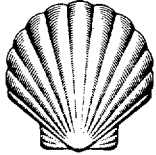


Case 1548

Exam hearing



MAIN OFFICE OGC

SHELL OIL COMPANY

1958 OCT 20 AM 8:27

P. O. Box 845  
Roswell, New Mexico

October 16, 1958

Subject: Application by Shell Oil Company for  
Exception to Rule 309 of the Rules  
and Regulation 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 oil to be transported from a lease for measurement and storage.

Shell proposes to install one consolidated treating and automatic custody transfer facility (utilizing a temperature compensated positive displacement meter) to serve nine wells on four contiguous State leases. We are confronted with immediate replacement of corroded tankage on several of these leases and the remainder of the tankage is old and will require replacement in the near future. Considerable savings will be realized by consolidating production handling facilities. All wells on the subject leases produce from the San Andres Formation in the Vacuum Field.

The automatic custody transfer facility will be located on the State "A" Lease. The four leases to be served by this installation are described as follows:

1. State "B" Lease (N.M. State B-1414) consisting of 80 acres in the E/2 of the SE/4 of Section 30, T-17-S, R-35-E
2. State "F" Lease (N.M. State B-2423) consisting of 80 acres in the S/2 of the SW/4 of Section 29, T-17-S, R-35-E
3. State "A" Lease (N.M. State B-2354) consisting of 160 acres in the NE/4 of Section 31, T-17-S, R-35-E
4. State "H" Lease (N.M. State B-2284) consisting of 40 acres in the NW/4 of the SW/4 of Section 29, T-17-S, R-35-E

Docket Mailed  
11-5-58

The State Land Commissioner has consented in writing to our proposal and we have requested approval from the only overriding royalty interest concerned on the State "B" Lease. By copy of this letter, all operators owning offsetting interests in the Vacuum 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 at the regularly scheduled November Examiner's Hearing of the New Mexico Oil Conservation Commission in Santa Fe, New Mexico.

Very truly yours,



P. A. Dennie  
Division Production Manager

Attachments

cc: All offset operators



1958 OCT 20 AM 8:27  
MAIN OFFICE OCC

Shell Oil Company  
Roswell Production Division  
**PROPOSED TANKAGE CONSOLIDATION**  
Vacuum Field, T-17-S, R-35-E, Lea Co., N.M.  
Date: 2-E.Y. Date: 10-16-58

# STATE LAND OFFICE

*Santa Fe, New Mexico*



MURRAY E. MORGAN  
COMMISSIONER OF PUBLIC LANDS

October 8, 1957

Shell Oil Company  
P. O. Box 1957  
Hobbs, New Mexico

Gentlemen:

Permission is hereby granted to commingle production from eleven wells on six Shell State Leases located in Sections 29, 30 and 31, T-17-S, R-35-E, Vacuum Field, Lea County, New Mexico on the following described acreage:

Four of the wells are in Section 31 (New Mexico State Lease B-2354), two are in Section 30 (New Mexico State Lease B-1414), two are in Section 29 (New Mexico State Lease B-2423), one is in Section 29 (New Mexico State Lease B-2284), one is in Section 31 (New Mexico State Lease B-1415), and one is in Section 31 (New Mexico State Lease B-1404).

All this acreage is committed to one beneficiary institution, that being Common Schools.

Very truly yours,

MURRAY E. MORGAN  
Commissioner of Public Lands  
By:

*Mrs. Linnie Crook*

Mrs. Linnie Crook, Supervisor  
Royalty Division

LC:mb

cc: Oil Conservation Commission

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Shell</i>	EXHIBIT NO. <u>4</u>
CASE NO.	<u>1548</u>

DOCKET: EXAMINER HEARING NOVEMBER 19, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Elvis A. Utz, Examiner:

CASE 1337: Application of Gulf Oil Corporation for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order amending Order R-1093 and Order R-1093-A to authorize it to commingle the production from the Montoya formation with the production from the Ellenburger, Fusselman, and McKee formations on its Learcy Mc-Buffington Lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 1548: Application of Shell Oil Company for an automatic custody transfer system and for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Vacuum Pool on four State Leases located in Sections 29, 30, and 31, Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 1549: Application of Tidewater Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit, in both the Tubb Gas Pool and the Blinbry Gas Pool, each to comprise the S/2 SE/4 and SE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, and to be dedicated to applicant's State "Q" Well No. 1, located in the SE/4 SW/4 of said Section 36, which well is dually completed in the aforesaid pools.

