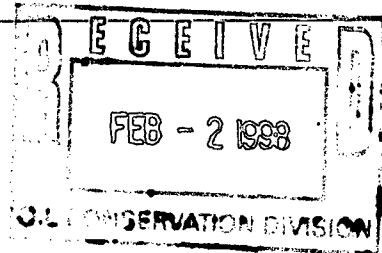




Texaco E & P

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



January 29, 1998

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

Attn: Mr. William J. LeMay, Division Director

RE: Request for Exception to Rule 303
Downhole Commingling
Vacuum Wolfcamp and Vacuum Upper Penn Pools
New Mexico O State NCT-1 #39, Unit Letter G
Section 36, T-17S, R-34E

Gentlemen:

Texaco Exploration and Production Inc. respectfully requests administration approval for an exception to Rule 303 to permit the downhole commingling of the Vacuum Wolfcamp and Vacuum upper Penn pools in the above well.

Enclosed is the pertinent data supporting this application as outlined in Rule 303. Copies of this administration are being provided to our offset operators via Certified Mail.

If you have any questions concerning this proposal, or if you require further information, please contact Darrell Carriger at (505) 397-0426 or myself at (505) 397-0446.

Thank you for your consideration of this proposal.

Sincerely,

Bobby McCurry
Engineer's Assistant

/bgm, Chrono, Attachments

cc: New Mexico Land Department, Santa Fe
New Mexico Oil Conservation Division, District 1 Office

COMMINGLE PRE-APPLICATION

STATE LAND OFFICE RULES 1.053-1.055 APPLY TO COMMINGLING OIL AND GAS PRODUCTION FROM NEW MEXICO STATE LANDS. PLEASE PROVIDE THE FOLLOWING INFORMATION SO THAT WE CAN DETERMINE WHETHER OR NOT A COMMINGLE APPLICATION PACKAGE SHOULD BE SUBMITTED.

1. BRIEFLY DESCRIBE WHAT YOU PROPOSE TO DO.

Texaco Exploration and Production Inc. proposes to downhole commingle production of the Vacuum Wolfcamp and Vacuum Upper Penn pools.

2. FILL IN THE FOLLOWING INFORMATION FOR EACH WELL.

WELL NUMBER	LEGAL DESCRIPTION	LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
N.M. O State NCT-1 #39	G-S36-T17S-R34E	TEPI	B-155	VACUUM UPPER PENN

NAME: Bobby McCurry, Engineer's Assistant

COMPANY: Texaco Exploration and Production Inc.
205 East Bender
Hobbs, New Mexico 88240

PHONE NUMBER: (505) 397-0446 or (505) 393-7191

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE OIL, GAS AND MINERALS DIVISION AT (505) 827-5744.

KKCS 06-04-91



CHECK NUMBER

No. H 17422

TEXACO EXPLORATION AND PRODUCTION INC.

PRODUCING DEPARTMENT - UNITED STATES
DENVER, COLORADO

FORM PO-226 (11/94) IM
35-60
1130

1-28-98 19

PAY Thirty and No/100-----\$30.00

TO THE ORDER OF New Mexico Land Department, P.O. Box 1148, Santa Fe, NM 87505

Texaco Exploration and Production Inc.

DENVER DIV. HOBBS AREA
ACCOUNT NO. 00101821628
WORKING FUND ACCOUNT

TEXAS COMMERCE BANK, N.A.

P.O. BOX 2558

HOUSTON, TEXAS 77252

⑈017422⑈ ⑆113000609⑆ ⑈00101821628⑈

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33569	² Pool Code 62320	³ Pool Name VACUUM UPPER PENN
⁴ Property Code 11048	⁵ Property Name NEW MEXICO O STATE NCT-1	⁶ Well No. 39
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC	⁹ Elevation 3997' GR

