RELEASE 11·16·93
PLC AMENDMENT

OIL CONSERVATION DIVISION
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October 25, 1993

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

Attn: Mr. William J. Lemay
Chairman and Director, Oil Conservation Division

RE: REQUEST TO AMEND OFF-LEASE STORAGE AND SURFACE COMMINGLING
State AN, N.M. AB & R Battery (Formerly State AN battery)
Vacuum Abo Reef, Vacuum Drinkard Pools
Ltr B, Sec. 7, T-18-S, R-35-E (Battery Location)
Lea County, New Mexico

Gentlemen:

Texaco Exploration and Production Inc. requests permission to amend the above described off-lease storage and surface commingling of production which was approved by the New Mexico Land Department on September 8, 1993. The New Mexico Oil Conversation gave its approval to this application on October 12, 1993 in Commingling Order PLC-103. By this letter TEPI also requests permission from the NMOCD to amend this order.

TEPI proposes to route the production from two New Mexico AE State wells to the State AN, New Mexico AB & R Battery. These two wells, New Mexico AE State #9 and #26, produce from the Vacuum Abo Reef pool and are described on the attached Commingle Pre-application. These two wells are owned and operated by Texaco Exploration and Production Inc and TEPI has 100% of the gross working interest in them. Like the twelve wells on the initial application, these wells are located on state leases and have common schools as the state beneficiary.

These two wells currently produce into the N.M. AE State battery. This battery is in poor physical condition, therefore, the rerouting of the production from these wells will create safer and more efficient operations in the Buckeye field. Upon the approval of this application, this battery will be totally dismantled with the exception of one two-phase production separator that will serve as the AE satellite. The two N.M. AE State wells will produce into this separator. The total fluid will then be sent to the commingled battery by a transfer pump. The gas from these two wells will be sold from the separator to TEPI's Gas Division. At the commingled battery, the total fluid from these wells will go into a header shared with the N.M. AB & R wells. From the header, the production will go through either a production or a test separator. Upon approval of this request, the commingled battery will be renamed the State AN, N.M. AB & R, N.M. AE State battery (AN, AB & R, AE battery).

On October 15, 1993 Texaco's posted price for West Texas/New Mexico Sour was $14.50 per barrel. Detailed data of the average daily production, oil gravities, and the daily crude sales amounts of the two New Mexico AE State wells for the month of September, 1993 are as follows:

WELL	OIL	WATER	MCF	FORMATION
N.M. AE State #9	11	12	5	Vac Abo Reef
N.M. AE State #26	0	0	118	Vac Abo Reef
N.M. AE State Total:	11	12	123	

GRAVITY 39.6

CRUDE SALES PRICE $14.50 X 11 = $159.50 PER DAY

The total crude sales amounts will remain the same if the production from these two wells and the initial seven wells is commingled at this battery. The oil will be sold to Texas New Mexico Pipeline Company, with the oil being metered though a LACT Unit into the pipeline. The gas from the N.M. AB & R wells will be sold to Texaco Exploration and Production Inc.'s Gas Division. As has already been mentioned, the gas from the N.M. AE State wells will be sold to Texaco Exploration and Production Inc.'s Gas Division at the N.M. AE State satellite. The gas from the State AN wells will be sold to GPM Gas Corporation. Water from the battery will be sent to the Rice Disposal System.

Attached is a plat showing the location the fourteen 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 test separator. When testing the N.M. AB & R wells, the gas will be sold to TEPI. When testing the N.M. AE State wells, any gas not sold at the AE satellite will be sold to TEPI. When testing the State AN wells, the gas will be sold to GPM. Each well will be tested several times during the month. Total monthly production will then be allocated to each well based on these well tests.

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

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.