

DHC

7/18/96



Texaco E & P

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

NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED

1996 JUN 28 AM 8 52

June 25, 1996

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

Attn: Mr. William J. LeMay, Division Director

RE: Request for Exception to Rule 303
Downhole Commingling
Vacuum Blinebry and Vacuum Drinkard Pools
1314 New Mexico O State NCT-1 #34, Unit Letter P
1315 New Mexico O State NCT-1 #35, Unit Letter O
1316 New Mexico O State NCT-1 #36, Unit Letter N
1317 New Mexico O State NCT-1 #37, Unit Letter I
Section 36, T-17-S, R-34-E
Lea County, New Mexico

GAVE VERBAL ON THIS ONE
ONLY ON 7.31.96

Gentlemen:

Texaco Exploration and Production Inc. respectfully requests administrative approval for an exception to Rule 303 to permit the downhole commingling of the Vacuum Blinebry and Vacuum Drinkard pools in the above wells.

Enclosed is the pertinent data supporting this application as outlined in Rule 303. Copies of this administrative application are being provided to our offset operators via Certified Mail.

If you have any questions concerning this proposal, or if you require further information, please contact Darrell Carriger at (505) 397-0426 or myself at (505) 397-0418.

Thank you for your consideration of this proposal.

Sincerely,

Monte C. Duncan
Engineer's Assistant

/mcd, Chrono, Attachments

cc: New Mexico Land Department, Santa Fe
New Mexico Oil Conservation Division, District I Office

COMMINGLE PRE-APPLICATION

STATE LAND OFFICE RULES 1.053-1.055 APPLY TO COMMINGLING OIL AND GAS PRODUCTION FROM NEW MEXICO STATE LANDS. PLEASE PROVIDE THE FOLLOWING INFORMATION SO THAT WE CAN DETERMINE WHETHER OR NOT A COMMINGLE APPLICATION PACKAGE SHOULD BE SUBMITTED.

1. BRIEFLY DESCRIBE WHAT YOU PROPOSE TO DO.

Texaco Exploration and Production Inc. proposes to downhole commingle
production of the Vacuum Drinkard and Vacuum Blinbery pools.

2. FILL IN THE FOLLOWING INFORMATION FOR EACH WELL.

WELL NUMBER	LEGAL DESCRIPTION	LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
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N.M. O State	NCT-1 #34	P-36-17S-34E	TEPI	B-155	Vacuum Drinkard
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N.M. O State	NCT-1 #35	O-36-17S-34E	TEPI	B-155	Vacuum Drinkard
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N.M. O State	NCT-1 #36	N-36-17S-34E	TEPI	B-155	Vacuum Drinkard
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N.M. O State	NCT-1 #37	I-36-17S-34E	TEPI	B-155	Vacuum Drinkard
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NAME: Monte C. Duncan, Engineer's Assistant

COMPANY: Texaco Exploration and Production Inc.
205 East Bender; Hobbs, New Mexico 88240

PHONE NUMBER: (505) 397-0418 or (505) 393-7191

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE OIL, GAS AND MINERALS DIVISION AT (505) 827-5744.

KKCS 06-04-91



Texaco E & P

205 E. Bend, Blvd
Hobbs NM 88240
505 393 7101

CERTIFIED MAIL

June 25, 1996

To: OFFSET OPERATORS

**Subject: Offset Operators Notification
Request for Exception to Rule 303
Downhole Commingling
Vacuum Blinebry and Vacuum Drinkard Pools
New Mexico O State NCT-1 #34, Unit Letter P
New Mexico O State NCT-1 #35, Unit Letter O
New Mexico O State NCT-1 #36, Unit Letter N
New Mexico O State NCT-1 #37, Unit Letter I
Section 36, T-17-S, R-34-E
Lea County, New Mexico**

Texaco Exploration and Production Inc. respectfully requests administrative approval for an exception to Rule 303 to permit the downhole commingling of the Vacuum Blinebry and Vacuum Drinkard pools in the above wells.

