

ΔHC

9/8/97



# **TITAN RESOURCES I, INC.**

August 12, 1997

AUG 18 1997

State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

1678

Attention: Mr. William J. LeMay

Re: Exception to Rule 303-A  
Brunson-Argo Well No. 15  
Tubb Oil and Gas Pool and  
Drinkard Pool  
Lea County, New Mexico

Gentlemen:

Titan Resources I, Inc. requests administrative approval for an exception to Rule 303-A to downhole commingle production from two pools within the wellbore in the following well:

Operator: Titan Resources I, Inc.  
500 West Texas, Suite 500  
Midland, Texas 79701  
Well: Brunson-Argo No. 15  
Location: Unit Letter F,  
1880 ft FNL and 1980 ft FWL  
Section 10, T-22-S, R-37-E  
Lea County, New Mexico  
Upper Pool: 60240 Tubb Oil and Gas  
Lower Pool: 19190 Drinkard

Enclosed are the following in support of this application:

1. Plat of the area
2. C-102's showing dedicated acreage
3. C-116's for each zone
4. Production decline curves for each zone
5. Well data sheet
6. Computation of values of commingled fluids
7. Proposed allocation of production

Oil Conservation Division  
August 12, 1997  
Page 2

The subject well was dually completed in the Tubb and Drinkard zones in 1972 and was produced as a dual completion until the Tubb zone became uneconomical in 1989. After the Tubb zone was shut-in, the well continued to produce from the Drinkard only.

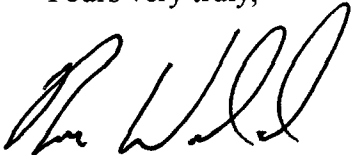
Titan acquired the well in November 1996. In June 1997, remedial work was initiated to clean out, acidize and test both the Tubb and Drinkard independently to determine the productive potential of each zone. Currently, the well is producing as a single completion from the Tubb, pending approval of this downhole commingling request.

The subject well meets all the requirements for downhole commingling as set out in Rule 303-C. The working interest ownership and royalty interest ownership is common for both the Tubb and Drinkard zones.

Approval of this request will result in more efficient producing operations which will extend the productive lives of both zones and will recover hydrocarbons which would otherwise not be recovered.

By copy of this letter, all offset operators have been notified of Titan's request for downhole commingling.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Bruce Woodard', written in a cursive style.

Bruce Woodard  
Production Operations Manager

JMJ/mjl

Attachments

cc: NMOCD - Hobbs  
Offset Operators

Brunson-Argo No. 15  
Offset Operators

1. Anadarko Petroleum Corp.  
Box 2497  
Midland, TX 79702
2. Arch Petroleum, Inc.  
10 Desta Drive, Suite 420 E  
Midland, TX 79705
3. BEC Corporation  
Box 1392  
Midland, TX 79702
4. Chevron USA Production Company  
Box 1150  
Midland, TX 79702
5. Cross Timbers Operating Company  
Box 52070  
Midland, TX 79710-2070
6. Exxon Company, USA  
Box 1600  
Midland, TX 79702
7. John H. Hendrix Corporation  
P. O. Box 3040  
Midland, TX 79702-3040
8. OXY USA, Inc.  
Box 50250  
Midland, TX 79710
9. Texaco, Inc.  
Box 3109  
Midland, TX 79702
10. Zia Energy, Inc.  
Box 2219  
Hobbs, NM 88241



District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-10176	2 Pool Code 19190	3 Pool Name DRINKARD
4 Property Code 020000	5 Property Name BRUNSON-ARGO	6 Well Number 15
7 OGRID No. 150661	8 Operator Name TITAN RESOURCES I, INC.	9 Elevation 3404

