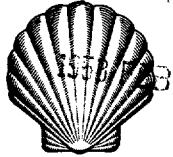


Case 1387



MAIN OFFICE SHELL OIL COMPANY

FEB 11 1958 3:19

P. O. Box 845
Roswell, N. M.

February 4, 1958

Subject: Application by Shell Oil Company for
Exception to Rule 309 of the Rules &
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 & Regulations of the New Mexico Oil Conservation Commission to permit oil to be transported from a lease for measurement and storage.

It is Shell's desire to install a system employing consolidated storage facilities for two contiguous leases in the West Henshaw-Grayburg Field. These leases and their location are described as follows:

1. Taylor-Federal Lease, consisting of 120 acres in Lots 9, 10 and 11 of Section 4, T-16-S, R-30-E.
2. Spencer-Federal "A" Lease, consisting of 160 acres in Lots 13, 14, 15 and 16 of Section 4, T-16-S, R-30-E.

Shell proposes to meter continuously the total production from each lease with individual metering separators prior to entering common storage. Automatic samplers will be installed with each metering separator to collect a representative sample of the produced fluid and aid in determining BS&W content. The total monthly production from both leases, as determined by tank gauges, will then be allocated to the individual leases on the basis of metering separator readings and BS&W content. Shell is anticipating the completion of five wells on these two leases, all of which will be producing from the same pay zone.

By copy of this letter, any royalty interests or offset operators who have not signed waivers stating that they have no objection to Shell's proposal, are being notified by certified mail of this application.

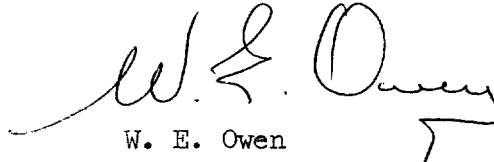
MAIN CHASE 630

NEW MEXICO OIL CONSERVATION COMMISSION
FEB 29 1934

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Wherefore, Shell Oil Company requests that the foregoing application for an Exception to Rule 309 be heard at the February 26th Examiners Hearing of the New Mexico Oil Conservation Commission in Santa Fe, New Mexico.

Very truly yours,


W. E. Owen
Division Manager