

**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 1418  
Order No. R-1182**

**APPLICATION OF SHELL OIL COMPANY FOR AN  
ORDER AUTHORIZING OFF-LEASE MEASUREMENT  
OF PRODUCTION FROM ITS MUDGE NO. 4 LEASE  
IN SAN JUAN COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on April 9, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22<sup>nd</sup> day of April, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

**FINDS:**

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Shell Oil Company, is the owner and operator of the E. W. Mudge No. 4 Lease comprising all of Sections 21, 28, 33, and 34, all in Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) That the applicant was authorized by Order No. R-1029 dated August 7, 1957, to install central production test facilities and automatic custody transfer equipment to receive the production from the Bisti-Lower Gallup Oil Pool on the above-described lease.

(4) That at present, there is only one well completed in the Bisti-Lower Gallup Oil Pool on the above-described lease, being the Mudge Well No. 41-21 located in the NE/4 NE/4 of said Section 21, and that it is not feasible to install the above-described equipment on the said Mudge No. 4 Lease to receive the production from only one well.

(5) That the applicant was also authorized by Order No. R-1029 to install central production test facilities and automatic custody transfer equipment on its Phillips No. 2 Lease, a portion of which consists of Section 15, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico, and that such equipment has been installed in the SW/4 of said Section 15.

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(6) That the applicant proposes to install separate central production test facilities adjacent to the central plant on the Phillips No. 2 Lease in the SW/4 of said Section 15 to receive the production from the said Mudge No. 4 Lease, and that the applicant further proposes to commingle the production from its Mudge No. 4 Lease with that from its Phillips No. 2 Lease and to transfer the custody of the same by means of automatic equipment after the production from each of said leases has been separately tested and measured by means of positive displacement meters.

(7) That the system should so be equipped that the aforementioned Mudge Well No. 41-21 can be automatically shut down in the event of a line break.

(8) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to install separate central production test facilities adjacent to the central plant on the Phillips No. 2 Lease in the SE/4 of Section 15, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico to receive the Bisti-Lower Gallup oil production from the applicant's Mudge No. 4 Lease comprising all of Sections 21, 28, 33, and 34, all in Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico.

(2) That the applicant be and the same is hereby further authorized to commingle the Bisti-Lower Gallup oil production from its Mudge No. 4 Lease with that from its Phillips No. 2 Lease and to transfer the custody of the same by means of automatic equipment after the production from each of said leases has been separately tested and measured by means of positive displacement meters.

(3) That the system authorized above shall be so equipped that the production from the Mudge Well No. 41-21 can be automatically shut down in the event of a line break.

(4) That the positive displacement meters referred to above shall be checked for accuracy in a manner and at intervals satisfactory to the Commission.

PROVIDED HOWEVER, That in the event more than one well is drilled on the aforesaid Mudge No. 4 Lease, such facilities shall be installed as necessary to provide for the periodic testing of the individual wells on said lease.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*  
EDWIN L. MECHEM, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

