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OCT 16 1957
SHELL OIL COMPANY

EX. 100-20
P. O. Box 1957
Hobbs, New Mexico

October 16, 1957

Subject: APPLICATION BY SHELL OIL COMPANY
FOR EXCEPTION TO RULE 309 OF THE
RULES AND REGULATIONS OF THE NEW
MEXICO OIL CONSERVATION COMMISSION

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

By this letter of application Shell Oil Company requests approval of an exception to Section (a) of Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission to permit (1) oil to be transported from a lease for measurement, and (2) the production of more than 8 wells into common storage in the Pearl Queen Pool, Lea County, New Mexico.

It is the desire of the Company to install a system employing centralized automatic production facilities and lease custody transfer on Shell's leases in the Pearl Queen Field. These leases and their location are described as follows:

- ✓ 1. Shell's McIntosh "E" lease consisting of 80 acres in the E/2 SW/4, Section 21, T-19-S, R-35-E.
- ✓ 2. Shell's McIntosh "D" lease consisting of 320 acres in the E/2, Section 21, T-19-S, R-35-E.
- ✓ 3. Shell's McIntosh "B" lease consisting of 120 acres in the E/2 NW/4 and NW/4 SW/4, Section 22, T-19-S, R-35-E.
- ✓ 4. Shell's McIntosh "A" lease consisting of 40 acres in the SW/4 SW/4, Section 22, T-19-S, R-35-E.
- ✓ 5. Shell's McIntosh "C" lease consisting of 200 acres in the NE/4 and NE/4 SE/4, Section 28, T-19-S, R-35-E.
- ✓ 6. Shell's McIntosh lease consisting of 120 acres in the W/2 NW/4 and NW/4 SW/4, Section 27, T-19-S, R-35-E.
- ✓ 7. Shell's Kimberlin lease consisting of 120 acres in the E/2 SW/4 and W/2 SE/4, Section 22, T-19-S, R-35-E.
- ✓ 8. Shell's State "PB" lease consisting of 80 acres in the E/2 NW/4, Section 27, T-19-S, R-35-E.
- ✓ 9. Shell's State "PA" lease consisting of 80 acres in the E/2 SW/4, Section 27, T-19-S, R-35-E.

- ✓ 10. Shell's Hooper lease consisting of 80 acres in the W/2 NE/4, Section 27, T-19-S, R-35-E.
- ✓ 11. Shell's Allen Estate "A" lease consisting of 80 acres in the E/2 NE/4, Section 27, T-19-S, R-35-E.
12. Shell's Allen Estate lease consisting of 160 acres in the E/2 and NW/4 SE/4, Section 27 and NE/4 NE/4, Section 34, T-19-S, R-35-E.
- ✓ 13. Shell's Record "A" lease consisting of 40 acres in the SW/4 SE/4, Section 27, T-19-S, R-35-E.
- ✓ 14. Shell's State "PD" lease consisting of 160 acres in the NW/4, Section 34, T-19-S, R-35-E.
- ✓ 15. Shell's State "PC" lease consisting of 80 acres in the W/2 NE/4, Section 34, T-19-S, R-35-E.
- ✓ 16. Shell's State "PE" lease consisting of 120 acres in the SE/4 NE/4, Section 34, and SW/4 NW/4 and NW/4 SW/4, Section 35, T-19-S, R-35-E.
- ✓ 17. Shell's State "PF" lease consisting of 80 acres in the N/2 SE/4, Section 34, T-19-S, R-35-E.
- ✓ 18. Shell's State "PG" lease consisting of 160 acres in the S/2 SE/4, Section 34 and S/2 SW/4, Section 35, T-19-S, R-35-E.
- ✓ 19. Shell's Record lease consisting of 1120 acres in the S/2 SW/4, Section 23, All Section 26, and N/2 N/2 and SW/4 NE/4 and SE/4 NW/4 and NE/4 SW/4 and NW/4 SE/4 and S/2 SE/4, Section 35, T-19-S, R-35-E.
- ✓ 20. Shell's State "PI" lease consisting of 80 acres in the SE/4 NE/4 and NE/4 SE/4, Section 35, T-19-S, R-35-E.
21. Shell's State "PH" lease consisting of 640 acres in Section 2, T-20-S, R-35-E.
- ✓ 22. Shell's Record "B" lease consisting of 640 acres in Section 25, T-19-S, R-35-E.
23. Shell's State "PJ" lease consisting of 480 acres in N/2 and SW/4, Section 36, T-19-S, R-35-E.

The said system is designed to perform the following functions automatically:

1. Control on-off producing periods of wells.
2. Measure and record production from each lease before the production enters common storage.
3. Test each well periodically to determine volume rates of oil, gas, and water.

4. During custody transfer, prevent (a) transferring oil to the pipeline if the positive displacement meter is not functioning properly (b) overrunning daily and/or monthly allowable, and (c) transferring non-merchantable oil. Also, during transfer, a composite sample will be stored under pressure for determination of API gravity and BS&W content.

By copy of this letter, all operators owning offsetting interests in the Pearl Queen Area, have been notified by certified mail of this application.

Wherefore, Shell Oil Company requests that the foregoing application for an exception to Rule 309 be heard before the New Mexico Oil Conservation Commission in Santa Fe, New Mexico, at the regularly scheduled November meeting.

Yours very truly,

SHELL OIL COMPANY

By: 

W. E. Owen
Division Manager