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State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

March 6, 1996

Texaco Exploration & Production Inc.
Post Office Box 730
Hobbs, New Mexico 88240

Attn: Mr. Monty C. Duncan

Re: Application for Off Lease Storage and Surface Commingling
New Mexico L, N, O, Q, & BA Battery
(Formerly New Mexico N, O, BA Battery)
Vacuum Abo North, Vacuum Upper Penn, Vacuum Wolfcamp Pools
Vacuum Drinkard, Wildcat Atoka
Unit Letter O, Section 25-17S-34E (Battery Location)
Lea County, New Mexico

Dear Mr. Duncan:

We have received your application requesting approval to commingle and store off-lease, the production from the following wells:

New Mexico "O" State NCT-1 #11, F, Section 36-17S-34E, B-155-1, Vacuum Abo North, Vacuum Upper Penn and Vacuum Wolfcamp;
New Mexico "O" State NCT-1 #14, J, Section 36-17S-34E, B-155-1, Vacuum Abo North and Vacuum Wolfcamp;
State BA #6, D, Section 36-17S-34E, B-1565, Vacuum Abo North, Vacuum Upper Penn and Vacuum Wolfcamp;
State BA #8, B, Section 36-17S-34E, B-1565, Vacuum Abo North, Vacuum Upper Penn and Vacuum Wolfcamp;
New Mexico Q State #4, P, Section 25-17S-34E, B-1056-2, Vacuum Abo North, Vacuum Upper Penn and Vacuum Wolfcamp;
New Mexico O State NCT-1 #38, I, Section 36-17S-34E, B-155, Wildcat Atoka;
New Mexico L State #18, A, Section 1-18S-34E, B-1733, Wildcat Atoka;
New Mexico N State #10, M, Section 30-17S-35E, B-1722, Wildcat Atoka;

The production from the subject leases will be commingled in a common storage facility located in Unit Letter O, Section 25, Township 17S, Range 34E, Lea County, New Mexico, at the New Mexico L, N, O, Q and BA lease battery.

Texaco Exploration & Production Inc.
March 6, 1996
Page 2

We understand that production from the New Mexico Q State Well #4 lease will be metered separately from the other commingled production.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Since the above-mentioned wells are utilizing the tank battery on Lease B-1056-2, a right-of-way easement may be required. Please contact Ms. Debra Padilla of our Right-of-Way Section for further information regarding this easement. Ms. Padilla's telephone number is 827-5729.

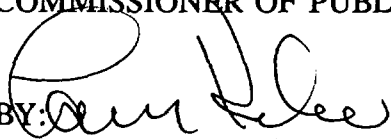
Our approval is contingent upon Texaco's obtaining any required rights-of-way.

Please submit a \$30.00 filing fee.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File
B-1056-2
OCD--Attention: David Catanach and Ben Stone
Debra Padilla

COMMINGLE PRE-APPLICATION

STATE LAND OFFICE RULES 1.053-1.055 APPLY TO COMMINGLING OIL AND GAS PRODUCTION FROM NEW MEXICO STATE LANDS. PLEASE PROVIDE THE FOLLOWING INFORMATION SO THAT WE CAN DETERMINE WHETHER OR NOT A COMMINGLE APPLICATION PACKAGE SHOULD BE SUBMITTED.

1. BRIEFLY DESCRIBE WHAT YOU PROPOSE TO DO.

PLEASE SEE ATTACHED LETTER

2. FILL IN THE FOLLOWING INFORMATION FOR EACH WELL.

WELLS TO ADD TO BATTERY

WELL NUMBER	LEGAL DESCRIPTION	LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
N.M. Q State #4	P-25-17S-34E	TEPI	B-1056-2	Vacuum Abo North Vacuum Upper Penn Vacuum Wolfcamp
N.M. O State NCT-1 #38	I-36-17S-34E	TEPI	B-i55	Wildcat Atoka
N.M. L State #18	A-1-18S-34E	TEPI	B-1733	Wildcat Atoka
N.M. N State #10	M-30-17S-35E	TEPI	B-1722	Wildcat Atoka

NAME:

Monte C. Duncan, Engineer's Assistant

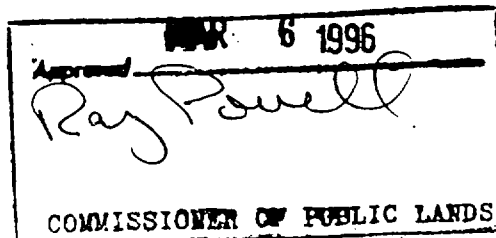
COMPANY:

Texaco Exploration and Production Inc., Box 730, Hobbs, N.M.

PHONE NUMBER:

(505) 397-0418 or (505) 393-7191

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE OIL, GAS AND MINERALS DIVISION AT (505) 827-5744.



KKCS 06-04-91