



State of New Mexico
Commissioner of Public Lands

(505) 827-5760
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

March 4, 1994
Texaco E & P
P.O. Box 730
Hobbs, New Mexico 88241-0730

Attention: Mr. Larry D. Ridenour

Re: Surface Commingling
Rhodes Yates Unit
Rhodes Yates Coop Fed Com 2 #1
Rhodes Yates Coop Fed Com 3 #1
Rhodes Yates Coop Fed Com 4 #1 & 2
Rhodes Yates Coop Fed Com 5 #1
Rhodes Yates Coop Fed Com 6 #1
Lea County, New Mexico

Dear Mr. Ridenour:

This office is in receipt of your letter of February 14, 1994, wherein you have requested our approval to surface commingle production from the above-referenced leases at the Rhodes Yates Unit Tank Battery.

It is our understanding that Texaco E & P will file a communitization with this office for the above-captioned wells which are all located on the Rhodes Yates Unit and all lease line production will be metered separately prior to commingling.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for surface commingling the above-mentioned wells is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY B. POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RBP/FOP/pm

cc: Reader File
OCD - David Catanach, Ben Stone



February 14, 1994

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

Attn: Mr. William J. LeMay
Chairman and Director

RE: REQUEST FOR SURFACE COMMINGLING

Rhodes Yates Unit
Rhodes Yates Coop Fed Com 2 #1
Rhodes Yates Coop Fed Com 3 #1
Rhodes Yates Coop Fed Com 4 #1 & #2
Rhodes Yates Coop Fed Com 5 #1
Rhodes Yates Coop Fed Com 6 #1

Gentlemen:

Texaco Exploration and Production Inc. respectfully requests approval to surface commingle production from the referenced leases at the Rhodes Yates Unit tank battery. The Rhodes Yates Coop Fed Com wells are lease line wells bordering Texaco's Rhodes B Fed NCT-2, Rhodes A Fed or Rhodes B Fed NCT-1 leases. The wells are physically located on the Rhodes Yates Unit. (Please refer to the attached map.) All of the wells will be producing from the Rhodes Yates 7 Rivers formation and commingling will not affect the value of the oil.

Production from the lease line wells will be measured separately prior to commingling utilizing a three phase separator for each well. Production will be allocated back to the Rhodes Yates Unit by subtracting the metered production of the lease line wells from the total facility production. All of the working interest owners have approved of this method (copies of the ballots are included). A battery diagram is included for your reference. Piping has been designed to meet the requirements outlined in the "Manual for the Installation and Operation of Commingling Facilities". Royalty payments for the lease line wells will be based on the formula that is currently in place for the Rhodes Yates Unit. Water will be disposed of via the Rhodes Coop Waterflood System.

Approval of this request will eliminate the need for separate facilities for the lease line wells. This reduction of equipment and manpower requirements will reduce the effective operating cost of the wells and therefore increase the life, reserves and royalties of the wells.

Please contact myself at (505) 397-0423 concerning any questions that you may have.

Yours Truly,

A handwritten signature in cursive script that reads "Larry D. Ridenour".

Larry D. Ridenour
Associate Engineer

ldr/s

file

chrono

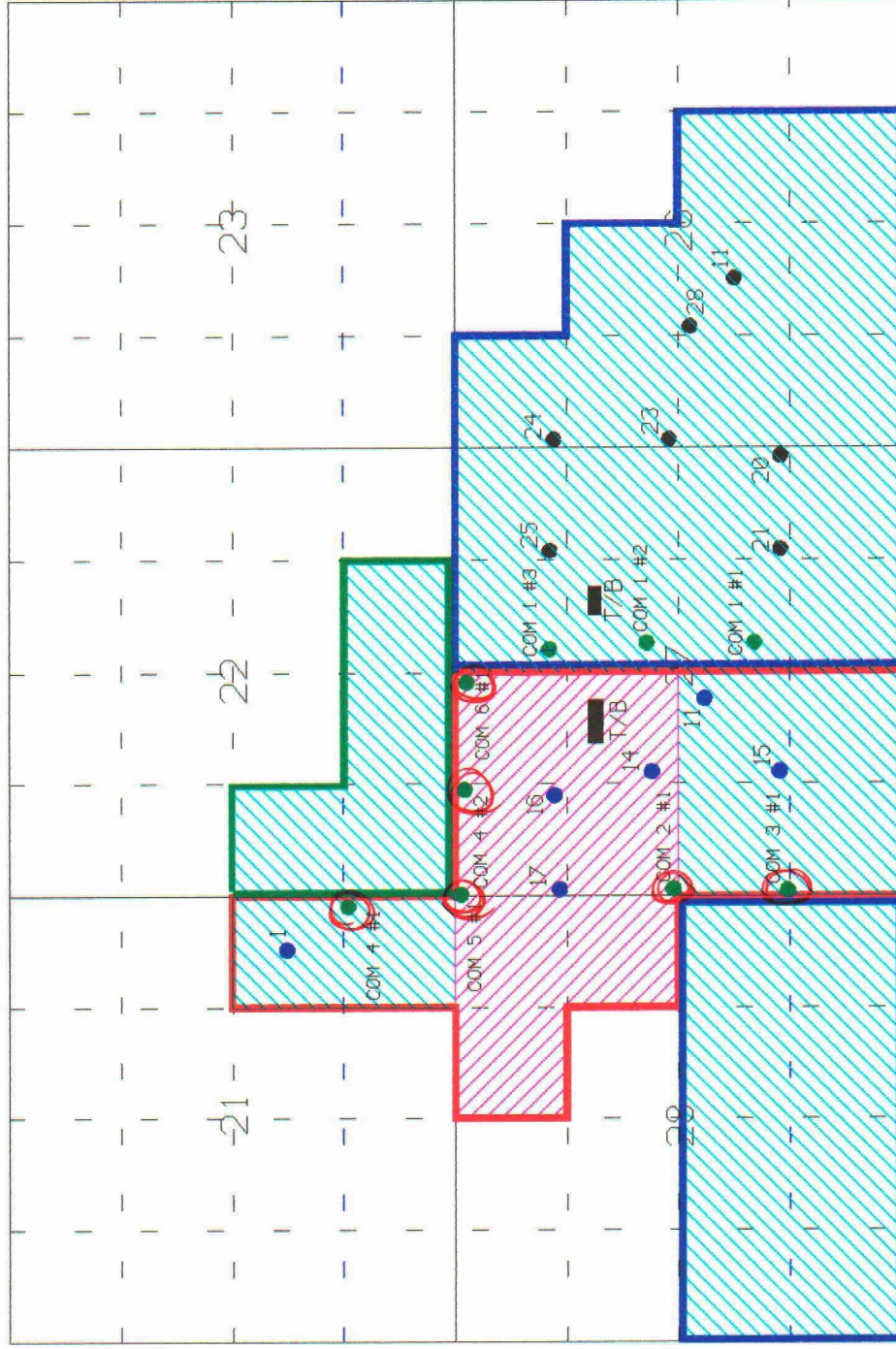
Attachments

cc: New Mexico Land Department
P. O. Box 1148
Santa Fe, NM 87504

Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88220

New Mexico Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240
Attn: Mr. Jerry Sexton

