

DHC 9/8/97

TITAN RESOURCES I, INC.

August 12, 1997

AUG 18 1997

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

1678

Attention: Mr. William J. LeMay

Re: Exception to Rule 303-A
Brunson-Argo Well No. 15
Tubb Oil and Gas Pool and
Drinkard Pool
Lea County, New Mexico

Gentlemen:

Titan Resources I, Inc. requests administrative approval for an exception to Rule 303-A to downhole commingle production from two pools within the wellbore in the following well:

Operator: Titan Resources I, Inc.
500 West Texas, Suite 500
Midland, Texas 79701
Well: Brunson-Argo No. 15
Location: Unit Letter F,
1880 ft FNL and 1980 ft FWL
Section 10, T-22-S, R-37-E
Lea County, New Mexico
Upper Pool: 60240 Tubb Oil and Gas
Lower Pool: 19190 Drinkard

Enclosed are the following in support of this application:

1. Plat of the area
2. C-102's showing dedicated acreage
3. C-116's for each zone
4. Production decline curves for each zone
5. Well data sheet
6. Computation of values of commingled fluids
7. Proposed allocation of production

Oil Conservation Division
August 12, 1997
Page 2

The subject well was dually completed in the Tubb and Drinkard zones in 1972 and was produced as a dual completion until the Tubb zone became uneconomical in 1989. After the Tubb zone was shut-in, the well continued to produce from the Drinkard only.

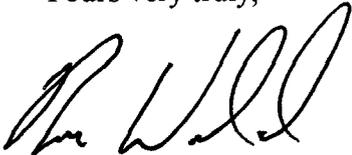
Titan acquired the well in November 1996. In June 1997, remedial work was initiated to clean out, acidize and test both the Tubb and Drinkard independently to determine the productive potential of each zone. Currently, the well is producing as a single completion from the Tubb, pending approval of this downhole commingling request.

The subject well meets all the requirements for downhole commingling as set out in Rule 303-C. The working interest ownership and royalty interest ownership is common for both the Tubb and Drinkard zones.

Approval of this request will result in more efficient producing operations which will extend the productive lives of both zones and will recover hydrocarbons which would otherwise not be recovered.

By copy of this letter, all offset operators have been notified of Titan's request for downhole commingling.

Yours very truly,



Bruce Woodard
Production Operations Manager

JMJ/mjl

Attachments

cc: NMOCD - Hobbs
Offset Operators

Brunson-Argo No. 15
Offset Operators

1. Anadarko Petroleum Corp.
Box 2497
Midland, TX 79702
2. Arch Petroleum, Inc.
10 Desta Drive, Suite 420 E
Midland, TX 79705
3. BEC Corporation
Box 1392
Midland, TX 79702
4. Chevron USA Production Company
Box 1150
Midland, TX 79702
5. Cross Timbers Operating Company
Box 52070
Midland, TX 79710-2070
6. Exxon Company, USA
Box 1600
Midland, TX 79702
7. John H. Hendrix Corporation
P. O. Box 3040
Midland, TX 79702-3040
8. OXY USA, Inc.
Box 50250
Midland, TX 79710
9. Texaco, Inc.
Box 3109
Midland, TX 79702
10. Zia Energy, Inc.
Box 2219
Hobbs, NM 88241

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|--|--|-------------------------|---------------------|
| 1 API Number 30-025-10176 | | 2 Pool Code 19190 | | 3 Pool Name DRINKARD | |
| 4 Property Code 020000 | | 5 Property Name BRUNSON-ARGO | | | 6 Well Number 15 |
| 7 GRID No. 150661 | | 8 Operator Name TITAN RESOURCES I, INC. | | | 9 Elevation 3404 |

10 Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no. F | Section 10 | Township 22S | Range 37E | Lot Idn | Feet from the 1880 | North/South line NORTH | Feet from the 1980 | East/West Line WEST | County LEA |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

