

September 9, 1999



D.P.
Chevron

**Request for Exception to Rule 303-A
Downhole Commingling
Blinebry Oil & Tubb Gas
Eunice King No. 25
990' FNL & 990' FWL, Unit Letter D,
Section 28, T-21-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 oil & Tubb gas zones in the Eunice King Well No. 25.

Currently the Eunice King #25 is producing from the Blinebry oil zone. Chevron is proposing to complete the Tubb gas zone and commingle the Tubb production with existing Blinebry production. The proposed downhole commingling will allow continued production of the Blinebry zone 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
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

Eunice King #25

Blinebry Oil & Gas and Tubb Oil & Gas Fields

A: Operator

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

B: Lease Name and Well Number

Eunice King #25
Unit Letter D, 990' FNL & 990' FWL
Section 28, T-21-S, R-37-E
Lea County, New Mexico
Blineby Oil & Tubb Gas Pools

C: Plats and Offset Operators

Attached

D: C-116's

Current Gas-Oil Ratio Test for Blinebry zone. (Attached).

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressure

	Current	Original
Blinebry	250 psi	2300 psi
Tubb	370 psi	2500 psi

G: Production Characteristics

Chevron currently surface commingles Blinebry and Tubb production at the Eunice King 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	2	59	1	Allocated production
Tubb	<u>1</u>	<u>98</u>	<u>4</u>	Offset production
Total	3	157	5	

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

Tubb rates are estimates based on offset allocated production (see attached).

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Blinebry	67	38	20
Tubb	<u>33</u>	<u>62</u>	<u>80</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.

**Eunice King #25
Production Data**

Blinebry – Allocated Production

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Apr 99	3	61	1
May 99	2	59	1
Jun 99	2	56	1

Tubb – Offset Production

<u>Well</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>	<u>Status</u>
Linam Hardy Gas Com #1	0	20	0	Producing
Eunice King #18	0	20	0	Producing
<u>Eunice King #14</u>	<u>2</u>	<u>253</u>	<u>11</u>	<u>Producing</u>
Estimated	1	98	4	

Note: Rates for each offset well are averages from the last three months of active production.

District I
 PO Box 1900, Hobbs, NM 88241-1900
 District II
 PO Drawer 00, Artesa, NM 88211-0719
 District III
 1000 Rio Bravo 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 30-025-06865		* Pool Code 06660		* Pool Name BLINEBRY OIL & GAS (OIL)	
* Property Code 002615		* Property Name EUNICE KING			* Well Number #25
* GRID No. 4323		* Operator Name CHEVRON USA INC.			* Elevation

