



OIL CONSERVATION DIVISION

NOV 1 8 55

November 1, 1990

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

RE: Surface Commingle Production Facilities

Mr. David Catanach:

Texaco wishes to apply for the approval to surface commingle production facilities from three of its federal leases located in Eddy County. The leases are the Skelly Unit (#LC-029420-B), Lea "C" (#LC-029418-B), and Lea "D" (#LC-029418-B).

These leases produce from both the Grayburg Jackson and Fren Seven Rivers pools which have commingled production approval. The Skelly Unit sells production from three surface locations; Lact #1, Lact #2, and Battery #6. The Lea "C" and Lea "D" leases sell production from their own batteries. We are applying to convert Skelly Unit Battery #6, Lea "C" Battery, and Lea "D" Battery to satellite stations that would meter production and then send the production down flowlines to the Skelly Unit Lact #1 and #2 for sales. Skelly Unit Battery #6 and Lea "C" Battery would send their production to Skelly Unit Lact #1, and Lea "D" Battery would send its production to Skelly Unit Lact #2.

Adequate facilities will be provided for accurately determining the production from each well at reasonable intervals. Commingling of the liquid hydrocarbon from these leases will not reduce the commercial value that would otherwise exist if the liquids were not commingled.

By performing this work it would enable these leases to operate safer and more efficiently. Presently the three batteries in question have the capacity to store up to 1000 BBLs of oil at each location. By converting them to a closed system satellite this would limit their holding capacity to one days production, which in the maximum case would only be 25 BBLs of oil. By having a closed instead of open system it would significantly reduce the possible environmental hazard of spilling large volumes of oil. At the present time we are in the process of converting the six satellites now in operation on the Skelly Unit to a similar type of closed system.

November 1, 1990

The proposed new system would allow for a more efficient and safer system for our employee's to operate. By having a satellite system instead of a battery system, it will take less manpower time to operate and therefore help to reduce operating cost. It would also eliminate the hazardous job of gauging production tanks.

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

- 1) Present and proposed facility diagrams.
- 2) Lease names, lease numbers, production, royalties, well counts, and oil gravities for each facility.
- 3) Lease plats.
- 4) BLM and Pipeline approval letters.

Thank you for your consideration in the matter. If any additional data is required during the reviewing process of the application please contact Todd Lackey at our Hobbs Office 505-393-7191.

*J. A. Head / J.S.B.*

J. A. Head

WTL  
File  
Chrono

*Todd*

**LEASE/FACILITY INFORMATION**

**SKELLY UNIT (#LC-029420-B)**

Battery #1: GWI-100%  
Royalty-5%  
330 BOPD  
Produced by LACT  
Oil API Gravity - 41.0  
Grayburg/Seven Rivers Production

Battery #2: GWI-100%  
Royalty-12.5%  
93 BOPD  
Produced by LACT  
Oil API Gravity - 39.8  
Grayburg/Seven Rivers Production

Battery #6: GWI-100%  
Royalty-12.5%  
12 BOPD  
Produced by hand  
Oil API Gravity - 38.7  
Grayburg Production  
6 wells

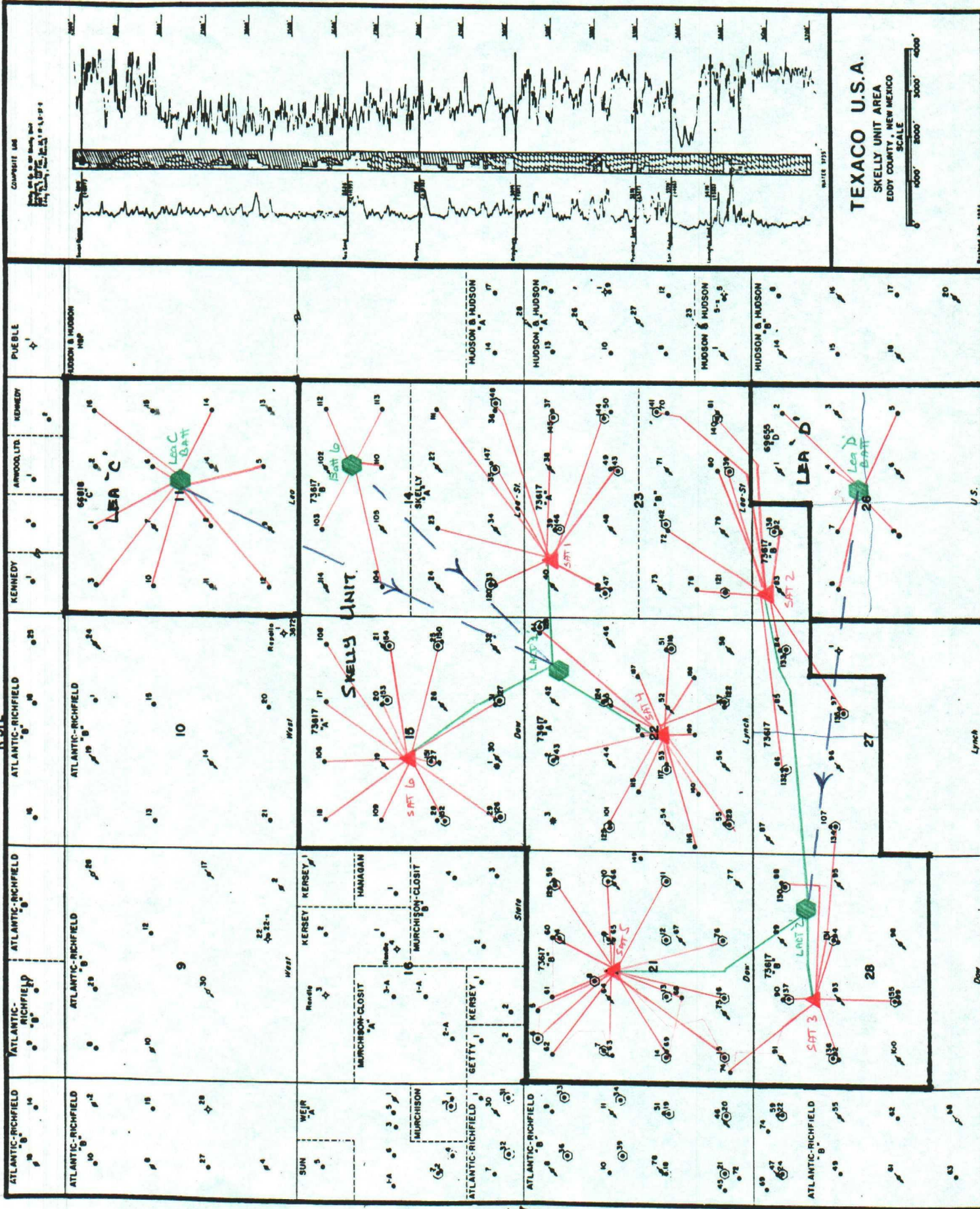
**LEA "D" (#LC-029418-B)**

Battery #1: GWI-100%  
Royalty-12.5%  
17 BOPD  
Produced by hand  
Oil API Gravity - 38.6  
Grayburg Production  
6 wells

**LEA "C" (#LC-029418-B)**

Battery #1: GWI-100%  
Royalty-12.5%  
21 BOPD  
Produced by LACT  
Oil API Gravity - 37.5  
Grayburg Production  
9 wells

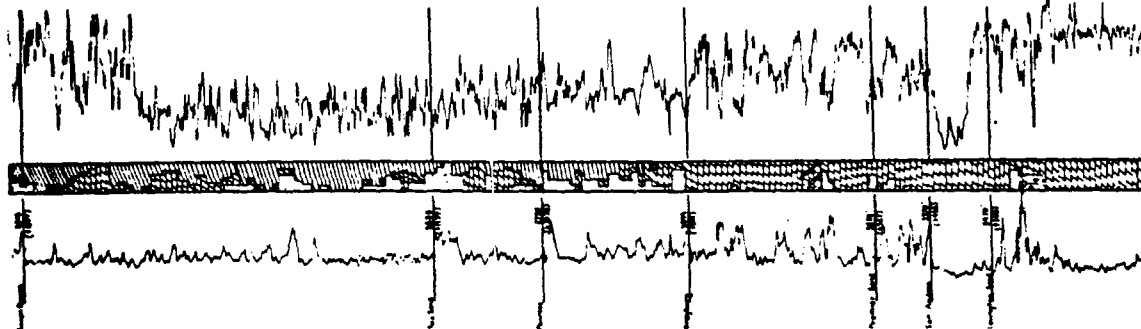
R-31E



TEXACO U.S.A.  
SKELLY UNIT AREA  
EDDY COUNTY, NEW MEXICO  
SCALE  
0 1000' 2000' 3000' 4000'

1954

COMPOSITE LAB



**TEXACO U.S.A.**

**SKELLY UNIT AREA**  
**JOHNS COUNTY, NEW MEXICO**

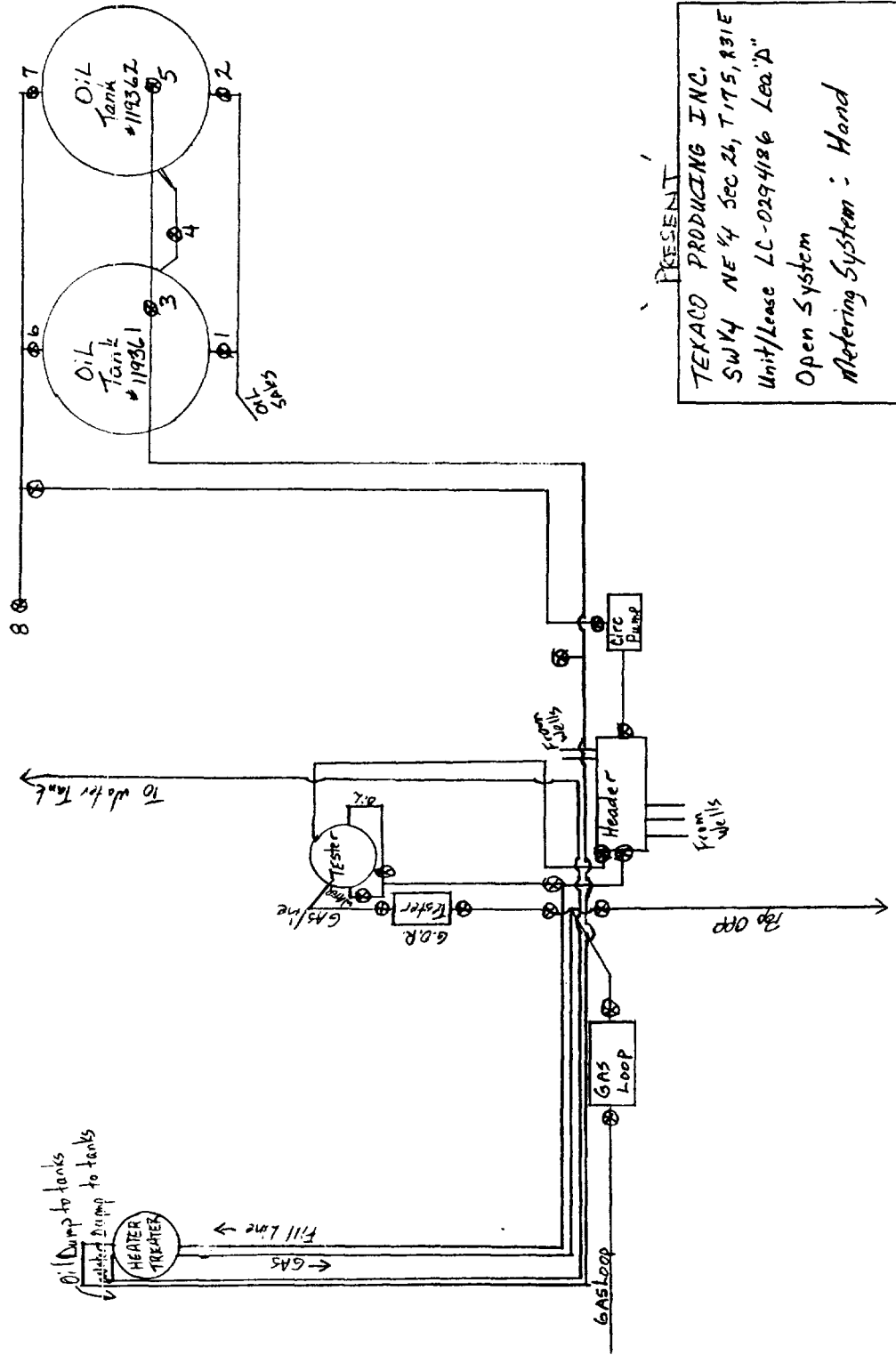
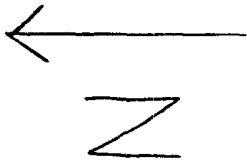
SCALE

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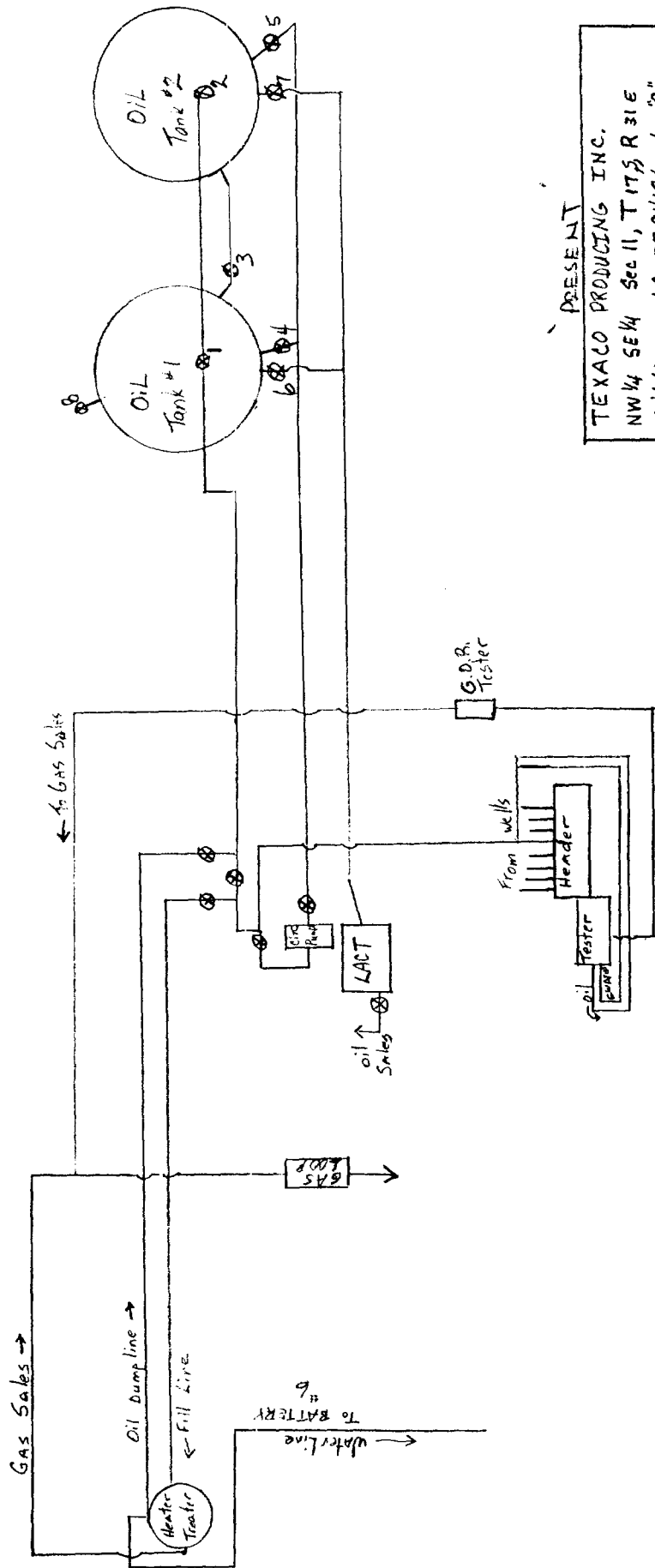
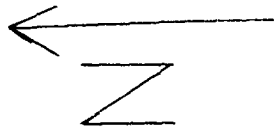
Revised July, 1984

R-512				R-513				R-514				R-515				R-516				R-517				R-518				R-519				R-520				R-521				R-522				R-523				R-524				R-525				R-526				R-527				R-528				R-529				R-530				R-531				R-532				R-533				R-534				R-535				R-536				R-537				R-538				R-539				R-540				R-541				R-542				R-543				R-544				R-545				R-546				R-547				R-548				R-549				R-550				R-551				R-552				R-553				R-554				R-555				R-556				R-557				R-558				R-559				R-560				R-561				R-562				R-563				R-564				R-565				R-566				R-567				R-568				R-569				R-570				R-571				R-572				R-573				R-574				R-575				R-576				R-577				R-578				R-579				R-580				R-581				R-582				R-583				R-584				R-585				R-586				R-587				R-588				R-589				R-590				R-591				R-592				R-593				R-594				R-595				R-596				R-597				R-598				R-599				R-600				R-601				R-602				R-603				R-604				R-605				R-606				R-607				R-608				R-609				R-610				R-611				R-612				R-613				R-614				R-615				R-616				R-617				R-618				R-619				R-620				R-621				R-622				R-623				R-624				R-625				R-626				R-627				R-628				R-629				R-630				R-631				R-632				R-633				R-634				R-635				R-636				R-637				R-638				R-639				R-640				R-641				R-642				R-643				R-644				R-645				R-646				R-647				R-648				R-649				R-650				R-651				R-652				R-653				R-654				R-655				R-656				R-657				R-658				R-659				R-660				R-661				R-662				R-663				R-664				R-665				R-666				R-667				R-668				R-669				R-670				R-671				R-672				R-673				R-674				R-675				R-676				R-677				R-678				R-679				R-680				R-681				R-682				R-683				R-684				R-685				R-686				R-687				R-688				R-689				R-690				R-691				R-692				R-693				R-694				R-695				R-696				R-697				R-698				R-699				R-700				R-701				R-702				R-703				R-704				R-705				R-706				R-707				R-708				R-709				R-710				R-711				R-712				R-713				R-714				R-715				R-716				R-717				R-718				R-719				R-720				R-721				R-722				R-723				R-724				R-725				R-726				R-727				R-728				R-729				R-730				R-731				R-732				R-733				R-734				R-735				R-736				R-737				R-738				R-739				R-740				R-741				R-742				R-743				R-744				R-745				R-746				R-747				R-748				R-749				R-750				R-751				R-752				R-753				R-754				R-755				R-756				R-757				R-758				R-759				R-760				R-761				R-762				R-763				R-764				R-765				R-766				R-767				R-768				R-769				R-770				R-771				R-772				R-773				R-774				R-775				R-776				R-777				R-778				R-779				R-780				R-781				R-782				R-783				R-784				R-785				R-786				R-787				R-788				R-789				R-790				R-791				R-792				R-793				R-794				R-795				R-796				R-797				R-798				R-799				R-800				R-801				R-802				R-803				R-804				R-805				R-806				R-807				R-808				R-809				R-810				R-811				R-812				R-813				R-814				R-815				R-816				R-817				R-818				R-819				R-820				R-821				R-822				R-823				R-824				R-825				R-826				R-827				R-828				R-829				R-830				R-831				R-832				R-833				R-834				R-835				R-836				R-837				R-838				R-839				R-840				R-841				R-842				R-843				R-844				R-845				R-846				R-847				R-848				R-849				R-850				R-851				R-852				R-853				R-854				R-855				R-856				R-857				R-858				R-859				R-860				R-861				R-862				R-863				R-864				R-865				R-866				R-867				R-868				R-869				R-870				R-871				R-872				R-873				R-874				R-875				R-876				R-877				R-878				R-879				R-880				R-881				R-882				R-883				R-884				R-885				R-886				R-887				R-888				R-889				R-890				R-891				R-892				R-893				R-894				R-895				R-896				R-897				R-898				R-899				R-900				R-901				R-902				R-903				R-904				R-905				R-906				R-907				R-908				R-909				R-910				R-911				R-912				R-913				R-914				R-915				R-916				R-917				R-918				R-919				R-920				R-921				R-922				R-923				R-924				R-925				R-926				R-927				R-928				R-929				R-930				R-931				R-932				R-933				R-934				R-935				R-936				R-937				R-938				R-939				R-940				R-941				R-942				R-943				R-944				R-945				R-946				R-947				R-948				R-949				R-950				R-951				R-952				R-953				R-954				R-955				R-956				R-957				R-958				R-959				R-960				R-961				R-962				R-963				R-964				R-965				R-966				R-967				R-968				R-969				R-970				R-971				R-972				R-973				R-974				R-975				R-976				R-977				R-978				R-979				R-980				R-981				R-982				R-983				R-984				R-985				R-986				R-987				R-988				R-989				R-990				R-991				R-992				R-993				R-994				R-995				R-996				R-997				R-998				R-999				R-1000			
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175



PRESENT  
 TEXACO PRODUCING INC.  
 SW 1/4 NE 1/4 Sec 24, T17S, R31E  
 Unit/Lease LC-0294186 Lea "D"  
 Open System  
 Metering System : Hand

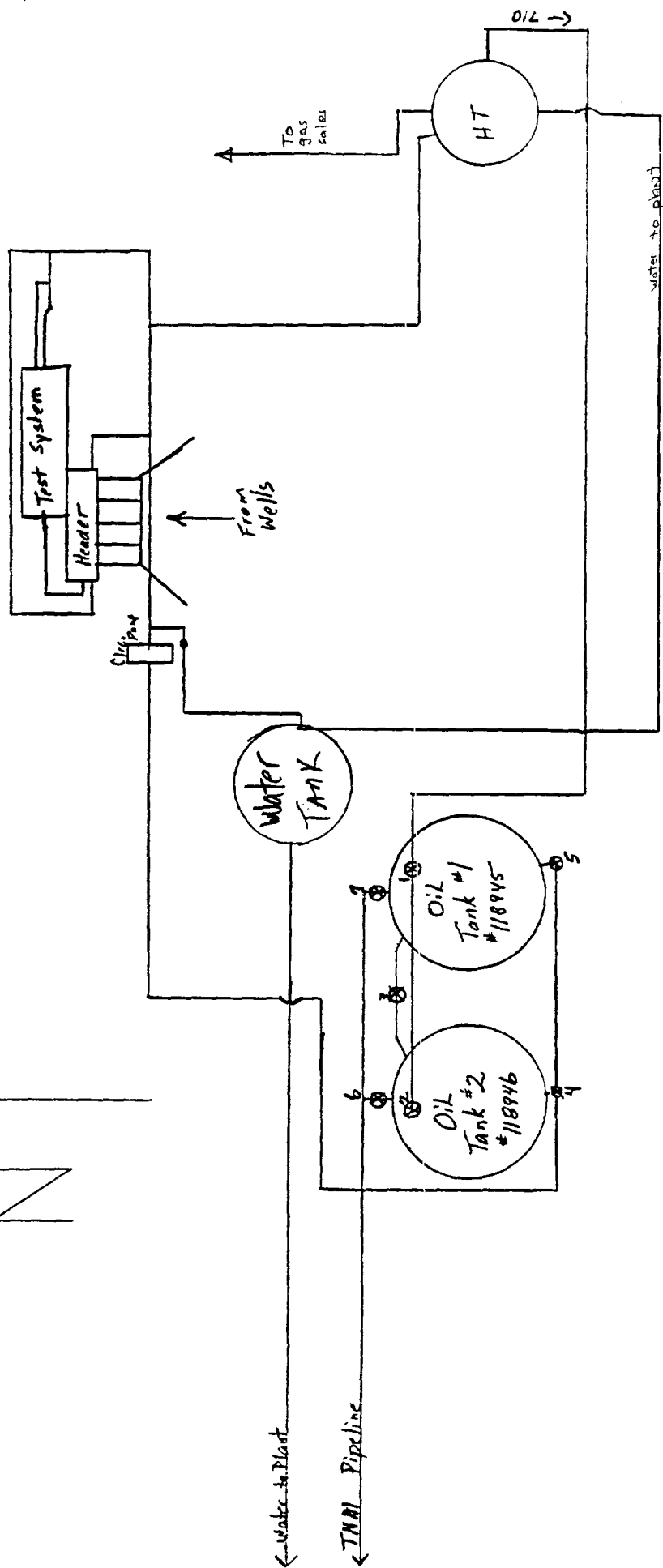


PRESENT

TEXACO PRODUCING INC.  
NW 1/4 Sec 11, T17S, R31E  
Unit/Lease: LC-0294186 Lea "C"

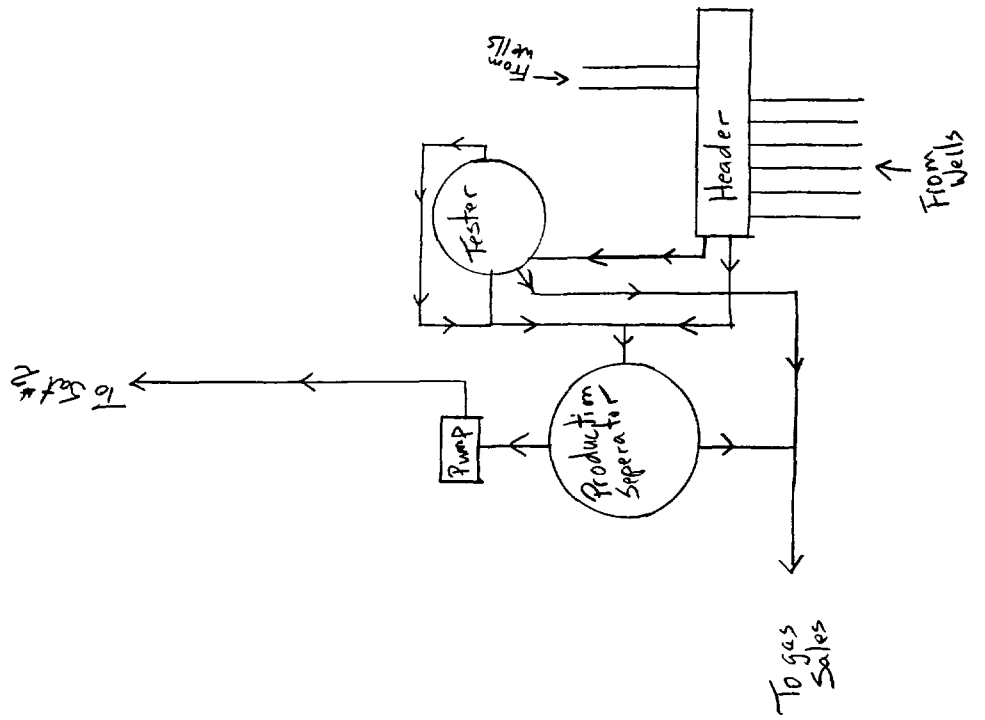
Open System  
Metering System: Lact

N



PRESENT

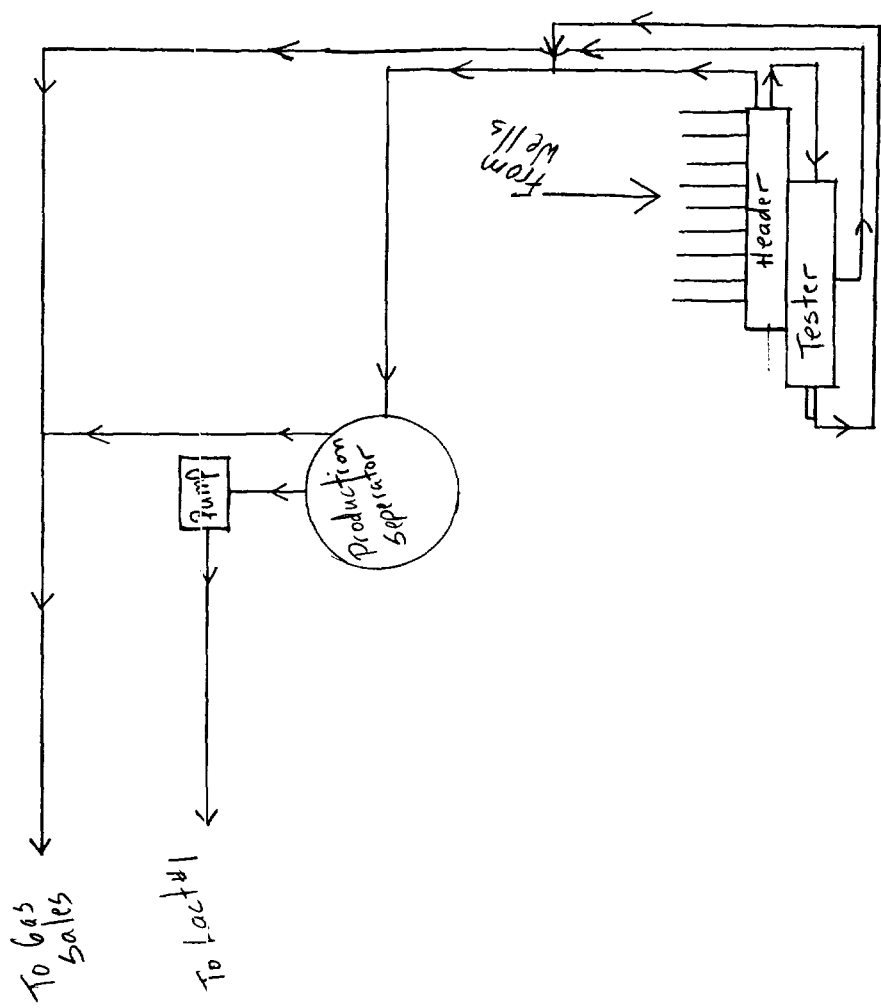
TEXACO PRODUCING INC.  
 SE X4 NE X4 SEC 26, T17S, R31E  
 Unit/Lease: Skelly Unit Battery #6  
 Open System  
 Metering System: Hand



↑ N

PROPOSED

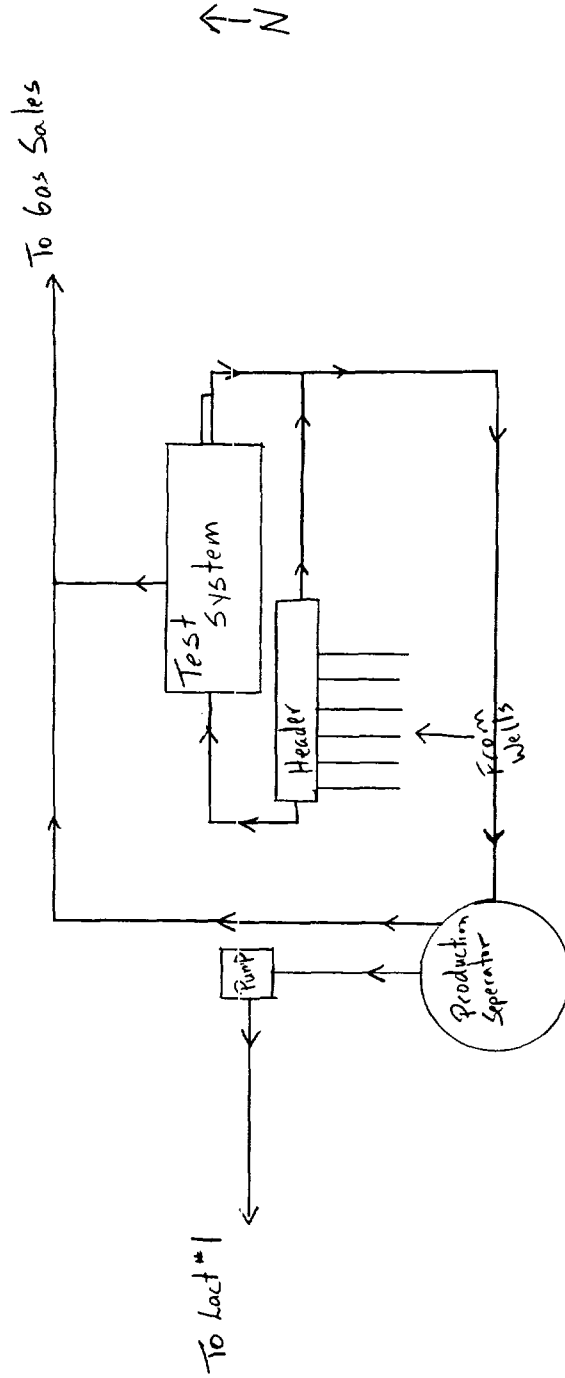
TEXACO Producing Inc.  
 SW 1/4 NE 1/4 Sec 26 T17S R31E  
 LC-0294186 Lea D



↑ N

PROPOSED

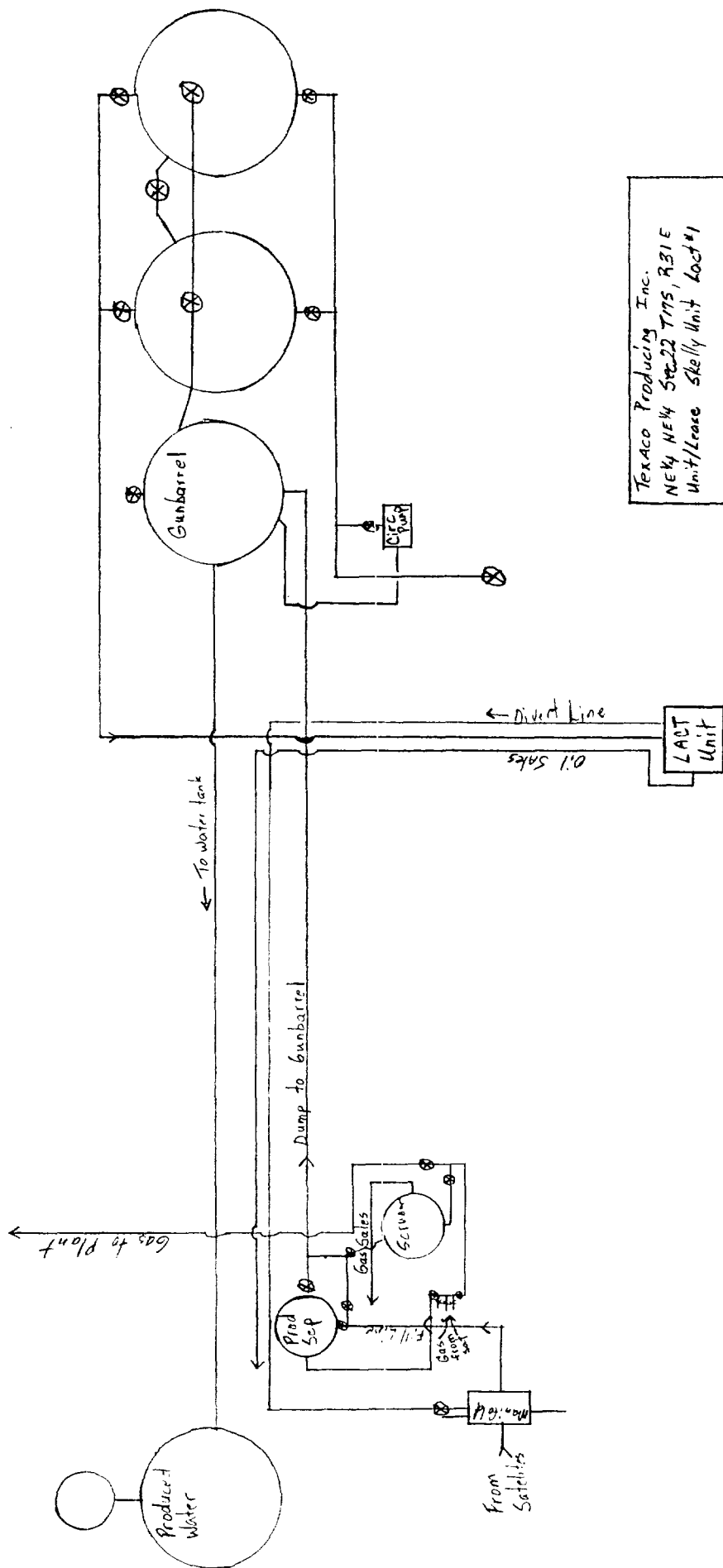
Texaco Producing Inc.  
NW 1/4 SE 1/4 Sec 11 T17S R31E  
LC-0294186 Lea "C"



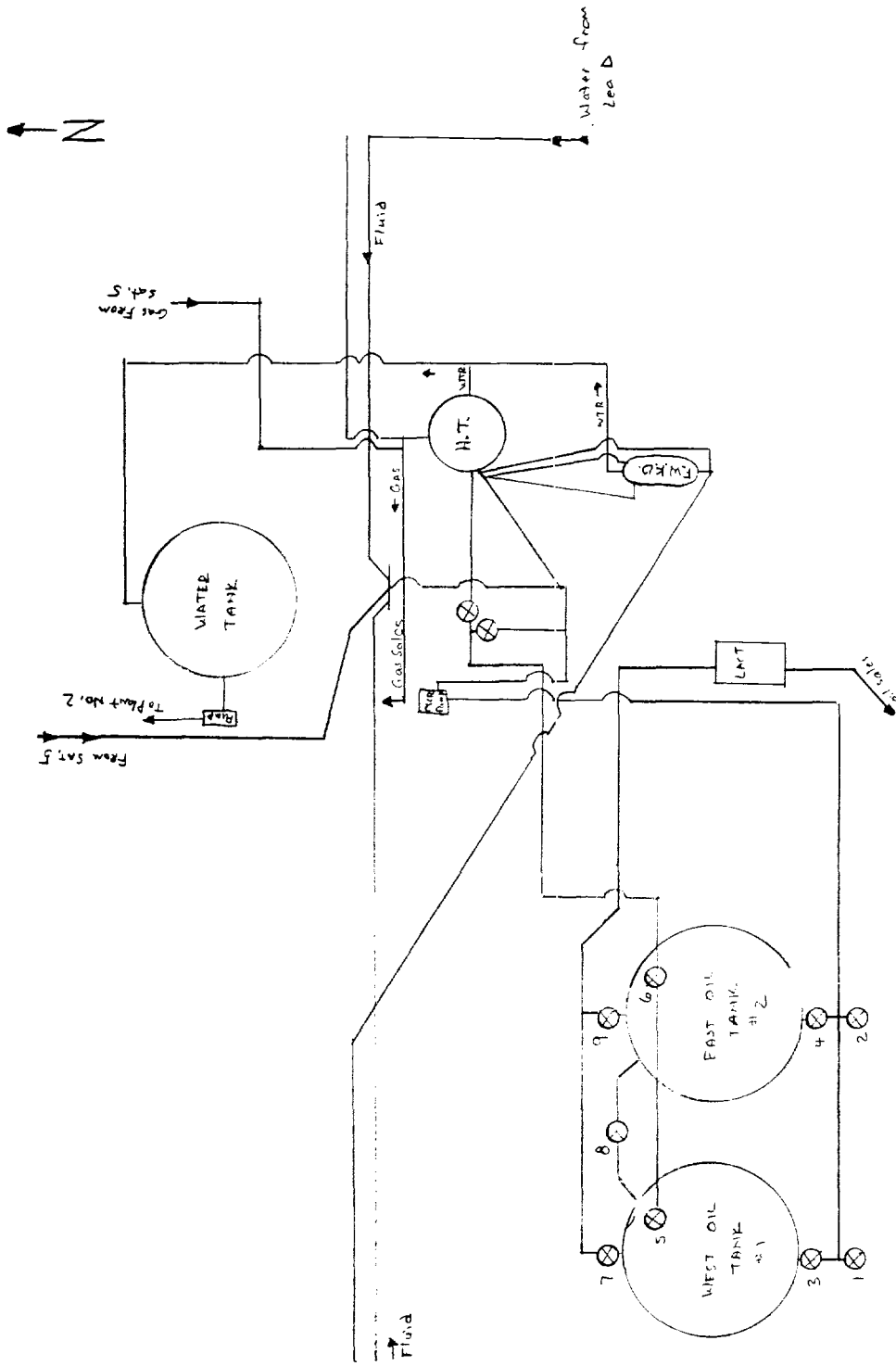
PROPOSED

TEXACO Producing Inc.  
SE 1/4 NE 1/4 Sec 14 T175 R31 E  
Skelly Unit Battery #6

N ↑



TERACO Producing Inc.  
 NEW 4 NEW SEC 22 TMS, R31 E  
 Unit/Lane Skelly Unit Lact #1  
 Metering system: Lact



TEXACO PRODUCING, INC.  
 NE 1/4 NE 1/4 SEC 28 T1N5 R3E  
 UNIT / LEASE SKEWA UNIT LACT # 2  
 Metering System: LACT



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
CARLSBAD RESOURCE AREA HEADQUARTERS  
P.O. BOX 1778  
CARLSBAD, NEW MEXICO 88220

3162 (067)  
LC-029418(B)

SEP 28 1990

Texaco USA  
Attn: Todd Lackey  
P. O. Box 730  
Hobbs, NM 88240

RE: LC-029418(B)  
Lea 'C' & Lea 'D'  
Federal Leases  
Secs. 11 & 26  
T17S, R31E; NMPM

Gentlemen:

Your request to surface commingle Grayburg Jackson and Fren Seven Rivers production from the above referenced leases with identical unitized production from your Skelly Unit Area is hereby approved.

As stated in your application, your intent is to streamline gathering and sales operations by converting existing discreet battery facilities on your Lea 'C' and Lea 'D' Federal leases to satellite stations that would measure production from these leases and then transport the production via flowlines to the Skelly Unit LACT #1 and Skelly Unit LACT #2, respectively, for sales.

Similar renovations will also be made on your Skelly Unit Battery #6 such that unitized production in the proximity of Battery #6 will be measured at that battery prior to being conveyed by pipeline to the Skelly Unit LACT #1 for sales.

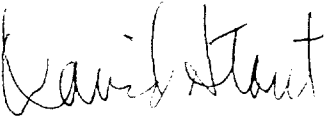
We recognize that your request is made in the interests of conservation and operating efficiency and will not result in reduced royalty or improper measurement of production. Volumes will be allocated back to the contributing sources based on regularly scheduled well tests at the satellite battery facilities.

Accordingly, approval is also hereby granted for off-lease storage and measurement for sales for your Lea 'C' and Lea 'D' leases, contingent upon your obtaining appropriate right-of-way approval from the Realty Staff of the BLM-Carlsbad for that off-lease portion of any necessary flowlines.

This approval is subject to like approval from the New Mexico Oil Conservation Division.

Please contact Shannon J. Shaw or Adam Salameh at (505) 887-6544  
or at the letterhead address if further information is required.

Sincerely,

  
for Richard L. Manus  
Area Manager

cc:NM (065, B. Lopez)  
NM (067; S. Shaw, E. Inman)  
NMOCD (Santa Fe, D. R. Catanach)

TEXAS-NEW MEXICO PIPE LINE COMPANY

RSP 7-22	ALA
DDC	JWR
KGC	MLG
DND	PLH
PBR	PDH
REN	JDL
LWJ	CPM
SKV	MGR
ATA	SDU
TUN	JY
SDN	HMC
LDR	OLH
RJR	PWM
MMS	RWB

B. L. LEDNICKY  
DISTRICT MANAGER

FILE  
P. O. BOX 7528  
HOBBS, NM 88241-2528

July 17, 1990

Mr. J. A. Head  
Texaco USA  
P.O. Box 730  
Hobbs, New Mexico 88240

Dear Mr. Head:

Re: Surface Commingle Production Facilities  
Texaco Producing Inc. Skelly Unit  
Lea C and Lea D

Please refer to your letter of June 29, 1990, this subject. Texas-New Mexico Pipe Line Company has no objections to Texaco's proposed commingling.

Unless advised otherwise, we will continue to run all oil from these leases for the account of Texaco Trading and Transportation Inc.

If any additional response or information is needed from us please advise.

Yours very truly,



DJN:DDM

DJNGEN1

