

PLC-54 2-27-96



February 5, 1996

New Mexico Oil Conservation Division
2040 South Pacheco
PO Box 6429
Santa Fe, New Mexico 87505

Attn: Mr. William J. LeMay

**Re: Exception to Rule 309-A
Administrative approval to lease commingle
State "BB", State "L", & N.M. "BZ" State NCT-10 leases
Section 2, Township 25S, Range 37E
Lea County, New Mexico**

Dear Mr. LeMay,

Texaco Exploration and Production Inc. respectfully requests administrative approval to commingle production from the State "BB", State "L", and N.M. "BZ" State NCT-10 leases. The production from the subject leases will be commingled in a common storage facility located in Unit Letter E, Section 2, Township 25S, Range 37E, Lea County, New Mexico.

At this time, production is commingled from the State "BB" and the State "L" leases according to Commingle Order # PLC-54. Production from the N.M. "BZ" State NCT-10 lease is routed to a separate battery located in Unit Letter K, Section 2, Township 25S, Range 37E, Lea County, New Mexico (which is on the N.M. "BZ" State NCT-10 lease). Texaco proposes to re-route production from the N.M. "BZ" State NCT-10 lease to the State "L" lease where an existing storage facility is capable of accommodating production from all subject leases. This proposal is made in an effort to eliminate facility upgrade expenses of approximately \$50,000 and the yearly operating expense of approximately \$10,000/yr on the "BZ" facility. Administrative approval of this proposal will clearly extend the economic life of the "BZ" lease and allow for a more complete recovery of hydrocarbons.

For additional information, please refer to the attached acreage plats, facility diagram, area map, and mineral interest datasheet.

The mineral interest holder has been notified of this proposal by copy of this package sent by certified mail. If you have any questions concerning this request please contact Darrell J. Carriger at (505) 397-0426.

Thank you for your consideration of this proposal.

Sincerely,

Russell S. Pool
Hobbs Operating Unit, Senior Engineer

cc: Hobbs NMOCD

DJC/s

file
chrono
Attachments

**The following informational items are required by Rule 309-B
(Administrative approval for lease commingling).**

1. Production from the State "BB" and State "L" leases is commingled according to Commingle Order #PLC-54 (attached). Production is downhole commingled according to Order #R-10371 (attached).

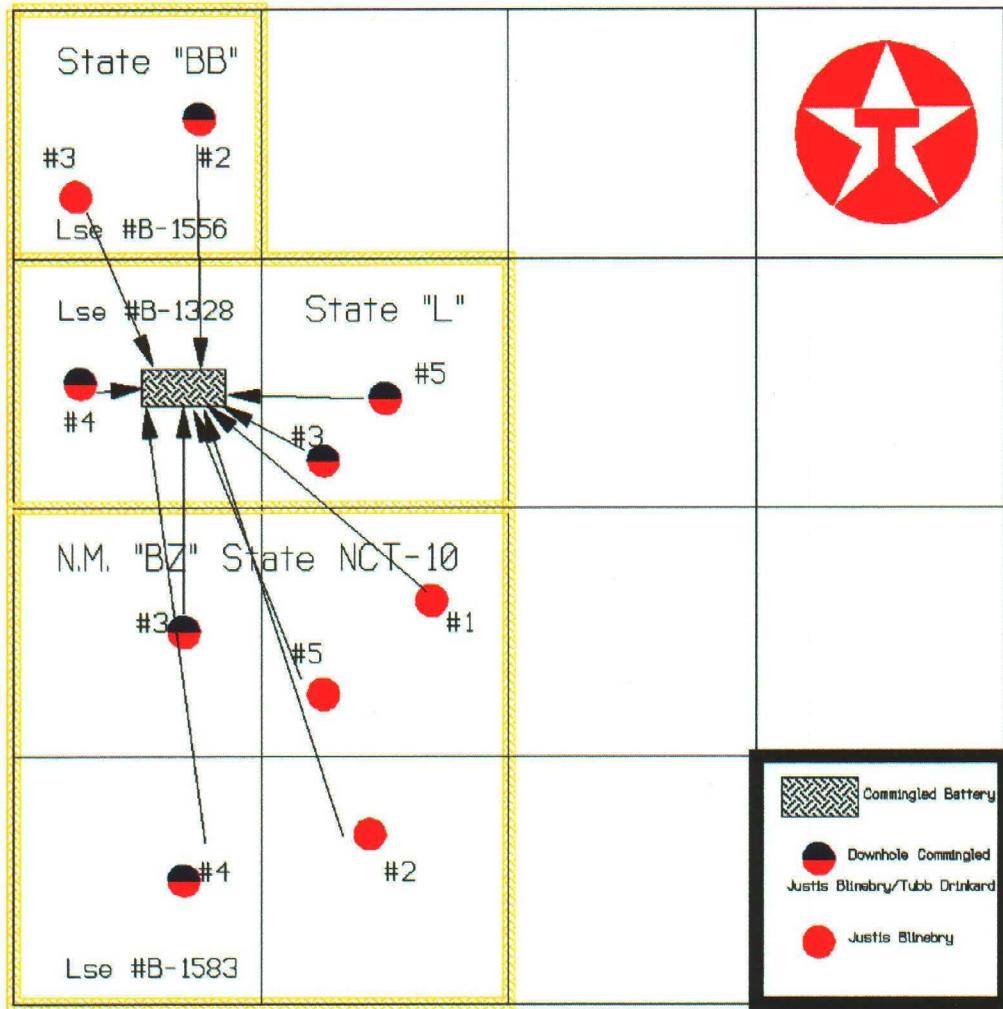
2. The facility installation depicted in the attached facility diagram is in compliance with the "Manual for the Installation and Operation of Commingling Facilities".

3-4. **Notification of Mineral Interest Holders:** The State of New Mexico is the only royalty owner (all Common School) under the subject leases. Also there are no overriding royalty interests. A copy of this package was sent to the following address by certified mail:

