

8-07-2015 DATE IN	SUSPENSE	MAAM ENGINEER	8-07-2015 LOGGED IN	DHC TYPE	PMA1521931143 APP NO
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [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

[D] Other: Specify _____

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Denise Pinkerton
Print or Type Name

Denise Pinkerton
Signature

Regulatory Specialist
Title

28/8/2015
Date

LeaKeid@dmr.nm.gov
e-mail Address

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

District II
111 S. First St., Artesia, NM 88210

District III
1900 Air Struts Road, Amos, NM 87419

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Chevron North America LP 15 Smith Rd, Midland, TX 79705
Lease Braun Argo 627 13-9-225 37E SRA
Well No. Unit Letter-Section-Township-Range County
OGRID No. 24133 Property Code 30025-31509 Lease Type: Federal State ☒ Pec

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Tubb</u>	<u>DRINKARD</u>	<u>WANTZABO</u>
Pool Code	<u>60240</u>	<u>19190</u>	<u>62700</u>
Top and Bottom of Pay Section (Perforated or Open Hole Interval)	<u>6182-6226</u>	<u>6254-6553</u>	<u>6544-7246</u>
Method of Production (Flowing or Artificial Lift)	<u>Pumping Unit</u>	<u>Pumping Unit</u>	<u>Pumping Unit</u>
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)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>38.5</u>	<u>38.5</u>	<u>40.1</u>
Producing, Shut-In or New Zone	<u>PROD</u>	<u>PROD</u>	<u>PROD</u>
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: <u>07/14/15</u> Rates: <u>1016, 12995</u>	Date: <u>07/16/15</u> Rate: <u>4016, 59995</u>	Date: <u>07/16/15</u> Rates: <u>2016, 159995</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <u>12%</u> Gas <u>14%</u>	Oil <u>63%</u> Gas <u>69%</u>	Oil <u>25%</u> Gas <u>17%</u>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

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 ☐

NMOC Reference Case No. applicable to this well: HOB-0091

Attachments:

- C-101 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 Dwaine Pinkerton TITLE Regulatory Specialist DATE 08/13/15
TYPE OR PRINT NAME Dwaine Pinkerton TELEPHONE NO. (432) 687-7375
E-MAIL ADDRESS Lea.Kid@Chevron.com

Pinkerton, J. Denise (leakejd)

From: Kautz, Paul, EMNRD <paul.kautz@state.nm.us>
Sent: Monday, July 27, 2015 9:37 AM
To: Pinkerton, J. Denise (leakejd)
Subject: RE: Brunson Argo #27

That was my mistake. The Drinkard and Wantz;Abo are pre-approved for DHC. However, the Tubb O & G, Drinkard and Wantz;Abo are not pre-approved. An application for DHC will need to be submitted to Santa Fe.

Paul

-----Original Message-----

From: Pinkerton, J. Denise (leakejd) [<mailto:leakejd@chevron.com>]
Sent: Friday, July 24, 2015 8:42 AM
To: Mull, Donna, EMNRD; Kautz, Paul, EMNRD
Subject: Brunson Argo #27

Donna/Paul,

Could you please look at the attached docs that were sent in previously and let me know if there is a problem with the information.

This well is still showing as TA'd (expired)

I will be on vacation until 08/04/2015. Hope things are going well with both of you. Still lifting prayers for healing and God's provision.

THANK YOU SO MUCH,
Denise Pinkerton
Regulatory Specialist for Southeast New Mexico
Telephone: 432-687-7375
Address: Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705
leakejd@chevron.com

-----Original Message-----

From: 001MID@chevron.com [<mailto:001MID@chevron.com>]
Sent: Friday, July 24, 2015 9:39 AM
To: Pinkerton, J. Denise (leakejd)
Subject: Scanned from a Xerox multifunction device

Please open the attached document. It was scanned and sent to you using a Xerox multifunction device.

Attachment File Type: pdf, Multi-Page

multifunction device Location: 15 Smith Rd, Midland, TX, 79705

McMillan, Michael, EMNRD

From: Staff, Michael G <MichaelGStaff@chevron.com>
Sent: Monday, August 17, 2015 7:18 AM
To: McMillan, Michael, EMNRD
Cc: Taxiarchou, John G; Pinkerton, J. Denise (leakejd)
Subject: RE: (Brunson Argo #27)

Mr. McMillan,

Red is gas
Green is oil
Blue is water
And green dots are well tests.

