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March 30, 1989

HAND DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

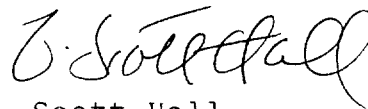
*Case 9659*

Re: In the Matter of the Application of Texaco, USA for  
Surface Commingling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Texaco USA in the above-referenced case. Texaco USA respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on April 26, 1989.

Very truly yours,



J. Scott Hall

JSH/cz  
Enclosures

cc: Mr. Dennis Wehmeyer - w/encl.  
Texaco USA

RECEIVED  
MAR 30 1989  
OIL CONSERVATION DIVISION

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

RECEIVED

MAR 30 1989

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF TEXACO, U.S.A. FOR SURFACE  
COMMINGLING, LEA COUNTY, NEW  
MEXICO.

CASE NO. 9659

APPLICATION

Texaco, U.S.A., by its undersigned counsel, hereby makes application to the New Mexico Oil Conservation Division for approval to surface commingle production from the Lovington-Grayburg-San Andres, Lovington-Abo, and Lovington Penn formations, under certain lands in Lea County, New Mexico. In support, applicant states:

1. Applicant operates the State "P" lease located in Section 32, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant seeks approval to surface commingle production from the Lovington-Grayburg San Andres, Lovington-Abo, and Lovington Penn, NE Pools produced from the four (4) wells located on the subject lease.

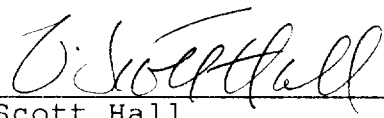
3. Granting this application will result in the increased recovery of hydrocarbons and will prevent the premature abandonment of wells.

4. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Texaco, U.S.A. requests that this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on April 26, 1989, and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By   
\_\_\_\_\_  
J. Scott Hall  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

ATTORNEYS FOR TEXACO, U.S.A.



March 24, 1989

State of New Mexico  
Oil Conservation Division  
310 Old Santa Fe Trail, Room 206  
Santa Fe, New Mexico 87503

Attention: Mr. William J. LeMay  
Director

9699

RE: SURFACE COMMINGLING PERMIT APPLICATION  
Texaco Producing Inc.'s State "P" Lease  
Lovington Grayburg-San Andres, Lovington Abo,  
Lovington Penn, NE Pools  
Section 32, T-16-S, R-37-E  
Lea County, New Mexico

Gentlemen:

Texaco Producing Inc. requests that a hearing be set to surface commingle produced hydrocarbons from the referenced pools on the State "P" Lease. State "P" Well No. 14 was recently drilled and completed in the Lovington Penn, NE pool and tested at 140 BOPD and 153 MCFPD.

Texaco Producing Inc. does not have the same working interest in all of the pools due to partners going non-consent in the Penn and San Andres completions. The State of New Mexico however does hold a common royalty of 12.5% in the three pools now producing on the Lease.

Attached is a plat showing the location of the wells and battery on the State "P" Lease. Also attached is a schematic of the Lease Battery. Penn production will be metered daily and monthly production will be allocated by the daily meter readings. Abo and Grayburg-San Andres production will be determined by accurate monthly tests on a per well basis. Monthly production for these two pools will then be allocated to each well utilizing the subtraction test method as previously approved in September, 1988.

Mr. William J. LeMay

-2-

March 24, 1989

Detailed data of the oil gravities, average crude production and sales value on a per pool basis has been tabulated and is included for your approval.

The State Land Commissioner and working interest owners have been notified of this request to surface commingle production.

Yours very truly,



J. A. Schaffer  
District Operations Manager

LDR:JRB

Attachments

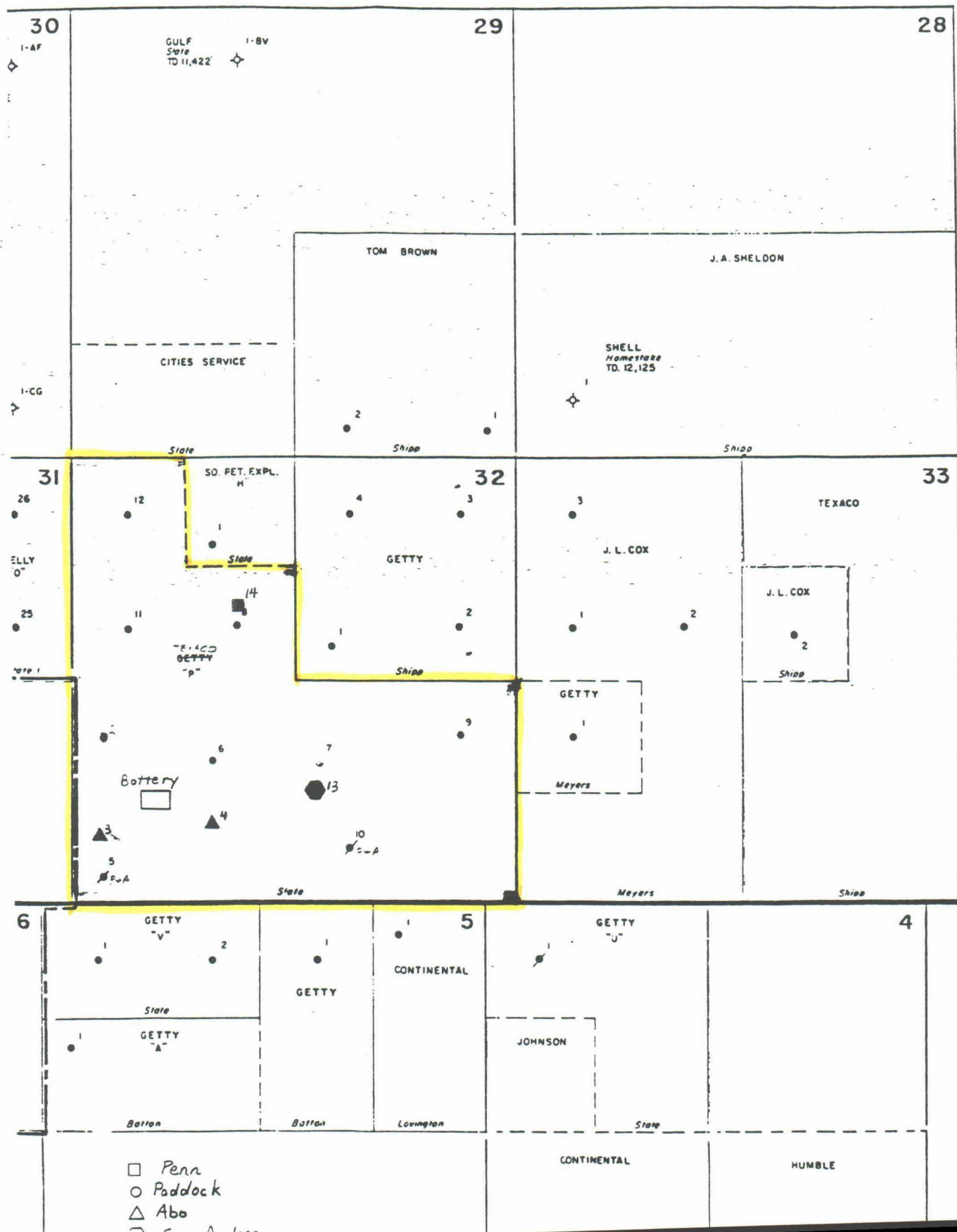
cc: Texas-New Mexico Pipeline Company  
P. O. Box 2528  
Hobbs, New Mexico 88240

J. A. Head - Hobbs Area

NMOCD - Hobbs

[illegible]

# R 37 E

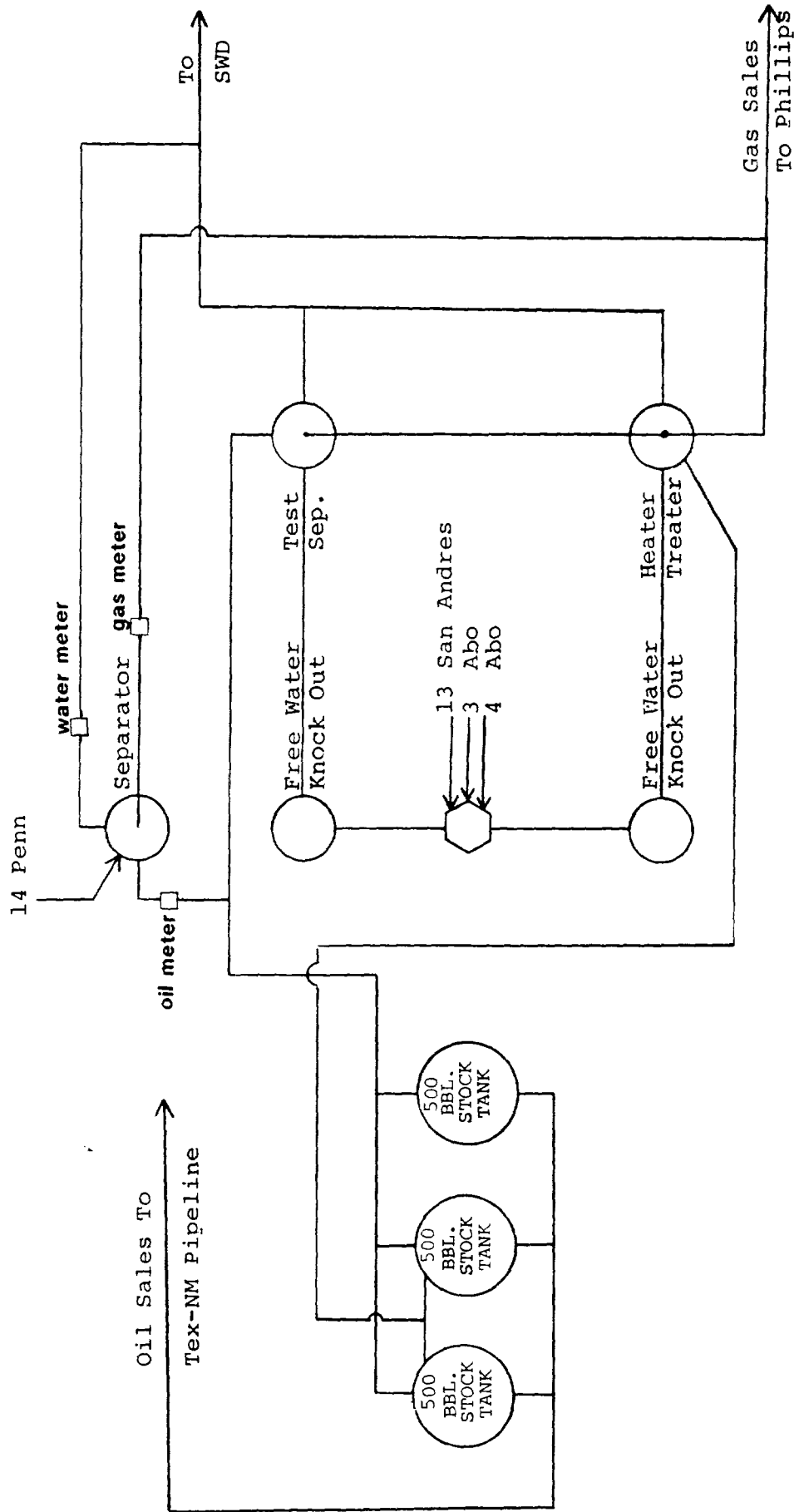


State "P" Lease  
Lea County, New Mexico

| <u>Pool</u>         | <u>No. of<br/>Wells</u> | <u>API<br/>Gravity</u> | <u>Ave. Prod.<br/>BOPD</u> | <u>Value<br/>\$/BO</u> |
|---------------------|-------------------------|------------------------|----------------------------|------------------------|
| Abo                 | 2                       | 37.8                   | 20                         | 17.25                  |
| Grayburg-San Andres | 1                       | 37.0                   | 21                         | 17.25                  |
| Penn                | 1                       | 41.7                   | 140                        | 17.25                  |
| Commingled Average  | --                      | 40.7                   | 181                        | 17.25                  |

Note:      After commingling, daily sales would be:      \$3,122.25  
              With no commingling, daily sales would be:      \$3,120.11

(All sweet crude)



Texaco Producing Inc.  
 State "P" Lease Battery  
 Proposed Abo, Grayburg-San Andres,  
 and Penn Battery  
 Section 32, T16S, R37E  
 Lea County, New Mexico