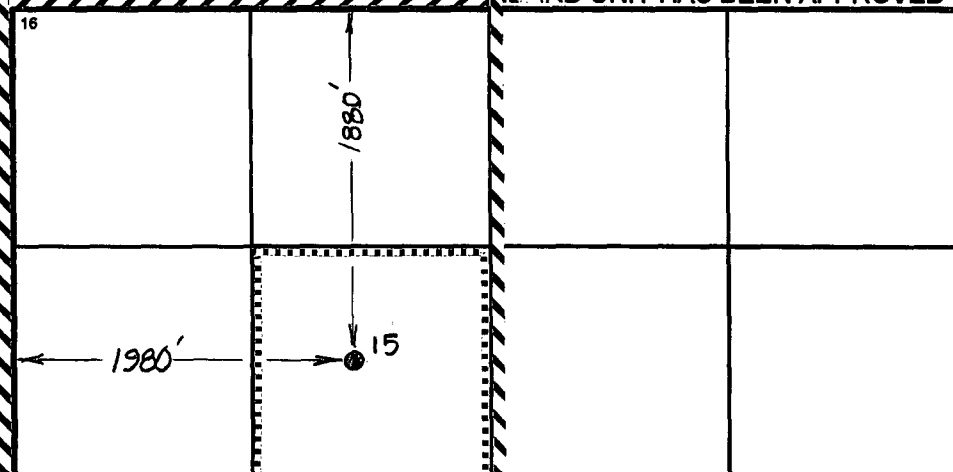
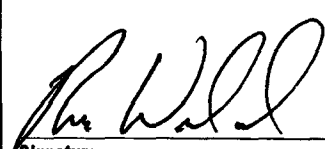
10 Surface Location

UL or lot no. F	Section 10	Township 22S	Range 37E	Lot Idn	Feet from the 1880	North/South line NORTH	Feet from the 1980	East/West Line WEST	County LEA
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
12 Dedicated Acres 40.00	13 Joint or Infill N	14 Consolidation Code	15 Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature BRUCE WOODARD Printed Name PROD. OPNS. MGR. Title 08-08-97 Date
		18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>  Date of Survey Signature and Seal of Professional Surveyer:  Certificate Number

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-10176	2 Pool Code 60240	3 Pool Name TUBB OIL AND GAS
4 Property Code 020000	5 Property Name BRUNSON-ARGO	6 Well Number 15
7 OGRID No. 150661	8 Operator Name TITAN RESOURCES I, INC.	9 Elevation 3404

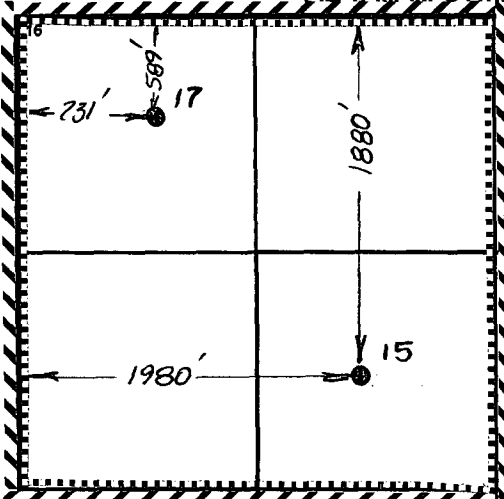
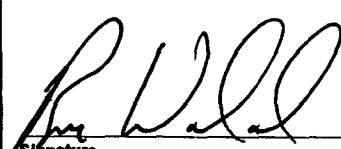
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
F	10	22S	37E		1880	NORTH	1980	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
12 Dedicated Acres 160.00	13 Joint or Infill Y	14 Consolidation Code	15 Order No. NSL - 3363 (SD)						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<b>17 OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature BRUCE WOODARD Printed Name PROD. OPNS. MGR. Title 08-08-97 Date	
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Note: 160 acres sumultaneously dedicated to Wells No. 15 and 17.

Submit 2 copies to Appropriate  
District Office.

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240  
DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

2040 Pacheco St.  
Santa Fe, NM 87505

Form C-116  
Revised 1/1/89

# OIL CONSERVATION DIVISION

## GAS-OIL RATIO TEST

Operator TITAN RESOURCES I, INC.		Pool 19190 DRINKARD		County LEA												
Address 500 W. TEXAS, SUITE 500, MIDLAND, TEXAS 79701		TYPE OF TEST - (X)		Scheduled <input type="checkbox"/> Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>												
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	SIZE IN.	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW- ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/BBL.		
		U	S	T							R	WATER BBL.S.	GRAV. OIL		OIL BBL.S.	GAS M.C.F.
BRUNSON-ARGO 30-025-10176	15	F	10	22S	37E	06/19/97	F	1"	30		24	0	37.10	1	145	145,000

### Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Signature

BRUCE WOODARD

PROD. OPNS. MGR.

