

PNRM 0801554291

C-103 Received 1-11-2008

DHC No. Assigned 1-15-2008

Order Number HOB-0168-A		API Number 30-025-37936		Operator Chevron U.S.A. Inc.		County Lea	
Order Date		Well Name Jayhawk 35 state		Number 003		Location	
						L UL	35 Sec
						195 T (+Dir)	37E R (+Dir)
Pool 1	47090	Monument Tubb	Oil % 35%	Gas % 53%			
Pool 2	57000	Skaggs Drinkard	65%	47%			
Pool 3							
Pool 4							
Comments: Work completed effective _____ Work cancelled effective _____							

Posted to RBOML 1-15-2008 B

30-025-37936  
HOB-0168-A

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Chevron U.S.A. Inc.  
PROPERTY NAME: Jayhawk 35 State  
WNULSTR: 3-L, 35-19-37

47090  
57000

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Monument Tubb</u>	<u>222</u>	<u>2220</u> MCF 10000
POOL NO. 2	<u>Skaggs Drinkard</u>	<u>142</u>	<u>1420</u> MCF 10000
POOL NO. 3	_____	_____	_____ MCF
POOL NO. 4	_____	_____	_____ MCF
POOL TOTALS		<u>364</u>	<u>3640</u>

SECTION II:		Oil	Gas
POOL NO. 1	<u>Monument Tubb</u>	<u>35%</u>	<u>53%</u>
POOL NO. 2	<u>Skaggs Drinkard</u>	<u>65% X 364 = 236.60</u>	<u>47%</u>
POOL NO. 3	_____	_____	_____
POOL NO. 4	_____	_____	_____

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>142 ÷ 65% = 218.461 (219)</u>	_____
SECTION IV:	<u>219 X 35% = 76.65 (77)</u>	_____
	<u>219 X 65% = 142.35 (142)</u>	_____
	_____	_____
	_____	_____

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 100 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 May 27, 2004

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

WELL API NO. <b>30-025-37936</b>
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name <b>Jayhawk 35 State</b>
8. Well Number <b>3</b>
9. OGRID Number <b>4323</b>
10. Pool name or Wildcat <b>Tubb/Drinkard</b>

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.)

1. Type of Well:  Oil Well  Gas Well  Other

2. Name of Operator  
**Chevron U.S.A. Inc.**

3. Address of Operator  
**15 Smith Road Midland, TX 79705**

4. Well Location  
 Unit Letter **L** : **2110** feet from the **South** line and **330** feet from the **West** line  
 Section **35** Township **19S** Range **37E** NMPM County **LEA**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
**3595'**

Pit or Below-grade Tank Application  or Closure

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

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

<p><b>NOTICE OF INTENTION TO:</b></p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>OTHER: <b>Amendment; DHC only Tubb/Drinkard w/o Blinebry</b> <input checked="" type="checkbox"/></p>	<p><b>SUBSEQUENT REPORT OF:</b></p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
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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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

*Per R-11363*

UNDER THE PROVISION OF RULE 303(C) IT IS PROPOSED TO DOWNHOLE COMMINGLE PRE-APPROVED POOLS, MONUMENT TUBB (PERFS 6588'-6744'), AND SKAGGS DRINKARD (PERFS 6953'-7016') IN THE CAPTIONED WELL. PRODUCTION WILL BE ALLOCATED BACK TO THE TWO POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPLEMENTAL PLAN.

**RECEIVED**

DHC Order No. HOB-0168-A

JAN 11 2008

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that no pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE [Signature] TITLE PETR. ENGINEER DATE 1/8/2008

Type or print name \_\_\_\_\_ E-mail address: \_\_\_\_\_ Telephone No. \_\_\_\_\_

APPROVED BY: Chris Williams TITLE OCD DISTRICT SUPERVISOR/GENERAL MANAGER DATE JAN 15 2008

Conditions of Approval (if any):



**Richard A. Jenkins**  
Petroleum Engineer  
New Mexico Team

**Permian Business Unit**  
Chevron U.S.A. Inc.  
15 Smith Road  
Midland, TX 79705  
Tel 432-631-3281  
Fax 432-687-7871  
rjdg@chevron.com

January 8, 2008

State of New Mexico  
Oil Conservation Division  
1625 N. French Drive  
Hobbs, New Mexico 88240

Request to AMEND DHC-HOB-0168; Jayhawk 35 # 3 (30-025-37936)

Attention: Oil and Gas Regulatory Department

Chevron U.S.A. Inc. respectfully requests administrative approval for an amendment to Downhole Commingle the Monument Tubb (40790) and the Skaggs Drinkard (57000) in the Jayhawk 35 # 3, API number is 30-025-37936. The #3, is located 2110' FSL & 330' FWL, Unit L, Section 35, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

The Jayhawk 35 # 3 was originally permitted to produce from the Blinebry, Tubb, & Drinkard formations. The #3 was making 4BOPD, 1411 BWPD, and 49 MCFGPD. After the completion a large volume of water was encountered and the Blinebry was found to be uneconomic. The Blinebry was cement squeezed. Chevron request an amendment to downhole commingle order DHC-HOB-0618 to produce only the Tubb & Drinkard formations. Current production from the #3 is 25 BOPD, 173 BWPD, and 37 MCFGPD.

