



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

September 12, 1996

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

Attention: Mr. Monte C. Duncan

Re: Administrative Application-Surface Commingling  
Vacuum Drinkard Consolidated Battery  
Section 1, Township 18 South, Range 34 East,  
Lea County, New Mexico

Dear Mr. Duncan:

I have reviewed your recent application to surface commingle Vacuum-Drinkard, Vacuum-Blinebry, Vacuum-Wolfcamp and Vacuum-Atoka Pool production on your N.M. "Z" State NCT-1, N.M. "O" State NCT-1, N.M. "M" State, N.M. "L" State, N.M. "R" State NCT-3, N.M. "R" State NCT-1 and N.M. "AB" State Leases in Lea County, New Mexico.

Please be advised that I have set the application to hearing before a Division examiner. This action was taken for the following reasons:

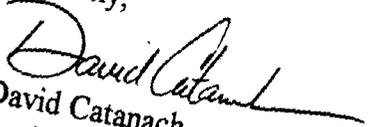
a) the Division views surface commingling as a method whereby marginal or non-economic wells which may otherwise not justify construction of their own production facility may be produced into an existing facility;

b) this application is fairly complex involving:

- Eight separate state leases
- Four separate pools
- Twenty-four wells
- One satellite facility and one main facility
- Different state royalty beneficiaries
- Possible top allowable or near top allowable wells
- Several downhole commingled wells
- Wells yet to be drilled

The application will be placed on the Docket for October 17, 1996. If you should have any questions, please contact me at (505) 827-8184.

xc: William J. LeMay  
William F. Carr  
File-CTB-374

Sincerely,  
  
David Catanach  
Engineer



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*COMMINGLING ORDER PLC-128*

Texaco Exploration and Production Inc.  
P.O. Box 730  
Hobbs, New Mexico 88241

Attention: Mr. Monte C. Duncan

The above-named company is hereby authorized to commingle Vacuum-Atoka, Vacuum-Blinebry, Vacuum-Drinkard and Vacuum-Wolfcamp Pool production from the following leases:

LEASE NAME: New Mexico "M" State (Well Nos. 7, 9, 10)  
DESCRIPTION: E/2 NW/4;

LEASE NAME: New Mexico "R" State NCT-3 (Well Nos. 24, 25, 26, 27 and 29)  
DESCRIPTION: SE/4, N/2 SW/4;

LEASE NAME: New Mexico "L" State (12, 13, 14, 15 and 18)  
DESCRIPTION: NE/4;

All in Section 1, Township 18 South, Range 34 East, NMPM;

LEASE NAME: New Mexico "R" State NCT-1 (Well Nos. 13, 14, 15 and 18)  
DESCRIPTION: NE/4;

LEASE NAME: New Mexico "AB" State (Well No. 10)  
DESCRIPTION: NW/4 SE/4;

All in Section 6, Township 18 South, Range 35 East, NMPM;

LEASE NAME: New Mexico "O" State NCT-1 (Well Nos. 34, 35, 36 and 37)  
DESCRIPTION: E/2 SE/4, SW/4 SE/4, and SE/4 SW/4;

All in Section 36, Township 17 South, Range 34 East, NMPM;

LEASE NAME: New Mexico "Z" State NCT-1 (Well No. 1)  
DESCRIPTION: N/2 NW/4;

All in Section 2, Township 18 South, Range 34 East, NMPM;

all in Lea County, New Mexico

Production shall be allocated as follows:

Production from the New Mexico "Z" State Well No. 1 shall be separated and metered through a three phase separator and test meter on location and the oil transferred to the Drinkard Satellite 1 for commingling. Gas production from this well shall be sold at the wellsite through its own sales meter.

Production from the New Mexico "M" State Well No. 9, the New Mexico "O" State NCT-1 Well Nos. 34, 35, 36 and 37, and oil production from the New Mexico "Z" State Well No. 1 shall be initially transferred to the Drinkard Satellite 1 which is equipped with a three phase production separator and a three phase test separator. Production shall be allocated to each well producing into this facility by well tests which are conducted several times during the month. Oil will then be transferred to the Vacuum Drinkard Consolidated Tank Battery (VDCTB) for storage and sale. Gas will be sold through a gas sales meter located at the Drinkard Satellite 1 facility.

Production from the New Mexico "R" State NCT-3 Well Nos. 24, 25, 26, 27 and 29 shall be separately metered prior to being commingled at the VDCTB.

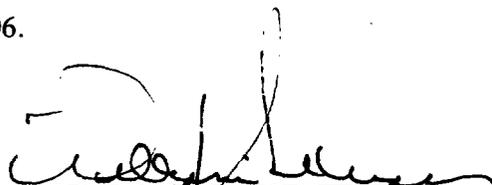
Production from the remainder of the wells, being the New Mexico "M" State Well Nos. 7 and 10, the New Mexico "L" State Well Nos. 12, 13, 14, 15 and 18, the New Mexico "R" State NCT-1 Well Nos. 13, 14, 15 and 18, and the New Mexico "AB" State Well No. 10 shall be allocated on the basis of well tests.

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

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B 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.

The New Mexico "O" State NCT-1 Well Nos. 34, 35, 36 and 37 and the New Mexico "R" State NCT-1 Well No. 18 are currently downhole commingled in the Vacuum-Blinbry and Vacuum-Drinkard Pools. This Order supersedes Division Order No. CTB-374.

Done at Santa Fe, New Mexico, on this 24 day of October, 1996.



WILLIAM J. LEMAY,  
Division Director

cc: Oil Conservation Division - Hobbs  
NM State Land Office - Oil & Gas Division  
File-CTB-374