

December 15, 1998



Chevron

**Request for Exception to Rule 303-A
Downhole Commingling
Blinebry Gas Pool and
Wantz-Abo Pool
Hugh No. 5
1980' FNL & 1980' FWL, Unit Letter F,
Section 14, T-22-S, R-37-E
Lea County, New Mexico**

217
Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

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

DEC 24 1998

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 Blinebry and Wantz-Abo zones in the Hugh Well No. 5.

Currently the Hugh #5 is producing from the Blinebry. The Wantz-Abo zone is shut-in and is isolated with a RBP. The proposed downhole commingling will allow continued production of the Blinebry and Wantz-Abo 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,

Craig A. Wright

C.A. Wright
Petroleum Engineer
New Mexico Area

Attachments

Cc: NMOCD – Hobbs, NM
C.O. Blake
C.A. Wright
Central Files – Lease and Well Files

REQUEST FOR EXCEPTION TO RULE 303-A

Hugh #5

Blinebry & Wantz-Abo Fields

A: Operator

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

B: Lease Name and Well Number

Hugh #5
Unit Letter F, 1980' FNL & 1980' FWL
Section 14, T-22-S, R-37-E
Lea County, New Mexico
Blinebry and Wantz-Abo Pools

C: Plats and Offset Operators

Attached

D: C-116's

1. Current Gas-Oil Ratio Test for Blinebry zone. (Attached).
2. Wantz-Abo was capped with a RBP in June, '98; consequently, there is not a current C-116 for the Wantz-Abo zone. Prior to being shut-in, the Wantz-Abo was producing at an average rate of 3 bopd 172 mcfpd 2 bwpd. (See Attached Production Plot).

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressure

	Current	Original
Blinebry Oil & Gas	270 psi	1710 psi (Yr. 1958)
Wantz-Abo	230 psi	2719 psi (Yr. 1981)

G: Production Characteristics

Chevron currently surface commingles Blinebry & Wantz-Abo 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>
Blinebry Oil & Gas	0	172	2	Allocated production
Wantz-Abo	<u>3</u>	<u>172</u>	<u>2</u>	Allocated production
Total	3	344	4	

Blinebry rates are averages from the last three months (Jul-Sep, '98) of allocated production.

Wantz-Abo rates are averages from the last three months (Apr-Jun, '98) of allocated production prior to the zone being capped with a RBP.

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Blinebry Oil & Gas	0	50	50
Wantz-Abo	<u>100</u>	<u>50</u>	<u>50</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 #5
Production Data

Blinebry Oil & Gas – Allocated Production

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Jul 98	0	199	3
Aug 98	0	196	1
Sep 98	0	121	1

Wantz/Abo – Allocated Production

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Apr 98	3	184	2
May 98	3	181	2
Jun 98	3	151	2

District I
PO Box 1900, Hobbs, NM 88241-1900
District II
PO Drawer DD, 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

APL Number 30-025-10261		Pool Code 06660	Pool Name BLINEBRY OIL & GAS
Property Code 2641	Property Name HUGH		Well Number #5
OGRID No. 4323	Operator Name CHEVRON USA INC.		Elevation

