

DATE 9/3/02	SUSPENSE NA	ENGINEER WJ	LOGGED IN NV	TYPE DHC	APP NO. 224830952
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

SEP - 3 2002

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A]** ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B]** ☐ Offset Operators, Leaseholders or Surface Owner
- [C]** ☐ Application is One Which Requires Published Legal Notice
- [D]** ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]** ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]** ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Denise Leake</u>	<u>Denise Leake</u>	<u>Regulatory Specialist</u>	<u>8-27-02</u>
Print or Type Name	Signature	Title	Date
		<u>LeakeJD@ChevronTexaco.com</u>	
		e-mail Address	

August 27, 2002

New Mexico Oil Conservation Division
Attention: Mr. David Catanach
1220 South St. Francis Drive
Santa Fe, NM 87504

RE: New Mexico "EA" State No. 2
Surface Hole Location: 330' FNL, & 1733' FEL
Bottom Hole Location: 990' FNL, & 1733' FEL
Unit Letter B, Section 24, T-18-S, R-37-E
Lea County, New Mexico
API No. 30-025-35953

Chevron U.S.A. Inc. respectfully requests approval of the attached "Application for Downhole Commingling" to commingle the Drinkard, Abo, and Tubb formations in the subject well. The #2 well is currently being drilled, therefore, no production data is available. Chevron U.S.A. Inc. is asking approval based on data from New Mexico "EA" State No. 1 which was drilled and completed in December of 2001. A copy of the DHC order of the #1 is attached for your viewing. After completion of the drilling of the No. 2 well, a production log will be run to determine which zone the fluid is coming from.

Allocation of production from the No. 2 well will be based on data from the No. 1 well and is as follows:

Under Well Drinkard Pool	Oil	29%	Gas	94%
Abo Pool	Oil	70%	Gas	5%
Tubb Pool	Oil	1%	Gas	1%

The production from the three zones will be of similar character so that commingling will not reduce the value of the total production. Ownership in all three formations to be commingled is identical.

Attached are plats for the Wildcat Drinkard, Wildcat Abo, & Wildcat Tubb formations.

Questions may be directed to Kent Coggan at (915) 687-7143, Tim Denny at (915) 687-7343, or Denise Leake at (915) 687-7375.

Yours very truly,



J. Denise Leake
Regulatory Specialist

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1381 W. Grand Avenue, Artesia, NM 88210
District III
1090 Roe Bronze Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

Oil Conservation Division

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

APPLICATION TYPE

☒ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

CHEVRON U.S.A. INC. 15 Smith Road, MIDLAND, TX. 79705
Operator Address
New Mexico 'EA' STATE #2 B 24 18S 37E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 4323 Property Code 29914 API No 3002535953 Lease Type: ____ Federal ____ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	WILDCAT DEINKARD	WILDCAT TUBB	WILDCAT ABD
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	O.H. 6700-7075'	O.H. 6524'	O.H. 7075-7500'
Method of Production (Flowing or Artificial Lift)	ART. LIFT	ART. LIFT	ART. 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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New	New	New
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:	Date: Rates:	Date: Rates:
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 29% 94%	Oil Gas 1% 1%	Oil Gas 70% 5%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ____
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 Denise Leake TITLE Regulatory Specialist DATE 8-27 '02
TYPE OR PRINT NAME DENISE LEAKE TELEPHONE NO. 915 687-7375

**Attachment to
Application for Downhole Commingling
New Mexico "EA" State Well No. 1**

Texaco Exploration and Production Inc. proposes to re-enter the existing wellbore, mill a window in the 5 1/2" casing, and drill a directional side track through the Drinkard and the Abo formations. Then, an open hole completion will be made and the Drinkard and Abo formations will be downhole commingled. Because of uncertainty as to whether the Abo will be economically viable by itself in this area, we are requesting approval for the downhole commingling with the Drinkard in advance of the recompletion work.

