



Texaco USA
Producing Department
Midland Division

P O Box 3109
Midland TX 79702

#4133

March 23, 1990

District Supervisor
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

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

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

All Working Interest Owners
(Address List Attached)

RE: WEST DOLLARHIDE DRINKARD
SECONDARY RECOVERY UNIT
LEA COUNTY, NEW MEXICO

Gentlemen:

In accordance with Section II of the Unit Agreement of the Development and Operations of the West Dollarhide Drinkard Unit, Lea County, New Mexico, Texaco Inc. respectfully submits for your approval a report of past operations and a plan of development and operations for the waterflood unit for the year 1990.

PAST OPERATIONS

The West Dollarhide Drinkard Unit became effective June 1, 1969. Full scale flood operations began in September 1969, with an injection of 21,000 BWPD into 35 wells.

Currently the Unit consists of 37 active producers, 31 active injectors, 10 shut-in wells, and 14 plugged and abandoned wells. Cumulative oil production from the Unit since unitization was 5,183,986 barrels through December of 1989. The average producing rate per day during December 1989, was 697 barrels of oil, 1426 barrels of water and 283 MCF. Cumulative injection through December 1989 was 104,549,000 barrels. The average injection for December 1989, was 6706 BWPD at 1750 psig.

Bureau of Land Management,
Commissioner of Public Lands,
New Mexico Oil Conservation
Division, and Working
Interest Owners

-2-

March 23, 1990

During 1986, two (2) plugged and abandoned wells were re-entered and completed in the Drinkard.

During 1987, two (2) infill wells were drilled. Other workovers included cleanouts, stimulation and repair of casing leaks.

During 1988, eleven (11) workovers were necessary to open some additional pay within the unitized interval and to deal with scale problems in the field.

During 1989, five (5) workovers were completed. These workovers were primarily related to scale problems and involved clean outs, acidizing and scale squeezes. Three (3) producers were drilled (Nos. 92, 93 and 96).

DEVELOPMENT PLANS FOR 1990

The proposed plan of development for 1990 at the West Dollarhide Drinkard unit is to drill approximately twelve 20-acre infill wells. Success of the 20-acre drilling program may provide further drilling opportunities in 1990. Other anticipated work will be injection well cleanouts, opening additional pay in some wells, running liners on selected wells and the possibility of revamping the central battery plant.

Yours very truly,

Texaco Inc.



S. G. Snyder
Portfolio Manager

MOS/srt
Attachments

file
chrono

WEST DOLLARHIDE DRINKARD UNIT LEA COUNTY, NEW MEXICO



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 27, 1990

Case 10096

Texaco Producing, Inc.
P.O. Box 3109
Midland, TX 79702

Attention: Wade Howard

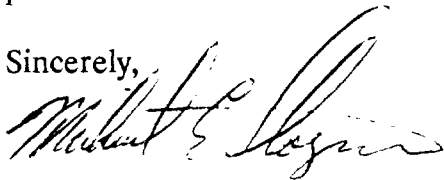
RE: West Dollarhide Drinkard Unit Well Nos. 109, 111 and 112.

Dear Mr. Howard:

Reference is made to your application dated June 14, 1990 for unorthodox oil well locations for the three subject wells and to our telephone conversation concerning the same on Tuesday June 26, 1990. Upon further review of this matter, it is determined that this application cannot be approved administratively. Pursuant to General Rule 104.F.I. these wells are closer than 330 feet to the outer boundary of the West Dollarhide Drinkard Unit and will therefore require a hearing before an Examiner for processing.

Please advise me as to Texaco's intent in this matter and should you have any questions, please contact me.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Hobbs
US Bureau of Land Management - Carlsbad

2. Part of the same basic lease, carrying the same royalty interest; and

3. The ownership of the units involved is common.

Application to the Commission for pooling shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the pooling, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

Applicants shall furnish all operators who directly offset the units involved with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. In this instance, offset operators shall include only those operators who have offset properties within the State of New Mexico. The Commission shall wait at least ten (10) days before approving any such pooling, and shall approve such pooling only in the absence of objection from any offset operator. In the event that an operator objects to the pooling, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the ten-day waiting period requirement if the applicant furnishes the Commission with the written consent to the pooling by all offset operators involved.

The Commission may consider that the requirements of subparagraphs 2 and 3 of Paragraph (m) of this rule have been fulfilled if the applicant furnishes with each copy of each application to the Commission a copy of an executed pooling agreement communitizing the units involved.

