



DHC 1315

MEMBER, OIL DIVISION
RECEIVED

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State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.
COMMISSIONER

October 1, 1996

Texaco Exploration & Production, Inc.
205 East Bender Blvd.
Hobbs, New Mexico 88240

Attn: Mr. Monty C. Duncan

Re: Application for Downhole Commingling
Request for Exception to Rule 303
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
Vacuum Blinbry (61850) and Vacuum Drinkard (62110) Pools
Section 36-17S-34E
Lea County, New Mexico

Dear Mr. Duncan:

Your application to downhole commingle the production from within the wellbore of the above-captioned wells was received on June 28, 1996. Your application requests our approval to downhole commingle the Vacuum Blinbry and Vacuum Drinkard production within the wellbore of the New Mexico O State NCT-1 Wells Nos. 34-P, 35-O, 36-N & 37-I located in Section 36-17S-34E.

Since it appears that all the New Mexico Oil Conservation Division rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing fee was received.

Texaco Exploration & Production, Inc.

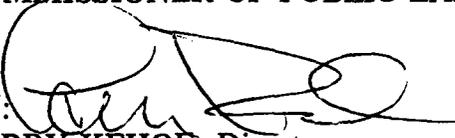
Page 2

October 1, 1996

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File

Attention: Mr. Dave Catanach; Mr. Ben Stone
Commissioner's File



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

June 24, 1996

Texaco Exploration & Production Inc.
Post Office Box 730
Hobbs, New Mexico 88241-0730

Attn: Mr. Monte C. Duncan

Re: Amendment for Off-Lease Storage & Surface Commingling
Vacuum Drinkard Consolidated Battery
Section 1-18S-34E, SE4SE4
Vacuum Drinkard, Vacuum Blinebry, Vacuum Wolfcamp and Wildcat Atoka Pools
Lea County, New Mexico

Dear Mr. Duncan:

We received your application letter on June 13, 1996, requesting approval to amend a previously approved request for off-lease storage and surface commingling of production from the above-referenced tank battery.

We understand that the following wells are to be included in the amended off-lease storage and surface commingling application:

N.M. O State NCT-1, #34	P-36-17S-34E	B-155	Vacuum Drinkard
N.M. O State NCT-1, #35 /	O-36-17S-34E	B-155	Vacuum Drinkard
N.M. O State NCT-1, #36	N-36-17S-34E	B-155	Vacuum Drinkard
N.M. O State NCT-1, #37	I-36-17S-34E	B-155	Vacuum Drinkard
N.M. Z State NCT-1, #1	C-2-18S-34E	B-3011	Vacuum Wolfcamp
N.M. L State #18	A-1-18S-34E	B-1733	Wildcat Atoka
N.M. R State NCT-1, #18	H-6-18S-35E	B-1306	Vacuum Blinebry

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for off-lease storage and surface commingling of the production from the above-mentioned wells is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Texaco Exploration & Production Inc.
June 24, 1996
Page 2

Since the above-mentioned wells are utilizing the tank battery on State Lease No. B-1306-2, a right-of-way easement and business lease may be required. Please contact Ms. Debra Padilla of our Right-of-Way Section for further information regarding a right-of-way easement. Ms. Padilla's telephone number is (505) 827-5729. Also, please contact Mr. Nick Mace of our Commercial Resources Division at (505) 827-5727 regarding a business lease for this site. Our approval is contingent upon Texaco's obtaining any required right-of-way or business lease.

Your \$30.00 filing fee has been received.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File
OCD--Attention: David Catanach and Ben Stone
Debra Padilla
Nick Mace



Texaco E & P

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

OIL CONSERVATION DIVISION
RECEIVED
'96 JUN 24 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 Blinbry 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 Blinbry 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

NOTIFICATION CONTAINED
IN OHC-1314

/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 Blinberg 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
N.M. O State	NCT-1 #35	O-36-17S-34E	TEPI	B-155	Vacuum Drinkard
N.M. O State	NCT-1 #36	N-36-17S-34E	TEPI	B-155	Vacuum Drinkard
N.M. O State	NCT-1 #37	I-36-17S-34E	TEPI	B-155	Vacuum Drinkard

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.