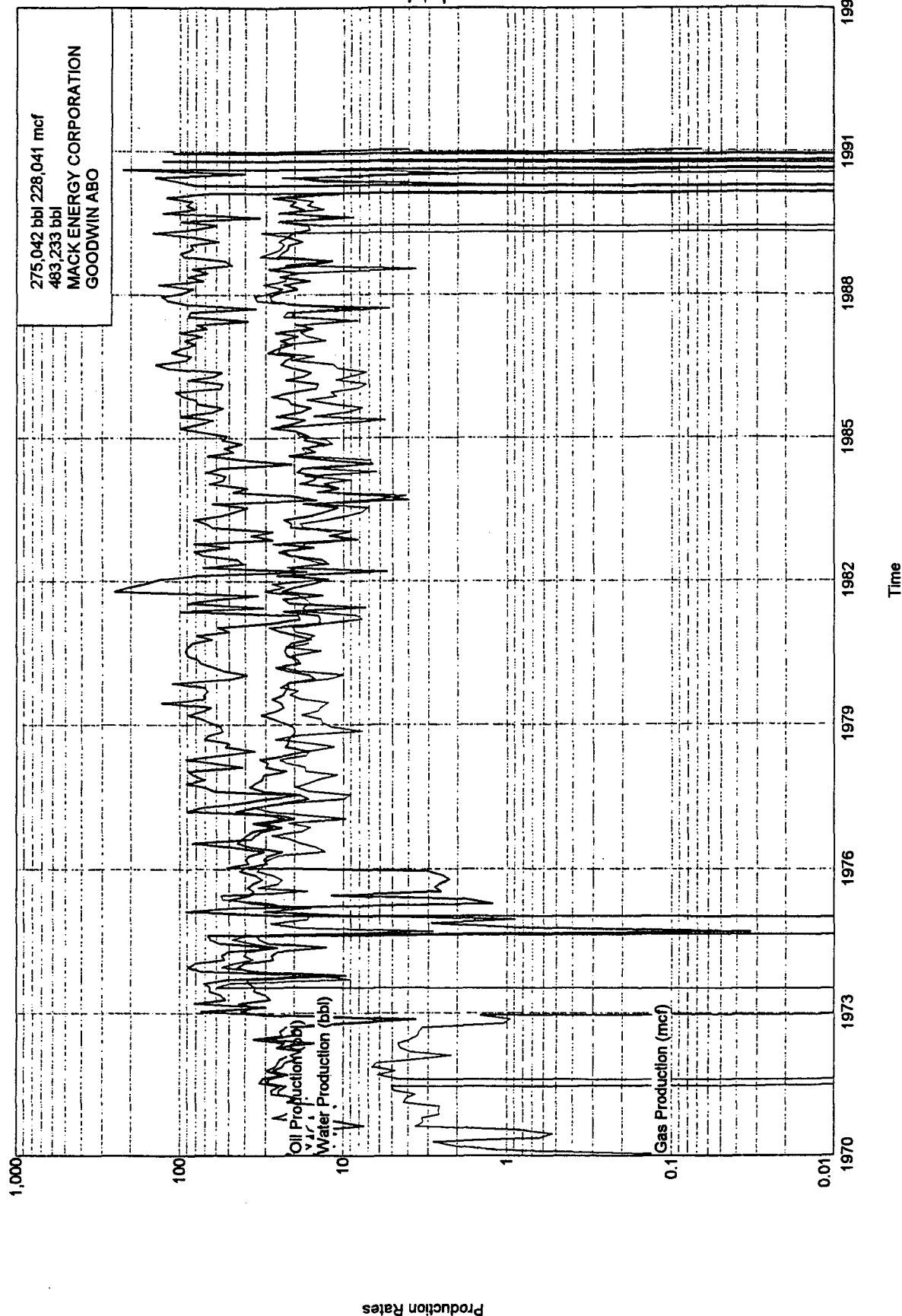
The subject well was spudded December 29, 1999 and 5 1/2" casing was set and cemented at 8,650'. The Wolfcamp was perforated and tested, but was wet. A CIBP was set at 7,625' and capped with 35' cement (PBTD is 7,590') The Drinkard was then perforated and acidized, and was tested for several days. The test on April 19, 2000 was 4 BO, 7 BW, and 356 MCFG. The Drinkard was then fracture stimulated, but following this treatment the well swabbed only water with a weak blow of gas. Next, the Drinkard was isolated with an RBP and a completion was attempted in the Blinbry, but a commercial completion could not be made. The Abo has not been tested in this well.

The nearest Abo production to the New Mexico "EA" State lease is from the Goodwin Abo Field, approximately 5 miles to the west-southwest. (A map of the area is enclosed.) The State "GG" 30 Well No. 2, in Section 30, T18S, R37E, API Number 3002520079, last produced in the early 1990's with a cumulative production of 275 MBO, 483 MBW, and 228 MMCF. For several years prior to 1990 the well consistently produced at a rate of approximately 20 BOPD and 20 MCFGPD (See attached production plot). There is no nearby Drinkard production, but that zone has been tested in this wellbore as noted above. For allocation purposes, it is reasonable to anticipate production of 20 BOPD and 20 MCFPD from the Abo along with 5-10 BOPD and 350-400 MCFPD from the Drinkard. This would give an allocation for the Abo of approximately 70% of the oil and 5% of the gas, with the remaining 30% of the oil and 95% of the gas being attributed to the Drinkard.

Texaco has had success in the Monument (Abo) Field (approximately 10 miles southwest of the subject well) making open hole Abo completions and wishes to apply this experience to the subject well. The Abo formation in this area typically consists of thin, porous intervals of one to two feet interspersed with tight, non-pay intervals; fracturing is also present. An open hole completion exposes all of the pay intervals to the wellbore, as compared to a cased and cemented completion with perforations.

Lease Name: STATE GG 30
 County, State: LEA, NM
 Operator: MACK ENERGY CORPORATION
 Field: GOODWIN
 Reservoir: ABO
 Location: 30 18S 37E

STATE GG 30 002 GOODWIN MACK ENERGY CORPORATION



DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Revised February 10, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address CHEVRON USA INC 15 SMITH ROAD, MIDLAND, TX 79705		² OGRID Number 4323
⁴ Property Code 29974		³ API Number 30-025-35953
⁵ Property Name NEW MEXICO 'EA' STATE		⁶ Well No. 2

Refno: HH1484

⁷ Surface Location

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
B	24	18-S	37-E		330'	NORTH	1733'	EAST	LEA

⁸ Proposed Bottom Hole Location If Different From Surface

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
B	24	18-S	37-E		990'	NORTH	1733'	EAST	LEA

⁹ Proposed Pool 1

WILDCAT TUBB, DRINKARD, ABO

¹⁰ Proposed Pool 2

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Rotary or C.T. ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3685'
¹⁶ Multiple No	¹⁷ Proposed Depth 7800' MD	¹⁸ Formation See Above	¹⁹ Contractor	²⁰ Spud Date 8/1/2002

²¹ Proposed Casing and Cement Program

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
14 3/4"	11 3/4"	42#	430'	280	SURFACE
11"	8 5/8"	32#	2850'	970	SURFACE
7 7/8"	5 1/2"	17#	6600'	1310	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

CEMENTING PROGRAM:

SURFACE CASING: 280 SACKS CLASS C W/2%CaCl₂ (14.8 CMT WEIGHT, 1.34 CMT YIELD)

INTERMEDIATE CASING: 720 SACKS 35/65 POZ, (12.8 CMT WEIGHT, 1.94 CMT YIELD) W/6% GEL, 5% SALT, 1/4# CELL 250 SACKS CLASS H (15.6 CMT WEIGHT, 1.18 CMT YIELD)

PRODUCTION CASING: 1020 SACKS CLASS H 35/65 POZ W/6% GEL, 5% SALT, 1/4# CELL (12.4 CMT WEIGHT, 2.14 CMT YIELD) 290 SACKS CLASS H 50/50 POZ W/2% GEL, 5% SALT, 1/4# CELL (14.2 CMT WEIGHT, 1.35 CMT YIELD)

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

²³ I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature *Denise Leake*

Printed Name Denise Leake

Title Regulatory Specialist

Date 7/16/2002

Telephone 915-687-7375

OIL CONSERVATION DIVISION

Approved By:

ORIGINAL SIGNED BY
PAUL F. KAUTZ
PETROLEUM ENGINEER

Title:

Approval Date:

Expiration Date:

Condition of Approval
Attached ☐ JUL 23 2002

DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

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

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P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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Revised February 10, 1994