Each well drilled on any communitized tract shall be located in the approximate geographical center of the combined units with a tolerance of 150 feet for topographical conditions, but in any event shall not be located closer than 330 feet to the outer boundaries of the proposed proration unit or communitized tract.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 373
ORDER NO. R-169

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION OF NEW
MEXICO UPON ITS OWN MOTION FOR
AN ORDER EXTENDING RULE 104 OF
THE COMMISSION'S RULES AND
REGULATIONS, THE EXTENSION RELATING
TO THE POOLING OF FRACTIONAL LOTS OF
20.49 ACRES OR LESS WITH ANOTHER OIL
PRORATION UNIT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on May 20, 1952, at 9:00 a.m. at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on the 19th day of June, 1952, the Commission, a quorum being present, having considered the testimony adduced at the hearing and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That there is need for an extension of Rule 104 of the Commission's Rules and Regulations to allow the Commission to approve the pooling of fractional lots of 20.49 acres or less with another proration unit without notice and hearing, provided certain requirements are met.

IT IS THEREFORE ORDERED:

That Rule 104 of the Commission's Rules and Regulations be and the same hereby is extended as follows:

RULE 104. (m) The Commission may approve the pooling for communitization of fractional lots of 20.49 acres or less with another oil proration unit when:

1. The units involved are contiguous;

STATE H "A" UNIT
Lea County, New Mexico

Order No. R-3754, Approving the State H "A" Unit Agreement,
Lea County, New Mexico, May 14, 1969.

Application of Amerada Petroleum Corporation
for Approval of the State H "A" Com Unit
Agreement, Lea County, New Mexico.

CASE NO. 4124
Order No. R-3754

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at
9 a.m. on May 7, 1969, at Santa Fe, New Mexico, before
Examiner Daniel S. Nutter.

NOW, on this 14th day of May, 1969, the Commission, a
quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the sub-
ject matter thereof.

(2) That the applicant, Amerada Petroleum Corporation,
seeks approval of the State H "A" Unit Agreement covering
1,281.20 acres, more or less, of State lands described as
follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 14 SOUTH, RANGE 35 EAST, NMPM
Section 18: Lots 3, 4, E/2 SW/4, and SE/4
Section 19: All
Section 30: Lots 1, 2, E/2 NW/4, and NE/4

(3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correlative
rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the State H "A" Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the
development and operation of the unit area is hereby approved
in principle as a proper conservation measure; provided, how-
ever, that notwithstanding any of the provisions contained in
said unit agreement, this approval shall not be considered as
waiving or relinquishing, in any manner, any right, duty, or
obligation which is now, or may hereafter be, vested in the
Commission to supervise and control operations for the ex-
ploration and development of any lands committed to the unit
and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission
an executed original or executed counterpart of the unit agree-
ment within 30 days after the effective date thereof; that in the
event of subsequent joinder by any party or expansion or con-
traction of the unit area, the unit operator shall file with the
Commission within 30 days thereafter counterparts of the unit
agreement reflecting the subscription of those interests having
joined or ratified.

(4) That this order shall become effective upon the approval
of said unit agreement by the Commissioner of Public Lands
for the State of New Mexico; that this order shall terminate ipso
facto upon the termination of said unit agreement; and that the
last unit operator shall notify the Commission immediately
in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry
of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

WEST DOLLARHIDE DRINKARD UNIT
Lea County, New Mexico

Order No. R-3764, Approving the West Dollarhide Drinkard Unit
Agreement, Lea County, New Mexico, May 23, 1969.

Application of Skelly Oil Company for Ap-
proval of the West Dollarhide Drinkard Unit
Agreement, Lea County, New Mexico.

CASE NO. 4133
Order No. R-3764

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at
9 a.m. on May 21, 1969, at Santa Fe, New Mexico, before
Examiner Elvis A. Utz.

NOW, on this 23rd day of May, 1969, the Commission, a
quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks approval
of the West Dollarhide Drinkard Unit Agreement covering
3533.52 acres, more or less, of State, Federal, and Fee lands
described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM

Section 19: NW/4, W/2 NE/4, NW/4 SW/4, E/2
SW/4, NW/4 SE/4, and S/2 SE/4
Section 20: SW/4 SW/4
Section 28: SE/4 SW/4, SW/4 SW/4, and Lot 4
Section 29: NW/4 NW/4, S/2 NW/4, SW/4 NE/4,
and S/2
Section 30: E/2 W/2 and E/2

(WEST DOLLARHIDE DRINKARD UNIT - Cont'd.)

