

8/11/97 9/2/97 DC KW DHC

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]

1672

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

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

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Check One Only for [B] or [C]

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

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

- [A] [x] Working, Royalty or Overriding Royalty Interest Owners [B] [x] 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.

Paula S. Ives Print or Type Name

Signature

Engineer Assistant Title

7-28-97



Texaco E & P

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

July 28, 1997

GOV-STATE AND LOCAL GOVERNMENTS

Exception to NMOCD Rule 303 (C).

Application to Downhole Commingle

Teague; Drinkard-Abo, North (Assoc)/Teague; Lower Paddock-Blinebry North (Assoc) Pools

R. R. Sims "A" #7, API# (30-025-32501)

Unit Letter M, Sec. 4, 23S, 37E

Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Ben Stone

Texaco Exploration and Production Inc. respectfully requests administrative approval to downhole commingle the Teague Drinkard-Abo Pool and the Teague Lower Paddock-Blinebry Pool within the subject wellbore. Currently the well is dual completed and both zones do not flow continuously, and require frequent swabbing. Notification of this application has been sent to the said offset leaseholder and a statement of notification had been included in this application.

The proposed downhole commingling will provide a more economical means of production. It will allow the 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. It is therefore requested by Texaco Exploration and Production, Inc., to administratively downhole commingle the Teague Drinkard-Abo Pool and Teague Lower Paddock-Blinebry Pool within the subject wellbore. Texaco requests that the approval of this application be performed by administrative approval to expedite the proposed work.

The subject well meets all of requirements as set forth by Rule 303 (C). The well was completed 12/29/94, so to provide over two years of production data. In addition, it should be noted that all produced fluids have entered a common production facility with no fluid compatibility problems. Also the G.W. Sims #4 was DHC in the subject zones in July 1996.

It is requested that the allocation of production for each zone be deferred until a stabilized production rate is established. Production will then be allocated to the Drinkard-Abo Pool by

subtracting the Blinebry stabilized production rate from the total stabilized production rate after downhole commingling the well.

If you have any question concerning this application, please contact Denise Wann or Paula Ives at (505) 397-0425 or (505) 397-0432.

Yours very truly,

A handwritten signature in cursive script that reads "Paula Ives". The signature is written in black ink and is positioned above the printed name.

Paula S. Ives
Engineer Assistant

Attachments

cc: Chris Williams/NMOCD/Hobbs

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

DISTRICT I
P.O. Box 1990, Hobbs, NM 88240
DISTRICT II
611 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

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

Operator R.R. Sims A #7 Unit M Section 4, Township 23 South, Range 37 East
Lease Well No. Unit Ltr. - Sec - Tws - Rge County
Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 022351 Property Code 13191 API NO. 30-025-32501 Federal _____, State _____, (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Lower Zone	Intermediate Zone	Upper Zone
1. Pool Name and Pool Code	Lower Paddock/Blieby 96314		Drinkard/Abo 96313
2. Top And Bottom of Pay Section (Perforations)	5645' - 5866"		6624' - 7056'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	(Current) a. 500 (24 Hour SI)	a.	a. 375 (24 hour SI)
	(Original) b.	b.	b.
6. Oil Gravity (* API) or Gas BTU Content	38		43
7. Producing or Shut-In? Production Marginal? (yes or no) * 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 * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Producing Yes		Producing Yes
	Date: Rates:		
	Date: 7/2/97 Rates: 10/2/196		6/26/97 30/30/75 (Swabbing test)
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 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 least 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 Paula Ives TITLE Eng. Asst. DATE 7/2/97
TYPE OR PRINT NAME Paula Ives TELEPHONE NO. (505) 397-0432

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 32501		² Pool Code 96313		³ Pool Name NORTH TEAGUE DRINKARD-ABO ASSOCIATED	
⁴ Property Code 11060		⁵ Property Name SIMS, R. R. 'A'			⁶ Well No. 7
⁷ OGRID Number 022351		⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.			⁹ Elevation 3323' GR, 3335' KB