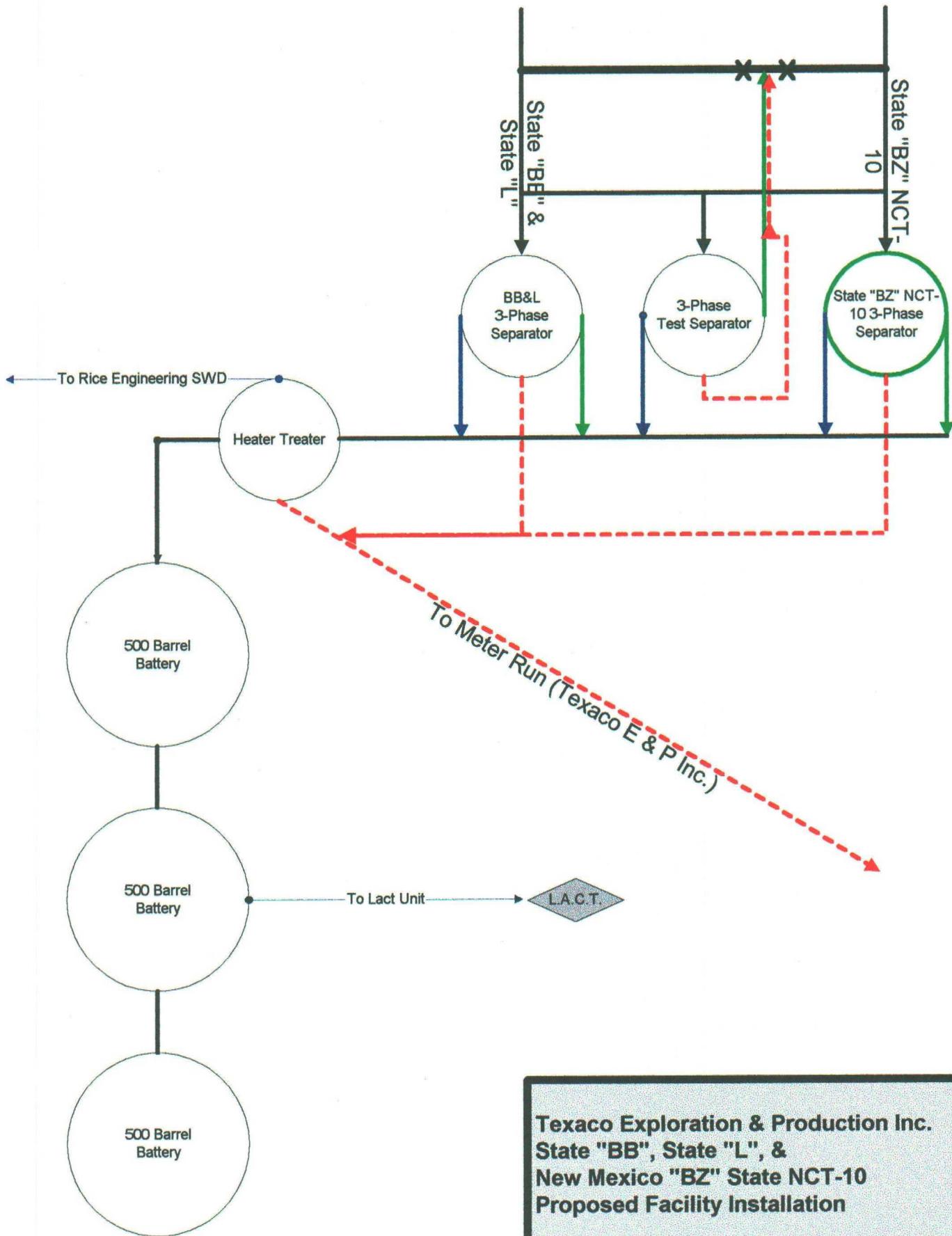
Mr. Larry Kehoe
Director - Oil, Gas & Minerals Division
New Mexico State Land Office
PO Box 1148
Santa Fe, NM 87504-1148

5. Production from the State "BB" and State "L" leases is metered separately from the N. M. "BZ" State NCT-10 lease. Please refer to the attached facility diagram.

