

DHC

10/13/99

September 21, 1999

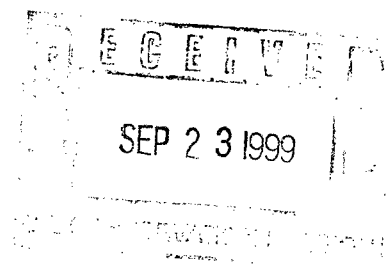
2484



**Chevron**

**Request for Exception to Rule 303-A  
Downhole Commingling  
Blinebry & Drinkard  
Hugh No. 8  
2030' FNL & 560' FWL, Unit Letter E,  
Section 14, T-22-S, R-37-E  
Lea County, New Mexico**

**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

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 & Drinkard zones in the Hugh Well No. 8.

Currently the Hugh #8 is producing from the Blinebry. The Drinkard zone is shut-in and is isolated with a CIBP. The proposed downhole commingling will allow continued production of the Blinebry & Drinkard zones to a lower economic limit, thus increasing ultimate recovery.

Enclosed is the pertinent data supporting this application as outlined in Rule 303-A. 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  
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 #8  
Blinebry & Drinkard Fields**

### **A: Operator**

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

### **B: Lease Name and Well Number**

Hugh #8  
Unit Letter E, 2030' FNL & 560' FWL  
Section 14, T-22-S, R-37-E  
Lea County, New Mexico  
Blinebry and Drinkard Pools

### **C: Plats**

Attached

### **D: C-116's**

1. Current Gas-Oil Ratio Test for Blinebry zone. (Attached).
2. Drinkard was capped with a CIBP in December, '97; consequently, there is not a current C-116 for the Drinkard zone. Prior to being shut-in, the Drinkard was producing at an average rate of 0 bopd 93 mcfpd 1 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)
Drinkard	250 psi	2800 psi

## **G: Production Characteristics**

Chevron currently surface commingles Blinebry & Drinkard 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**

<b><u>Pool</u></b>	<b><u>BOPD</u></b>	<b><u>MCFD</u></b>	<b><u>BWPD</u></b>	<b><u>Estimated Method</u></b>
Blinebry Oil & Gas	0	153	1	Allocated production
Drinkard	<u>0</u>	<u>93</u>	<u>1</u>	Allocated production
Total	0	246	2	

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

Drinkard rates are averages from the last three months (Sep-Nov, '97) of allocated production prior to the zone being capped with a CIBP.

<b><u>Allocated Percentages</u></b>	<b><u>Oil %</u></b>	<b><u>Gas %</u></b>	<b><u>Water %</u></b>
Blinebry Oil & Gas	50	62	50
Drinkard	<u>50</u>	<u>38</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**

As of July 31, 1999 it is not necessary to notify offset operators of DHC's handled by the administrative application process.

**Hugh #8**  
**Production Data**

**Blinebry – Allocated Production**

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
May 99	0	163	1
Jun 99	0	156	1
Jul 99	0	140	1

**Drinkard – Allocated Production**

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Sep 97	0	97	1
Oct 97	0	90	1
Nov 97	0	92	1

[illegible]

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-8719  
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 30-025-21625		Pool Code 72480	Pool Name BLINEBRY OIL & GAS (PRO GAS)
Property Code 2641	Property Name HUGH		Well Number 8
OGRID No. 4323	Operator Name CHEVRON USA INC.		Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	14	22S	37E		2030	NORTH	560	WEST	LEA

11 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

District	Acres	Joins or Infill	Consolidation Code	Order No.
120				

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</p>	<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>	
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well locations shown on this plat were 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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p>	

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

CERTIFICATE NUMBER 3

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer 80, Artesia, NM 88211-8719  
District III  
1008 Rio Branson 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 30-025-21625	Post Code 19190	Post Name DRINKARD
Property Code 2641	Property Name HUGH	Well Number 8
OGRID No. 4323	Operator Name CHEVRON USA INC.	Elevation

10 Surface Location

UT or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	14	22S	37E		2030	NORTH	560	WEST	LEA

11 Bottom Hole Location If Different From Surface

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

District 40	Acres	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

					<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>Craig A. Wright</p> <p>Signature</p> <p>Craig A. Wright</p> <p>Printed Name</p> <p>PE</p> <p>Title</p> <p>09-15-99</p> <p>Date</p>
					<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>CERTIFICATE NUMBER</p>

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

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

POOL: **Blaineby** COUNTY: LEA  
TYPE(X) **SCHEDULE**

X

S

T

A

T

U

S

LENGTH  
OF  
TEST  
HOURS

WATER  
BBL

GRAV  
OIL

GAS  
MCF

GAS-OIL  
RATIO

CU. FT/BBL

CHURN  
USE  
ONLY

WELL  
NO

DATE  
OF  
TEST

CHOKES  
SIZE

PRESS.

24

95

26/64

08/27/99

37E

22S

14

E

#8

34.2

1

138.0

138.000

LEASE  
NAME

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.)