11 Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-----------------------------|-------------------------|-----------------------|-------|--------------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
| 12 Dedicated Acres 40.00 | 13 Joint or Infill N | 14 Consolidation Code | | 15 Order No. | | | | | |

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

| | |
|--|---|
| | <p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p></p> <p>Signature BRUCE WOODARD Printed Name PROD. OPNS. MGR. Title 08-08-97 Date</p> |
| | <p>18 SURVEYOR CERTIFICATION</p> <p><i>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 belief.</i></p> <p>Date of Survey Signature and Seal of Professional Surveyer:</p> <p>Certificate Number</p> |

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|--|--|---------------------------------|---------------------|
| 1 API Number 30-025-10176 | | 2 Pool Code 60240 | | 3 Pool Name TUBB OIL AND GAS | |
| 4 Property Code 020000 | | 5 Property Name BRUNSON-ARGO | | | 6 Well Number 15 |
| 7 GRID No. 150661 | | 8 Operator Name TITAN RESOURCES I, INC. | | | 9 Elevation 3404 |

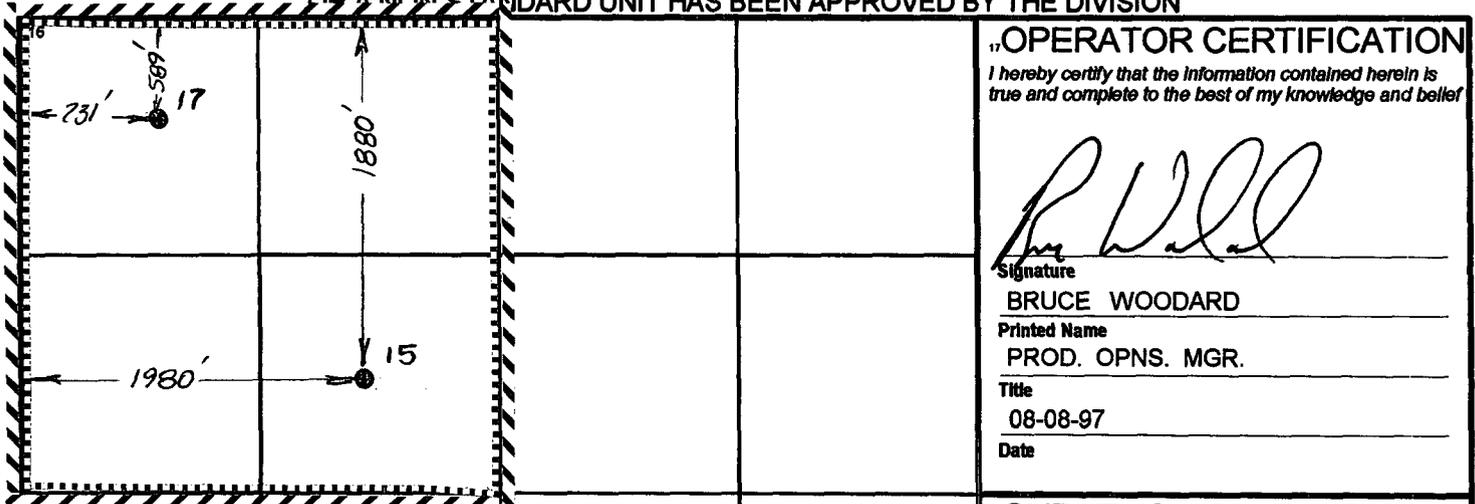
10 Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no. F | Section 10 | Township 22S | Range 37E | Lot Idn | Feet from the 1880 | North/South line NORTH | Feet from the 1980 | East/West Line WEST | County LEA |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

11 Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|------------------------------|-------------------------|-----------------------|-------|---------------------------------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
| 12 Dedicated Acres 160.00 | 13 Joint or Infill Y | 14 Consolidation Code | | 15 Order No. NSL - 3363 (SD) | | | | | |

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

Bruce Woodard
Signature

BRUCE WOODARD
Printed Name
PROD. OPNS. MGR.
Title

08-08-97
Date

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 belief.

Note: 160 acres sumultaneously dedicated to Wells No. 15 and 17.

Date of Survey
Signature and Seal of Professional Surveyer:

Certificate Number

Submit 2 copies to Appropriate District Office:
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

State of New Mexico
 Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 Pacheco St.
 Santa Fe, NM 87505

Form C-116
 Revised 1/1/89

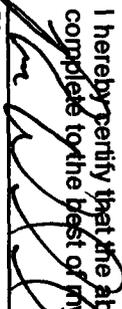
GAS-OIL RATIO TEST

| Operator TITAN RESOURCES I, INC. | | Pool 19190 DRINKARD | | County LEA | | | | | | | | | | | |
|--|----------|------------------------|----|--|--------------|--------------|------------|-------------|-----------------|----------------------|-------------------|--------------|-----------|------------|----------------------------|
| Address 500 W. TEXAS, SUITE 500, MIDLAND, TEXAS 79701 | | TYPE OF TEST - (X) | | Scheduled <input type="checkbox"/> Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/> | | | | | | | | | | | |
| LEASE NAME | WELL NO. | LOCATION | | | DATE OF TEST | TYPE OF TEST | CHOKE SIZE | TBG. PRESS. | DAILY ALLOWABLE | LENGTH OF TEST HOURS | PROD. DURING TEST | | | GAS M.C.F. | GAS - OIL RATIO CU.FT/BBL. |
| | | U | S | T | | | | | | | R | WATER BBL.S. | GRAV. OIL | | |
| BRUNSON-ARGO 30-025-10176 | 15 | F | 10 | 22S | 37E | 06/19/97 | F | 1" | 30 | 24 | 0 | 37.10 | 1 | 145 | 145,000 |

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.
 Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F.
 Specific gravity base will be 0.60.
 Report casing pressure in lieu of tubing pressure for any well producing through casing.

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

Signature 

Printed name and title
 BRUCE WOODARD PROD. OPNS. MGR.

Date 08/11/97 Telephone No. 915/682-6612

(See Rule 301, Rule 1116 & appropriate pool rules.)

Submit 2 copies to Appropriate District Office:
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

State of New Mexico
 Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
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 Santa Fe, NM 87505

Form C-116
 Revised 1/1/89

GAS-OIL RATIO TEST

| Operator TITAN RESOURCES I, INC. | | Pool 60240 TUBB OIL AND GAS | | County LEA | | | | | | | | | | | |
|--|----------|--------------------------------|----|--|--------------|----------|------------|-------------|------------------|----------------------|-------------------|--------------|------------------|------------------------------|------------|
| Address 500 W. TEXAS, SUITE 500, MIDLAND, TEXAS 79701 | | TYPE OF TEST - (X) | | Scheduled <input type="checkbox"/> Special <input checked="" type="checkbox"/> | | | | | | | | | | | |
| LEASE NAME | WELL NO. | LOCATION | | | DATE OF TEST | STATUS | CHOKE SIZE | TBG. PRESS. | DAILY ALLOW-ABLE | LENGTH OF TEST HOURS | PROD. DURING TEST | | | GAS - OIL RATIO CU. FT./BBL. | |
| | | U | S | T | | | | | | | R | WATER BBL.S. | GRAV. OIL BBL.S. | | OIL BBL.S. |
| BRUNSON-ARGO 30-025-10176 | 15 | F | 10 | 22S | 37E | 07/15/97 | F | 1" | 30 | | 24 | 0 | 0 | 101 | NA |

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.
 Gas volumes must be reported in MCF measured at a pressure base of 15,025 psia and a temperature of 60° F.
 Specific gravity base will be 0.60.
 Report casing pressure in lieu of tubing pressure for any well producing through casing.

