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JUN 30 1995

June 27, 1995

New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Attn: Mr. William J. Lemay  
Chairman and Director, New Mexico Oil Conservation Division

RE: SURFACE COMMINGLING PERMIT APPLICATION  
SDE '31' Federal Battery (NM-18848)  
Sand Dunes; Bone Spring, South Pool  
Triste Draw; Delaware, West Pool  
Ltr F, Sec. 31, T-23-S, R-32-E (Battery Location)  
Lea County, New Mexico

Gentlemen:

Texaco Exploration and Production Inc. request administrative approval for surface commingling on the above federal lease. Attached is a similar request package for surface commingling on this lease to the Bureau of Land Management. The lease presently has six producing Bone Spring wells and three producing Delaware wells. An eleven additional wells are proposed to be drilled on this lease. The lease is operated by Texaco Exploration and Production Inc. and TEPI has 100% of the gross working interest in this lease

I have attached a plat showing the location of both the producing and proposed wells and the battery. Also attached is a schematic of the recently built tank battery. The battery will have separate 3-phase production separators for each of the two pools. There will be one 3-phase test separator where each well will be tested several times per month with the oil, water, and gas being measured separately. Total monthly production will be allocated to each well based on these well tests. The oil and water from the test separator will then be directed to the tested well's pool separator for pool measurement prior to commingling the production in the battery's storage tanks.

The total crude sales amounts will remain the same if the production from these two pools is commingled at this battery. The oil will be sold through a LACT unit to Texas New Mexico Pipeline Company and the gas will be sold to Hadson Gas Gathering & Production Company. Water from the battery will be hauled to a disposal well.

If you have any questions concerning this request, please contact me at 397-0418. Thank you for your assistance in this matter.

Yours very truly,

Monte C. Duncan  
Engineer's Assistant

/mcd

Chrono, Attachments

cc: New Mexico Oil Conservation Division, District I Office

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**FOR INFORMATION ONLY**

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT --" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well:  OIL WELL  GAS WELL  OTHER

2. Name of Operator  
TEXACO EXPLORATION & PRODUCTION INC.

3. Address and Telephone No.  
P.O. BOX 730, HOBBS, NM 88240 397-0418

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Unit Letter F : Feet From The \_\_\_\_\_ Line and \_\_\_\_\_ Feet From The \_\_\_\_\_ Line  
Section 31 Township 23-S Range 32-E

5. Lease Designation and Serial No.  
NM 18848

6. If Indian, Alottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and Number  
SDE '31' FEDERAL LEASE  
TANK BATTERY

9. API Well No.

10. Field and Pool, Exploratory Area  
Sand Dunes; Bone Spring, South Triste Draw; Delaware, West

11. County or Parish, State  
LEA, N.M.

12. Check Appropriate Box(s) To Indicate Nature of Notice, Report, or Other Data

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> OTHER: SURFACE COMMINGLING
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

BLM approval for construction of this battery has already been obtained. This battery is located in Unit Letter F, Sec. 31, T-23-S, R-32-E in Lea County. Texaco Exploration and Production Inc. requests approval to surface commingle production from the Sand Dunes; Bone Spring, South Pool and the Triste Draw; Delaware, West Pool. There are presently six producing Bone Spring wells and three producing Delaware wells. Eleven additional wells are proposed to be drilled on this lease. The battery will have separate 3-phase production separators for each of the two pools. There will be one 3-phase test separator where each well will be tested several times per month with the oil, water, and gas being measured separately. Total monthly production will be allocated to each well based on these well tests. The oil and water from the test separator will then be directed to that well's pool separator for pool measurement prior to commingling the production in the battery's storage tanks.

Attached for the BLM's information are:

1. A map showing the lease and location of all the wells that will contribute production to the facility.
2. A battery schematic diagram identifying all equipment that will be utilized in the operation of the facility.
3. A BLM application for surface commingling and measurement approval.