Proposed

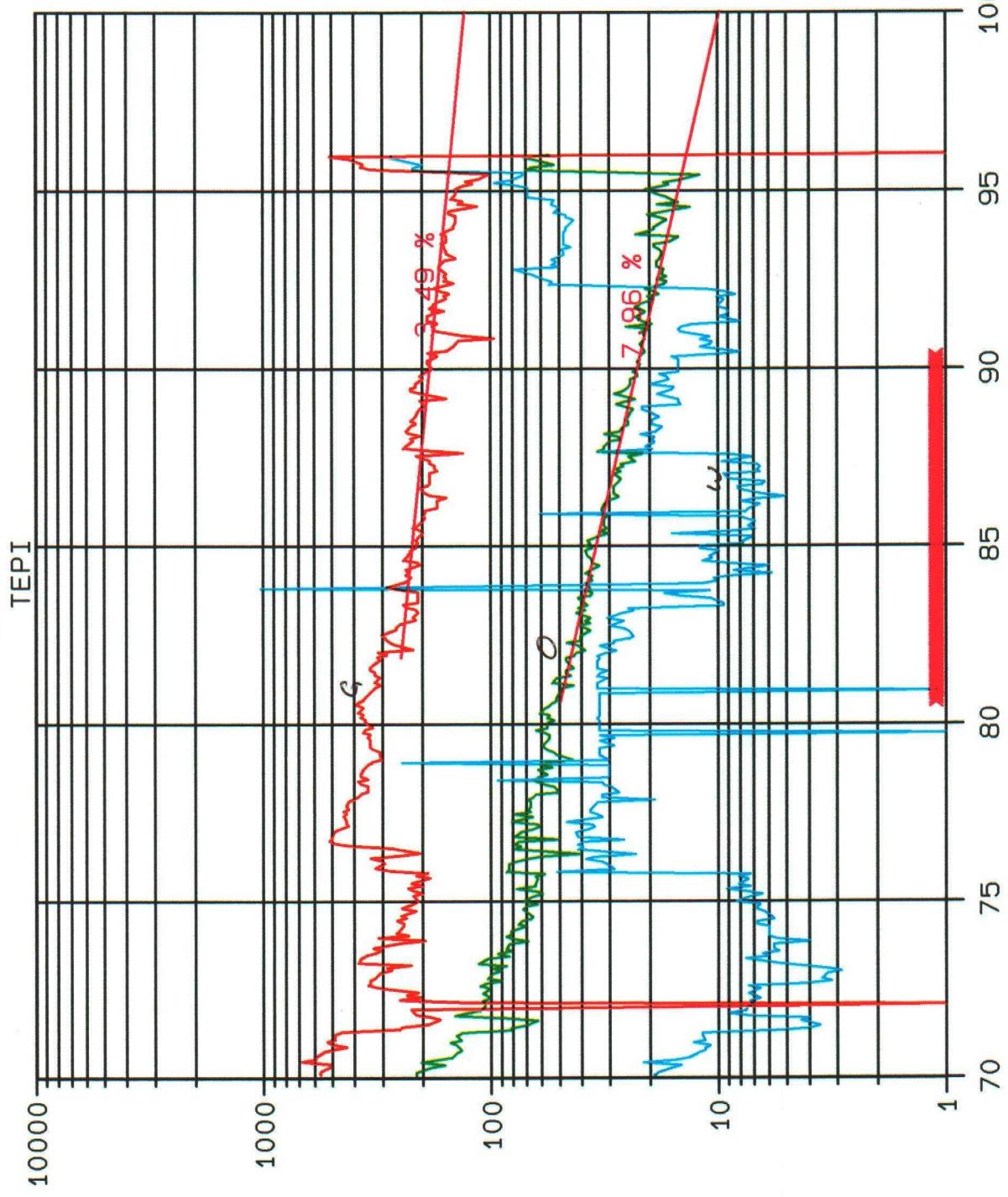


Section 2, Township 25S, Range 37E, Lea County, New Mexico



**Texaco Exploration & Production Inc.
 State "BB", State "L", &
 New Mexico "BZ" State NCT-10
 Proposed Facility Installation**