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

Signature 

BRUCE WOODARD
 Printed name and title

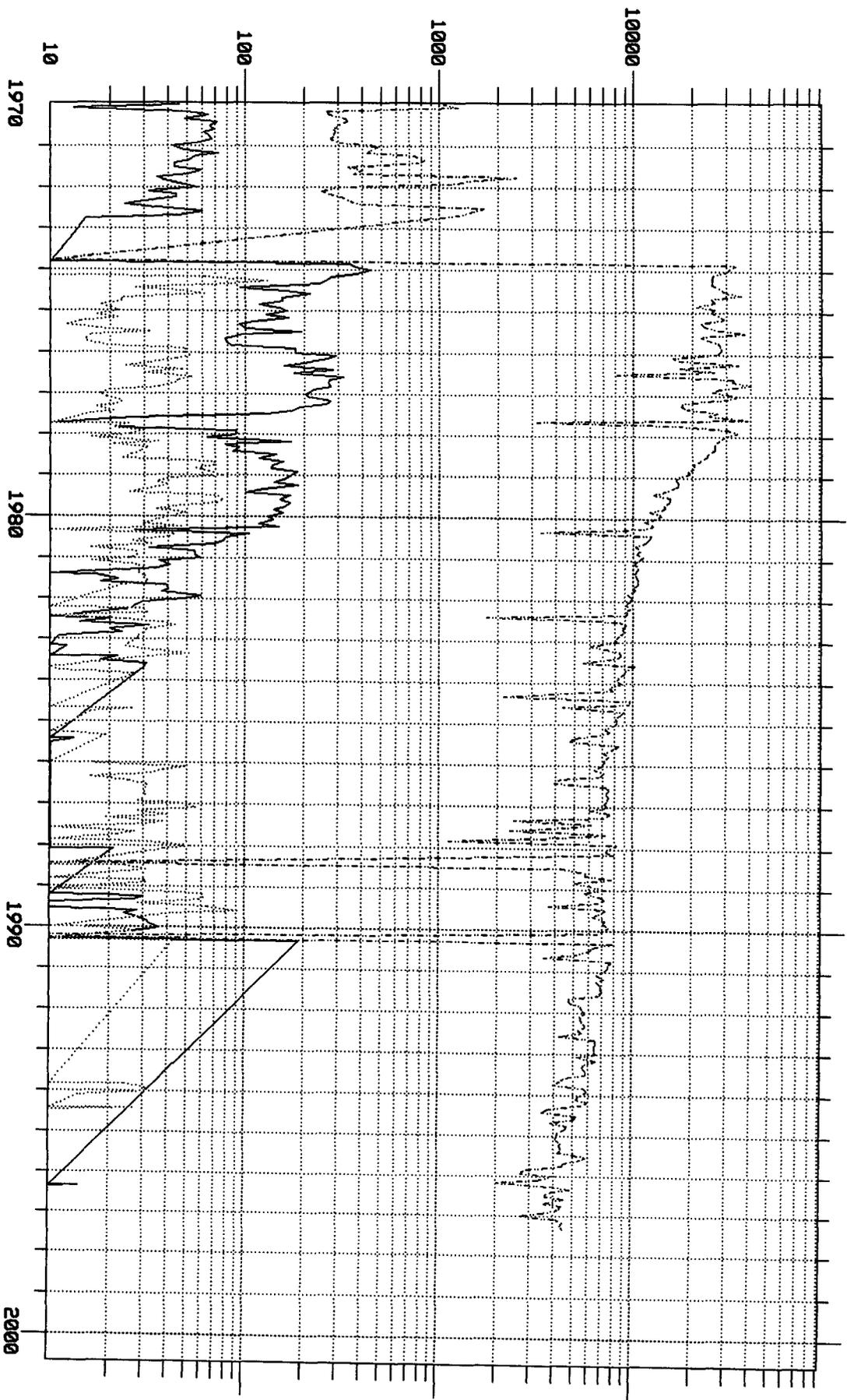
PROD. OPNS. MGR.

Date 08/11/97
 Telephone No. 915/682-6612

(See Rule 301, Rule 1116 & appropriate pool rules.)

