



Keith Lopez
Petroleum Engineer
Permian Basin

Mid-Continent Business Unit
Chevron U.S.A. Inc.
15 Smith Rd.
Midland, Texas 79705
Tel 432-687-7120
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July 27, 2006

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 HT Orcutt E #3

Attn: Oil & Gas Regulatory Department

Chevron U.S.A respectfully requests administrative approval to Downhole Commingle the Skaggs Glorieta NW and the Weir Blinebry in the HT Orcutt E #3, API #30-025-34209. The #3 is located 1650' FNL 330' FWL, Unit E, Section 2, T-20S, R-37E, Lea County, NM.

The HT Orcutt E #3 was drilled and completed in the Tubb in 1998. This well was plugged back to the Blinebry in 2004. The HT Orcutt E #4 was recently DHC in the Glorieta and Blinebry showing significant production increases and it is proposed to follow this model. The HT Orcutt E #3 well production is gathered in the HT Orcutt NCT E Tank Battery, (COMMINGLING ORDER PLC-256), located in Lot 4 of Section 2, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The proposed allocation percentages are the same as the HT Orcutt E #4 due to this well being rod pumped and tested in each zone separately. Attached in support of this request is a table showing production volumes for each of the pools proposed for commingling. Also, included is a proposed well schematic diagram for the HT Orcutt E #3, well tests, C107A, a C102 for each zone, 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.

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

If you have any questions concerning this application, please contact Keith Lopez at (432)-687-7120 or by email at LOPK@CHEVRON.COM.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Lopez".

Keith Lopez
Petroleum Engineer

Attachments

**cc: NM OCD District 1 – Hobbs, NM
Keith Lopez
Well File
Nathan Mouser
Vicki Duncan/Denise Pinkerton**

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

Single Well

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

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3757

Chevron U.S.A. INC
Operator

15 Smith Road, Midland TX 79705
Address

HT Orcutt E
Lease

#3
Well No.

E-2-20S-37E
Unit Letter-Section-Township-Range

United States
County

OGRID No. 4323 Property Code 22114 API No. 30-025-34209 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Skaggs Glorieta NW		Weir Blinebry
Pool Code	97203		63780
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5367'-5740'		5775'-5880'
Method of Production (Flowing or Artificial Lift)	Artificial Lift, pending OCD approval		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)	1526 PSI, Build-Up Test on Orcutt E #4 (offset)		1500 estimated from fluid levels on Orcutt E #4 (offset)
Oil Gravity or Gas BTU (Degree API or Gas BTU)	42.1°		39.8°
Producing, Shut-In or New Zone	New Zone		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: Rates: Using same allocation from the DHC Orcutt E #4	Date: Rates:	Date: 7/10/2006 Rates: 56/50/131
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 63% 36%	Oil Gas	Oil Gas 37% 64%

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

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 Keith Lopez TITLE Petroleum Engineer DATE 7/27/2006

TYPE OR PRINT NAME Keith Lopez TELEPHONE NO. (432) 687-7120

E-MAIL ADDRESS lopk@chevron.com

REQUEST FOR EXCEPTION 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

Lease Name and Well Number

HT Orcutt E #3
1650' FNL & 330' FWL, Unit Letter E
Section 2, T20S, R37E
Lea County, New Mexico

Division Order

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

Pools To Be Commingled In Jayhawk #1

(97203) Skaggs; Glorieta, NW
(63780) Weir Blinebry

Perforated Intervals

Skaggs; Glorieta NW (5367'-5740') (Wellbore diagrams attached)
Weir Blinebry (5775'-5880')

Location Plat

Attached

Well Test Report & Production Plots

Attached.

Product Characteristics And Value

Analysis of the produced fluids by Chevron shows that the 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>Estimation Method</u>
Skaggs; Glorieta NW	56		131	Orcutt E #3 Well Test
Weir Blinebry	94		72	Allocated Production from Orcutt E #4 DHC
Totals	150		203	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Skaggs; Glorieta NW	63		36	Calculated using above production volumes.
Weir Blinebry	37		64	Calculated using above production volumes.
Totals	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 state lease.

