



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

December 19, 1994

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

Attention: Mr. Scott G. Warhover

Re: Request for Off-Lease Storage
Skelly Unit #161 (formerly Dow "B" 28 Federal #1)
East Cedar Lake Morrow Field
Lea County, New Mexico

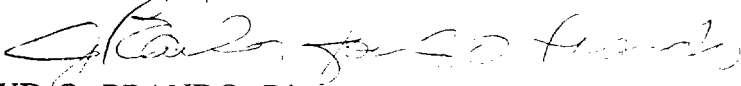
Dear Mr. Warhover:

This office is returning the enclosed "Request for Off-Lease Storage" for the Skelly Unit #161. Since the above-mentioned unit does not contain state land, approval is not necessary from this office.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RP/FOP/pm
Enclos.

cc: Reader File
OCD-David Catanach, Ben Stone



TEXACO
12/12/94 10:52

Date: December 12, 1994

To: New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. William LeMay

RE: REQUEST FOR OFF LEASE STORAGE
Skelly Unit #161 (formerly Dow "B" 28 Federal #1)
East Cedar Lake Morrow Field
T-17S, R-31E, Sec 28 Unit K

Gentlemen:

Texaco Exploration and Production, Inc. respectfully requests approval of off-lease storage for condensate from the Skelly Unit #161 (formerly Dow "B" 28 Federal #1). The Dow "B" 33 Federal #1 & 2 currently produce from the East Cedar Lake Morrow field in Section 33. The Skelly Unit #161 is currently being drilled in Section 28 to a target zone of the East Cedar Lake Morrow. Texaco requests permission to produce the condensate and flash gas from the subject well to the Dow "B" 33 Federal tank battery. Gas from the subject well will be metered and sold on location. Produced water will be stored on location at the subject well.

Attached is a plat showing the location of the two wells and the battery. Also attached are schematics of the proposed facility at Skelly Unit #161 and the Dow "B" 33 Federal battery. Condensate transporter for this production will be Texaco Trading & Transportation, Inc. Condensate will be metered separately and then commingled in the 1500 BBL horizontal pressurized tank. Gas, which will be metered separately for each well at its location, will be sold directly to Conoco without commingling. Flash gas from the condensate, which typically accounts for less than 0.35% of the total gas volume, will be allocated back by produced condensate volumes. Water will be disposed of via hauling by I&W Trucking to the Skelly Unit waterflood. As wells will be producing from the same formation, the commingling of condensate will not affect the value of the condensate.

The facility on the Dow "B" 33 Federal lease is a particularly unique and expensive system designed to minimize all atmospheric emissions while handling significant volumes of condensate. Approval of this request will eliminate the need for separate pressurized oil separating and storage equipment at the Skelly Unit #161. This reduction in equipment and manpower requirements will reduce the effective operating cost of each well and therefore increase the life, reserves and royalties of both wells.

Please contact myself at (505) 397-0419 concerning any questions you may have.