Printed name and title

08/11/97

915/682-6612

Date

Telephone No.

(See Rule 301, Rule 1116 & appropriate pool rules.)

Submit 2 copies to Appropriate District Office.

**DISTRICT I**  
P.O. Box 1980, Hobbs, NM 88240  
**DISTRICT II**  
P.O. Drawer DD, Artesia, NM 88210  
**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-116  
Revised 1/1/89

**OIL CONSERVATION DIVISION**  
2040 Pacheco St.  
Santa Fe, NM 87505

**GAS-OIL RATIO TEST**

Operator TITAN RESOURCES I, INC.		Pool 60240 TUBB OIL AND GAS		County LEA												
Address 500 W. TEXAS, SUITE 500, MIDLAND, TEXAS 79701		TYPE OF TEST - (X)		Scheduled <input type="checkbox"/> Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>												
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/BBL.	
		U	S	T	R							WATER BBL.	GRAV. OIL	OIL BBL.		GAS M.C.F.
BRUNSON-ARGO 30-025-10176	15	F	10	22S	37E	07/15/97	F	1"	30		24	0		0	101	NA

**Instructions:**

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F.

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Signature

BRUCE WOODARD PROD. OPNS. MGR.

Printed name and title

08/11/97

915/682-6612

Date

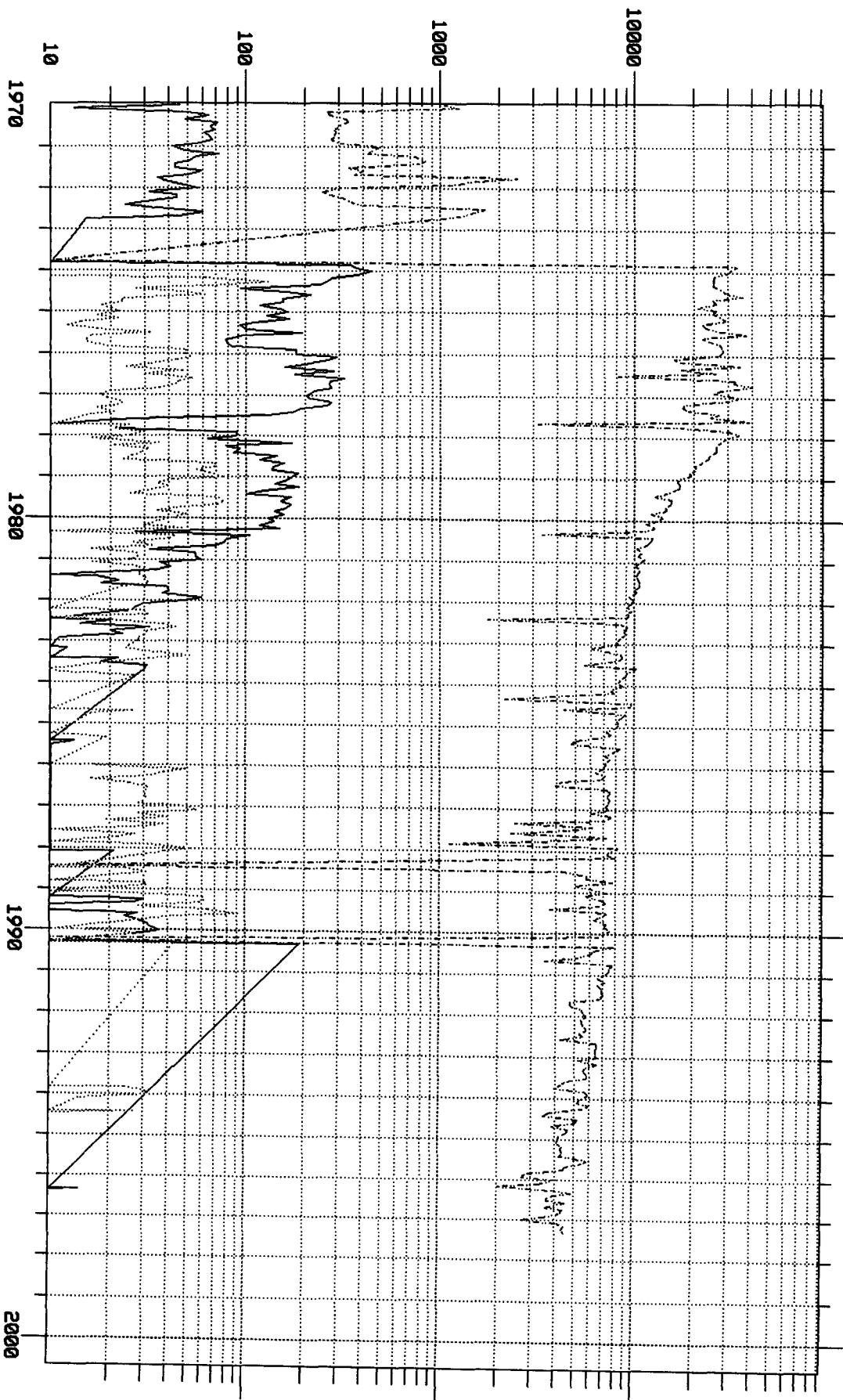
Telephone No.

