



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

January 30, 1964

Subject: Application for Exception to
N.M.O.C.C. Statewide Rule 303(a)
for Shell Sarkeys Lease

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

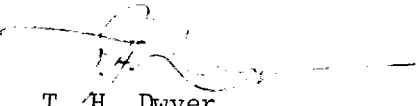
Gentlemen:

Shell Oil Company hereby makes application for Administrative Approval to commingle before marketing Drinkard and Blinebry oil production on the Shell Sarkeys Lease, Section 23, T-21-S, R-37-E, Lea County, New Mexico. Although we now produce only Drinkard crude on the Sarkeys Lease, we expect to produce both Drinkard and Blinebry crudes in the near future as a result of a proposed recompletion program on this lease.

We propose to commingle Drinkard and Blinebry oil production by the subtraction method. The commingling system will be installed 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 208 barrels per day of Blinebry oil with a 40.2° API gravity, and 30 barrels per day of Drinkard oil with a 41.1° API gravity. The commingled gravity will be about 40.3° 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 lease plats and schematic diagrams of the proposed installation. The number of wells expected to produce from each zone is indicated on the diagrams. If additional information is desired, please contact this office.

Very truly yours,


T. H. Dwyer
Division Production Manager

Attachments

