

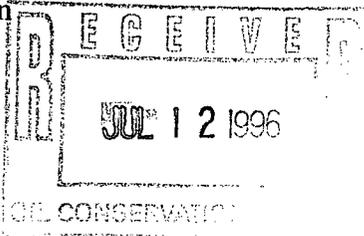


Texaco E & P

205 E. Bender Blvd.
Hobbs NM 88240
505 393 7191

July 11, 1996

New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505
Attention: Mr. David R. Catanach



Re: Exception to NMOCD Rule 303 (A)
Application to Downhole Commingle
TeagueTubb North/Teague Lower Paddock Blinebry North Pool
R.R. Sims "A" #8
Unit Letter N, Sec. 4, 23S, 37E
Lea County, New Mexico

Mr. Catanach,

Texaco Exploration & Production Inc., respectfully requests administrative approval to downhole commingle the TeagueTubb North and the Teague Lower Paddock Blinebry North Pool within the subject wellbore. Currently the well is a dual completion. The Blinebry completion does not flow continuously and requires frequent swabbing. The Tubb completion is pumping under a packer and subsequently requires 400 psi of back pressure to pump. Notification of this application has been sent to the said offset operators and a statement of notification has been included in this application.

The proposed downhole commingling will provide a more economical means of production. It will allow complete development of the productive capacity on the subject lease by allowing both intervals to be artificially lifted simultaneously. This will extend the productive life of both completions, thereby preventing waste.

The subject well meets all of requirements as set forth by Rule 303 (C). The well was completed 10-9-95, so a full year of production data is not available. In addition, it should be noted that all produced fluids have entered a common production facility with no fluid compatibility problems.

It is requested that the allocation of production for each zone be deferred until a stabilized production rate is establish. Production will then be allocated to the TeagueTubb North and the Teague Lower Paddock Blinebry North Pool using the subtraction method provided in this packet. If you have any questions concerning this application, please contact Kirk W. Spilman at (505)397-0425.

Yours very truly,

Kirk W. Spilman
Eunice Area Engineer

attachments

cc: Jerry Sexton/NMOCD/Hobbs

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
811 South First St., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: **TEXACO EXPLORATION & PRODUCTION** Address: **205 E. BENDER HOBBS, NM 88240**

Operator: **R. R. SIMS A** Well No: **#8** Unit Ltr. - Sec - 1wp - Rgs: **N-4-23S-37E** LEA

Lease: _____ Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 022351 Property Code 011060 API NO. 30-025-320901 Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	TEAGUE LOWER PADDOCK-BLINEBRY, NORTH(96314)	107/6000	TEAGUE TUBB (ASSOC.) (96315)
2. Top and Bottom of Pay Section (Perforations)	5689-5876		6098-6254
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	FLOWING		ARTIFICIAL
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 24 hr SI 681 psi b. (Original)	a. b.	a. 24 hr SI 840 psi b.
6. Oil Gravity (°API) or Gas BTU Content	45.5		45.5
7. Producing or Shut-In?	PRODUCING		PRODUCING
Production Marginal? (yes or no)	YES		YES
* If Shut-in, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 5/96 Rates: 14/9/204	Date: Rates:	Date: 5/96 Rates: 5/5/20
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____
16. ATTACHMENTS:
 * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 * Production curve for each zone for at least one year. (If not available, attach explanation.)
 * For zones with no production history, estimated production rates and supporting data.
 * Data to support allocation method or formula.
 * Notification list of all offset operators.
 * Notification list of working, overriding, and royalty interests for uncommon interest cases.
 * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE  TITLE PETROLEUM ENGINEER DATE 7/11/96

TYPE OR PRINT NAME KIRK W. SPILMAN TELEPHONE NO. (505) 397-0425

ATTACHMENTS

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 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 30-025-32901		² Pool Code 96314		³ Pool Name TEAGUE; LOWER PADDOCK BLINEBRY NORTH	
⁴ Property Code 11060		⁵ Property Name R. R. SIMS 'A'			⁶ Well No. 8
⁷ OGRID Number 022351		⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.			⁹ Elevation 3319', GR

¹⁰ Surface Location

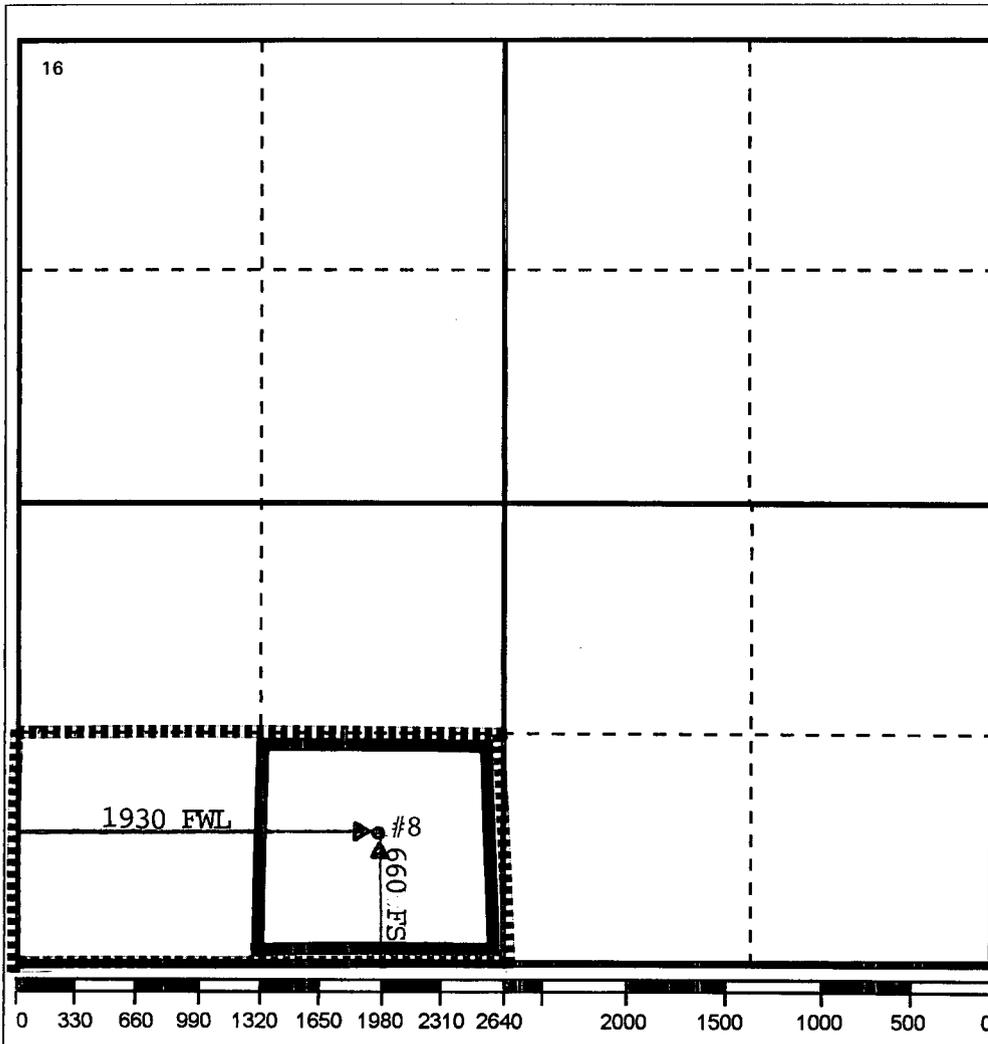
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
N	4	23-S	37-E		660	SOUTH	1930	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UI 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	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
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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



17 OPERATOR CERTIFICATION

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

Signature: *Paula S. Ives*

Printed Name: Paula S. Ives

Position: Engineering Assistant

Date: 7/10/96

18 SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed:

Signature & Seal of Professional Surveyor:

Certificate No.:

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 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 30-025-32901		² Pool Code 96315		³ Pool Name TEAGUE; TUBB, NORTH	
⁴ Property Code 11060		⁵ Property Name R. R. SIMS 'A'			⁶ Well No. 8
⁷ OGRID Number 022351		⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.			⁹ Elevation 3319', GR

