

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

SEP 26 2001

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Certification**

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Charles R. Wolle</u> Print or Type Name	<u>Charles R. Wolle</u> Signature	<u>Project Engineer</u> Title	<u>9/24/2001</u> Date
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e-mail Address



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 28, 2001

Mr. Charles R. Wolle
Texaco Exploration and Production, Inc.
Permian Business Unit
500 North Loraine
Midland, Texas 79701

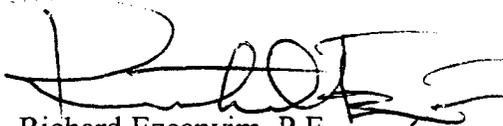
Ref: NM "EA" State No. 1, DHC 2963 Order

Dear Mr. Wolle:

This letter is to inform you of a corrected clerical error in DHC 2963 order for the well referenced above. Since the Drinkard and Abo are wildcats and there is no gas proration schedule in Lea County, the third paragraph of this order has been corrected to reflect these facts.

Order number DHC 2963 is still in full force and effect as of October 15, 2001. Please contact me at (505) 476-3467 if you have any questions.

Sincerely,



Richard Ezeanyim, P.E.
Oil Conservation Division



Texaco Exploration and Production Inc.
Permian Business Unit

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

September 24, 2001

New Mexico Oil Conservation Division
Attention: Mr. David Catanach
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**RE: New Mexico "EA" State No. 1
410' FNL & 610' FEL, UL 'A'
Section 24, T18S, R37E
Lea County, New Mexico**

Texaco Exploration and Production Inc. respectfully requests approval of the attached "Application for Downhole Commingling" to commingle the Drinkard and the Abo formations in the subject well. Each of these is a Wildcat zone, so no pool names are specified, but the Drinkard and the Abo formations are commonly commingled in Southeast New Mexico. We anticipate the oil production from the two zones will be of similar character (API Gravity, etc) so that commingling will not reduce the value of the total production. Ownership in both formations to be commingled is identical.

As noted in the attachment to the Application, this downhole commingling approval is being requested in advance of the recompletion work in the well, which involves a sidetrack and then an openhole completion. Mr. Darrell Carriger of our office has discussed with Mr. Catanach the particular well represented herein, as this is an unusual situation. ✓

If there are questions concerning this matter, please contact Mr. Darrell Carriger at (915) 688-2952 or Mr. Charles Wolle at (915) 688-2930. Thank you for your attention to this matter.

Yours very truly,

Charles R. Wolle
Project Engineer

Attachments

CC: Commissioner of Public Lands
New Mexico State Land Office
Oil, Gas, and Minerals Division
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Branca Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Texaco Exploration & Production Inc., P.O. Box 3109, Midland, TX 79702

Operator **NM "EA" State** Address **A 24 18S 37E** Lease **Lea**
Well No. **1** Unit Letter-Section-Township-Range
Lease **1** Well No. **1** Unit Letter-Section-Township-Range **A 24 18S 37E** County **Lea**
OGRID No. _____ Property Code _____ API No. **3002534788** Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat(Drinkard)		Wildcat (Abo)
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6700'-7075'		7075'-7500'
Method of Production (Flowing or Artificial Lift)	Art. Lift		Art. Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38 °(Est)		41°-43° (Est)
Producing, Shut-In or New Zone	New		New
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: 2/19/00 Rates: 4 BO 7BW 356 MCF		Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 30 % Gas 95 %	Oil % Gas %	Oil 70 % Gas 5 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Charles R. Wolle TITLE Project Engineer DATE 9/24/2001
TYPE OR PRINT NAME Charles R. Wolle TELEPHONE NO. (915) 688-2930

**Attachment to
Application for Downhole Commingling
New Mexico "EA" State Well No. 1**

Texaco Exploration and Production Inc. proposes to re-enter the existing wellbore, mill a window in the 5 1/2" casing, and drill a directional side track through the Drinkard and the Abo formations. Then, an open hole completion will be made and the Drinkard and Abo formations will be downhole commingled. Because of uncertainty as to whether the Abo will be economically viable by itself in this area, we are requesting approval for the downhole commingling with the Drinkard in advance of the recompletion work.