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

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

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:
 Administrative Hearing

EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Texaco Exploration & Production Inc. 205 E. Bender; Hobbs, NM 88240 Address _____
New Mexico "O" State NCT-1 # 35 0-36-17S-34E Lea
Lease _____ Well No. _____ Unit Ltr. - Sec - Twp - Rge _____ County _____
OGRID NO. 022351 Property Code 11048 API NO. 30 025 32338 Spacing Unit Lease Types: (check 1 or more!)
Federal _____ State Land/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		Vacuum Drinkard
2. Top and Bottom of Pay Section (Perforations)	6404'-7124'		7486'-7751'
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current 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: New Zone Rates: (see attached)	Date: Rates:	Date: Rates:
	Date: Rates: NA	Date: Rates:	Date: 5/96 Rates: 11 BO, OBW, 72 MCF
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 70 % Gas: 26 %	Oil: % Gas: %	Oil: 30 % Gas: 74 %

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 *Darrell J. Carriger* TITLE PROD. ENG. DATE 6/25/96

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

Attachments

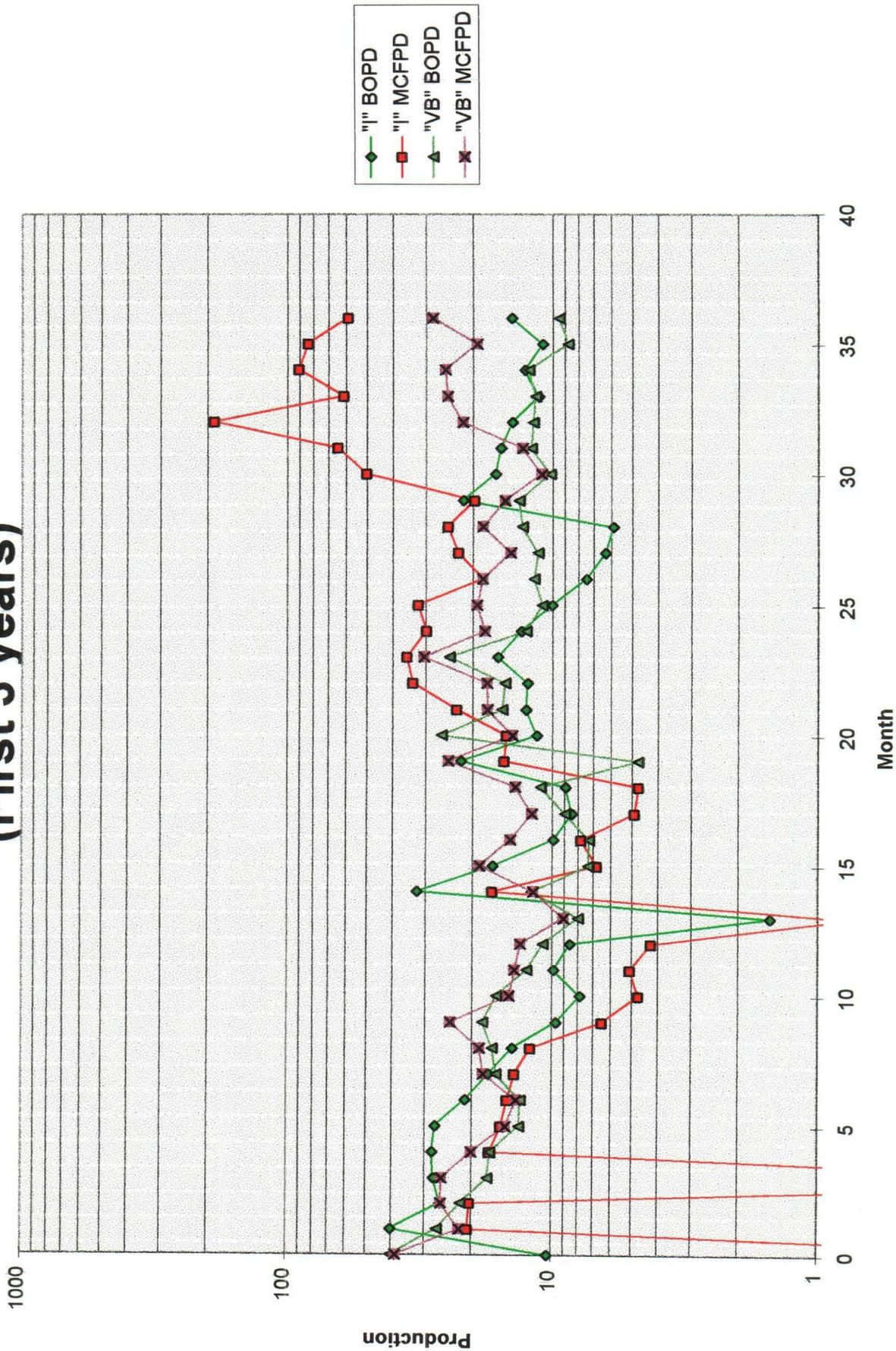
1. C-102 plats: A C-102 for each zone is attached
2. Production curve for each zone: A production curve for the Vacuum Drinkard is attached. However, because the Vacuum Blinebry is a new zone, the production had to be estimated from offset performance. Attached is a production curve from two Blinebry 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	11	72
Vacuum Blinebry	<u>25</u>	<u>25</u>
TOTAL:	36 BOPD & 97 MCFPD	

