

DATE IN 7-21-04	SUSPENSE	ENGINEER Jones	LOGGED 7-22-04	DHC RECEIVED
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ABOVE THIS LINE FOR DIVISION USE ONLY

psem 0420430337

NEW MEXICO OIL CONSERVATION DIVISION

JUL 21 2004

- Engineering Bureau -

OIL CONSERVATION
DIVISION

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement
☒ DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

CAROLYN J. HAYNIE

PE TECH. ASSISTANT

Print or Type Name

Signature

Title

Date

7-16-04

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
____ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

APPLICATION FOR DOWNHOLE COMMINGLING

CHEVRON U.S.A. INC. PRODUCTION INC.

15 SMITH ROAD

MIDLAND, TX 79705

Operator Address
C.L. HARDY 2 N-20-T21S-R37E LEA CO, NM

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 4323 Property Code 2634 API No. 30-025-06685 Lease Type: ____ Federal ____ State X Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penrose Skelly Grayburg ✓	NA	Drinkard ✓ <i>OK</i>
Pool Code	50350 ✓	NA	19190 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3747' – 3910'	NA	6526' – 6587'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	NA	Zone abandoned, will be Artificial Lift, pending OCD approval.
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Est. 900 PSI	NA	Est. 500 PSI
Oil Gravity or Gas BTU (Degree API or Gas BTU)	NA	NA	NA
Producing, Shut-In or New Zone	Producing	NA	Shut-In
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: 07-13-04 Rates: 11 Oil, 135 Wtr, 275 MCF	Date: Rates:	Date: 05-14-04 Rates: 21 Oil, 1 Wtr, 26 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil WTR Gas 34% 99 % 91 %	Oil Gas % %	Oil WTR Gas 66 % .1% 9 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ____ No ____

Are all produced fluids from all commingled zones compatible with each other? Yes X No ____

Will commingling decrease the value of production? Yes ____ No X

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

NMOCD Reference Case No. applicable to this well: _____

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, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Carolyn J. Haynie TITLE NM Technical Assistant DATE 7-16-04

TYPE OR PRINT NAME Carolyn J. Haynie TELEPHONE NO. (432) 687-7384

E-MAIL ADDRESS CHaynie@ChevronTexco.com

Chevron USA Production Company Inc.
Carolyn J. Haynie
Waterflood Technical Assistant
15 Smith Road
Midland, TX 79705
Tel 432-687-7384
Fax 432-687-7557

ChevronTexaco

July 16, 2004

State of New Mexico
Energy, Minerals, & Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Request to DHC the C.L. Hardy # 2

Attn: Oil & Gas Regulatory Department

ChevronTexaco, Exploration & Production, Inc., formerly Chevron U.S.A. Production Co., Inc., respectfully requests administrative approval to Downhole Commingling the Drinkard and the Penrose Skelly Grayburg production in the C.L. Hardy well # 2, API # 30-025-06685. The C.L. Hardy # 2 is located in Penrose Skelly Grayburg Pool, 554' FSL & 2086' FWL, Unit N, Section 20, T-21S, R-37E, NMPM, Lea County, NM,.

The C.L. Hardy # 2 was producing in the Drinkard formation, making 21 BOPD, 1 BWPD, & 26 MCFPD, prior to plugging back to the Penrose Skelly Grayburg. ChevronTexaco proposes to downhole commingle and produce both zones in the C. L. Hardy # 2 by pulling the retrievable bridge plug, installing additional tubing and then returning the well to production. The C.L. Hardy wells production is gathered in the C.L. Hardy Tank Battery, (COMMINGLING ORDER PC-357-A), located within SW/4 of Section 20, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

Attached in support of this request is a table showing oil production volumes for each of the pools proposed for commingling. Also, included is a proposed well schematic diagram for the C.L. Hardy # 2, well test, C107A, a C102, and a lease plat. As can be seen on the table, the value of the production will not be significantly impacted by the proposed action.

ChevronTexaco is the operator of these wells with 100% working interest, and the Royalty Interest Owners are the same on each well. The Hardy facility will test monthly for allocation of production to the well.

For your convenience, I have enclosed a stamped self-addressed envelope, for your returned decision. If you have any questions concerning this application, please contact me, at (432) 687-7384.

Sincerely,


Carolyn Haynie
New Mexico Technical Assistant

Cc: NMOCD – Hobbs District 2
Lease File
Mike Howell
Nathan Mouser
Vicki Duncan/Denise Pinkerton

REQUEST FOR EXCEPTION TO RULE 303-A
FOR WELLS LOCATED IN PRE-APPROVED POOLS OR AREAS

Operator

ChevronTexaco Exploration & Production Company
15 Smith Road
Midland, TX 79705

Lease Name and Well Number

C.L. Hardy # 2
554' FSL & 2086' FWL
Unit Letter N, Sec. 20
T21S, R37E
Lea County, New Mexico
Property # 2634

Division Order

Pre-approved pools or area established by Division Order No. R-11363.

Pools To Be Commingled In C.L. Hardy # 2

(50350) Penrose Skelly Grayburg
(19190) Drinkard

Perforated Intervals

Penrose Skelly Grayburg (3747'-3910')
Drinkard (6526'-6587')

Location Plat

Attached

Well Test Report & Production Plots

Attached.

Product Characteristics And Value

Previous commingling of these zones by Chevron and other operators in the area have shown that the produced fluids are compatible and commingling will not cause formation damage or producing problems. Also, the price received by ChevronTexaco for products from these zones is very similar, so value will not be adversely affected.

Production Allocation

<u>Pool</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>Estimation Method</u>
Penrose Skelly Grayburg	11	135	275	Well Test Report 7/13/04
Drinkard	21	1	26	Well Test Report 5/14/04
Totals	32	136	301	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Penrose Skelly Grayburg	34.38	99.26	91.36	Calculated using above production volumes.
Drinkard	65.63	0.74	8.64	Calculated using above production volumes.
Totals	100.00	100.00	100.00	

Ownership

Ownership of all zones is identical so correlative rights will not be compromised.

State / Federal Land Notification

Well is on a fee lease.

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-06685	² Pool Code 50350	³ Pool Name PENROSE SKELLY GRAYBURG
⁴ Property Code	⁵ Property Name C. L. HARDY	⁶ Well No. 2
⁷ OGRID Number 4323	⁸ Operator Name CHEVRON USA INC	⁹ Elevation 3495' GL

