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March 10, 1992

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William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

OIL CONSERVATION DIVISION

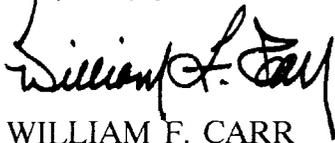
Case 3-344

Re: In the Matter of the Application of Texaco Inc. for Amendment of Division  
Order No. R-3007, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Texaco Inc., in the above-referenced case. Texaco Inc., respectfully requests that this matter be placed on the docket for the April 2, 1992 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Nanette J. Crawford, Esq.  
Texaco Inc.  
Post Office Box 2100  
Denver, Colorado 80201

Ronald W. Lanning  
West Region Landman  
Texaco Inc.  
Post Office Box 2100  
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BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF TEXACO INC. FOR AMENDMENT  
OF DIVISION ORDER NO. R-3007,  
LEA COUNTY, NEW MEXICO.

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CASE NO. 3344 OIL CONSERVATION DIVISION  
(REOPENED)

APPLICATION

TEXACO INC., through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order amending Division Order No. R-3007 and in support thereof states:

1. In Case No. 3344, Texaco Inc., sought approval of the West Vacuum Unit Agreement covering 2000 acres, more or less, of state lands more particularly described as follows:

Lea County, New Mexico

Township 17 South, Range 34 East, N.M.P.M.

Section 28: S/2 NW/4, N/2 SW/4, SW/4 SW/4  
Sections 33 and 34: All

Township 18 South, Range 34 East, N.M.P.M.

Section 3: NE/4, N/2 NW/4, SE/4 NW/4, NE/4 SE/4  
Section 4: N/2 N/2  
Section 5: NE/4 NE/4

2. By Order No. R-3007 entered on December 3, 1965, the Division granted the application of Texaco Inc. and approved the West Vacuum Unit Agreement.

3. When the West Vacuum Unit became effective, 23 wells were completed out of zone due to the difficulty in correlating the San Andres formation between logs. In the type log well, the defined base of the unitized formation is 150 feet below the top of the San Andres formation, which was also the total depth of the well. Due to thickening of the reservoir in the unit area, some wells are producing into the San Andres up to 150 feet below this point. For the same reason, other wells are producing from the Grayburg formation above the top of the unitized formation as designated on the type log.

4. To correct this situation, Texaco Inc. proposes to amend the definition of the "Unitized Formation" in the Unit Agreement to read as follows:

"Unitized Formation" means that subsurface portion of the unit area including portions of the Grayburg-San Andres formations which occur between the logged depths, measured from the derrick floor, of 4004 feet and 4774 feet in the Texaco Exploration and Producing Inc. West Vacuum Unit Well No. 13 as shown on the Halliburton Gamma Ray - Dual Spaced Neutron log of said well which is located 330 feet from the North line and 660 feet from the East line of Section 34, Township 17 South, Range 34 East, Lea County, New Mexico."

5. Texaco Inc. has sought and obtained the concurrence in this proposed amendment from the owners of more than 99% of the working interest in the Unit Area.

6. The Hobbs District Office of the Oil Conservation Division has advised Texaco Inc. that this correction in the definition of the "unitized formation" can only be approved after an Examiner hearing.

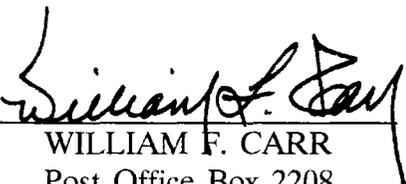
7. Approval of this application will correct the definition of "unitized formation" to include the interval the parties originally intended to be unitized and will otherwise be in the best interest of conservation, the prevention of waste and the protection of

correlative rights.

WHEREFORE, Texaco Inc. requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 2, 1992 and that, after notice and hearing as required by law and the rules of the Division, the Division enter its Order granting the application and making such other provisions as it deems appropriate.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
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ATTORNEYS FOR TEXACO INC.