



NEW MEXICO OIL CONSERVATION DIVISION
190 OCT 19 AM 8 59

November 17, 1990

New Mexico Oil Conservation Division
Attn: Mr. David Catanach
P.O. Box 2088
Sante Fe, New Mexico 87504-2088

Todd Law

SUBJECT: Request To Surface Commingle Production

Mr. David Catanach:

Texaco request approval to surface commingle production on its State "AZ" lease located in Eddy County.

The subject lease has two active wells. Well No. 1 produces from the Grayburg Jackson pool and Well No. 2 produces from the Fren Seven Rivers pool. Separate tanks at a central battery stores production. Regularly scheduled tank gauging measures oil production before selling by hand down a common line operated by Texas-New Mexico Pipeline Company.

Allowing surface commingling would enable this lease to operate more environmentally safe and economical. We propose to change the subject battery so both wells will have their production commingled in common tanks. Production separators installed for each well will act as test vessels before production enters a common gunbarrel. Metering production at the separators instead of the present method of tank gauging will allow Texaco to determine more accurately the production from each well. The proposed facility will reduce operating cost, enhance fluid separation and result in additional hydrocarbon recovery.

The proposed facility will accurately determine the production from each well. Commingling of the liquid hydrocarbons from the two wells will not reduce their commercial value. The offset Skelly Unit lease which also produces from both the subject pools is producing into commingled facilities.

Attached to the application letter is some supporting data that may help you in reviewing this application. The attached are:

- 1) Present and proposed facility diagrams.
- 2) Lease and well names and numbers, production, royalties, oil gravities.
- 3) Lease plat.

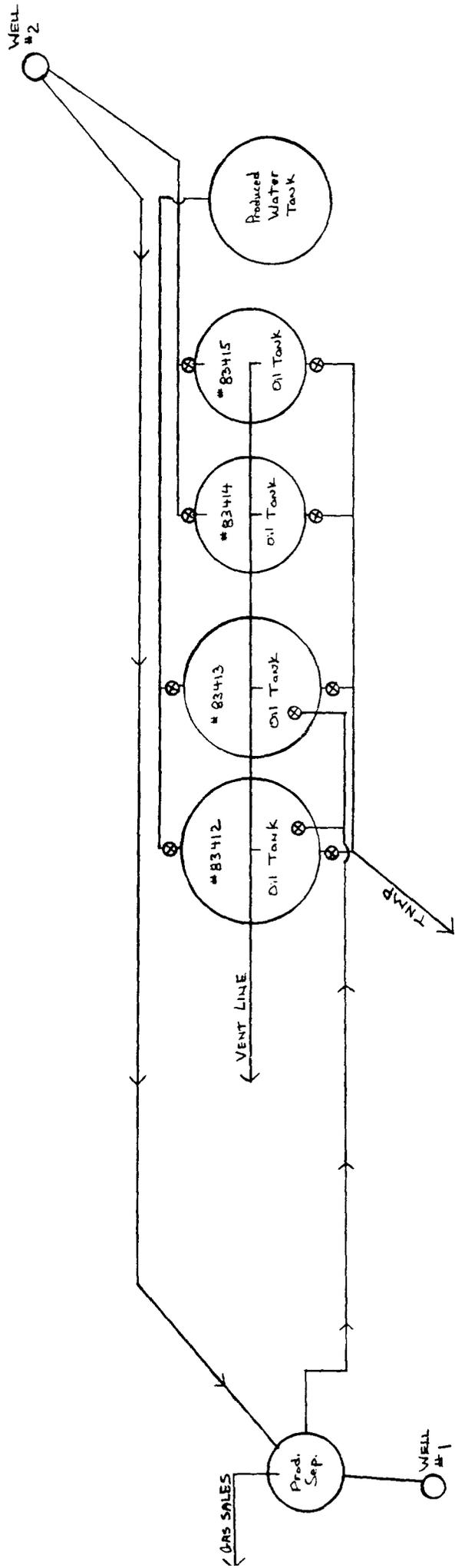
Texas-New Mexico Pipeline Company has received a similar application. Work will not begin until receiving approval from both the Oil Commission and Pipeline. Thank you for your consideration in this matter. Please contact Todd Lackey at our Hobbs Office 505-393-7191 for any additional data.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read "J. A. Head / RSR".

