

7/31/97	8/20/97	DC	KW	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

1668

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

RECEIVED
JUL 31 1997

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Britton McQueen
Print or Type Name

Britton McQueen
Signature

Engineer
Title

7/28/97



Texaco E & P

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

RECEIVED
JUL 31 1997

July 28, 1997

NMOCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. Ben Stone

**Subject: Application to DHC S. J. Sarkeys #7, D-26-21-37, in the Wantz Abo (62700)
and Drinkard (19190) Pools.**

Dear Mr. Sexton:

Texaco Exploration and Production, Inc. respectfully requests administrative approval to down-hole commingle the S. J. Sarkeys #7 in the Wantz Abo and Drinkard Pools. Notification of this application has been sent to offset operators and a statement of notification has been included in this package.

This well was recently drilled and completed in the Wantz Abo pool. The Abo was then plugged back so that the Drinkard could be completed. Upon receiving your approval, the plug will be drilled out, and the commingled zones will be produced by rod-pump. Down-hole commingling has proven to be an effective way to produce the Abo and Drinkard on this lease as demonstrated by the S. J. Sarkeys #6. This well has been commingled in these zones and has shown no loss in production or compatibility problems.

A full year of production data is not available for the either zone due to the recency of the completions. The allocation factors were determined by recent tests from both zones.

This well will meet all of the requirements set forth by Rule 303(C). The allocation factor will be determined in the following manner:

$$\% \text{ DRINKARD} = \frac{\text{STABILIZED DRINKARD PRODUCTION}}{\text{ABO} + \text{DRINKARD STABILIZED PRODUCTION}}$$

$$\% \text{ ABO} = 100\% - \% \text{ DRINKARD PRODUCTION}$$

If you have any questions concerning this application, please contact Britton M. McQuien at (505) 397-0427.

Sincerely,

Britton M. McQuien
Production Engineer
Texaco Exploration and Production, Inc.

cc: Mr. Chris Williams

enc

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

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

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

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

APPROVAL PROCESS:
 Administrative Hearing

EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Texaco Exploration & Producing Inc. Address 205 East Bender Hobbs, New Mexico 88240

Lease S. J. Sarkeys Well No. 7 Unit Ltr. - Sec - Tws - Rge D-26-21S-37E County Lea

OGRID NO. 022351 Property Code 011076 API NO. 30-025-33851 Federal State (and/or) Fee

Spacing Unit Lease Types: (check 1 or more)

The following facts are submitted in support of downhole commingling:	Lower Zone	Intermediate Zone	Upper Zone
1. Pool Name and Pool Code	Wantz Abo 62700		Drinkard 19190
2. Top And Bottom of Pay Section (Perforations)	7126'-7269'		6485'-6576'
3. Type of production (Oil or Gas)	oil		oil
4. Method of Production (Flowing or Artificial Lift)	pumping		pumping
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current	(Current) a. 950 psi	a.	a. 760 psi
	(Original) b.	b.	b.
Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity (* API) or Gas BTU Content	38		39
7. Producing or Shut-In? Production Marginal? (yes or no)	shut-in yes		Producing 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: 6/7/97 Rates: 29/90/18	
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:		7/17/97 30/91/18
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 49% Gas: 50%	Oil: % Gas: %	Oil: 51% Gas: 50%

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 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 Land 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:

