



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

December 20, 1963

Subject: Revision of Commingling System
N.M.O.C.C. Case No. 2363
Order No. 2097

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

Gentlemen:

Reference is made to N.M.O.C.C. Case No. 2363, Order No. R-2097 which authorizes Shell Oil Company to commingle Turner and Argo - Argo A Lease production in separate sweet crude and sour crude systems on the Argo - Argo A Lease after metering and sampling the respective production from each lease.

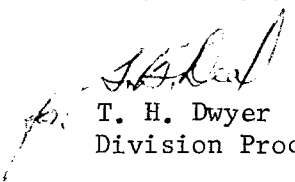
We have elected to segregate the Turner Lease production from Argo - Argo A Lease production. Beginning January 1, 1964, Turner Lease sweet and sour crude production will be handled and shipped through separate batteries on the Turner Lease. Zone commingling on each lease will continue.

The above commission order also authorizes, in part, commingling of the Drinkard and Blinebry Pools on our Turner Lease, with allocation of production to each pool on the basis of monthly well tests provided all wells remain marginal. We wish to inform you that as a result of recent recompletion work on the Turner Lease, our Turner No. 15 is now capable of top allowable Blinebry oil production.

We therefore request Administrative Approval to revise the existing Turner sour crude commingling installation to handle top allowable Blinebry production as per the attached schematic diagram. All Blinebry production will be continuously metered and sampled prior to commingling. Blinebry oil production will be determined by applying the meter factor to the gross meter reading, less BS&W content. The unmetered Drinkard production will be the difference between the net pipeline runs (with beginning and ending stock adjustments) and the net Blinebry metered production. The Blinebry production meter will be proved for accuracy monthly into a proving tank. Expected production is 71 barrels per day of Blinebry oil with a 40.2° API gravity, and 82 barrels per day of Drinkard oil with a 40.8° API gravity. The commingled gravity will be about 40.5° API. The commercial value of the commingled production will be equal to the sum of the values of the production if the two crudes were sold separately.

The proposed commingling installation will be operated in accordance with the Commission "Manual for the Installation and Operation of Commingling Facilities". Attached for your consideration are schematic diagrams of the proposed revised Turner sour commingling system. The number of wells producing from each zone at this time is indicated on the diagrams. If additional information is desired, please contact this office.

Very truly yours,



T. H. Dwyer
Division Production Manager

Attachments

SHELL OIL CO.
 Diagram of Proposed Installation
 Commingle Drinkard and Blinebry Oil
 Shell Turner Lease
 12-20-63