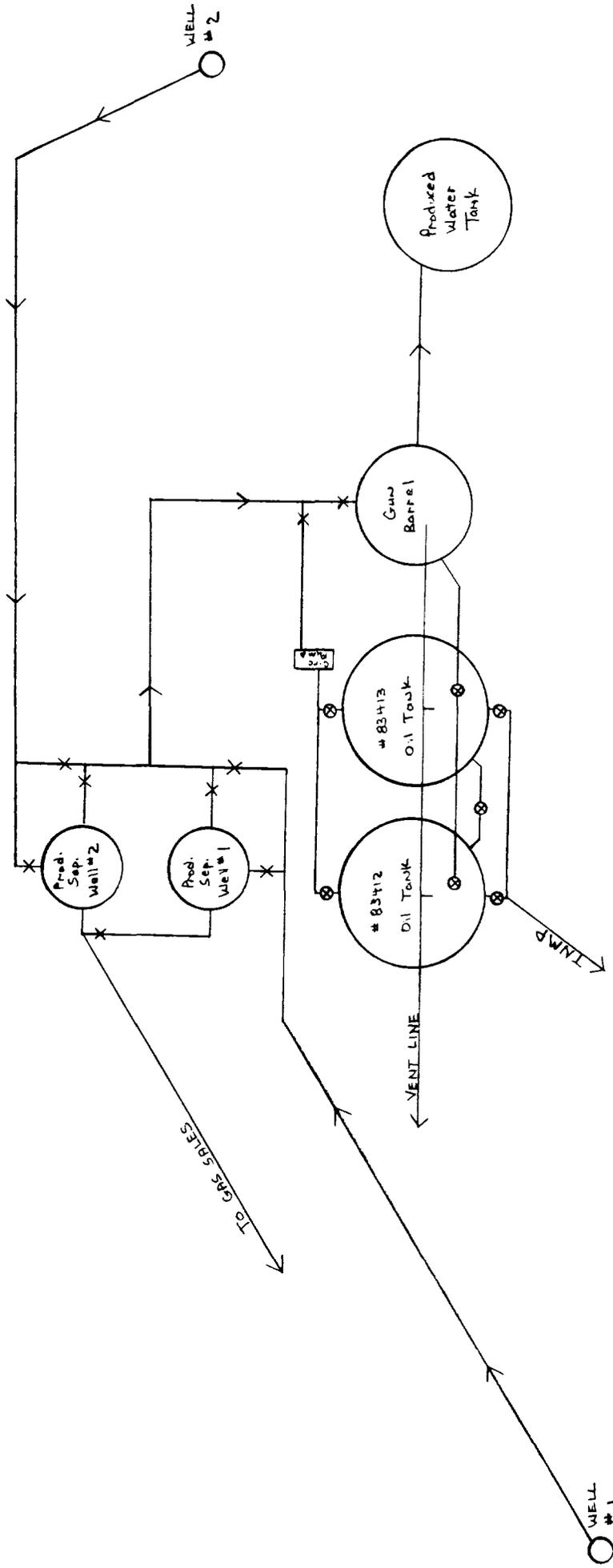
J. A. Head

WTL
File
Chrono



' PRESENT '

| |
|---------------------------|
| TEXACO INC. |
| SW/SWJ SEC 16, T17S, R31E |
| STATE "AZ" |
| OPEN SYSTEM |
| METERING SYSTEM - HAND |



PROPOSED

| |
|---------------------------|
| TEXACO INC. |
| SW/SW, SEC 16, T1T5, R31E |
| STATE "AZ" |
| CLOSED SYSTEM |
| METERING SYSTEM - HAND |

LEASE/FACILITY INFORMATION

LEASE: State "AZ" (B-1565)

LOCATION: Eddy County, New Mexico
T-17-S, R-31-E
Sec. 16, SE-NW

GWI: 100%

ROYALTY: 12.5%

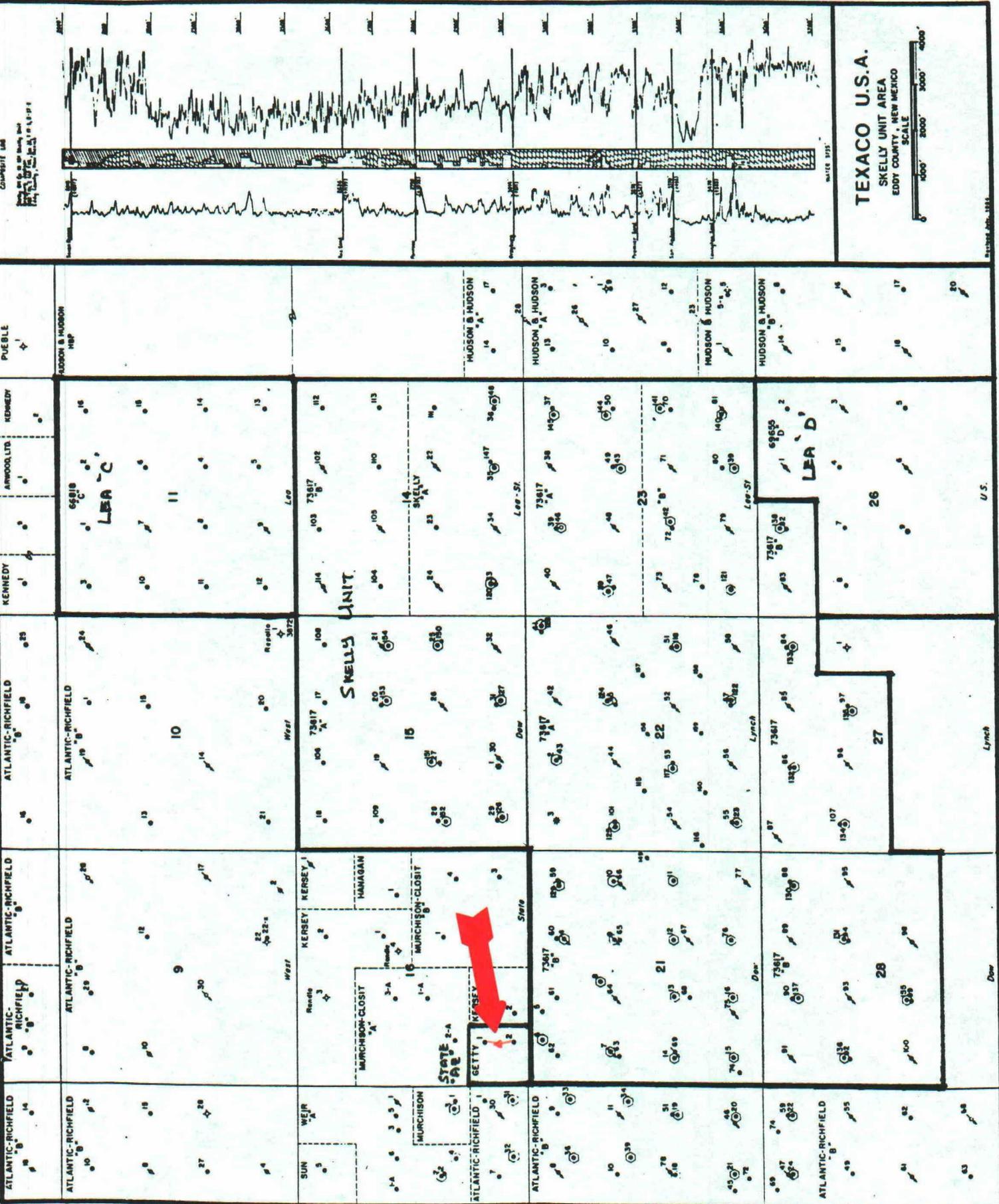
METERING SYSTEM: Hand

NUMBER OF WELLS: 2

WELL INFORMATION

| | <u>WELL #1</u> | <u>WELL #2</u> |
|-------------------------|-----------------------|-----------------------|
| <u>OIL API GRAVITY:</u> | 38.5 | 37 |
| <u>PRODUCTION:</u> | 5 BOPD/1 BWPD/6 MCFPD | 2 BOPD/0 BWPD/3 MCFPD |
| <u>POOL:</u> | Grayburg Jackson | Fren Seven Rivers |

R-31E



TEXACO U.S.A.
 SKELLY UNIT AREA
 EDDY COUNTY, NEW MEXICO



U.S.
 Lynch

T 17 S