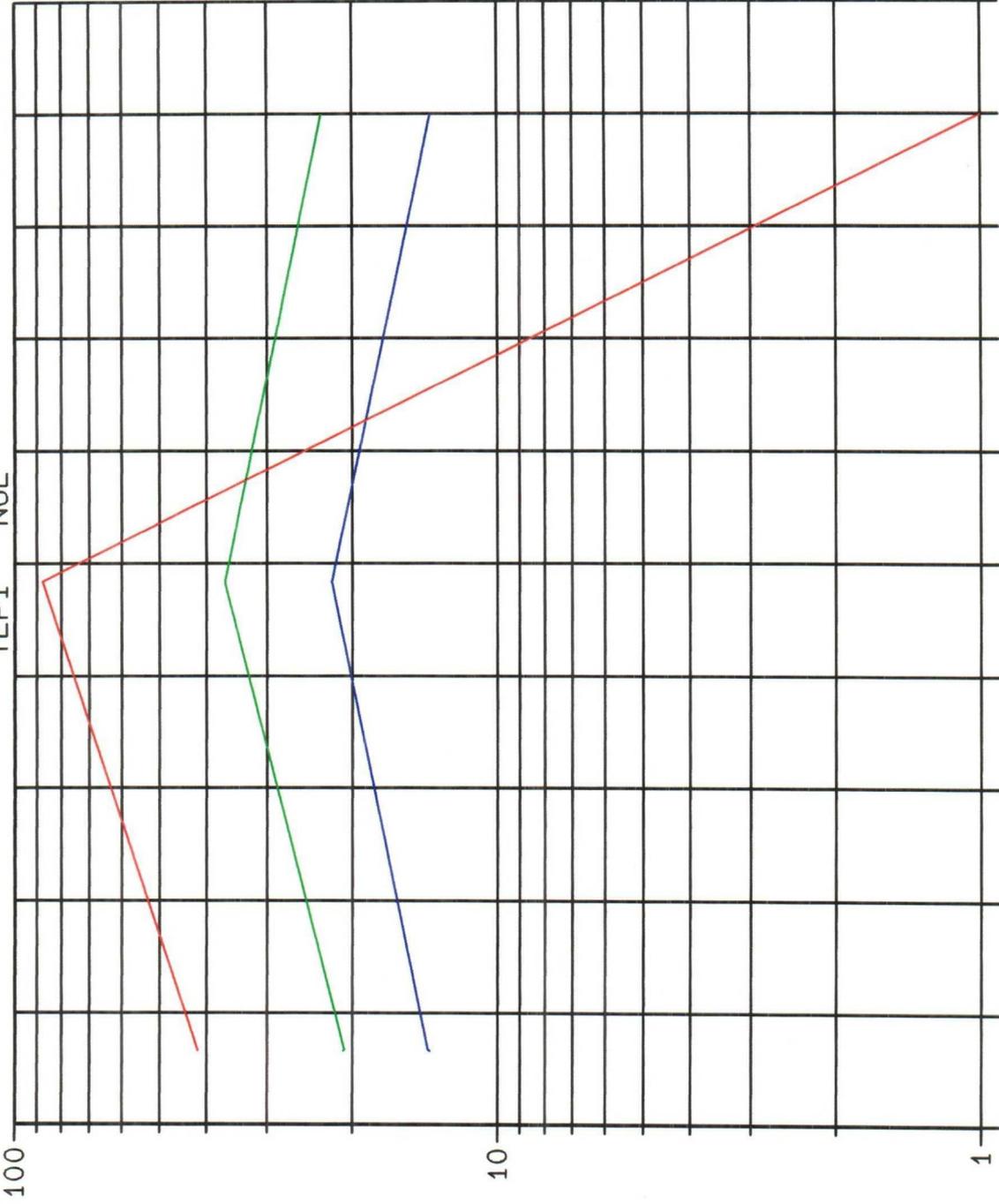
- * C-102 for each zone to be commingled showing its spacing unit and acreage deication.
- * Production curve for each zone for at lease one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Notification list of 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.