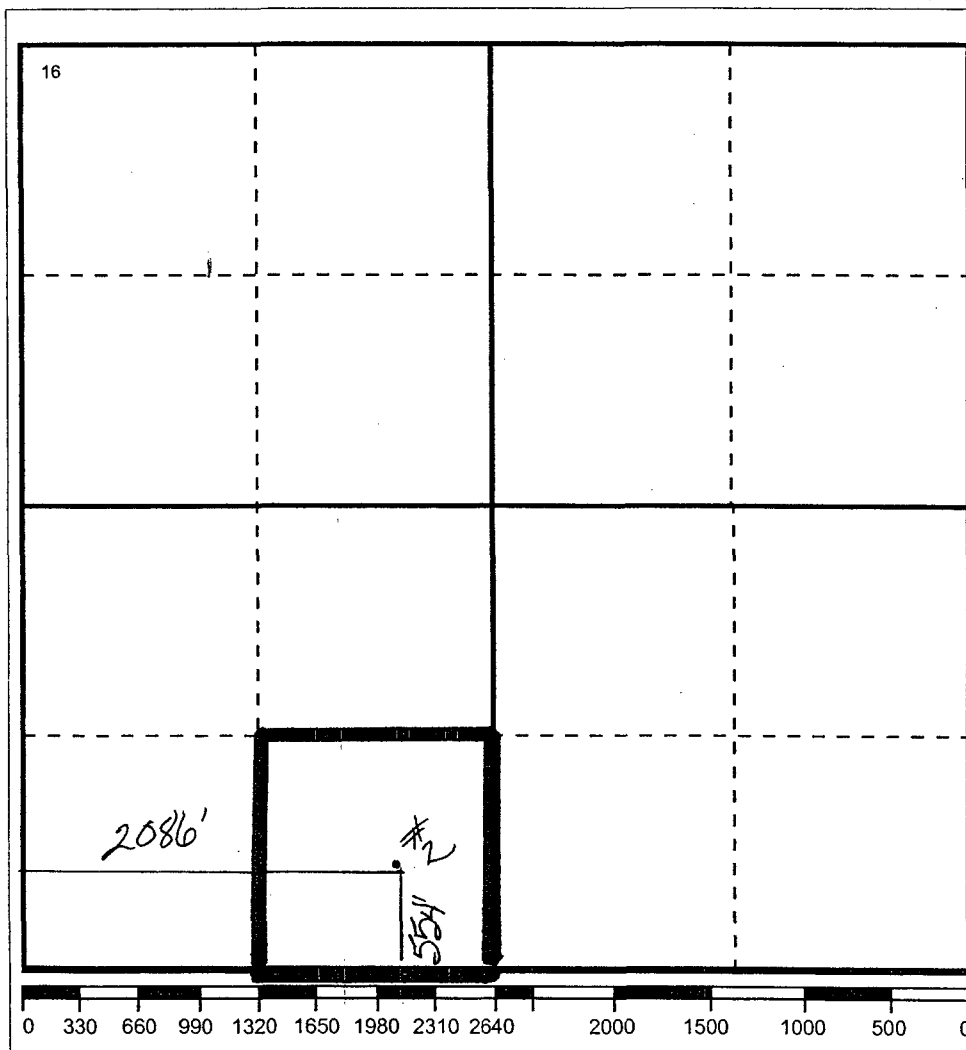
¹⁰ Surface Location

UI or lot no N	Section 20	Township 21-S	Range 37-E	Lot.Idn	Feet From The 554'	North/South Line SOUTH	Feet From The 2086'	East/West Line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
¹² Dedicated Acre 40	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ 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

¹⁷ OPERATOR CERTIFICATION

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

Signature

Denise Leake

Printed Name

Denise Leake

Position

Regulatory Specialist

Date

3/11/2004

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 knowledge and belief.

Date Surveyed

Signature & Seal of

Professional Surveyor

Certificate No.

CURRENT WELL DATA SHEET

Field: <u>Penrose Skelly</u>	Well Name: <u>C. L. Hardy #2</u>	Lease Type: <u>Fee</u>
Location: <u>554' FSL & 2086' FWL</u>	Sec: <u>20-N</u> Township: <u>21S</u>	Range: <u>37E</u>
County: <u>Lea</u> State: <u>New Mexico</u>	Refno: <u>FA7786</u> API: <u>30-025-06685</u>	Cost Center: _____
Current Status: <u>PR - Oil</u>		
Current Producing Formation(s): <u>Grayburg</u>		

Surface Csq.

Size: 13 3/8"
 Wt.: 48#
 Set @: 300'
 Sxs cmt: 300
 Circ: Yes
 TOC: Surface
 Hole Size: 17-1/4"

Intermediate Csq.

Size: 9 5/8"
 Wt.: 36#
 Set @: 2901'
 Sxs Cmt: 1300
 Circ: No
 TOC: 1315' by TS
 Hole Size: 12-1/4"

Production Csq.

Size: 7"
 Wt.: 23#
 Set @: 6603'
 Sxs Cmt: 700
 Circ: Yes
 TOC: Surface
 Hole Size: 8-3/4"