14. I hereby certify that the foregoing is true and correct

SIGNATURE Monte C. Duncan TITLE Engr Asst DATE 6/27/95  
TYPE OR PRINT NAME Monte C. Duncan

(This space for Federal or State office use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT

To: Bureau of Land Management  
P.O. Box 1778  
Carlsbad, New Mexico 88221-1778

Texaco E & P Inc. (Operator's name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM-18848; Lease Name: SDE '31' Federal

Well

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>SDE 31 Federal #2</u>	<u>C</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Sand Dunes; BS, South</u>
<u>SDE 31 Federal #4</u>	<u>F</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Sand Dunes; BS, South</u>
<u>SDE 31 Federal #5</u>	<u>B</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Sand Dunes; BS, South</u>
<u>SDE 31 Federal#14</u>	<u>N</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Sand Dunes; BS, South</u>
<u>SDE 19 Federal #3</u>	<u>N</u>	<u>19</u>	<u>23-S</u>	<u>32-E</u>	<u>Sand Dunes; BS, South</u>
<u>SDE 19 Federal #4</u>	<u>K</u>	<u>19</u>	<u>23-S</u>	<u>32-E</u>	<u>Sand Dunes; BS, South</u>

with hydrocarbon production from the following formation(s) and well(s) on federal lease No. NM-18848; Lease Name: SDE '31' Federal

Well

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>SDE 31 Federal #1</u>	<u>D</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Triste Draw;Delaware, West</u>
<u>SDE 31 Federal #8</u>	<u>K</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Triste Draw;Delaware, West</u>
<u>SDE 31 Federal #9</u>	<u>J</u>	<u>31</u>	<u>23-S</u>	<u>32-E</u>	<u>Triste Draw;Delaware, West</u>

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>Choke</u>
<u>SDE 31 Federal #2</u>	<u>47</u>	<u>44.5</u>	<u>603</u>	<u>20/64</u>
<u>SDE 31 Federal #4</u>	<u>123</u>	<u>43.6</u>	<u>615</u>	<u>20/64</u>
<u>SDE 31 Federal #5</u>	<u>59</u>	<u>44.2</u>	<u>199</u>	
<u>SDE 31 Federal#14</u>	<u>148</u>	<u>42.6</u>	<u>140</u>	<u>20/64</u>
<u>SDE 19 Federal #3</u>	<u>96</u>	<u>42.8</u>	<u>413</u>	
<u>SDE 19 Federal #4</u>	<u>Drilling</u>	<u>-</u>	<u>-</u>	
<u>Sand Dune; BS, South</u>	<u>473</u>		<u>1970</u>	<b>TOTALS</b>
<u>SDE 31 Federal #1</u>	<u>33</u>	<u>42.0</u>	<u>38</u>	
<u>SDE 31 Federal #8</u>	<u>14</u>	<u>42.7</u>	<u>27</u>	
<u>SDE 31 Federal #9</u>	<u>20</u>	<u>42.6</u>	<u>74</u>	
<u>Triste Draw;Delaware, West</u>	<u>67</u>		<u>139</u>	<b>TOTALS</b>

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/ communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at SE 1/4-NW 1/4, (Unit Ltr. F), Sec. 31, T-23-S, R-32-E, on lease No. 31, Lea County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contribution sources is as follows:

There are presently six producing Bone Spring wells and three producing Delaware wells. Eleven additional wells are proposed to be drilled on this lease. The battery will have separate 3-phase production separators for each of the two pools. There will be one 3-phase test separator where each well will be tested several times per month with the oil, water, and gas being measured separately. The oil and water from the test separator will then be directed to that well's pool separator for pool measurement prior to commingling the production in the battery's storage tanks.

The working interest owners have been notified of the proposal.