CASE 1550: Application of Tidewater Oil Company to commingle the production from several separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Ellenburger, McKee, Fusselman, Montoya and any other pool or pools encountered which produces oil of similar qualities on its Coates "C" Lease comprising the E/2 and SE/4 NW/4 and NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further requests permission to commingle production from the Drinkard formation on said lease with any other pool or pools encountered which produce sour crudes. Applicant proposes to separately meter production from each pool prior to being commingled. Applicant further seeks permission to produce more than sixteen wells into said common facilities.

CASE 1551: Application of Pan American Petroleum Corporation for permission to commingle the production from three separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from the three separate Federal leases hereinafter described:

LC-065478-B N/2 NW/4, NE/4, N/2 SE/4, and E/2 SW/4  
Section 3; E/2 Section 10

NM-025604 S/2 SE/4 Section 3; W/2 Section 10

LC-067858 N/2 and SW/4 Section 11

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each of the above-described leases prior to being commingled.

CASE 1552:

Application of Pan American Petroleum Corporation for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Abo formation adjacent to the Empire-Abo Pool from the four separate State leases hereinafter described:

E-5461 NW/4 NW/4 Section 2

B-7244-30 S/2 NW/4, NW/4 SW/4, and SE/4 SW/4 Section 2

B-8814-12 NE/4 SW/4 Section 2

E-7833 SW/4 SE/4 Section 2

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each of said leases prior to being commingled.

CASE 1553:

Application of The Texas Company for a dual completion and for permission to commingle the liquids produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Peery-Federal (NCT-1) Well No. 1 located 1980 feet from the North and East lines of Section 29, Township 15 South, Range 30 East, Chaves County, New Mexico, in such a manner as to permit the production of oil from an undesignated Devonian oil pool and gas from an undesignated Ellenburger Gas Pool through parallel strings of tubing. Applicant further requests permission to commingle the liquids and low pressure gas produced from the Devonian and Ellenburger formations from all existing and future wells on its Peery-Federal Lease which comprises all of said Section 29.

CASE 1554:

Application of The Texas Company for an automatic custody transfer system and for permission to commingle the production from five separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Bisti-Lower Gallup Oil Pool on five Navajo Allottee Leases located in Sections 14, 15, and 23, Township 25 North, Range 11 West, San Juan County, New Mexico. Applicant proposes to separately meter the production from each lease prior to being commingled.

CASE 1555:

Application of H. K. Riddle for two non-standard oil proration units and two unorthodox oil well locations. Applicant, in the above-styled cause, seeks an order establishing a 61-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 18, said unit to be dedicated to a well to be drilled on an unorthodox location 1980 feet from the South line and 252 feet from the West line of said Section 18; applicant further seeks

the establishment of a 63-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 19, said unit to be dedicated to a well to be drilled on an unorthodox location 660 feet from the North line and 256 feet from the West line of said Section 19, all in the Bisti-Lower Gallup Oil Pool, Township 26 North, Range 13 West, San Juan County, New Mexico.

CASE 1556:

Application of Chaco Oil Company for an exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing it to drill four additional oil wells in the Red Mountain-Mesaverde Oil Pool in the SW/4 SE/4 of Section 20 and the NW/4 NE/4 of Section 29, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 1557:

Application of Cities Service Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its State "P" No. 3 Well located 990 feet from the South and West lines of Section 32, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinebry Oil Pool and from an undesignated Glorieta oil pool through parallel strings of tubing.



BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*Shell* EXHIBIT NO. 1  
CASE NO. 1548

Shell Oil Company  
Roswell Production Division  
**PROPOSED TANKAGE CONSOLIDATION**  
Vacuum Field, T-17-S, R-35-E, Lea Co, N.M.  
Data: G.F.Y. Date: 10-16-58



3. 1957

**Gentlemen:**

Four of the wells are in Section 31 (New Mexico State Lease B-2354), two are in Section 30 (New Mexico State Lease B-1414), two are in Section 29 (New Mexico State Lease B-2423), one is in Section 29 (New Mexico State Lease B-2284), one is in Section 31 (New Mexico State Lease B-1415), and one is in Section 31 (New Mexico State Lease B-1404).