¹⁰ Surface Location

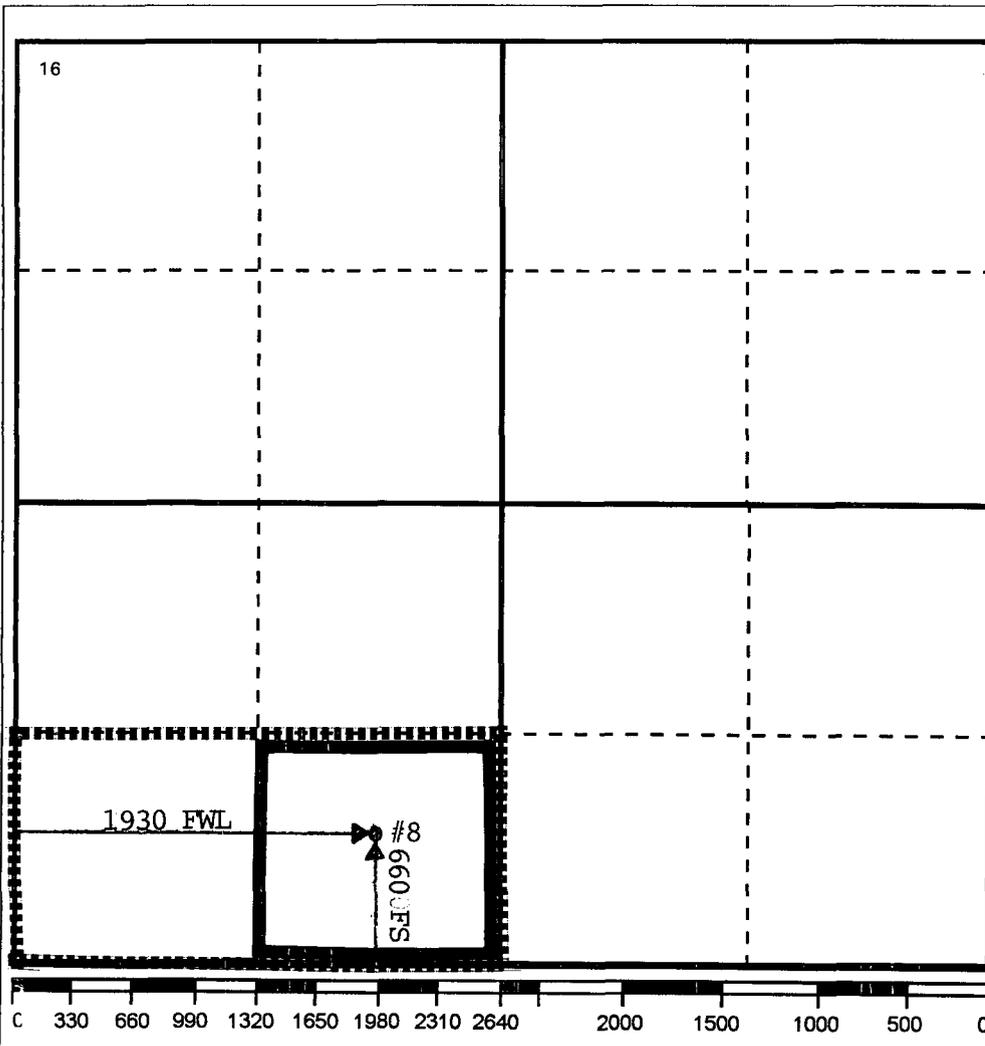
Ul or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
N	4	23-S	37-E		660	SOUTH	1930	WEST	LEA

