

DHC 9/8/98



August 13, 1998

**Request for Exception to Rule 303-A  
Downhole Commingling  
Blinebry Gas Pool and  
Drinkard Gas Pool  
Mark Owen No. 5  
660' FSL & 660' FEL, Unit Letter P,  
Section 34, T-21-S, R-37-E  
Lea County, New Mexico**

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

2093



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

Attention: Ms. Lori Wrottenbery - Director

Dear Ms. Wrottenbery:

Chevron U.S.A. Inc. respectfully requests administrative approval for an exception to Rule 303-A to permit downhole commingling of the Blinebry and Drinkard zones in the Mark Owen Well No. 5.

Currently the well is producing from the Blinebry. The Drinkard zone is shut-in and is isolated with a CIBP. The proposed downhole commingling will allow the continued production of the Blinebry and Drinkard zones to a lower economic limit, thus increasing 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  
D. N. Hemminger  
C.A. Wright  
Central Files - Lease and Well Files



**REQUEST FOR EXCEPTION TO RULE 303-A**

**Mark Owen #5**

**Blinebry & Drinkard Fields**

**A: Operator**

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

**B: Lease Name and Well Number**

Mark Owen #5  
Unit Letter P, 660' FSL & 660' FEL  
Section 34, T-21-S, R-37-E  
Lea County, New Mexico  
Blinebry Oil & Gas and Drinkard Pools

**C: Plats and Offset Operators**

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 a consistent rate of 150 mcfpd 0 bopd 0 bwpd. (See Attached Production Plot).

**E: Production Decline Curves**

Attached

**F: Estimated Bottomhole Pressure**

	Current	Original
Blinebry Oil & Gas	284 psi	1550 psi (Yr. 1965)
Drinkard	250 psi	2050 psi (Yr. 1954)

### G: Production Characteristics

Previous commingling of these zones by Chevron and other operators in this area have shown that the produced fluids are compatible and commingling 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>Etimated Method</u>
Blinebry Oil & Gas	0	200	0	Allocated production
Drinkard	<u>0</u>	<u>152</u>	<u>0</u>	Allocated production
Total	0	352	0	

Blinebry rates are averages from the last three months (Apr-Jun, '98) 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.

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Blinebry Oil & Gas	N/A	57	N/A
Drinkard	<u>N/A</u>	<u>43</u>	<u>N/A</u>
Total	N/A	100	N/A

### 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.

**MARK OWEN #5  
Production Data**

**Blinebry Oil & Gas – Allocated Production**

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Apr 98	0	215	0
May 98	0	193	0
Jun 98	0	176	0

**Drinkard – Allocated Production**

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Sep 97	0	157	0
Oct 97	0	147	0
Nov 97	0	153	0



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

API Number 30-025-07004		Pool Code 06660	Pool Name BLINEBRY OIL & GAS
Property Code 2701	Property Name MARK OWEN		Well Number #5
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
P	34	21S	37E		660'	SOUTH	660'	EAST	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 District Acres 160	13 Joint or Infill	14 Consolidation Code	15 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

<p>16 NOTE: BLINEBRY GAS POOL PRODUCTION FROM MARK OWEN WELLS NOS. 3, 4, 5 &amp; 6 IS SIMULTANEOUSLY DEDICATED TO SAID 160 ACRES (ADMINISTRATIVE ORDER SD-97-6)</p>	17 OPERATOR CERTIFICATION	
	<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 Signature Craig A. Wright Printed Name PE Title 08/11/98 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 Signature and Seal of Professional Surveyor</p>	
		<p>Certificate Number</p>

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 87418  
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  
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Submit to Appropriate District Office  
State Lease - 4 Copies  
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-07004		Pool Code 19190	Pool Name DRINKARD
Property Code 2701	Property Name MARK OWEN		Well Number #5
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
P	34	21S	37E		660'	SOUTH	660'	EAST	LEA

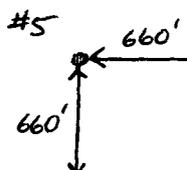
11 Bottom Hole Location If Different From Surface

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

12 Distance 1 Acre	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 Craig A. Wright			
	Printed Name Craig A. Wright PE			
Title PE				
Date 08/11/98				
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**

Altura Energy LTD.  
P.O. Box 4294  
Houston, TX 77210-4294

Amoco Prod. Co.  
P.O. Box 3092  
Houston, TX 77253

Exxon Corp.  
P.O. Box 4698  
Houston, TX 77210-4698

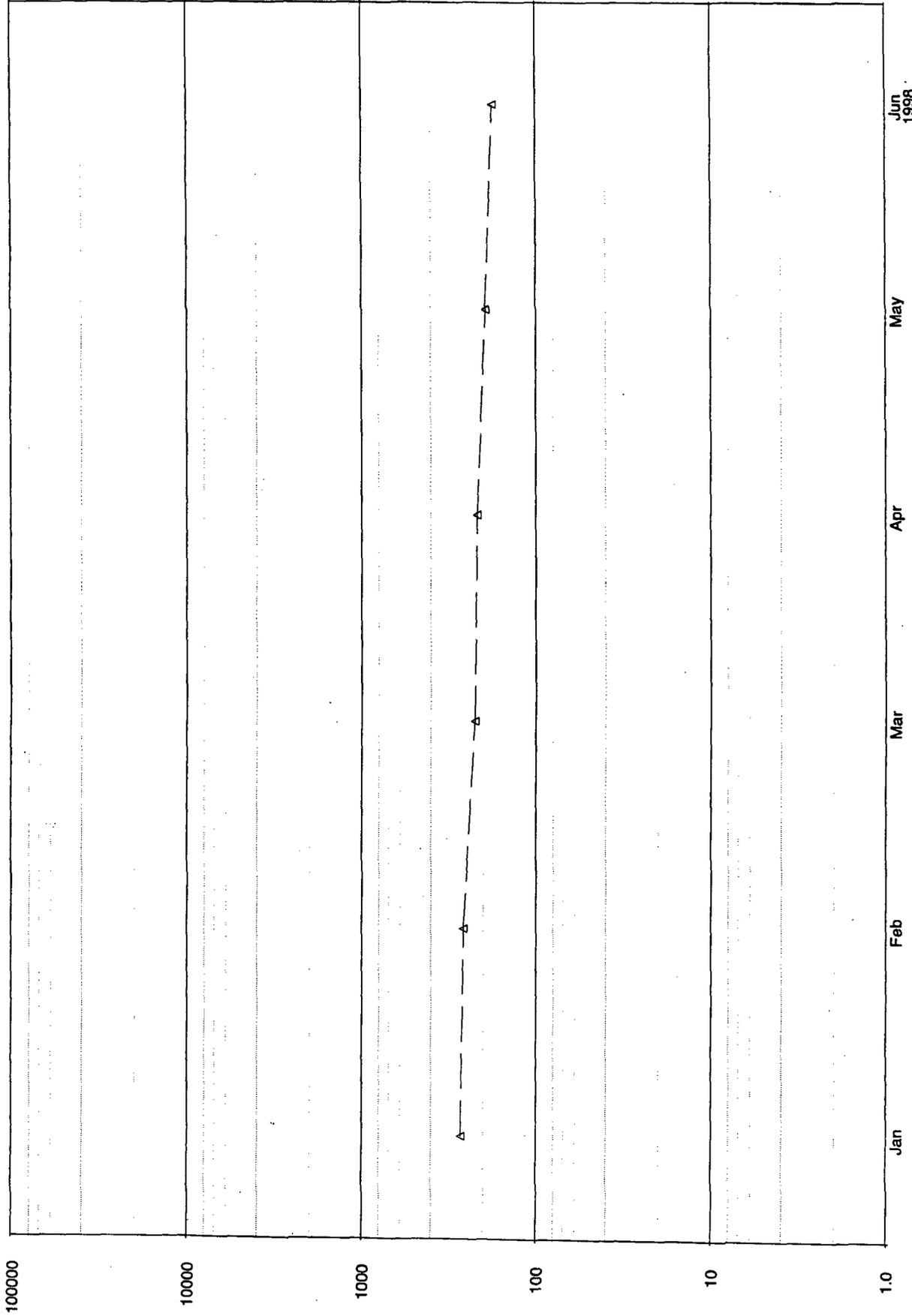
J.H. Hendrix Corp.  
P.O. Box 3040  
Midland, TX 79702-3040

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

Mobil Exploration & Prod.  
P.O. Box 633  
Midland, TX 79702

SUBMIT 2 COPIES TO APPROPRIATE DISTRICT OFFICE		STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT		FORM C-116 REVISED 1/1/89	
DISTRICT I - P.O. BOX 1980, HOBBS, NM 88240		OIL CONSERVATION DIVISION P.O. BOX 2088 SANTA FE, NEW MEXICO 87504-2088			
DISTRICT II - P.O. DRAWER DD, ARTESIA, NM 92210					
DISTRICT III - 2000 RIO BRAZOS RD., AZTEC, NM 87410		GAS-OIL RATIO TEST			
OPERATOR: CHEVRON U.S.A. INC. ADDRESS: P.O. BOX 1949 EUNICE, NEW MEXICO 88231		POOL: <i>Blinedry</i>		COUNTY: LEA	
		TYPE(X)		SCHEDULE	
		S I A T U S		COMPLETION SPECIAL	
WELL NO. <i>5</i>		DATE OF TEST <i>7-4-78</i>		LENGTH OF TEST HOURS <i>24</i>	
		U S R <i>34 21 37</i>		WATER BBS <i>1</i>	
		CHOKES SIZE <i>2 1/4</i>		GRAV OIL <i>0</i>	
		TBG PRESS. <i>110</i>		GAS MCF <i>178</i>	
LEASE NAME <i>MARK OWEN</i>				GAS-OIL RATIO CU. FT./BBL. <i>---</i>	
				CHVRN USE ONLY <i>---</i>	
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.					
				<i>W. Freeman</i>	
				SIGNATURE	
				C. W. Freeman - Production Specialist	
				PRINTED NAME AND TITLE	
				<i>7-27-98</i>	
				DATE	
				505/394-1229	
				TELEPHONE NUMBER	

Field: BLINEBRY OIL & GAS  
 Lease: MARK OWEN | Well #5  
 Operator: CHEVRON USA INC.

