

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SHELL OIL COMPANY, INC., FOR)
TEMPORARY INCREASE IN ALLOWABLE,)
MONUMENT FIELD.)

Comes now Shell Oil Company, Inc., and states:

1. That the production of certain wells in the Monument Field has been found to be valuable for the manufacture of certain materials essential for the war effort, and applicant has been trucking the production of certain of these wells in the Monument Field from the lease tank batteries with which such wells are connected to Hobbs, New Mexico, where such production is loaded on tank cars and moved by such cars to Shell Pipe Line Corporation's Hendrick station, Winkler County, Texas, where such production is mixed with the production of certain wells in West Texas and batched through the lines of Shell Pipe Line Corporation to the Wood River, Illinois, refinery of this applicant.

2. That it is essential that the production of the wells referred to be kept separate and not mixed with the production of other wells in Lea County, with which Shell pipe line is connected, and it is also essential that the production of the wells referred to be stored until at least 50,000 barrels of such and similar production can be collected, as approximately 50,000 barrels is the minimum amount that may be feasibly batched through the Shell pipe line to the refinery.

3. That in the shipment from Hobbs to Hendrick, approximately twenty-four tank cars are in continuous use and these cars are badly needed for the transportation of petroleum products to the East coast during the emergency existing because of the transportation situation, and it is only by special dispensation of the Office of Defense Transportation that this applicant has been enabled to use the tank cars for the purposes aforesaid, and

said office is pressing that they be released for other service at the earliest practicable date.

4. That this applicant has made arrangements with Gulf Pipe Line Corporation, whereby this oil may be batched through the Gulf line from Monument to Hendrick, Texas, but in order to put this arrangement with Gulf into effect, it will be necessary for this applicant to erect a tank with at least 50,000 barrels capacity near the Gulf station at Monument, and it will be further necessary in order for it to operate under the new arrangement with Gulf, to enable the handling of the particular class of crude referred to, that necessary reserves in storage be built up for such purposes, 50,000 barrels in said Monument Field tank being the minimum quantity required to effect such arrangement and enable the releasing of the tank cars.

5. That the crude of the class referred to, purchased in Texas, comes from marginal wells which are producing up to their capacity, and the production from these wells cannot be increased, and since applicant's combined receipts of production from the Texas wells, along with the present allowable production now being obtained from the Monument Field wells barely equals its current day to day demand for this type crude, it is absolutely essential, in order to effect the proper batching of the oil of the kind referred to, through the line of the Gulf Pipe Line Corporation from its Monument, New Mexico, station to Hendrick, Texas, that this applicant have larger quantities of the oil of this grade produced in the Monument Pool that can be obtained under the present allowable for wells in the Monument Pool.

6. This applicant, through its original connections and through connections which it has taken over from other oil purchasers in recent months, is now purchasing 53.61% of the current allowable production of the Monument Field and Gulf is purchasing an additional 34.62% of the field's allowable, and that company has advised this applicant that a reasonable increase in

the allowable of wells in the Monument Pool will meet with its approval. The remaining 11.77% of the Monument Pool's production is split between six purchasing companies and any reasonable increase would not materially increase the amount purchased by these companies. Moreover, only 4.64% of the Monument Pool's production is from wells owned and operated by the applicant herein.

7. This applicant estimates that if this application is allowed within a reasonable time and the Monument Pool allowable increased approximately 15 barrels per well per day, it will be able to obtain the necessary priorities and complete the erection of its storage at Monument, above referred to, and have the accumulation of the minimum batching requirements worked out within a period of six months from the allowance of this application.

8. Applicant feels that the increase of allowable herein requested will not result in waste and will in no manner lessen the ultimate production of the Monument Pool.

WHEREFORE, this applicant prays that for the reasons aforesaid, the allowable for the Monument Pool be increased 15 barrels per day per well temporarily, for the purposes aforesaid, or that it be permitted to purchase increased amounts, temporarily from wells in such pool.

SETH AND MONTGOMERY,

By *[Signature]*
Attorneys for Applicant

STATE OF NEW MEXICO,)
County of Santa Fe.) ss.

SHELL OIL COMPANY, INC.,

By *[Signature]*

O. D. Crites, being first duly sworn, deposes and says that he has read the foregoing application, knows the contents thereof, and the matters and things therein stated are true, except as to those matters stated on information and belief, and as to them, he believes them to be true.

[Signature]

Subscribed and sworn to before me this 30th day of June, 1942.

My Commission Expires:
March 6th, 1943

Irene H. Gordon
Notary Public