STATE -L-



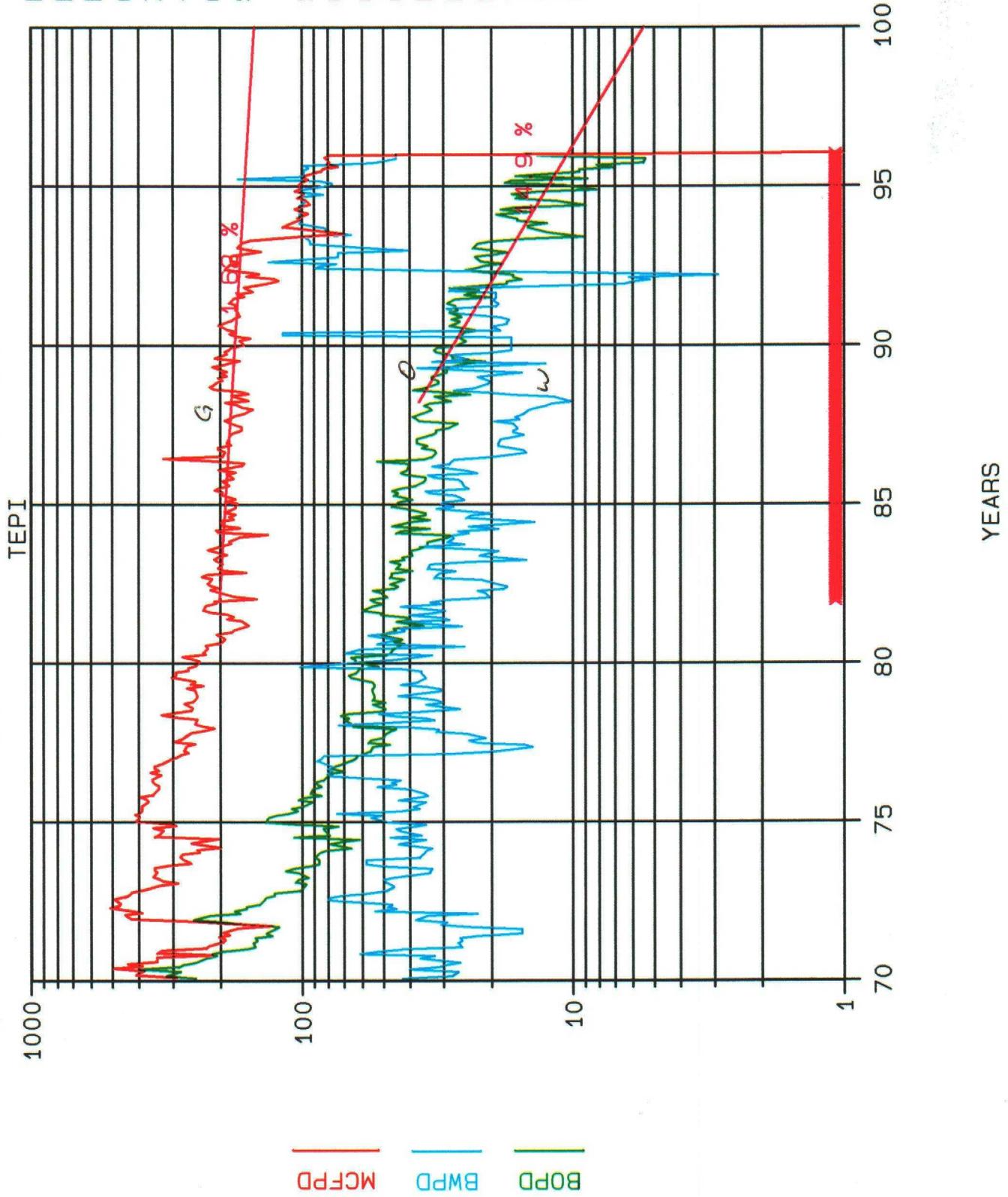
LEASE DATA
 LSE
 FLD 0
 OPER TEPI
 ZONE 0
 --
 COUNTY 0
 STATE 30

STATUS 12-95
 CO 494 MBO
 CG 2467 MMCF
 CW 297 MBW
 BOPD 55
 BWPD 271
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0