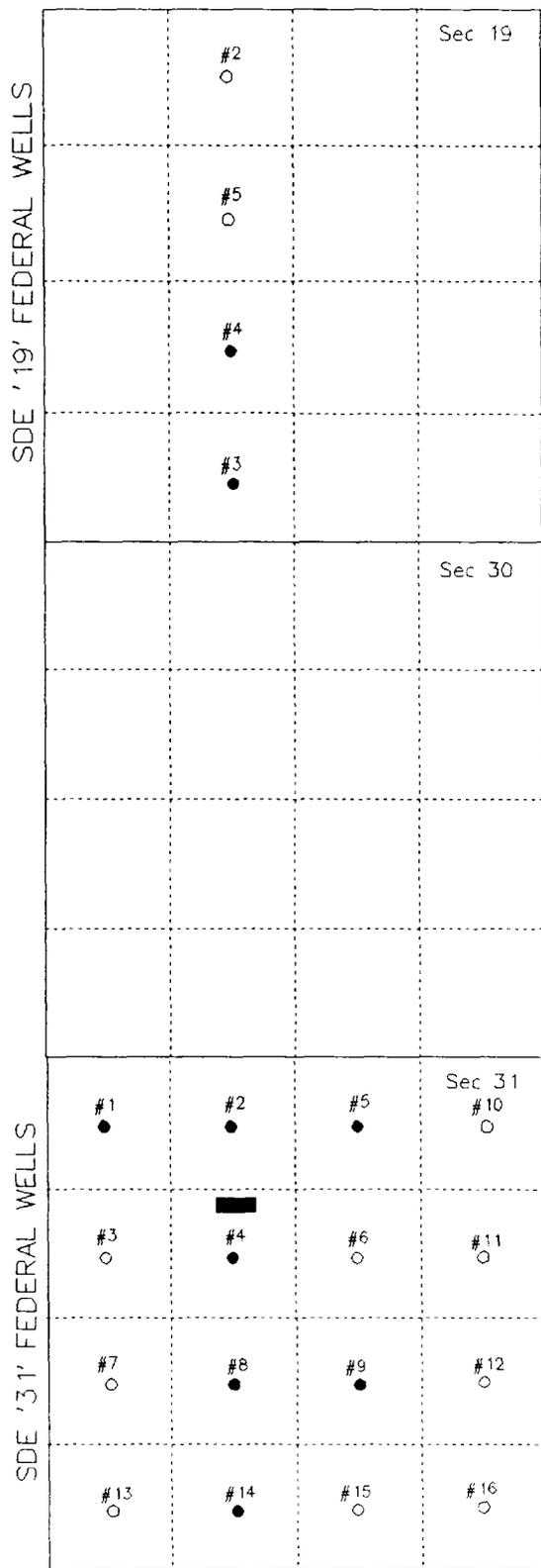
The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional well require additional commingling approvals.

Signature: Monte C. Duncan  
Name: Monte C. Duncan  
Title: Engr's Assistant  
Date: August 27, 1995



TEXACO EXPLORATION AND PRODUCTION INC.

SDE '31' FEDERAL LEASE

FEDERAL LEASE NM-18848

TOWNSHIP 23 SOUTH, RANGE 32 EAST

LEA COUNTY, NEW MEXICO

■ Battery located in Unit Ltr F,  
Sec 31, T-23-S, R-32-E

● Producing Wells

○ Proposed Wells

All flowlines above ground

EMERGENCY  
FLARE

HTR  
TRT

GAS SALES  
(HADSON GAS CO.)