¹⁰ Surface Location

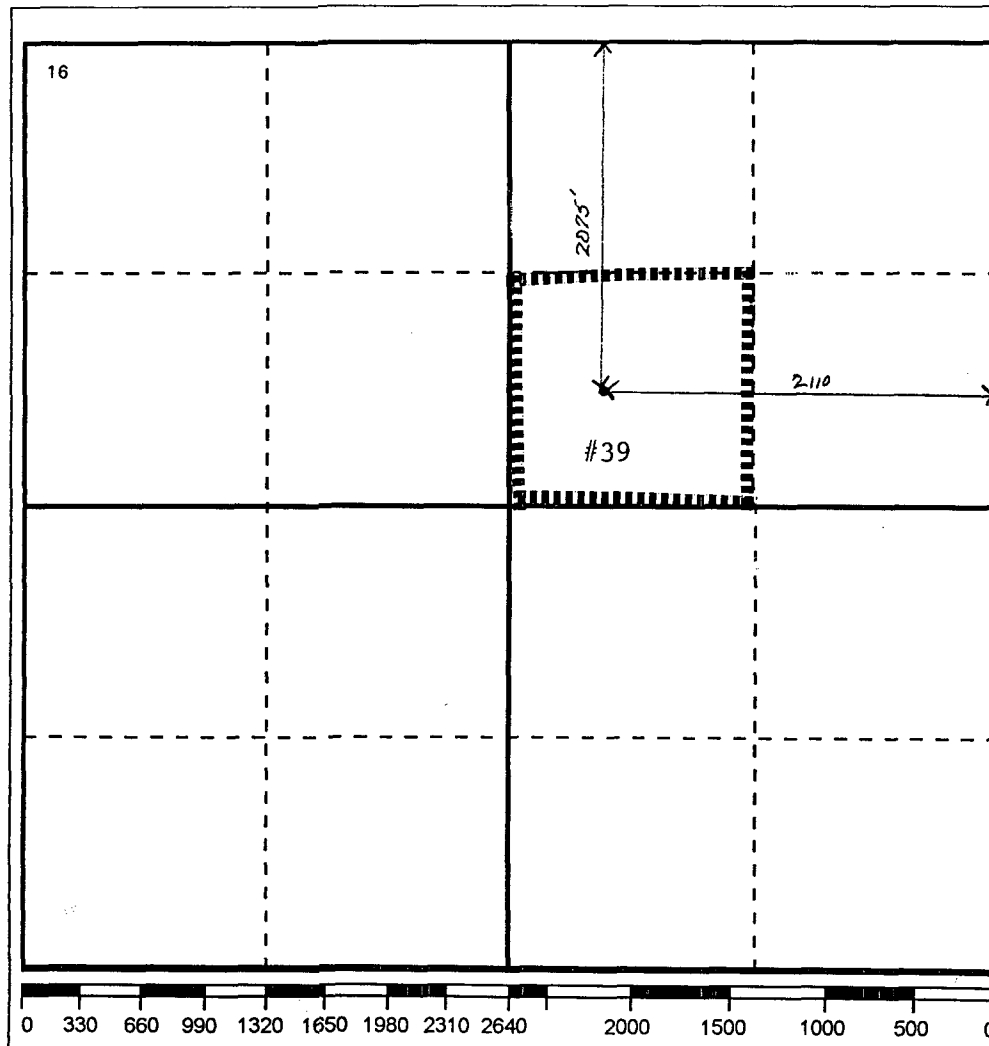
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
G	36	17-S	34-E		2075	NORTH	2110	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UI 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.
-------------------------------------	-------------------------------------	----------------------------------	-------------------------

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



17 OPERATOR CERTIFICATION

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

Signature

Bobby G. McCurry

Printed Name

Bobby G. McCurry

Position

Engineering Assistant

Date

01-29-98

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.

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 30-025-33569	² Pool Code 62320	³ Pool Name VACUUM WOLFCAMP
⁴ Property Code 11048	⁵ Property Name NEW MEXICO O STATE NCT-1	⁶ Well No. 39
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC	⁹ Elevation 3997' GR

