

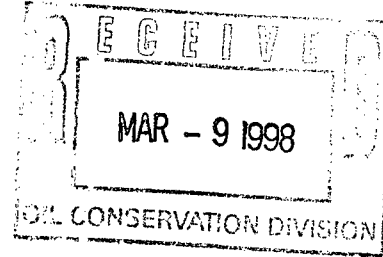


Texaco E & P

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

DHC 3/30/98

1970



March 5, 1998

NMOCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. David Catanach

Subject: Application to DHC L. R. Kershaw #12, C-13-20S-37E, in the Weir Blinebry, East (63800) and Skaggs Drinkard (57000) Pools.

Dear Mr. Stone:

Texaco Exploration and Production, Inc. respectfully requests administrative approval to downhole commingle the L. R. Kershaw #12 in the Weir Blinebry, East and Skaggs Drinkard Pools. An attempt was made to notify the offset operator by certified mail, but the notification was returned as unclaimed mail.

This well was recently recompleted in the Weir Blinebry, East Pool and is currently producing 10 BOPD and 40 MCFPD. In order to recomplete the well, 5 BOPD and 110 MCFPD from the Skaggs Drinkard was plugged back. In order to maximize the recovery from both zones the zones should be down-hole commingled. This will be accomplished by drilling out the CIBP that is keeping the zones isolated. After this plug is drilled out, the well will be rod-pumped.

The Blinebry and Drinkard are already being produced on this lease from other wells. These wells are produced into a common tank battery where no fluid compatibility problems have been seen. This well meets all of the requirements set forth by Rule 303(C). Due to the recency of the Blinebry completion, a full year of production data is not available. The allocation factors were determined in the following manner:

$$\%DRINKARD = \frac{\text{DRINKARD STABILIZED PRODUCTION}}{\text{DRINKARD} + \text{BLINEBRY STABILIZED PRODUCTION}}$$

$$\%BLINEBRY = 100\% - \%DRINKARD.$$

If you have any questions concerning this application, please contact Britton M. McQuien at (505) 397-0427.

Sincerely,

Britton M. McQuien
Production Engineer
Texaco Exploration and Production, Inc.

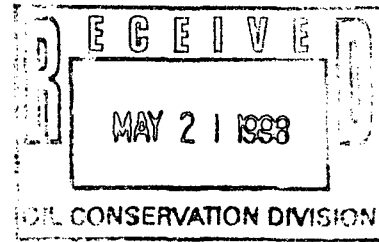
cc: Mr. Chris Williams

enc



Texaco E & P

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



May 19, 1998

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

Attn: Mr. David Catanach

Subject: DHC of L. R. Kershaw #12 in the Skaggs Drinkard Pool (57000) and Weir Blinebry, East Pool (63800).

Dear Mr. Catanach:

Enclosed, please find a copy of the letter sent to Conoco Inc. informing them of Texaco's intention to down hole commingle production from the Blinebry and Drinkard in the L. R. Kershaw #12. If you have any questions, please call me at (505) 397-0427.

Thank you,

Britton McQuien
Engineer
Texaco Exploration and Production, Inc.



Texaco E & P

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

May 19, 1998

Conoco Inc.
10 Desta Dr. Suite 100W
Midland, Texas 79705

Subject: DHC of L. R. Kershaw #12 in the Skaggs Drinkard Pool (57000) and Weir Blinebry, East Pool (63800).

Gentlemen:

Please be informed that Texaco Exploration and Production, Inc. intends to down-hole commingle production from the Skaggs Drinkard Pool (57000) and the Weir Blinebry, East Pool (63800) in the L. R. Kershaw #12 well. If you have any questions or concerns about this, please contact Britton McQuien at (505) 397-0427.

Sincerely,

Britton McQuien
Engineer
Texaco Exploration and Production, Inc.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 13, 1998

Please Date
June 9, 1998

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

Attention: Mr. Britton M. McQuien

Re: Downhole Commingling Application
L.R. Kershaw No. 12

Dear Mr. McQuien:

With regards to your recent application to downhole commingle Blinebry and Drinkard pool production within the subject well, please be advised that notice to offset operators is required to be furnished before the application can be approved. Please provide proof that Conoco Inc. has been provided notice of your application to downhole commingle.

Your application will be processed at such time as all the requirements contained within Division Rule No. 303.C. and Form C-107-A are complied with.

Sincerely,

David Catanach
Engineer

xc: OCD-Hobbs

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

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

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-8429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☐ Administrative ☐ Hearing

EXISTING WELLBORE

☐ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Texaco Exploration & Producing Inc. 205 East Bender Hobbs, New Mexico 88240
Operator AddressL. R. Kershaw 12 C-13-20S-37E Lea
Lease Well No. Unit Ltr. - Sec - Tws - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 022351 Property Code 011132 API NO. 30-025-29493 Federal , State , (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Lower Zone	Intermediate Zone	Upper Zone
1. Pool Name and Pool Code	Skaggs Drinkard 57000		Weir Blinebry, East 63800
2. Top And Bottom of Pay Section (Perforations)	6677'-6896'		5766'-6022'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Rod-pump		Rod-pump
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	(Current) a. 858 psi	a.	a.
	(Original) b.	b.	b.
			674 psi
6. Oil Gravity (* API) or Gas BTU Content	38		39
7. Producing or Shut-In? Production Marginal? (yes or no)	Shut-in yes		Producing 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: 10/31/97 Rates: 5/110/15		
	Date: Rates:		2/3/98 10/40/5
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 33.3% Gas: 73.3%	Oil: % Gas: %	Oil: 66.7% Gas: 26.7%

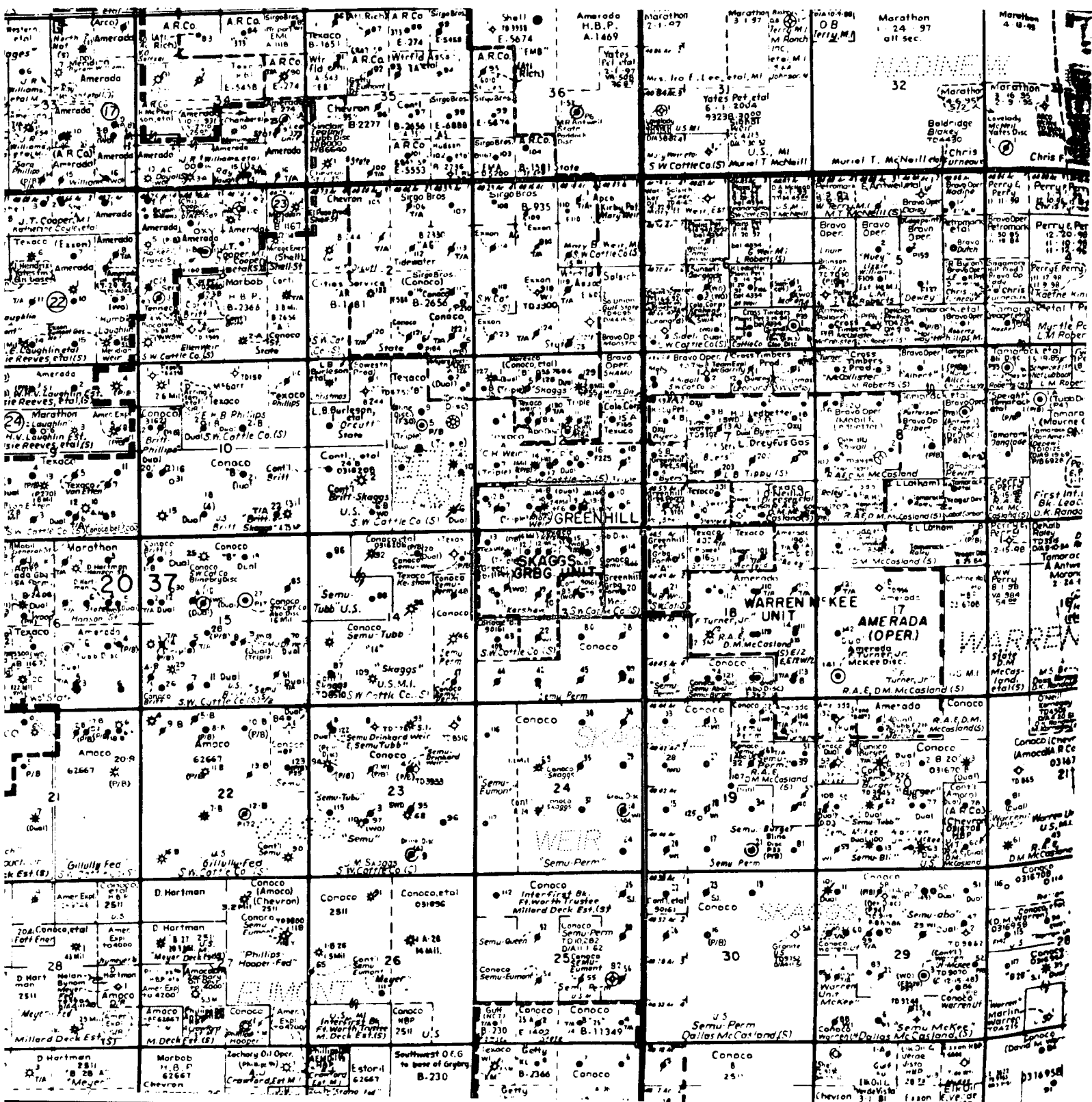
9. If allocation Formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical 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 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 Land or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No
15. NMOC Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____
16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage deication.
- * Production curve for each zone for at lease one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * 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.

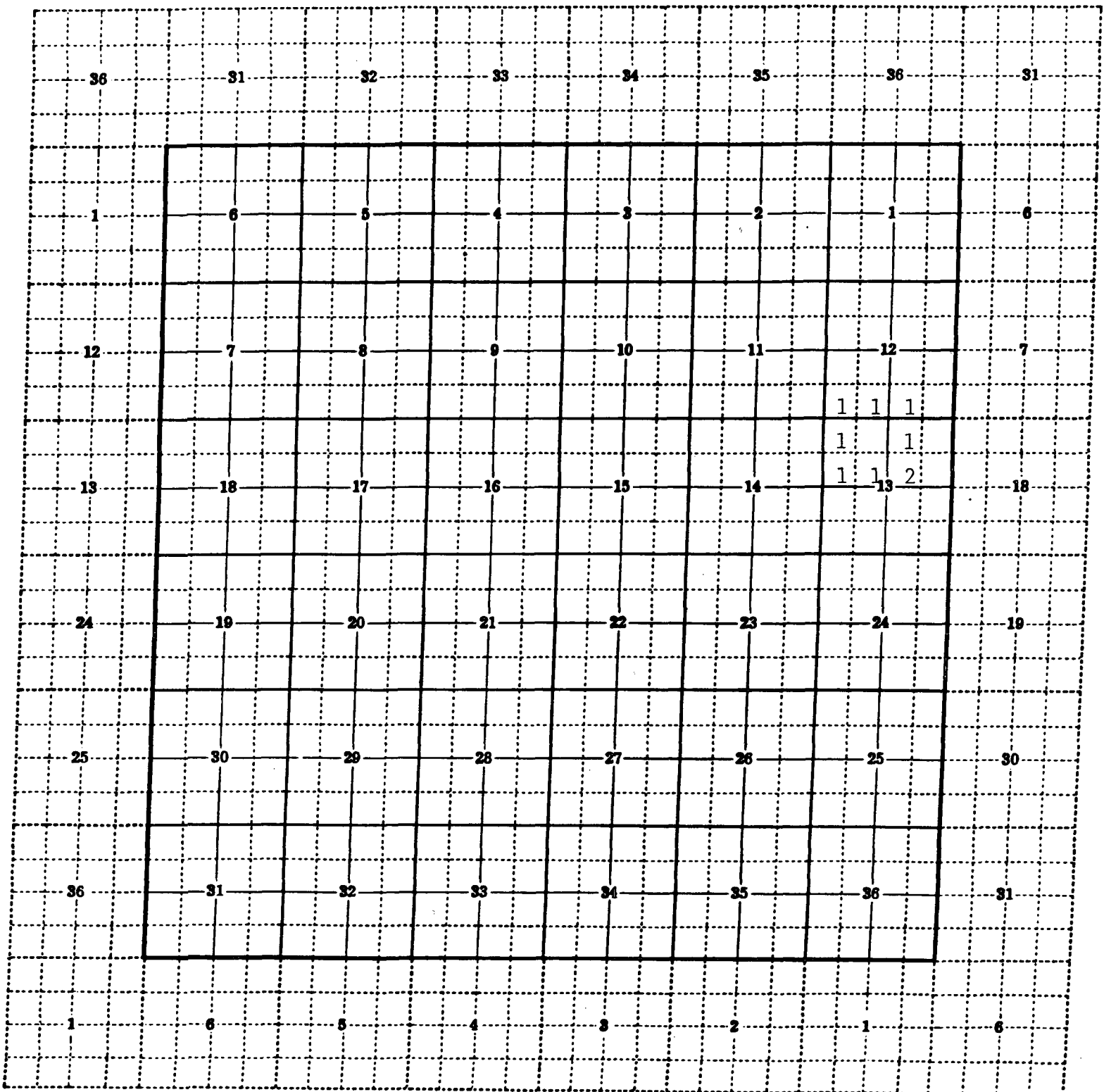
I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Britton McQuien TITLE Engineer DATE 03-05-98TYPE OR PRINT NAME Britton McQuien TELEPHONE NO. (505) 397-0427