Let me know if you need any further information.

-----Original Message-----

From: Pinkerton, J. Denise (leakejd)
Sent: Monday, August 17, 2015 8:16 AM
To: Staff, Michael G
Subject: (Brunson Argo #27)

Michael,
Mr. McMillan, NMOCD, Santa Fe, wants to know "What do the different colors represent in the production history curves?"
Please send your reply to him directly, and cc: me.

Denise Pinkerton
Regulatory Specialist for Southeast New Mexico
Telephone: 432-687-7375
Address: Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705
leakejd@chevron.com

-----Original Message-----

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Thursday, August 13, 2015 3:52 PM
To: Pinkerton, J. Denise (leakejd)
Subject: RE: C-102 for Drinkard (Brunson Argo #27)

What do the different colors represent in the production history curves?

-----Original Message-----

Name: BRUNAR 27 WAN ID: 3002534509 Type: Well Format: [p] Comp - CDProd vs Time

PID_API14:3002534509

PTYPE:WELL

WELL_LABEL:BRUNAR 27 DRK

CHEVNO:BU4032

FIELD_NAME:FLD-DRINKARD

LEASE_NAME:BRUNSON ARGO

SAP_CC_CODE:BCU418500

SAP_CC_DESC:BRUNSON ARGO-DRINKARD

COMP_NUM:01

S-T-R-9 - S022 - E037

RES_NAME:DRINKARD

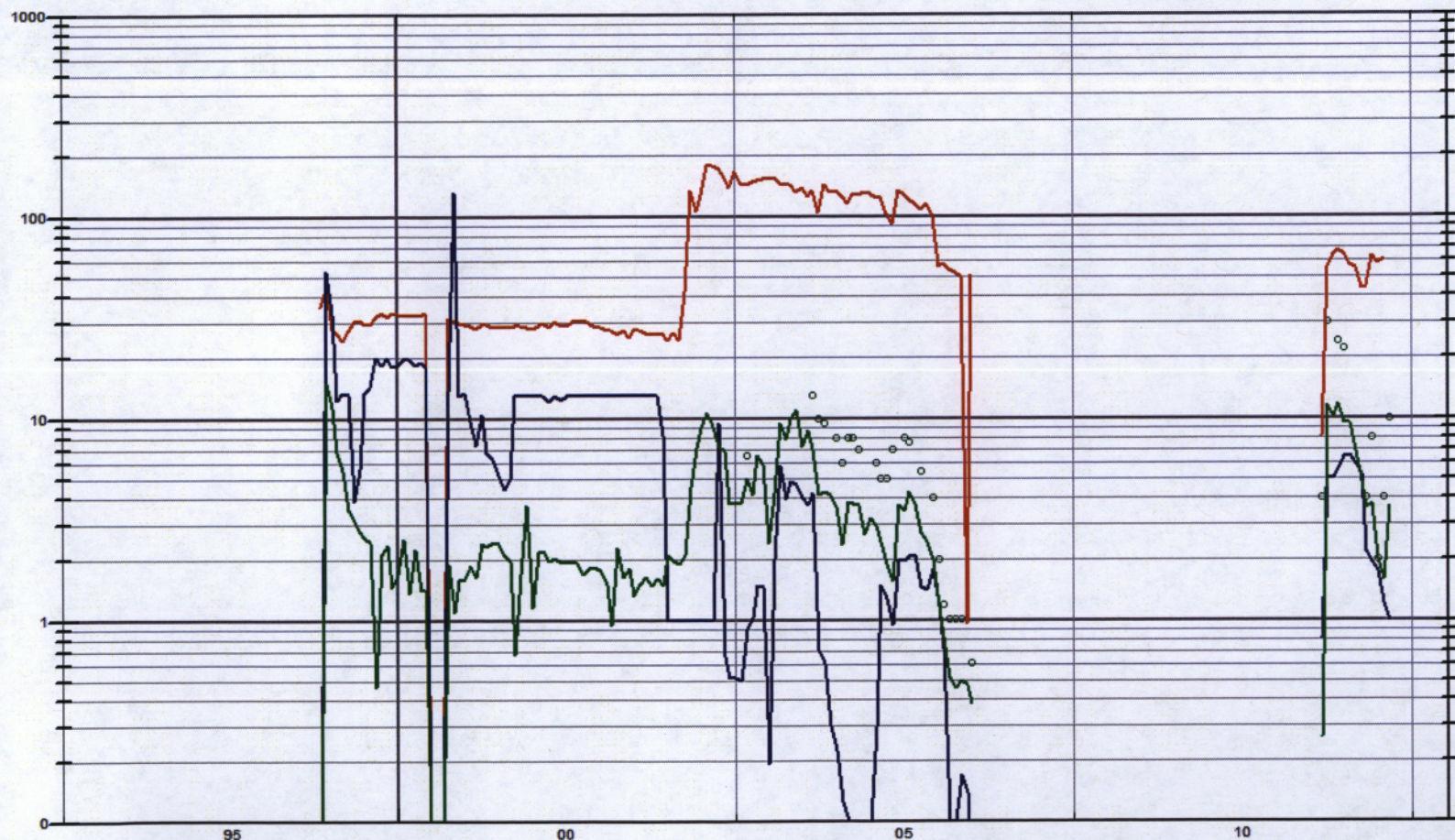
WELL_STATUS:PD

WELL_TYPE:OIPR

SPUD_DATE:10/25/1998

Last OCUM Mbls:13.821

SAP_BORE_NUMBER:359449



red → gas
Green → Oil
Blue → H₂O

CDGas Oil_test Winj OCUM

VS Time

Ready

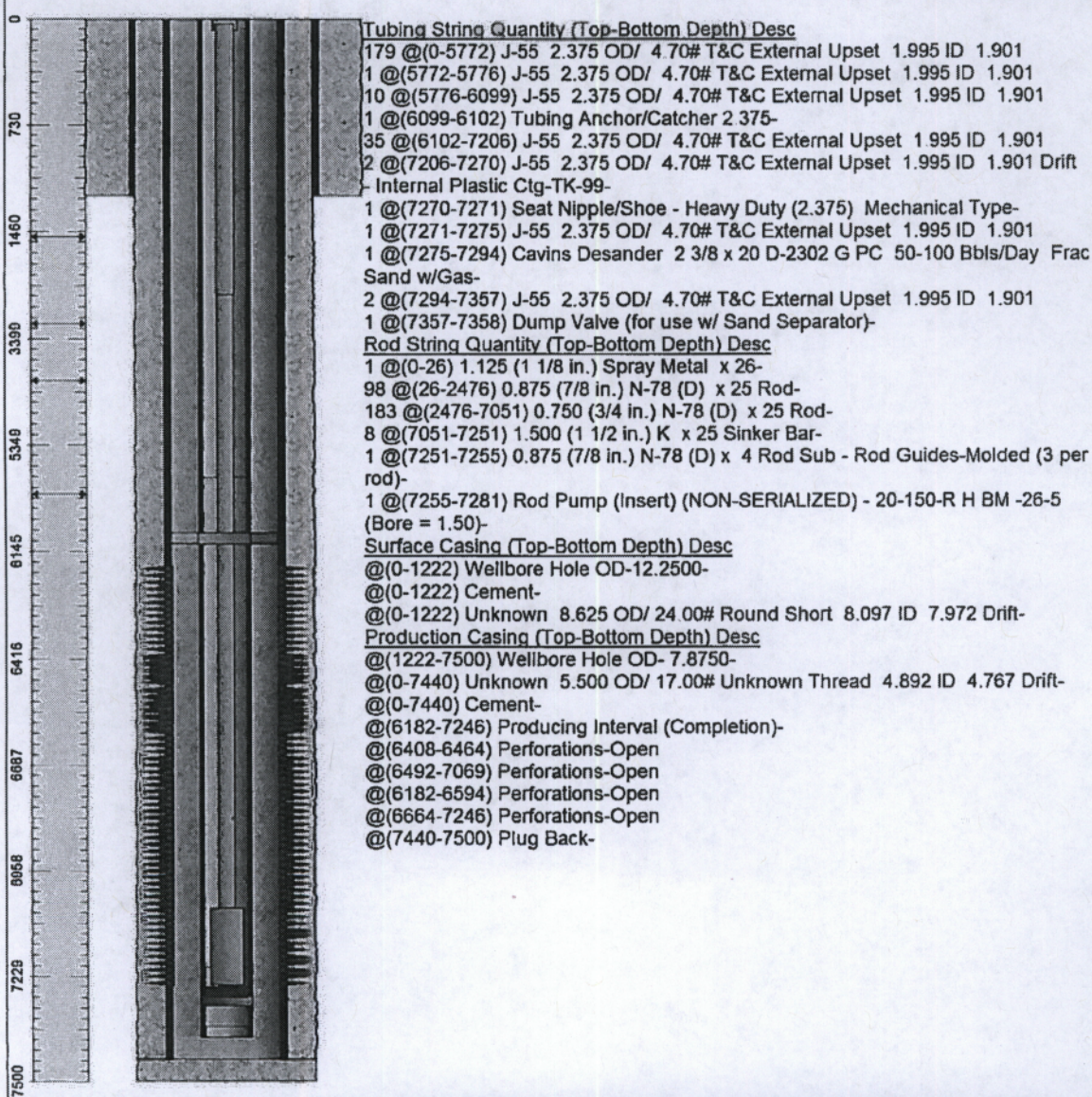
[p] Comp - CDProd vs Time BRUNAR 27 WAN

WELL

[p] Comp - CDProd vs Time

Chevron U.S.A. Inc. Wellbore Diagram : BRUNAR 27 DRKDHC

