SHELL OIL COMPANY

NSP-382

P. O. Box 1957 Hobbs: New Mexico

July 8, 1957

Subject: Application for Exception to Rule 5 (a), Order R-520, Shell State C-1, Eumont Gas

Pool. Lea County, New Hexico.

Gentlemen:

Under provisions of Commission Order No. R-520, Rule 5 (b,, delegating the Secretary-Director of the Commission authority to grant exception to the requirements of Hule 5 (a) without notice and hearing for a non-standard gas proration unit, Shell Oil Company hereby applies for an exception to the aforementioned Rule for Shell State C-1, Eumont Cas Pool e

In support of the above application the following facts are submitted:

- 1. Shell State C-I is located 660 feet from the North line and 660 feet from the East line of Section 24, T-19-S, R-36-E and was originally completed an oil well in December, 1935, flowing 210 BOPD from the open-hole interval 3844 to 4069 feet.
- 2. On May 1, 1955, Shell Oil Company completed State C-lA as a replacement well for the State C-1 well and State C-1 was temporarily abandoned at that time,
- 3. On May 9, 1957, Shell Oil Company initiated operations to recomplete State C-1 as a gas well. A bridge-plug was set in the casing at 3750 feet and capped with cement to 3742 feet. State C-1 was perforated for Eumont gas production in the gross interval 3505 to 3705 feet. The gas zone was treated with 20,000 gallons of fracture fluid. Although an official potential test has not been taken, routine production tests have indicated a capacity of approximately 900 MCFGPD thru a 16/64 inch choke with a flowing tubing pressure of 1000 psi This indicates the well will be capable of producing at the top allowable rate.

4. The proposed non-standard gas proration unit complies with the provisions of rule No. 5 (b) of order R-520 in that:

- (a) it is composed of contiguous quarter-quarter sections,
- (b) it lies wholly within a governmental section,
- (c) it may reasonably be presumed to be productive of gas,
- (d) it's length and width does not exceed 5280 feet,
- (e) it is within the horizontal limits of the Eumont Gas Pool,
- (f) and all operators owning interest within the same governmental section in which the proposed non-standard gas proration unit is situated and all operators owning interest within 1500 feet of the well to which this unit is proposed have been notified of Shell's intent to form the unit by means of a copy of this application through certified mail. In addition, each of the said operators has been sent a request for a waiver of any objections to the formation of the said unit:
- 5. Approval of this application for an 80-acre non-standard gas proration unit will, in the opinion of the applicant, protect relative rights and serve the best interest of conservation。