Attached are copies of the downhole commingling applications to the New Mexico Oil Conservation Division and New Mexico Land Department. Copies of this administrative application are being provided to our offset operators via Certified Mail.

New Mexico Oil Conservation Division regulations require any objections to this proposal be made within twenty days of the receipt of this letter. If you have any questions concerning this proposal, please contact Darrell Carriger at (505) 397-0426 or myself at (505) 397-0418.

Thank you for your consideration of this proposal.

Sincerely,

Monte C. Duncan
Engineer Assistant
Hobbs Operating Unit

MCD/s
File
Chrono
Attachments

Offset Operator:

Please indicate your approval for our request as detailed in the attached package by signing the waiver form below. Please return the signed waiver in the enclosed self-addressed envelope.

Thank you for your cooperation in this matter.

WAIVER TO OBJECTION

TEXACO EXPLORATION AND PRODUCTION INC.

**Offset Operators Notification
Request for Exception to Rule 303
Downhole Commingling
Vacuum Blinbry and Vacuum Drinkard
New Mexico O State NCT-1 #34, Unit Letter P
New Mexico O State NCT-1 #35, Unit Letter O
New Mexico O State NCT-1 #36, Unit Letter N
New Mexico O State NCT-1 #37, Unit Letter I
Section 36, T-17-S, R-34-E
Lea County, New Mexico**

I do hereby waive any objection to Texaco Exploration and Production Inc.'s request for NMOCD Administrative Approval of downhole commingling of production on the above wells as outlined in the application package.

Signed: _____

Title: _____

Company: _____

Date: _____

P 622 713 482

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Amerada Hess
P.O. Box 2040
Houston, TX

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	JUL 26 1996 USPS

PS Form 3800, April 1995

P 622 713 476

US Postal Service
Receipt for Certified Mail

Marathon
P.O. Box 552
Midland, TX 79702

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	JUL 26 1996 USPS

PS Form 3800, April 1995

P 622 713 481

US Postal Service
Receipt for Certified Mail

Mobil Oil Company
P.O. Box 633
Midland, TX 79702

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	JUN 26 1996 USPS

PS Form 3800, April 1995

P 622 713 477

US Postal Service
Receipt for Certified Mail

Phillips Petroleum
4001 Penbrook
Odessa, TX 79763

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	JUL 26 1996 USPS

PS Form 3800, April 1995

P 622 713 478

US Postal Service
Receipt for Certified Mail

Shell E & P Inc.
P.O. Box 576
Houston, TX 77001

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	JUN 26 1996 USPS

PS Form 3800, April 1995

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II
811 South First St., Artesia, NM 88210

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:
 Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Operator Texaco Exploration & Production Inc. 205 E. Bender; Hobbs, NM 88240 Address

Lease New Mexico "O" State NCT-1 # 34 P-36-17S-34E Well No. 11048 Unit Ltr. - Sec - Twp - Rge 30 025 32271 County Lea

OGRID NO. 022351 Property Code 11048 API NO. 30 025 32271 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Vacuum Blinebry <u>61850</u>	<u>142/2000</u>	<u>6410</u> Vacuum Drinkard
2. Top and Bottom of Pay Section (Perforations)	6482'-7156'		7551'-7632'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 2409 psi	a.	a. 1490 psi
	b. (Original) NA	b.	b. NA
6. Oil Gravity (° API) or Gas BTU Content	36.1°		36.7°
7. Producing or Shut-In?	To be completed		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: New Zone (see attached)	Date: Rates:	Date: Rates:
	Date: Rates: NA	Date: Rates:	Date: 5/96 Rates: 31 BO, 0 BW, 209 MCF 24 Hours
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 45 % Gas: 11 %	Oil: % Gas: %	Oil: 55 % Gas: 89 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No NA
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S) NONE
16. ATTACHMENTS:
 - * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - * Production curve for each zone for at least one year. (If not available, attach explanation.)
 - * For zones with no production history, estimated production rates and supporting data.
 - * Data to support allocation method or formula.
 - * Notification list of all offset operators.
 - * Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE PROD. ENG DATE 6/25/96