Very truly yours,

**Mrs. Linnie Crook, Supervisor  
Royalty Division**

cc: Oil Conservation Commission

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
Shuf EXHIBIT NO. 2  
CASE NO. 1890

WAIVER

Date Oct 13, 1958

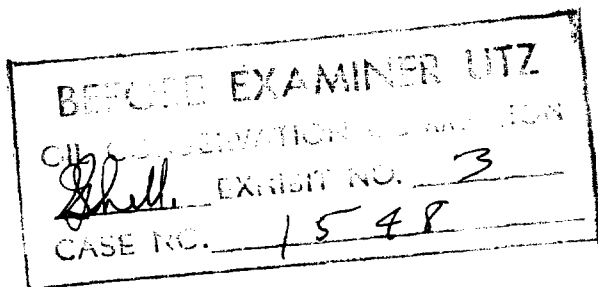
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Gentlemen:

I have been informed by Shell Oil Company that they are making application for the use of consolidated tankage in the Vacuum Field.

You are respectfully advised that I have no objection to their proposal.

Yours very truly,



Frederick H. Burgland  
Frederick H. Burgland



# FRED BURGLAND REALTOR

TELEPHONE ~~6-1531~~ ♦

216 HILL ARCADE ♦

GALESBURG, ILLINOIS

DI 3-9251

January 14, 1959

Mr. P.A. Dennie, Division Production Manager  
Shell Oil Company  
P.O. Box 845  
Roswell, New Mexico

Dear Mr. Dennie;

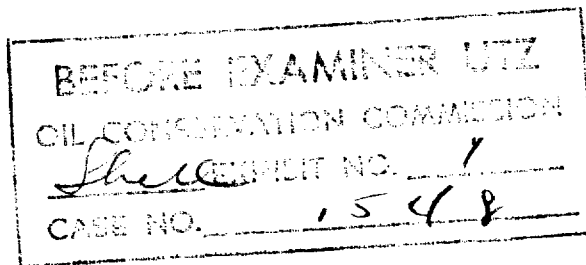
Enclosed you will find three signed  
copies of the waiver as you requested.

Very Truly Yours,

*Fredrick H. Burgland*  
Fredrick H. Burgland

Enclosures 3

FHB:lb



W A I V E R

Date January 29, 1952

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

Gentlemen:

I have been informed by Shell Oil Company that they propose to use consolidated tankage in the Vacuum Field, which would handle production from the State "H" Lease (on which I have a 1/16 overriding royalty interest) together with the production from the State "A", State "B", and State "F" Leases.

I understand that the tankage and oil treating system on the State "H" Lease, as well as the tankage on the other three subject leases, have corroded to the extent that they will require immediate replacement. By consolidating this tankage and allocating production to the four leases on the basis of monthly well tests, Shell expects to be able to reduce operating and maintenance costs for the State "H" and other subject leases. This would enable continued production to a lower economic limit and avoid premature abandonment of the lease. In addition, this consolidation would reduce vapor losses and effect conservation.

In view of this I have no objection to their proposal, and, in fact, desire that the State "H" Lease with its one well be included in this consolidation.

