

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



1049

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

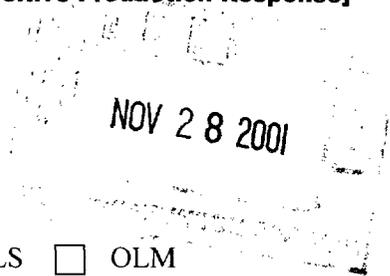
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_



[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners  
 [B]  Offset Operators, Leaseholders or Surface Owner  
 [C]  Application is One Which Requires Published Legal Notice  
 [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jason Wacker  
 Print or Type Name

Jason Wacker  
 Signature

Petroleum Engineer  
 Title

11/27/2001  
 Date

WackerJ@Teraes.com  
 e-mail Address

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL API NO.	30-015-31853
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil / Gas Lease No.	
7. Lease Name or Unit Agreement Name	NEW MEXICO "DF" STATE COM
8. Well No.	4
9. Pool Name or Wildcat	INDIAN BASIN, MORROW

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMI (FORM C-101) FOR SUCH PROPOSALS.

1. Type of Well:	OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>
2. Name of Operator	TEXACO EXPLORATION & PRODUCTION INC.
3. Address of Operator	PO BOX 3109, MIDLAND, TX 79702
4. Well Location	Unit Letter J : 2310' Feet From The SOUTH Line and 1650' Feet From The EAST Line Section 32 Township 21-S Range 23-E NMPM EDDY COUNTY
10. Elevation (Show whether DF, RKB, RT,GR, etc.)	4073'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPERATION <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	REQUEST FOR SURFACE COMMINGLING <input checked="" type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

REQUEST FOR SURFACE COMMINGLING HAS BEEN SENT TO THE NMOCD IN SANTA FE, NM.

SEE ATTACHED LETTER.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *J. Denise Leake* TITLE Engineering Assistant DATE 11/27/01

TYPE OR PRINT NAME J. Denise Leake Telephone No. 915-688-4752

(This space for State Use)

APPROVED \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY: \_\_\_\_\_



Texaco Exploration  
and Production Inc

500 North Loop West  
Midland TX 79701

P.O. Box 3103  
Midland TX 79702

NMOCD  
1220 South St. Francis Drive  
Santa Fe, NM 87505

November 26, 2001

Attention: Oil & Gas Regulatory Department

Re: Application to Pool (Surface) Commingle Gas, Condensate, & Water Production

ChevronTexaco is requesting NMOCD approval to pool (surface) commingle sweet Morrow production from the New Mexico DF State #4 with sour Upper Penn production from the NM DF State #1 & #3. Gas, condensate, and water produced from any horizon on this lease is dedicated to Marathon Oil Co. as per the life of lease gas processing agreement that established the Indian Basin Gas Plant in 1966.

ChevronTexaco, formerly Texaco Exploration and Production, Inc., respectfully requests approval to pool (surface) commingle

New Mexico DF State #1 (1650' FSL & 1650' FEL, J-32-21S-23E),  
New Mexico DF State #3 (2000' FNL & 1650' FEL, G-32-21S-23E), and  
New Mexico DF State #4 (2310' FSL & 1650' FEL, J-32-21S-23E),

and any other new drill wells in Section 32 of Township 21 South and Range 23 East into the New Mexico DF State Central Point Delivery (J-19-23S-30E). New Mexico DF State Com #1 and New Mexico DF State Com #3 produce from the Indian Basin Upper Penn pool, #79040, while the New Mexico DF State #4 produces from the Indian Basin Morrow pool, #78960. The API gravity of sour condensate from New Mexico DF State #1 & #3 is 50.1 @ 60 degrees and the API gravity of the sweet condensate from New Mexico DF State #4 is 48.9 @ 60 degrees. Gas production from the New Mexico DF State #1 & #3 is sour with a specific gravity of 0.64, while gas production from the New Mexico DF State #4 is sweet with a specific gravity of 0.59. Texaco is the operator and 75% gross working interest owner in the two wells. Encore Operating, L.P. owns the remaining 25% gross working interest.

Current daily well tests are:

30-015-10723  
29284  
31853

	Gas, Mcf	Condensate, bbl	Water, bbl
New Mexico DF State #1	2,473	2	1
New Mexico DF State #3	184	0	37
New Mexico DF State #4	1,966	6	4
New Mexico DF CPD - Mixture	4,623	8	42

*1-3 - Indian Basin Upper Penn Pool*

Dry gas Btu content and average 2000 values are:

	Gas, Mcf	MBtu/ft <sup>3</sup>	Value, \$/MMbtu
Indian Basin Upper Penn Pool	2,657	1,101	2.80
Indian Basin Morrow Pool	1,966	1,043	2.80
New Mexico DF CPD - Mixture	4,623	1,076	2.80

Condensate API gravity and average 2000 values are:

	Condensate, bbl	API Gravity	Value, \$/bbl
Indian Basin Upper Penn Pool	2	50.1	28.79
Indian Basin Morrow Pool	6	48.9	28.79
New Mexico DF CPD - Mixture	8	49.2	28.79

Gas, condensate, and water production from New Mexico DF State #4, and the other wells in Section 32, will be separately and accurately measured prior to commingling in accordance with applicable provisions of the NMOCD's "Manual for the Installation and Operation of Commingling Facilities". Produced gas, condensate, and water will be sold by pipeline to Marathon Oil Co. as written in the Indian Basin Gas Plant gas processing agreement. Commingling will not reduce the actual commercial value of gas or condensate sold from each pool.

