

September 15, 1999

**Request for Exception to Rule 303-A
Downhole Commingling
Wantz-Abo & Wantz-Granite Wash
Hugh No. 13
710' FNL & 330' FEL, Unit Letter A,
Section 14, T-22-S, R-37-E
Lea County, New Mexico**

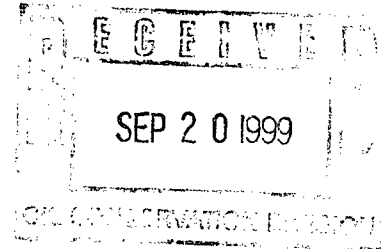


Chevron

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

2479

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505



Attention: Ms. Lori Wrotenbery – Director

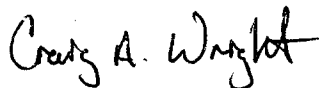
Dear Ms. Wrotenbery:

Chevron U.S.A. Inc. respectfully requests administrative approval for an exception to Rule 303-A to permit downhole commingling of the Wantz-Abo & Wantz-Granite Wash zones in the Hugh Well No. 13.

Currently the Hugh #13 is producing from the Wantz-Abo zone. Chevron is proposing to add pay in the Upper Granite Wash, re-establish production from the Lower Granite Wash and commingle the Granite Wash production with existing Abo production. The proposed downhole commingling will allow continued production of the Abo & Granite Wash zones to a lower economic limit, thus increasing ultimate recovery.

Enclosed is the pertinent data supporting this application as outlined in Rule 303-A. A copy of this administrative application is being provided to our offset operators via Certified Mail. If you have any questions, or if you require further information, please contact Craig Wright at (915) 687-7284.

Sincerely,



C.A. Wright
Petroleum Engineer
West Basin Asset Team

Attachments

cc: NMOCD – Hobbs, NM
R. Papasan
C.A. Wright
Central Files – Lease and Well Files

REQUEST FOR EXCEPTION TO RULE 303-A

Hugh #13

Wantz-Abo & Wantz-Granite Wash Fields

A: Operator

Chevron USA Prod. Co.
P.O. Box 1150
Midland, TX 79702

B: Lease Name and Well Number

Hugh #13
Unit Letter A, 710' FNL & 330' FEL
Section 14, T-22-S, R-37-E
Lea County, New Mexico
Wantz-Abo & Wantz-Granite Wash Pools

C: Plats and Offset Operators

Attached

D: C-116's

1. Current Gas-Oil Ratio Test for Wantz-Abo zone. (Attached).
2. Wantz-GW was capped with a CIBP in April, '94; consequently, there is not a current C-116 for the Wantz-GW zone. Prior to being shut-in, the Wantz-GW was producing at an average rate of 6 bopd 172 mcfpd 1 bwpd. (See Attached Production Plot).

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressure

| | | |
|-----------|---------|----------|
| | Current | Original |
| Wantz-Abo | 300 psi | 2500 psi |
| Wantz-GW | 250 psi | 2600 psi |

G: Production Characteristics

Chevron currently surface commingles Wantz-Abo and Wantz-GW production at the Hugh lease without compatibility problems. Downhole commingling these same produced fluids will not cause formation damage.

H: Value

Chevron receives the same price for product from these zones and value will not be adversely affected.

I: Production Allocation

| <u>Pool</u> | <u>BOPD</u> | <u>MCFD</u> | <u>BWPD</u> | <u>Estimated Method</u> |
|------------------|-------------|-------------|-------------|-------------------------|
| Wantz-Abo | 2 | 134 | 4 | Allocated production |
| Wantz-GW (Upper) | 10 | 75 | 1 | Offset production |
| Wantz-GW (Lower) | <u>6</u> | <u>172</u> | <u>1</u> | Allocated production |
| Total | 18 | 381 | 6 | |

Wantz-Abo rates are averages from the last three months (May-Jul, '99) of allocated production.

Wantz-GW (Upper Zone) rates are estimates based on offset allocated production (see attached).

Wantz-GW (Lower Zone) rates are averages from the last three months (Jan-Mar, '94) of allocated production.

| <u>Allocated Percentages</u> | <u>Oil %</u> | <u>Gas %</u> | <u>Water %</u> |
|------------------------------|--------------|--------------|----------------|
| Wantz-Abo | 11 | 35 | 67 |
| Wantz-GW | <u>89</u> | <u>65</u> | <u>33</u> |
| Total | 100 | 100 | 100 |

J: Ownership

Ownership of all zones is common and correlative rights will not be compromised.

