

103646750

AMEND PC

N/R

January 3, 2001

NMOCD
Attn: David Catanach
2040 S. Pacheco
Santa Fe, New Mexico 87505

- 9

Subject: Request for an amendment to PC-894 on the F.B. Davis Lease to extend surface commingling rights to the Glorieta-Upper Paddock formation.

Dear Mr. Catanach,

Texaco Exploration and Production, Inc. respectfully requests administrative approval with the attached application to amend the NMOCD Commingling Order **PC-894** and to include the production from the Glorieta-Upper Paddock formation on the F.B. Davis Lease. PC-894 allows the commingling of the production from the Teague Lower Paddock-Blinebry, SW., Teague Tubb, N., and the Teague Drinkard-Abo, N. on the F.B. Davis Lease into the F.B. Davis tank battery #2.

Previously, production from the Glorieta formation had been piped to a separate battery and sold at a sour crude price as a result of its higher sulfur content. However, the sulfur content of the commingled battery (F.B. Davis tank battery #2) has risen to 0.70%. The sulfur limit on crude sold into the sweet crude line is 0.45%. With the new crude sales contract, this oil must be piped into the sour crude sales line. As a result, there is no need to operate two separate batteries. We intend to discontinue use of the F.B. Davis sweet tank battery and commingle all production in the existing sour tank battery in order to create synergies and reduce operating costs.

Interest is common between all pools in the intended commingling project. Texaco Exploration and Production operates this lease and has 100% of the gross working interest. The royalty owners have been notified of our intent to commingle. It is estimated that the combined production will be 338 BOPD, 279 BWPD, and 1200 MCFPD. For reasons mentioned, the product price will not be reduced as a result of commingling the two existing batteries.

I have attached a plat showing the location of the wells and battery and a copy of the commingling order, CTB-412. Also enclosed is a description of the current production, oil gravity, and economic value of the oil on this lease. No wells are currently producing at top allowables. Production will be allocated between the different pools by means of well testing.

Thank you,

Tim Mein

Tim Mein
Production Engineer
Texaco E&P

*SW Teague Glorieta Upper Paddock - 58595
N. Teague Lower Paddock Drinkard Assoc. - 96314
N. Teague Tubb Assoc. 96315
N. Teague Drinkard - Abo 96313*

c.c. Hobbs OCD, file

Surface Commingling Project
F.B. Davis Lease
Lea County, New Mexico

<u>Pool</u>	<u>Pool Code</u>	<u>No. of Wells</u>	<u>API Gravity</u>	<u>Avg. Production BOPD</u>	<u>Price \$/bbl</u>
Glorietta-Upper Paddock	58595	2	35.0	144	\$ 33.79
Lower Paddock-Blinebry	96314	3	43.5	92	\$ 33.79
Tubb	96315	3	52.2	100	\$ 33.79
Drinkard-Abo	96313	1	40.0	2	\$ 33.79
Commingled Totals / Averages		8	34.9	338	\$ 33.79

Estimated daily sales BEFORE commingling additional zones: \$ 11,421.02
 Estimated daily sales AFTER commingling additional zones: \$ 11,421.02

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

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

Sour Tank Battery (Battery #1)

<u>Well</u>	<u>Oil</u>	<u>Water</u>	<u>Gas</u>	<u>Formation</u>
F.B. Davis #2	91	85	29	Glorietta
F.B. Davis #4	35	68	4	Glorietta

Sweet Tank Battery (Battery #2)