BOPD
 BWPD
 MCFPD

YEARS

NEW MEXICO -BZ- STATE NCT-10

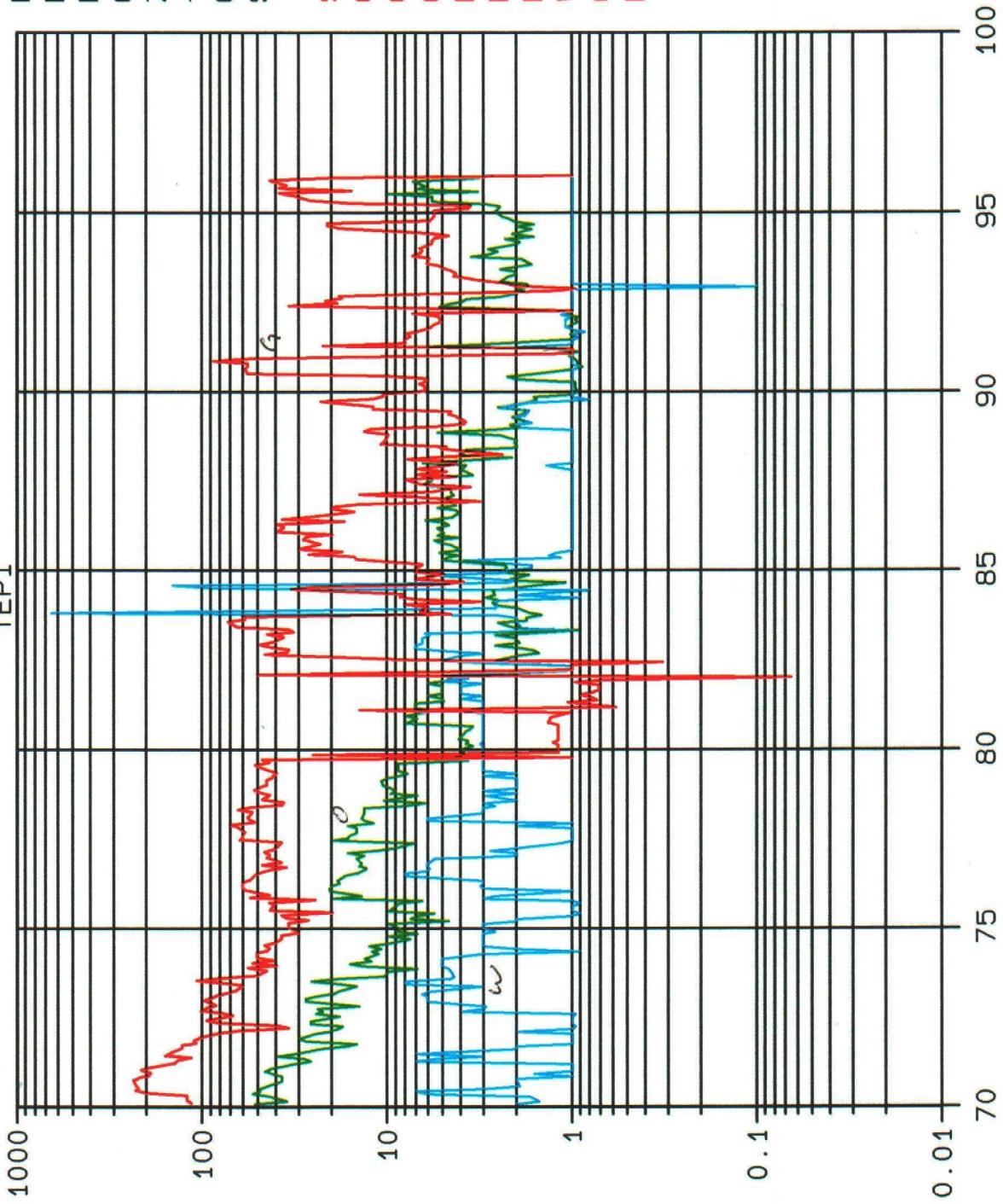


LEASE DATA
 LSE
 FLD 0
 OPER TEPI
 ZONE 0
 --
 COUNTY 0
 STATE 30

STATUS 12-95
 CO 649 MBO
 CG 2249 MMCF
 CW 392 MBW
 BOPD 15
 BWPD 45
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0

STATE -BB-

TEPI



BOPD
BWPD
MCFPD

LEASE DATA
LSE
FLD 0
OPER TEPI
ZONE 0
--
COUNTY 0
STATE 30

STATUS 12-95
CO 83 MBO
CG 348 MMCF
CW 45 MBW
BOPD 3
BWPD 0
MCFPD 0
WELLS 1
CI 0 MBWI
BWIPD 0