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

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17 OPERATOR CERTIFICATION

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

Signature

Paula S. Ives

Printed Name

Paula S. Ives

Position

Engineering Assistant

Date

7/10/96

18 SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed

Signature & Seal of

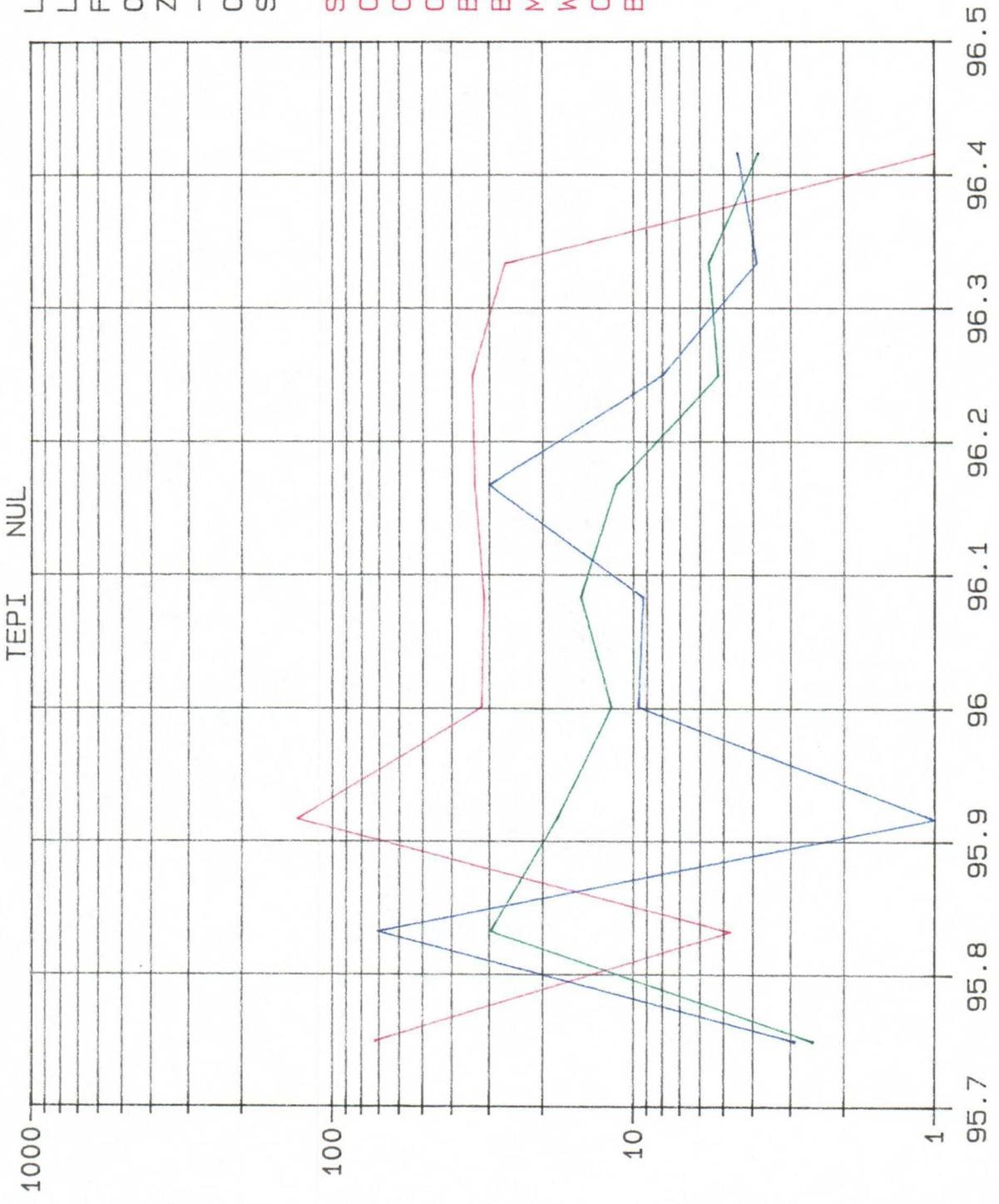
Professional Surveyor

Certificate No.

SIMS, R. R. --A-- 8 TEAGUE TUBB, NORTH (ASSOC.)

LEASE DATA
 LSE 011060
 FLD 96315
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30

STATUS 5-96
 CO 6 MBO
 CG 22 MMCF
 CW 8 MBW
 BOPD 4
 BWPD 4
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0