10 Surface Location

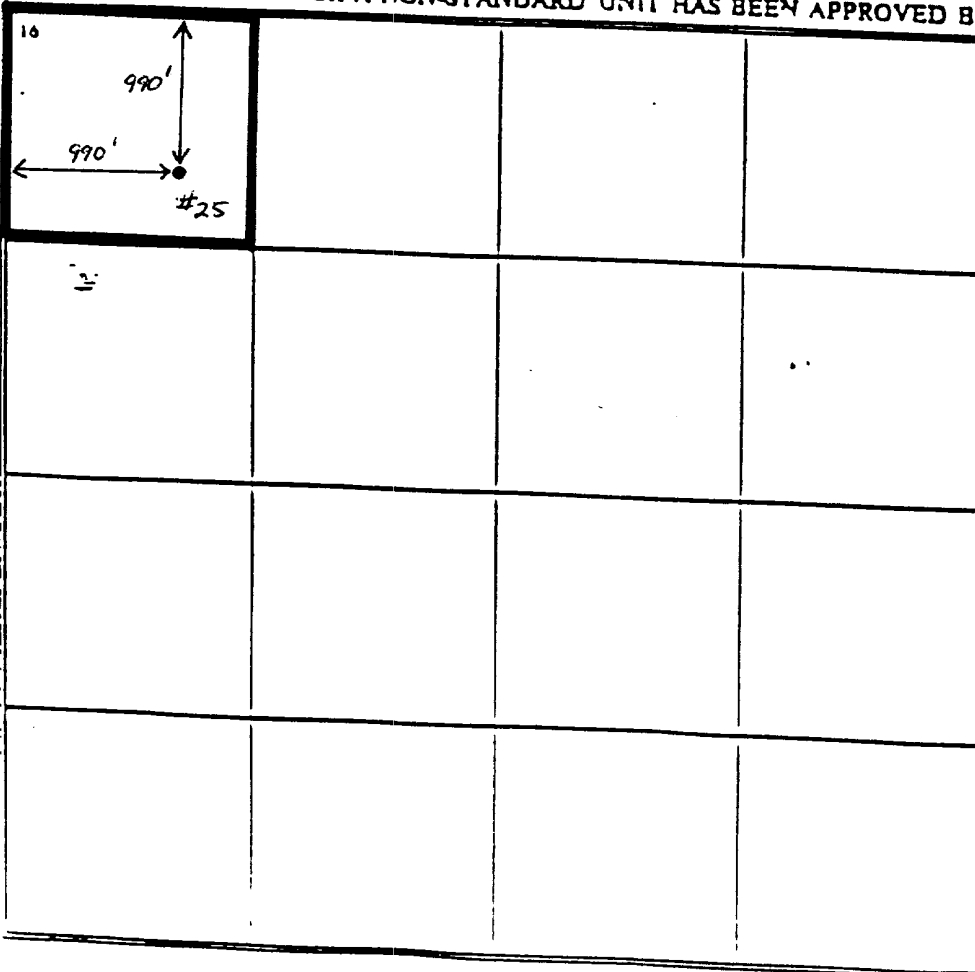
UL of lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	21S	37E		990	NORTH	990	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL of 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	* Commencement Code	* Order No.
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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.

Signature: Craig A. Wright

Printed Name: Craig A. Wright

Title: PE

Date: _____

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 Corp.
2000 Post Oak Blvd., Suite 100
Houston, TX 77056-4400

Conoco Inc.
10 Desta Dr., Suite 100W
Midland, TX 79705

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

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

Texaco Exploration & Production Co.
205 E. Bender Blvd.
Hobbs, NM 88240

Titan Resources, Inc.
500 W. Texas, Suite 500
Midland, TX 79701

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

OPERATOR: CHEVRON U.S.A. INC.
ADDRESS: P.O. BOX 1949 EUNICE, NEW MEXICO 88231
POOL: **EJINEBRY** TYPE(X) COUNTY: LEA
SCHEDULE

LEASE NAME	WELL NO	U	S	T	R	DATE OF TEST	S	CHOKE SIZE	TGB PRESS.	LENGTH OF TEST HOURS	WATER BBLs	GRAV OIL	OIL BBLs	GAS MCF	GAS-OIL RATIO CU.FT/BBL	CHVRN USE ONLY
EUNICE KING		D	28	21	37	09/02/99	P	2W0	50	24	2	34.2	1	60.0	60.000	