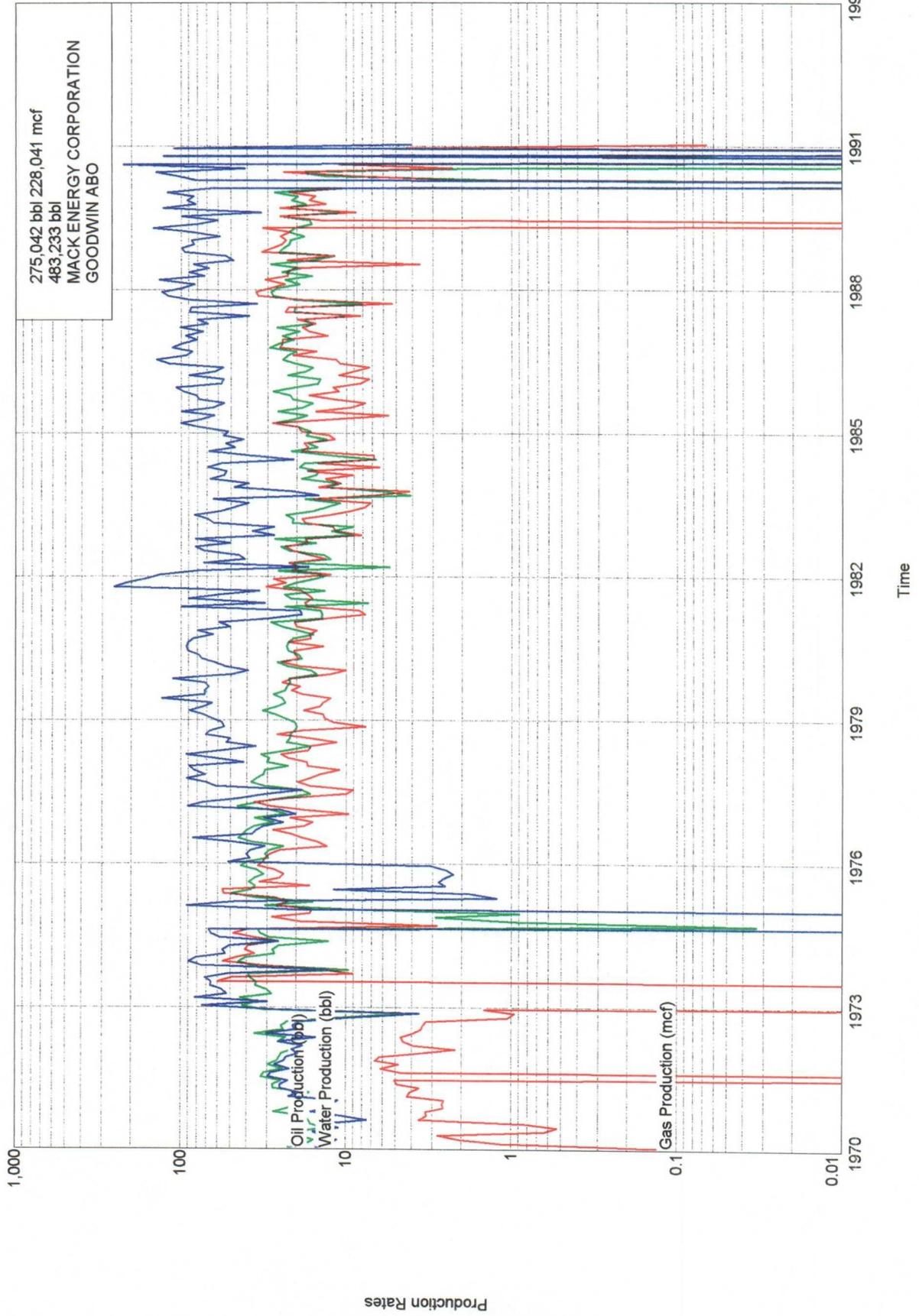
The subject well was spudded December 29, 1999 and 5 1/2" casing was set and cemented at 8,650'. The Wolfcamp was perforated and tested, but was wet. A CIBP was set at 7,625' and capped with 35' cement (PBSD is 7,590') The Drinkard was then perforated and acidized, and was tested for several days. The test on April 19, 2000 was 4 BO, 7 BW, and 356 MCFG. The Drinkard was then fracture stimulated, but following this treatment the well swabbed only water with a weak blow of gas. Next, the Drinkard was isolated with an RBP and a completion was attempted in the Blinebry, but a commercial completion could not be made. The Abo has not been tested in this well.

