

Case 9-11

Shell Oil Company  
Box 1957  
Hobbs, New Mexico

June 28, 1955

Secretary - Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

Shell Oil Company is the owner of 100 per cent of the working interest in oil and gas leases covering the entire South one-half of Section 12, T-21-S, R-37-E, Lea County, New Mexico. We hereby make application to commingle the production from separate leases in the S/2 Section 12, T-21-S, R-37-E, from the Terry Blinebry Oil Pool, a common source of supply, in one central tank battery located at the site of the present tank battery on the Northeast Quarter (NE/4) of the Southwest Quarter (SW/4) of Section 12.

At present Shell Chesher 1, NE/4 SW/4 and Shell Plumlee 1, SE/4 SW/4, both in Section 12, T-21-S, R-37-E, are producing to separate tank batteries each located on its own lease. Shell Coll 1, NW/4 SW/4, Section 12, T-21-S, R-37-E, is a potential Terry Blinebry producer with completion anticipated in the next several days. If possible, we request administrative approval to commingle oil production from the Terry Blinebry common source of supply from Shell Coll 1 with oil production from the same source of supply from Shell Chesher 1.

Very truly yours,

/s/ E. W. Nestor

for W. E. Owen  
Division Manager

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. 879  
Order No. R-645

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION UPON  
ITS OWN MOTION FOR AN ORDER  
REVISING RULE 309 OF THE OIL  
CONSERVATION COMMISSION'S RULES  
AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. April 20, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 13th., day of June, 1955, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing having been given as required by law, the Commission has jurisdiction of this cause and of the subject matter thereof.

(2) That the following revision of Rule 309 will result in a more efficient and economic administration of the conservation laws of the State of New Mexico.

IT IS THEREFORE ORDERED:

That Section "E", Oil Production Operating Practices, of the New Mexico Oil Conservation Commission's Rules and Regulations be revised in accordance with the following:

RULE 309. CENTRAL TANK BATTERIES

(a) Oil shall not be transported from a lease until it has been received and measured in tanks located on the lease. At the option of the operator, common tankage may be used to receive the production from as many

as eight units of the same basic lease, provided adequate tankage and other equipment is installed so that the production from each well can be accurately determined at reasonable intervals.

- (b) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 309 (a) and to permit the production of oil from separate state oil and gas leases, all of the acreage therein being contiguous, into a common tank battery without notice and hearing where application has been filed in due form, and
1. The separate state leases are dedicated to a common beneficiary.
  2. The wells are producing from a common source of supply.
  3. No more than eight units will produce into a common tank battery, and adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
  4. All owners of adjoining oil and gas leases have consented in writing to the proposed commingling of oil from separate leases.
  5. Applicant shall have furnished a letter from the State Land Commissioner approving the commingling of oil from the two separate state leases.
  6. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to so commingle production from separate leases. The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to the commingling of production from separate leases.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
JOHN F. SIMMS, Chairman  
E. S. WALKER, Member  
W. B. MACEY, Member and Secretary

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