*

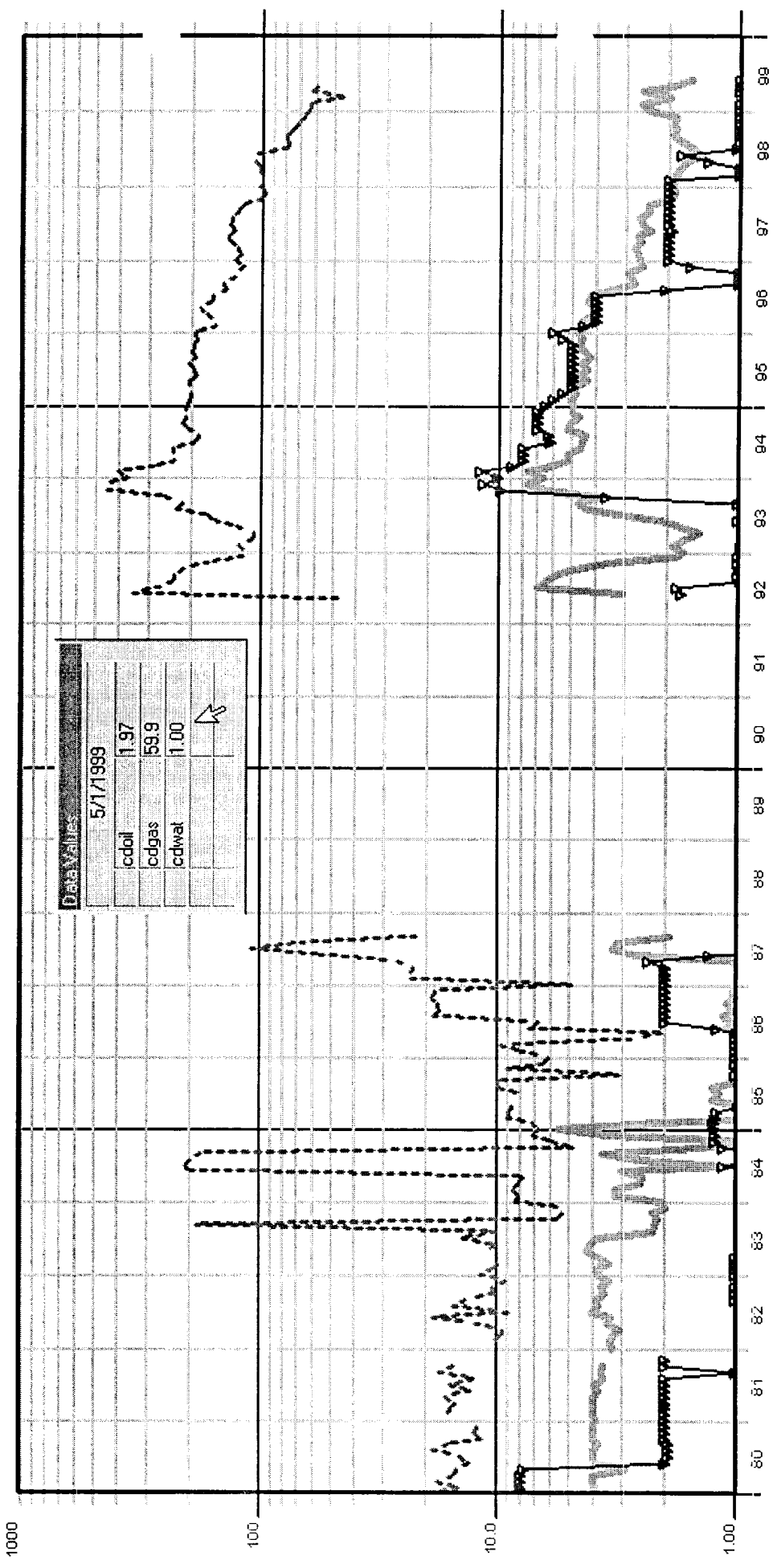
INSTRUCTIONS:
DURING GAS-OIL RATIO TEST, EACH WELL SHALL BE PRODUCED AT A RATE NOT EXCEEDING THE TOP UNIT ALLOWABLE FOR THE POOL IN WHICH THE WELL IS LOCATED BY MORE THAN 25 PERCENT. OPERATOR IS ENCOURAGED TO TAKE ADVANTAGE OF THIS 25 PERCENT TOLERANCE IN ORDER THAT THE WELL CAN BE ASSIGNED INCREASED 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 9/9/99
Petroleum Engineer
Sep 9, 1999
915.687.7284
TELEPHONE NUMBER

Eunice King #25 - Blinebry

Name: KING25B ID: FA7962-0-02 Type: PR Format: prod



cd oil, Avg cd gas, Avg cd wat, Avg
VS Time

District I
 PO Box 1908, Hobbs, NM 88241-1908
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Bravo 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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-06865		Pool Code 86440		Pool Name TUBB OIL & GAS (GAS)	
Property Code 002615		Property Name EUNICE KING			Well Number #25
GRID No. 4323		Operator Name CHEVRON USA INC.			Elevation