TITAN RESOURCES I, INC.
 Production Rate vs Time
 Bbl/Mo or Mcf/Mo vs Months
 BRUNSON-ARGO NO. 15
 DRINKARD

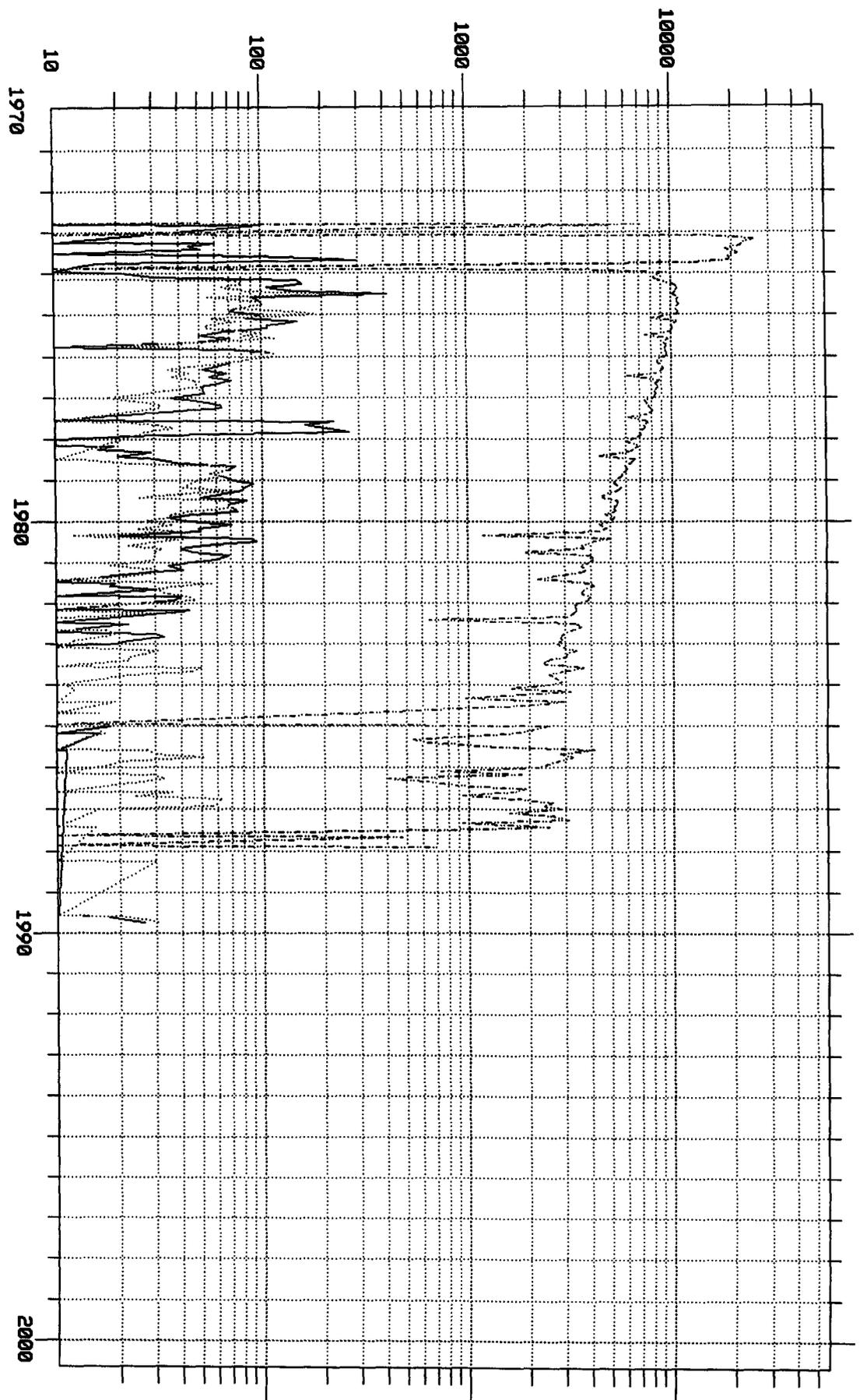
Production
 Oil ———
 Gas - - - -
 Water ·····