Yours very truly,



Frederick H. Burgland

AUTOMATIC CUSTODY TRANSFER SKID

BEFORE EXAMINER UTZ

ON BEHALF OF THE COMMISSION

SHELL OIL COMPANY

EXHIBIT NO. 2

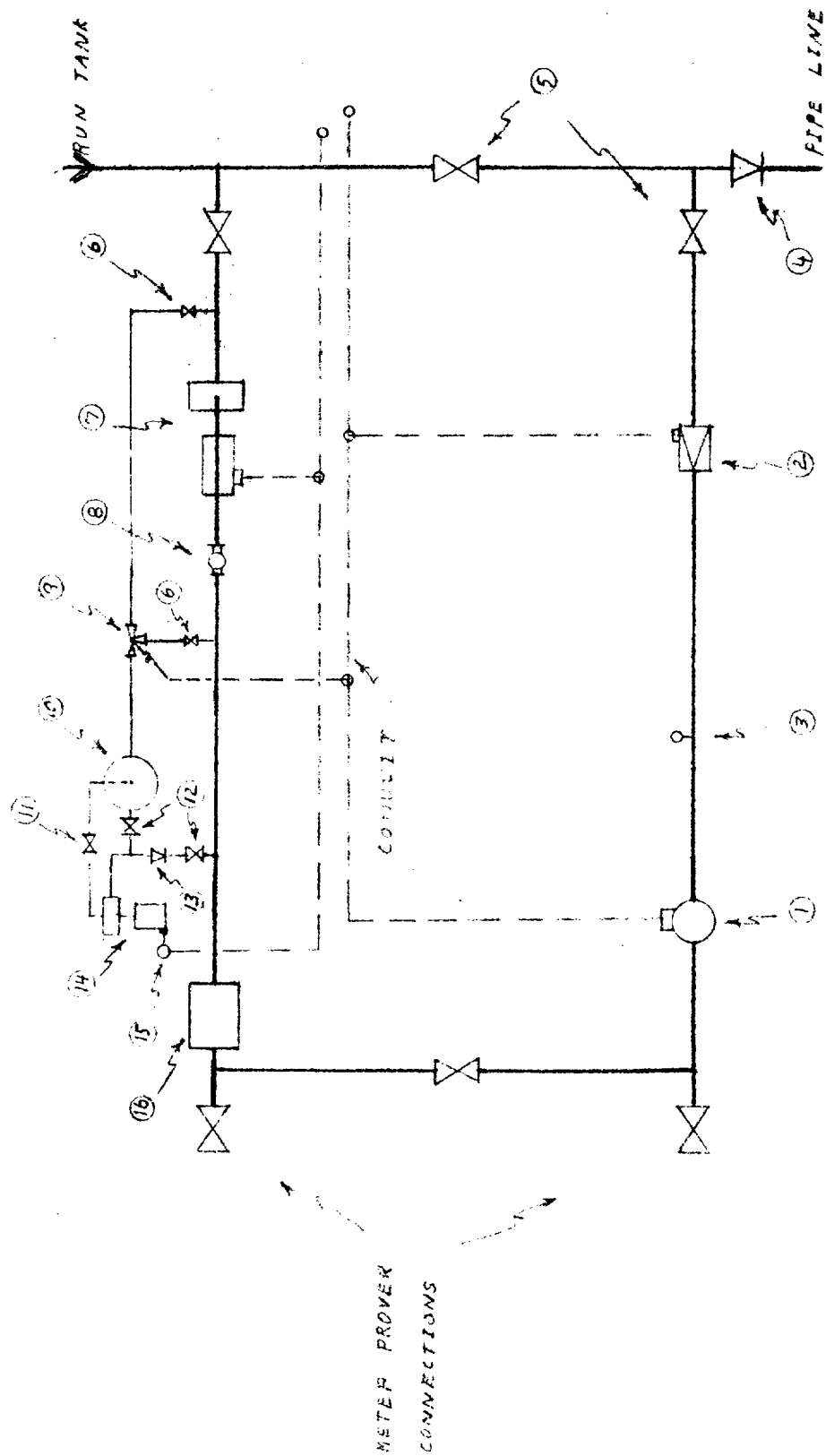
CASE NO. 1548

Equipment

Item No.	Quantity	Description
1	1	A. O. Smith Model S-12 temperature compensated P. D. Meter with Model 107 non-reset counter registering in barrels and "EF" electrical impulse transmitter to give one pulse per barrel - 2" flanged connections
2	1	Clayton Model 58 E Globe type No. 100 combination pressure and stop-valve - 125 ASA pressure rating - 2" flanged connections - 5 to 25 psi adjustable back pressure - explosion proof 110-volt solenoid - corrosion resistant materials for use with crude oil 40-110 F°
3	1	0-50 psi pressure gauge with pulsation dampener
4	1	2" Frank Wheatly 150 psi W. P. Semi-steel swing check valves - screwed connections
5	6	2" plug valves - wrench operated
6	2	1/4" gate valves
7	1	Marlow Model 14 HHL-9 self priming centrifugal pump w/2" screwed connections - 3 H.P. 220-volt 3-phase explosion proof electric motor c/w base and flexible coupling
8	1	A. O. Smith 2" flanged type E strainer w/ 1/4" mesh wire screen
9	1	Skinner 3-way solenoid valve
10	1	15-gallon sample container - shop made
11	1	1" gate valve - mixer pump suction line
12	2	1/2" gate valves - mixer pump discharge lines
13	1	1/2" check valve
14	1	Marlow Model 1HLEC centrifugal pump w/ 1/3 H.P. 118-volt single phase explosion proof electric motor
15	1	Explosion proof switch for 110-volt motor
16	1	3" Model 1030 A. O. Smith Deaerator, flanged connections

## Remarks:

The equipment will be mounted on a skid about 4 1/2' x 10' long. All piping and valves will be 2-inch except conduit (1/2-inch) and sampling lines. Valves and piping connected to the 3-way solenoid valve (Item 9) will be 1/4-inch. The suction line from the mixer pump (Item 14) will be 1-inch and the discharge will be 1/2-inch. Welded connections should be used where possible.



