

10 3646 290

AMEND ~~PLC~~ PLC

N/R

January 23, 2001

NMOCD  
Attn: David Catanach  
1220 S. St. Francis Dr.  
Santa Fe, New Mexico 87504

PLC-182

FEB

Subject: Request for amendment to **PC-818** to include production from the H.O. Sims 'A' lease.

Dear Mr. Catanach,

Texaco Exploration and Production, Inc. respectfully requests administrative approval with the attached application to amend PC-818 and commingle the H.O. Sims "A" #2 Drinkard production (Sec. 33, T-22-S, R-37-E) into the R.R. Sims "A" tank battery (Sec. 4, T-23-S, R-37-E). Currently, PC-999 allows for commingled production between the Blinebry/Tubb/Drinkard-Abo/Wolfcamp/Devonian/Fusselman/Ellenburger formations on the R.R. Sims "A" lease.

We would like to request that PC-818 be amended and that a PLC permit be issued to include the Drinkard production from the H.O. Sims "A" #2 into this same battery. Because the H.O. Sims "A" #2 is the only existing well on the H.O. Sims "A" lease, it is not economically viable to build and operate a tank battery. By obtaining this commingling order, we will be able to recover additional reserves that would have otherwise not been economically viable.

Texaco Exploration and Production operates both of these leases and has 100% of the gross working interest in each. Royalty owners for both leases have been notified of our intent. The production from H.O. Sims "A" lease will be run through a separator and metered before leaving the lease. Gas production will be sold on location and the liquids will be pumped to the R.R. Sims "A" Battery. The product price will not be reduced from this commingling between two leases, as oil gravity and sulfur content are very similar.

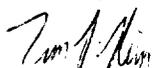
I have attached a plat showing the location of the wells and the battery. Also enclosed is a description of the current R.R. Sims "A" production, oil gravity, and economic value as well as those expected from the Drinkard re-completion.

Currently, the well tests for R.R. Sims "A" lease are as follows:

<u>30-025-30483</u>	R.R. Sims "A" #1	40 oil / 200 H <sub>2</sub> O / 350 mcf	Teague Lower Paddock/Blignebry, N.
<u>30-025-32160</u>	R.R. Sims "A" #3	16 oil / 217 H <sub>2</sub> O / 258 mcf	Teague Fusselman, North
<u>30-025-35051</u>	R.R. Sims "A" #9	20 oil / 0 H <sub>2</sub> O / 0 mcf	Teague Drinkard-Abo, North

Thank you in advance for your attention to this matter. If you have any questions, please contact me at (915) 688-4639.

Sincerely,



Tim Nein  
Production Engineer  
Texaco E&P

**Surface Commingling Project**  
**H.O. Sims "A" & R.R. Sims "A" Lease**  
**Lea County, New Mexico**

<u>Pool</u>	<u>No. of Wells</u>	<u>API Gravity</u>	<u>Avg. Production BOPD</u>	<u>Price \$/bbl</u>
Present Commingled Facility	3	40.0	76	\$ 27.85 * / **
Teague Drinkard-Abo (H.O. Sims Recompletion)	1	40.2	20	\$ 27.85 * / **
Commingled Totals / Averages	4	34.9	96	\$ 27.85 * / **

Estimated daily sales BEFORE commingling additional zones: \$ 2,673.60  
Estimated daily sales AFTER commingling additional zones: \$ 2,673.60

\*\* Prices are equal as a result of all oil falling into the "sweet" crude price range for heavy oil \*\*  
\*\* Dollar Figures / bbls are based on December, 2000 prices \*\*

**Most Recent Tests for Individual Wells are as follows for the month of Dec. 2000:**

R.R. Sims "A" Tank Battery

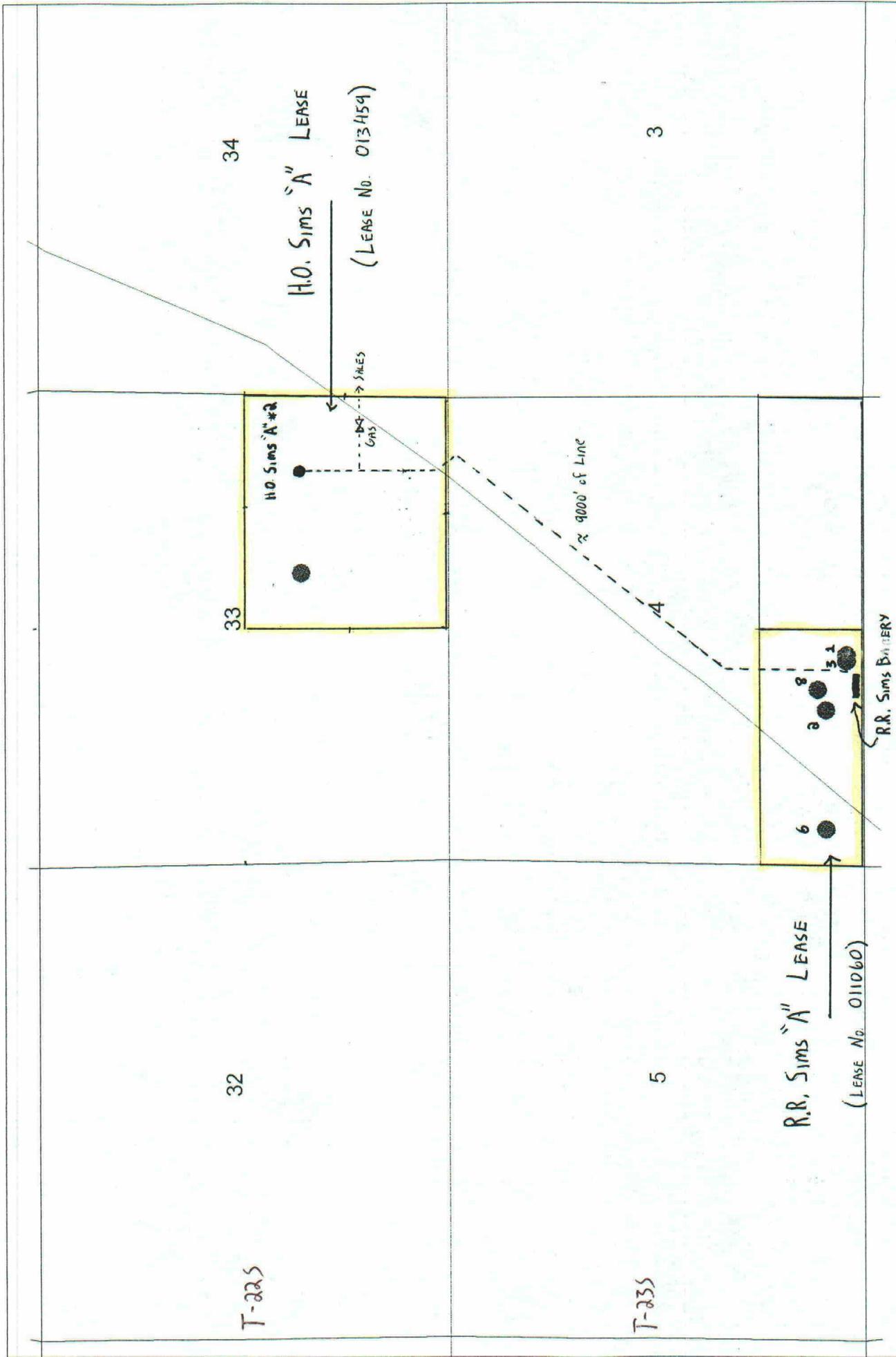
<u>Well</u>	<u>Oil</u>	<u>Water</u>	<u>Gas</u>	<u>Formation</u>
R.R. Sims "A" #1	40	200	350	Blinebry
R.R. Sims "A" #3	16	217	258	Fusselman
R.R. Sims "A" #9	20	21	0	Drinkard/Abo

**Formations and Pool Codes**

<u>Well</u>	<u>Pool Code</u>	<u>Formation</u>
R.R. Sims "A" #1	96314	Teague Lower Paddock Blinebry, N
R.R. Sims "A" #3	58590	Teague Fusselman, North
R.R. Sims "A" #9	96313	Teague Drinkard-Abo, N.
H.O. Sims "A" #2	96313	Teague Drinkard-Abo, N.

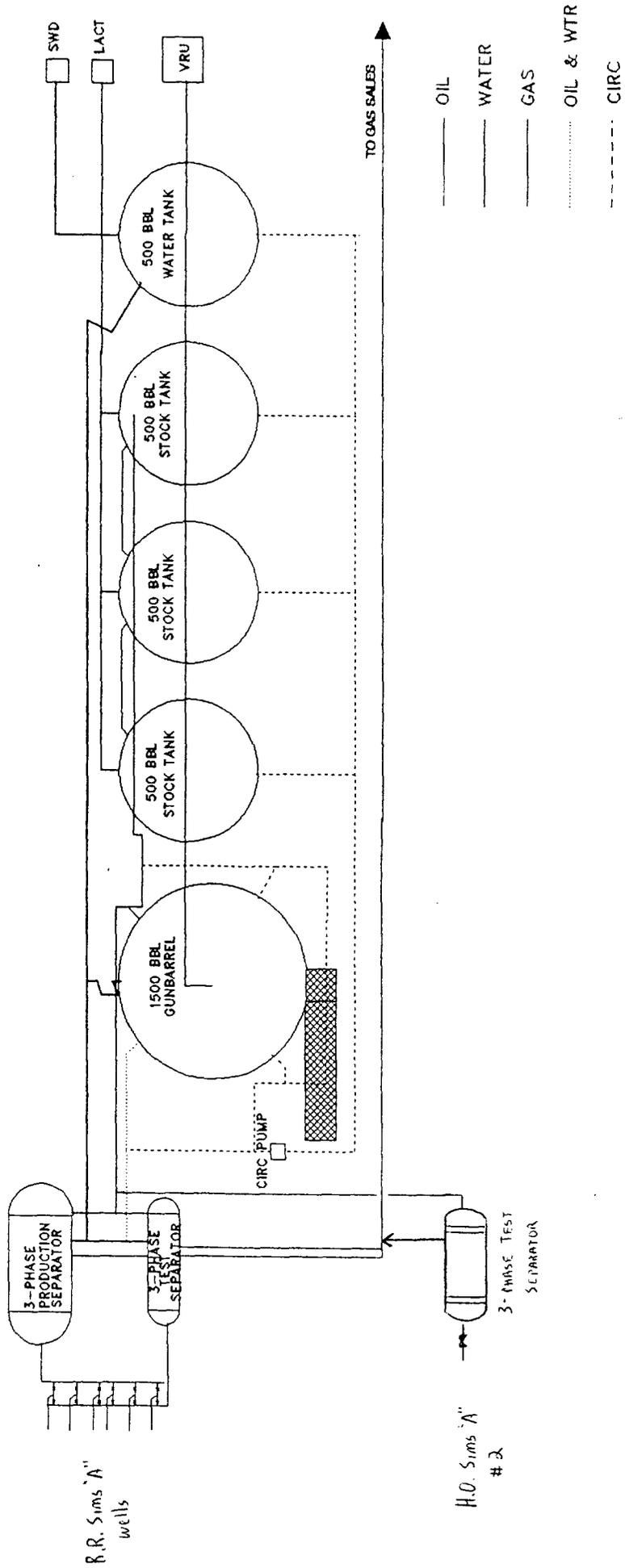
PI/Dwights PLUS on CD Map Report

Date: 1/23/2001  
Time: 4:03 PM



R-37E

**R. R. SIMS 'A' LEASE  
TANK BATTERY  
SEC. 4, T-23S, R-37E  
LEA COUNTY, NEW MEXICO**



H.O. Sims 'A'  
# 2



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

COMMINGLING ORDER PC-818  
3<sup>rd</sup> Amendment

Texaco E & P  
205 E. Bender Blvd.  
Hobbs, New Mexico 88240

Attention: Ms. Denise Wann

LEASE: R.R. Sims "A" Lease  
DESCRIPTION: S/2 SW/4 of Section 4, Township 23 South, Range 37 East, NMPM,  
Lea County, New Mexico.

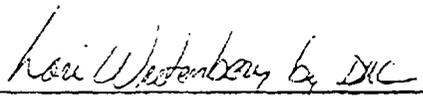
The above-named company is hereby authorized to commingle North Teague-Fusselman (58580), North Teague-Ellenburger (58540), North Teague-Tubb Associated (96315), Northwest Teague-Devonian (58365), North Teague-Lower Paddock Blinebry Associated (96314), North Teague-Drinkard Abo (96313) and **Wildcat Wolfcamp** Pool production in a common tank battery and to determine the production from each pool by separately metering the production from each pool prior to commingling.

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

NOTE: Commingled production shall be stored in the R.R. Sims "A" tank battery facility located in S/2 SW/4, Section 4, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

DONE at Santa Fe, New Mexico, on this 7th day of July, 1999.

  
LORI WROTENBERY,  
Division Director

LW/MWA/kv  
cc: Oil Conservation Division- Hobbs