Offset Operators and all Lessees of Record
L. R. Kershaw Well No. 12
NE/4 NW/4 of Section 13, T-20-S, R-37-E
Weir Blinbrey East/Skaggs Drinkard Formations
Lea County, New Mexico
December 29, 1997



Offset Operators and all Lessees of Record
L. R. Kershaw Well No. 12
NE/4 NW/4 of Section 13, T-20-S, R-37-E
Weir Blinebry East/Skaggs Drinkard Formations
Lea County, New Mexico
December 29, 1997



Offset Operators and all Lessees of Record
L. R. Kershaw Well No. 12
NE/4 NW/4 of Section 13, T-20-S, R-37-E
Weir Blinebry East/Skaggs Drinkard Formations
Lea County, New Mexico
December 29, 1997

Number 1

Texaco Exploration and Production Inc.
P. O. Box 3109
Midland, Texas 79702

Number 2

Conoco Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705

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

OIL CONSERVATION DIVISION

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-29493	² Pool Code 63800	³ Pool Name WEIR BLINEBRY, EAST
⁴ Property Code 010974	⁵ Property Name KERSHAW, L. R.	⁶ Well No. 12
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.	⁹ Elevation 3557' GL

¹⁰ Surface Location

Ul or lot no. C	Section 13	Township 20-S	Range 37-E	Lot.Idn	Feet From The 660	North/South Line NORTH	Feet From The 1650	East/West Line WEST	County LEA
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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
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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

<div><p>¹⁶</p><p>660' FNL L. R. KERSHAW #12 1650' FWL</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p>Signature <i>J. Denise Leake</i></p><p>Printed Name J. Denise Leake</p><p>Position Engineering Assistant</p><p>Date 12/16/97</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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.</p><p>Date Surveyed</p><p>Signature & Seal of Professional Surveyor</p><p>Certificate No.</p></div>
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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

OIL CONSERVATION DIVISION

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

Form C-102

Revised February 10, 1994

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Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-29493	² Pool Code 57000	³ Pool Name Skaggs Drinkard
⁴ Property Code 010974	⁵ Property Name KERSHAW, L. R.	⁶ Well No. 12
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.	⁹ Elevation 3557' GL

