

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 producing into Satellite #1

WELL NUMBER	LEGAL DESCRIPTION	LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
N.M. O State NCT-1 #34	P-36-17S-34E	TEPI	B-155	Vacuum Drinkard
N.M. O State NCT-1 #35	O-36-17S-34E	TEPI	B-155	Vacuum Drinkard
N.M. O State NCT-1 #36	N-36-17S-34E	TEPI	B-155	Vacuum Drinkard
N.M. O State NCT-1 #37	I-36-17S-34E	TEPI	B-155	Vacuum Drinkard
N.M. Z State NCT-1 #1	C-2-18S-34E	TEPI	B-3011	Vacuum Wolfcamp

NAME: Monte C. Duncan, Engineer's Assistant

COMPANY: Texaco Exploration and Production Inc.
205 East Bender; Hobbs, New Mexico 88240

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

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Wells producing into battery

WELL NUMBER	LEGAL DESCRIPTION	LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
N.M. L State #18	A-1-18S-34E	TEPI	B-1733	Wildcat Atoka
N.M. R State NCT-1 #18	H-6-18S-35E	TEPI	B-1306	Vacuum Blinebry

NAME: Monte C. Duncan, Engineer's Assistant

COMPANY: Texaco Exploration and Production Inc.
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KKCS 06-04-91



JUN 17 1996

RECEIVED
JUN 13 1996

June 13, 1996

New Mexico Land Department
P.O. Box 1148
Santa Fe, New Mexico 87504

COPY

Attn: Mr. Larry Kehoe
Director; Oil, Gas, and Minerals Division

11631

RE: AMENDMENT TO OFF-LEASE STORAGE AND SURFACE COMMINGLING REQUEST
Vacuum Drinkard Consolidated Battery
Ltr P, Sec. 1, T-18-S, R-34-E (Battery Location)
Vacuum Drinkard, Vacuum Blinebry, Vacuum Wolfcamp, and
Wildcat Atoka Pools Lea County, New Mexico
Seven Additional Wells (List Attached)

Gentlemen:

Texaco Exploration and Production Inc. requests administrative approval to amend a previously approved request for off-lease storage and surface commingling of production at the above tank battery. This amendment consists of the seven wells described on the attached commingle pre-application. TEPI received approval from the New Mexico Land Department (September 8, 1993) and the New Mexico Oil Conservation Division (Commingling Order CTB-374) for the off-lease storage and surface commingling of the production of wells producing from the Vacuum Drinkard pool wells into this battery. Copies of these approvals are attached. TEPI now proposes to commingle production from the Vacuum Drinkard, Vacuum Blinebry, Vacuum Wolfcamp, and Wildcat Atoka pools.

One completed well and two proposed wells on the previously approved request have had a change in pools. All three wells were proposed to be drilled in the Vacuum Drinkard pool. The New Mexico R State NCT-3 #26 was drilled and completed as a Vacuum Drinkard oil well in September of 1993. It was recompleted as a Vacuum Drinkard injecton well in January of 1995. In April of this year, it was recompleted as an oil well in the Vacuum Blinebry pool. The other two wells, New Mexico M State #10 and New Mexico R State NCT-3 #29, are now proposed to be drilled in the Wildcat Atoka pool.

The seven wells described on the commingle pre-application are operated by Texaco Exploration and Production Inc. TEPI has 100% of the gross working interest in all seven wells. All of these wells are located on state leases. The state beneficiary of the seven wells is common schools. In accordance with prior amendments, the Vacuum Drinkard Consolidated Tank Battery is equipped with two production separators to separately measure production for two state beneficiaries, common schools and NMMI. The battery has two gas meters to separately measure gas production for the two state beneficiaries.

Attached is a schematic detailing New Mexico Z State NCT-1 #1 and the Drinkard Satellite 1. This well has its own three phase separator at the well's location. A daily test of oil, water, and gas production is recorded on meters on the separator. The oil from the separator goes to the production separator at Drinkard Satellite 1, the water is sent to production satellite 4 on the Vacuum Grayburg San Andres Unit for injection on the VGSAU, and the gas is sold to Texaco Exploration and Production's Gas Division through a sales meter on the well's location.