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

SIGNATURE Britton M. McQuien TITLE Engineer DATE 7-28-97

TYPE OR PRINT NAME Britton M. McQuien TELEPHONE NO. (505) 397-0427

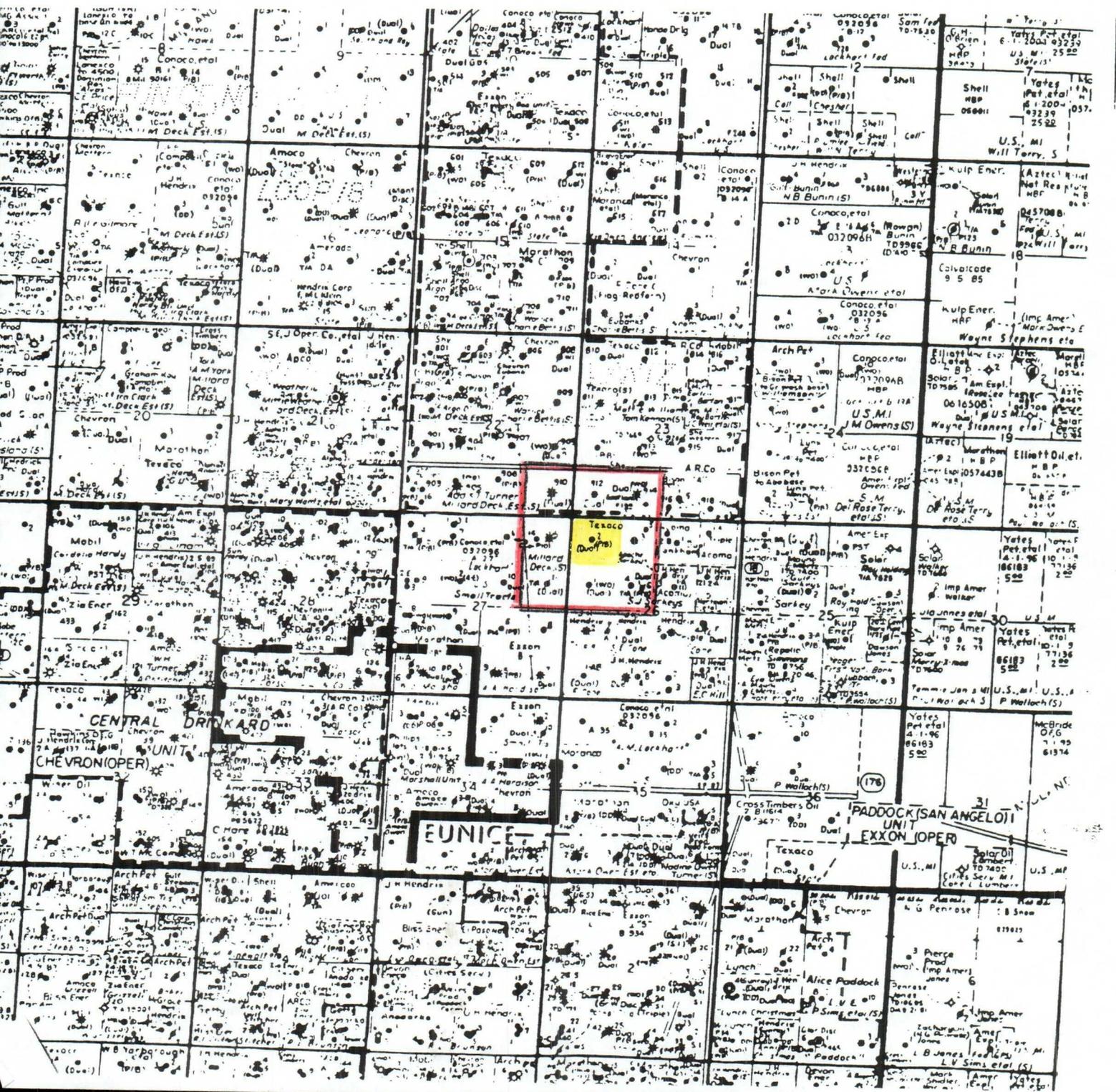
SARKEYS, S. J. 7 WANTZ ABO