Section 31: E/2 NW/4, NE/4, NE/4 SW/4, N/2 SE/4, and SE/4 SE/4

Section 32: All

Section 33: W/2 and Lots 1, 2, 3, and 4

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM

Section 4: SW/4 NW/4, SE/4 NW/4, and Lots 1, 2, 3, and 4

Section 5: S/2 N/2, NE/4 SE/4, and Lots 1, 2, 3, and 4

Section 6: Lot 1

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the West Dollarhide Drinkard Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

MILNESAND (SAN ANDRES) UNIT
Roosevelt County, New Mexico

Order No. R-3766, Approving the Milnesand (San Andres) Unit Agreement, Roosevelt County, New Mexico, May 28, 1969.

Application of Allied Chemical Corporation for Approval of the Milnesand (San Andres) Unit Agreement, Roosevelt County, New Mexico.

CASE NO. 4139
Order No. R-3766

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 21, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 28th day of May, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Allied Chemical Corporation, seeks approval of the Milnesand (San Andres) Unit Agreement covering 5370.18 acres, more or less, of Federal and Fee lands described as follows:

ROOSEVELT COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM

Section 12: NE/4 NW/4, S/2 NW/4, NE/4, and S/2

Section 13: All

Section 14: E/2

Section 23: NE/4 and NE/4 SE/4

Section 24: N/2, N/2 S/2, SE/4 SW/4, and S/2 SE/4

Section 25: NE/4 and E/2 SE/4

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM

Section 5: SW/4 and W/2 SE/4

Section 6: S/2 S/2

Section 7: All

Section 8: N/2 NW/4, SW/4 NW/4, and NW/4 NE/4

Section 18: All

DOLLARHIDE TUBB-DRINKARD POOL
(Skelly West Dollarhide Drinkard Waterflood)
Lea County, New Mexico

Order No. R-3768, Authorizing Skelly Oil Company to Institute a Waterflood Project in the West Dollarhide Drinkard Unit Area in the Dollarhide Tubb-Drinkard Pool, Lea County, New Mexico, May 28, 1969.

Application of Skelly Oil Company for a Waterflood Project, Lea County, New Mexico.

CASE NO. 4134
Order No. R-3768

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 21, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 28th day of May, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks permission to institute a waterflood project in the West Dollarhide Drinkard Unit Area, Dollarhide Tubb-Drinkard Pool, by the injection of water into the Tubb-Drinkard formation through 43 injection wells in Townships 24 and 25 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant further seeks an administrative procedure whereby said project could be expanded to include additional lands and injection wells in the area of the said project as may be necessary in order to complete an efficient injection pattern; that said administrative procedure should provide for administrative approval for conversion to water injection in exception to the well response requirements of Rule 701 E-5 of the Commission Rules and Regulations.

(4) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(5) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701,

702, and 703 of the Commission Rules and Regulations; provided however, that the showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to institute a waterflood project in the West Dollarhide Drinkard Unit Area, Dollarhide Tubb-Drinkard Pool, by the injection of water into the Tubb-Drinkard formation through the following-described 43 wells in Lea County, New Mexico:

COMPANY	LEASE	Well No.	Unit	LOCATION Sec.	T - R
Texaco Inc.	Paul Stephens	2	D	19	24S 38E
Texaco Inc.	E. M. Byers	1	L	19	24S 38E
Texaco Inc.	United Royalty "A"	3	F	19	24S 38E
Texaco Inc.	United Royalty "A"	5	N	19	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	21	B	19	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	19	J	19	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	18	P	19	24S 38E
Gulf Oil Corporation	Ramsey "D"	2	N	28	24S 38E
Skelly Oil Company	Mexico "K"	1	P	29	24S 38E
Skelly Oil Company	Mexico "K"	4	N	29	24S 38E
Skelly Oil Company	Mexico "K"	6	L	29	24S 38E
Skelly Oil Company	Mexico "K"	9	J	29	24S 38E
Skelly Oil Company	Mexico "K"	13	F	29	24S 38E
Skelly Oil Company	Mexico "K"	15	D	29	24S 38E
Ralph Lowe	F. Hair	1	F	30	24S 38E
Sinclair Oil & Gas Co.	L. E. Vance	1	N	30	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	1	P	30	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	5	J	30	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	8	H	30	24S 38E
Sinclair Oil & Gas Co.	McClure Fed.	16	B	30	24S 38E
Texaco Inc.	J. B. McGhee	6	J	31	24S 38E
Texaco Inc.	J. B. McGhee	7	P	31	24S 38E
Elliott Production	Elliott "H"	7	B	31	24S 38E
Elliott and Hall	Elliott "R"	1	H	31	24S 38E
Sunshine Royalty	Elliott Fed.	1	F	31	24S 38E
Skelly Oil Company	Mexico "J"	7	L	32	24S 38E

(DOLLARHIDE TUBB-DRINKARD (SKELLY WEST
DOLLARHIDE DRINKARD WATERFLOOD) POOL -
Cont'd.)