TYPE OR PRINT NAME Darrell J. Carriger TELEPHONE NO. (505) 397-0426

Attachments

1. C-102 plats: A C-102 for each zone is attached
2. Production curve for each zone: A production curve for the Vacuum Drinkard is attached. However, because the Vacuum Blinebry is a new zone, the production had to be estimated from offset performance. Attached is a production curve from two Blinebry wells located in Unit letter K & L of the same section, township, and range, of the subject well. The two wells are the State "I" and the State "VB".
3. Estimated production rates: The plot described in item #2 above shows that production rates will probably begin around 40 BOPD for one month and then quickly fall to a steadier 25 BOPD. Allocation percentages for the subject well were determined using the 25 BOPD.
4. Data to support allocation method: The production plot described in item #2 above was used to estimate well performance (25 BOPD, 25 MCFPD) and determine an allocation split as follows:

	BOPD	MCFPD
Vacuum Drinkard	31	209
Vacuum Blinebry	<u>25</u>	<u>25</u>
TOTAL:	56 BOPD & 234 MCFPD	

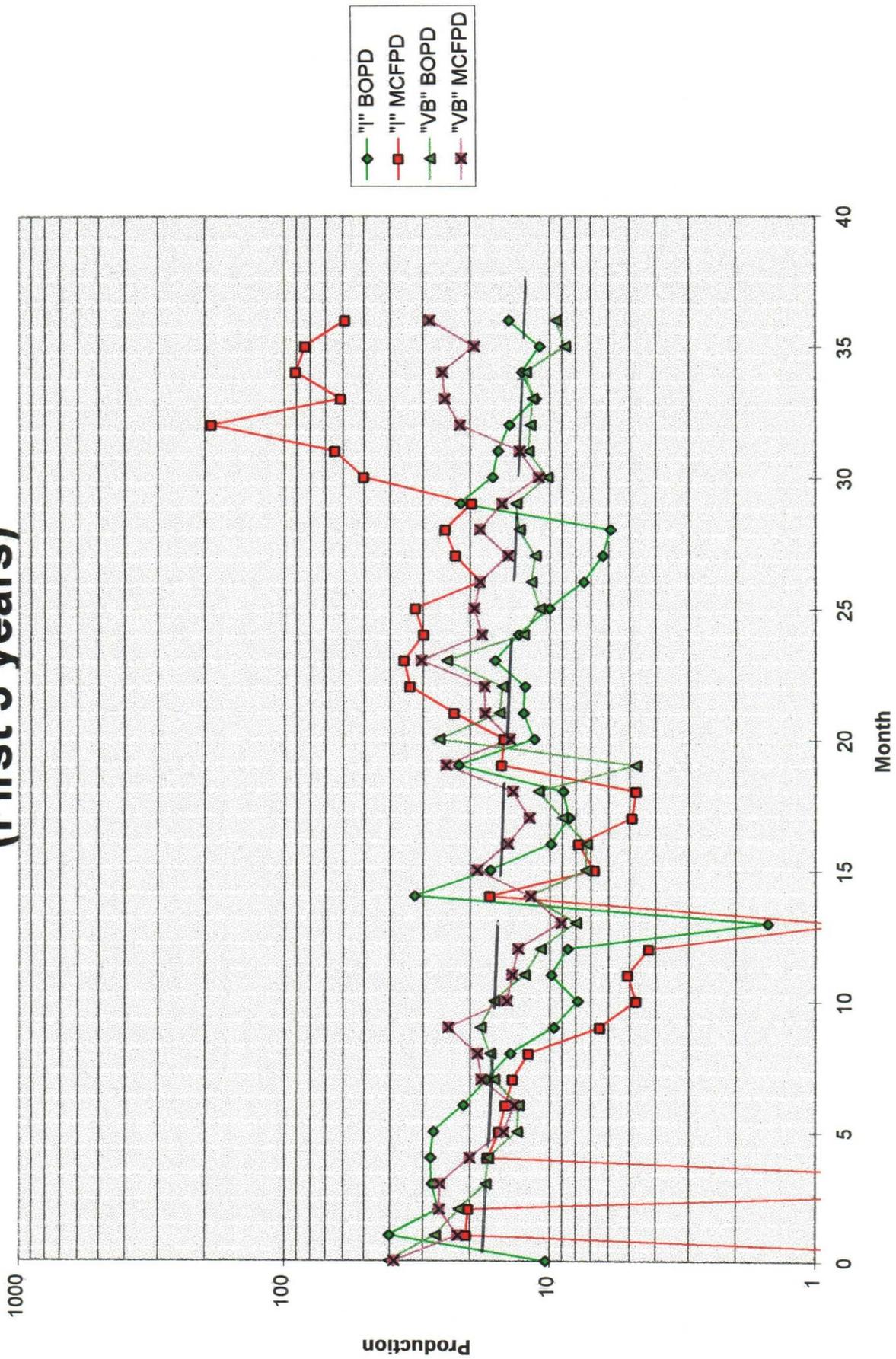
Therefore: **Drinkard Oil - 55%** **Blinebry Oil - 45%**
 Drinkard Gas - 89% **Blinebry Gas - 11%**

