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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF SHELL OIL COMPANY FOR EXCEPTIONS TO RULES 303 AND 309 OF THE COMMISSION TO PERMIT COMMINGLING OF PRODUCTION FROM THE SAN ANDRES AND ATOKA ZONES, TO COMMINGLE THE SAME WITH PRODUCTION FROM THE PEARL QUEEN FIELD, TO TRANSPORT PRODUCTION FROM LEASES PRIOR TO MEASUREMENT, AND TO PRODUCE MORE THAN EIGHT (8) WELLS IN THE SAN ANDRES OR THE ATOKA ZONES INTO COMMON FACILITIES, THE LEASES AND PROPERTY IN QUESTION BEING IN SECTION 35, TOWNSHIP 19 SOUTH, RANGE 35 EAST, LEA COUNTY, NEW MEXICO.

CASE NO. 1816

A P P L I C A T I O N

Comes now Shell Oil Company and requests an exception to Rules 303 and Section (a) of Rule 309 of the Rules of the New Mexico Oil Conservation Commission.

1. The applicant requests authority to commingle oil produced from the San Andres formation and the Atoka formation on the two Shell leases described as follows:

Shell's State "PI" lease consisting of 80 acres in the $SE\frac{1}{4}NE\frac{1}{4}$ and $NE\frac{1}{4}SE\frac{1}{4}$, Section 35, Township 19 South, Range 35 East.

Shell's Record lease consisting of 1120 acres in the $S\frac{1}{2}SW\frac{1}{4}$, Section 23, all Section 26, and $N\frac{1}{2}N\frac{1}{2}$ and $SW\frac{1}{4}NE\frac{1}{4}$ and $SE\frac{1}{4}NW\frac{1}{4}$ and $NE\frac{1}{4}SW\frac{1}{4}$ and $NW\frac{1}{4}SE\frac{1}{4}$ and $S\frac{1}{2}SE\frac{1}{4}$, Section 35, Township 19 South, Range 35 East.

2. After the production therefrom has been separately metered from each zone from each lease, to commingle such commingled production with the commingled Queen Production, and using the facilities located in the Pearl Queen Field, as authorized in Order Number R-1101.

3. Applicant further requests authority, in connection with the above, to transport San Andres and Atoka production from

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