



RELEASE 11-30-93 CTB

OIL CONSERVATION DIVISION
RECEIVED

NOV 10 1993

Date: November 4, 1993

To: New Mexico Oil Conservation Division
P.O. Box 2088
Sante Fe, New Mexico 87504

Attn: Mr. William LeMay

RE: REQUEST FOR OFF-LEASE STORAGE

Little Eddy Unit #2

Hat Mesa Delaware Field

- Little Eddy Unit #1

T-20S, R-33E, Sec 32 Unit M

Lea County, New Mexico

- Little Eddy Unit #2

T-21S, R-32E, Sec 5 Unit A

Lea County, New Mexico

Gentlemen:

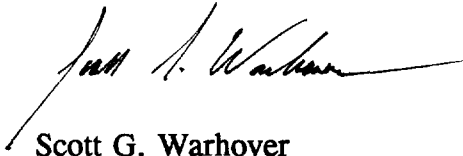
Texaco Exploration and Production, Inc. respectfully requests approval of off-lease storage for the Little Eddy Unit #2. The Little Eddy Unit #1, which is on a State lease, was completed in March 1993 into the Hat Mesa Delaware field. Little Eddy Unit #2, which lies on a Federal lease one location to the south, is currently being drilled to the Hat Mesa Delaware as well. Texaco requests permission to produce well #2 to the Little Eddy Unit #1 Battery. Separate 3-phase separation and metering facilities will be used for each production stream prior to commingling. Both wells lie within a federal unit, and it is anticipated that both wells will share the same participating area. The areal extent of the participating area is currently pending joint approval of the Oil Conservation Division and Bureau of Land Management.

Attached is a plat showing the location of the two wells and the battery. Also attached is a schematic of the battery. Oil transporter for this production will be Texaco Trading & Transportation, Inc. Gas, which will be metered separately for each well, will be sold to GPM Gas Corporation. Water will be disposed of via salt water disposal contract with Strata Production Co. Both wells will be producing from the same formation, so the commingling of production will not effect the value of the crude oil.

Approval of this request will eliminate the need for separate facilities for each well. This reduction in equipment and manpower requirements will reduce the effective operating cost of each well and therefore increase the life, reserves and royalties of both wells.

Please contact myself at (505) 397-0419 concerning any questions you may have.

Yours truly,

A handwritten signature in black ink, appearing to read "Scott G. Warhover", written over a horizontal line.

Scott G. Warhover
Production Engineer

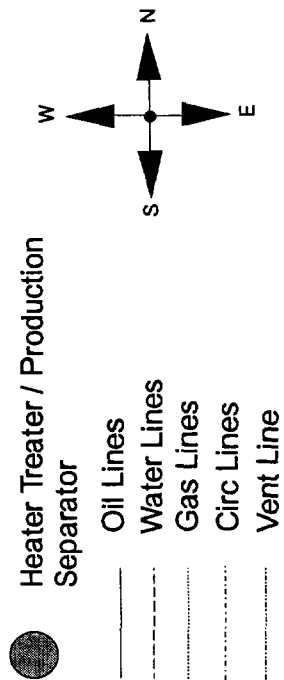
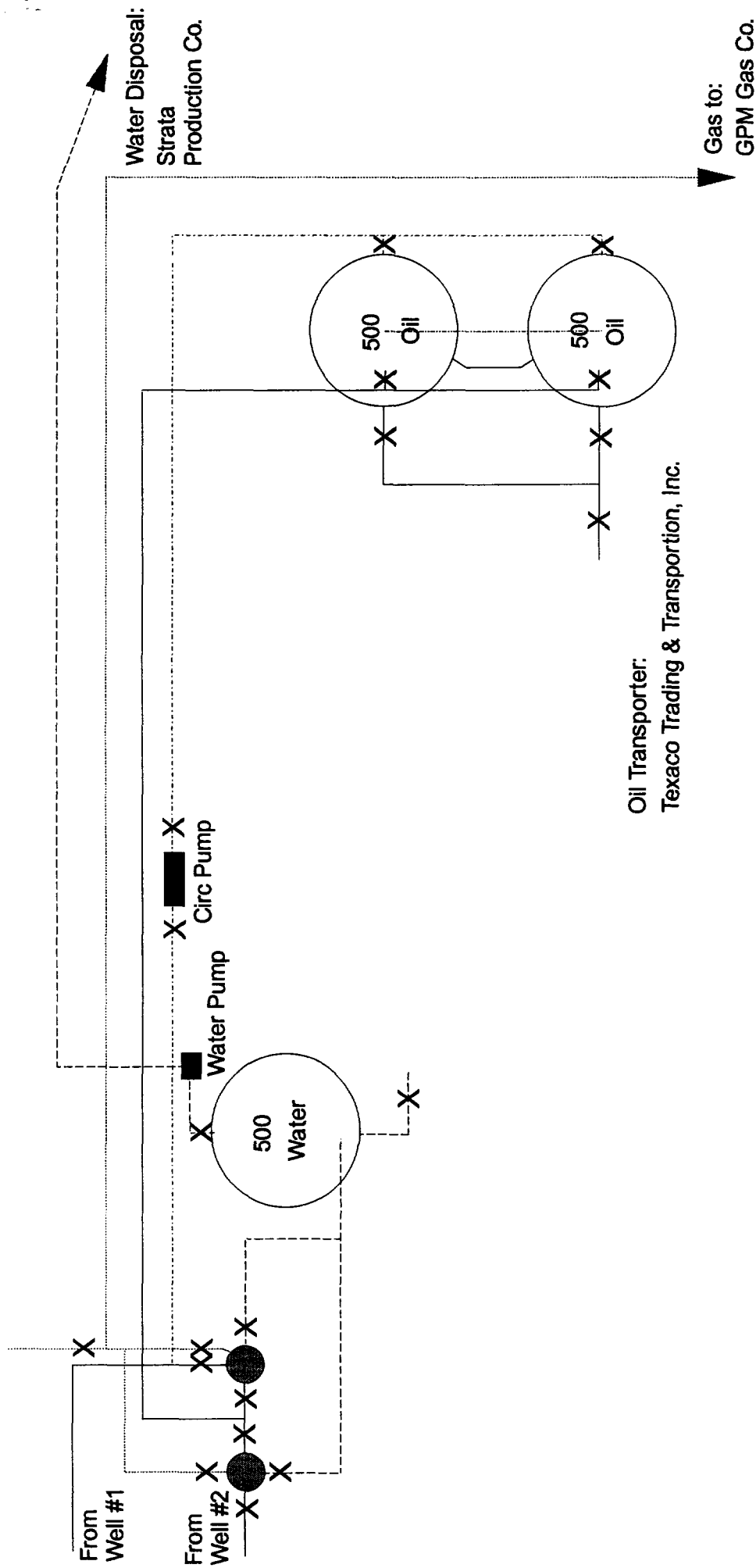
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Attachments

cc: New Mexico Land Department
P.O. Box 1148
Santa Fe, New Mexico 87504
Attn: Mr. Floyd Prando

Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88220
Attn: Mr. Shannon Shaw

New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240
Attn: Mr. Jerry Sexton



TEXACO EXPLORATION AND PRODUCTION INC.

Little Eddy Unit #1 Battery

Ltr M, Sec 32, T-20-S, R-33-E

Lea County, New Mexico

Little Eddy Unit #1 & #2
Lea County, New Mexico