¹⁰ Surface Location

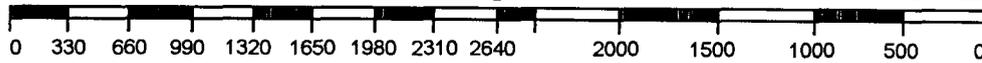
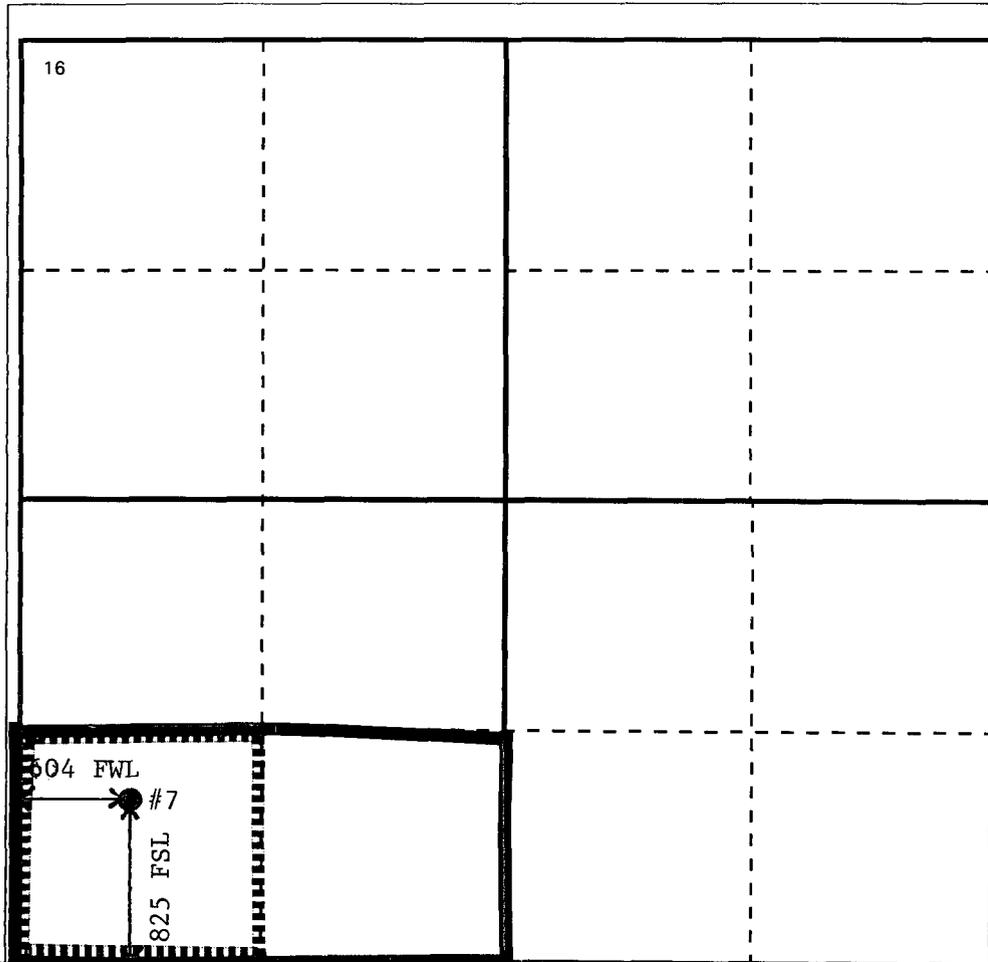
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
M	4	23-S	37-E		825	SOUTH	604	WEST	LEA

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 <i>Paula S. Ives</i>
Printed Name Paula S. Ives
Position Engineering Assistant
Date 7/14/97
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 32501	² Pool Code 96314	³ Pool Name NORTH TEAGUE LOWER PADDOCK-BLINEBRY ASSOCIATED
⁴ Property Code 11060	⁵ Property Name SIMS, R. R. 'A'	
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.	⁶ Well No. 7 ⁹ Elevation 3323' GR, 3335' KB

