

January 6, 2000

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

Attn: Ms. Lori Wrotenberry  
Chairman and Director, New Mexico Oil Conservation Division

SURFACE COMMINGLING PERMIT APPLICATION

Remuda Basin State #9  
Bell Canyon  
Ltr N, Sec. 30, T-23-S, R-30-E;

Remuda Basin State #10  
Bell Canyon  
Ltr M, Sec. 30, T-23-S, R-30-E into

Remuda Basin Central Tank Battery  
Ltr O, Sec. 19, T-23-S, R-30-E (Battery Location)  
Eddy County, New Mexico

Dear Lori:

Texaco Exploration and Production, Inc. is submitting a request to amend the NMOCD Commingling Order **PLC-123** to include the Remuda Basin State #9 and #10, new drill wells, into the Remuda Basin Central tank battery. The lease is operated by Texaco Exploration and Production Inc. and has 50% of the gross working interest in these two wells.

I have attached a plat showing the location of both the producing and proposed wells and the battery. Also enclosed is a copy of the commingling order and a rough draft showing the location of the future satellite. Initially, the wells will be tested at a temporary tester located at Remuda Basin State #3 (Ltr K, Sec. 30, T-23-S, R-30-E). From there, they will tie into the #3 flowline and produce into the State separator located at the central tank battery. At this time, facilities are being ordered to build the Remuda Basin satellite that will take in the production from wells #3, #9, #10, and any future wells that may be drilled.

The oil will be sold by truck to Equilon. Water from the battery is injected into a disposal well. The produced gas as of this time is going to flare. Eventually, the gas will be sold to Highland at the location of the satellite.

If you have any questions concerning this request, please contact me at 397-0447. Thank you for your assistance in this matter.

Yours very truly,

*Bobby J. Hill*

Bobby J. Hill  
Engineer's Assistant

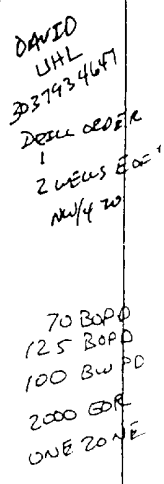
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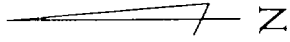
Attachments

cc: New Mexico Oil Conservation Division, District I Office  
Bureau of Land Management, Carlsbad Field Office

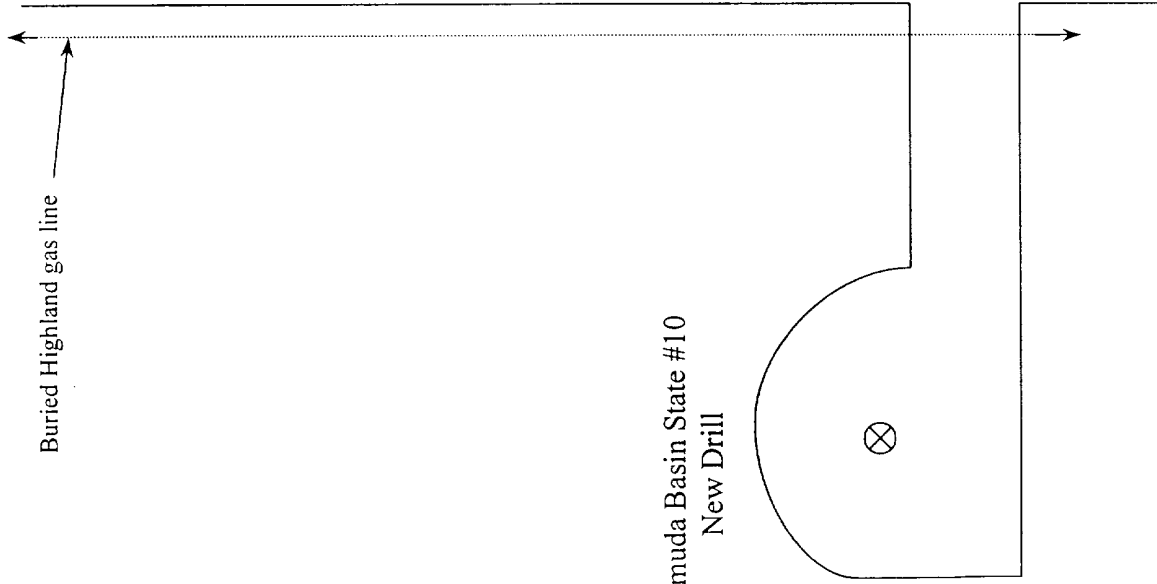


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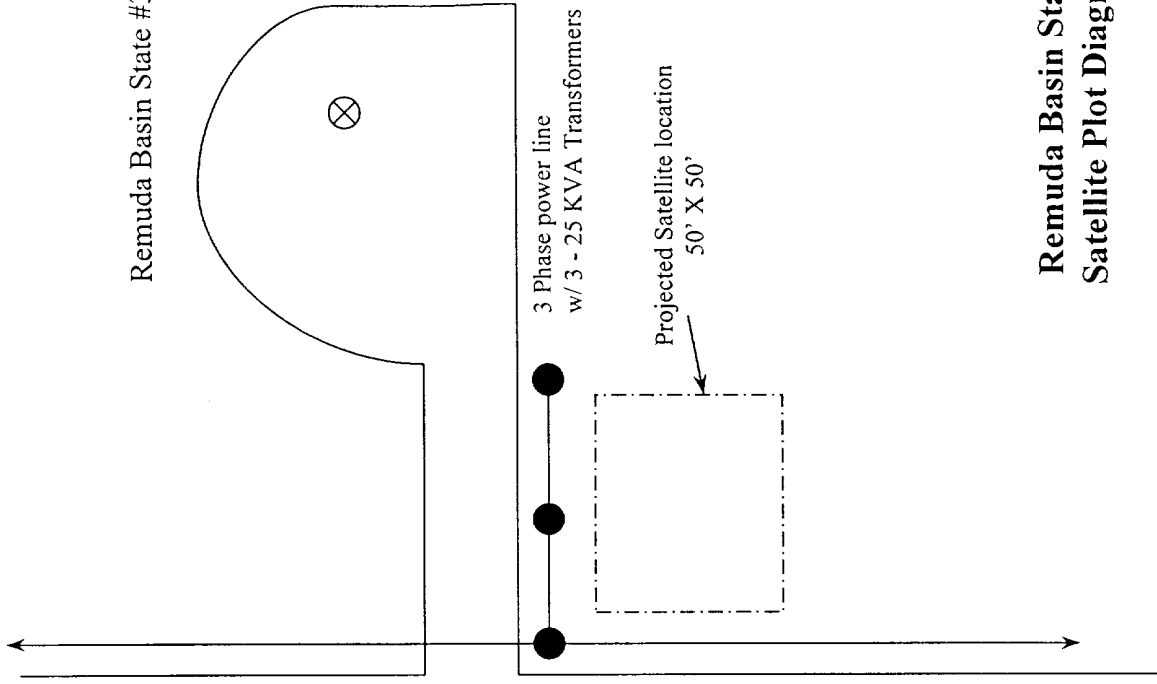




Buried Highland gas line



Remuda Basin State #10  
New Drill



3 Phase power line  
w/ 3 - 25 KVA Transformers

Projected Satellite location  
50' X 50'

Remuda Basin State #3

Remuda Basin State  
Satellite Plot Diagram