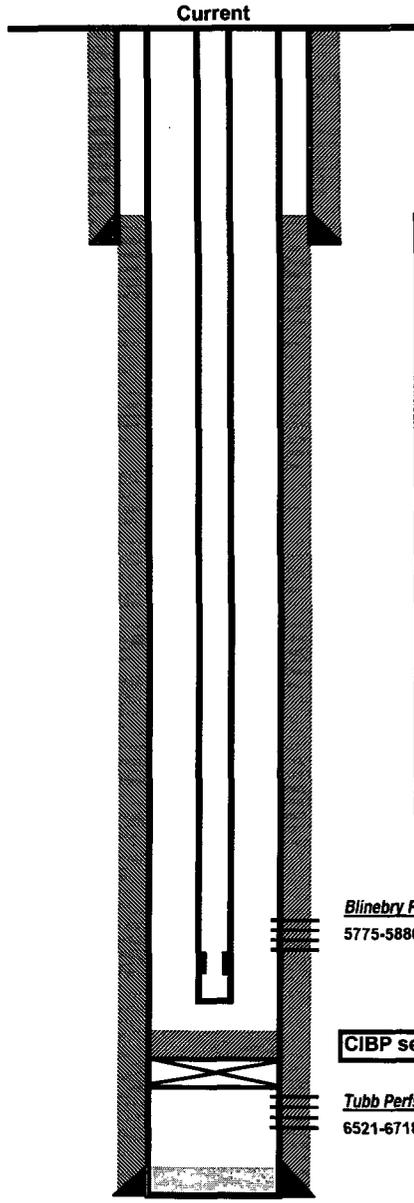
CURRENT WELL DATA SHEET

Field: Weir Blinebry **Well Name:** H. T. Orcutt (NCT-E) #3 **Lease Type:** State
Location: 1650' FNL & 330' FWL **Sec:** 2-E **Township:** 20S **Range:** 37E
County: Lea **State:** New Mexico **Refno:** BP7270 **API:** 30-025-34209 **Cost Center:** UCL271200
Current Status: PR
Current Producing Formation(s): Blinebry
Initial Producing Formation(s): Tubb

167 Surface Csg.
 335 **Size:** 8 5/8"
 502 **Wt.:** 24#
 670 **Set @:** 1470'
 837 **Sxs cmt:** 450
 1005 **Circ:** Yes
 1172 **TOC:** Surface
 1340 **Hole Size:** 11"
 1507
 1674
 1842 Production Csg.
 2009 **Size:** 5 1/2"
 2177 **Wt.:** 15.5#
 2344 **Set @:** 7208'
 2512 **Sxs Cmt:** 1020
 2679 **Circ:** No
 2847 **TOC:** 1200'
 3014 **Hole Size:** 7 7/8"
 3181
 3349
 3516
 3684
 3851
 4019
 4186
 4353

4521	Top Salt	1483'
4688	Base Salt	2550'
4856	Top Yates	2676'
5023	Top 7 Rivers	2958'
5191	Top Queen	3515'
5358	Top Grayburg	3781'
5526	Top San Andres	4173'
5693	Top Glorieta	5294'
5860	Top Paddock	5376'
6028	Top Blinebry	5663'
6195	Top Tubb	6400'
6363	Top Abo	7440'

 6530
 6698
 6865
 7033 **PBTD:** 6440'
 7208 **TD:** 7208'



KB: _____
DF: _____
GL: 3600'
Spud Date: 5/26/1998
Released Rig: 6/7/1998
Compl. Date: 7/14/1998

Tubing Detail		
# Jts:	Size:	Footage
	Original KB to Tubing Head Flange	13.00
184	2 7/8 6.5# L-80 8RD EUE TBG	5698.29
1	TAC	2.70
9	2 7/8 6.5# L-80 8RD EUE TBG	277.58
1	SN	1.10
1	Perf Sub	4.10
1	MAJT BPOB	30.10
	EOT @	6026.87

Rod Detail		Footage
Polish Rod	1 1/2" x 26'	26
Pony's	1" x 2', 6', 8' N-97 FH-T	16
71 Rods	1" N-97 SH-T	1775
74 RODS	7/8" N-97 FH-T	1850
86 RODS	3/4" N-97 FH-T	2150
6 FLEXBARS	1 1/2" "K"	150
1 GUIDED	7/8" X 2' PONY KD	2
25-175-RHBC-24-4	PUMP	24
Gas Anchor	12'	