¹⁰ Surface Location

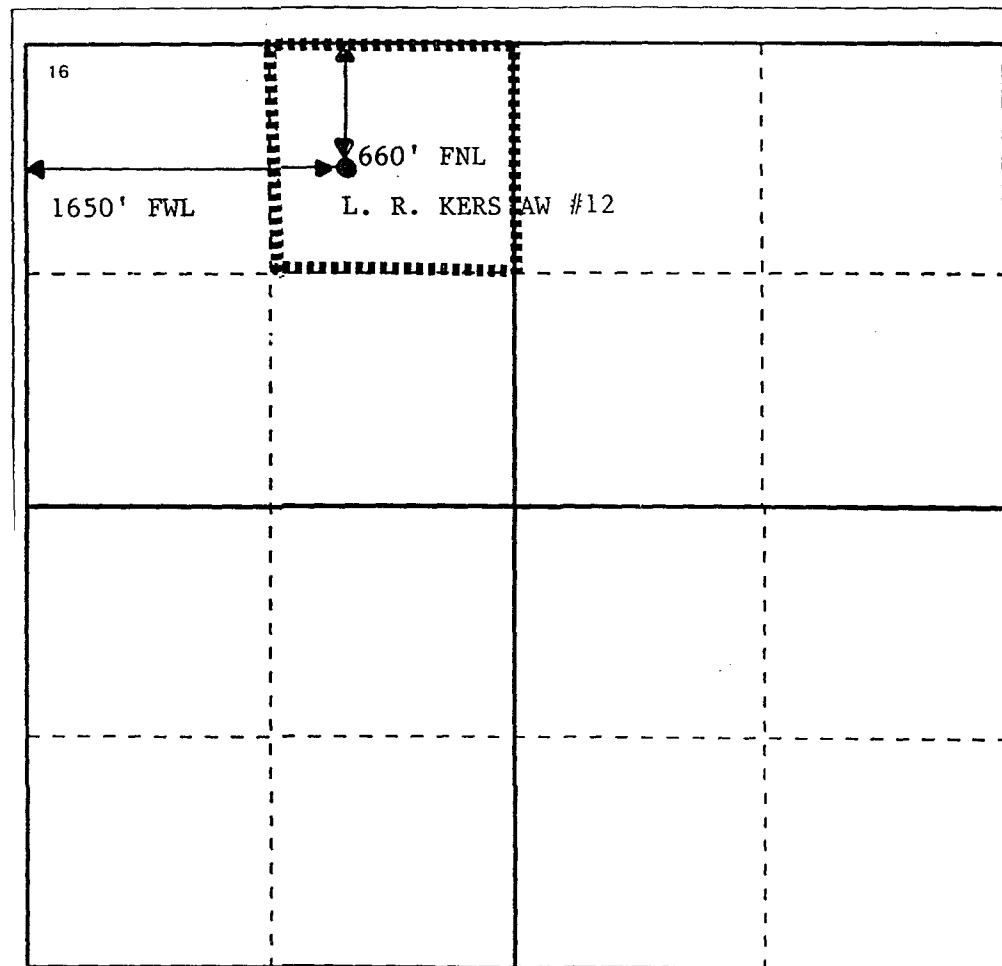
Ul or lot no. C	Section 13	Township 20-S	Range 37-E	Lot.Idn	Feet From The 660	North/South Line NORTH	Feet From The 1650	East/West Line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

Ul or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
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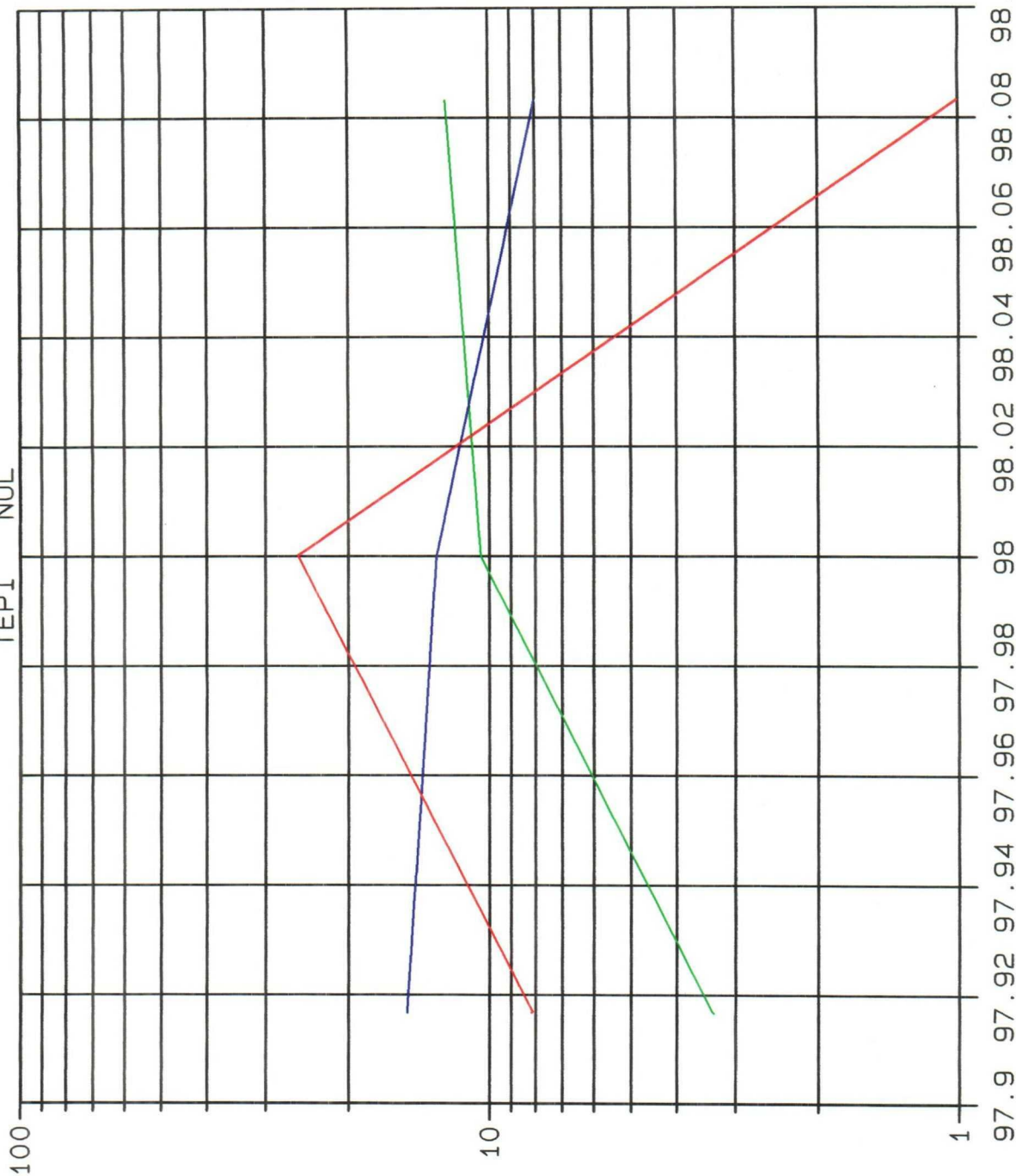
17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>J. Denise Leake</i> Printed Name J. Denise Leake Position Engineering Assistant Date 12/16/97
18 SURVEYOR CERTIFICATION I hereby certify that the 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.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

KERSHAW, L. R. 12 WEIR BLINEBRY

TEPI NUL

LEASE DATA
 LSE 010974
 FLD 63780
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30
 30025294930002
 STATUS 1-98
 CO 1 MBO
 CG 1 MMCf
 CW 1 MBW
 BOPD 12
 BWPD 8
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0

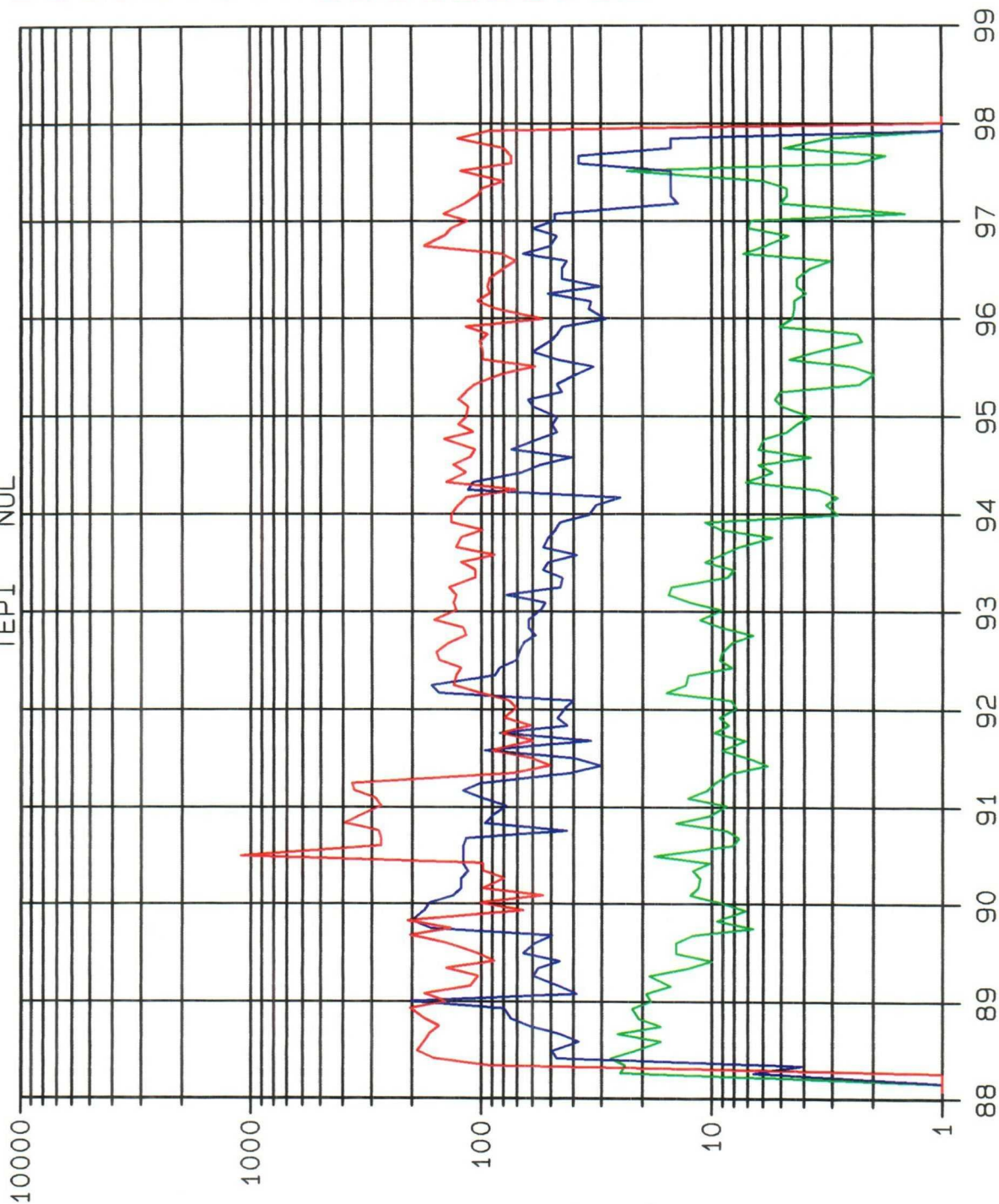


YEARS

KERSHAW, L. R. 12 SKAGGS DRINKARD

TEPI NUL

LEASE DATA
 LSE 010974
 FLD 57000
 OPER TEPI
 ZONE NUL
 --
 COUNTY 025
 STATE 30
 30025294930001
 STATUS 1-98
 CO 32 MBO
 CG 486 MMCF
 CW 225 MBW
 BOPD 0
 BWPD 0
 MCFPD 0
 WELLS 1
 CI 0 MBWI
 BWIPD 0



YEARS