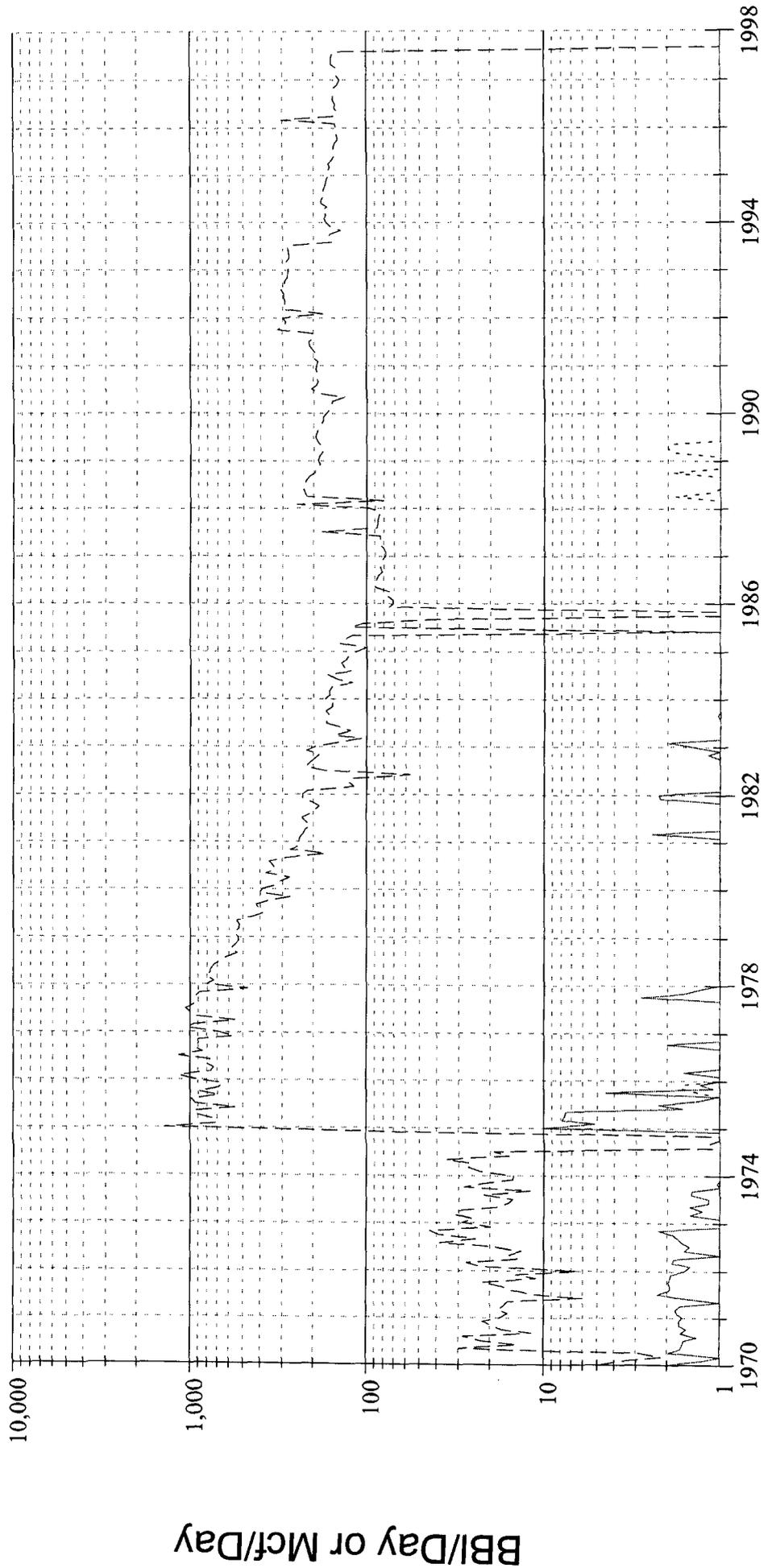


Legend: **□** CDOWL    **△** CDGAS    **▽** CDWAT    **\*** GOR

TIME

Field: DRINKARD  
 Lease: MARK OWEN | Well #5  
 Operator: CHEVRON U S A INCORPORATED  
 Production Rate vs Time  
 For the Period 01/1970 to 12/1997 | API: 30025070040000

Oil  
 Gas  
 Water  
 Wells



Time

Reported Oil Production = 184,935 Bbls  
 Reported Gas Production = 2,741,316 Mcf  
 Reported Water Production = 1,113 Bbls

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 87505-6429

Form 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: MARK OWEN #5 Address: P 34 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 2701 API NO. 30-025-07004 Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	BLINEBRY 06660		DRINKARD 19190
2. Top and Bottom of Pay Section (Perforations)	5421' - 5577'		6267' - 6396'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 284 psi	a.	a. 250 psi
	b. (Original) 1550 psi (1965)	b.	b. 2050 psi (1954)
6. Oil Gravity (°API) or Gas BTU Content	1250		1250
7. Producing or Shut-In?	Producing		Shut-In (Below 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: Rates:	Date: 11-28-97 Rates: 0/153/0
	Date: 06-29-98 Rates: 0/176/0	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: N/A % Gas: 57 %	Oil: % Gas: %	Oil: N/A % Gas: 43 %

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?  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

11. 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)

12. Are all produced fluids from all commingled zones compatible with each other?  Yes  No

13. Will the value of production be decreased by commingling?  Yes  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 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 08-11-98

TYPE OR PRINT NAME Craig A. Wright TELEPHONE NO. ( 915 ) 687-7284