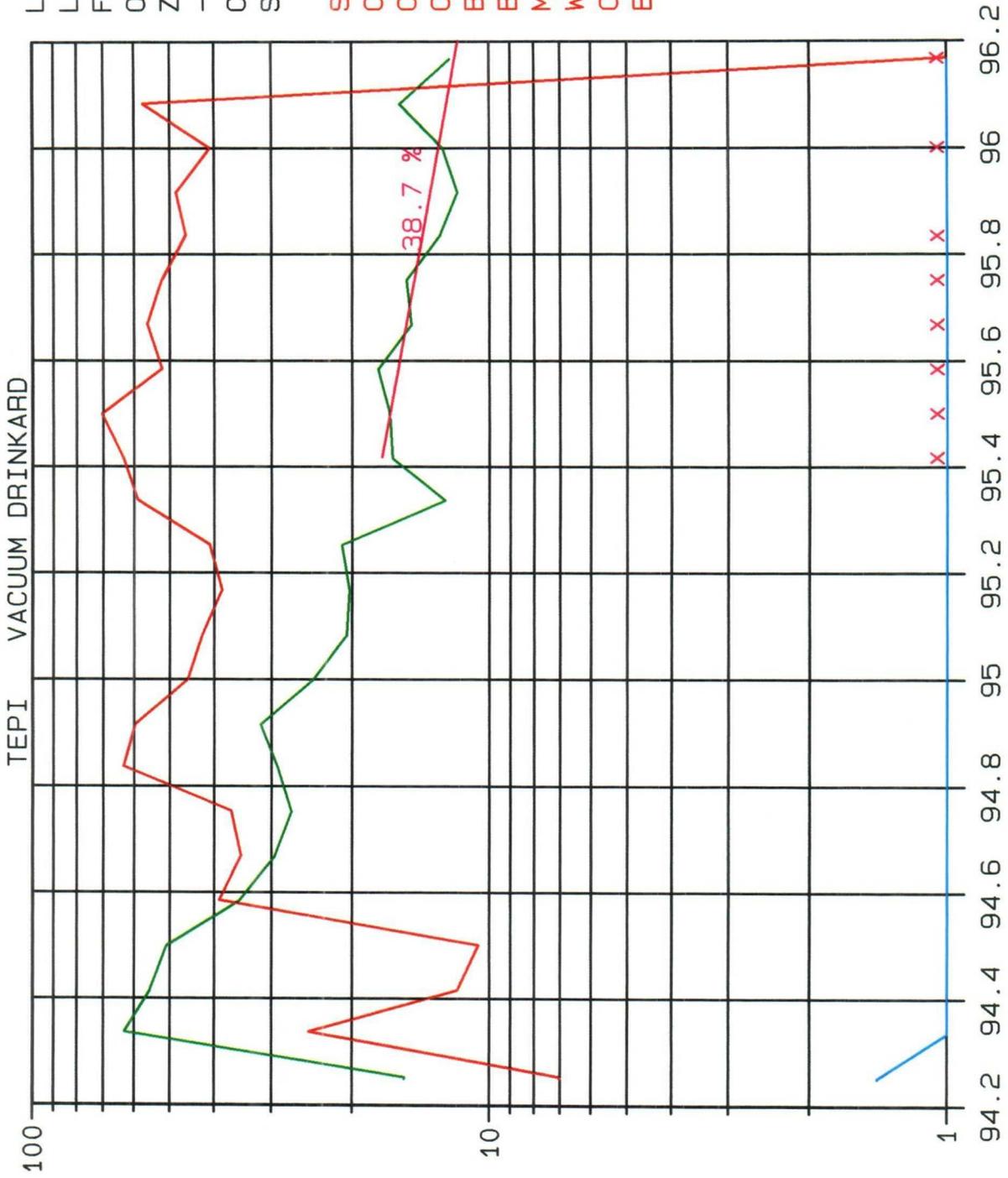
Therefore: **Drinkard Oil - 30%** **Blinebry Oil - 70%**
 Drinkard Gas - 74% **Blinebry Gas - 26%**