The Drinkard Satellite 1 has a three phase production separator and a three phase test separator. Monthly tests for wells producing into the satellite are accurately measured on a per well basis through meters on the test separator. Each well is tested several times during the month. Total monthly production is then allocated to each well based on these well tests. The oil and water are routed to the gunbarrel at the Vacuum Drinkard Consolidated Tank Battery and the gas is sold to Texaco Exploration and Production's Gas Division through a sales meter at the satellite location. Wells producing into Drinkard Satellite 1 are: New Mexico M State #9, New Mexico O State NCT-1 #34, New Mexico O State NCT-1 #35, New Mexico O State NCT-1 #36, New Mexico O State NCT-1 #37, and New Mexico Z State NCT-1 #1.

In March of 1996, the New Mexico L State #18 well was included in an off-lease storage and surface commingling amendment application for the New Mexico N, O, Q, & BA Tank Battery. Due to a change in plans, this recently completed Wildcat Atoka well will produce into the Vacuum Drinkard Consolidated Tank Battery.

At the Vacuum Drinkard Consolidated Tank Battery, monthly tests for wells producing to the battery are accurately measured on a per well basis through meters on the test separator. Production is then allocated to each well based on these well tests. The oil

transporter for this battery is Texas New Mexico Pipeline, with the oil being metered through a LACT Unit into the pipeline. The gas is sold to Texaco Exploration and Production Inc.'s Gas Division. Water from the battery is routed to injection satellite 3 on the Vacuum Grayburg San Andres Unit for injection into the Vacuum Grayburg San Andres formation.

Production from the seven wells on the commingle pre-application is:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>Water</u>	<u>Oil Gravity</u>
<u>N.M. O State NCT-1 #34</u>	<u>31</u>	<u>209</u>	<u>0</u>	<u>39.0</u>
<u>N.M. O State NCT-1 #35</u>	<u>11</u>	<u>72</u>	<u>0</u>	<u>39.0</u>
<u>N.M. O State NCT-1 #36</u>	<u>13</u>	<u>37</u>	<u>0</u>	<u>39.0</u>
<u>N.M. O State NCT-1 #37</u>	<u>31</u>	<u>175</u>	<u>0</u>	<u>39.0</u>
<u>N.M. Z State NCT-1 #1</u>	<u>17</u>	<u>60</u>	<u>155</u>	<u>39.4</u>
<u>N.M. L State #18</u>	<u>340</u>	<u>879</u>	<u>0</u>	<u>46.5</u>
<u>N.M. R State NCT-1 #18</u>	<u>To be drilled within 30 days</u>			

Attached for your review is a plat showing the location of the wells, satellite 1, and the tank battery. Also attached for your information is a schematic of the tank battery and acreage dedication plats for each of the seven wells. A check for \$30.00 for the filing fee is enclosed.

If you have any questions concerning this request, please contact me at 397-0418. Thank you for your assistance in the approval of this application.

Yours very truly,



Monte C. Duncan
Engineer's Assistant

/mcd
Chrono
Attachments

cc: New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, District I Office
Terry Frazier, Hobbs Operating Unit Manager, TEPI

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

2nd AMENDMENT - COMMINGLING ORDER CTB-374

Texaco Exploration and Production
P.O. Box 730
Hobbs, NM 88241

Attention: Monte C. Duncan

The above named company is hereby authorized to commingle Vacuum Drinkard Pool production from the following leases:

Lease: New Mexico "M" State Well Nos. 7, 9, (10)
Description: E/2 NW/4, SW/4 NW/4;

Lease: New Mexico "R" State NCT-3 Well Nos. 24, 25, 26, 27, 28, (29)
Description: SE/4, N/2 SW/4; and,

Lease: New Mexico "L" State Well Nos. 12, 13, 14, 15
Description: NE/4,

all in Section 1, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, and;

Lease: New Mexico "R" State NCT-1 Well Nos. 13, 14, 15
Description: N2/ NE/4, SW/4 NE/4; and,

Lease: New Mexico "AB" State Well No. 10
Description: NW/4 SE/4,

both in Section 6, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

Production shall be allocated to each lease by well test. (If this method or the subtraction method is to be authorized, all commingled production must be of identical ownership including working interest, royalty interest and overriding royalty interest.)