T-26-S, R-37-E



Federal Acreage

State Acreage

W.H. Rhodes Fed B NCT-2

W.H. Rhodes Fed A

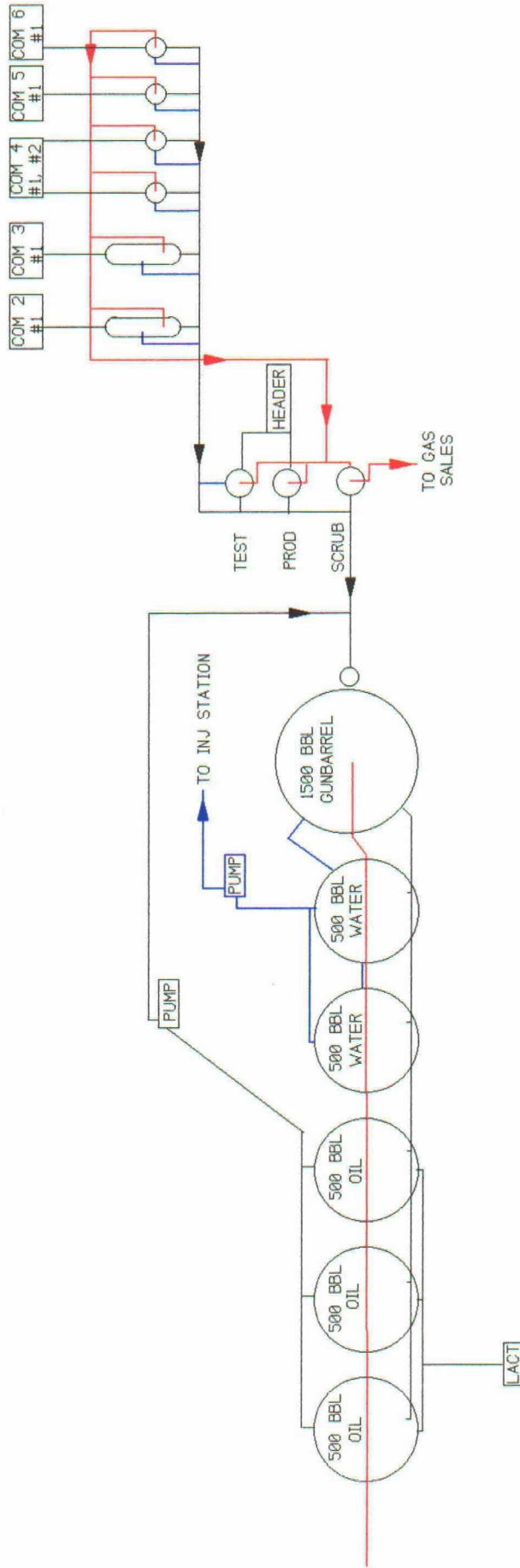
W.H. Rhodes Fed B NCT-1

Rhodes Yates Unit

Lease Line Well

W. H. Rhodes Fed B NCT-1 well

Rhodes Yates Unit well



TEXACO EXPLORATION & PRODUCTION INC.
 RHODES YATES UNIT T/B
 Unit Ltr F, Sec 27, T-26-S, R-37-E
 Lea County, New Mexico



TEXACO E&P

NOV 11 1993

November 11, 1993

Amerada Hess Corporation
P. O. Box 2040
Tulsa, Oklahoma 74102

RE: SURFACE COMMINGLING

Rhodes Yates Unit Wells
Rhodes Yates Coop Fed Com 2 #1
Rhodes Yates Coop Fed Com 3 #1
Rhodes Yates Coop Fed Com 4 #1 & #2
Rhodes Yates Coop Fed Com 5 #1
Rhodes Yates Coop Fed Com 6 #1

Attn: R W Mullins

Texaco Exploration & Producing Inc. (TEPI) will drill lease line wells between the W. H. Rhodes B NCT-1 lease, W. H. Rhodes B NCT-2 lease and the Rhodes Yates Unit. The Rhodes Yates Coop Fed Com 2 No.1 and Rhodes Yates Coop Fed Com 3 No. 1 wells (previously submitted as Rhodes Yates Unit Wells No.s 18 and 19 respectively) have received working interest approval to be drilled. The remaining wells are scheduled to be drilled in the next phase of development. Working Interest approval will be solicited for the remaining lease line wells in the near future. All lease line wells will be physically located on the Rhodes Yates Unit. TEPI proposes to surface commingle the production from the two approved wells and proposed future wells in the existing Rhodes Yates Unit Tank Battery.

Approval of all Working Interest Owners is required before the NMOCD will approve this request because the different wells have a diverse working interest ownership.

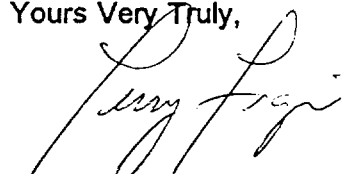
A three phase separator will be set for each of the five groups of communitized wells. Each phase will be metered before it is commingled with the other production on the lease. Normal regulations would also require metering the production from the non-communitized wells before commingling with the lease line wells. TEPI further proposes to meter only the communitized lease line wells and allocate production by subtracting the metered communitized production from the total lease production. The subtraction method will result in lower equipment costs and easier accounting procedures compared to separate metering of production before commingling.