5. Attached is a list of all offset operators and their addresses
6. Working, overriding & royalty interests are all common for the Vacuum Drinkard and the Vacuum Blinebry zones (same school).
7. Additional information: Bottomhole pressures were acquired from the following:

Vacuum Drinkard: New Mexico "O" State #38 (new well): Pressure tested zone while drilling (offset Drinkard)

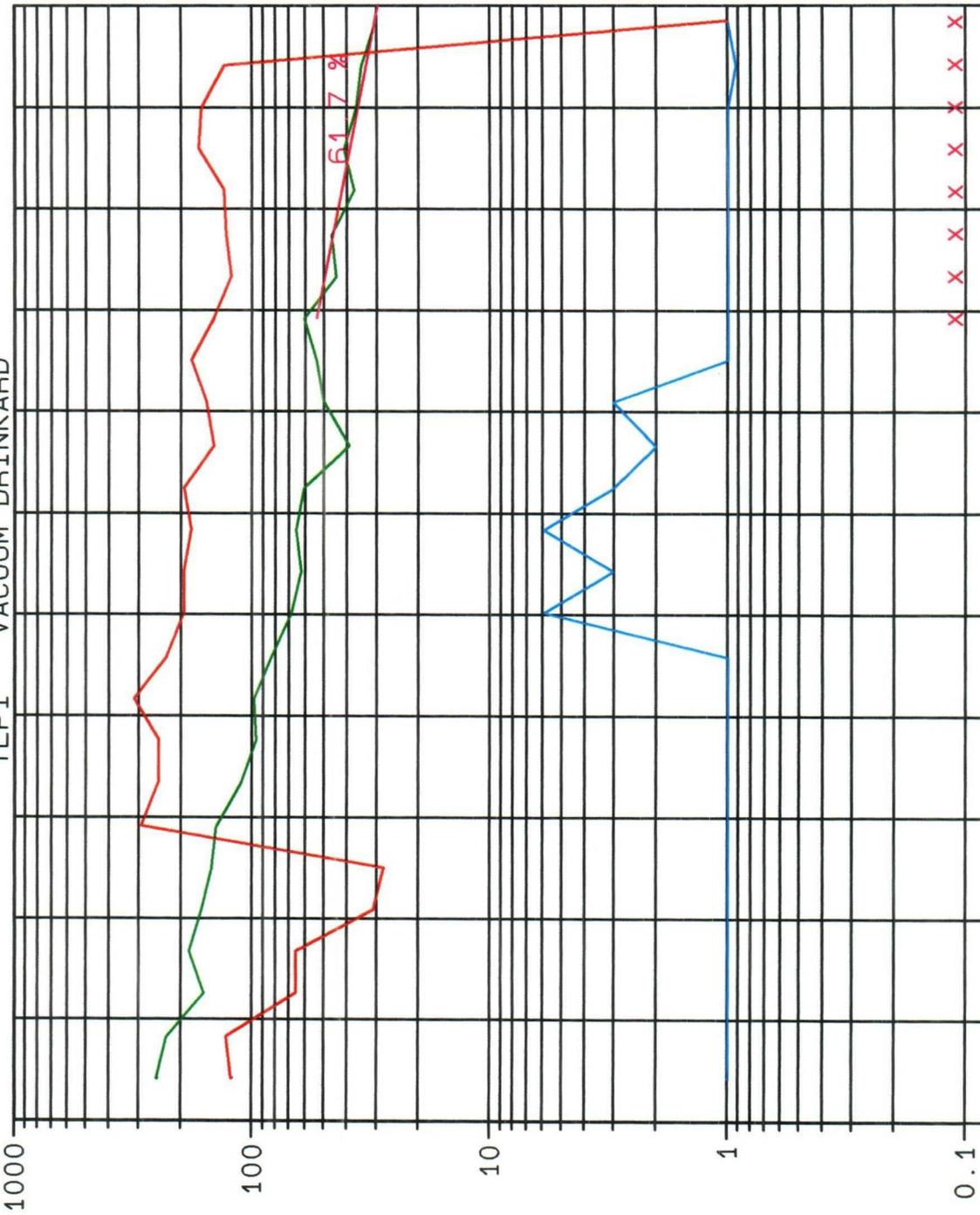
Vacuum Blinebry: Marathon's Warn State Acc-2 #25 (offset Blinebry)

