDS:

1. That due public notice having been given as provided by law, the Commission has jurisdiction of this cause.
2. That the acreage involved in the application is all State land and is owned by the State in trust for the Common Schools.
3. That the acreage involved in this application is contiguous and held by applicant under State leases E-1830, B-9446, B-7849 and E-276.
4. That the subsurface conditions in the pool, or area, are such that there should be relaxation of the strict requirements of Order No. 72.

IT IS THEREFORE ORDERED:

That the application of Shell Oil Company for an exception to Order No. 72 of this Commission, effective August 1, 1937, be and the same hereby is granted and approved, and that the Shell Oil Company be and it hereby is authorized to establish, maintain, and operate a common central tank battery for all wells located on said contiguous State leases E-1830, B-9446, B-7849 and E-276. Provided, however, that adequate tankage and other equipment be established and maintained in connection with such central tank battery in order that the specific production from each well, and of future wells, can be accurately determined at reasonable intervals, or upon request of the Commission, and provides further that no well now or hereafter drilled upon any part of the respective leases shall be permitted to produce


at a rate in excess of top allowable as now or which may hereafter be fixed for the West Wilson pool.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
THOMAS J. MABRY, CHAIRMAN

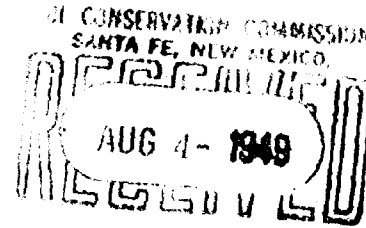
  
GUY SHEPARD, MEMBER

  
R. R. SPURRER, SECRETARY





SHELL OIL COMPANY  
INCORPORATED



*Handwritten signature/initials*

THIS LETTER IS FROM OUR  
FIELD OFFICE

Box 1457  
AT Hobbs, New Mexico  
July 29, 1949

*Handwritten initials and date*  
193

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

Gentlemen:

Shell Oil Company, Incorporated has completed one producing well on each of the State of New Mexico leases E-1830 and B-9446 and a second well is being drilled on lease E-1830. As shown on Attachment 1, a plat depicting the State of New Mexico leases controlled by Shell Oil Company, Incorporated, several dry holes have been drilled on the flanks of the West Wilson Pool, indicating that the pool probably will encompass a relatively small productive area. This is characteristic of the pools located along the northerly rim of the Delaware Basin.

Attachment 1 also shows that the State of New Mexico leases E-1830, B-9446, B-7849 and E-276 have been designated by Shell as the Shell State A, B, C, and D leases, respectively. Our records indicate that the royalty under these State of New Mexico leases is common and is owned entirely by the State of New Mexico.

The position of Shell's leases presents the possibility that the normal practice of providing separate tank batteries for each Shell lease could very well result in one battery per well for some leases in the West Wilson Pool. It is evident that consolidation of production from different leases into common tankage would result in appreciable tankage expense savings to the operator of those leases. To illustrate the extreme case; assume that additional producing wells are drilled as follows: the NE/4 SW/4 of Section 16, the SE/4 SW/4 of Section 16, the NE/4 NE/4 of Section 21 and the SW/4 SW/4 of Section 15. These wells, along with the two Shell wells presently producing and the drilling well, would be accommodated by one three-tank battery with two separators, one settling tank and one jug-type heater as additional equipment. In the near future the battery described above will be completed on the State A lease at the location shown on Attachment 1 for an estimated capital outlay of \$18,000.00. If separate lease tankage were required, a second battery of the type described above would be necessitated on the State B lease. In addition, 2 two-tank batteries, similar in every other respect but having one less stock tank, would be necessitated on the "C" and "D" leases. The estimated net cost of this second plan is \$64,600.00 as compared with the fully adequate facilities now being completed for \$18,000.00.

