



March 1, 1996

New Mexico Oil Conservation Division
2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505

COPY

Attention: David Catanach

RE: Application for Salt Water Disposal Well

SDE '31' Federal Lease
Bell Canyon Field
Lea County, New Mexico

Gentlemen:

Texaco Exploration and Production Inc. respectfully requests administrative approval for the conversion of its SDE '31' Federal #9 from a marginal producer within the Bone Springs interval, to a salt water disposal well in the non-commercial Bell Canyon interval. This work will allow Texaco E & P Inc., to eliminate the current disposal costs on the subject lease, and two offsetting leases, from approximately \$800/day. The installation of the proposed disposal well will lower the current economic limit on each well and ultimately allow Texaco E & P Inc. to recover additional oil reserves that would otherwise be left in place.

Texaco E&P Inc. respectfully requests that this application be approved administratively, or through an NMOCDC sponsored hearing scheduled at the earliest possible time. This is requested so that the necessary operations can be advanced in a prudent manner. If you have any questions concerning the application, please contact me at (505) 397-0419.

Yours very truly,

Michael C. Alexander
Production Engineer

MCA/
Attachments
File
Chrono

cc: Jerry Sexton - NMOCDC; Hobbs, New Mexico
Gary Gourley - BLM; Roswell, New Mexico