



Texaco E & P

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

DHC 9/16/97

1680

AUG 27 1997

August 22, 1997

NMOCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. Ben Stone

Subject: Application to DHC DD 24 Federal #3, O-24-19S-24E, in the Daggard Draw Upper Penn North (15472) and Canyon Wolfcamp North (96478) Pools.

Dear Mr. Stone:

Texaco Exploration and Production, Inc. respectfully requests administrative approval to downhole commingle the DD 24 Federal #3 in the Daggard Draw Upper Penn North and Canyon Wolfcamp North Pools. Notification of this application has been sent to offset operators and a statement of notification has been included in this package.

The cast iron bridge plug will be drilled out above the Upper Penn North, and the two zones will be simultaneously rod pumped. This should provide the most economical means of producing this well.

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

$$\% \text{ Upper Penn North} = \frac{\text{UPPER PENN NORTH STABILIZED PRODUCTION}}{\text{UPPER PENN NORTH} + \text{CANYON WOLFCAMP NORTH STABILIZED PRODUCTION}}$$

$$\% \text{ CANYON WOLFCAMP NORTH} = 100\% - \% \text{ UPPER PENN NORTH.}$$

If you have any questions concerning this application, please contact Greg Maes at (505) 397-0431, or Jason Wacker at (505) 397-0484.

Sincerely,

Greg Maes
Engineer Assistant
Texaco Exploration and Production, Inc.

cc: Mr. Chris Williams - NMOCD - Hobbs
Mr Armando Lopez - BLM, Roswell

enc