The proposed allocation percentages were calculated using offset EUR data, as well as swab data. Attached in support of this request is a well test report, a proposed well schematic diagram for the #3, C107, a C102 form for each pool, and a lease plat.

Chevron is the operator, with 100% working interest in the lease, the commissioner of Public Lands; State of New Mexico holds the royalty ownership.

If you require additional information or have any questions, please contact me by telephone at 432-687-7120, or by email at [rjdg@chevron.com](mailto:rjdg@chevron.com).

Sincerely,

Richard A Jenkins  
Petroleum Engineer

Enclosure

cc: Denise Pinkerton  
Denise Beckham

**Request for Amendment of DHC-HOB-0171**

**Operator**

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

**Lease Name and Well Number**

Jayhawk 35 # 3  
2110' FSL & 330' FWL, Unit Letter L  
Section 35, T19S, R37E  
Lea County, New Mexico

**Division Order**

Pre-approved Pools or Areas established by division order # R-11363, Amendment to DHC: HOB-0168

**Pools To Be Commingled In Jayhawk 35 # 3**

30-025-37936

(47090) Monument Tubb (Oil)  
(57000) Skaggs Drinkard (Oil)

**Perforated Intervals**

Monument Tubb (6588'-6744')  
Skaggs Drinkard (6953'-7016')

**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>
Tubb	10.00	11	36	Calculated using allocations
Drinkard	20.00	2	32	Calculated using allocations
<b>Totals</b>	<b>30.00</b>	<b>13</b>	<b>68</b>	Jayhawk 35 # 3(12/27/2008)

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Tubb	35	85	53	Based off of offset EUR data
Drinkard	65	15	47	Based off of offset EUR data
<b>Totals</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	

**Ownership**

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

**State / Federal Land Notification**

The well is on a State lease

District I  
1625 N French Drive, Hobbs, NM 88240

District II  
1301 W Grand Avenue, Artesia NM 88210

District III  
Rio Brazos Road, Aztec, NM 87410

Pools

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

**APPLICATION FOR DOWNHOLE COMMINGLING**

EXISTING WELLBORE  
 Yes  No

**Chevron Corporation** 15 Smith Road, Midland TX 79705  
Operator Address

Jayhawk 35 State #3 L-35-19S-37E Lea  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 4323 Property Code 29420 API No. 30-025-37936 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Monument Tubb	-	Skaggs Drinkard
Pool Code	47090	-	57000
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6588'-6744'	-	6953'-7016'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	-	Artificial Lift
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)	1810# From Build-up Test	-	2275# From Build-up Test
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36°	-	36°
Producing, Shut-In or New Zone	Producing	-	Producing
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: Produced 12/27/07 Oil Gas 10 BOPD 36 MCFPD	-	Date: Produced 12/27/07 Oil Gas 20 BOPD 32 MCFPD
Fixed Allocation Percentage (Note If allocation is based upon something other than current or past production, supporting data or explanation will be required )	Oil Gas 35% 53%	-	Oil Gas 65% 47%

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  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  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

MOCD 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  TITLE Petroleum Engineer DATE 1/8/2008

TYPE OR PRINT NAME Richard A Jenkins TELEPHONE NO. ( 432 ) 687-7120

E-MAIL ADDRESS rjdg@chevron.com

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

District II  
811 South First, Artesia, NM 88210

**OIL CONSERVATION DIVISION** Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

2040 South Pacheco  
Santa Fe, NM 87505

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-37936		<sup>2</sup> Pool Code 40790		<sup>3</sup> Pool Name Monument Tubb	
<sup>4</sup> Property Code 29420		<sup>5</sup> Property Name Jayhawk 35 State			<sup>6</sup> Well Number 3
<sup>7</sup> OGRID No 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.			<sup>9</sup> Elevation 3595'

<sup>10</sup> Surface Location

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	19S	37E		2110	South	330	West	Lea

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 80		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No HOB-0168			

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>1 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p></p> <p>Signature <b>Richard A. Jenkins</b></p> <p>Printed Name <b>Petr. Engineer</b></p> <p>Title <b>1/8/2008</b></p>
	<p>1 SURVEYOR CERTIFICATION</p> <p><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>Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p>

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

District II  
811 South First, Artesia, NM 88210

**OIL CONSERVATION DIVISION** Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies  
2040 South Pacheco  
Santa Fe, NM 87505

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-37936	<sup>2</sup> Pool Code 57000	<sup>3</sup> Pool Name Skaggs Drinkard
<sup>4</sup> Property Code 29420	<sup>5</sup> Property Name Jayhawk 35 State	
<sup>7</sup> OGRID No 4323	<sup>8</sup> Operator Name Chevron U.S.A., Inc.	<sup>6</sup> Well Number 3
<sup>9</sup> Elevation 3595'		

#### <sup>10</sup> Surface Location

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	19S	37E		2110	South	330	West	Lea

#### <sup>11</sup> 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
<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No. HOB_0168					

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><b>1 OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature _____ Richard A. Jenkins</p> <p>Printed Name _____ Petr. Engineer</p> <p>Title _____ 1/8/2008</p>
	<p><b>1 SURVEYOR CERTIFICATION</b></p> <p><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>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number _____</p>