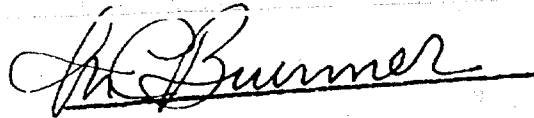
New Mexico Oil Conservation Commission  
Page 2  
July 29, 1949

The establishment in operation of a central tank battery or tank batteries as requested by this application will enable Shell Oil Company, Incorporated to operate said leases more efficiently and will extend the economic life of wells thereon, resulting in greater ultimate recovery of oil therefrom. The establishment in operation of such central tank battery or tank batteries will be in the interest of conservation, will prevent waste and will enable the operator to produce oil that would not otherwise be recovered.

Therefore, it is respectfully requested that the Conservation Commission call a hearing to consider the application of Shell Oil Company, Incorporated to utilize a central tank battery or tank batteries for the production now being obtained or that may be obtained from State of New Mexico leases E-1830, B-9446, B-7849 and E-276 located in the West Wilson Pool, Lea County, New Mexico.

Yours very truly,

SHELL OIL COMPANY, Incorporated



Attachment

Copy with attachment to:

Land Commissioner  
State of New Mexico  
Santa Fe, New Mexico

Glenn Staley  
Proration Umpire  
Lea County Operators Committee  
Hobbs, New Mexico

Box 1457  
Hobbs, New Mexico  
July 29, 1949

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

Gentlemen:

Shell Oil Company, Incorporated has completed one producing well on each of the State of New Mexico leases ~~2-1830 and 2-276~~ and a second well is being drilled on lease B-1830. As shown on Attachment 1, a plat depicting the State of New Mexico leases controlled by Shell Oil Company, Incorporated, several dry holes have been drilled on the flanks of the West Wilson Pool, indicating that the pool probably will encompass a relatively small productive area. This is characteristic of the pools located along the northerly rim of the Delaware Basin.

Attachment 1 also shows that the State of New Mexico leases A-1830, B-9446, B-7849 and B-276 have been designated by Shell as the Shell State A, B, C, and D leases, respectively. Our records indicate that the royalty under these State of New Mexico leases is common and is owned entirely by the State of New Mexico.

The position of Shell's leases presents the possibility that the normal practice of providing separate tank batteries for each Shell lease could very well result in one battery per well for some leases in the West Wilson Pool. It is evident that consolidation of production from different leases into common tankage would result in appreciable tankage expense savings to the operator of those leases. To illustrate the extreme case, assume that additional producing wells are drilled as follows: the NE/4 SW/4 of Section 16, the SE/4 SW/4 of Section 16, the SE/4 NE/4 of Section 21 and the SW/4 SW/4 of Section 15. These wells, along with the two Shell wells presently producing and the drilling well, would be accommodated by one three-tank battery with two separators, one settling tank and one jug-type heater as additional equipment. In the near future the battery described above will be completed on the State A lease at the location shown on Attachment 1 for an estimated capital outlay of \$18,000.00. If separate lease tankage were required, a second battery of the type described above would be necessitated on the State B lease. In addition, 2 two-tank batteries, similar in every other respect but having one less stock tank, would be necessitated on the "C" and "D" leases. The estimated net cost of this second plan is \$64,600.00 as compared with the fully adequate facilities now being completed for \$18,000.00.

New Mexico Oil Conservation Commission  
Page 2  
July 29, 1949

The establishment in operation of a central tank battery or tank batteries as requested by this application will enable Shell Oil Company, Incorporated to operate said leases more efficiently and will extend the economic life of wells thereon, resulting in greater ultimate recovery of oil therefrom. The establishment in operation of such central tank battery or tank batteries will be in the interest of conservation, will prevent waste and will enable the operator to produce oil that would not otherwise be recovered.

Therefore, it is respectfully requested that the Conservation Commission call a hearing to consider the application of Shell Oil Company, Incorporated to utilize a central tank battery or tank batteries for the production now being obtained or that may be obtained from State of New Mexico leases B-1830, B-2446, B-2849 and B-276 located in the West Wilson Pool, Lea County, New Mexico.

Yours very truly,

SHELL OIL COMPANY, Incorporated

M. C. D.

Attachment

Copy with attachment to:

Land Commissioner  
State of New Mexico  
Santa Fe, New Mexico

Glenn Staley  
Promotion Empire  
Lea County Operators Committee  
Hobbs, New Mexico