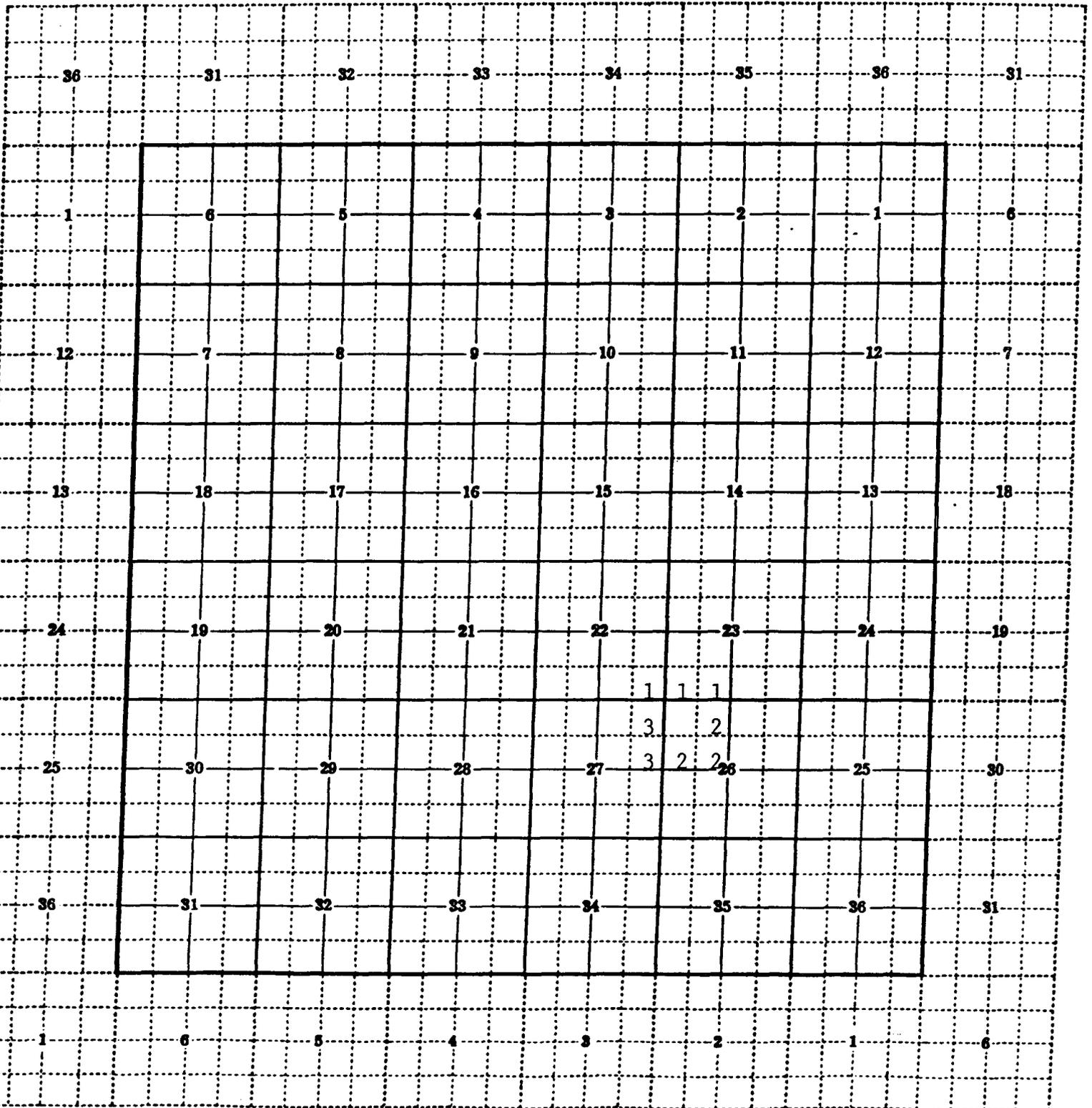
LEASE DATA
 LSE 011076
 FLD 62700
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30
 30025338510001
 STATUS 6-97
 CO 2 MBO
 CG 4 MCF
 CW 2 MBW
 BOPD 23
 BWPD 14
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0

