



Texaco USA

R-8810-A

March 24, 1989

State of New Mexico
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Attention: Mr. William J. LeMay
Director

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

Gentlemen:

Texaco Producing Inc. requests that a hearing be set to surface commingle produced hydrocarbons from the referenced pools on the State "P" Lease. State "P" Well No. 14 was recently drilled and completed in the Lovington Penn, NE pool and tested at 140 BOPD and 153 MCFPD.

Texaco Producing Inc. does not have the same working interest in all of the pools due to partners going non-consent in the Penn and San Andres completions. The State of New Mexico however does hold a common royalty of 12.5% in the three pools now producing on the 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. Penn production will be metered daily and monthly production will be allocated by the daily meter readings. Abo and Grayburg-San Andres production will be determined by accurate monthly tests on a per well basis. Monthly production for these two pools will then be allocated to each well utilizing the subtraction test method as previously approved in September, 1988.

Mr. William J. LeMay

-2-

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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.

The State Land Commissioner and working interest owners have been notified of this request to surface commingle production.

Yours very truly,



J. A. Schaffer
District Operations Manager

LDR:JRB

Attachments

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

J. A. Head - Hobbs Area

NMOCD - Hobbs

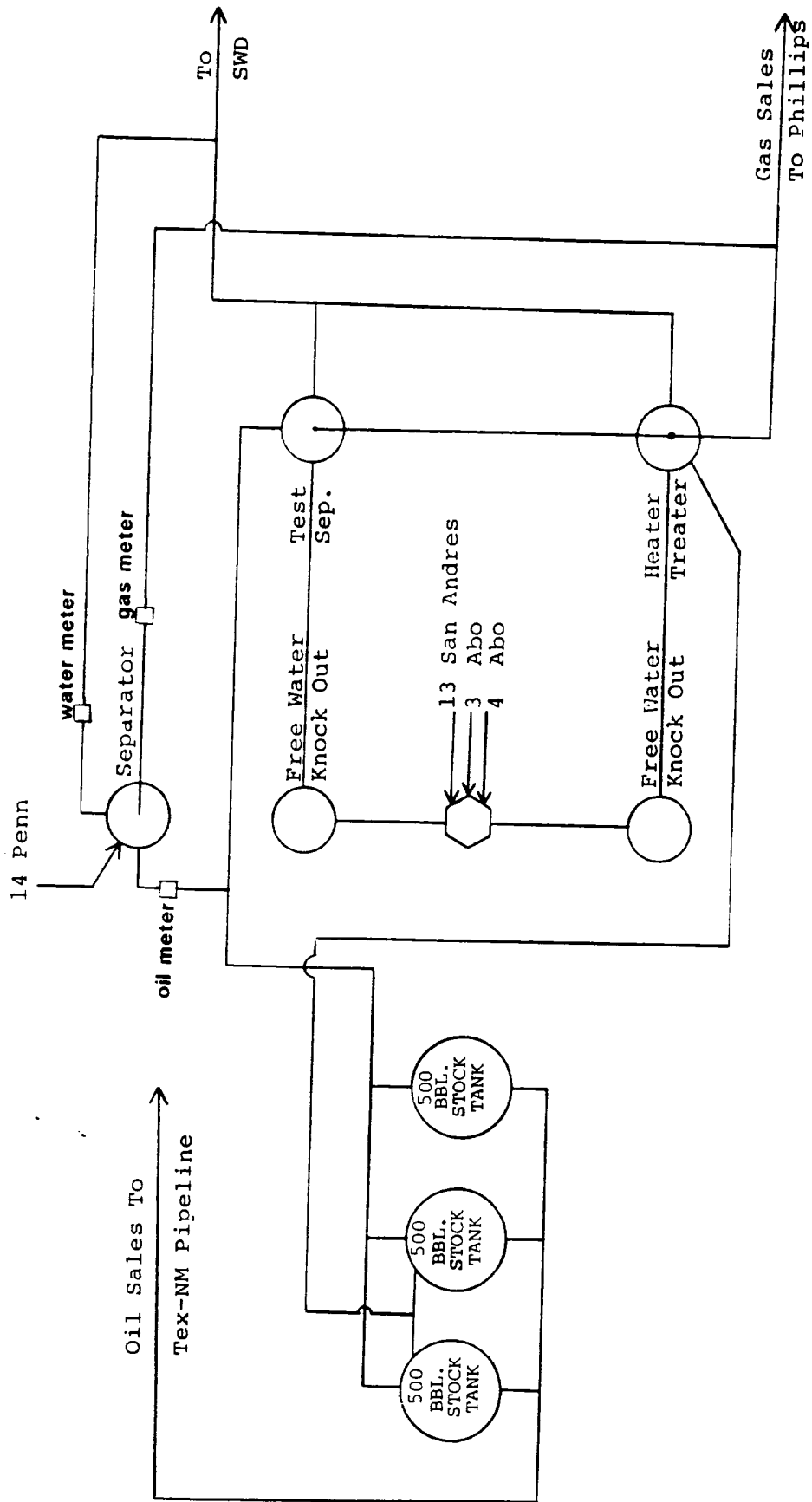
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State "P" Lease
Lea County, New Mexico

<u>Pool</u>	<u>No. of Wells</u>	<u>API Gravity</u>	<u>Ave. Prod. BOPD</u>	<u>Value \$/BO</u>
Abo	2	37.8	20	17.25
Grayburg-San Andres	1	37.0	21	17.25
Penn	1	41.7	140	17.25
Commingled Average	--	40.7	181	17.25

Note: After commingling, daily sales would be: \$3,122.25
 With no commingling, daily sales would be: \$3,120.11

(All sweet crude)



Texaco Producing Inc.
 State "P" Lease Battery
 Proposed Abo, Grayburg-San Andres,
 and Penn Battery
 Section 32, T16S, R37E
 Lea County, New Mexico

