STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

7/15/96

GOVERNOR

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

DHC-1333

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

RE: Proposed:
MC
DHC X
NSL
NSP
SWD
WFX
PMX

Gentlemen:

I have examined the application for the:

Texaco E&P Inc / Baker B # 17-N 10-22s-37e
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed

July 10, 1996

New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505
Attention: Mr. David R. Catanach

Re: Exception to NMOCD Rule 303 (A).
Application to Downhole Commingle
Wantz Abo/Drinkard Pool
Baker "B" #17
Unit Letter N, Sec. 10, 22S, 37E
Lea County, New Mexico

Mr. Catanach,

Texaco Exploration & Production Inc., respectfully requests administrative approval to downhole commingle the Wantz Abo/Drinkard Pool within the subject wellbore. Currently the Wantz Abo is plugback, and we are producing out of the Drinkard Pool. Notification of this application has been sent to the said offset operators and a statement of notification has been included in this application.

The proposed downhole commingling will provide a more economical means of production. It will allow complete development of the productive capacity on the subject lease by allowing both intervals to be artificially lifted simultaneously. This will extend the productive life of both completions, thereby preventing waste.

The subject well meets all of requirements as set forth by Rule 303 (C). The well was completed 1-20-96, so a full year of production data is not available. In addition, it should be noted that all produced fluids have entered a common production facility with no fluid compatibility problems.

It is requested that the allocation of production for each zone be deferred until a stabilized production rate is establish. Production will then be allocated to the Wantz Abo Pool by subtracting the Drinkard stabilized production rate from the total stabilized production rate after downhole commingling the well. If you have any questions concerning this application, please contact Kirk W. Spilman at (505)397-0425.

Yours very truly,

Kirk W. Spilman
Eunice Area Engineer

attachments
cc: Jerry Sexton/NMOCD/Hobbs

EXHIBIT 2 — CASE NOS. 11888, ORDER NO. R-10704-A

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:
X Administrative __ Hearing

EXISTING WELLBORE
X YES __ NO

APPLICATION FOR DOWNHOLE COMMINGLING

TEXACO EXPORATION & PRODUCTION (Operator) 205 E. BENDER HOBBS, NM 88240 (Address)

BAKER 'B' (Lease) 17 (Well No.) N-10-22S-37E (Unit Ltr. - Sec - Twp - Rge) LEA (County)

OGRID NO. o22351 Property Code 010886 API NO. 30-025-33117 Spacing Unit Lease Types: (check 1 or more) Federal ___, State ___, (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	DRINKARD		WANTZ ABO
2. Top and Bottom of Pay Section (Perforations)	6468-6509		6641-7048
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	ARTIFICIAL		ARTIFICIAL
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 24 hr SI 700 psi	a.	a. 24 hr SI 651 psi
	b. (Original)	b.	b.
6. Oil Gravity (°API) or Gas BTU Content	39.5		39.5
7. Producing or Shut-In?	PRODUCING		SHUT-IN
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: 2/19/96 Rates: 16/9/174
* If Producing, give date andoil/gas/ water rates of recent test (within 60 days)	Date: 7/8/96 Rates: 11/6/250	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? X Yes __ No
If not, have all working, overriding, and royalty interests been notified by certified mail? __ Yes __ No
Have all offset operators been given written notice of the proposed downhole commingling? __ Yes __ No

11. Will cross-flow occur? __ Yes X No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. __ Yes __ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? X Yes __ No

13. Will the value of production be decreased by commingling? __ Yes X No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. __Yes __ No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explaination.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of all offset operators.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____ TITLE PETROLEUM ENGINEER DATE 7/10/96

TYPE OR PRINT NAME KIRK W. SPILMAN TELEPHONE NO. (505) 397-0425

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

AUGUST 7, 1996

BRUCE KING
GOVERNOR

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

Texaco Expl & Prod., Inc. Attn: Monte Duncan
205 E Bender
Hobbs, NM 88240

RE: Packer Leakage Tests

Gentlemen:

A Packer Leakage Test was due to have been filed no later than July 10th for the following wells:

Baker B	17-N	10-22-37	WANTZ ABO

IF WE DO NOT RECEIVE A PLT BY AUGUST 21, 1996, YOUR ALLOWABLE WILL BE CANCELLED.

Please submit a Packer Leakage Test for each of the above listed wells at the earliest possible date in order to avoid allowable cancellation for these wells,

8-14-96
Do not need [illegible]

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton
Supervisor, District I

JS:mp