¹⁰ Surface Location

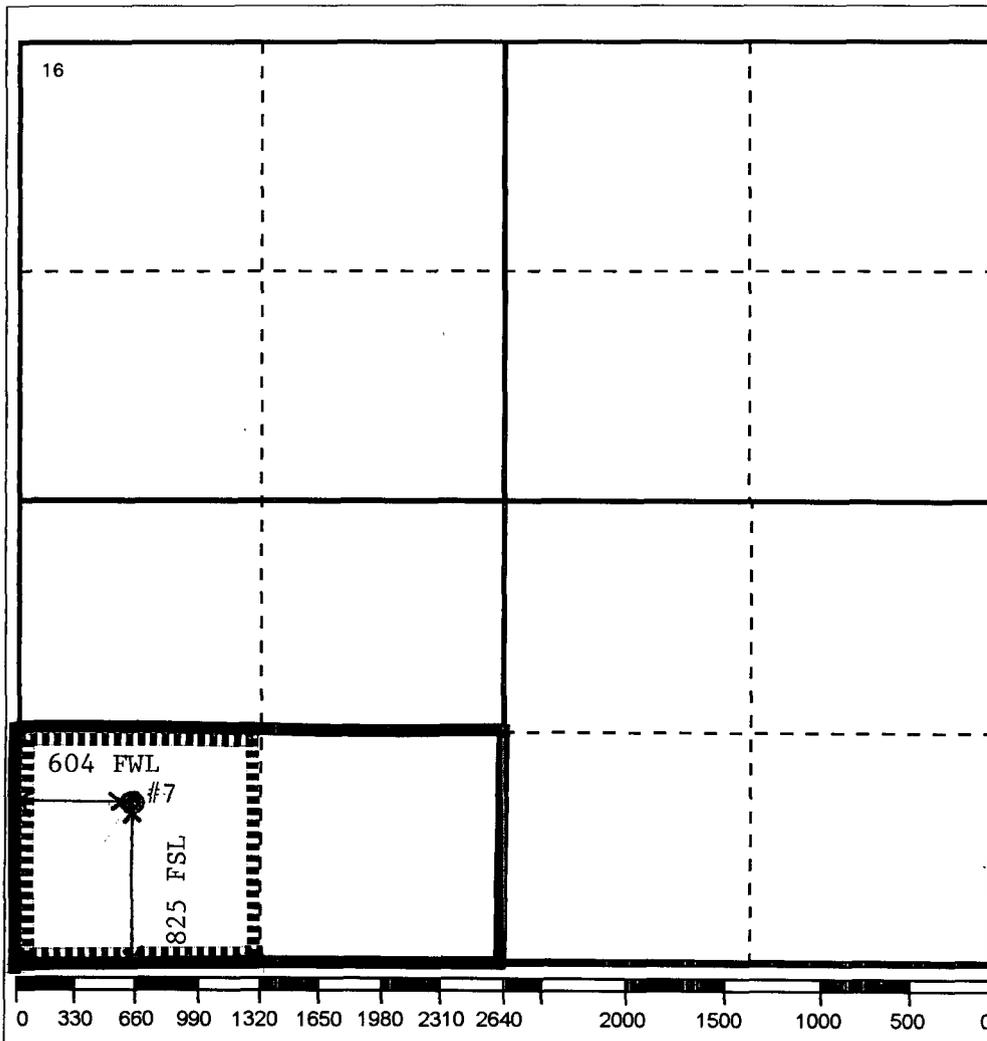
Ul or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
M	4	23-S	37-E		825	SOUTH	604	WEST	LEA

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 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: 7/14/97

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.

