



OIL CONSERVATION DIVISION
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September 25, 1992

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. William J. Lemay
Director, Oil/Gas and Minerals Division

RE: OFF-LEASE STORAGE AND SURFACE COMMINGLING PERMIT APPLICATION
New Mexico Q State, Texaco Mobil, Texaco Shell Battery
(Formerly Texaco-Mobil Battery)
Vacuum Abo North, Vacuum Upper Penn, Vacuum Wolfcamp Pools
Ltr H, Sec. 25, T-17-S, R-34-E (Battery Location)
Lea County, New Mexico

Gentlemen:

Texaco Exploration and Production Inc. requests permission for Off-Lease Storage and Surface Commingling from the three wells listed on the commingle pre-application into the Texaco-Mobil Battery. TEPI also requests permission to change the name of this battery from the Texaco-Mobil Battery to the N. M. "Q" State, Texaco-Mobil, Texaco-Shell Battery.

All three of the wells described on the commingle pre-application are operated by Texaco Exploration and Production Inc. All of these wells are located on state leases. All wells involved share a common state beneficiary.

TEPI has 100% of the gross working interest in the New Mexico Q State #4. Gross working interest of the Texaco Mobil State Com #1 is split 50% TEPI and 50% Mobil Producing Texas and New Mexico. Gross working interest of the Texaco Shell State Com #1 is split 50% TEPI and 50% Shell Western Exploration and Production Inc.

Effective September 1, 1992, TEPI began operating the Vacuum Glorieta West Unit. As stipulated in NMOCD Order No. R-9710, only Glorieta production can be produced into the six batteries that are dedicated to this unit. Because of this stipulation, five wells that do not produce from the Glorieta formation had to be rerouted to the N.M. Q & T Battery located in Unit Letter O, Section 25, T-17-S, R-34-E. Earlier this month, TEPI applied for off-lease storage and surface commingling permission at this battery. Before the operation of the VGWU began, the production from the N.M. Q State #4 went into this battery. Because this well does not share the same state beneficiary as the five wells that were rerouted to this battery, TEPI must reroute the production from the N.M. Q State #4 to the Texaco-Mobil Battery.

Concerning the Texaco-Shell Com #1, it is the only well producing into the Texaco-Shell Battery. TEPI intends to reroute the production from this well to the Texaco-Mobil Battery. Because of the physical condition of the tanks at the Texaco-Shell Battery, the rerouting of the production of this well will create safer and more efficient operations in the Buckeye field. The rerouting will also reduce the lifting costs for this well. TEPI intends to totally dismantle the Texaco-Shell Battery and salvage out the equipment in the battery.

On September 23, 1992 Texaco's posted price for 34 gravity West Texas Sour was \$18.50 per barrel. Detailed data of the average daily production, oil gravities, and the daily crude sales amounts are as follows:

<u>WELL</u>	<u>OIL</u>	<u>WATER</u>	<u>GAS</u>	<u>FORMATION</u>
N.M. "Q" State #4	5	0	58	Vac Abo North
	5	0	56	Vac Upper Penn
	<u>2</u>	<u>0</u>	<u>23</u>	Vac Wolfcamp
Well Total:	12	0	137	
<u>GRAVITY 38.3</u>				
<u>CRUDE SALES PRICE \$18.50 X 12 = \$222.00 PER DAY</u>				
Texaco-Mobil Com #1	10	1	25	Vac Abo North
	10	1	25	Vac Upper Penn
	<u>5</u>	<u>1</u>	<u>13</u>	Vac Wolfcamp
Well Total:	25	3	63	
<u>GRAVITY 42.4</u>				
<u>CRUDE SALES PRICE \$18.50 X 25 = \$462.50 PER DAY</u>				
Texaco-Shell Com #1	5	1	14	Vac Upper Penn
	<u>7</u>	<u>1</u>	<u>20</u>	Vac Wolfcamp
Well Total:	12	2	34	
<u>GRAVITY 42.2</u>				
<u>CRUDE SALES PRICE \$18.50 X 12 = \$222.00 PER DAY</u>				

The total crude sales amounts will remain the same if the production from the three wells is commingled at this battery. The oil will be sold to Texas New Mexico Pipeline Company. The gas from N.M. Q State #4 will be sold to Texaco Exploration and Production Inc. The gas sales from the other two wells will alternate each month between Texaco Exploration and Production Inc. and GPM Gas Corporation. Water from the battery will be hauled to a disposal well.

September 25, 1992

Attached are a plat showing the location the three wells and the battery. Also attached is a schematic of the battery where monthly tests will be accurately measured on a per well basis through a portable test separator. Each well will be tested several times each month. Total monthly production will then be allocated to each well based on these well tests. TEPI plans to eventually install a permanent test separator at the battery.

A copy of this application has been sent by U.S. Postal Service, Certified Mail-Return Receipt Requested, to Mobil Producing Texas and New Mexico and to Shell Western Exploration and Production Inc.

If you have any questions concerning this application, please contact me at 397-0418 or 393-7191. Thank you for your assistance in this matter.

Yours very truly,



Monte C. Duncan
Engineer's Assistant

/mcd
Chrono
Attachments

cc: New Mexico Land Department
P.O. Box 1148
Santa Fe, New Mexico 87504
Attn: Mr. Floyd Prando

New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, New Mexico 88240
Attn: Mr. Jerry Sexton

Mr. Terry Frazier, Hobbs Area Manager
Texaco Exploration and Production Inc.