Blinebry Perfs
 5775-5880' - open

CIBP set @ 6475 w/35' cmt on top

Tubb Perfs
 6521-6718' - below CIBP

Remarks: See the well history attached

Prepared by: K M Jackson
Date: 1/12/2004

Updated By: F Trevino
Date: 03-15-04

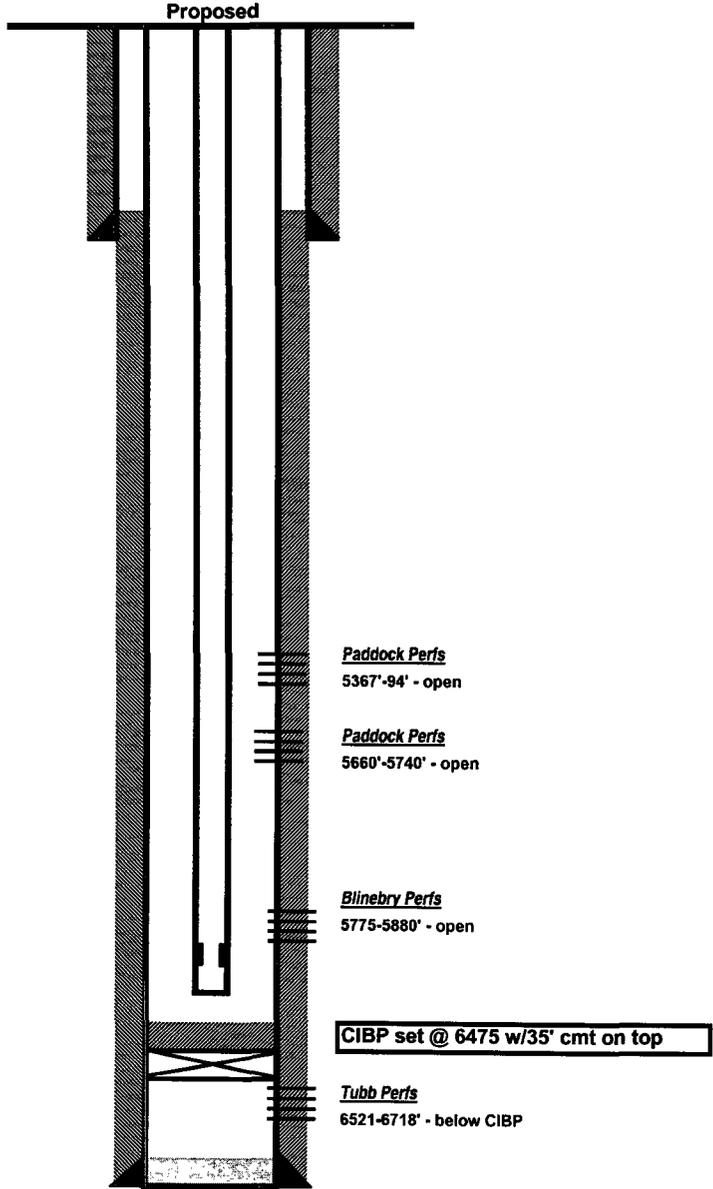
PROPOSED WELL DATA SHEET

Field: Weir Blinebry/Skaggs Glorieta Well Name: H. T. Orcutt (NCT-E) #3 Lease Type: State
 Location: 1650' FNL & 330' FWL Sec: 2-E Township: 20S Range: 37E
 County: Lea State: New Mexico Refno: BP7270 API: 30-025-34209 Cost Center: UCL271200
 Current Status: PR
 Current Producing Formation(s): Blinebry/Paddock
 Initial Producing Formation(s): Tubb

167 Surface Csg.
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KB: _____
 DF: _____
 GL: 3600'
 Spud Date: 5/26/1998
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Remarks: See the well history attached

Prepared by: K M Jackson
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Updated By: F Trevino
 Date: 03-15-04

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

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

2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

District IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34209	² Pool Code 97203	³ Pool Name Skaggs Glorieta NW
⁴ Property Code 22114	⁵ Property Name HT Orcutt E	
⁷ OGRID No. 4323	⁸ Operator Name Chevron Corporation	⁶ Well Number 3
⁹ Elevation 3600'		

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
E	2	20S	37E		1650'	North	330'	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
¹² Dedicated Acres 40		¹³ Joint or Infill		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

<p>2</p> <p>1650'</p> <p>330'</p> <p>40-acre proration unit</p>	<p>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><i>Keith Lopez</i></p> <p>Signature</p> <p>Keith Lopez</p> <p>Printed Name</p> <p>Petr. Engineer</p> <p>Title</p> <p>July 27, 2006</p>
	<p>18</p> <p>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>_____</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
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District III
1000 Rio Brazos Rd., Aztec, NM 87410

2040 South Pacheco
Santa Fe, NM 87505

District IV
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34209	² Pool Code 63780	³ Pool Name Weir Blinebry
⁴ Property Code 22114	⁵ Property Name HT Orcutt E	
⁷ OGRID No. 4323	⁸ Operator Name Chevron Corporation	⁶ Well Number 3
⁹ Elevation 3600'		

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
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	<p>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 align="right"><i>Keith Lopez</i></p> <p>Signature _____</p> <p align="center">Keith Lopez</p> <p>Printed Name _____</p> <p align="center">Petr. Engineer</p> <p>Title _____</p> <p align="center">July 27, 2006</p>
	<p>¹⁸</p> <p>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 align="right">Certificate Number _____</p>

WELL TEST REPORT

Lease: ORCUTT, H. T. NCT-E

Field: WEIR

Reservoir: BLINEBRY

Well: 3B

Field Code: L27

Resv Code: 0000004532

Unique Code: UCL271200

Battery: HT ORCUTT E 2

Wellbore: 101903

API No: 300253420900

Test Date	BOPD	BWPD	MCFPD	Tbg PSI	GOR	% Oil	Comp No.	Status	Remarks	Fluid Level	Fid Lvl Date	BTFPD
	0	0	0				02	PR		4583	3/15/04	
	0	0	0				02	PR		4583	3/15/04	
	0	0	0	100			01	FL			6/19/99	
	0	0	0	50			01	FL				
	0	0	0	100			01	FL		6472	2/23/00	
	0	0	0				02	PR		5113	5/8/05	
	0	0	0				02	PR		5113	5/8/05	
6/9/06	60	52	139		2317	53.6	02	PR		5113	5/8/05	112
5/22/06	63	55	143		2270	53.4	02	PR		5113	5/8/05	118
4/16/06	53	58	116		2189	47.7	02	PR		5113	5/8/05	111
3/19/06	59	69	122		2061	46.1	02	PR		5113	5/8/05	128
2/10/06	55	57	125		2264	49.1	02	PR		5113	5/8/05	112
12/27/05	53	54	146		2756	49.5	02	PR		5113	5/8/05	107
11/27/05	45	44	42		937	50.6	02	PR		5113	5/8/05	89
10/11/05	68	17	115		1687	80.0	02	PR		5113	5/8/05	85
9/5/05	70	60	185		2647	53.8	02	PR		5113	5/8/05	130
8/9/05	67	58	168		2502	53.6	02	PR		5113	5/8/05	125
7/25/05	70	62	180		2577	53.0	02	PR		5993	5/8/05	132
6/26/05	70	62	182		2605	53.0	02	PR		5993	5/8/05	132
5/21/05	83	63	218		2622	56.8	02	PR		5993	5/8/05	146
5/9/05	73	64	212		2901	53.3	02	PR		5993	5/8/05	137
4/15/05	88	74	233		2651	54.3	02	PR		5979	10/15/04	162
2/6/05	78	90	281		3607	46.4	02	PR		5979	10/15/04	168
1/16/05	65	117	307		4721	35.7	02	PR		5979	10/15/04	182
12/5/04	60	85	294		4902	41.4	02	PR		5979	10/15/04	145
11/11/04	112	86	314		2801	56.6	02	PR		5979	10/15/04	198
11/11/04	112	86	314		2801	56.6	02	PR		5979	10/15/04	198
10/17/04	117	88	324		2765	57.1	02	PR		5979	10/15/04	205
9/27/04	128	100	378		2956	56.1	02	PR		5979	7/21/04	228
7/15/04	129	75	245		1900	63.2	02	PR		5979	7/21/04	204
6/17/04	135	80	207		1532	62.8	02	PR		5012	6/17/04	215
5/14/04	154	78	275		1782	66.4	02	PR		4890	4/17/04	232
4/19/04	157	65	284		1811	70.7	02	PR		4890	4/17/04	222
3/26/04	209	90	314		1501	69.9	02	PR		4583	3/15/04	299
3/25/04	209	65	290		1388	76.3	02	PR	WELL RAN 90 PERCENT	4583	3/15/04	274
3/23/04	235	78	294		1252	75.1	02	PR		4583	3/15/04	313
2/12/04	60	20	73		1209	75.0	02	PR				80
2/5/04	214	125	420		1961	63.1	02	PR				339
2/3/04	250	95	431		1725	72.5	02	PR				345
2/2/04	270	110	431		1598	71.1	02	PR				380
2/1/04	224	138	440		1965	61.9	02	PR				362
1/31/04	260	136	441		1697	65.7	02	PR				396
1/30/04	270	138	433		1605	66.2	02	PR				408
1/29/04	259	140	441		1703	64.9	02	PR				399
1/27/04	274	120	347		1267	69.5	02	PR				394
1/26/04	264	126	458		1734	67.7	02	PR				390
1/25/04	331	145	527		1593	69.5	02	PR				476
1/24/04	302	140	336		1113	68.3	02	PR				442
1/22/04	165	65	127		772	71.7	02	PR				230
1/21/04	195	80	332		1704	70.9	02	PR				275
1/20/04	240	134	200		833	64.2	02	PR				374