Yours truly,



Scott G. Warhover
Production Engineer

/sgw
file
chrono

Attachments

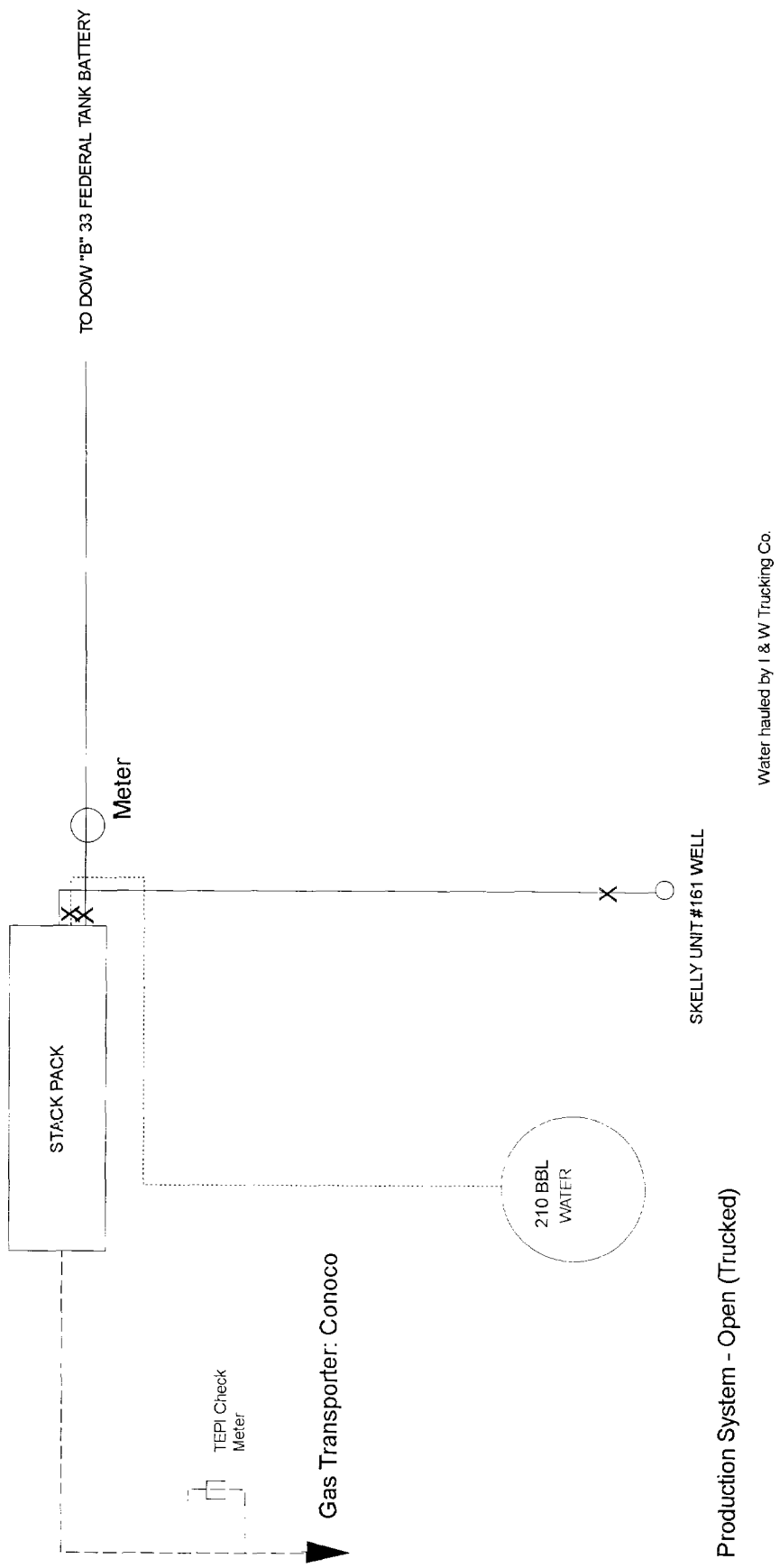
cc: New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240
Attn: Mr. Jerry Sexton

Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88220
Attn: Mr. Shannon Shaw

New Mexico Land Department
P.O. Box 1148
Santa Fe, New Mexico 87504
Attn: Mr. Floyd Prando

*Common Ownership Between Owners
as per Russell Pool.*

*Mrs. Texaco is only interest
owner.*



Production System - Open (Trucked)

LEGEND:

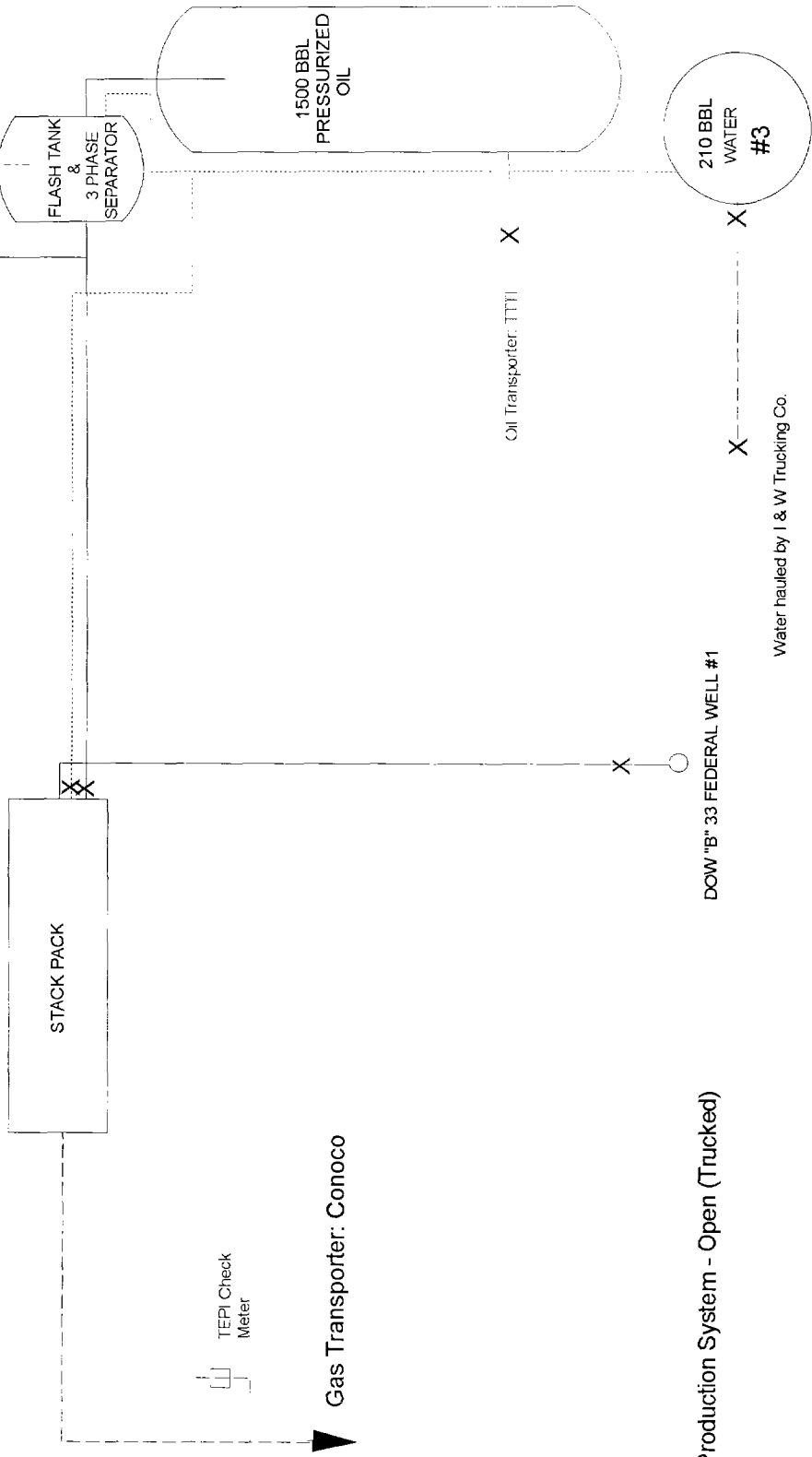
	OIL
	WATER
	GAS

TEXACO EXPLORATION AND PRODUCTION INC.
 SITE SECURITY DIAGRAM
 Skelly Unit #161 Battery
 Ltr. K, Sec. 28, T-17-S, R-31-E
 Lea County, New Mexico
 Lease No. NM-773517

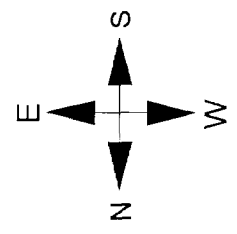
This lease is subject to the site security plan for Southeast N.M. Operations.
 The plan is located at Texaco E & P Inc; 205 East Bender; Hobbs, N.M. 88240

Low Pressure Gas
Transporter: Conoco

CONDENSATE FROM DOW "B" 28
FEDERAL WELL #1 *See p. 161*
CONDENSATE FROM DOW "B" 33
FEDERAL WELL #2



Production System - Open (Trucked)



LEGEND:

- OIL
- WATER
- GAS

TEXACO EXPLORATION AND PRODUCTION INC.
SITE SECURITY DIAGRAM

Dow "B" 33 Federal Battery
Ltr. J. Sec. 33, T-17-S, R-31-E
Lea County, New Mexico
Lease No. LC-029420-B
This lease is subject to the site security plan for Southeast N.M. Operations.
The plan is located at Texaco E & P Inc; 205 East Bender; Hobbs, N.M. 88240

