AMEND PLC 11/20/96

October 28, 1996

New Mexico Land Department
P.O. Box 1148
Santa Fe, New Mexico 87504

COPY

Attn: Mr. Larry Kehoe
Director, Oil, Gas and Minerals Division

RE: AMENDMENT TO OFF-LEASE STORAGE & SURFACE COMMINGLING REQUEST
Vacuum Abo Reef Consolidated Battery
Vacuum Abo Reef, Vacuum Drinkard pools
Ltr B, Sec. 7, T-18-S, R-35-E (Battery Location)
Lea County, New Mexico

Gentlemen:

Texaco Exploration and Production Inc. requests administrative approval to amend a previously approved request for off-lease storage and surface commingling of production at the above tank battery. This amendment consists of adding one well, Hobbs N State #5, described on the attached commingle pre-application. TEPI received approval from the New Mexico Land Department (11/3/93) and the New Mexico Oil Conservation Division (Amended Commingling Order PLC-103, 11/23/93) for the off-lease storage and surface commingling of the production of wells producing from the Vacuum Abo Reef and Vacuum Drinkard pools into this battery. Copies of these approvals are attached for your information. By this letter, TEPI also requests permission from the NMOCD to amend Amended Commingling Order PLC-103.

In the last amendment request, the effected battery was referred to as the State AN, N. M. AB & R, N. M. AE State Battery. In early 1995, a new consolidated battery was built to handle the production from all of the wells producing into the former battery. This new battery was named the Vacuum Abo Consolidated Battery.

TEPI now proposes to route the production from Hobbs N State #5 to the Vacuum Abo Reef Consolidated Battery. It is the only active well on the Hobbs N State Lease and it produces from the Vacuum Abo Reef pool. Previously, the well produced into its own tank battery. Upon approval of this application, this old battery will be dismantled.

This well is owned and operated by Texaco Exploration and Production Inc and TEPI has 100% of the gross working interest in the well. Like the fourteen wells on the previous requests, it is located on a state lease and has common schools as its state beneficiary.

This well has its own two-phase production separator on the well's location. The total fluid (oil and water) will be sent to the commingled battery and the gas from the well will be sold from the separator to TEPI's Gas Division through a sales meter on the well's location. At the commingled battery, the total fluid from this well will go into its own header. The well's average daily production is 15 BOPD, 22 BWPD, & 10 MCFD.

The total crude sales amounts will remain the same if the production from this well and the fourteen other wells is commingled at this battery. The oil is sold to Texas New Mexico Pipeline Company, with the oil being metered though a LACT Unit into the pipeline. The gas sales at the battery are split between Texaco Exploration and Production Inc.'s Gas Division and GPM Gas Corporation. Water from the battery is pumped to the Vacuum Grayburg San Andres Unit for injection into that waterflood.

Attached is a plat showing the location the fifteen wells and the battery. Also attached is a schematic of the battery where monthly tests will be accurately measured on a per well basis through a three-phase test separator. Each well will continue to be tested several times during the month. Total monthly production will then be allocated to each well based on these well tests.

A $30.00 check for the filing fee is enclosed. If you have any questions concerning this request, please contact me at 397-0418 or 393-7191. 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, Santa Fe
New Mexico Oil Conservation Division, District I Office
Tim Miller, Hobbs Operating Unit Manager, TEPI