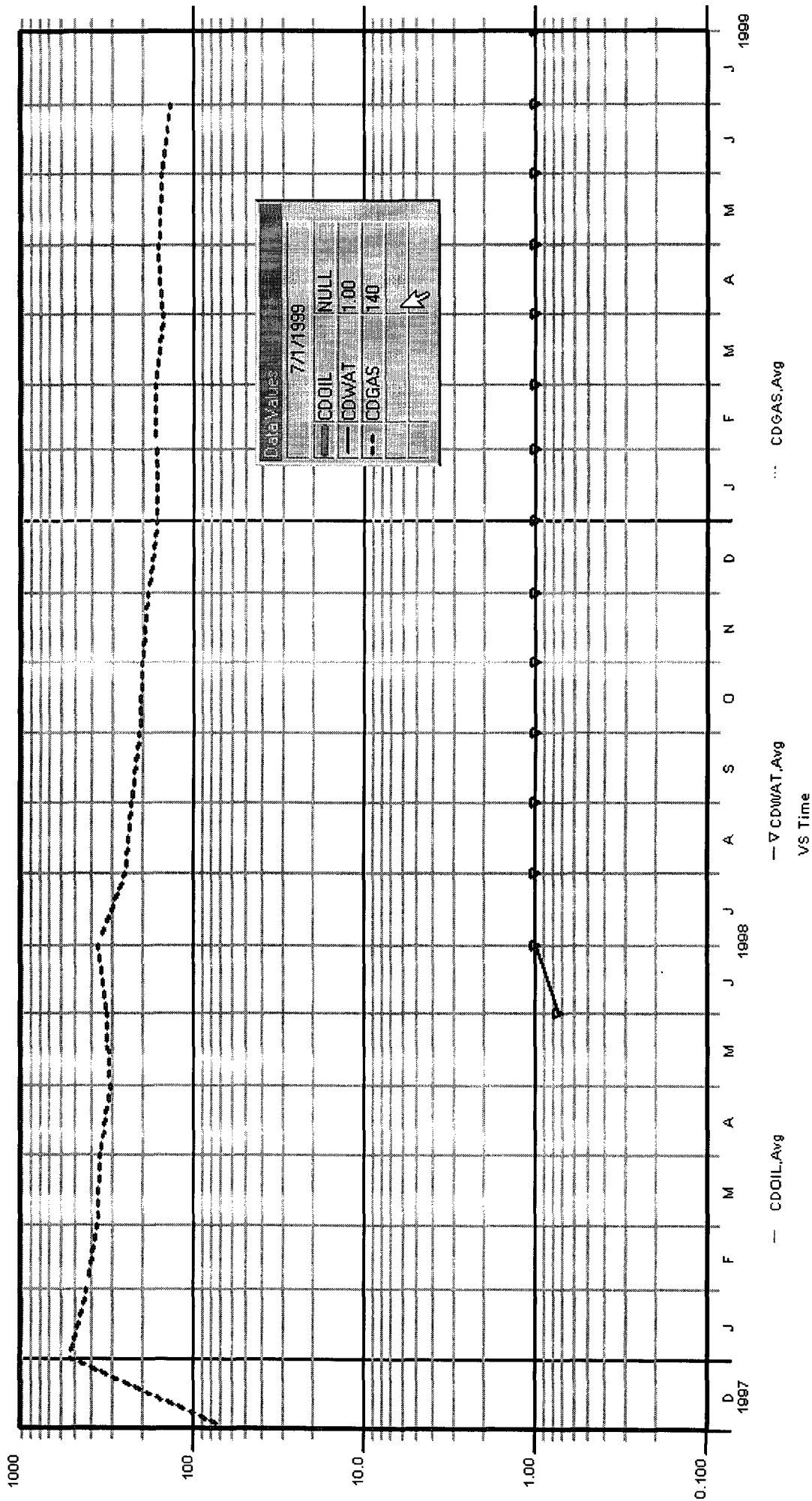
I HEREBY CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Craig A. Wright  
SIGNATURE  
DATE  
Sep 15, 1999  
9/15/99  
915-687-7284  
TELEPHONE NUMBER