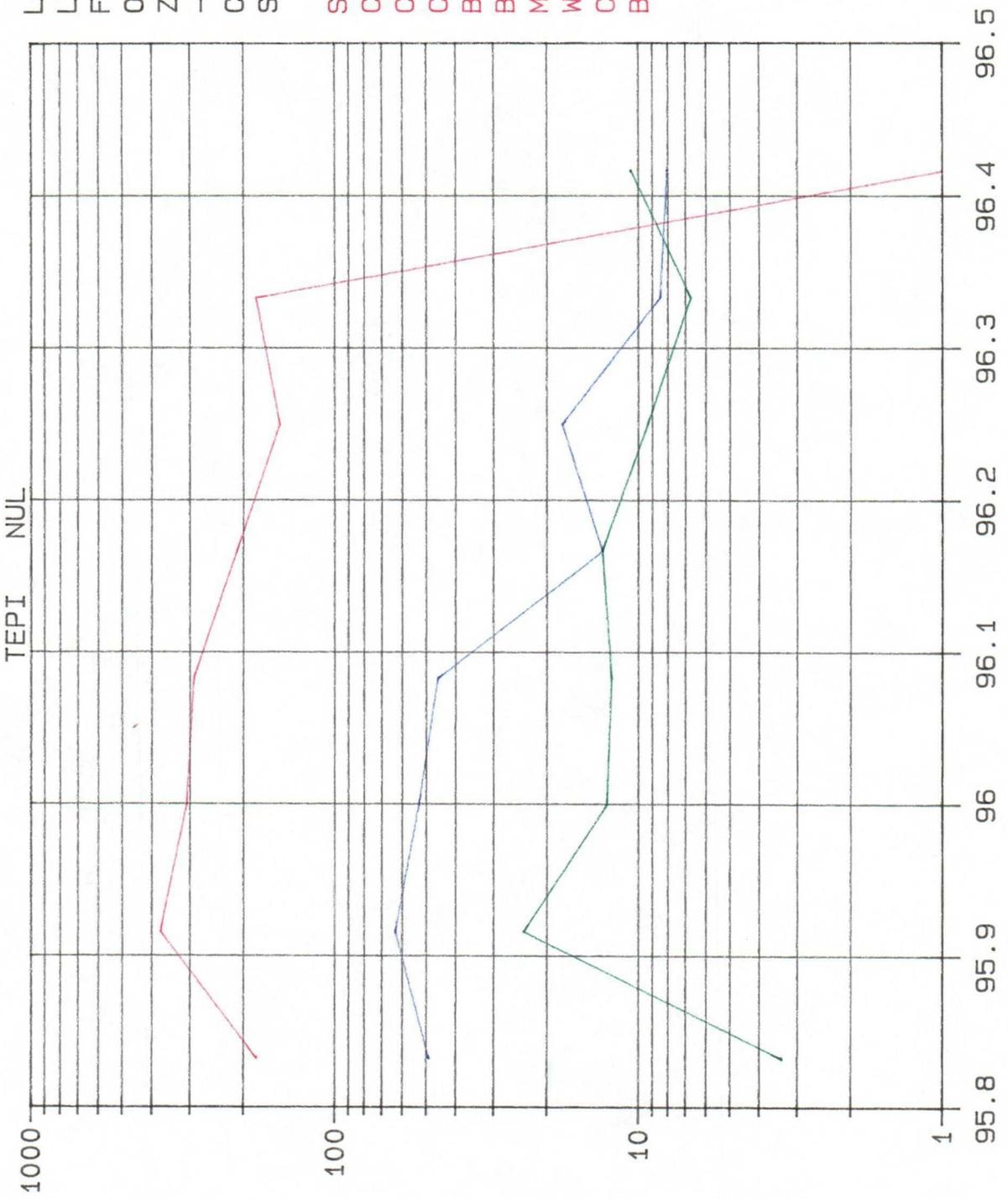
MCFPD
 BWPD
 BOPD

YEARS

SIMS, R. R. -A- 8 TEAGUE LOWER PADDOCK-BLINEBRY, N. (ASSOC)

LEASE DATA
 LSE 011060
 FLD 96314
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30

STATUS 5-96
 CO 6 MBO
 CG 103 MMCF
 CW 16 MBW
 BOPD 11
 BWPD 8
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0



YEARS

FORMULA FOR DETERMINING ALLOCATION OF PRODUCTION

OIL

X = LOWER PADDOCK/BLINEBRY STABILIZED OIL PRODUCTION RATE, BOPD

T = TOTAL COMMINGLED, STABILIZED OIL PRODUCTION RATE, BOPD

TUBB PROD. = D = (T - X), BOPD

GAS

X = LOWER PADDOCK/BLINEBRY STABILIZED GAS PRODUCTION RATE, MCFPD

T = TOTAL COMMINGLED, STABILIZED GAS PRODUCTION RATE, MCFPD

TUBB PROD. = D = (T - X), MCFPD

****ALLOCATION OF PRODUCTION WILL THEN BE BASED ON PERCENTAGE OF TOTAL PRODUCTION**

LIST OF 40-ACRE OFFSET OPERATORS TO R.R. SIMS A #8

OPERATORS OTHER THAN TEXACO E & P :

Samedan Oil Corp.
12600 Northborough
Suite 250
Houston, TX 77067



Texaco E & P

205 E. Bender Blvd.
Hobbs NM 88240
505 393 7191

CERTIFIED MAIL

July 11, 1996

To: Samedan Oil Corp.
12600 Northborough
Suite 250
Houston, TX 77067

Subject: Exception to NMOCD Rule 303 (A).
Application to Downhole Commingle
TeagueTubb North/Teague Lower Paddock Blinebry North Pool
R.R. Sims "A" #8
Unit Letter N, Sec. 4, 23S, 37E
Lea County, New Mexico

Dear Gentlemen:

Enclosed is a copy of Texaco's application for N.M. O.C.D. administrative approval to downhole commingle the above mentioned pools.

The N.M. O.C.D. regulations require that offset operators be notified before such action can be approved. Questions concerning this matter should be directed to myself at (505) 397-0425.

Sincerely,

Kirk W. Spilman
Pertroleum Engineer
Hobbs Operating Unit

Enclosure

1332
CALL KIRK SPILLMAN
when out
397-0425



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

7/15/96

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC	_____
DHC	_____ <i>X</i>
NSL	_____
NSP	_____
SWD	_____
WFX	_____
PMX	_____

Gentlemen:

I have examined the application for the:

<u>Texaco E&P Inc</u>	<u>RR Sims A</u>	<u>#8-N</u>	<u>4-23s-37e</u>
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed