



NEW MEXICO
OIL CONSERVATION DIVISION
HOBBS, NEW MEXICO 88240

File

October 29, 1987

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

Re: Overproduction of Oil Pool Gas
Texaco Producing Inc.'s-C. H. Weir "A" No. 4-E
Skaggs Drinkard Pool
Section 12 T20S R37E
Lea County, New Mexico

Mr. Sexton:

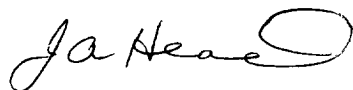
Texaco Producing Inc. operates the subject well which is completed in the gas cap of the Skaggs Drinkard Oil Pool. Although this well is capable of producing at the pool allowable of 1420 MCFPD, it has a penalized allowable of 710 MCFPD until overproduction has been reduced. Texaco respectfully requests that the Oil Conservation Division reinstate the gas allowable of Well No. 4 to 1420 MCFPD for economic reasons.

This well was originally completed to the oil pay of the Drinkard Formation in 1953. After depletion of the oil pay, the well was recompleted to the Drinkard gas cap in April, 1986 and was tested at 1159 MCFPD. It was then connected to a gas sales line on April 23, 1986, at a rate of 1400 MCFPD.

Due to an administrative oversight by Texaco, a request for allowable was not filed with your District Office until March, 1987. A casinghead gas allowable of 1420 MCFPD was then granted, effective March 1, 1987. Technically, the subject well was therefore overproduced by 362,087 MCF.

As a result of this, Texaco has voluntarily reduced production to 710 MCFPD. However, under this reduced production scenario Texaco will not be able to operate the well at 1420 MCFPD until September, 1988. This translates into lost revenue of \$13,000 per month to Texaco and an estimated loss of \$4,000 per month to the State in the form of taxes.

In view of the above detailed considerations and in view of the fact that the overproduction occurred due simply to administrative error by Texaco, we respectfully request that the gas allowable be assigned retroactive to April 23, 1986. In effect, this authorization will eliminate the present overproduction and allow Texaco to operate at full capacity. Your consideration of this request is greatly appreciated. If additional information is needed by your office, please contact us at 397-3571.

A handwritten signature in cursive script, appearing to read "Ja Head", enclosed within a large, loopy circular flourish.

James A. Head
Hobbs Area Superintendent

BDB/clp

cc: Messrs: J. A. Schaffer
L. J. Seeman
D. O. Westover
File