

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 17, 1964

**Shell Oil Company
P. O. Box 1858
Roswell, New Mexico**

Attention: Mr. T. H. Dwyer

Administrative Order PC-180

Gentlemen:

Reference is made to your letter of December 20, 1963, regarding Shell Oil Company's commingling installations on the Turner and Argo - Argo A Leases, Lea County, New Mexico.

After reviewing the previous orders entered authorizing commingling on these leases, we believe that the following represents the current status of the commingling authorization:

- (1) Commission Order No. R-2097, dated October 18, 1961, authorized the commingling of Argo - Argo A production from the Drinkard and Wantz-Abo Pools on the basis of periodic well tests, and authorized the commingling of Turner production from the Drinkard and Blinebry Pools on the basis of periodic well tests, and then authorized the commingling of the aforesaid commingled production prior to treatment after separately metering the production from each lease in a tank battery to be located on the Turner Lease. The order further authorized the commingling of Argo - Argo A production from the Brunson and Hare Pools on the basis of periodic well tests, and the commingling of Turner production from the Brunson and Hare Pools on the basis of periodic well tests, and then authorized the commingling of the aforesaid commingled production prior to treatment in a battery to be located on the Turner Lease.

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- (2) Our letter of January 8, 1963, authorized the movement of the commingling installations for the two leases from the Turner Lease to the Argo - Argo A Lease.
- (3) Our letter of March 13, 1963, being Administrative Order PC-130, authorized the commingling of top allowable Blinebry production with the existing marginal Drinkard and Wantz-Abo production on the Argo - Argo A Lease after separately metering the Blinebry production on the combined Drinkard - Wantz-Abo marginal production.

It is our understanding from your letter of December 20, 1963, that you now wish to segregate the Turner Lease production from the Argo - Argo A Lease production and that each lease will have two batteries, one each for the sweet and sour crude production. It is our further understanding that the Blinebry Pool underlying the Turner Lease is now capable of top allowable production and that you propose to meter said Blinebry production prior to metering the same with the Drinkard production on said lease, determining the Drinkard production by means of the subtraction method.

Commission Order No. R-2097 is herewith put in abeyance and our letter of January 8, 1963, is hereby superseded; Administrative Order PC-130, dated March 13, 1963, is hereby cancelled; and pursuant to the authority vested in me under the provisions of Rule 303(b) of the Commission Rules and Regulations, Shell Oil Company is authorized to commingle as follows:

On the Argo - Argo A Lease:

Shell is authorized to commingle Brunson and Hare production, allocating the production to each pool on the basis of periodic well tests.

Shell is authorized to commingle Blinebry and Wantz-Abo and Drinkard production after separately

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metering the Blinebry production and separately metering the combined Wants-Abo - Drinkard production, allocating the production to each of the two latter pools on the basis of periodic well tests.

On the Turner Lease:

Shell is authorized to commingle the Brunson and the Hare production on the basis of periodic well tests.

Shell is authorized to commingle the Drinkard and Blinebry production after separately metering the Blinebry production and determining the Drinkard production by means of the subtraction method.

Each of the aforesaid installations shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the requirement for non-reset counters on the meters.

Please advise us if our interpretation of the present status of the subject installations is not correct.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSM/esr

cc: Oil Conservation Commission (with enclosure) - Hobbs
Oil & Gas Engineering Committee - Hobbs
OCC Case File No. 2363 and PC-130 File