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 35 VACUUM DRINKARD



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

STATUS 2-96
 CO 18 MBO
 CG 31 MMCF
 CW 0 MBW
 BOPD 12
 BWPD 0
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0

BOPD
 BMPD
 MCFPD

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

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

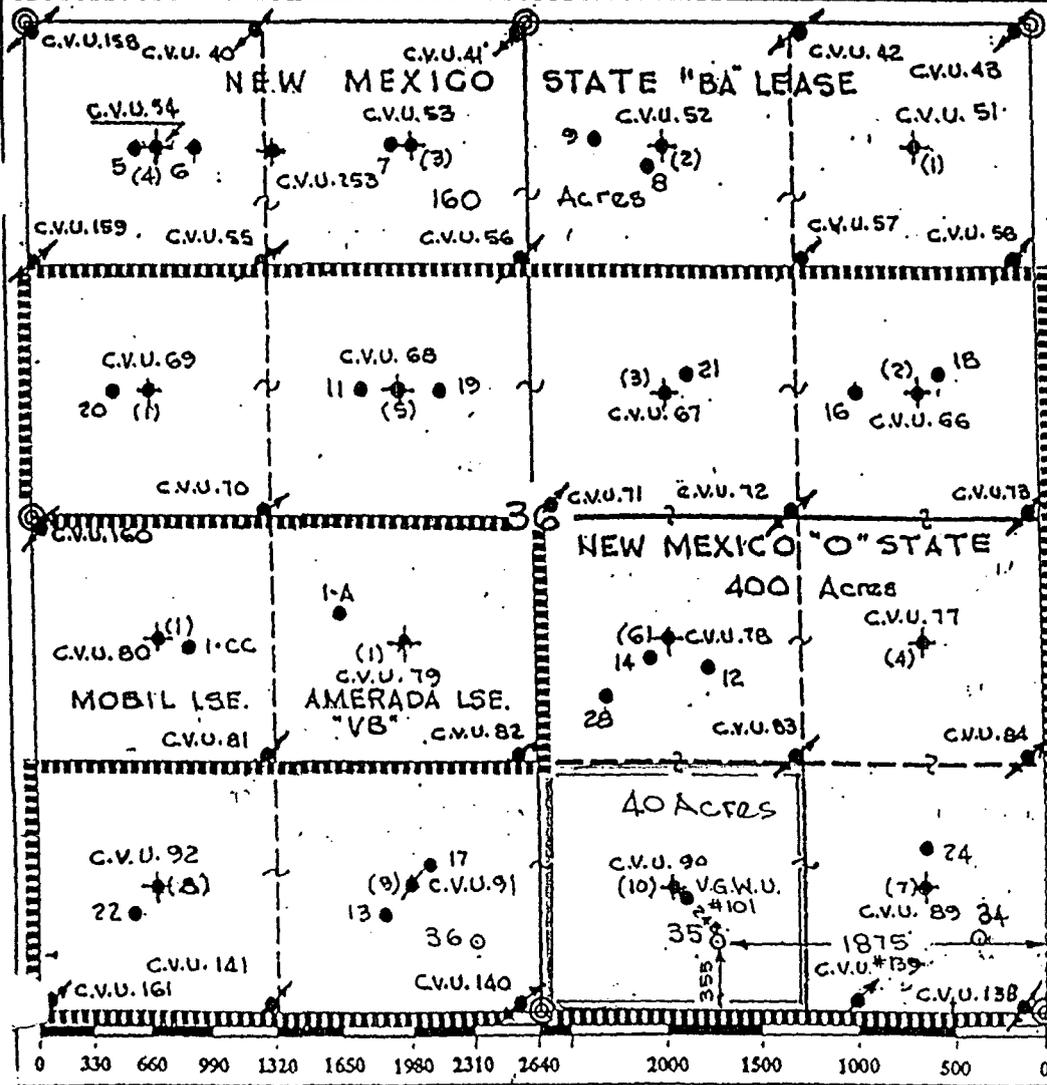
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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. 35
Unit Letter O	Section 36	Township 17 South	Range 34 East	County Lea	
Actual Footage Location of Well: 355 feet from the South line and 1875 feet from the East line					
Ground level Elev. 3991	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: **January 17, 1994**

