



Chevron U.S.A. Inc. DIVISION
P.O. Box 670, Hobbs, NM 88240

1990 FEB 26 AM 9 53

R. C. Anderson
Division Manager
Production Department
Hobbs Division

February 16, 1990

**SURFACE COMMINGLE APPLICATION
HIGGINS LEASE
WELL NO. 1 - BLINEBRY O&G POOL
WELL NO. 2 - PADDOCK, SOUTH POOL
SEC. 29, T-22-S, R-38-E, NMPM
LEA COUNTY, NEW MEXICO**

State of New Mexico
Energy and Minerals Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay, Director

Gentlemen:

To avoid the considerable expense of maintaining two separate tank batteries on the subject lease, Chevron respectfully requests an exception to Rule 303A. This would allow us to consolidate the two existing batteries into one and surface commingle production from the Higgins No. 1 well in the Blinebry Oil & Gas Pool with production from the Higgins No. 2 well in the Paddock, South Oil Pool.

The Higgins No. 2 well is currently the only active well on the lease producing from the Paddock, South Oil Pool into Tank Battery No. 2. The Higgins No. 1 well, producing from the Blinebry Oil and Gas Pool into Tank Battery No. 1, became uneconomical to produce in July, 1989 because of the high maintenance costs associated with operating that battery.

Extensive repairs are currently required on both batteries to maintain operation. Although the current level of production from the Paddock, South Oil Pool justifies the associated repair costs for Tank Battery No. 2, Blinebry Oil and Gas production from the Higgins No. 2 well was marginal and could not support the repair costs of its respective battery. From the attached tabulation it can be seen that a net gain in revenue will occur as a result of surface commingling. This is primarily due to the restoration of production from the Blinebry Oil and Gas Pool. This net gain will more than offset the cost of consolidating two batteries into one which is a savings of over \$23,000 to repair each individual battery to maintain current operations.

In completion of a single battery for the subject lease, it should be noted that provisions will be incorporated to allow for individual well testing and proper allocation of production to each pool. Also, the royalty interests within each pool underlying this lease are identical and the purchaser will accept the commingled production. Attached is a tabulation showing individual pool gravities, production and revenues along with the expected commingled values. Also attached are battery schematics, a brief production history of each well, and a lease plat.

Therefore, to prevent waste by restoration of production and avoid premature abandonment of the lease, Chevron respectfully requests that the NMOCD grant approval of this application for exception to Rule 303A and allow Chevron to commingle production from the Blinbry Oil and Gas Pool and Paddock, South Oil Pool on the Higgins Lease.

Yours very truly,


R. C. Anderson

AWB/awb

cc: NMOCD - Hobbs, NM

SURFACE COMMINGLE APPLICATION
HIGGINS LEASE
SEC. 29, T-22-S, R-38-E
LEA COUNTY, NEW MEXICO

PRODUCTION VALUES

WELL	POOL	OIL			GRAVITY (° API)	PRICE (\$/BBL)	VALUE (\$/DAY)
		TANK BATT.	PROD. (BOPD)				
Higgins #1	Blinebry Oil & Gas	1	*0	37.2	19.50	0.00	
Higgins #2	Paddock, South	2	14	34.8	21.50	301.00	

Total			14			301.00	

COMMINGLED			*17	**35.2	19.50	331.50	

Difference						+30.50	

* Production ceased in 7/89 @ approximately 3 BOPD. It will be restored upon battery consolidation and surface comingle approval.

$$\begin{aligned}
 \text{** Commingled Gravity (° API)} &= \frac{(3 \times 37.2) + (14 \times 34.8)}{17} = 35.2
 \end{aligned}$$

0.00

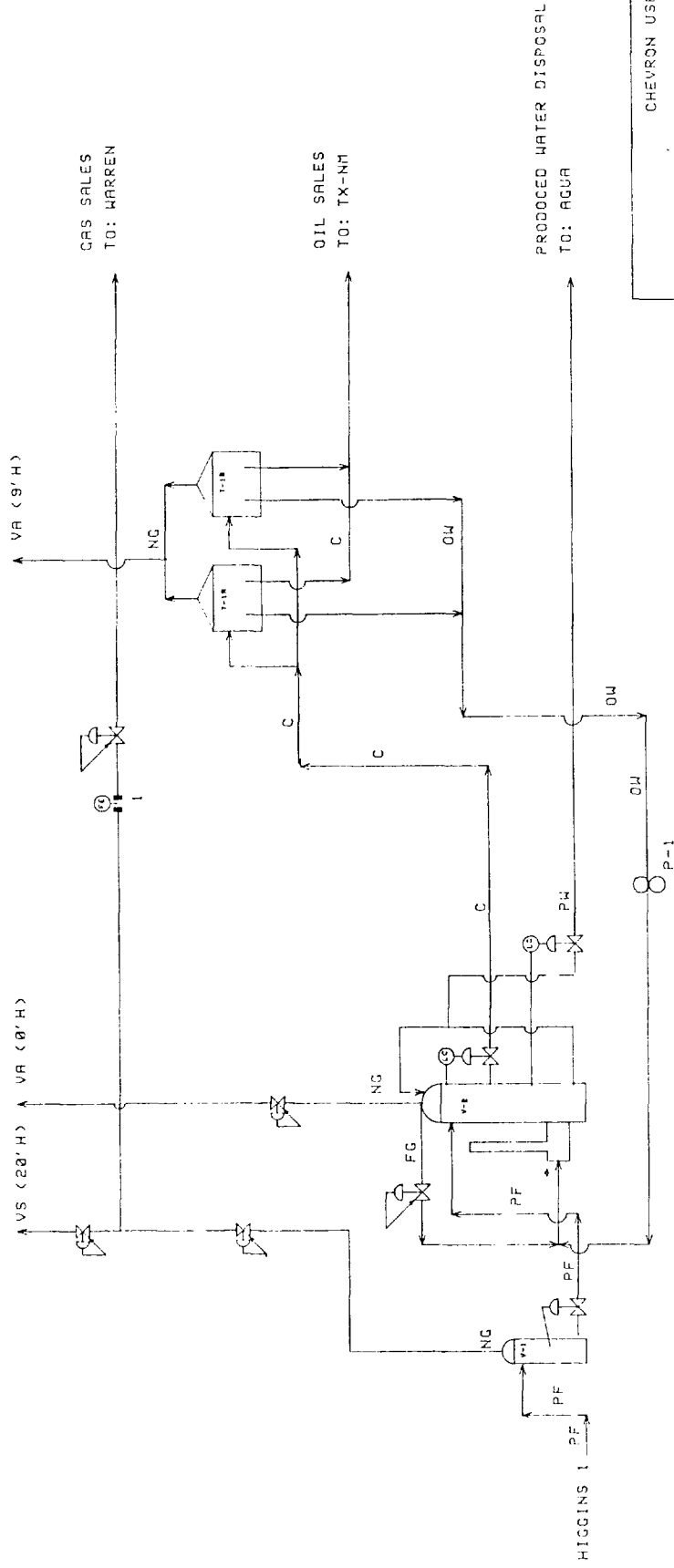
V-1
BULK SEPARATOR
3' D x 18' H

V-2
HEATER TREATER
4' D x 20' H
400,000 BTU/HR

T-1A, B
STOCK TANK
15' 6" D x 8' H, 2688BL

P-1
RECIRCULATING PUMP
ELECTRIC DRIVEN, SHP

FE-1
GAS SALES METER
ORIFICE FLANGE
NO: ~~000000~~ 000105



WELL NAME NO. STATUS OIL SALES GAS SALES
HIGGINS 1 P-EM TX-NM WARREN

CHEVRON USA INC
SOUTHERN REGION-EXPLORATION, LAND & PRODUCT
HOBBS DIVISION

HIGGINS TANK BATTERY NO.1

SEC: 29 TT: 22S RR: 38E LEA, COUNTY N.M.

FACILITY PROCESS FLOW DIAGRAM

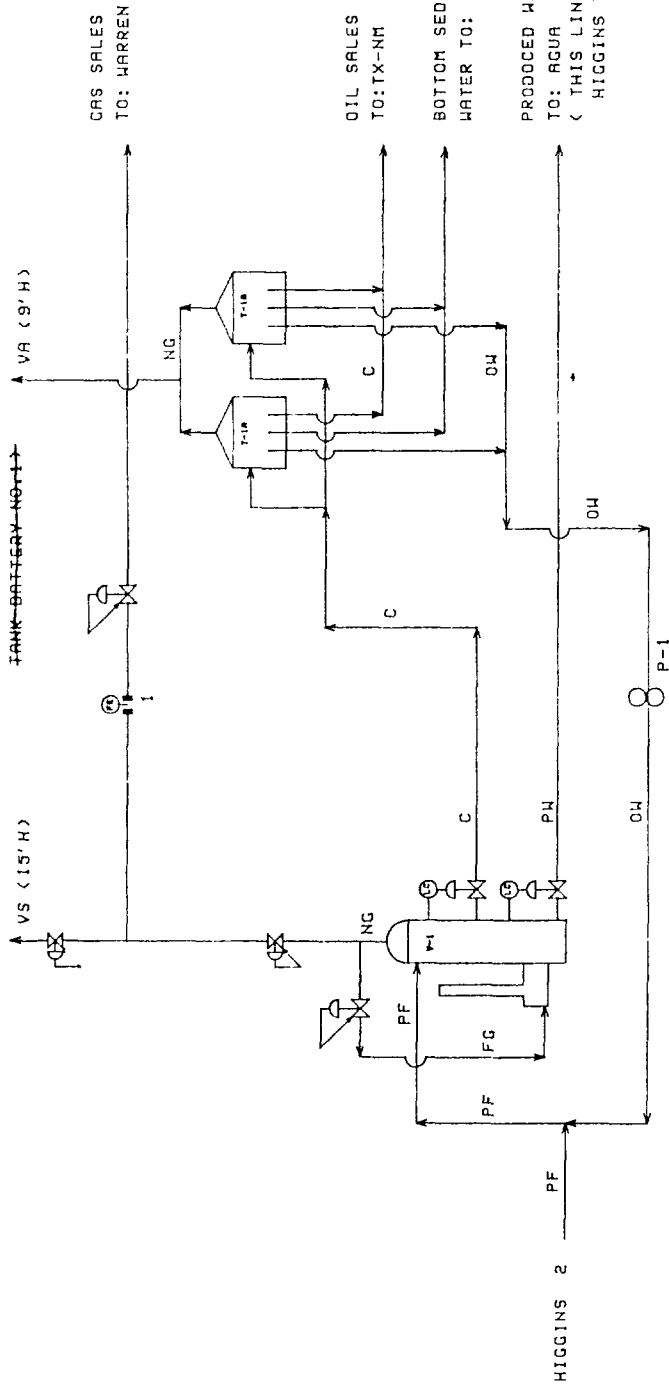
830142

V-1
HEATER TREATER
4' 0" x 20' H
400,000 BTU/HR

T-1A, B
STOCK TANKS
15' 6" D x 8' H, 2688BL

P-1
RECIRCULATING PUMP
ELECTRIC DRIVEN, 3HP

FE-1
GAS SALES METER
ORIFICE FLANGE
NO: 000239
← SAME SALES METER
USED ON HIGGINS
TANK BATTERY NO. 1 →



HIGGINS 2

PRODUCED WATER DISPOSAL
TO: AGUA
(THIS LINE IS SHARED WITH
HIGGINS TANK BATTERY NO. 1)

CHEVRON USA INC
SOUTHERN REGION-EXPLORATION, LAND & PRODUCT
HOBBS DIVISION
HIGGINS TANK BATTERY NO. 2
SEC: 29 TT: 22S RR: 38E LEA, COUNTY N.M.
FACILITY PROCESS FLOW DIAGRAM
830143

WELL NAME HIGGINS NO. 2 STATUS P-EM OIL SALES TX-NH GAS SALES WARREN

SURFACE COMMINGLE APPLICATION
HIGGINS LEASE
SEC. 29, T-22-S, R-38-E
LEA COUNTY, NEW MEXICO

PRODUCTION HISTORY

WELL #	POOL	MO/YR	PRODUCTION	
			(BOPM)	(AVG. BOPD)
Higgins #1	Blinebry Oil & Gas	02/89	108	4
		03/89	98	3
		04/89	110	4
		05/89	105	3
		06/89	91	3
		07/89	29	1
		08/89	0	0
		09/89	0	0
		10/89	0	0
		11/89	0	0
		12/89	0	0
		01/90	0	0
Higgins #2	Paddock, South	02/89	342	12
		03/89	399	13
		04/89	390	13
		05/89	421	14
		06/89	408	14
		07/89	430	14
		08/89	461	15
		09/89	493	16
		10/89	465	15
		11/89	451	15
		12/89	351	11
		01/90	332	11

Top Well Allowable - Blinebry Oil & Gas Pool = 107 BOPD
Top Well Allowable - Paddock, South Oil Pool = 107 BOPD

[illegible]