Reported Oil Production = 127153 Bbls
 Reported Gas Production = 3443532 Mcf
 Reported Water Production = 5779 Bbls

TITAN RESOURCES I, INC.
 Production Rate vs Time
 Bbl/Mo or Mcf/Mo vs Months
 BRUNSON-ARGO NO. 15
 TUBB OIL AND GAS

Production
 Oil ———
 Gas - - - -
 Water ·····



Reported Oil Production = 7608 Bbls
 Reported Gas Production = 982126 Mcf
 Reported Water Production = 5673 Bbls

WELL DATA SHEET

APPLICATION FOR EXCEPTION TO RULE 303-A
TO ALLOW DOWN-HOLE COMMINGLING OF A DUALY COMPLETED WELL

OPERATOR: TITAN RESOURCES I. INC.

LEASE NAME: BRUNSON-ARGO

WELL NO: 15

LOCATION: Unit Letter: F; 1880 ft FNL and 1980 ft FWL, Section 10, T-22-S, R-37-E
Lea County, NM

| | <u>UPPER ZONE:</u> | <u>LOWER ZONE</u> |
|---|--------------------|--------------------|
| POOL: | TUBB OIL AND GAS | DRINKARD |
| PERFORATIONS: | 5883' - 6127' | 6280' - 6500' |
| PRODUCING METHOD: | FLOW | PUMP |
| OIL: Bbl/ Day | 0 | 1 |
| GAS: Mcf/Day | 101 | 145 |
| WATER: Bbl/Day | 0 | 0 |
| GOR: | NA | 145,000 |
| TOP OIL ALLOWABLE: | NA | 142 Bbl/Day |
| GOR LIMIT: | NA | 6,000 |
| GAS LIMIT: | 18,425 Mcf/Mo | 852 Mcf/Day |
| BOTTOM-HOLE PRESSURE, psi: | 643 psi at 6007' * | 377 psi at 6500' * |
| BOTTOM-HOLE PRESSURE EXTRAPOLATED TO 6500', psi: | 696 psi | 377 psi |
| OIL GRAVITY, ° API | NA | 37.1 |
| GAS GRAVITY: | 0.68 | 0.68 |
| WATER: | NA | NA |

* BHP Measured with Pressure Bomb

NOTE: Since no liquids are produced from the Tubb zone, and since the gas produced from each zone is the same gravity and essentially the same composition, incompatibility of fluids in the wellbore will not exist.

**COMPUTATION OF VALUE OF HYDROCARBONS
BEFORE AND AFTER COMMINGLING**

Lease Name and Well No: BRUNSON-ARGO N0. 15

| | <u>Upper Pool</u> | <u>Lower Pool</u> | <u>Commingled</u> |
|------------------------------------|-------------------|-------------------|-----------------------------|
| Pool Name: | Tubb Oil and Gas | Drinkard | Tubb Oil and Gas & Drinkard |
| Daily Production: | | | |
| Mcf/ Day | 101 | 145 | 246 |
| Bbl /Day | 0 | 1 | 1 |
| Gravity: | NA | 37.1 | 37.1 |
| Selling Price: | | | |
| \$/Mcf: | 1.8718 | 1.8718 | 1.8718 |
| \$/Bbl: | 0 | 18.75 | 18.75 |
| Gross Daily Income: \$ | 189.05 | 271.41 | 460.46 |
| Sum of Income of Individual Pools: | 271.41 | | |

Note: The value of the commingled production will not be less than the sum of the values of the individual streams.

**PROPOSED FORMULA FOR
ALLOCATION OF PRODUCTION**

TITAN recommends that the downhole commingled production from the BRUNSON-ARGO No. 15 be allocated based on producing rates shown on the attached forms C-116.

| | <u>TUBB OIL AND GAS</u> | <u>DRINKARD</u> |
|-----|-------------------------|-----------------|
| GAS | 41% | 59% |
| OIL | 0% | 100% |