The nearest Abo production to the New Mexico "EA" State lease is from the Goodwin Abo Field, approximately 5 miles to the west-southwest. (A map of the area is enclosed.) The State "GG" 30 Well No. 2, in Section 30, T18S, R37E, API Number 3002520079, last produced in the early 1990's with a cumulative production of 275 MBO, 483 MBW, and 228 MMCF. For several years prior to 1990 the well consistently produced at a rate of approximately 20 BOPD and 20 MCFGPD (See attached production plot). There is no nearby Drinkard production, but that zone has been tested in this wellbore as noted above. For allocation purposes, it is reasonable to anticipate production of 20 BOPD and 20 MCFPD from the Abo along with 5-10 BOPD and 350-400 MCFPD from the Drinkard. This would give an allocation for the Abo of approximately 70% of the oil and 5% of the gas, with the remaining 30% of the oil and 95% of the gas being attributed to the Drinkard. ✓

Texaco has had success in the Monument (Abo) Field (approximately 10 miles southwest of the subject well) making open hole Abo completions and wishes to apply this experience to the subject well. The Abo formation in this area typically consists of thin, porous intervals of one to two feet interspersed with tight, non-pay intervals; fracturing is also present. An open hole completion exposes all of the pay intervals to the wellbore, as compared to a cased and cemented completion with perforations.

Lease Name: STATE GG 30
 County: State: LEA, NM
 Operator: MACK ENERGY CORPORATION
 Field: GOODWIN
 Reservoir: ABO
 Location: 30 18S 37E

STATE GG 30 002 GOODWIN MACK ENERGY CORPORATION



DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

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

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

Instructions on back
Submit to Appropriate District Office
State Lease-4 copies
Fee Lease-3 copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

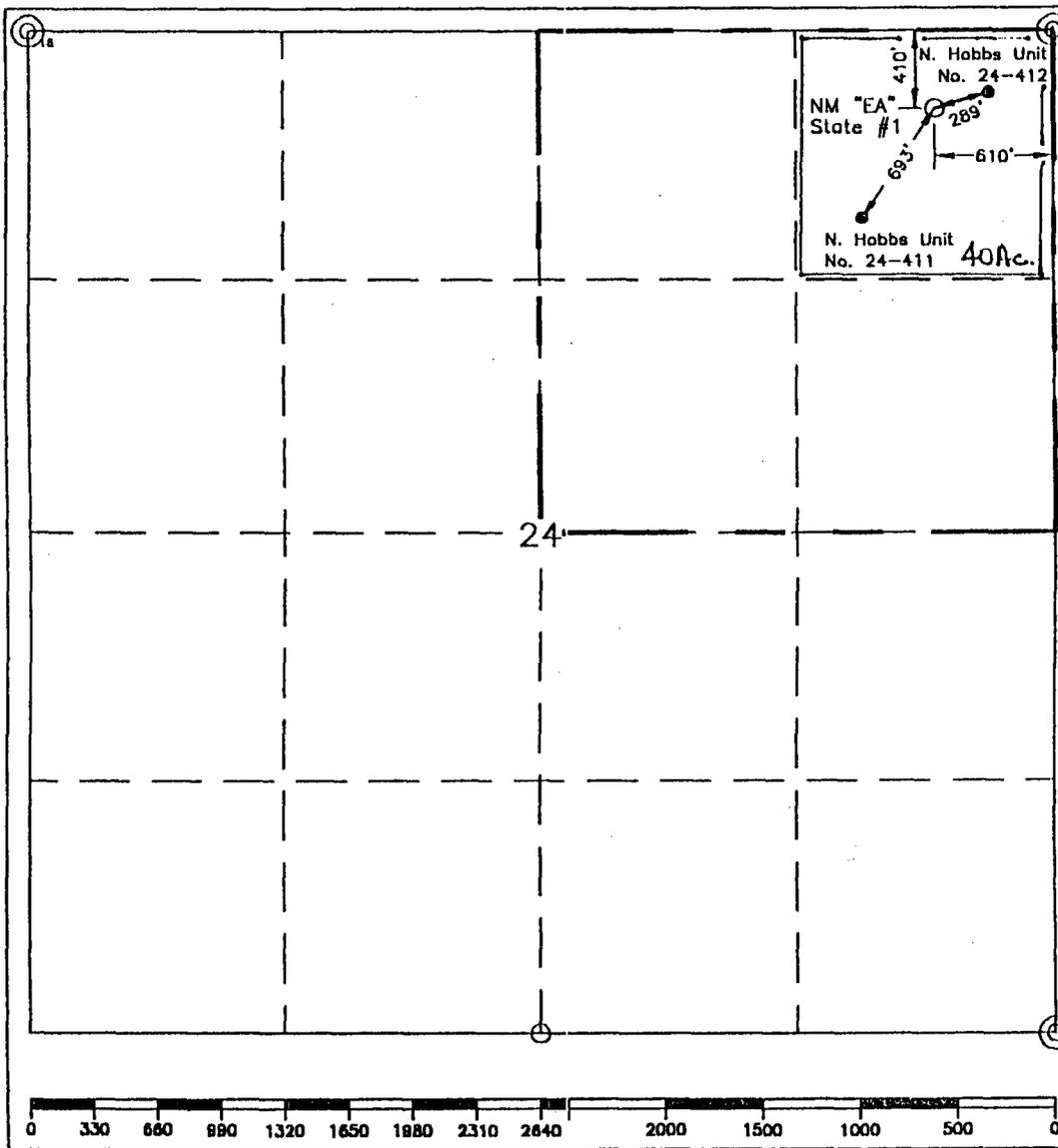
¹ API Number 30-025-34788		² Pool Code	³ Pool Name Wildcat Blinbry, Brinkard, Abo, Sitaro-Devonian; Undesignated
⁴ Property Code 25125	⁵ Property Name New Mexico "EA" State		⁶ Well Number 1
⁷ GRID No. 22351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION, INC.		⁹ Elevation 3672'

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
A	24	18-S	37-E		410'	North	East	610'	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	¹⁴ Consolidation Code	¹⁵ Order No.
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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.



OPERATOR CERTIFICATION

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

Signature: *A. Phil Ryan*

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: December 7, 1999

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: December 1, 1999

Signature & Seal of Professional Surveyor: *John S. Piper*

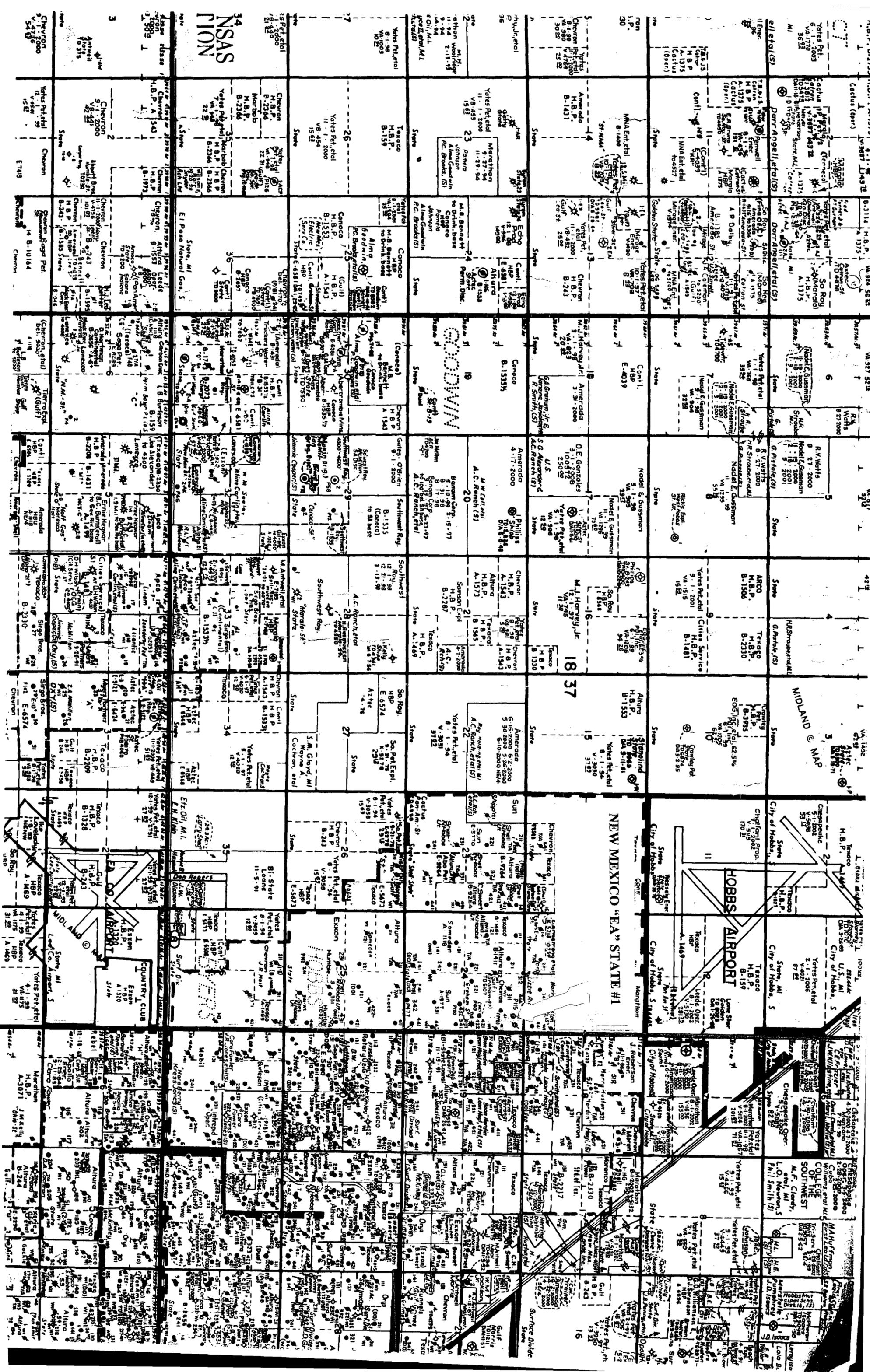
Certificate No.: 7254 John S. Piper

Sheet

○ = Staked Location • = Producing Well = Injection Well ◊ = Water Supply Well ⊕ = Plugged & Abandon Well
 ⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing 634,487.69		Easting 890,366.57	
Latitude 32°44'20.78"		Longitude 103°11'53.59"	
Zone North American Datum		Combined Grid Factor	Coordinate File
East 1983		0.99987348	NM_AE_ST
Drawing File Nm_EA_St1.dwg		Field Book	
		Lea County 18, Pg. 46	



City of Hobbs, NM
City of Hobbs, NM
City of Hobbs, NM

MIDLAND MAP

NEW MEXICO "EA" STATE #1

HOBBS AIRPORT

NSAS
NSAS
NSAS

COUNTRY CLUB

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3
3

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