



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

431
COMMINGLING ORDER CTB-428

Texaco Exploration & Production, Inc.
P.O. Box 730
Hobbs, New Mexico 88241-0730

Attention: Mr. Monte C. Duncan

Dear Mr. Duncan:

Reference is made to your request dated June 26, 1996 to commingle Vacuum Grayburg-San Andres Pool production from the Vacuum Grayburg San Andres Unit (VGSAU) Well No. 159, located in Unit A of Section 1, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, with Vacuum-Grayburg San Andres Pool production originating from the VGSAU.

It is our understanding that:

- a) the VGSAU Well No. 159 is a lease-line producing well located between the VGSAU and the Central Vacuum Unit (CVU), both pressure maintenance projects operated by Texaco Exploration & Production Inc.;
- b) pursuant to an agreement between the interest owners within the VGSAU and CVU, the costs and production from the VGSAU Well No. 159 is to be shared equally between the two units;
- c) commingling the production from the VGSAU Well No. 159 within existing VGSAU facilities will allow the applicant to save considerable expense to construct and operate a separate storage facility for this well.

Texaco Exploration & Production Inc. is hereby authorized to commingle Vacuum Grayburg San Andres Pool production from the VGSAU Well No. 159 within its existing VGSAU Production Satellite No. 2, located in Unit F of Section 1, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

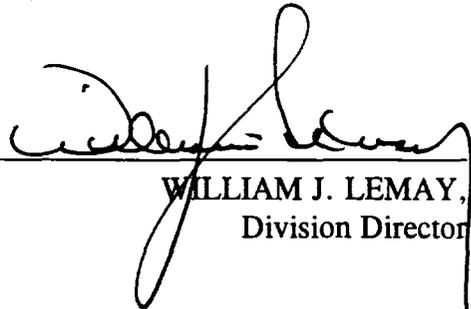
Production from the VGSAU Well No. 159 shall be separately metered prior to commingling. Production shall be allocated equally between the VGSAU and the CVU.

NOTE: 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.

FURTHER: The operator shall notify the District Office prior to implementation of the commingling process.

Division Order CTB-428
Texaco Exploration and Production, Inc.
August 27, 1996

DONE at Santa Fe, New Mexico, on this 27th day of August, 1996.



WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Hobbs
State Land Office---Oil & Gas Division