YEARS

Offset Operators and all Lessees of Record
S. J. Sarkeys Well No. 7
NW/4 NW/4 of Section 26, T-21-S, R-37-E
Abo and Drinkard Formations
Lea County, New Mexico
July 3, 1997



Offset Operators and all Lessees of Record
 S. J. Sarkeys Well No. 7
 NW/4 NW/4 of Section 26, T-21-S, R-37-E
 Abo and Drinkard Formations
 Lea County, New Mexico
 July 3, 1997



Offset Operators and all Lessees of Record
S. J. Sarkeys Well No. 7
NW/4 NW/4 of Section 26, T-21-S, R-37-E
Abo and Drinkard Formations
Lea County, New Mexico
July 3, 1997

Number 1

Altura Energy Ltd.
P. O. Box 4294
Houston, Texas 77210

Number 2

Texaco Exploration and Production Inc.
P. O. Box 3109
Midland, Texas 79702

Number 3

Apache Corporation
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056-4400

Conoco Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705

Chevron USA, Inc.
P. O. Box 1150
Midland, Texas 79702

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Altura Energy Ltd.
 P. O. Box 4294
 Houston, Texas 77210

4a. Article Number

P 442 355 619

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

JUL 18 1997

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

[Signature]

Domestic Return Receipt

PS Form 3811, December 1994

Thank you for using Return Receipt Service.

Completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Atlantic Richfield Company
 P.O. Box 1610
 Midland, Texas 79702

4a. Article Number

P 442 355 621

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

JUL 16 1997

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

[Signature]

Domestic Return Receipt

PS Form 3811, December 1994

Thank you for using Return Receipt Service.

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Chevron USA, Inc.
 P. O. Box 1150
 Midland, Texas 79702

4a. Article Number

P 442 355 620

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

JUL 16 1997

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

[Signature]

Domestic Return Receipt

PS Form 3811, December 1994

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?	SENDER:		Thank you for using Return Receipt Service.	
	<ul style="list-style-type: none"> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered. 			I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to:			4a. Article Number
	Conoco Inc. 10 Desta Dr., Suite 100W Midland, Texas 79705			P 442 355 618 4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
	5. Received By: (Print Name)			7. Date of Delivery
	X Anita Gonzalez 6. Signature: (Addressee or Agent)			8. Addressee's Address (Only if requested and fee is paid) mc 7-16
PS Form 3811, December 1994		Domestic Return Receipt		

Is your RETURN ADDRESS completed on the reverse side?	SENDER:		Thank you for using Return Receipt Service.	
	<ul style="list-style-type: none"> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered. 			I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to:			4a. Article Number
	Apache Corporation 2000 Post Oak Blvd., Suite 100 Houston, Texas 77056-4400			P 442 355 617 4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
	5. Received By: (Print Name)			7. Date of Delivery
	X Jerry Rodriguez 6. Signature: (Addressee or Agent)			8. Addressee's Address (Only if requested and fee is paid) 7-17-97
PS Form 3811, December 1994		Domestic Return Receipt		

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Instructions on back
Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