(See Rule 301, Rule 1116 & appropriate pool rules.)



TITAN RESOURCES I, INC.  
 Production Rate vs Time  
 Bbl/Mo or Mcf/Mo vs Months  
 BRUNSON-ARGO NO. 15  
 DRINKARD

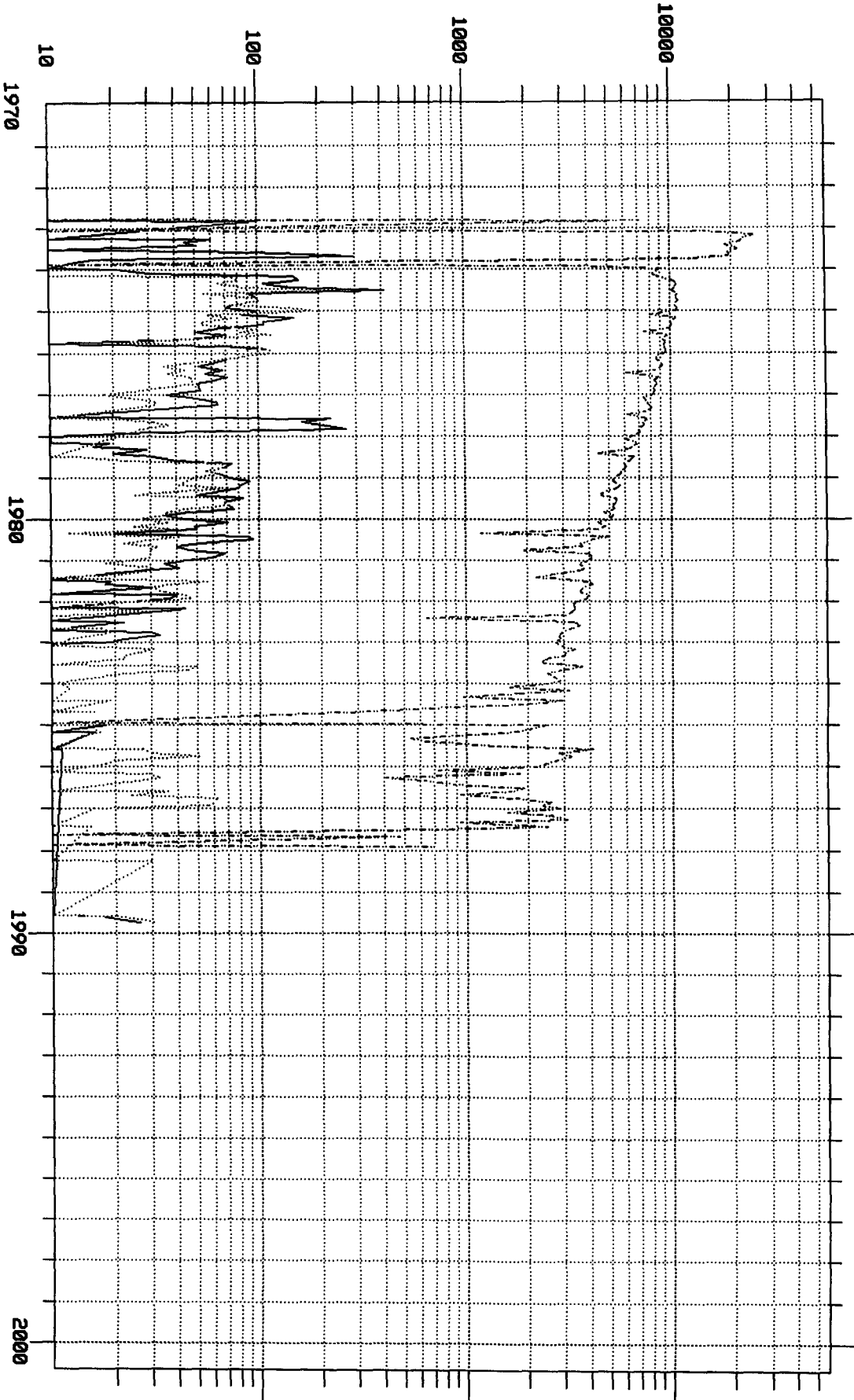
Production  
 Oil ———  
 Gas - - - -  
 Water ·····