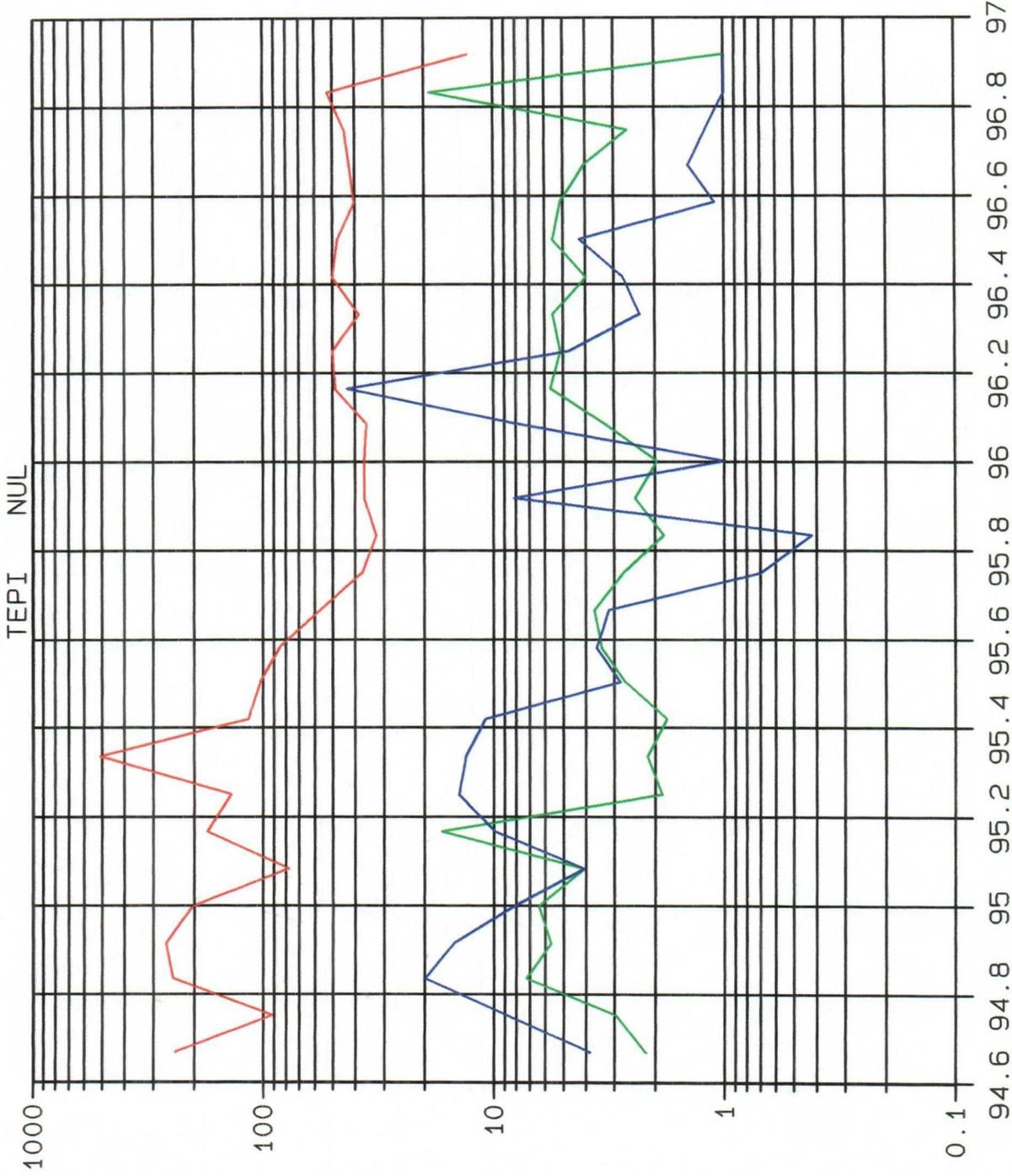
Date Surveyed:

Signature & Seal of Professional Surveyor:

Certificate No.:

SIMS, R. R. -A- 7 TEAGUE DRINKARD-ABO, NORTH (ASSOC.)

LEASE DATA
 LSE 011060
 FLD 96313
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30
 30025325010001
 STATUS 11-96
 CO 4 MBO
 CG 88 MCMCF
 CW 6 MBW
 BOPD 0
 BWPD 0
 MCFPD 13
 WELLS 1
 CI 0 MBWI
 BWIPD 0

