

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
July 14, 1955

IN THE MATTER OF:

CASE NO. 934

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 14, 1955

IN THE MATTER OF:)
)
)

Application of Shell Oil Company for permission)
to commingle oil produced from all of its leases)
located in the S/2 Section 12, Township 21)
South, Range 37 East, Lea County, New Mexico,)
Terry-Blinebry Oil Pool, into a common tank)
battery.)

) Case 934
)
)

BEFORE:

Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case is 934.

MR. NESTOR: This is Shell's application for permission to commingle oil produced from its leases in the south half of Section 12, Township 21 South, Range 37 East, Lea County, New Mexico, from the Terry-Blinebry Oil Pool into a common tank battery. I am E. W. Nestor, representing Shell. I ask if my qualifications are accepted?

MR. MACEY: Yes, sir.

(Shell's Exhibits Nos. 1 and 2
marked for identification.)

MR. NESTOR: I will introduce what has been marked as Shell's Exhibit No. 1 in Case 934, which is a lease ownership plat covering a portion of the Terry-Blinebry Pool, Lea County, New Mexico, immediately surrounding the subject half-section. I would like the record to show corrections in the northeast quarter of the southwest quarter of Section 12. Shell Cheshire 1, shown on the plat as an Abo producer has had an Abo zone abandoned and is a Terry-Blinebry producer.

In the southeast quarter of the southeast, Shell Plumley 1 is shown as an Abo producer, has had the Abo zone abandoned and is producing from the Terry-Blinbry. I offer this exhibit.

Then I also offer Shell Exhibit 2, which are 32 separate executed releases from all the royalty owners in the south half of Section 12. In order to save time, I might point out that these are photostatic copies of these releases and not the original copies. In order to save time and since they will be a part of the record, I will point out that as the form is executed, the signer gives his consent to putting into effect the central tankage for Terry-Blinbry production in the south half of Section 12, and he subscribes to the plan with the proposal for determining that the production from each well would be by monthly test through metering separators, and that the production in the central tankage would be allocated to each well on the basis of such tests.

Shell represents that by having central tankage on the south half of Section 12, we will effect savings in unnecessary facilities; and that by not having to operate unnecessary facilities, will extend the producing life of the various wells and thus prevent waste.

We feel that in the half-section all the correlative rights of the various royalty owners are protected to the extent that they agree in toto with our plan for allocating the production. We have requested waivers from offset operators, but as yet none have been received, and I don't know whether anyone plans to appear, but we feel that in no way are the rights of offset operators jeopardized by our claim.

This completes our testimony in Case 934.

MR. MACEY: You want to offer the exhibits? Is there

objection to the introduction of the exhibits in evidence? Without objection they will be received. Any questions of the witness? Mr. Mankin.

MR. MANKIN: Mr. Nestor, you are requesting exception to Rule 309A in this particular case.

MR. NESTOR: Yes, sir.

MR. MANKIN: You install separate individual test facilities, flow lines, to take care of the individual wells?

MR. NESTOR: Yes, that is detailed pretty well in these forms which have been executed, and which we didn't read. We could read them into the record.

MR. MANKIN: You are not asking for over eight units?

MR. NESTOR: We are not, there will be eight quarter quarters.

MR. MANKIN: No further exception to 309A is asked for, other than the basic leases?

MR. NESTOR: None is asked for.

MR. MANKIN: Are there four basic leases and 32 royalty owners?

MR. NESTOR: Actually, there are six separate leases with great diversification. By and large, the same people participate in the various quarter sections, and in one three-quarters of a quarter section, the quarter-quarter-sections, and one of them comprises the north half and the southeast quarter of the southeast quarter of Section 12, all the other are 40-acre leases. These people participate to varying degrees in the different 40-acre units. That was the need for obtaining all the separate releases. There are some 32 people involved and all have agreed.

MR. MANKIN: You have been granted temporary permission for this already?

MR. NESTOR: I understand that we can have. We are now in the process of completing or attempting to complete our Kroll 1 which is located in the northwest quarter of the southeast quarter, and we do request temporary permission, pending judgment in this case, to tank in the tank battery located on the Cheshire lease.

MR. MANKIN: You have been granted, however, a temporary order?

MR. NESTOR: I have not seen it.

MR. MACEY: We wrote a letter - -

MR. NESTOR: We have received it, then.

MR. MANKIN: Is this patented land?

MR. NESTOR: Yes.

MR. MANKIN: That is all.

MR. MACEY: Anyone else have a question? You are going to end up with one tank battery in place of six?

MR. NESTOR: That is right. Of course, as you can see, just having the one set of tanks to maintain, at the time of abandonment of the leases, it will enable us to produce the wells that much longer.

MR. MANKIN: All the production will be from the Terry-Blinebry?

MR. NESTOR: Yes. I might have the record show that the executed releases also plan for the same thing in case of other zones here, but none --

MR. MANKIN: (Interrupting) None in this particular case?

MR. NESTOR: None at the present time.

MR. MANKIN: That is all.

MR. MACEY: Anyone else? If nothing further, the witness