ACT SKID - VACUUM FIELD  
SHELL OIL COMPANY

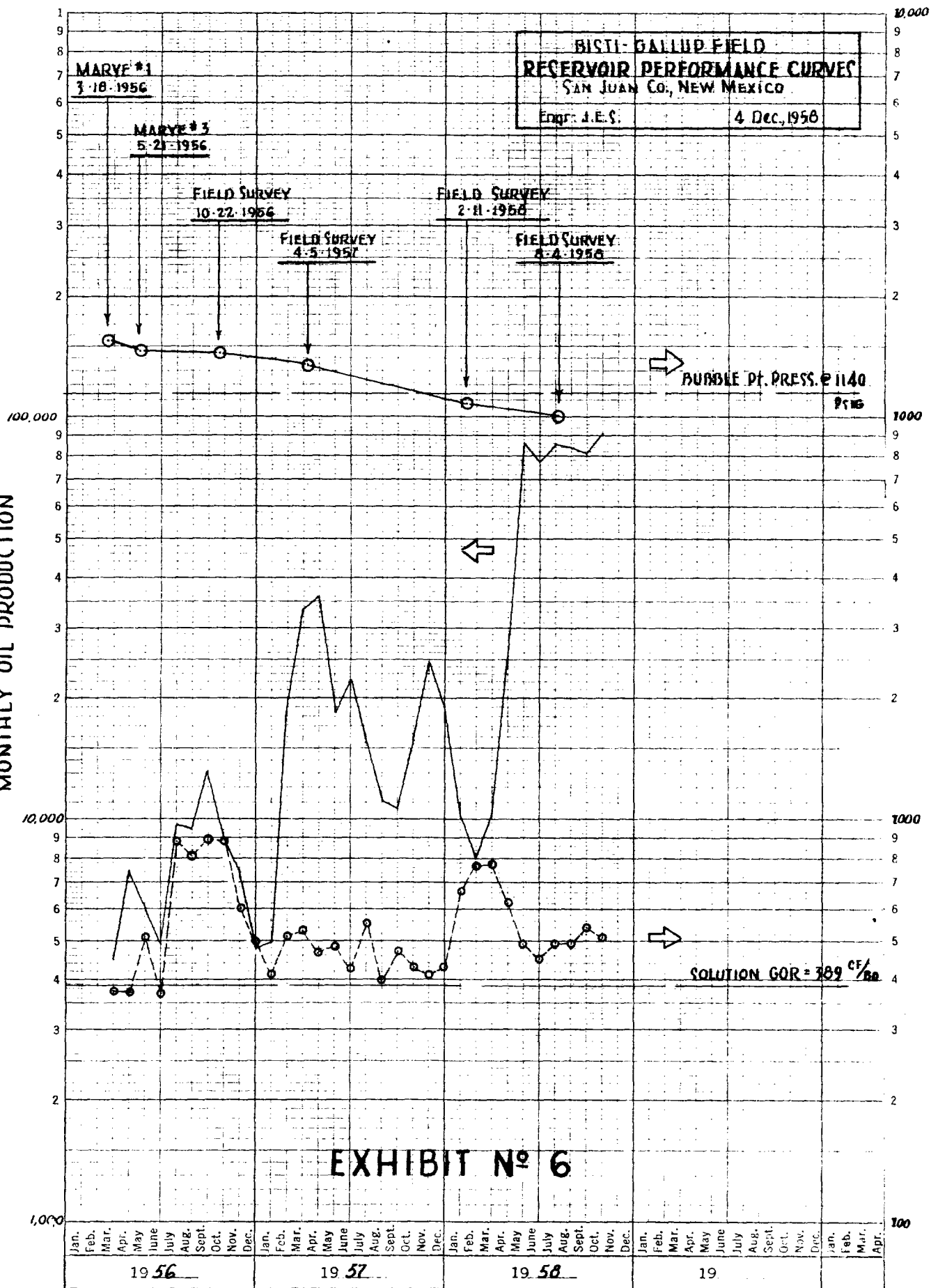
11-7-58

62

MONTHLY OIL PRODUCTION

BOTTOM HOLE PRESSURES  
PSIG

GAS-OIL RATIO



PROOF OF ELLENBURGER DUMP METER ON LEARCY MC HUFFINGTON LEASE  
AGAINST ACT METER AND 1000-BARREL TANK

REMARKS: In the following two tests the accuracy of the Ellenburger Dump Meter is checked against the volume run through the ACT P. D. Meter and the differential volume, from start to end of test, determined by manual gauging in the 1000-barrel surge tank. The volumes reported herein are corrected for temperature and flash.

