

AMEND CTB 11/2/98
PLC-150



Santa Fe Energy Resources, Inc.

Don D. DeCarlo
Division Manager, Production

September 30, 1998

New Mexico Department of Energy, Minerals, and Natural Resources
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Attn : Mr. David Catanach, Examiner

Subject : **Amend Commingling Order CTB-457
Dagger Draw, South (Upper Penn Oil & Gas) Field
Indian Basin (Morrow) Gas Field
Eddy County, New Mexico**

13

Dear Mr. Catanach,

Santa Fe Energy Resources, Inc. respectfully requests administrative approval to amend CTB-457 to add the Roaring Springs "14" Federal #6 (currently being drilled) into Battery I, and commingle gas and water production from the Roaring Springs "13" Federal #4 completed in the Indian Basin (Morrow) Field, into Battery II. **Working interests, royalty interests, and overriding royalty interests are identical in all fields.**

Roaring Springs Battery I (located at 14E-21S-23E)

<u>Fed Lse No</u>	<u>Lease Name</u>	<u>Well</u>	<u>Location</u>	<u>Formation</u>
NM-76919	Roaring Springs "14" Fed Com (N/2)	1	14E-21S-23E	Upper Penn
NM-80628		2	14B-21S-23E	Upper Penn
NM-76919	Roaring Springs "14" Fed (S/2)	4	14K-21S-23E	Upper Penn
* NM-76919	Roaring Springs "14" Fed	6	14L-21S-23E	Upper Penn

*Currently being drilled

Roaring Springs Battery II (located at 14H-21S-23E)

<u>Fed Lse No</u>	<u>Lease Name</u>	<u>Well</u>	<u>Location</u>	<u>Formation</u>
NM-76919	Roaring Springs "14" Fed Com (N/2)	5	14H-21S-23E	Upper Penn
NM-80628				
NM-76919	Roaring Springs "14" Fed (S/2)	3	14P-21S-23E	Upper Penn
NM-76919	Roaring Springs "13" Fed	1	13D-21S-23E	Upper Penn
NM-76919	Roaring Springs "13" Fed	4	13C-21S-23E	Morrow (gas & water only)

Application for Surface Commingling, Off Lease Storage and Measurement, cont.
September 30, 1998

A map (**Exhibit 1**) is enclosed showing the locations and Federal lease numbers of the two leases which will contribute production to the proposed commingling and common storage facilities. The communitized area is clearly illustrated. Currently, there are four producers connected to the **Roaring Springs Battery I** and four producers connected to **Roaring Springs Battery II**. The batteries, wells, and their locations are shown in **Exhibit 1**.

The purpose of off-lease storage and surface commingling is to reduce operating costs for storage, treating, and handling, thereby extending the economic life of each well. Without approval, it would be necessary to build stand-alone facilities at each well.

Schematic diagrams (**Exhibits 2 & 3**) are attached which clearly identify the equipment and concept to be utilized for measurement, off-lease storage, and commingling operations. They are submitted in accordance with NMOCD Rules 303-B, 309-B, and 309-C. Details of the proposed method for allocating production to contributing sources are as follows:

Both the **Roaring Springs Battery I and Battery II** are equipped with a multi-well production header, a test separator with oil/water/gas measurement devices, a two-phase gas-liquid separator, a three-phase production separator, heater-treaters, oil & water storage tanks, a LACT unit, a master orifice gas meter, and a master produced water meter. Compression, dehydration, and vapor recovery facilities are also located on the leases.

In order to allocate total battery production back to each well, the individual wells will be tested at least once monthly. The oil, water, and gas rates from the well tests will be used to determine each well's proportionate share of the total battery production for the month.

All interest owners in affected leases have been notified of the commingling and off-lease storage proposal. Names and addresses for each are shown in **Exhibit 4**. Also included is the application for commingling and off-lease storage to the BLM (**Exhibit 5**). Should you have any questions or need further information, please call me at (915) 686-6709. We appreciate your attention to this matter.

Sincerely,



Terry McCullough
Sr. Production Clerk