

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SHELL OIL COMPANY TO AMEND ORDER NO.
R-1290 ENTERED IN CASE NO. 1548 TO
REMOVE THE REQUIREMENT IN THE ORDER
THAT PRODUCTION FROM THE FOUR LEASES
BE METERED SEPARATELY BEFORE THE
PRODUCTION THEREFROM IS COMMINGLED.

P E T I T I O N

Shell Oil Company hereby makes application to the Commission that it amend its Order No. R-1290 entered in Case No. 1548, and the Petitioner shows:

1. Shell Oil Company is the owner and operator of the following described leases in the Vacuum Pool in Lea County, New Mexico:

State "B" Lease (B-1414) consisting of the E/2 SE/4 of Section 30, Township 17 South, Range 35 East.

State "F" Lease (B-2423) consisting of the S/2 SW/4 of Section 29, Township 17 South, Range 35 East.

State "A" Lease (B-2354) consisting of the NE/4 of Section 31, Township 17 South, Range 35 East.

State "H" Lease (B-2284) consisting of the NW/4 SW/4 of Section 29, Township 17 South, Range 35 East.

2. The applicant was given permission in Order No. R-1290 to commingle the Vacuum (San Andres) Pool production from the above described leases and to install automatic custody transfer equipment to handle such production.

3. The Order, however, provided that the production from each of the leases be separately metered prior to commingling.

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4. There is an overriding royalty on the State "H" Lease described above which is owned by Mr. Frederick H. Burgland. This owner of the overriding royalty has executed a written waiver which states that he has no objection to the commingling; that he desires the State "H" Lease to be included in the consolidation and that the allocation of production to the four leases be on the basis of monthly well test. A copy of this Waiver is attached to this Petition.

Petitioner therefore asks that the said Order No. R-1290 be amended to delete the reference to separate metering in Paragraph 4 of the Findings and to eliminate the requirement of separate metering as contained in Paragraph 2 of the Order portion thereof.

Respectfully submitted,

SHELL OIL COMPANY

BY:

SETH, MONTGOMERY, FEDERICI & ANDREWS

BY: *Steve Suth*

W A I V E R

Date August 1, 1957

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

Gentlemen:

I have been informed by Shell Oil Company that they propose to use consolidated tankage in the Vacuum Field, which would handle production from the State "H" Lease (on which I have a 1/16 overriding royalty interest) together with the production from the State "A", State "B", and State "F" Leases.

I understand that the tankage and oil treating system on the State "H" Lease, as well as the tankage on the other three subject leases, have corroded to the extent that they will require immediate replacement. By consolidating this tankage and allocating production to the four leases on the basis of monthly well tests, Shell expects to be able to reduce operating and maintenance costs for the State "H" and other subject leases. This would enable continued production to a lower economic limit and avoid premature abandonment of the lease. In addition, this consolidation would reduce vapor losses and effort conservation.

In view of this I have no objection to their proposal, and, in fact, desire that the State "H" Lease with its one well be included in this consolidation.

Yours very truly

Frederick H. Burgland
Frederick H. Burgland

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