



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

October 9, 1961

Subject: Application by Shell Oil Company
for Exception to Rules 303(a) and
309(a) of the Rules and Regulations
of the New Mexico Oil Conservation
Commission.

AIR MAIL

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

This letter is an application for exception to rule 303(a) to permit commingling of production from three pools before marketing, and to rule 309(a) to permit movement of oil from a lease without prior measurement in tanks.

We plan to commingle oil production from two proposed wells producing from the Drinkard, McKee and Ellenburger pools. These wells are to be drilled on the Shell State "JM" and "JP" leases, consisting of 40 acres each in the NW/4 NE/4 and NE/4 NW/4, respectively, of Section 2, T-25-S, R-37-E, Lea County, New Mexico. Both of the 40 acre tracts are designated to a common beneficiary, and are designated by different names only because shallow oil rights to the two leases are not similar. Shell Oil Company has deep oil rights (below 3750') on the State "JP" lease and all oil rights on the State "JM" lease.

All three zones in both wells are expected to be capable of top allowable production and will therefore be continuously metered. Production from both wells will be metered through a separator for each zone. Production will be allocated to each well on the basis of monthly well tests.

We plan to install an automatic custody transfer unit to automatically transfer the commingled crude from both wells to the pipeline through a positive displacement meter. In addition to reducing operating and capital expenditures, we believe the proposed installation will conserve resources by reducing evaporation losses and minimizing losses from fire and spillage.

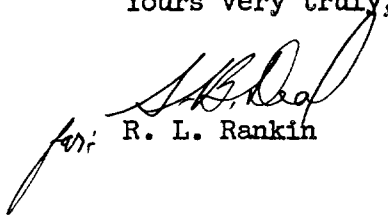
PC 30
CTB 70
now

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The Drinkard zone is expected to yield 61 barrels per day of 37.5° API oil, and the McKee and Ellenburger zones are each expected to yield 102 barrels per day of 46.5° API oil. The gravity of the commingled oil will be about 44.5° API. The daily production value of the commingled product would be \$1632 (two wells), as compared to \$1624 if the production from each pool was sold separately.

Attached are schematic diagrams of the proposed installation, well location plats, and written approvals from the State Land Commissioner and the purchaser of the commingled crude.

Yours very truly,



R. L. Rankin

Attachments

State of New Mexico



Commissioner of Public Lands



E. S. JOHNNY WALKER
COMMISSIONER

P. O. BOX 791
SANTA FE, NEW MEXICO

September 19, 1961

Shell Oil Company
Box 1858
Roswell, New Mexico

Attention: Mr. R. L. Rankin:

Dear Mr. Rankin:

Your request to commingle the production from your State of New Mexico Shell State JM, located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, T. 25 S., R. 37 E., with the production from your Shell State JP, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, T. 25 S., R. 37 E., is hereby granted.

We have no objection to the commingling of production from wells on State Land, where the ownership is common and where it is done in accordance with the rules of the Oil Conservation Commission.

Yours very truly,

E. S. JOHNNY WALKER
Commissioner of Public Lands

By: *Ted Bilberry*
Ted Bilberry, Supervisor
Oil and Gas Division

ESW:TB:eq

SHELL	
RECEIVED	
SEP 21 1961	
ROSWELL PROD.	
Div. Agr.	<i>W</i>
Sect.	<i>2</i>
E. Eng.	
M. Eng.	<i>3</i>
P-S Supv.	
Eng. F.	
Off. Supv.	
Discuss	Well File
Reply	<i>Use File</i>
Call Up	Field File
Destroy	Gen. Cor.



SHELL OIL COMPANY

PETROLEUM BUILDING

P. O. BOX 1509

MIDLAND, TEXAS

RECEIVED			
OCT 4 1961			
CRUDE OIL DEPARTMENT			
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		ACW	GHS

September 27, 1961

Subject: Shell Oil Company
State "JM" and "JP" Leases
Section 2, T-25S, R-37E
Lea County, New Mexico

Texaco Inc.
P. O. Box 3109
Midland, Texas

Attention Mr. J. A. Mills

Gentlemen:

Shell Oil Company is presently drilling its State "JM" No. 1 on a 40 acre lease, being the NW/4 of NE/4 Section 2, and will soon drill the State "JP" No. 1 well on a 40 acre lease, being the NE/4 of NW/4 Section 2, both in T-25S, R-37E, Lea County, New Mexico. Shell proposes to commingle the allowable production from the Drinkard, McKee and Ellenburger zones from all wells on these two leases in a central tank battery to be located adjacent to the common lease line.

This will confirm our recent conversation wherein you agreed to purchase this commingled production and would request your carrier to connect and run for your account. In order to support Shell's application to the New Mexico Oil Conservation Commission for approval to commingle this production, as provided in Rule 309-B-3 of the amended Rules and Regulations, we would appreciate your indicating in the space provided below your consent to purchase the commingled production and return the duplicate copy hereof to us.

Yours very truly,

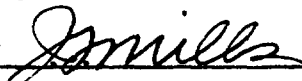

C. A. Nyhof

Crude Oil Department - Midland

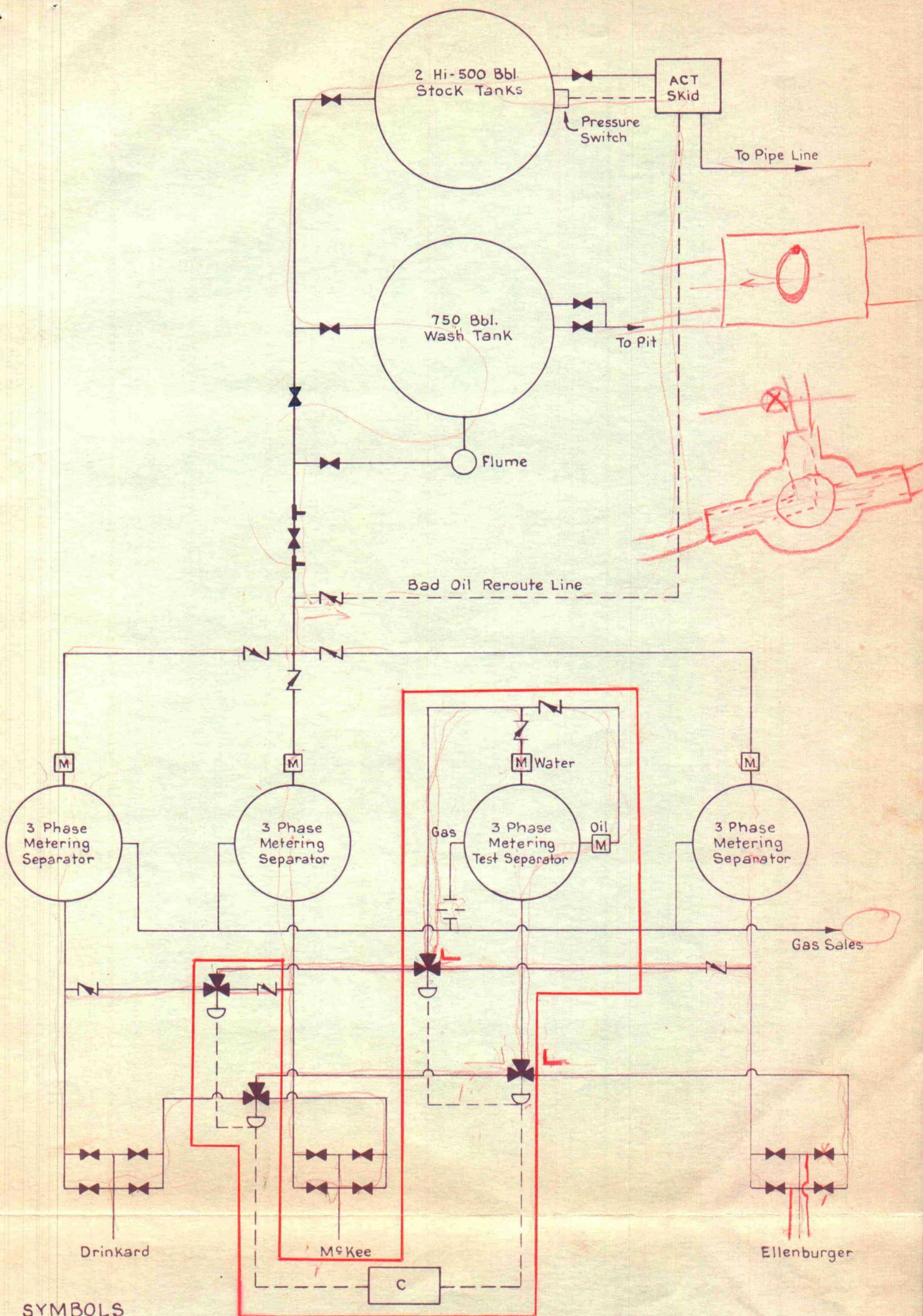
LBB:JG

Agreed to and accepted this
3 day of OCTOBER 1961.







Texaco Inc.

By 

Texaco is agreeable to the above mentioned commingling provided the production from each zone is intermediate sweet type crude.



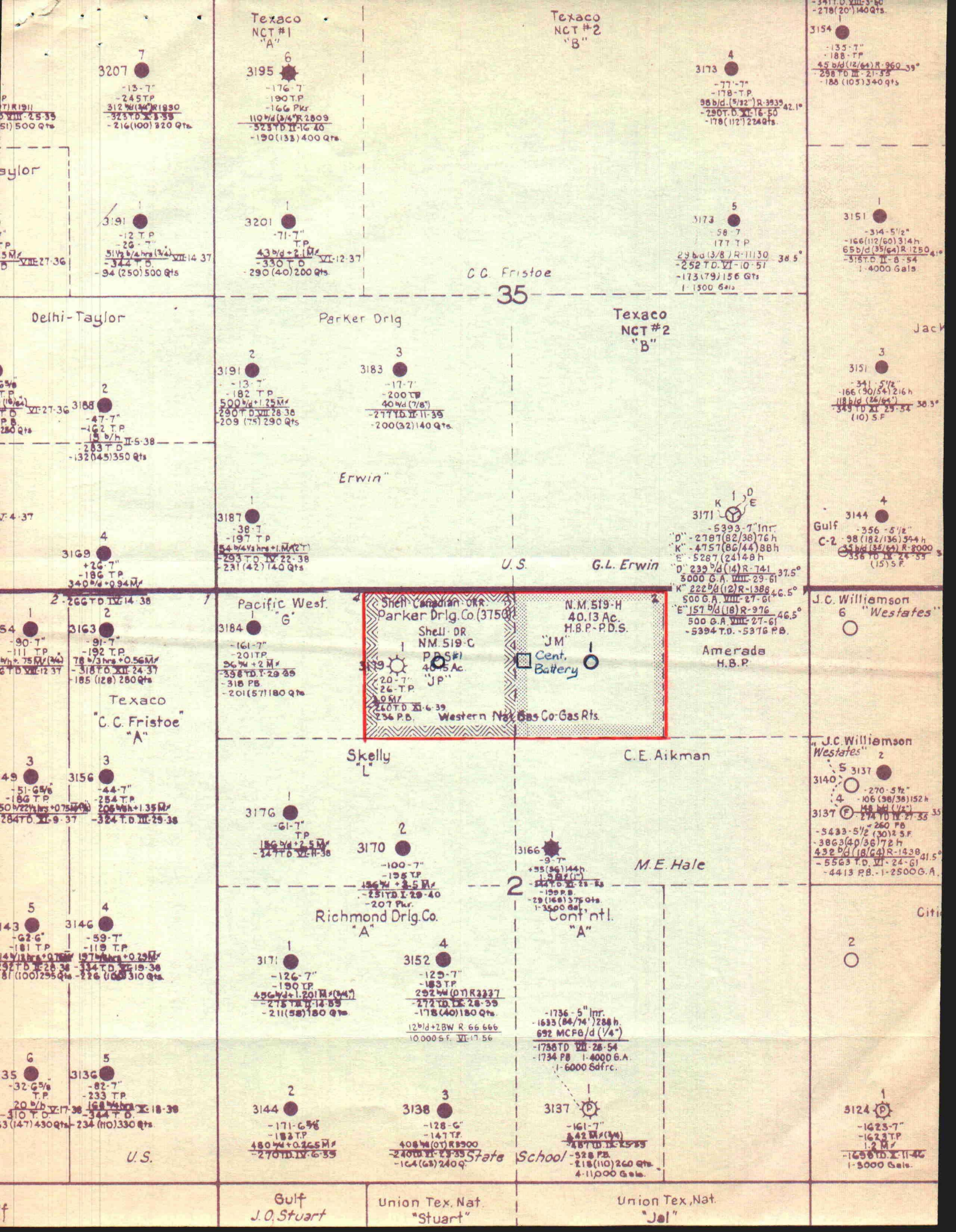
SYMBOLS

-  Check Valve
-  Block Valve
-  Three Way Valve (Pneumatic)
-  Orifice Meter Run
-  Pneumatic Control Panel Counter
-  Back Pressure Valve

Equipment enclosed in red to be installed upon completion of second well.

Note: Water side of 3φ separators blanked off until needed.

Shell Oil Company
Installation Diagram
Shell State "JM" & "JP" Leases
Sec. 2, T-25-S, R-37-E
Commingle Drinkard, McKee
& Ellenburger Oil
9-25-61





SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

November 28, 1961

Subject: Application by Shell Oil Company
for Amendments to New Mexico Oil
Conservation Commission Adminis-
trative Orders PC-37 and CTB-70

OK DSN
PC CTB -

AIR MAIL

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

Gentlemen:

Change from:

Reference is made to New Mexico Oil Conservation Commission Administrative Orders PC-37 and CTB-70, whereby Shell Oil Company was granted permission to commingle Drinkard, McKee, and Ellenburger production from two proposed wells, one to be drilled on the State "JM" Lease and one to be drilled on the State "JP" Lease. Our State "JM" Lease comprises the NW/4 NE/4 of Section 2, T-25-S, R-37-E, Lea County, New Mexico; and the "JP" Lease comprises the NE/4 NW/4 of said Section 2.

Change to:

Due to a revision of completion plans, the Shell State "JM" No. 1 Well has been completed in the Devonian and Fusselman Zones, and we expect to complete the State "JP" No. 1 in the same two zones. We therefore request amendments to the Administrative Orders described above, granting us permission to commingle the Devonian and Fusselman Pools rather than the Drinkard, McKee, and Ellenburger Pools as per our original application.

Our commingling facilities will be essentially the same as those which were approved for our original installation with the exception that only two production separators will be necessary instead of three. The installation will be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities." Both zones will be continuously metered and production will be allocated to each well on the basis of monthly well tests.

The Devonian Zone is expected to yield 80 barrels per day of 37.5° API oil, and the Fusselman is expected to yield 80 barrels per day of 37.2° API oil. The gravity of the commingled crude will be about

37.4° API. The daily production value of the commingled product will be equal to the value of daily production if the crude from each pool was sold separately.

Attached is a telegram from the Shell Crude Oil Department stating that the crude oil purchaser is agreeable to the commingling. Also, we are requesting the State Land Commissioner to inform you in writing of his agreement to the proposed commingling.

Very truly yours,

A handwritten signature in dark ink, appearing to read "R. L. Rankin", written in a cursive style.

R. L. Rankin
Division Production Manager

Attachment

ILLEGIBLE

ROS THIS MID HV ONE FOR U PLS
V
THIS ROS GA

544 MID OFC 11-27-61-1114A/LBB/
ROSWELL DIVN PROD MGR - R L RANKIN
REFER YOUR NO. 712 TEXACO INC. AGREEABLE TO PURCHASING
COMMINGLED CRUDE FROM STATE JN LEASE NO. JUSTIS FIELD, LEA COUNTY,
N. H. DEVONIAN AND FUSSELMAN ZONES PROVIDED EACH ZONE IS SWEET CRUDE.
C A NYHOF

ENDMIDTNX
ENDROSTNX