SCRUBBER

DELAWARE

TEST

BONE  
SPRING

HEADER

HEADER

CIRC PUMP

VRU

WTR  
TANK

OIL  
TANK

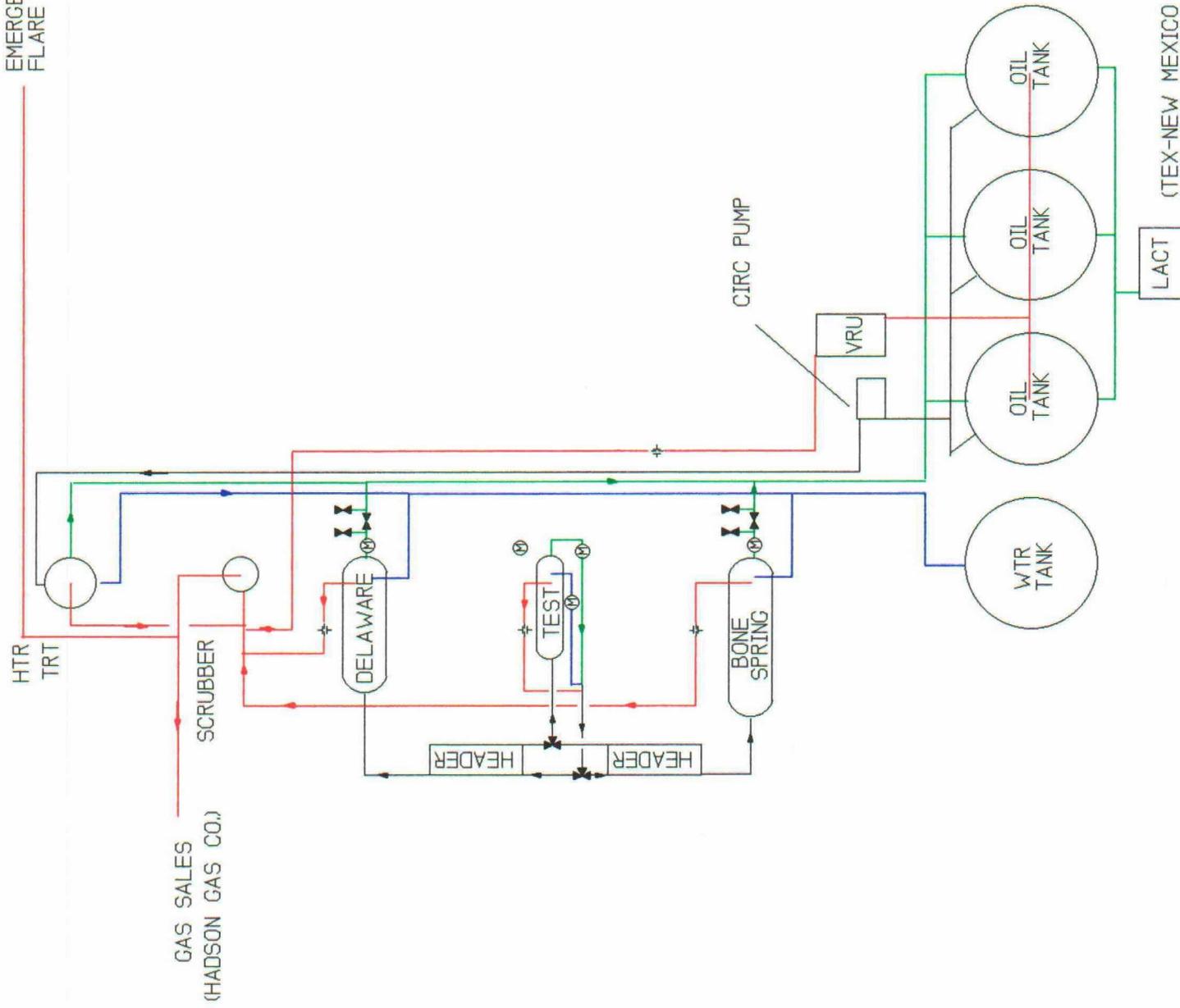
OIL  
TANK

OIL  
TANK

LACT

(TEX-NEW MEXICO PIPELINE CO.)

TEXACO EXPL & PROD INC			
SDE 31 FEDERAL T/B			
SEC 31, T-23-S, R-32-E			
LEA CO, NEW MEXICO			
—	MIXTURE	—	WATER
—	OIL	—	GAS
+	GAS METER	⊕	METER
⊗	3-WAY ACTUATED VALVE		



UNITED STATES  
DEPARTMENT OF THE INTERIOR,  
BUREAU OF LAND MANAGEMENT

**COPY**  
FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

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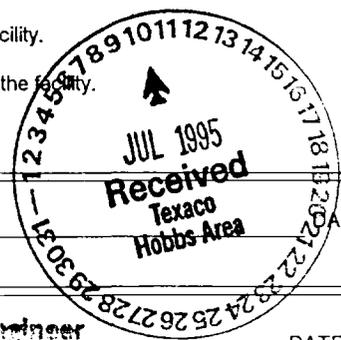
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SIGNATURE Monte C. Duncan TITLE Engr Asst DATE 6/27/95

TYPE OR PRINT NAME Monte C. Duncan

(This space for Federal or State office use)

APPROVED BY Adam S. Eames TITLE Petroleum Engineer DATE 7/3/95

CONDITIONS OF APPROVAL, IF ANY:

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