

Case 2219

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February 28, 1961

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Hebbes  
per

Re: Application of Shell Oil Company  
for an Exception to Rule 309 (a)  
as to its Turner Lease  $W\frac{1}{2}NE\frac{1}{4}$   
Section 34, Twp. 18 S., Rge. 38 E.,  
its Sanger Lease Section 27, Twp.  
18 S., Rge. 38 E., its State "B"  
Lease  $N\frac{1}{2}NW\frac{1}{4}$  Section 33, Twp. 18 S.,  
Rge. 38 E., and its Grimes Lease  
 $SW\frac{1}{4}$  Section 28, Twp. 18 S., Rge.  
38 E.

Gentlemen:

Shell Oil Company hereby makes application for an exception to Rule 309 (a) in order to permit it to transport production from certain leases hereinafter described, before such production has been received and measured in tanks on the particular leases.

Applicant desires to transport its production from its Turner Lease, consisting of approximately 80 acres located in the  $W\frac{1}{2}NE\frac{1}{4}$  Section 34, Twp. 18 S., Rge. 38 E., prior to receiving and measuring such production in tanks located on the Turner Lease. It is proposed to transport such production from the Turner Lease to the Sanger Lease (which consists of approximately 640 acres located in Section 27, Twp. 18 S., Rge. 38 E.). Production from both the Turner and Sanger Leases will be continuously metered and sampled. Such process to take place in facilities located on the Sanger Lease and the production will then be commingled at a facility located on the Sanger Lease. This commingled production will then be transferred to a point on the applicant's Grimes Lease (consisting of about 160 acres located in the  $SW\frac{1}{4}$  Section 28, Twp. 18 S., Rge. 38 E.) where such commingled production will be treated and further commingled with the production from the applicant's Grimes Lease and applicant's State "B" Lease (consisting of about 80 acres in the  $N\frac{1}{2}NW\frac{1}{4}$  Section 33, Twp. 18 S., Rge. 38 E.) and thereafter the commingled production will be run through automatic custody transfer equipment for sale to the pipe line.

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Production from the applicant's State "B" Lease will be transported from such lease prior to its being received and measured in tankage on such lease. This production will be transported to the Grimes Lease where it will be commingled with the production from the Grimes Lease after production from both leases has been separately continuously metered and sampled. After metering the production from the Grimes and State "B" Leases it will then be commingled with the metered commingled production from the Sanger and Turner Leases. The commingled production from the above four leases will then be treated and run through the automatic custody unit which will be located on the Grimes Lease and sold to the pipe line.

Applicant's Turner and Sanger Leases are located in a densely populated residential portion of the City of Hobbs, New Mexico. Applicant desires by this consolidation to reduce the fire and danger hazard of above-ground tankage and the possible danger of direct-fire gas heaters located in such a residential district.

Respectfully submitted,

SHELL OIL COMPANY

By



Its Attorney

OS:mc