

Reg. Hq.
in July 57

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SHELL OIL COMPANY FOR AN EXCEPTION
TO RULE 309 AS TO ALL LANDS WITHIN
THE CARSON UNIT AREA SITUATED IN
TOWNSHIP 25 NORTH, RANGE 11 WEST, ——— & T25N & R12W
SAN JUAN COUNTY: ALSO AS TO OTHER
LANDS LOCATED IN TOWNSHIP 25 NORTH,
RANGE 12 WEST AND IN TOWNSHIP 25
NORTH, RANGE 11 WEST, SAN JUAN
COUNTY, NEW MEXICO, AND TO PROVIDE
AN IMPROVED METHOD OF TESTING AND
METERING PRODUCTION FROM SAID LANDS.

P E T I T I O N

Comes now the Shell Oil Company and petitions the
Commission for an order to allow an exception to Rule 309 of the
Commission, and to approve the installation and operation of a
system of producing, testing and metering the wells presently
located on the lands hereinafter described, and for wells to be
hereafter drilled on such lands.

The Petitioner plans to establish at suitable locations
on the lands hereinafter described facilities known as test
stations, to which stations will be connected a number of wells.
At or near each test station, separators will be provided. There
will be provided one or more test separators into which by means
of valves and other connections individual wells may be produced
during the testing period. Production testing of the oil and gas
will be effected by meters and samplers. An additional separator
or separators also will be provided at each station for the common
separation of gas from the production from all wells not being

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5 tested. Into this separator or separators will be run the
6 commingled production from all wells which are served by the
7 particular station.

8 The crude from the above-described test stations will
9 then be conducted to one or more central plants where there will
10 be located surge and weathering tankage through which the crude
11 from the test stations will pass, and thence from such surge tanks
12 through a positive displacement meter for transfer to the pipe
13 line gathering system.

14 In the use and operation of the above-described systems
15 and facilities, the production will not be received and measured
16 in tanks and, further, common tankage will not be used to receive
17 the production from eight or less units of the same basic lease
18 as provided in Rule 309 of the New Mexico Oil Conservation
19 Commission.

20 The Petitioner requests authority to commingle nonparti-
21 cipating area production with participating area production in the
22 Carson Unit and to calculate royalty payments by means of periodic
23 production rate tests, performed at the above-described test
24 stations; provided, however, production from nonunitized lands
25 shall not be commingled with production from lands included within
26 the Carson Unit.

27 The Petitioner requests authority to use the above-
28 described system and facilities and requests the exception under
29 Rule 309 to include all lands and leases which have been committed
30 to the Carson Unit Agreement or which may hereafter be committed
31 to such unit agreement. This unit arrangement includes the lands
32 described in Order R-828-A of the Oil Conservation Commission and

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5 which are more particularly described as follows:

6 NEW MEXICO PRINCIPAL MERIDIAN

7 TOWNSHIP 25 NORTH, RANGE 11 WEST
8 All of Sections 5 to 8, inclusive;
9 17 to 20, inclusive; and 29 to 32,
10 inclusive;

11 TOWNSHIP 25 NORTH, RANGE 12 WEST
12 All Section 1; all Section 2;
13 all Sections 11 through 14 inclusive;
14 all Sections 23 through 26 inclusive;
15 all Section 35; all section 36;

16 containing 15,366 acres, more or less.

17 The Petitioner further requests that authority for
18 the installation and operation of the facilities and the system
19 and exception to the rule above-indicated also apply to the
20 following-described property and leases:

- 21 1. United States Oil and Gas Lease Santa Fe 078066* dated
22 February 1, 1948, covering the following-described
23 lands:

24 Phelps No. 2 Lease:
25 Township 25 North, Range 12 West, N.M.P.M.

26 Section 4: Lots 1, 2, S-1/2 NE-1/4
27 Section 9: N-1/2
28 Section 10: SW-1/4, E-1/2
29 Section 15: All
30 Section 22: N-1/2, SE-1/4
31 Section 27: W-1/2

- 32 Mudge No. 1 Lease:
2. United States Oil and Gas Lease Santa Fe 078061* dated
February 1, 1948, covering the following-described
lands:

Township 25 North, Range 11 West, N.M.P.M.

Section 26: W-1/2
Section 27: S-1/2
Section 34: All

3. United States Oil and Gas Lease Santa Fe 078062* dated
February 1, 1948, covering the following-described
lands:

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Mudge No 2 Lse

Township 25 North, Range 11 West, N.M.P.M.

Section 4: SW-1/4
Section 9: W-1/2
Section 16: All

4. United States Oil and Gas Lease Santa Fe 078065 dated February 1, 1948, covering the following-described lands:

Mudge No. 4

Township 25 North, Range 12 West, N.M.P.M.

Section 21: All
Section 28: All
Section 33: All
Section 34: All

5. United States Oil and Gas Lease Santa Fe 078228 dated February 1, 1948, covering the following-described lands:

Andersson Lse

Township 25 North, Range 11 West, N.M.P.M.

Section 9: SE-1/4
Section 15: NW-1/4

Nohr Assignment Lease

6. United States Oil and Gas Lease New Mexico 021530 dated May 1, 1956, covering the following-described lands:

Township 25 North, Range 11 West, N.M.P.M.

Section 22: NW-1/4

Mims Lease

7. United States Oil and Gas Lease Santa Fe 078067* dated February 1, 1948, covering the following-described lands:

Township 25 North, Range 12 West, N.M.P.M.

Section 3: Lots 1, 2, 3 and 4, S-1/2 of
N-1/2 and SE-1/4

*The remainder of the lands covered by these leases, which were assigned to Shell, are included within the Carson Unit.

The Petitioner further requests that this matter be

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set down for hearing before the Commission at its regular hearing
date for July 1957.

Respectfully submitted,

SHELL OIL COMPANY
Leslie E. Kell
SETH AND MONTGOMERY

By *Allen S. Kell*
Its Attorneys