K: Offset Operator Notification

All offset operators have been notified by copy of this letter via certified mail.

Hugh #13
Production Data

Wantz/Abo – Allocated Production

| <u>Date</u> | <u>CDOIL</u> | <u>CDGAS</u> | <u>CDWAT</u> |
|-------------|--------------|--------------|--------------|
| May 99 | 2 | 141 | 4 |
| Jun 99 | 2 | 132 | 4 |
| Jul 99 | 2 | 130 | 4 |

Wantz/Granite Wash (Lower Zone) – Allocated Production

| <u>Date</u> | <u>CDOIL</u> | <u>CDGAS</u> | <u>CDWAT</u> |
|-------------|--------------|--------------|--------------|
| Jan 94 | 6 | 172 | 1 |
| Feb 94 | 6 | 173 | 1 |
| Mar 94 | 6 | 172 | 1 |

Wantz/Granite Wash (Upper Zone) – Offset Production

| <u>Well</u> | <u>CDOIL</u> | <u>CDGAS</u> | <u>CDWAT</u> | <u>Status</u> |
|-----------------------------|--------------|--------------|--------------|---------------|
| Cossatot 'B' #2 (Hendrix) | 2 | 30 | 0 | SI (1997) |
| Cossatot 'I' #1 (Hendrix) | 0 | 3 | 0 | SI (1996) |
| Elliott 'B' 13-#2 (Hendrix) | 10 | 40 | 0 | SI (1993) |
| Hugh #11 (Chevron) | 4 | 100 | 0 | SI (1985) |
| SE Long #3 (Mobil) | 1 | 40 | 1 | SI (1991) |
| SE Long #4 (Titan) | 2 | 30 | 4 | Producing |
| Estimated | 10 | 75 | 1 | |

Note: Rates for each offset well are averages from the last three months of active production.

[illegible]

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer 00, Arama, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|-------------------------------------|--|---------------------------|--|
| * API Number 30-025-25906 | | * Pool Code 62700 | | * Pool Name WANTZ; ABO | |
| * Property Code 2641 | | * Property Name HUGH | | * Well Number 13 | |
| * OGRID No. 4323 | | * Operator Name CHEVRON USA INC. | | * Elevation | |

10 Surface Location

| UL or loc. no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 14 | 22S | 37E | | 710 | NORTH | 330 | EAST | LEA |

11 Bottom Hole Location if Different From Surface

| UL or loc. no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | | |
|------------|---------|-------------------|----------------------|-------------|
| * District | * Acres | * Joint or Infill | * Consolidation Code | * Order No. |
| 40 | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | | |
|----|--|--|--|--|--|
| 16 | | | | | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Craig A. Wright</u> Signature <u>Craig A. Wright</u> Printed Name <u>PE</u> Title <u>09-15-99</u> Date</p> |
| | | | | | |
| 3 | | | | | |
| | | | | | |
| | | | | | |

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer 00, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|-----------------------------------|----------------------------------|
| API Number 30-025-25906 | Pool Code 62730 | Pool Name WANTO; GRANITE WASH |
| Property Code 2641 | Property Name HUGH | Well Number 13 |
| OGED No. 4323 | Operator Name CHEVRON USA INC. | Elevation |

10 Surface Location

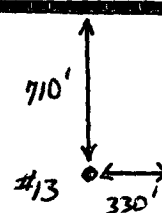
| UT or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 14 | 22S | 37E | | 710 | NORTH | 330 | EAST | LEA |

11 Bottom Hole Location If Different From Surface

| UT or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | | |
|-------------------|----------|--------------------|-----------------------|--------------|
| 12 District 40 | 13 Acres | 14 Joins or Infill | 15 Consolidation Code | 16 Order No. |
|-------------------|----------|--------------------|-----------------------|--------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | | |
|----|--|--|--|--|--|
| 10 | | | |  | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Craig A. Wright Printed Name Craig A. Wright Title PE Date 09-15-99 |
| | | | | | 18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor Certificate Number |

Offset Operators:

