



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

April 7, 1959

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 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 three contiguous leases in the West Henshaw-Grayburg Field. These leases and their locations are described as follows:

1. Spencer Federal "B" Lease, consisting of 120 acres in Lots 9, 10, and 11 of Section 3, T-16-S, R-30-E
2. Williams Federal "B" Lease, consisting of 40 acres in Lot 16, Section 3, T-16-S, R-30-E
3. State "HA" Lease, consisting of 40 acres in Lot 12 of Section 2, T-16-S, R-30-E.

Shell proposes to meter continuously the total production from each lease with individual positive displacement meters prior to entering common storage. Automatic samplers will be installed with each meter to collect a representative sample of the produced fluid for determining BS&W content. The total monthly production from the three leases, as determined by tank gauges, will then be allocated to the individual lease on the basis of positive displacement meter readings and BS&W content.

*Examination
Henshaw*

PP

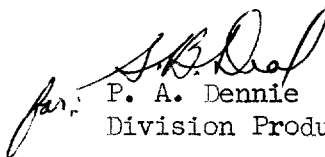
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There are presently two wells completed on the Spencer Federal "B" Lease and one proposed well on the Williams Federal "B" Lease. This proposed storage facility would serve a maximum of five wells, should the proposed well on the Williams Lease provide information to warrant drilling an additional well on the Spencer Lease and a well on the State "HA" Lease. All five wells will be producing from the same pay zone.

Wherefore Shell Oil Company requests that the foregoing application for an exception to Rule 309 be heard on May 6 at the Examiners' Hearing of the New Mexico Oil Conservation Commission in Santa Fe, New Mexico.

Very truly yours,


P. A. Dennie
Division Production Manager