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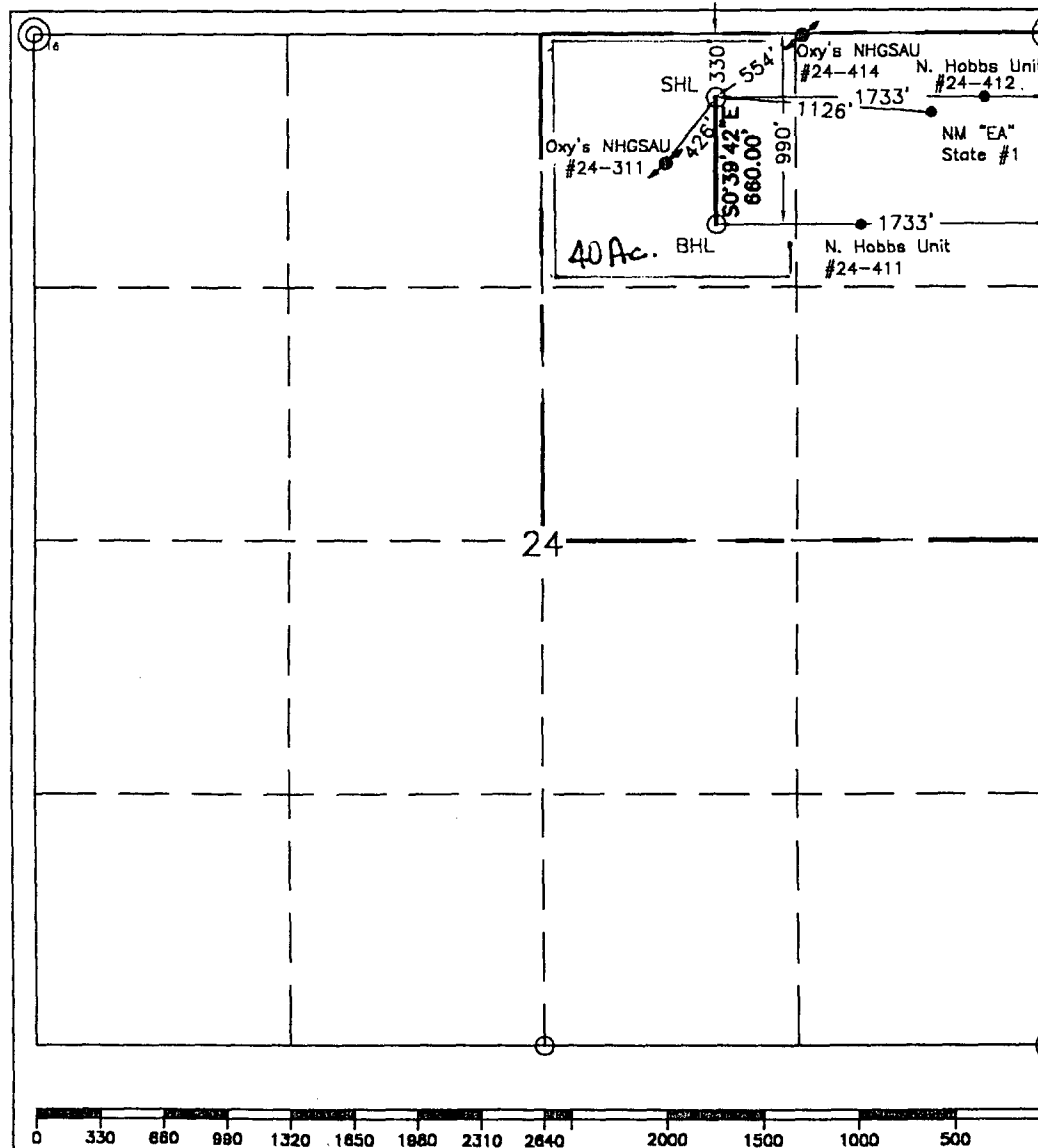
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-35953		² Pool Code 97784		³ Pool Name WILDCAT Hobbs, Drinkard	
⁴ Property Code 29974		⁵ Property Name New Mexico "EA" State			⁶ Well Number 2
⁷ OGRID No. 22351		⁸ Operator Name Chevron USA, Inc.			⁹ Elevation 3673'

¹⁰ Surface Location									
UL or lot no. B	Section 24	Township 18-S	Range 37-E	Lot Idn	Feet from the 330'	North/South line North	Feet from the East	East/West line 1733'	⁷ County Lea
¹¹ Bottom Hole Location if Different From Surface									
UL or lot no. B	Section 24	Township 18-S	Range 37-E	Lot Idn	Feet from the 990'	North/South line North	Feet from the East	East/West line 1733'	⁷ County Lea
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.



¹⁶ OPERATOR CERTIFICATION

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

Signature
Ted Tipton
Printed Name
Ted Tipton

Position
Manager of Drilling Department

Company
Chevron USA, Inc.

Date
July 11, 2002

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 knowledge and belief.

Date Surveyed
July 8, 2002

Signature & Seal of Professional Surveyor
John S. Piper

Certificate No.
7254 John S. Piper

Sheet 1 of 1

DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

DISTRICT III
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State of New Mexico
Energy, Minerals and Natural Resources Department

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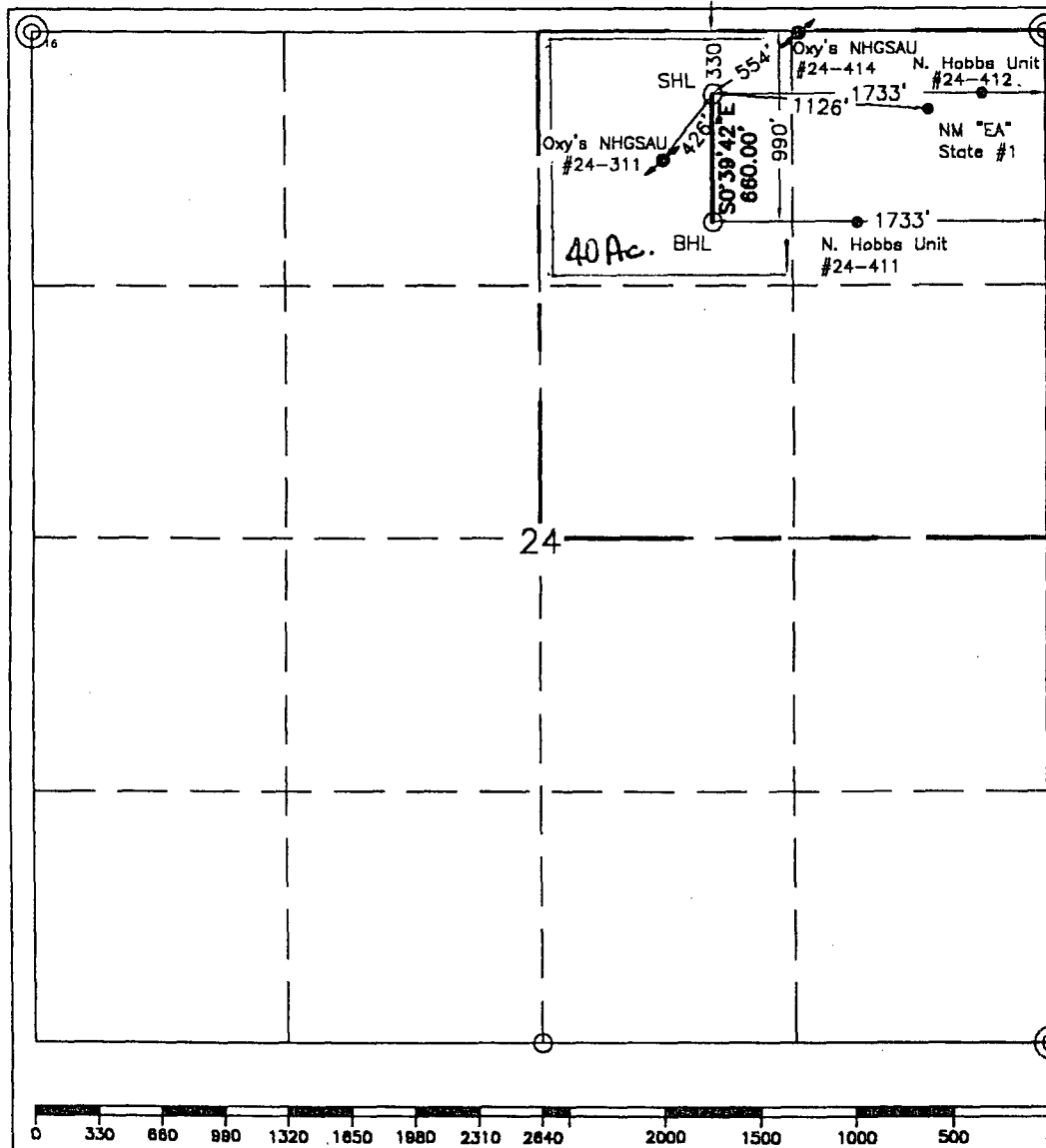
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name Hobbs, Drinkard WILDCAT TUBB					
⁴ Property Code		⁵ Property Name New Mexico "EA" State				⁶ Well Number 2			
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Printed Name
Ted Tipton

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Company
Chevron USA, Inc.

Date
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Sheet 1 of 1

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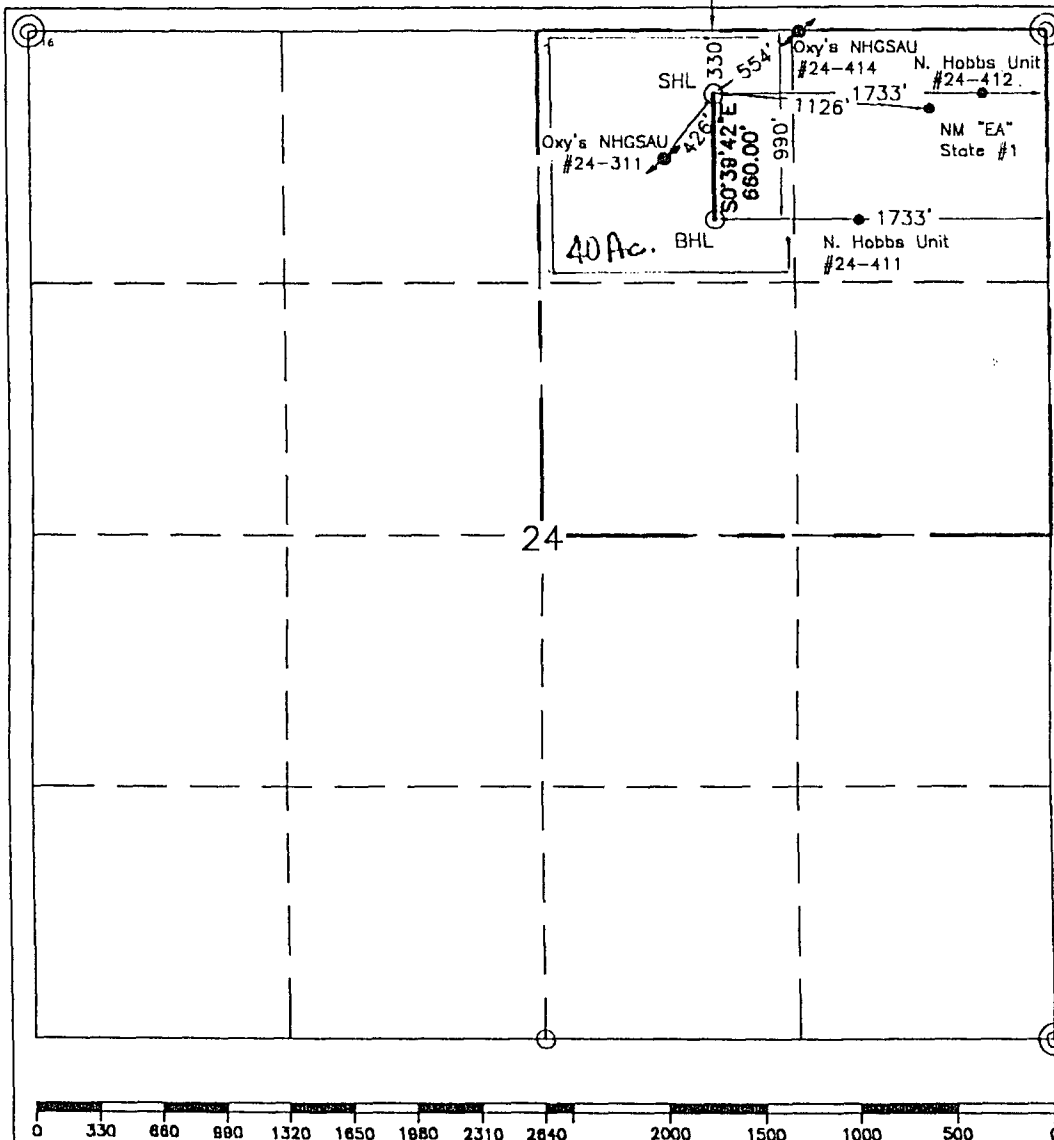
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁷ GRID No. 22351		⁸ Operator Name Chevron USA, Inc.				⁹ Elevation 3673'			
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