State "I" State "VB" Normalized Daily Production (First 3 years)



NEW MEXICO -0- STATE NCT-1 34 VACUUM DRINKARD

TEPI VACUUM DRINKARD



LEASE DATA
 LSE 011048
 FLD 62110
 OPER TEPI
 ZONE 62110
 --
 COUNTY 25
 STATE 30

STATUS 2-96
 CO 72 MBO
 CG 122 MCMF
 CW 1 MBW
 BOPD 30
 BWPD 0
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0

MCFPD
 BWPD
 BOPD

YEARS

Offset Operators

Marathon
PO Box 552
Midland, TX 79702

Phillips Petroleum
4001 Penbrook
Odessa, TX 79763

Mobil Oil Co
PO Box 633
Midland, TX 79702

Shell
PO Box 576
Houston, TX 77001

Amerada Hess
PO Box 2040
Houston, TX 77252

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

NOTICE OF LOCATION

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

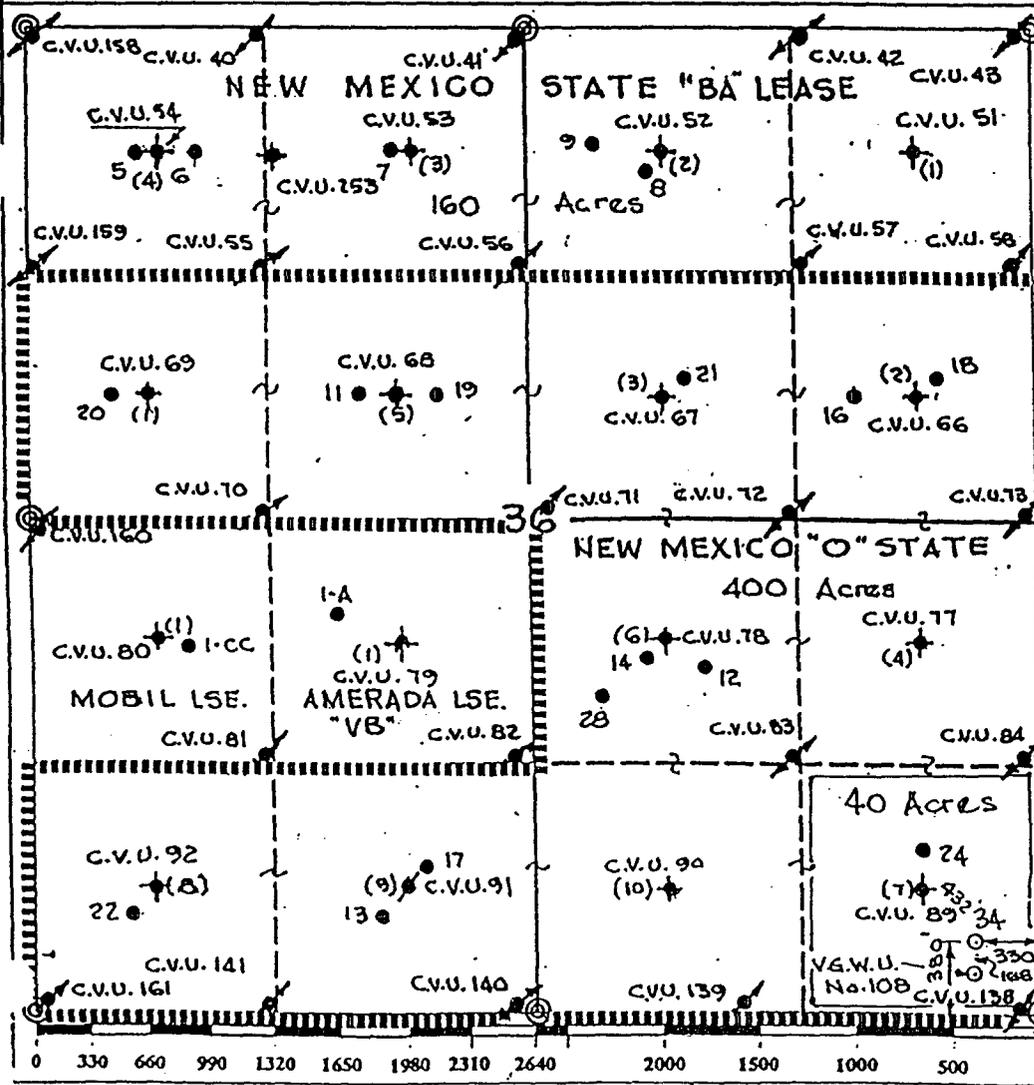
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator TEXACO EXPLORATION AND PRODUCTION Inc.			Lease New Mexico "O" State NCT-1		Well No. 34
Uak Letter P	Section 36	Township 17 South	Range 34 East	County Lea	
Actual Footage Location of Well: 380 feet from the South line and 330 feet from the East line					
Ground level Elev. 3986	Producing Formation Drinkard		Pool Vacuum Drinkard		Dedicated Acreage: 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Royce Mariott

Printed Name
Royce Mariott

Position
Division Surveyor

Company
Texaco Expl. & Prod. Inc.

Date
October 13, 1993

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
October 11, 1993

Signature & Seal of Professional Surveyor

John S. Pifer
John S. Pifer

Certificate No. *1054*
Lea Co. FB. 9, Pg. 55

• = Central Vacuum Unit Producer • = Central Vacuum Unit Injection Well

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-32271	² Pool Code 61850	³ Pool Name VACUUM BLINEBRY
⁴ Property Code 11048	⁵ Property Name NEW MEXICO O STATE NCT-1	
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.	⁶ Well No. 34
		⁹ Elevation GR-3986', KB-4000'

¹⁰ Surface Location

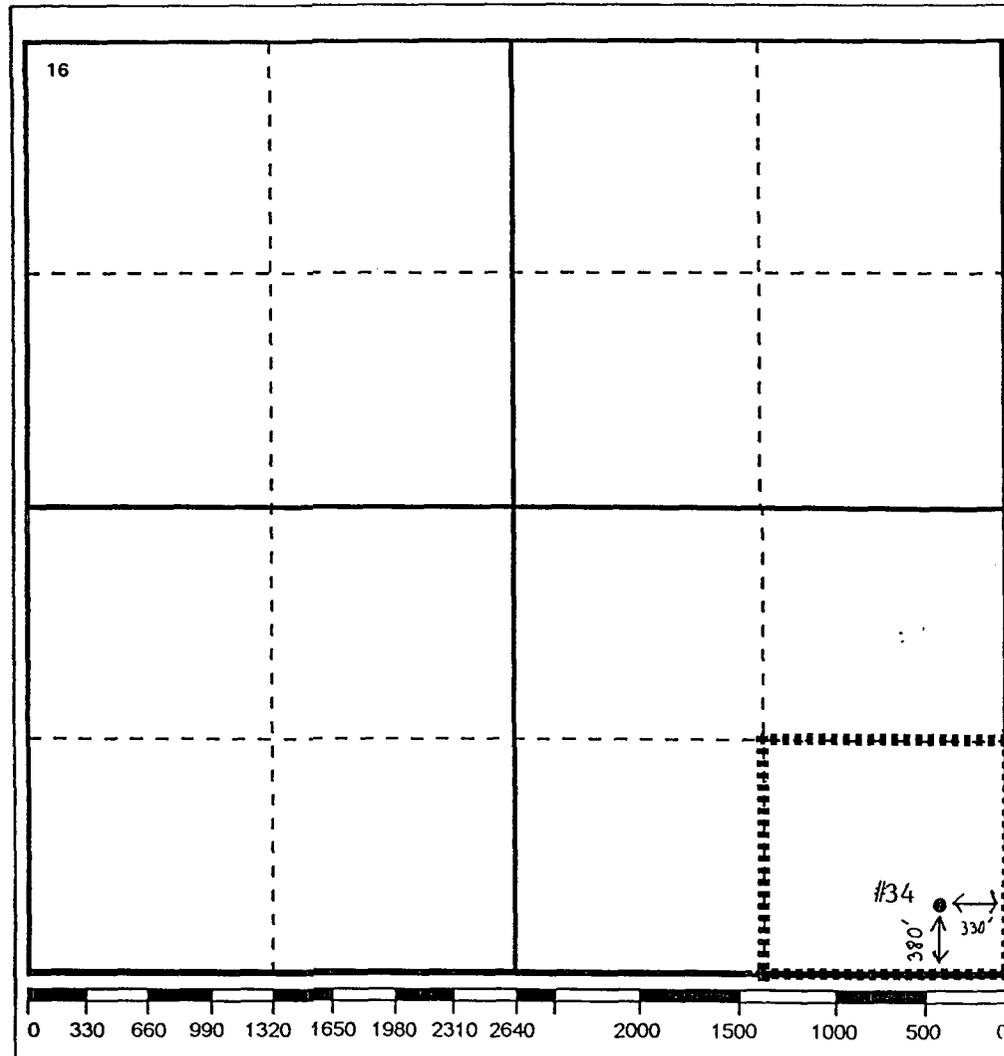
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
P	36	17S	34E		380	SOUTH	330	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County

¹² Dedicated Acres 40	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Monte C. Duncan*

Printed Name: Monte C. Duncan

Position: Engr Asst

Date: 6/25/96

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed:

Signature & Seal of Professional Surveyor:

Certificate No.:

DHC -1314



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

7/8/96

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC X _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Texaco E & P Inc

Vacuum Blinbry and Vacuum Drinkard Pools
New Mexico O State NCT-1 #34, Unit Letter P
New Mexico O State NCT-1 #35, Unit Letter O
New Mexico O State NCT-1 #36, Unit Letter N
New Mexico O State NCT-1 #37, Unit Letter I
Section 36, T-17-S, R-34-E
Lea County, New Mexico

Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed