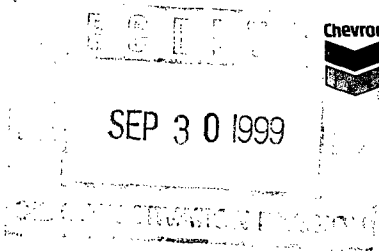


September 23, 1999

**Request for Exception to Rule 303-A
Downhole Commingling
Wantz-Abo & Wantz-Granite Wash
Hugh No. 11
410' FNL & 1980' FEL, Unit Letter B,
Section 14, T-22-S, R-37-E
Lea County, New Mexico**



Chevron

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 Wantz-Abo & Wantz-Granite Wash zones in the Hugh Well No. 11.

Currently the Hugh #11 is producing from the Wantz-Abo. The Wantz-Granite Wash zone is shut-in and is isolated with a CIBP. The proposed downhole commingling will allow continued production of the Abo & Granite Wash 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,

A handwritten signature in cursive script that reads "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 #11

Wantz-Abo & Wantz-Granite Wash Fields

A: Operator

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

B: Lease Name and Well Number

Hugh #11
Unit Letter B, 410' FNL & 1980' FEL
Section 14, T-22-S, R-37-E
Lea County, New Mexico
Wantz-Abo & Wantz-Granite Wash Pools

C: Plats and Offset Operators

Attached

D: C-116's

1. Current Gas-Oil Ratio Test for Wantz-Abo zone. (Attached).
2. Wantz-GW was capped with a CIBP in June, '85; consequently, there is not a current C-116 for the Wantz-GW zone. Prior to being shut-in, the Wantz-GW was producing at an average rate of 3 bopd 122 mcfpd 1 bwpd. (See Attached Production Plot).

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressure

	Current	Original
Wantz-Abo	300 psi	2500 psi
Wantz-GW	250 psi	2600 psi

G: Production Characteristics

Chevron currently surface commingles Wantz-Abo and Wantz-GW 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

<u>Pool</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<u>Estimated Method</u>
Wantz-Abo	2	48	1	Allocated production
Wantz-GW	<u>3</u>	<u>122</u>	<u>1</u>	Allocated production
Total	5	170	2	

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

Wantz-GW rates are averages from the last three months (Mar-May, '94) of allocated production.

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Wantz-Abo	40	28	50
Wantz-GW	<u>60</u>	<u>72</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 #11
Production Data

Wantz/Abo – Allocated Production

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
May 99	2	50	1
Jun 99	2	47	1
Jul 99	2	46	1

Wantz/Granite Wash – Allocated Production

<u>Date</u>	<u>CDOIL</u>	<u>CDGAS</u>	<u>CDWAT</u>
Mar 85	4	119	1
Apr 85	3	111	0
May 85	2	136	0

[illegible]

District I
PO Box 1988, Hobbs, NM 88241-1988
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 30-025-25069		Pool Code 62700	Pool Name WANTZ; ABO
Property Code 2641	Property Name HUGH		Well Number 11
OGUID No. 4323	Operator Name CHEURON 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
B	14	22S	37E		410	NORTH	1980	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 Ductile	13 Acres	14 Joint or Infill	15 Consolidation Code	16 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
		<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>Petroleum Engineer</p> <p>Title</p> <p>09-23-99</p> <p>Date</p>
		18 SURVEYOR CERTIFICATION
		<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>

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-8719
District III
1000 Rio Brazos Rd., Alamogordo, 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 30-025-25069	Pool Code 62730	Pool Name WANTZ; GRANITE WASH
Property Code 2641	Property Name HUGH	Well Number 11
OGUID No. 4323	Operator Name CHEVRON USA INC.	Elevation

10 Surface Location

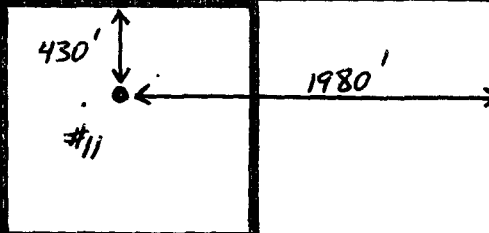
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	14	22S	37E		410	NORTH	1980	EAST	LEA

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 District 40	1 Acres	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

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: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>Petroleum Engineer</u> Date: <u>09-23-99</u>
		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:

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: Wantz; abo
COUNTY: LEA
TYPE(X) SCHEDULE

X

S

T

A

T

U

S

LENGTH
OF
TEST
HOURS

TBG

PRESS.

CHOKE
SIZE

DATE
OF
TEST

R

T

S

U

B

#11

WELL
NO

WATER
BBLs

GRAV
OIL

OIL
BBLs

GAS
MCF

GAS-OIL
RATIO

CU.FT/BBL

CHVRN
USE
ONLY

Hugh

24

50

2WO

1

38.7

2

44.0

22,000

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

Petroleum Engineer

Sep 15, 1999

DATE

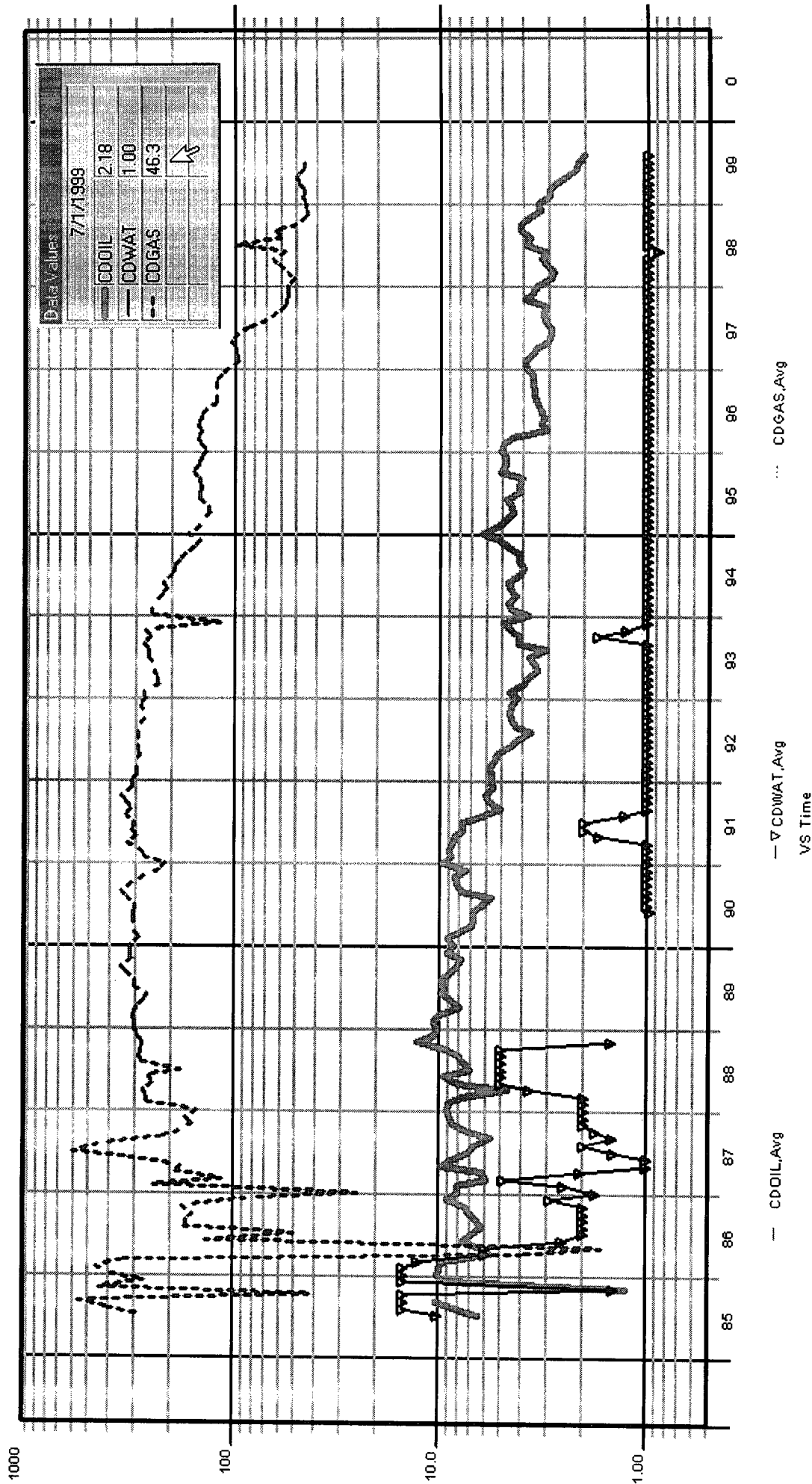
915-687-7284

TELEPHONE NUMBER

Craig A. Wright
09-23-99

Hugh #11 --- Wantz/Abo

Name: HUGH1100A ID: E05755:0:02 Type: PR Format: CD_Prd



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

11

B 14 22S 37E

LEA

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 4323 Property Code 2641 API NO. 30-025-25069 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	WANTZ-ABO 62700		WANTZ-GRANITE WASH 62730
2. Top and Bottom of Pay Section (Perforations)	6612'-7113'		7217'-7300'
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	ROD PUMP		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) 300 psi b. (Original) 2500 psi	a. b.	a. 250 psi b. 2600 psi
6. Oil Gravity (EAPI) or Gas BTU Content	38.7 @ 60°F		41.2 @ 60°F
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: 09-12-99 Rates: 2/44/1	Date: Rates: Date: Rates:	Date: 05-31-85 Rates: 2/128/1 Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 40 % Gas: 28 %	Oil: % Gas: %	Oil: 60 % Gas: 72 %

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 09-23-99

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

DHC-2493



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

10/1/99

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 # 11-B 14-225-37e
Operator Lease & Well No. Unit S-T-R 30-025-25069

and my recommendations are as follows:

OK

Yours very truly,

Chris Williams
Supervisor, District 1

/ed