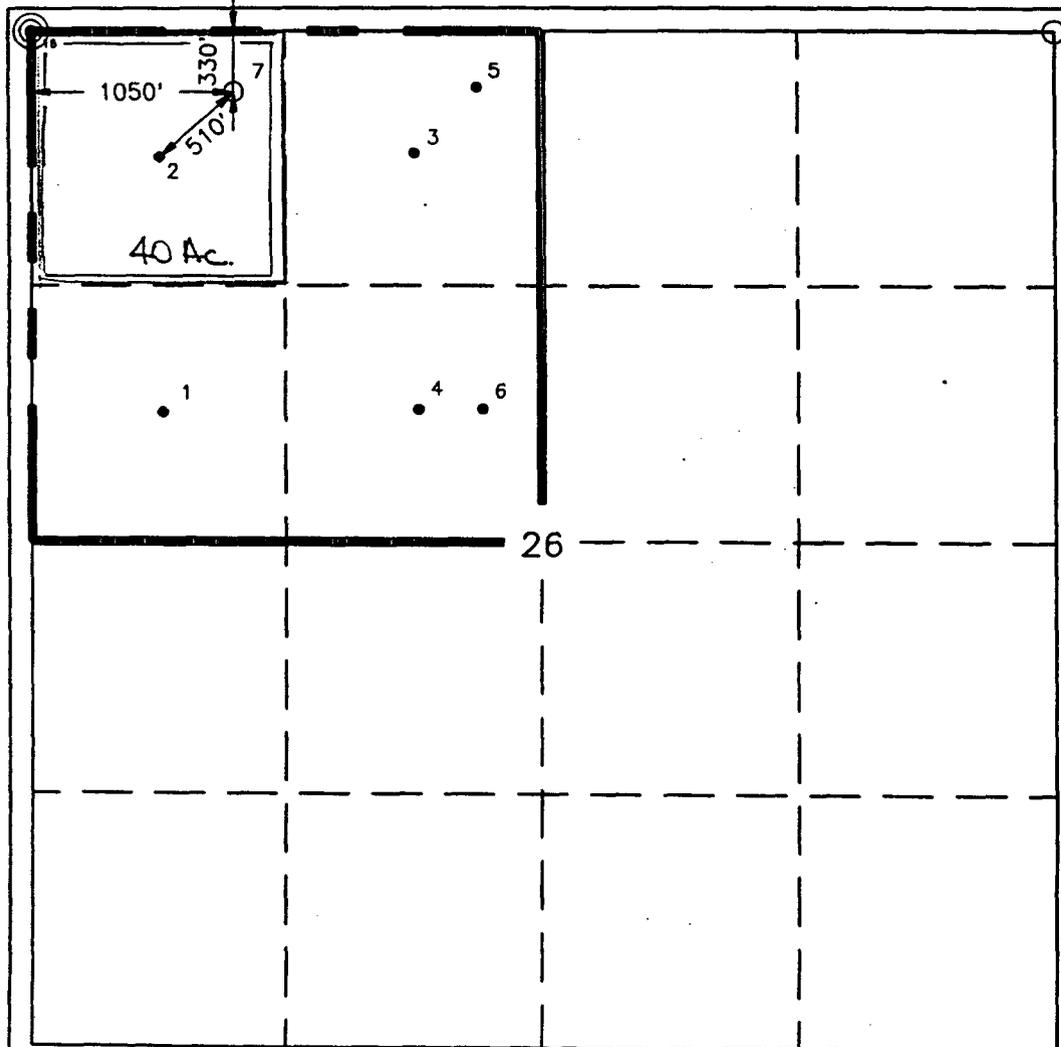
¹ API Number 30-025-33851		² Pool Code 6270D/1919D		³ Pool Name Wantz Abo; Drinkard	
⁴ Property Code 11076		⁵ Property Name S. J. Sarkeys			⁶ Well Number 7
⁷ OGRID No. 22351		⁸ Operator Name TEXACO EXPLORATION & PRODUCTION, INC.			⁹ Elevation 3393'

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
D	26	21-S	37-E		330'	North	1050'	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 40	¹³ Joint or Infill	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.



¹⁶ OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>C. Wade Howard</i>
Printed Name	C. Wade Howard
Position	Engineer's Assistant
Company	Texaco Expl. & Prod. Inc.
Date	February 19, 1997
¹⁷ 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	February 8, 1997
Signature & Seal of Professional Surveyor	<i>John S. Piper</i>
Certificate No.	7254 John S. Piper
Sheet	