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Case No. 10879

Order No. R-10033

to downhole commingle Jalmat and Langlie Mattix oil production within seven certain wells (two existing and five to be drilled) in its Cooper Jal Unit located in Sections 13 and 24, Township 24 South, Range 36 East and Section 19, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. Locations for the seven wells are shown in Exhibit "A" attached.

(3) Offset operators were notified of Texaco's application as required by Division General Rules.

(4) Waterflood operations have been conducted on the Cooper Jal Unit since the early 1970's. Applicant recently received Division approval to redevelop the flood and apply for Enhanced Oil Recovery Act tax credit (Division Order R-9983).

(5) Ownership (both working interest and royalty interest) of the Jalmat and Langlie Mattix zones is common throughout the Cooper Jal Unit.

(6) The Jalmat Pool produces from the Tansill and Yates formations and the upper portion of the Seven Rivers. The Langlie Mattix produces from the lower portion of the Seven Rivers formation and the Queen.

(7) Waterflood operations for the Jalmat and Langlie Mattix intervals utilize common surface production and injection facilities. Both zones are commingled and open to injection in several injection wells. Texaco plans to equip the remaining injection wells in this manner as they redevelop the project.

(8) Fifteen producing wells in the flood are currently producing with downhole commingling of the Jalmat and Langlie Mattix intervals.

(9) Bottomhole pressure information submitted by the applicant indicates that pressure is approximately 450 psia in the lower formation (Langlie Mattix) and approximately 380 psia in the upper (Jalmat).

(10) No cross flow between formations is expected to occur due to the nearly equal bottomhole pressures and applicant's intent to keep all producing wells pumped down.

(11) No compatibility problems have been encountered and none are expected from mixing waters from the two producing intervals.