J.H. Hendrix Corp.
P.O. Box 3040
Midland, TX 79702-3040

Mobil Producing Texas & New Mexico
P.O. Box 633
Midland, TX 79702

Titan Resources, Inc.
500 W. Texas, Suite 500
Midland, TX 79701

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

SUBMIT 2 COPIES TO
APPROPRIATE DISTRICT OFFICE

DISTRICT I -
P.O. BOX 1980, HOBBS, NM 88240

DISTRICT II -
P.O. DRAWER DD, ARTESIA, NM 88210

DISTRICT III -
2000 RIO BRAZOS RD., AZTEC, NM 87410

OIL CONSERVATION DIVISION
P.O. BOX 2088
SANTA FE, NEW MEXICO 87504-2088

GAS-OIL RATIO TEST

POOL: **Wantz; Abo** COUNTY: LEA
TYPE(X) **SCHEDULE**

OPERATOR: CHEVRON U.S.A. INC.
ADDRESS: P.O. BOX 1949 EUNICE, NEW MEXICO 88231

X

S

LENGTH
OF
TEST
HOURS

CHVRN
USE
ONLY

GAS-OIL
RATIO
CU.FT/BBL

GAS
MCF

OIL
BBLs

GRAV
OIL

WATER
BBLs

TBG
PRESS.

CHOKE
SIZE

DATE
OF
TEST

U S T R

WELL
NO

#13

A 14

22S

37E

09/03/99

P 2WO

50

24

4

38.7

2

131.0

65,500

Hugh

INSTRUCTIONS:

DURING GAS-OIL RATIO TEST, EACH WELL SHALL BE PRODUCED AT A RATE NOT EXCEEDING THE TOP UNIT ALLOWABLE FOR THE POOL IN WHICH THE WELL IS LOCATED BY MORE THAN 25 PERCENT. OPERATOR IS ENCOURAGED TO TAKE ADVANTAGE OF THIS 25 PERCENT TOLERANCE IN ORDER THAT THE WELL CAN BE ASSIGNED INCREASED ALLOWABLES WHEN AUTHORIZED BY THE DIVISION. GAS VOLUMES MUST BE REPORTED IN MCF AT 15.025 PSIA AND A TEMPERATURE OF 60 DEGREES F. SPECIFIC GRAVITY BASE WILL BE 0.60.

REPORT CASING PRESSURE IN LIEU OF TUBING PRESSURE FOR ANY WELL PRODUCING THROUGH CASING.

(SEE RULE 301, RULE 1116, AND APPROPRIATE POOL RULES.)