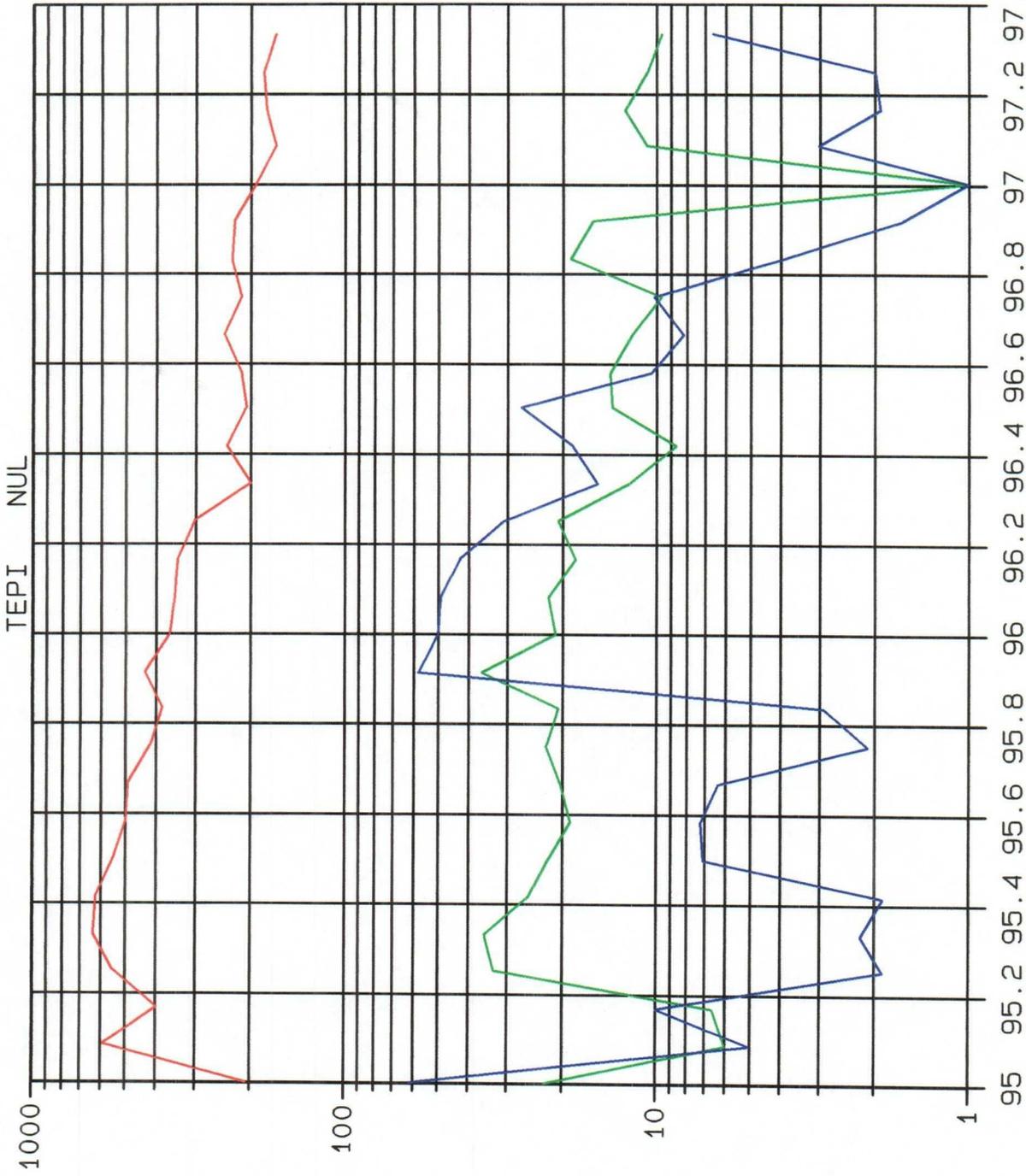


MCFPD
 BWPD
 BOPD

YEARS

SIMS, R. R. -A- 7 TEAGUE LOWER PADDOCK-BLINEBRY, N. (ASSOC)

LEASE DATA
 LSE 011060
 FLD 96314
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30
 30025325010002
 STATUS 4-97
 CO 15 MBO
 CG 298 MCF
 CW 14 MBW
 BOPD 10
 BWPD 7
 MCFPD 165
 WELLS 1
 CI 0 MBWI
 BWIPD 0



MCFPD BOPD BWPD

YEARS

Offset Operators List
R.R. Sims "A" #7
API # (30-025-32501)
Unit Letter M, Section 4, Township 23 South, Range 37 East
Lea County, New Mexico
N/2 S/2 of Section 4:

Kelton Operating Corp.
P.O. Box 276
Andrews, Texas 79714

Lewis C. Hearon and Wanda Hearon
1103 NW 10th Street
Andrews, Texas 79714

The Colburn Company
P.O. Box 1804
Eunice, New Mexico 88231

All other offsetting acreage is Texaco and all ownership is common in all zones.