If you have any questions or concerns, please feel free to contact me at 915-688-4862.

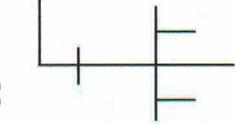
Sincerely,



Jason Wacker  
ChevronTexaco

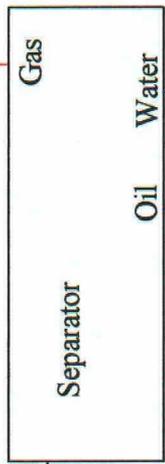
Cc: Encore Operating, L.P.

New Mexico DF State #3  
Indian Basin Upper Penn



Wellhead

Flowline



Separator

Gas  
Oil  
Water

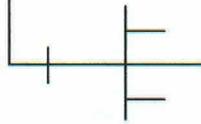
M  
M  
M



Gas to Marathon Plant  
Liquids to Marathon Plant

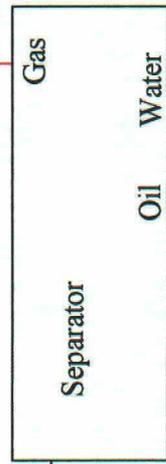


New Mexico DF State #4  
Indian Basin Morrow



Wellhead

Flowline



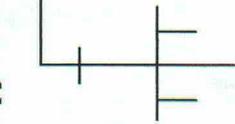
Separator

Gas  
Oil  
Water

M  
M  
M

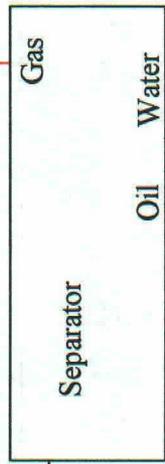


New Mexico DF State #1  
Indian Basin Upper Penn



Wellhead

Flowline



Separator

Gas  
Oil  
Water

M  
M  
M



M = Meter



**OIL CONSERVATION DIVISION**

Submit to Appropriate District Office

PO Box 2088  
Santa Fe, NM 87504-2088

State Lease-4 copies  
Fee Lease-3 copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name Indian Basin Cisco	
<sup>4</sup> Property Code		<sup>5</sup> Property Name New Mexico "DF" State Com			<sup>6</sup> Well Number 4
<sup>7</sup> OGRID No. 22351		<sup>8</sup> Operator Name TEXACO EXPLORATION & PRODUCTION, INC.			<sup>9</sup> Elevation 4073'

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Id <sup>n</sup>	Feet from the	North/South line	Feet from the	East/West line	<sup>7</sup> County
J	32	21-S	23-E		2310'	South	1650'	East	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Id <sup>n</sup>	Feet from the	North/South line	Feet from the	East/West line	<sup>7</sup> County

<sup>12</sup> Dedicated Acres 640	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION.

**<sup>16</sup> OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *A. Phil Ryan*

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: June 14, 2001

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**<sup>16</sup> SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: June 12, 2001

Signature & Seal of Professional Surveyor: *John S. Piper*

Certificate No.: 7254 John S. Piper

Sheet 1 of 1

○ = Staked Location ● = Producing Well ↗ = Injection Well ⊕ = Water Supply Well ⊛ = Plugged & Abandon Well  
 ⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

Encore Operating, L.P.  
Attn: Mr. Bill Pardue  
777 Main St.  
Fort Worth, Texas 76102

November 26, 2001

State of New Mexico Leases OG-5108 & E-10170  
Eddy County, New Mexico  
Request for Approval of Pool (Surface) Commingling

Gentlemen,

Texaco is requesting NMOCD approval to pool (surface) commingle sweet Morrow production from the NM DF State #4 with sour Cisco production from the NM DF State #1 & #3. Gas, condensate, and water produced from any horizon on these leases is dedicated to Marathon Oil Co. as per the life of lease gas processing agreement that established the Indian Basin Gas Plant in 1966.

Texaco gives notice of intent to pool (surface) commingle

NM DF State #1 (1650' FSL & 1650' FEL, J-32-21S-23E),  
NM DF State #3 (2000' FNL & 1650' FEL, G-32-21S-23E), and  
NM DF State #4 (2310' FSL & 1650' FEL, J-32-21S-23E),

and any other new drill wells in Section 32 into the NM DF State Central Point Delivery (J-19-23S-30E). The API gravity of the sour condensate from NM DF State #1 & #3 is 50.1 @ 60 degrees and the API gravity of the sweet condensate from NM DF State #4 is 48.9 @ 60 degrees. Gas production from the NM DF State #1 & #3 is sour with a specific gravity of 0.63, while gas production from the NM DF State #4 is sweet with a specific gravity of 0.59. Texaco is the operator and 75% gross working interest owner in the two wells. Encore Operating, L.P. owns the remaining 25% gross working interest.