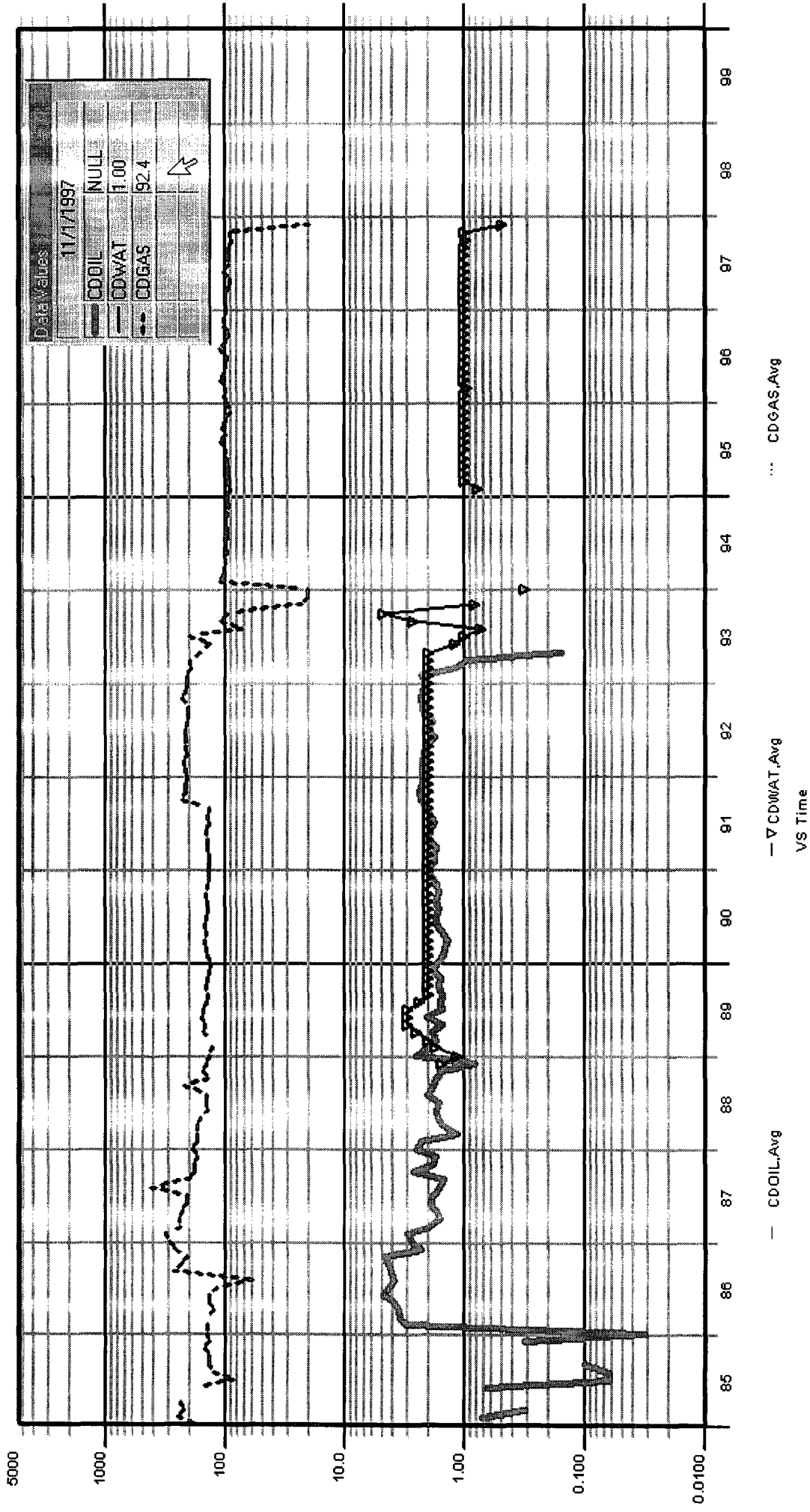
## Hugh #8 – Blinebry

Name: HUGH8B ID: FF4845:0:02 Type: FL Format: CD\_Prd



## Hugh #8 – Drinkard

Name: HUGH8 ID: FF4845:0:01 Type: ZR Format: Oil/Water



# Ready

Start | Inbox - Microsoft Outlook

DMS DSS32 - [Curve2 "Cl...

**WELL**

# HUGH

Crit: UCAL4CD = 'N1', N/A

9:43 AM

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 8 E 14 22S 37E LEA  
Lease Well No. Unit Ltr. - Sec - Twp - Rge County  
OGRID NO. 4323 Property Code 2641 API NO. 30-025-21625 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 (PRO GAS) 72480		DRINKARD 19190
2. Top and Bottom of Pay Section (Perforations)	5386' - 5814'		6289' - 6496'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		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) 270 psi b. (Original) 1710 psi (Yr. 1958)	a.  b.	a. 250 psi b. 2800 psi
6. Oil Gravity (EAPI) or Gas BTU Content	1250		1250
7. Producing or Shut-In?	PRODUCING		SI (CIBP)
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  * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:  Date: 08-27-99 Rates: 0/138/1	Date: Rates:  Date: Rates:	Date: 11-06-97 Rates: 0/92/1  Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 50 % Gas: 62 %	Oil: % Gas: %	Oil: 50 % Gas: 38 %

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. NMOCD 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 09-21-99

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

DHC-2484



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

9/29/99

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 #8-E-14-225-37e  
Operator Lease & Well No. Unit S-T-R  
API# 30-025-21625

and my recommendations are as follows:

OK

Yours very truly,

*Chris Williams*

Chris Williams  
Supervisor, District 1

/ed