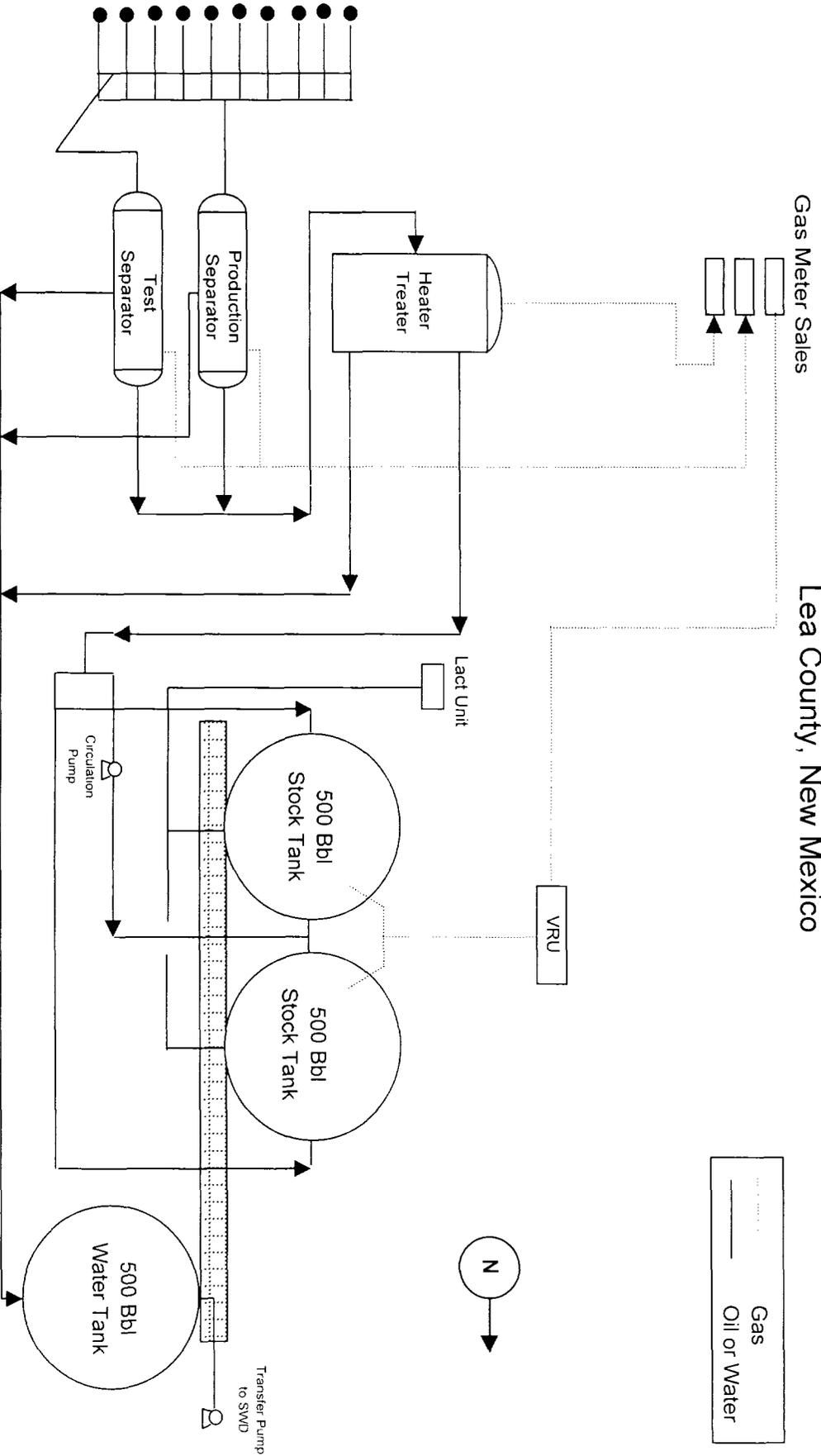
<u>Well</u>	<u>Oil</u>	<u>Water</u>	<u>Gas</u>	<u>Formation</u>
<u>30-025-32226</u> F.B. Davis #1	38	3	650	Blinebry
<u>30-025-32228</u> F.B. Davis #3	9	32	123	Blinebry
<u>30-025-32495</u> F.B. Davis #5	7	9	151	Drinkard-Abo / Tubb
<u>30-025-34105</u> F.B. Davis #6	28	12	212	Blinebry
<u>30-025-34974</u> F.B. Davis #7	33	12	165	Tubb
<u>30-025-35028</u> F.B. Davis #8	63	5	204	Tubb

F.B. Davis Commingled Battery

1/1/00

Sec. 8, T-23S, R-37E

Lea County, New Mexico



January 25, 2001

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

Dear Mr. Catanach,

I apologize for not the incompleteness of my surface commingle applications sent to you earlier this month. It appears as if I left no return address in the letters. Any return mail can be sent to me at the following address:

Texaco E&P
Attn: Tim Nein
P.O. Box 3109
Midland, TX 79702

Also, I welcome any and all additional criticisms you may have of my applications and would be more than happy to supply any information to you, which I have unknowingly omitted. As a new employee fresh into this industry, I have little experience with the regulatory processes, but am eager and willing to supply you with paperwork that will make your job as easy as possible.

Thanks for your time,



Tim Nein
Production Engineer, Texaco E&P
(915) 688-4639