KB: _____
 DF: _____
 GL: 3495'
 Spud Date: 9/8/1947
 Compl. Date: 10/28/1947

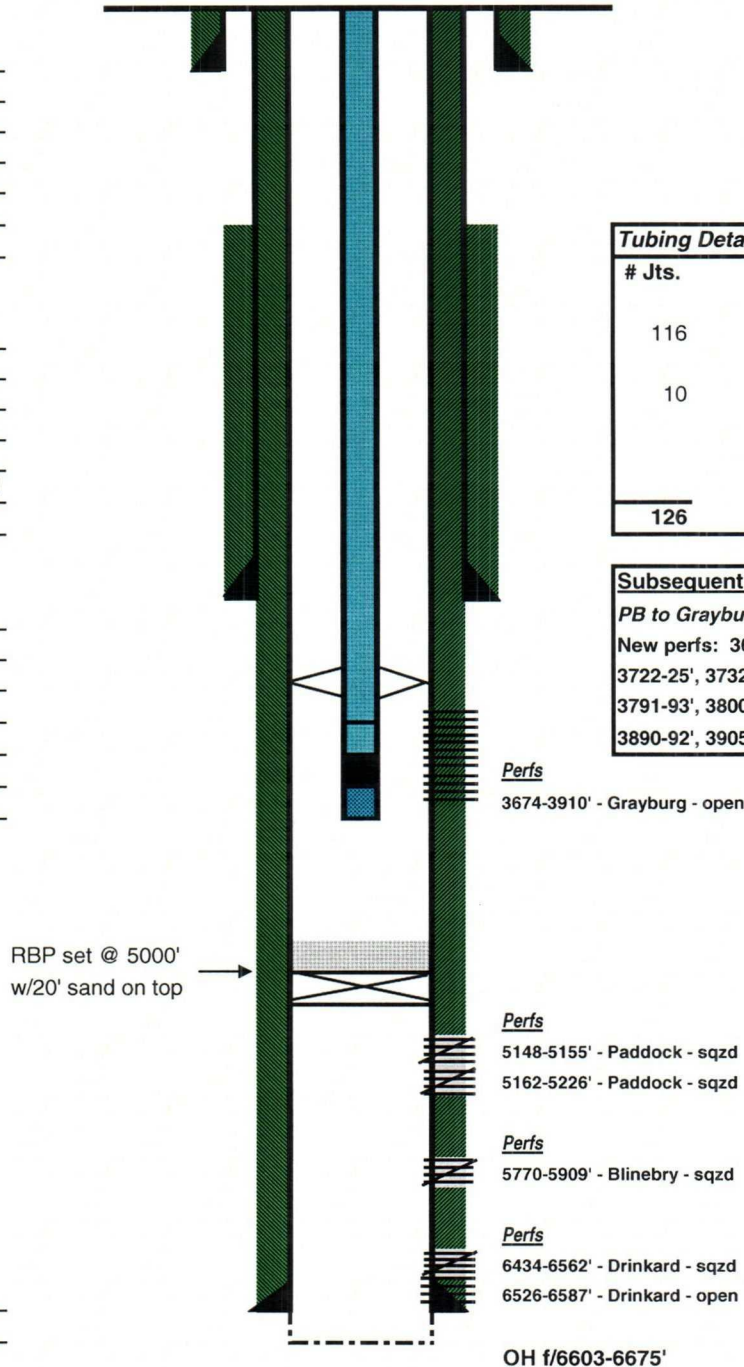
Tubing Detail

# Jts.	Size	Footage
	Original KB to Tubing Head Flange	
116	2 7/8 4.7# 8rd J55	
	7" X 2 7/8 TAC	
10	2 7/8 8rd J55	
	SN	
	Perf Sub	
	2 7/8 BPMA	
126		EOT >>>

Subsequent Report:

PB to Grayburg

New perms: 3674-76', 3681-83', 3690-93', 3698-3702', 3713-16',
 3722-25', 3732-34', 3742-44', 3748-52', 3766-68', 3779-83',
 3791-93', 3800-03', 3812-15', 3838-42', 3850-55', 3876-80',
 3890-92', 3905-10'



Perfs

3674-3910' - Grayburg - open

Perfs

5148-5155' - Paddock - sqzd

5162-5226' - Paddock - sqzd

Perfs

5770-5909' - Blaine - sqzd

Perfs

6434-6562' - Drinkard - sqzd

6526-6587' - Drinkard - open

OH f/6603-6675'

PBTD: 6431'
 TD: 6675'

repared by: K M Jackson
 Date: 7/27/2003

PROPOSED WELL DATA SHEET

Field: Penrose Skelly
 Location: 554' FSL & 2086' FWL
 County: Lea State: New Mexico
 Current Status: PR - Oil
 Current Producing Formation(s): Grayburg

Well Name: C. L. Hardy #2
 Sec: 20-N Township: 21S
 Refno: FA7786 API: 30-025-06685

Lease Type: Fee
 Range: 37E
 Cost Center:

Surface Csq.