¹⁰ Surface Location

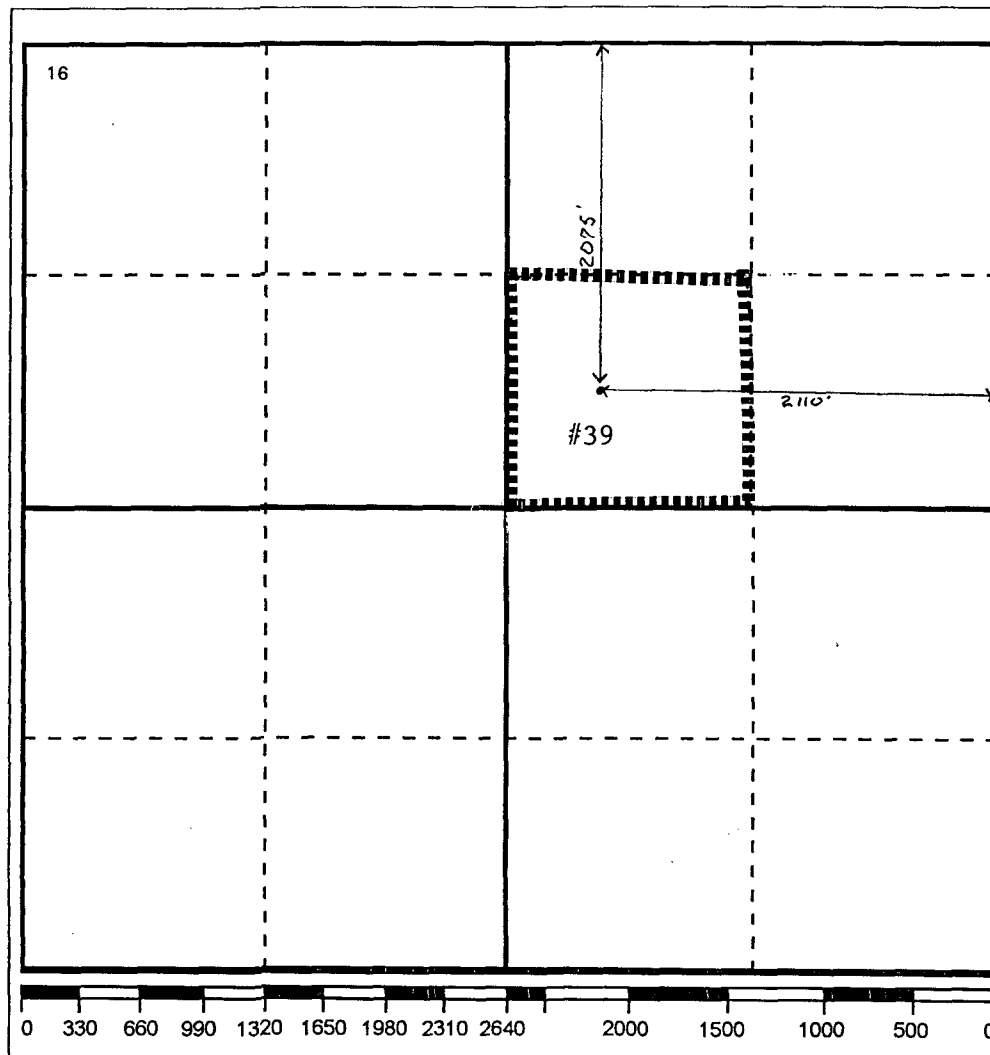
Ul or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
G	36	17-S	34-E		2075	NORTH	2110	EAST	LEA

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

¹² Dedicated Acres 40	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------------	-------------------------------------	----------------------------------	-------------------------

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



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>Bobby G. McCurry</i> Printed Name Bobby G. McCurry Position Engineering Assistant Date 01-29-98
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.

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 87505-6429Form 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 Address

New Mexico O State NCT-1 #39 G-S36-T17S-R34E Lea
Lease Well No. Unit Ltr. - Sec - Tws - Rge County

OGRID NO. 022351 Property Code 11048 API NO. 30-025-33569 Spacing Unit Lease Types: (check 1 or more)
Federal ☐ State ☒ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Lower Zone	Intermediate Zone	Upper Zone
1. Pool Name and Pool Code	VACUUM UPPER PENN 62320		VACUUM WOLFCAMP 62340
2. Top And Bottom of Pay Section (Perforations)	10145-10230		9303-10048
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	SHUT-IN		ARTIFICIAL LIFT
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current	(Current) a. 1275 PSI	a.	a. 1200 PSI
Gas & Oil - Flowing: Measured Current	(Original) b. 1275	b.	b. 3300
All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity (* API) or Gas BTU Content	39.0		39.0
7. Producing or Shut-In? Production Marginal? (yes or no)	PLUGGED BACK 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	Date: 5/7/97 Rates: 34BO-54BW-225MCF		
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: Rates:		1/19/98 175BO-39BW-238MCF
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 16 % Gas: 49 %	Oil: % Gas: %	Oil: 84% Gas: 51%

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. NMOCD 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.

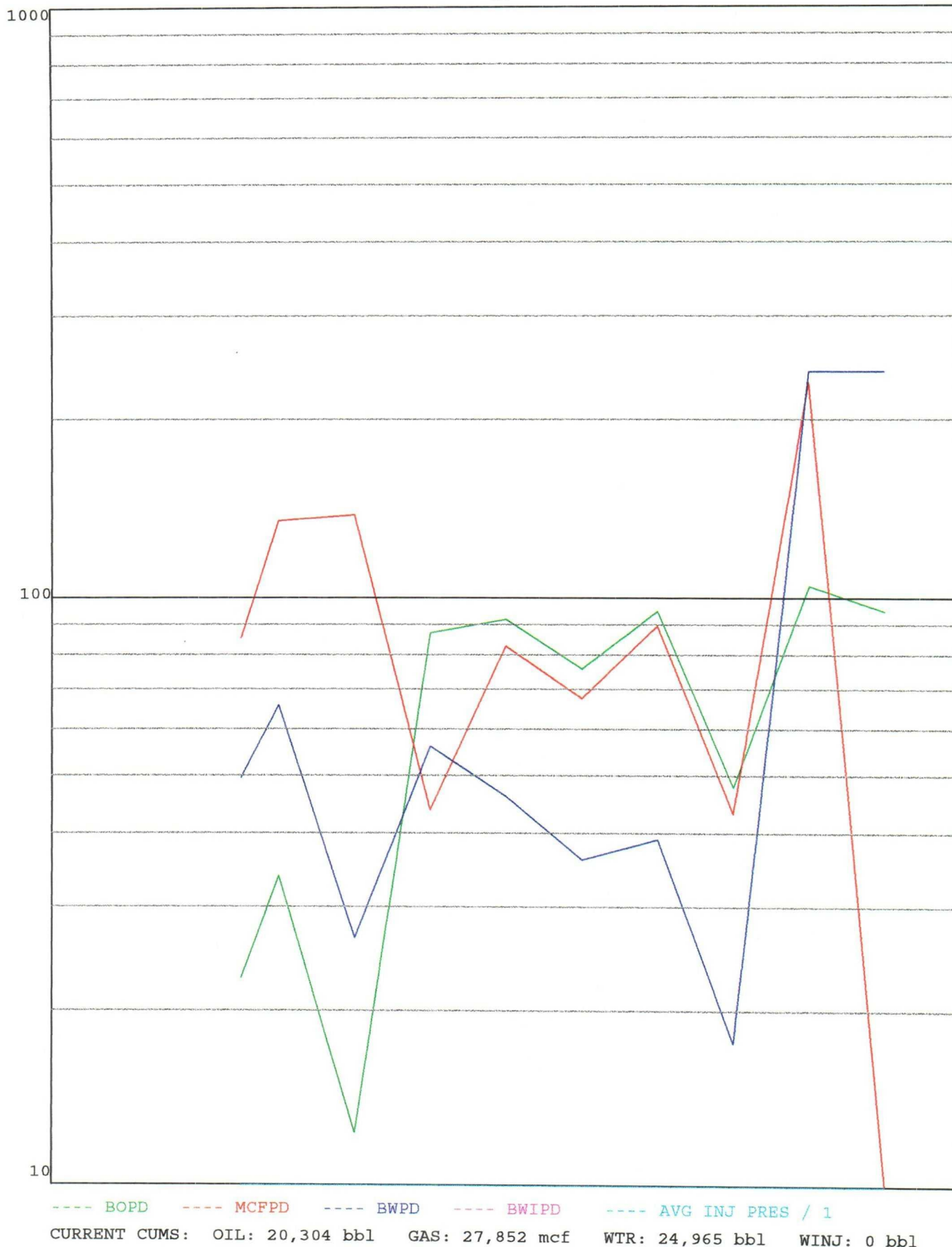
I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Bobby M. Curry TITLE Engineer's Assistant DATE 01-29-98
TYPE OR PRINT NAME Bobby McCurry TELEPHONE NO. (505) 397-0446

LEASE NAME: NEW MEXICO -O- STATE NCT-1
 TEX WELL NO: 39
 API_BORE: 3002533569

97

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T
E



CURRENT CUMS: OIL: 20,304 bbl GAS: 27,852 mcf WTR: 24,965 bbl WINJ: 0 bbl

P 442 355 635

US Postal Service

Receipt for Certified Mail

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Sr **Phillips Petroleum**
 St **4001 Penbrook**
 Pt **Odessa, TX 79763**

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Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

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 Str **P.O. Box 633**
 Pos **Midland, TX 79702**

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Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

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 Str **P O Box 4294**
 Po **Houston, Texas 77210**

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Special Delivery Fee	
Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

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Marathon
P.O. Box 552
Midland, TX 79702

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Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

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US Postal Service

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 Str **P.O. Box 633**
 Pos **Midland, TX 79702**

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

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US Postal Service

Receipt for Certified Mail

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Sr **Collins & Ware, Inc.**
 Str **508 West Wall**
 Pos **Suite 1200**
Midland, Texas 79701

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Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

Offset Operators

Collins & Ware, Inc.
508 West Wall
Suite 1200
Midland, Texas 79701

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Marathon Oil Company
P O Box 552
Midland, Texas 79702

Altura Energy, Ltd.
P O Box 4294
Houston, Texas 77210

Mobil Exploration and Producing US, Inc.
P O Box 633
Midland, Texas 79792