I HEREBY CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Craig A. Wright

SIGNATURE

DATE

Petroleum Engineer

Sep 15, 1999

DATE

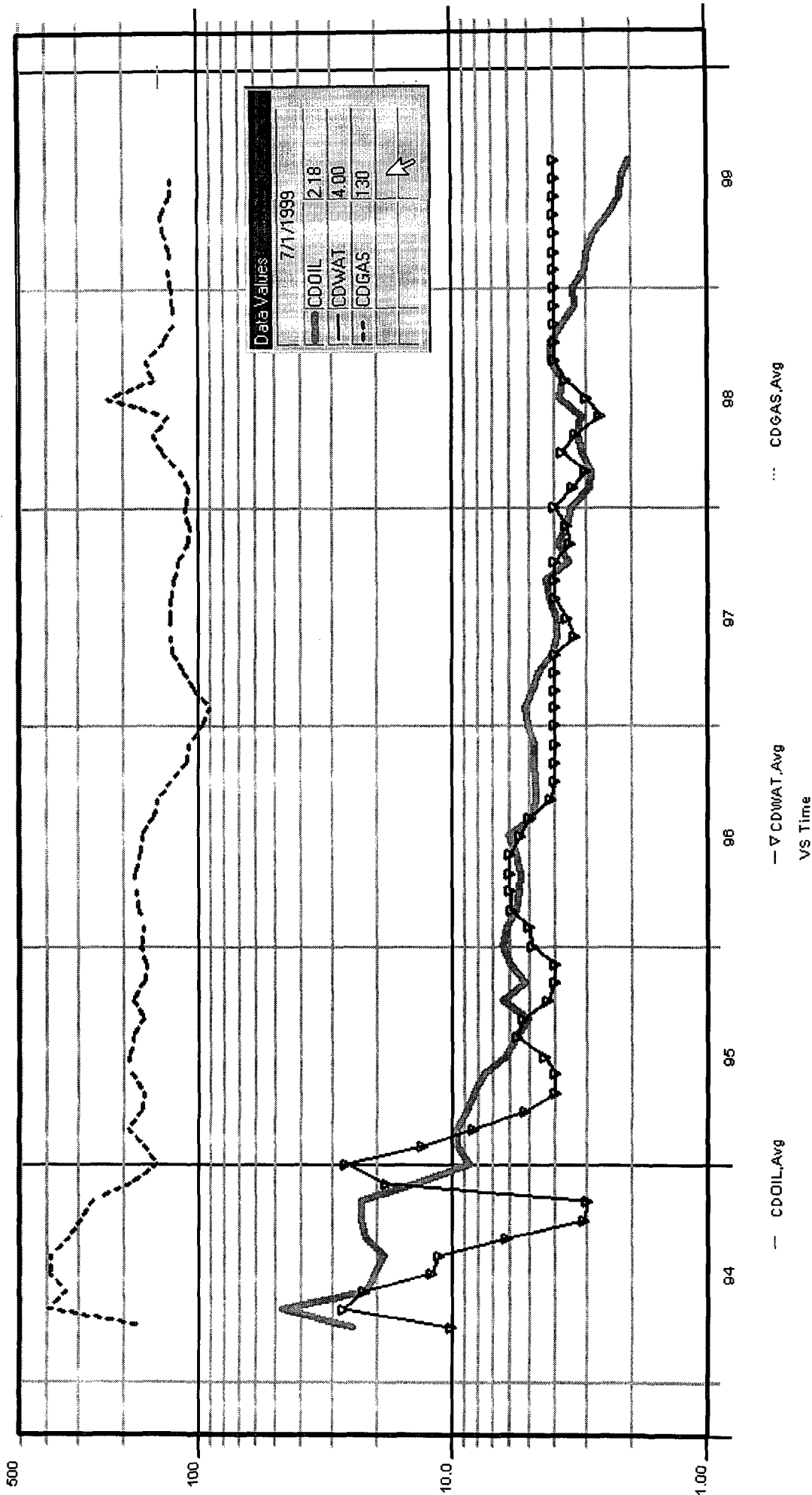
915-687-7284

TELEPHONE NUMBER

Craig A. Wright
9-15-99

Hugh #13 – Wantz/Abo

Name: HUGH13WA ID: EQ1465:0:02 Type: PR Format: CD_Prd



Ready

Start

Inbox - Microsoft Outlook

05532 - Curve1 "C"

WEL

HUGH13WA

Crit: UCAL4CD = 'N1' N/A

2:10 PM

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

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
Revised August 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

CHEVRON U.S.A. PRODUCTION INC. P. O. BOX 1150, MIDLAND, TX 79702
Operator Address
HUGH 13 A 14 22S 37E LEA
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
OGRID NO. 4323 Property Code 2641 API NO. 30-025-25906 Federal ___ State ___ (and/or) Fee X

| The following facts are submitted in support of downhole commingling. | Upper Zone | Intermediate Zone | Lower Zone |
|---|----------------------------------|-------------------|--|
| 1. Pool Name and Pool Code | WANTZ-ABO 62700 | | WANTZ-GRANITE WASH 62730 |
| 2. Top and Bottom of Pay Section (Perforations) | 6606' - 7045' | | 7300' - 7330' (proposed) 7439' - 7662' |
| 3. Type of production (Oil or Gas) | OIL | | OIL |
| 4. Method of Production (Flowing or Artificial Lift) | ROD PUMP | | ROD PUMP |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original | a. (Current) 300 psi | a. | a. 250 psi |
| | b. (Original) 2500 psi | b. | b. 2600 psi |
| 6. Oil Gravity (EAPI) or Gas BTU Content | 38.7 @ 60°F | | 34.0 @ 60°F |
| 7. Producing or Shut-In? | PRODUCING | | SI & NOT COMPLETED |
| Production Marginal? (yes or no) * 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 * If Producing, give date and oil/gas/water rates of recent test (within 60 days) | YES | | YES |
| | Date: Rates: | Date: Rates: | Date: 03-18-94 Rates: 6/172/1 (lower zone) |
| | Date: 09-03-99 Rates: 2/131/4 | Date: Rates: | Date: 10/75/1 (est.) Rates: (upper zone) |
| 8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%) | Oil: 11 % Gas: 35 % | Oil: % Gas: % | Oil: 89 % Gas: 65 % |

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

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. NMOC Reference Cases for Rule 303(D) 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 explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Craig A. Wright TITLE PETROLEUM ENGINEER DATE 9-15-99

TYPE OR PRINT NAME CRAIG A. WRIGHT TELEPHONE NO. (915) 687-7284