Size: 13 3/8"
 Wt.: 48#
 Set @: 300'
 Sxs cmt: 300
 Circ: Yes
 TOC: Surface
 Hole Size: 17-1/4"

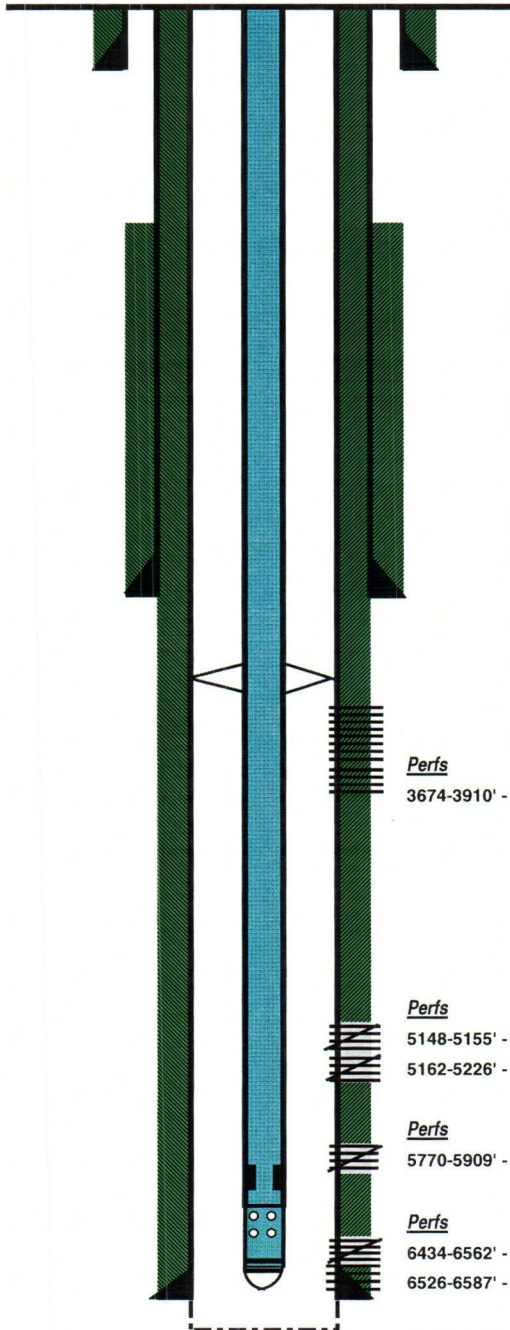
Intermediate Csq.

Size: 9 5/8"
 Wt.: 36#
 Set @: 2901'
 Sxs Cmt: 1300
 Circ: No
 TOC: 1315' by TS
 Hole Size: 12-1/4"

Production Csq.

Size: 7"
 Wt.: 23#
 Set @: 6603'
 Sxs Cmt: 700
 Circ: Yes
 TOC: Surface
 Hole Size: 8-3/4"

PBTD: 6431'
 TD: 6675'



Perfs

3674-3910' - Grayburg - open

Perfs

5148-5155' - Paddock - sqzd

5162-5226' - Paddock - sqzd

Perfs

5770-5909' - Blinebry - sqzd

Perfs

6434-6562' - Drinkard - sqzd

6526-6587' - Drinkard - open

OH f/6603-6675'

KB: _____
 DF: _____
 GL: 3495'
 Spud Date: 9/8/1947
 Compl. Date: 10/28/1947

Tubing Detail

# Jts.	Size	Footage
	Original KB to Tubing Head Flange	
116	2 7/8 4.7# 8rd J55	
	7" X 2 7/8 TAC	
94	2 7/8 8rd J55	
	SN	
	Perf Sub	
	2 7/8 BPMA	
210		EOT >>>

Subsequent Report:

PB to Grayburg

New perfs: 3674-76', 3681-83', 3690-93', 3698-3702', 3713-16',
 3722-25', 3732-34', 3742-44', 3748-52', 3766-68', 3779-83',
 3791-93', 3800-03', 3812-15', 3838-42', 3850-55', 3876-80',
 3890-92', 3905-10'

pdated by: chay
 Date: 7/16/2004

WELL TEST REPORT

Lease: **HARDY C L**

Field: **FLD-DRINKARD**

Reservoir: **DRINKARD**

Well: **2D**

Field Code: **U41**

Resv Code: **0000005817**

Unique Code: **PU413300**

Battery: **HARDY C L**

Wellbore: **047360**

API No: **300250668500**

Test Date	BOPD	BWPD	MCFPD	Tbg PSI	GOR	% Oil	Comp No.	Status	Remarks	Fluid Level	Fld Lvl Date	BTFPD	% Runtime
5/14/04	21	1	26	40	1238	95.5	03	PR		6574	3/31/04	22	48.0
5/11/04	22	1	26	40	1182	95.7	03	PR		6574	3/31/04	23	48.0
5/10/04	23	1	27	40	1174	95.8	03	PR		6574	3/31/04	24	48.0
4/30/04	20	1	23	40	1150	95.2	03	PR		6574	3/31/04	21	48.0
3/29/04	23	1	22	40	957	95.8	03	PR		6572	9/17/03	24	53.0
3/28/04	19	1	21	40	1105	95.0	03	PR		6572	9/17/03	20	53.0
3/13/04	22	1	20	40	909	95.7	03	PR		6572	9/17/03	23	53.0
3/2/04	22	2	15	40	682	91.7	03	PR		6572	9/17/03	24	53.0
3/1/04	21	1	14	40	667	95.5	03	PR		6572	9/17/03	22	53.0
2/29/04	21	1	15	40	714	95.5	03	PR		6572	9/17/03	22	53.0
1/11/04	23	1	21	40	913	95.8	03	PR		6572	9/17/03	24	53.0
12/15/03	20	0	6	40	300	100.0	03	PR		6572	9/17/03	20	53.0
10/18/03	21	0	5	40	238	100.0	03	PR		6572	9/17/03	21	53.0
10/9/03	18	4	6	40	333	81.8	03	PR		6572	9/17/03	22	53.0
9/13/03	18	1	26	40	1444	94.7	03	PR		6488	8/30/03	19	49.0
8/30/03	25	0	15	40	600	100.0	03	PR		6488	8/30/03	25	49.0
8/8/03	18	1	16	40	889	94.7	03	PR		6342	3/10/03	19	51.0
7/2/03	20	2	42	40	2100	89.3	03	PR	REG MONTH WELL TEST	6342	3/10/03	22	50.0
6/16/03	21	3	39	40	1857	87.5	03	PR	REG MONTH WELL TEST	6342	3/10/03	24	50.0
5/16/03	24	2	24	40	1000	92.3	03	PR	REG MONTH WELL TEST OK BJ	6342	3/10/03	26	63.0
5/10/03	20	1	23	40	1150	95.2	03	PR		6342	3/10/03	21	52.0
5/9/03	25	1	23	40	920	96.2	03	PR		6342	3/10/03	26	58.0
4/29/03	14	4	55	40	3929	77.8	03	PR		6342	3/10/03	18	46.0
4/2/03	15	4	46	40	3026	80.0	03	PR	REG MONTH WELL TEST	6342	3/10/03	19	46.0
3/15/03	15	4	40	40	2721	78.6	03	PR	REG MONTH WELL TEST	6284	7/8/02	19	43.0
2/6/03	16	5	39	40	2450	75.1	03	PR	REG MONTH WELL TEST	6284	7/8/02	21	56.0
1/3/03	15	4	38	40	2588	78.3	03	PR	REG MONTH WELL TEST	6284	7/8/02	19	43.0
12/13/02	15	3	40	40	2604	83.7	03	PR	REG MONTH WELL TEST	6284	7/8/02	18	43.0

[illegible]

ChevronTexaco Exploration & Production Co.

Field Nm: FLD-DRINKARD
Reservoir: DRINKARD
T: S021
Status: ZR

R: E037
Class Cd: OI

Well Nm: HARDY C L
Spud date: 9/9/1947
Sec: 20
Chevno: FA7786

County Cd: 025

Compl date: 12/6/1988
Lat: 32.459
API: 3002506685

Well No: 2D
Long: -103.1