Is your RETURN ADDRESS 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.
- 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. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

The Colburn Company
 P.O. Box 1804
 Eunice, New Mexico 88231

4a. Article Number

P 442 355 510

4b. Service Type

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

7. Date of Delivery

7-30-97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

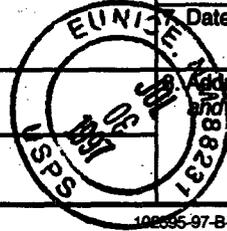
X *Rancee*

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

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt



Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Kelton Operating Corp.
 P.O. Box 276
 Andrews, Texas 79714

4a. Article Number

P 442 355 650

4b. Service Type

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

7. Date of Delivery

7/30/97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

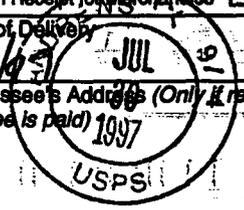
X *Kelton*

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

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt



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

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Lewis C. Hearon and Wanda Hearon
 1103 NW 10th Street
 Andrews, Texas 79714

4a. Article Number

P 442 355 509

4b. Service Type

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

7. Date of Delivery

7-30-97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Wanda Hearon*

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

1502 Live Oak
79714

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt



Texaco E & P

205 E. Bender Blvd
Hobbs NM 88240
505 393 7191

CERTIFIED MAIL

July 28, 1997

To: Lewis C. Hearon and Wanda Hearon
1103 NW 10th Street
Andrews, Texas 79714

Subject: Exception to NMOCD Rule 303 (C)
Application to Downhole Commingle
Teague; Drinkard-Abo, North (Assoc) / Teague; Lower Paddock-Blinebry North
(Assoc) Pools
R. R. Sims "A" #7, API# (30-025-32501)
Unit Letter M, Sec. 4, 23S, 37E
Lea County, New Mexico

Texaco Exploration and Production Inc., respectfully requests administrative approval for a Downhole Commingling Permit for the R.R. Sims A #7, in the Teague; Drinkard-Abo, North (Assoc) / Teague; Lower Paddock-Blinebry North (Assoc) Pools.

Attached are copies of the request to the New Mexico Oil Conservation Division. Copies of this request are being provided to our offset operators via Certified Mail.

If you have any questions concerning this proposal, please contact Paula S. Ives at (505)397-0432.

Sincerely,

Paula S. Ives
Engineer Assistant
Hobbs Operating Unit

Attachments



Texaco E & P

2005 E. 13th Street
Hobbs NM 88401
505 393 7191

CERTIFIED MAIL

July 28, 1997

To: Kelton Operating Corp.
P.O. Box 276
Andrews, Texas 79714

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Application to Downhole Commingle
Teague; Drinkard-Abo, North (Assoc) / Teague; Lower Paddock-Blinebry North
(Assoc) Pools
R. R. Sims "A" #7, API# (30-025-32501)
Unit Letter M, Sec. 4, 23S, 37E
Lea County, New Mexico

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Sincerely,

Paula S. Ives
Engineer Assistant
Hobbs Operating Unit

Attachments



7-11-97

CERTIFIED MAIL

July 28, 1997

To: The Colburn Company
P.O. Box 1804
Eunice, New Mexico 88231

Subject: Exception to NMOCD Rule 303 (C)
Application to Downhole Commingling
Teague; Drinkard-Abo, North (Assoc) / Teague; Lower Paddock-Blinebry North
(Assoc) Pools
R. R. Sims "A" #7, API# (30-025-32501)
Unit Letter M, Sec. 4, 23S, 37E
Lea County, New Mexico

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Engineer Assistant
Hobbs Operating Unit

Attachments