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: **JAN 1994**
 Signature: *John S. Piper*
 Professional Surveyor
 Hobbs Area
 Certificate No. **7254**

Lea Co. F.B. 9, Pg. 79

◆ = 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

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-32338	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. 35 ⁹ Elevation 3990' GL

¹⁰ Surface Location

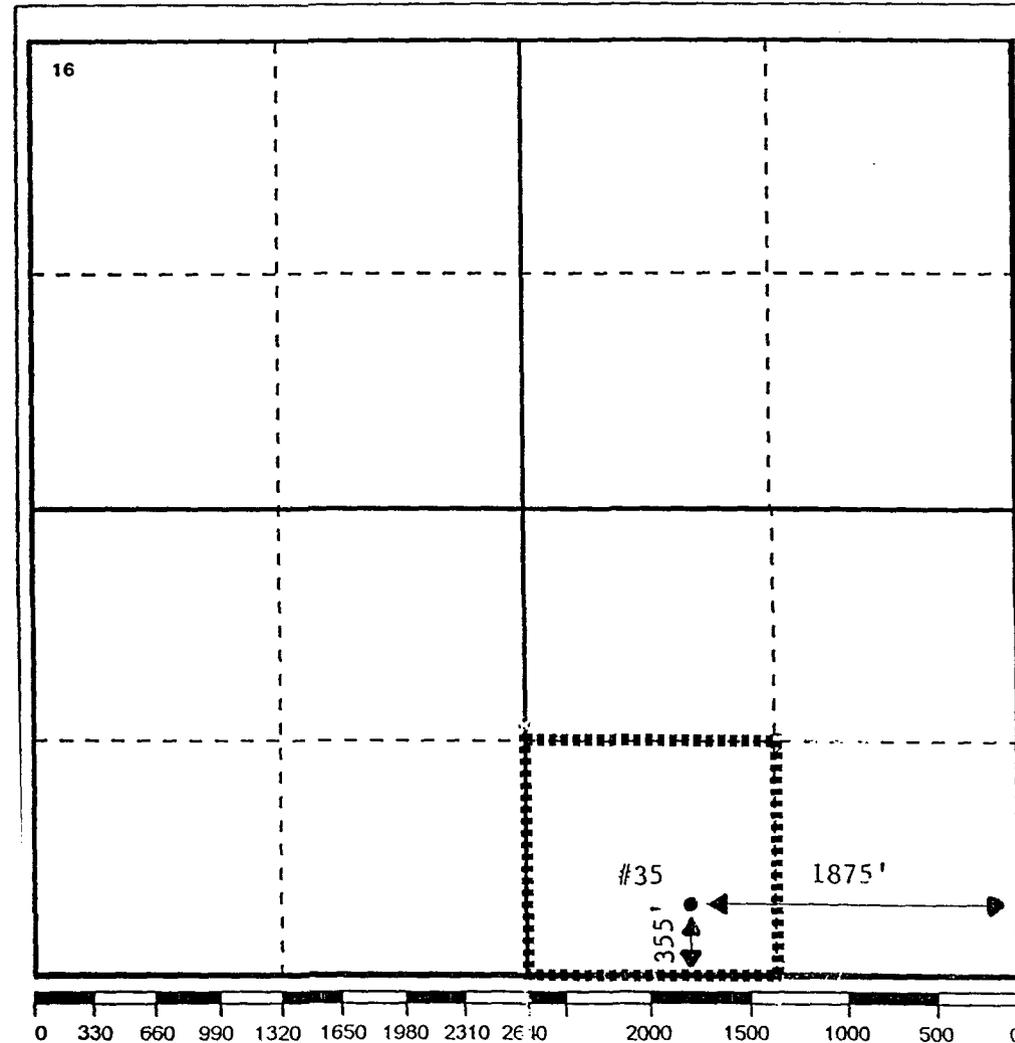
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
O	36	17S	34E		355	SOUTH	1875	EAST	LEA

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.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

7/8/96

DHC-1315

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

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

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
Lee County, New Mexico

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed