

AMEND PLC 8/6/97



Texaco E & P

205 E. Bender Blvd.
Hobbs NM 88240
505 393 7191

July 9, 1997

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

JUL 17 1997

Attn: Mr. Ben Stone, New Mexico Oil Conservation Division

CONSERVATION DIVISION

RE: Amendment to Commingling Order PLC-59

C.P. Falby "A" Federal (LC-033706A)
NW/4 Section 8, T-22-S, R-37-E
C.P. Falby "B" Federal (LC-033706B)
SW/4 Section 8, T-22-S, R-37-E
Blinebry Oil and Gas Pool (06660)
Drinkard Pool (19190)
Eunice; San Andres, Southwest (24180)
C.P. Falby Battery (Unit letter J, Sec. 8, T-22-S, R-37-E)
Lea County, New Mexico

Gentlemen:

Texaco Exploration and Production Inc. requests an amendment to Commingling Order PLC-59 concerning the above two Federal leases. Attached is a similar request package for amendment to the surface commingling and off-lease storage to the Bureau of Land Management. Approval for the surface commingling and off-lease storage of production from the Blinebry Oil and Gas Pool and the Drinkard Pool was obtained in 1981. Texaco proposes to commingle the production from the Eunice; San Andres, Southwest Pool with the Blinebry Oil and Gas Pool and the Drinkard Pool at the above battery. There are presently a total of four wells from both leases producing into this battery. Two wells produce from the Blinebry Oil and Gas Pool, two wells produce from the Drinkard Pool (the Falby A Federal #1 is down-hole commingled Blinebry and Drinkard). The C.P. Falby "B" #4 is proposed to be recompleted into the Eunice; San Andres, Southwest Pool.

Production will continue to be allocated to each lease by well tests. Each well will continue to be tested for a minimum of twenty-four hours at least once per month through a two phase test separator. All of the working interest ownership on these wells/pools/ leases is 100% TEPI.

I have attached a plat showing the location of both the producing wells and the battery. Also attached is a schematic of the tank battery. The Battery will have one three phase vertical separator to handle the production from the three pools. The oil will continue to be sold to Navajo Refining Co., and the gas will continue to be sold to Texaco E & P Inc. Water from the battery is disposed of by Rice.

If you have any questions concerning this request, please contact me at 397-0431. Thank you for your assistance in this matter.

Yours very truly,

Greg Maes
Engineer Assistant

cc: Bureau of Land Management

Company: Texaco Inc.
 Address: Drawer 728
 City, State, Zip: Hobbs, New Mexico 88240

Attention: J. A. Schaffer

The above-named company is hereby authorized to commingle

Blinebry and Drinkard

pool production from the following leases:

Lease Name: C. P. Falby "A" Federal
 Description: NW/4 Sec. 8, T-22-S, R-37-E

Lease Name: C. P. Falby "B" Federal
 Description: SW/4 Sec. 8, T-22-S, R-37-E

Lease Name:
 Description:

Production shall be allocated to each lease by

 separately metering the production from each lease prior to commingling

 separately metering the production from the
 and determining the
 production by the subtraction method

well tests (if this method or the subtraction method above is to be authorized, all commingled production must be of identical ownership: working interest, royalty interest, and overriding royalty interest)

Note: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: Prior to this order commingling of Blinebry and Drinkard production on the Falby "A" Lease only was permitted by Order No. PC-548.

DONE at Santa Fe, New Mexico, on this 2nd day of September 1981.

Joe D. Ramey

 JOE D. RAMEY, Division Director

cc: OCD - Hobbs
 Oil & Gas Engineering - Hobbs
 PC-548 File
 OCD Machine Accounting

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT --" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well: OIL WELL GAS WELL OTHER

2. Name of Operator
TEXACO EXPLORATION & PRODUCTION INC.

3. Address and Telephone No. 205 E. Bender, HOBBS, NM 88240 397-0431

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Battery location
Unit Letter K : Feet From The Line and Feet From The
Line Section 8 Township 22S Range 37E

5. Lease Designation and Serial No.
LC - 033706(A & B)

6. If Indian, Alottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and Number
FALBY, C. P. -A- FEDERAL
FALBY, C.P. -B- FEDERAL

9. API Well No.

10. Field and Pool, Exploaratory Area
Blinebry O&G, Drinkard, Eunice San Andres, SW

11. County or Parish, State
LEA , NEW MEXICO

12. Check Appropriate Box(s) To Indicate Nature of Notice, Report, or Other Data

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Atlering Casing
	<input checked="" type="checkbox"/> OTHER: Amend surf. com. & off lease St
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Texaco Exploration and Production Inc. requests an amendment to Commingling Order PLC-59 concerning the above two Federal leases. Attached is a similar request package for amendment to the surface commingling and off-lease storage to the Bureau of Land Management. Approval for the surface commingling and off-lease storage of production from the Blinebry Oil and Gas Pool and the Drinkard Pool was obtained in 1981. Texaco proposes to commingle the production from the Eunice; San Andres, Southwest Pool with the Blinebry Oil and Gas Pool and the Drinkard Pool at the above battery. There are presently a total of four wells from both leases producing into this battery. Two wells produce from the Blinebry Oil and Gas Pool, two wells produce from the Drinkard Pool (the Falby A Federal #1 is down-hole commingled Blinebry and Drinkard), and one well is proposed to be recompleted into the Eunice; San Andres, Southwest Pool.

Production will continue to be allocated to each lease by well tests. Each well will continue to be tested for a minimum of twenty-four hours at least once per month through a two phase test separator. All of the working interest ownership on these wells/pools/ leases is 100% TEPI.

Attached for the BLM's information are:

1. A map showing the lease and location of all the wells that contribute production to the facility.
2. A battery schematic diagram identifying all equipment that will be utilized in the operation of the facility.
3. A BLM application for amendment of surface commingling, off-lease storage, and measurement.

14. I hereby certify that the foregoing is true and correct

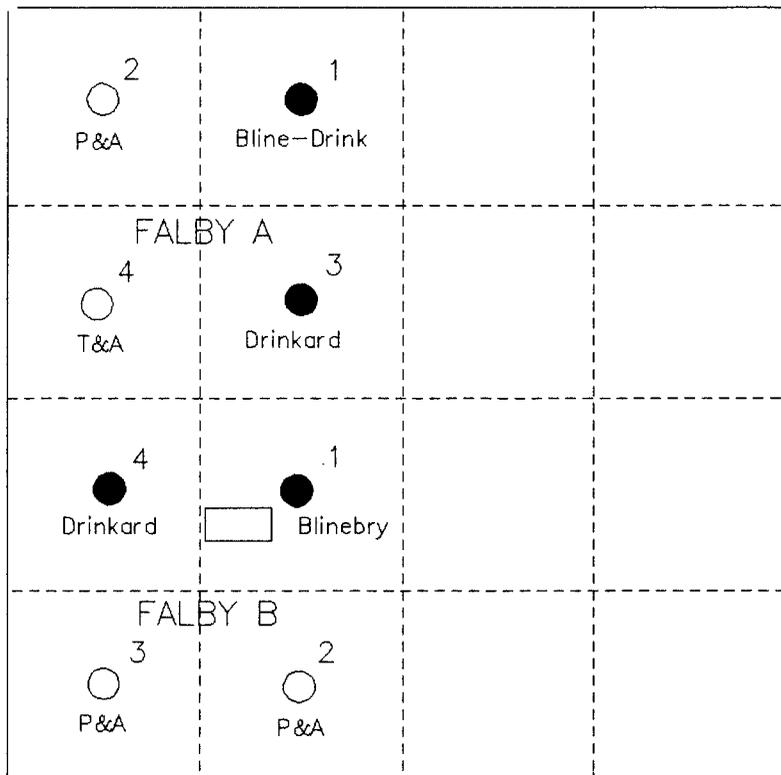
SIGNATURE Greg Maes TITLE Engineering Assistant DATE 7/9/97
TYPE OR PRINT NAME V. Greg Maes

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



TEXACO EXPLORATION AND PRODUCTION INC.
 C.P. FALBY CONSOLIDATED TANK BATTERY
 UNIT LTR K, SECTION 8, T-22-S, R-37-E
 LEA COUNTY, NEW MEXICO

-  BATTERY
-  PRODUCING WELLS
-  NON-PRODUCING WELLS

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88221-1778

Texaco E & P Inc. (Operator's name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on federal Lease No. LC-033706A Lease Name: C.P. FALBY "A" FEDERAL

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twsp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>C.P. FALBY "A" #1</u>	<u>C</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>Blinebry - Drinkard</u>
<u>C.P. FALBY "A" #2</u>	<u>D</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>P & A</u>
<u>C.P. FALBY "A" #3</u>	<u>F</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>Drinkard</u>
<u>C.P. FALBY "A" #4</u>	<u>E</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>TA</u>

with hydrocarbon production from the following formation(s) and well(s) on federal Lease No. LC-033706B LEASE Name: C.P. FALBY "B" FEDERAL

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twsp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>C.P. Falby "B" #1</u>	<u>K</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>Blinebry</u>
<u>C.P. Falby "B" #2</u>	<u>N</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>P & A</u>
<u>C.P. Falby "B" #3</u>	<u>M</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>P & A</u>
<u>C.P. Falby "B" #4</u>	<u>L</u>	<u>8</u>	<u>22-S</u>	<u>37-E</u>	<u>Eunice, San Andres</u>

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>Choke</u>
<u>C.P. FALBY "A" #1</u>	<u>4</u>	<u>36.6</u>	<u>70</u>	<u>-</u>
<u>C.P. FALBY "A" #2</u>	<u>SHUT-IN</u>			
<u>C.P. FALBY "A" #3</u>	<u>1</u>	<u>36.6</u>	<u>20</u>	<u>-</u>
<u>C.P. FALBY "A" #4</u>	<u>SHUT-IN</u>			
<u>C.P. Falby "B" #1</u>	<u>0</u>		<u>0</u>	<u>-</u>
<u>C.P. Falby "B" #2</u>	<u>SHUT-IN</u>			<u>-</u>
<u>C.P. Falby "B" #3</u>	<u>SHUT-IN</u>			
<u>C.P. Falby "B" #4</u>	<u>0</u>		<u>85</u>	<u>-</u>

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at Unit Ltr. K, Section 8, T-22-S, R-37-E, on lease No. LC-033706B Lea County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contribution sources is as follows:

Please see the attached diagram depicting the lease commingling facility installation. This installation is in compliance with the "Manual for the Installation and Operation of Commingling Facilities" which is published by the New Mexico Oil Conservation Division. Texaco proposes to commingle the production from the Eunice; San Andres, Southwest Pool with the Blinebry Oil and Gas Pool and the Drinkard Pool at the above battery. There are presently a total of four wells from both leases producing into this battery. Two wells produce from the Blinebry Oil and Gas Pool, two wells produce from the Drinkard Pool (the Falby A Federal #1 is down-hole commingled Blinebry and Drinkard), and one well is proposed to be recompleted into the Eunice; San Andres, Southwest Pool. Production will continue to be allocated to each lease by well tests. Each well will continue to be tested for a minimum of twenty-four hours at least once per month through a two phase test separator. All of the working interest ownership on these wells/pools/ leases is 100% TEPI.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by

the lease instrument. And we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: Greg Maes

Name: Greg Maes
Title: Engineer Assistant
Date: July 10, 1997