The attached AFEs will provide the equipment necessary to meter the production from the two approved communitized wells. These AFEs represent only the funds required to meter production on the Rhodes Yates Coop Fed Com 2 #1 and Rhodes Yates Coop Fed Com 3 #1 wells. Metering equipment costs for the wells in the next phase will be submitted for your approval in the ballot for the next phase of development.

November 11, 1993

Please sign the AFE's, and one copy of this ballot indicating your approval/disapproval for commingling production and the proposed accounting method. The AFEs and ballot should be returned to: TEPI, Laura Skinner, P. O. Box 3109, Midland, TX 79702. If you have any questions about this request, please contact Mr. Larry Ridenour at the Hobbs Area Office (505-393-7191).

Yours Very Truly,



T. L. Frazier
Hobbs Area Manager

LDR/s

chrono

Attachments

☒

Approve surface commingling of production from Rhodes Yates Unit wells and communitized lease line wells.

☐

Disapprove surface commingling of production from Rhodes Yates Unit wells and communitized lease line wells.

If you approved of the surface commingling indicate your approval/disapproval for allocating production by the subtraction method.

☒

Approve of allocating production from Rhodes Yates Unit wells and communitized lease line wells by the subtraction method.

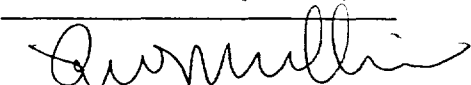
☐

Disapprove of allocating production from Rhodes Yates Unit wells and communitized lease line wells by the subtraction method.

Company:

AMERADA HESS CORPORATION

By:



Date:

1.14.94



November 11, 1993

States, Inc.
P. O. Box 911
Breckenridge, TX 76024-0911

RE: SURFACE COMMINGLING

Rhodes Yates Unit Wells
Rhodes Yates Coop Fed Com 2 #1
Rhodes Yates Coop Fed Com 3 #1
Rhodes Yates Coop Fed Com 4 #1 & #2
Rhodes Yates Coop Fed Com 5 #1
Rhodes Yates Coop Fed Com 6 #1

Attn: Fred Dueser

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Approval of all Working Interest Owners is required before the NMOCD will approve this request because the different wells have a diverse working interest ownership.

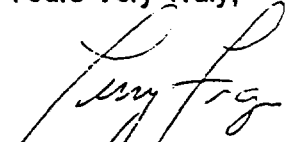
A three phase separator will be set for each of the five groups of communitized wells. Each phase will be metered before it is commingled with the other production on the lease. Normal regulations would also require metering the production from the non-communitized wells before commingling with the lease line wells. TEPI further proposes to meter only the communitized lease line wells and allocate production by subtracting the metered communitized production from the total lease production. The subtraction method will result in lower equipment costs and easier accounting procedures compared to separate metering of production before commingling.

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November 11, 1993

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Yours Very Truly,



T. L. Frazier
Hobbs Area Manager

LDR/s

chrono

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STATES, INC

BY:


Senior Vice-President

DATE:

12-10-93



TEXACO E & P

November 11, 1993

Stirling Oil & Gas Co.
Fort Worth Club Bldg.
306 W. 7th St. Suite 302
Fort Worth, TX 76102

RE: SURFACE COMMINGLING

Rhodes Yates Unit Wells
Rhodes Yates Coop Fed Com 2 #1
Rhodes Yates Coop Fed Com 3 #1
Rhodes Yates Coop Fed Com 4 #1 & #2
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Attn: Aaron Cawley

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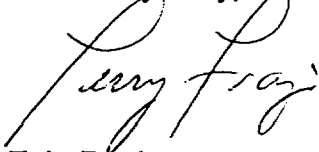
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November 11, 1993

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T. L. Frazier
Hobbs Area Manager

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Company: Stirling Oil and Gas CompanyBy: Date: December 6, 1993