Reported Oil Production = 127153 Bbls  
 Reported Gas Production = 3443532 Mcf  
 Reported Water Production = 5779 Bbls

TITAN RESOURCES I, INC.  
 Production Rate vs Time  
 Bbl/Mo or Mcf/Mo vs Months  
 BRUNSON-ARGO NO. 15  
 TUBB OIL AND GAS

Production  
 Oil —  
 Gas - - -  
 Water . . . .



Reported Oil Production = 7608 Bbls  
 Reported Gas Production = 982126 Mcf  
 Reported Water Production = 5673 Bbls

## WELL DATA SHEET

APPLICATION FOR EXCEPTION TO RULE 303-A  
TO ALLOW DOWN-HOLE COMMINGLING OF A DUALY COMPLETED WELL

OPERATOR: TITAN RESOURCES I. INC.

LEASE NAME: BRUNSON-ARGO

WELL NO: 15

LOCATION: Unit Letter: F; 1880 ft FNL and 1980 ft FWL, Section 10, T-22-S, R-37-E  
Lea County, NM

	<u>UPPER ZONE:</u>	<u>LOWER ZONE</u>
POOL:	TUBB OIL AND GAS	DRINKARD
PERFORATIONS:	5883' - 6127'	6280' - 6500'
PRODUCING METHOD:	FLOW	PUMP
OIL: Bbl/ Day	0	1
GAS: Mcf/Day	101	145
WATER: Bbl/Day	0	0
GOR:	NA	145,000
TOP OIL ALLOWABLE:	NA	142 Bbl/Day
GOR LIMIT:	NA	6,000
GAS LIMIT:	18,425 Mcf/Mo	852 Mcf/Day
BOTTOM-HOLE PRESSURE, psi:	643 psi at 6007' *	377 psi at 6500' *
BOTTOM-HOLE PRESSURE EXTRAPOLATED TO 6500', psi:	696 psi	377 psi
OIL GRAVITY, ° API	NA	37.1
GAS GRAVITY:	0.68	0.68
WATER:	NA	NA

\* BHP Measured with Pressure Bomb

NOTE: Since no liquids are produced from the Tubb zone, and since the gas produced from each zone is the same gravity and essentially the same composition, incompatibility of fluids in the wellbore will not exist.

# **COMPUTATION OF VALUE OF HYDROCARBONS BEFORE AND AFTER COMMINGLING**

Lease Name and Well No: BRUNSON-ARGO N0. 15

	<u>Upper Pool</u>	<u>Lower Pool</u>	<u>Commingled</u>
Pool Name:	Tubb Oil and Gas	Drinkard	Tubb Oil and Gas & Drinkard
Daily Production:			
Mcf/ Day	101	145	246
Bbl /Day	0	1	1
Gravity:	NA	37.1	37.1
Selling Price:			
\$/Mcf:	1.8718	1.8718	1.8718
\$/Bbl:	0	18.75	18.75
Gross Daily Income: \$	189.05	271.41	460.46
Sum of Income of Individual Pools:	271.41		

Note: The value of the commingled production will not be less than the sum of the values of the individual streams.

**PROPOSED FORMULA FOR  
ALLOCATION OF PRODUCTION**

TITAN recommends that the downhole commingled production from the BRUNSON-ARGO No. 15 be allocated based on producing rates shown on the attached forms C-116.

	<u>TUBB OIL AND GAS</u>	<u>DRINKARD</u>
GAS	41%	59%
OIL	0%	100%