Skelly Oil Company	Mexico "J"	9	J	32	24S 38E
Skelly Oil Company	Mexico "J"	16	P	32	24S 38E
Skelly Oil Company	Mexico "J"	20	N	32	24S 38E
Pan American	State "Y"	11	H	32	24S 38E
Pan American	State "Y"	8	F	32	24S 38E
Pan American	State "Y"	10	B	32	24S 38E
Pan American	State "Y"	6	D	32	24S 38E
Gulf Oil Corporation	Leonard "I"	2	F	33	24S 38E
Gulf Oil Corporation	Leonard "G"	11	D	33	24S 38E
Gulf Oil Corporation	Leonard "G"	14	L	33	24S 38E
Gulf Oil Corporation	Leonard "G"	15	N	33	24S 38E
Gulf Oil Corporation	Leonard "G"	12	F	4	25S 38E
Gulf Oil Corporation	Leonard "G"	19	D	4	25S 38E
Skelly Oil Company	Mexico "L"	15	D	5	25S 38E
Skelly Oil Company	Mexico "L"	17	B	5	25S 38E
Skelly Oil Company	Mexico "L"	18	H	5	25S 38E
Skelly Oil Company	Mexico "L"	20	F	5	25S 38E

(2) That the subject waterflood project is hereby designated the Skelly West Dollarhide Drinkard Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve expansion of the Skelly West Dollarhide Drinkard Waterflood Project to include such additional lands and injection wells in the area of said project as may be necessary to complete an efficient water injection pattern; that the showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

FOREST POOL
(Grayburg and San Andres Waterflood)
Eddy County, New Mexico

Order No. R-3756, Authorizing Continental Oil Company to Institute Three Waterflood Projects in the Grayburg and San Andres Formations in the Forest Pool, Eddy County, New Mexico, May 20, 1969.

Application of Continental Oil Company for a Waterflood Project, Eddy County, New Mexico.

CASE NO. 4125
Order No. R-3756

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 7, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of May, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks permission to institute three waterflood projects in the Forest Pool by the injection of water into the Grayburg and San Andres formations through ten injection wells in Sections 34 and 35, Township 16 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the applicant further seeks an administrative procedure whereby said projects could be expanded to include additional lands and injection wells in the areas of said projects as may be necessary in order to complete efficient injection patterns; that said administrative procedure should provide for administrative approval for conversion to water injection in exception to the well response requirements of Rule 701 E-5 of the Commission Rules and Regulations.

(4) That the wells in the project areas are in an advanced state of depletion and should properly be classified as "stripper" wells.

(5) That the proposed waterflood projects should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

RECEIVED

90 JUN 28 AM 9 06

6-25-90

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL ☒ _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Texaco Producing Inc. West Dallardide Drinkard Unit #
Operator Lease & Well No. Unit S-T-R # *109-B 33-24-38*

and my recommendations are as follows:

#110-B 33-24-38
#111-B 33-24-38
#112-B 4-25-38

OK

Yours very truly,

Jerry Sexton
Jerry Sexton
Supervisor, District 1

/ed



OIL CONSERVATION DIVISION
RECEIVED

'90 JUN 28 AM 8 42

OXY USA INC.

Box 50250, Midland, TX 79710
June 22, 1990

New Mexico Oil Conservation Division
P. O. Box 2088, State Land Office Bldg.
Santa Fe, New Mexico 87504

Attention: Mr. Michael E. Stogner, Chief Hearing Officer

Re: **Application of Texaco Producing Inc.
For Exceptions to Rule 104 for their
West Dollarhide Drinkard Unit Wells
109, 110 and 111, Lea County, NM.**

Dear Mr. Stogner:

OXY USA Inc. is the operator the North Dollarhide Unit located in the Dollarhide (Devonian) and Dollarhide (Clearfork) fields in Andrews County, Texas. This unit produces from the same correlative interval as the West Dollarhide Drinkard Unit. The western edge of our unit adjoins the subject unit's eastern boundary, which means that the proposed wells are between 130 feet to 150 feet from our unit boundary.

