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BEFORE CHAIRMAN CATANACH	
REGISTRATION DIVISION	
TEXACO	EXHIBIT NO. 4
CASE NO.	9551

August 11, 1988

State of New Mexico  
Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148

Attention: Mr. Floyd Prando  
Director Oil & Gas Division

RE: SURFACE COMMINGLING PERMIT APPLICATION  
Texaco's State "P" Lease  
Lovington Grayburg-San Andres and Lovington Abo Pools  
Section 32, T-16-S, R-37-E  
Lea County, New Mexico

Gentlemen:

Texaco respectfully requests a permit to surface commingle produced hydrocarbons from the Lovington Grayburg-San Andres and Lovington Abo pools on the subject lease. State "P" Well No. 13 was recently completed in the San Andres at a rate of 35 BOPD and 40 BWPD. It is proposed to commingle this oil at the lease battery with Abo production of 23 BOPD.

Texaco does not have the same working interest in the State "P" No. 13 and the Abo wells because several partners went non-consent in the San Andres completion. Due to the well's low initial potential, it is not economical to build a new tank battery for this production. In order to produce this well it must be commingled with Abo production at the existing battery. The State of New Mexico holds a common royalty of 12.5% in both pools on this lease.

Attached is a plat showing the location of the wells and battery on the State "P" Lease. Also attached is a schematic of the lease battery where monthly tests will be accurately measured on a per well basis. Total monthly production will then be allocated to each well utilizing the subtraction test method.

Mr. Floyd Prando

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August 11, 1988

Detailed data of the oil gravities, average crude production and sales value on a per pool basis has been tabulated and is included for your approval.

A check for \$30.00 to cover the filing fee is enclosed.

Very truly yours,



J. A. Schaffer  
District Operations Manager

LDR/PAK:JRB

Attachments

cc: Texas-New Mexico Pipeline Co.  
P. O. Box 2528  
Hobbs, New Mexico 88240

J. A. Head - Hobbs Area

State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

September 2, 1988

Texaco, Inc.  
Attn: Mr. J. A. Schaffer  
P. O. Box 728  
Hobbs, New Mexico 88240

Re: Surface Commingling of Texaco's State "P" Lease Lovington  
Grayburg-San Andres and Lovington Abo Pools, Lease No. B-  
7897-1, Section 32, T-16S, R-37E, Lea County, New Mexico.

Gentlemen:

Reference is made to your letter of August 11, 1988, wherein you request approval of your proposal to surface commingle produced hydrocarbons from the State "P" Well No. 13 which was recently completed in the San Andres at a rate of 35 BOPD with Abo production of 23 BOPD at the existing lease battery.

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 operations 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.

Receipt of your filing fee in the amount of \$30.00 Dollars is acknowledged.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*  
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm  
encls.

Copy to area 9-9-88.  
LDR