10 Surface Location

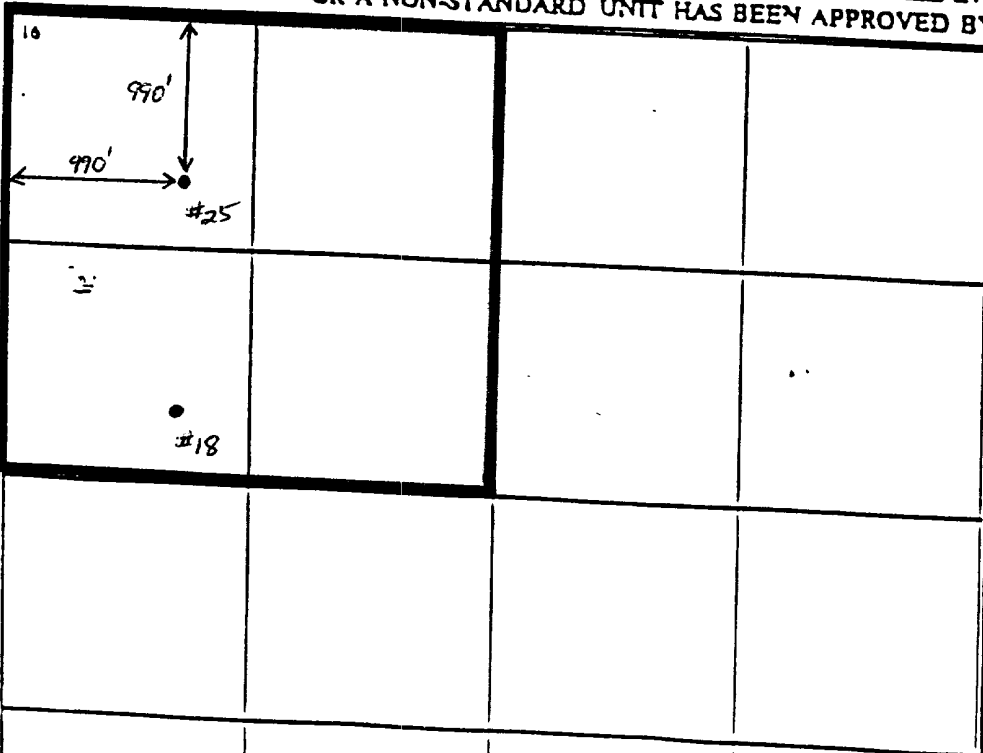
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	28	21S	37E		990	NORTH	990	WEST	LEA

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

12 Acres: 160
 13 Joints 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



17 OPERATOR CERTIFICATION

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

Signature: Craig A. Wright
 Printed Name: Craig A. Wright
 Title: PE
 Date:

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:

Note: Tubb Gas Pool production from Eunice King Wells Nos. 18 & 25 will be simultaneously dedicated to said 160 acres. (Administrative Order SD-99-2)

CURTAIN NUMBER

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

Form C-107-A
Revised August 1999

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

CHEVRON USA PRODUCTION INC

P. O. BOX 1150, MIDLAND, TX 79702

Operator

Address

EUNICE KING

25

D 28 21S 37E

LEA

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 4323

Property Code 2615

API NO. 30-025-06865

Federal ___ State ___ (end/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		TUBB 86440
2. Top and Bottom of Pay Section (Perforations)	5525' - 5949'		6081' - 6309' (PROPOSED)
3. Type of production (Oil or Gas)	OIL		GAS
4. Method of Production (Flowing or Artificial Lift)	ROD PUMP		ROD PUMP
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 250 PSI	a.	a. 370 PSI
	b. (Original) 2300 PSI	b.	b. 2500 PSI
6. Oil Gravity (EAPI) or Gas BTU Content	34.2 @ 60°F		1250
7. Producing or Shut-In?	PRODUCING		NOT COMPLETED
Production Marginal? (yes or no) * 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)	YES		YES
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: 09-02-99 Rates: 1/60/2	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 67 % Gas: 38 %	Oil: % Gas: %	Oil: 33 % Gas: 62 %

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 9/09/99

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