Gas, condensate, and water production from NM DF State #4, and the other wells in Section 32, will be separately and accurately measured prior to commingling in accordance with applicable provisions of the NMOCD's "Manual for the Installation and Operation of Commingling Facilities". Produced gas, condensate, and water will be sold by pipeline to Marathon Oil Co. as written in the Indian Basin Gas Plant gas processing agreement. Commingling will not reduce the actual commercial value of gas and condensate sold from each pool.

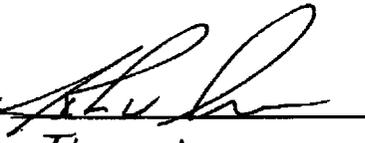
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New Mexico DF State #3	184	0	37
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New Mexico DF CPD - Mixture	4,623	8	42

If you have any questions or concerns regarding this matter, please feel free to contact me at 915-688-4862. Thank you.

Jason Wacker  
Production Engineer

Encore Representative's Approval of Surface Commingling:

  
John W. Arms

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766



PC-1049  
COMMERCIAL RESOURCES  
Phone (505) 827-5724  
Fax (505) 827-6157

ADMINISTRATION  
Phone (505) 827-5700  
Fax (505) 827-5853

MINERAL RESOURCES  
Phone (505) 827-5744  
Fax (505) 827-4739

GENERAL COUNSEL  
Phone (505) 827-5713  
Fax (505) 827-4262

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

PUBLIC AFFAIRS  
Phone (505) 827-1245  
Fax (505) 827-5766

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

December 12, 2001

Texaco Exploration & Production Inc.  
P. O. Box 3109  
Midland, Texas 79702

Attention: Mr. Jason Wacker

Re Surface Commingling Application  
State Lease No. OG-5108-1  
New Mexico 'DF' State #1 NW/4SE4, Sec. 32-21S-23E  
New Mexico 'DF' State #3 SW/4NE/4, Sec. 32-21S-23E  
New Mexico 'DF' State #4 NW/4SE4, Sec. 32-21S-23E  
Eddy County, New Mexico

Dear Mr. Wacker:

We are in receipt of your application of November 26, 2001. Your application requests our approval to surface commingle the Morrow production from the New Mexico DF State #4 with Upper Penn production from the NM DF State #1 & #3. You also requested approval to surface commingle any other new drill wells in Section 32, Township 21 South, Range 23 East at the New Mexico DF State Central Delivery Point.

It is our understanding the production from the New Mexico DF State #4, and the other wells in Section 32, will be separately and accurately measured prior to commingling.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 filing fee has been received. 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: *Anthony H. Neal*  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744  
RP/JB/pm

pc: Reader File,  
OCD-Attention: David Catanach,



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**BETTY RIVERA**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

*COMMINGLING ORDER PLC-221*

ChevronTexaco Exploration & Production Company  
15 Smith Road  
Midland, Texas 79705

Attention: Ms. Carolyn J. Haynie

The above-named company is hereby authorized to commingle production from the Indian Basin-Upper Pennsylvanian (Prorated Gas – 79040) and Southeast Loafer Draw-Morrow (Gas – 97181) Pools from the following wells/leases:

Lease: New Mexico "DF" State Lease  
Description: All of Section 32, Township 21 South, Range 23 East, NMPM;

Wells: New Mexico "DF" State Com Well No. 1 (API No. 30-015-10723)  
Unit J, Indian Basin-Upper Penn Gas Pool

New Mexico "DF" State Com Well No. 3 (API No. 30-015-29284)  
Unit G, Indian Basin-Upper Penn Gas Pool

New Mexico "DF" State Com Well No. 4 (API No. 30-015-31853)  
Unit J, Southeast Loafer Draw-Morrow Gas Pool

Lease: Federal "33" Gas Com Lease  
Description: All of Section 33, Township 21 South, Range 23 East, NMPM;

Federal "33" Com Well No. 1 (API No. 30-015-10580)  
Unit J, Indian Basin-Upper Penn Gas Pool

Federal "33" Com Well No. 2 (API No. 30-015-28953)  
Unit G, Indian Basin-Upper Penn Gas Pool

Federal "33" Com Well No. 3 (API No. 30-015-32180)  
Unit G, Indian Basin-Upper Penn/Southeast Loafer Draw-Morrow Gas Pools

Both in Eddy County, New Mexico

Due to the diverse ownership between these two leases, the production from each well shall be separately metered prior to commingling.

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.

FURTHER: The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.

REMARKS: This order supersedes Division Order No. PC-1049.

Done, at Santa Fe, New Mexico on this 19<sup>th</sup> day of December, 2002.

  
LORI WROTENBERY,  
Division Director

LW/DRC

cc: Oil Conservation Division – Artesia  
Bureau of Land Management-Carlsbad  
State Land Office-Oil & Gas Division  
File-PC-1049 ✓