Lease: OEU EUNICE FMT		Well No.: BRUNSON ARGO #27 DRK PARENT 27		Field: WANTZ	
Location: 950FNL1650FEL		Sec.: N/A		Blk:	Survey: N/A
County: Lea	St.: New Mexico	Refno: BU4032		API: 3002534509	Cost Center: BCU524700
Section: E037		Township: 9			Range: S022
Current Status: ACTIVE				Dead Man Anchors Test Date: 07/23/2013	
Directions:					



Ground Elevation (MSL): 3423.00	Spud Date: 10/25/1998	Compl. Date: 01/01/1970
Well Depth Datum: Kelly Bushing	Elevation (MSL): 0.00	Correction Factor: 0.00
Last Updated by: fitecl	Date: 10/14/2013	

District I
 1625 N. French Dr., Hobbs, NM 88249
 Phone: (575) 493-6161 Fax: (575) 393-0720
District II
 811 S. First St., Artesia, NM 88210
 Phone: (575) 748-1281 Fax: (575) 748-9720
District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34509	² Pool Code 62700	³ Pool Name WANTZ: ABU
⁴ Property Code	⁵ Property Name BRUNSON ARGO	
⁷ OGRID No. 241333	⁸ Operator Name CHEVRON MIDCONTINENT, L.P.	⁶ Well Number 27
		⁹ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	9	22S	17E		950	NORTH	1650	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. DHC - HOB-0091
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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.

	<p>¹⁶ "OPERATOR CERTIFICATION" <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;"> <i>Denise Pinkerton</i> 10/16/2014 Signature Date </p> <p> DENISE PINKERTON REGULATORY SPECIALIST Printed Name </p> <p> lpakeid@chevron.com E-mail Address </p>
	<p>¹⁷ "SURVEYOR CERTIFICATION" <i>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.</i></p> <p> Date of Survey Signature and Seal of Professional Surveyor </p> <p> Certificate Number </p>

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 493-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1900 Rio Brazos Road, Arree, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34509	² Pool Code 60240	³ Pool Name TURB OIL AND GAS
⁴ Property Code	⁵ Property Name BRUNSON ARGO	⁶ Well Number 27
⁷ OGRID No. 241333	⁸ Operator Name CHEVRON MIDCONTINENT, L.P.	⁹ Elevation

" Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
8	9	22S	17E		950	NORTH	1650	EAST	LEA

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. DHC - HOII-0091
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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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
	Signature 	Date 10/16/2014
	DENISE PINKERTON REGULATORY SPECIALIST Printed Name	
	denise.pinkerton@chevron.com E-mail Address	
	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	

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1080 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1230 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 426-3460 Fax: (505) 476-1462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34509	² Pool Code 19190	³ Pool Name DRINKARD
⁴ Property Code	⁵ Property Name BRUNSON ARGO	⁶ Well Number 27
⁷ OGRID No. 241333	⁸ Operator Name CHEVRON MIDCONTINENT, L.P.	⁹ Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	9	22S	37E		950	NORTH	1650	EAST	LEA

