



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 28, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Chad Dickerson

Re: CASE NO. 8755 DE NOVO
ORDER NO. R-8135-B

Applicant:

TXO PRODUCTION CORPORATION

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

B. L. Lamb

R. L. STAMETS
Director

RLS / fd

Copy of order also sent to:

Hobbs OCD	<u>X</u>
Artesia OCD	<u>X</u>
Aztec OCD	

Other _____

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

APR 4 1986

April 1, 1986

*Case file
RfL*

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. R. L. Stamets

Re: Case No. 8755
Order No. R-8135-B

Gentlemen:

Pursuant to the provisions of the above referenced order, enclosed please find a production facility cost comparison for the TXO Sprinkle Federal #3 well. This comparison was prepared by Mr. Corky Vickers, TXO's District Production Engineer.

Should you have any questions regarding this matter, please do not hesitate to contact Mr. Vickers or myself. Thank you for your attention to this matter.

Very truly yours,

Jeff Bourgeois
Jeff Bourgeois
Landman

JB/pn
Enclosure

cc: Chad Dickerson
7th and Mahone, Suite E
Artesia, NM 88210

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, NM 87504-2265

Sprinkle Federal #3 Production Facility Cost Comparison

A. New Facility Cost

- Assumptions: 1. Facility built on #3 location
2. Production is not comingled with any other well.

Gas Meter - \$1670
2 Steel Tanks - \$7290
1 Heater Treater - \$6510
1 Separator - \$2030
1 Water Tank - \$7480
Misc Fittings - \$10,800
Labor - \$10,000

TOTAL Facility - \$45,780

B. Comingled with Sprinkle Federal #2

- Assumptions: 1. Accurate well testing is required without having to shut in other producing well.
2. #3 well will produce approximately 120 BOPD and up to 100 BWPD.

Gas Meter - \$1670
1 Steel Tank - \$3645
1 Treater - \$6510
1 Separator - \$2030
1 Water Tank - \$7480
Flowline - \$7000
Fittings - \$10,800
Labor - \$10,000

*Note: Gas Meter, treater, and separator are standard equipment for well testing, Fittings include cost of fluid metering equipment. Additional tanks are required to handle additional fluid volume.

TOTAL Facility - \$49,115

Comingling of production can be achieved for a cost of \$32,125, however, this arrangement does not facilitate well testing without shutting in production.

- Advantage 1. Slight reduction in operating costs by having fluids comingled.
2. Additional wells can be added at a much lower cost.
3. Testing can be achieved without shutting production

- Disadvantage 1. Higher investment cost required in order to maintain accuracy.
2. Flow meters not as accurate.
3. Long flowlines increase potential for problems.