



SHELL OIL COMPANY
INCORPORATED



THIS LETTER IS FROM OUR
FIELD OFFICE

Box 1457
AT Hobbs, New Mexico
July 29, 1949

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

Gentlemen:

Shell Oil Company, Incorporated has completed one producing well on each of the State of New Mexico leases E-1830 and B-9446 and a second well is being drilled on lease E-1830. As shown on Attachment 1, a plat depicting the State of New Mexico leases controlled by Shell Oil Company, Incorporated, several dry holes have been drilled on the flanks of the West Wilson Pool, indicating that the pool probably will encompass a relatively small productive area. This is characteristic of the pools located along the northerly rim of the Delaware Basin.

Attachment 1 also shows that the State of New Mexico leases E-1830, B-9446, B-7849 and E-276 have been designated by Shell as the Shell State A, B, C, and D leases, respectively. Our records indicate that the royalty under these State of New Mexico leases is common and is owned entirely by the State of New Mexico.

The position of Shell's leases presents the possibility that the normal practice of providing separate tank batteries for each Shell lease could very well result in one battery per well for some leases in the West Wilson Pool. It is evident that consolidation of production from different leases into common tankage would result in appreciable tankage expense savings to the operator of those leases. To illustrate the extreme case; assume that additional producing wells are drilled as follows: the NE/4 SW/4 of Section 16, the SE/4 SW/4 of Section 16, the NE/4 NE/4 of Section 21 and the SW/4 SW/4 of Section 15. These wells, along with the two Shell wells presently producing and the drilling well, would be accommodated by one three-tank battery with two separators, one settling tank and one jug-type heater as additional equipment. In the near future the battery described above will be completed on the State A lease at the location shown on Attachment 1 for an estimated capital outlay of \$18,000.00. If separate lease tankage were required, a second battery of the type described above would be necessitated on the State B lease. In addition, 2 two-tank batteries, similar in every other respect but having one less stock tank, would be necessitated on the "C" and "D" leases. The estimated net cost of this second plan is \$64,600.00 as compared with the fully adequate facilities now being completed for \$18,000.00.

New Mexico Oil Conservation Commission

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The establishment in operation of a central tank battery or tank batteries as requested by this application will enable Shell Oil Company, Incorporated to operate said leases more efficiently and will extend the economic life of wells thereon, resulting in greater ultimate recovery of oil therefrom. The establishment in operation of such central tank battery or tank batteries will be in the interest of conservation, will prevent waste and will enable the operator to produce oil that would not otherwise be recovered.

Therefore, it is respectfully requested that the Conservation Commission call a hearing to consider the application of Shell Oil Company, Incorporated to utilize a central tank battery or tank batteries for the production now being obtained or that may be obtained from State of New Mexico leases E-1830, B-9446, B-7849 and E-276 located in the West Wilson Pool, Lea County, New Mexico.

Yours very truly,

SHELL OIL COMPANY, Incorporated

A handwritten signature in dark ink, appearing to read "H. B. Bummer", is written over a horizontal line.

Attachment

Copy with attachment to:

Land Commissioner
State of New Mexico
Santa Fe, New Mexico

Glenn Staley
Proration Umpire
Lea County Operators Committee
Hobbs, New Mexico

Box 1457
Hobbs, New Mexico
July 29, 1949

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

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Shell Oil Company, Incorporated has completed one producing well on each of the State of New Mexico leases E-1830 and B-9446 and a second well is being drilled on lease E-1830. As shown on Attachment 1, a plat depicting the State of New Mexico leases controlled by Shell Oil Company, Incorporated, several dry holes have been drilled on the flanks of the West Wilson Pool, indicating that the pool probably will encompass a relatively small productive area. This is characteristic of the pools located along the northerly rim of the Delaware Basin.

Attachment 1 also shows that the State of New Mexico leases E-1830, B-9446, B-7849 and E-276 have been designated by Shell as the Shell State A, B, C, and D leases, respectively. Our records indicate that the royalty under these State of New Mexico leases is common and is owned entirely by the State of New Mexico.

The position of Shell's leases presents the possibility that the normal practice of providing separate tank batteries for each Shell lease could very well result in one battery per well for some leases in the West Wilson Pool. It is evident that consolidation of production from different leases into common tankage would result in appreciable tankage expense savings to the operator of these leases. To illustrate the extreme case, assume that additional producing wells are drilled as follows: the NE/4 SW/4 of Section 16, the SE/4 SW/4 of Section 16, the NE/4 NE/4 of Section 21 and the SW/4 SW/4 of Section 15. These wells, along with the two Shell wells presently producing and the drilling well, would be accommodated by one three-tank battery with two separators, one settling tank and one jug-type heater as additional equipment. In the near future the battery described above will be completed on the State A lease at the location shown on Attachment 1 for an estimated capital outlay of \$18,000.00. If separate lease tankage were required, a second battery of the type described above would be necessitated on the State B lease. In addition, 2 two-tank batteries, similar in every other respect but having one less stock tank, would be necessitated on the "C" and "D" leases. The estimated net cost of this second plan is \$64,600.00 as compared with the fully adequate facilities now being completed for \$18,000.00.

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Therefore, it is respectfully requested that the Conservation Commission call a hearing to consider the application of Shell Oil Company, Incorporated to utilize a central tank battery or tank batteries for the production now being obtained or that may be obtained from State of New Mexico leases B-1830, B-2446, B-7849 and B-276 located in the West Wilson Pool, Lea County, New Mexico.

Yours very truly,

SHELL OIL COMPANY, Incorporated

Witness my hand and
M. C. Brunner

Attachment

Copy with attachment to:

Land Commissioner
State of New Mexico
Santa Fe, New Mexico

Glenn Staley
Proration Empire
Lea County Operators Committee
Hobbs, New Mexico