11 Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. DHC - HOB-0091
-------------------------------------	-------------------------------	----------------------------------	---

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 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
	Signature: <u>Denise Pinkerton</u> Date: <u>10/16/2011</u>	
	Printed Name: <u>DENISE PINKERTON</u> REGULATORY SPECIALIST	
	E-mail Address: <u>denise@chevron.com</u>	
	17 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: _____	

Submit 1 Copy To Appropriate District Office

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
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State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised August 1, 2011

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-34509
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator CHEVRON MIDCONTINENT, L.P.		6. State Oil & Gas Lease No.
3. Address of Operator 15 SMITH ROAD, MIDLAND, TEXAS 79705		7. Lease Name or Unit Agreement Name BRUNSON ARGO
4. Well Location Unit Letter: B 950 feet from the NORTH line and 1650 feet from the EAST line Section 9 Township 22S Range 37E NMPM County LEA		8. Well Number 27
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 241333
		10. Pool name or Wildcat WANTZ; ABO & DRINKARD, TUBB

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ADD TUBB TO DHC-HOB-0091

OTHER

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHEVRON MIDCONTINENT, L.P. INTENDS TO ADD THE TUBB POOL TO THE DHC ORDER ALREADY ESTABLISHED WHICH IS HOB-0091. WE WILL DOWNHOLE COMMINGLE POOLS WANTZ; ABO (62700) PERFS 6594-7246, DRINKARD (19190) PERFS 6254-6558, AND TUBB (60240) PERFS 6182-6226. PRE-APPROVED POOLS ESTABLISHED BY DIVISION ORDER R-11363. OWNERSHIP OF ALL ZONES IS IDENTICAL SO CORRELATIVE RIGHTS WILL NOT BE COMPROMISED.

PLEASE FIND ATTACHED, C-102 PLATS FOR ALL 3 ZONES, AND DOCUMENTS FOR THE DHC REQUEST.

CHEVRON WILL USE THE CLOSED-LOOP SYSTEM WITH A STEEL TANK & HAUL TO THE REQUIRED DISPOSAL, PER THE OCD RULE 19.15.17.

Spud Date:

Rig Release Date:

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

SIGNATURE

TITLE: REGULATORY SPECIALIST DATE: 10/16/2014

Type or print name: DENISE PINKERTON

E-mail address: leakejd@chevron.com

PHONE: 432-687-7375

For State Use Only

APPROVED BY: _____ TITLE: _____ DATE: _____

Conditions of Approval (if any): _____

Request for exemption to rule 303-A
FOR WELLS LOCATED IN PRE-APPROVED POOLS OR AREAS

Operator

Chevron U.S.A., Inc.
15 Smith Road
Midland, TX 79705

MIDCONTINENT, L.P.

Lease Name and Well Number

Brunson Argo #27
API #30-025-34509
950 FNL & 1650 FEL, Unit Letter B
Section 9, T22S, R37E
Lea County, New Mexico

Division Order

Pre-approved Pools or Areas established by division order # R-11363

HOB-0091

Pools To Be Commingled In Brunson Argo #27

(62700) Wantz;Abo
(19190) Drinkard
(60240) Tubb

Perforated Intervals

Abo: 6594'-7246'
Drinkard: 6254'-6558'
Tubb: 6182'-6226'

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 Chevron 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>Remarks</u>
(62700) Wantz;Abo	2	13	27	Calculated on existing production 2004
(19190) Drinkard Oil and Gas	5	12	109	Allocated on perf ratio from 2004 DHC test
(60240) Tubb Oil and Gas	1	2	22	Allocated on perf ratio from 2004 DHC test
Totals	8	27	158	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
(62700) Wantz;Abo	25%	48%	17%	Calculated on existing production 2004
(19190) Drinkard Oil and Gas	63%	44%	69%	Allocated on perf ratio from 2004 DHC test
(60240) Tubb Oil and Gas	13%	7%	14%	Allocated on perf ratio from 2004 DHC test
Totals	100%	100%	100%	

Ownership

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

State / Federal Land Notification

This is a FEE lease