PURPOSE OF TEST: To determine the accuracy of the Dump type Meter as compared with the ACT P. D. Meter, the prover meter.

TEST NO. 1 STARTED ON 9-29-58:

1.	Corrected volume metered through ACT P. D. Meter, Bbls.	410.96
2.	Corrected volume increase in 1000-Bbl surge tank	<u>190.91</u>
3.	Total corrected volume through prover	601.87
4.	Ending Dump Meter reading	3041.85
5.	Starting Dump Meter reading	<u>2440.65</u>
6.	Volume metered during test	601.20
7.	Dump Meter Error, 601.20 - 601.87	- 0.67 Bbls.
8.	Dump Meter Percent Error	- 0.11 %

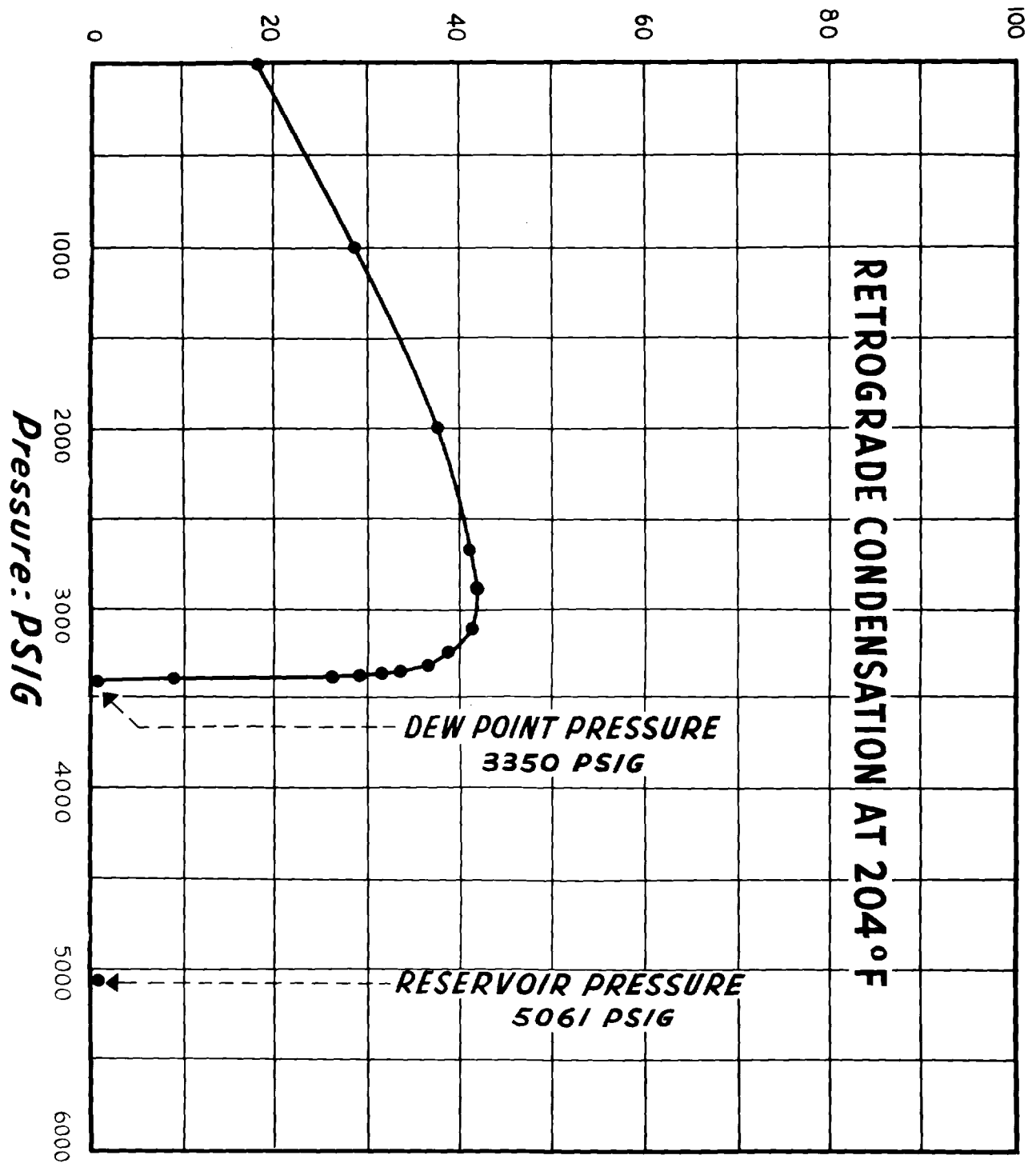
TEST NO. 2 STARTED ON 11-11-58:

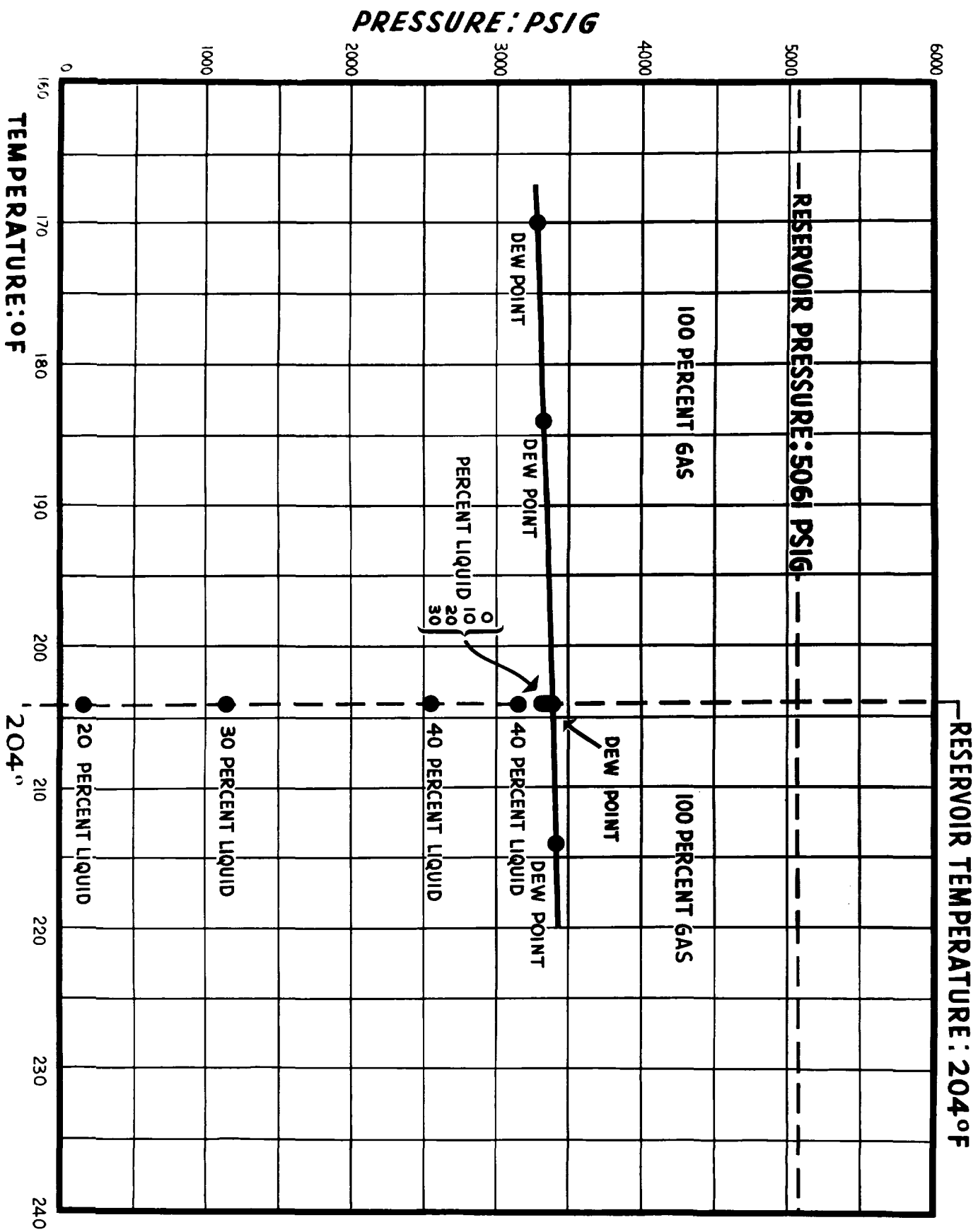
1.	Corrected volume metered through ACT P.D. Meter, Bbls.	858.67
2.	Corrected volume increase in 1000-Bbl surge tank	<u>28.80</u>
3.	Total corrected volume through prover	887.47
4.	Ending Dump Meter reading	38061.93
5.	Starting Dump Meter Reading	<u>37174 .10</u>
6.	Volume metered during test	887.83
7.	Dump Meter Error, 887.83 - 887.47	+ 0.36
8.	Dump Meter Percent Error	+ 0.04

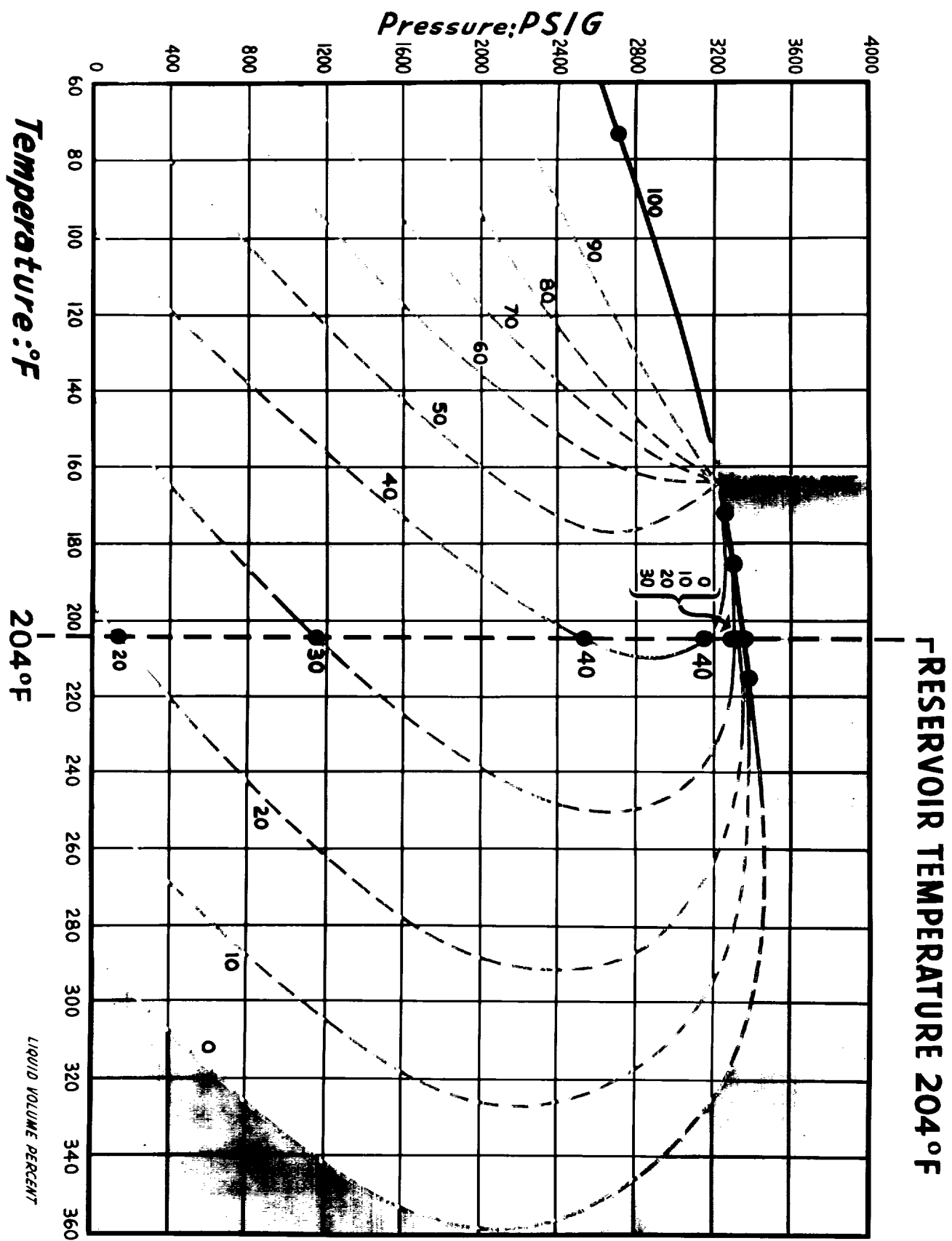


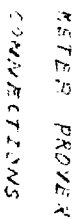
# RETROGRADE LIQUID VOLUME

*% of Hydrocarbon Pore Space*









11-7-58

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