Production from these wells will likely cause drainage from our unit. Producing wells at these locations will also interfere with our planned 40 acre five spot development program. Because of the potential to adversely affect the ultimate recovery of hydrocarbons from our unit, OXY USA Inc. hereby protests the granting of Rule 104 exceptions for wells 109, 110, and 111. OXY USA Inc. has no objection to a Rule 104 exception for well 112.

By copy of this letter, we are notifying the applicant, Texaco Producing Inc., of our objection. Please direct all future correspondence regarding this matter to the undersigned.

Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor - Western Region

REF/ref

xc: NMOCD, P. O. Box 1980, Hobbs, NM 88240
BLM, P. O. Box 1778, Carlsbad, NM 88220
Texaco Producing Inc., P. O. Box 3109, Midland, TX 79702-3109
Attention: C. P. Basham
Kellahin, Kellahin & Aubrey, P. O. Box 2265, Santa Fe,
NM, 87504-2265, Attention: Tom Kellahin



Texaco USA
Producing Department
Midland, Texas

June 14, 1990
Mr. C. W. Howard
Midland, Texas

June 14, 1990

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Locations

West Dollarhide Drinkard Unit

Well Nos. 109, 110, 111

Dollarhide Tubb Drinkard Field

Lea County, New Mexico

Oxy USA Inc.

~~6 Desta Dr.~~ P.O. Box 50250

Midland, Texas 79705

10

Gentlemen:

As the "affected offset operator" to the captioned wells, you are being furnished with a copy of our Application for an Exception to Rule 104, F.I. If you have no objection, please sign the waiver at the bottom of this letter and return in the enclosed envelope.

Any questions concerning this request should be directed to Mr. C. W. Howard at (915) 688-4606.

Yours very truly,

C. P. Basham
Drilling Superintendent
on Behalf of Texaco Producing Inc.

CWH:cwh

File

WAIVER APPROVED:

COMPANY: _____

BY: _____

DATE: _____



Texaco USA
Producing Department
Midland Division

Ref: 104-1
Well Nos. 111 and 112

June 14, 1990

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Locations

West Dollarhide Drinkard Unit
Well Nos. 111 and 112
Dollarhide Tubb Drinkard Field
Lea County, New Mexico

Union Oil Company of California
P. O. Box 3100
Midland, Texas 79702

Gentlemen:

As the "affected offset operator" to the captioned wells, you are being furnished with a copy of our Application for an Exception to Rule 104, F.I. If you have no objection, please sign the waiver at the bottom of this letter and return in the enclosed envelope.

Any questions concerning this request should be directed to Mr. C. W. Howard at (915) 688-4606.

Yours very truly,

C. P. Basham
Drilling Superintendent
on Behalf of Texaco Producing Inc.

CWH:cwh

File

WAIVER APPROVED:

COMPANY: _____

BY: _____

DATE: _____



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

MEMORANDUM

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GOVERNOR

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TO: NEW MEXICO OIL PRODUCERS

FROM: WILLIAM J. LeMAY, Director, Oil Conservation Division *WJL*

SUBJECT: REGULATORY INITIATIVES TO INCREASE NEW MEXICO'S OIL PRODUCTION

DATE: SEPTEMBER 6, 1990

In response to the crisis in the Middle East, the Secretary of the Energy has asked oil producing states to take initiatives to increase domestic oil production.

To meet the Secretary's request, the New Mexico Oil Conservation Commission has placed on the **September 24, 1990**, docket a hearing to receive comments and suggestions from the oil industry on steps which the Division or the Commission might take to increase New Mexico's oil production immediately, and in the short term (3 to 6 months) and longer time frames.

The Commission is particularly interested to learn if producers see any Oil Conservation Division regulatory impediments which hinder drilling and/or production, whether oil allowables could be increased or eliminated, without violating correlative rights or creating waste, if there are any rule changes which could promote additional oil production and suggestions from industry relating to the Energy Secretary's directive. The Commission is soliciting comments only on actions which it or the Division might take and not on legislative initiatives or actions which would necessarily have to be taken by other governmental agencies, such as the Bureau of Land Management or Internal Revenue Service.

While no order will be issued as a result of this hearing, the Commission will utilize industry input in the implementation of regulatory policy which will allow or encourage higher production levels, either from existing wells or from new developments, without causing waste or impairing correlative rights.

PROPOSED NEW RULE 1135

Each gas transporter from a prorated gas well shall give notice to the Division within 30 days of new connection, reconnection or disconnection of a well to, or from, the gathering transportation system by filing Form C-135, in duplicate, with the appropriate District office of the Division, as required by the appropriate order of the Division (Order R-8170, as amended).