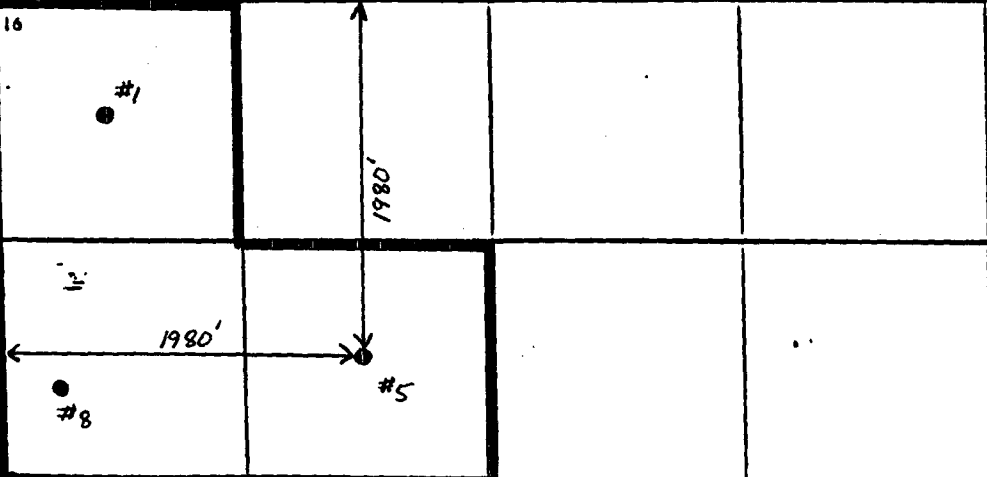
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	14	22S	37E		1980'	NORTH	1980'	WEST	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
Dimes 1 Acres 120		Joint or Infill		Consolidation Code		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 <u>Craig A. Wright</u> Printed Name <u>Craig A. Wright</u> Title <u>PE</u> Date <u>12/15/98</u>
	18 SURVEYOR CERTIFICATION I hereby certify that the well locations 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 _____

Note: Blinebry Gas Pool production from Hugh Wells Nos. 1, 5 & 8 is simultaneously dedicated to said 120 acres.
(Administrative Order SD-98-1)

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer DD, 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 30-025-10261		Pool Code 62700		Pool Name WANTZ - ABO	
Property Code 2641		Property Name HUGH			Well Number #5
OGRID No. 4323		Operator Name CHEVRON USA INC.			Elevation

10 Surface Location

UL or lot no. F	Section 14	Township 22S	Range 37E	Lot Idn	Feet from the 1980'	North/South line NORTH	Feet from the 1980'	East/West line WEST	County LEA
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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
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12 Distance 1 Acres 13 Joint or Infill 14 Consolidation Code 15 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				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Craig A. Wright</u> Printed Name <u>Craig A. Wright</u> Title <u>PE</u> Date <u>12/15/98</u>	
				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

Apache Corporation
2000 Post Oak Blvd, Suite 100
Houston, TX 77056-4400

Collins & Ware
508 W. Wall, Suite 1200
Midland, TX 79701

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

Shell Western E&P Inc.
P.O. Box 576
Houston, TX 77001



Stream Values		9/1/98
COQIL	NULL	
COGAS	121.467	
CDWAT	1.000	

BLINNEY Dry Gas

BLINBURY OIL & GAS

CD	COIL	CDGAS	CDWAT
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10

5ed

1998

b7E

17

Jun

Ready

Start

251505 **Snagly, V32**

Type: FL

ID: FB1257:0:02

Name: HUGH5B

[illegible]

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

9:50 AM

DISTRICT I

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

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☐ Administrative ☐ Hearing

EXISTING WELLBORE

☐ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

CHEVRON U.S.A. INC.

P. O. BOX 1150, MIDLAND, TX 79702

Operator

Address

HUGH

#5

F 14 22S 37E

LEA

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

GRID NO. 4323

Property Code 2641

API NO. 30-025-10261

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 Zone	Lower Zone
1. Pool Name and Pool Code	BLINEBRY 06660		WANTZ-ABO 62700
2. Top and Bottom of Pay Section (Perforations)	5388'-5794'		6780'-6880'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	PLUNGER		PLUNGER
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 270 psi b. (Original) 1710 psi (yr 1958)	a. b.	a. 230 psi b. 2719 psi (yr 1981)
6. Oil Gravity (°API) or Gas BTU Content	1250		1250
7. Producing or Shut-In?	PRODUCING		SHUT-IN (BELOW RBP)
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: 05-05-98 Rates: 3/144/2
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 09-26-98 Rates: 0/177/2	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 50 %	Oil: % Gas: %	Oil: 100 % Gas: 50 %

3. 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.

0. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ 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

1. Will cross-flow occur? ☐ Yes ☒ 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)

2. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

3. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

4. 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

5. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

6. 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 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.

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 ENGR. DATE 12/15/98

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

DHC-2175



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

12/30/98

GOVERNOR

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

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:

Chevron USA Inc Hugh #5-F-14-225-37e
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK-

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed