

DHC-3892

DATE IN 14. May. 07	SUSPENSE	ENGINEER W. Jones	LOGGED 14. May. 07	PLP 0713 439726
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
[DD-Directional Drilling] [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 - Directional Drilling  
NSL NSP DD SD

Check One Only for [B] and [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

[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

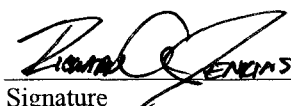
[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Richard Jenkins

Print or Type Name



Signature

Petro. Engineer

Title

5/7/2007

Date

2007 MAY 14 AM 10 22



**Richard A. Jenkins**  
Petroleum Engineer  
New Mexico Team

**Permian Business Unit**  
Chevron U.S.A. Inc.  
15 Smith Road  
Midland, TX 79705  
Tel 432-631-3281  
Fax 432-687-7871  
rjdg@chevron.com

May 5, 2007

State of New Mexico  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

Request to DHC the Alice Paddock #2 (30-025-09939)

Attention: Oil and Gas Regulatory Department

Chevron U.S.A. Inc. respectfully requests administrative approval for an amendment to Downhole Commingle the Penrose Skelly Grayburg (50350), and the Eunice; San Andres, South (24170) in the Alice Paddock #2, API number 30-025-09939. The #2 is located in the Eunice; San Andres, South Pool, 1980' FSL & 1980' FEL, Unit J, Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

The Alice Paddock #2 was producing from the Grayburg formation, making 2 BOPD, 2 BWPD, and 23 MCFGPD, prior to completing the Eunice; San Andres, South. The San Andres formation is currently producing below a production packer at a rate of 2 BOPD, 51 BWPD, and 5 MCFGPD. Chevron proposes to downhole commingle and produce both zones in the Alice Paddock #2 by removing the production packer, and returning the well to production

The proposed allocation percentages were calculated using production information from the Alice Paddock #2. Attached in support of this request are well tests, a proposed well schematic diagram for the #2, C107, a C102 form for each pool, and a lease plat.

Chevron is the operator, with 95.833% working interest in the lease, and the royalty interest owners are the same on each well.

If you require additional information or have any questions, please contact me by telephone at 432-687-7120, or by email at [rjdg@chevron.com](mailto:rjdg@chevron.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Jenkins".

Richard A Jenkins  
Petroleum Engineer

Enclosure

cc: Denise Pinkerton

**Jones, William V., EMNRD**

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**From:** JENKINS, RICHARD A [RJDG@chevron.com]  
**Sent:** Wednesday, May 23, 2007 8:09 AM  
**To:** Jones, William V., EMNRD  
**Subject:** RE: DHC application: Alice Paddock #2

Our ownership/land group has confirmed that the ownership is identical in the Alice Paddock #2 for the Grayburg and San Andres formations.

Thanks,

**Richard Jenkins**

Production Engineer

**Chevron**

North America Exploration and Production  
MidContinent Business Unit  
New Mexico Operations Team

Office: MID/2239 (432) 687-7120  
Cell: (432)-631-3281  
Fax: (432) 687-7871

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**From:** Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]  
**Sent:** Wednesday, May 16, 2007 3:47 PM  
**To:** JENKINS, RICHARD A  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** DHC application: Alice Paddock #2

Hello Richard:

Your application shows a prospective commingle between a fee owned 80 acre San Andres tract and a fee owned 40 acre Grayburg tract.

It is a bit unusual for these to be identically owned but possible.

Did you check with your landman to ensure these have identical ownership?

Thank You,

William V. Jones PE  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505  
505-476-3448

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient

5/23/2007



**REQUEST FOR EXCEMPTION TO RULE 303-A**  
**FOR WELLS LOCATED IN PRE-APPROVED POOLS OR AREAS**

**Operator**

Chevron U.S.A., Inc.  
P. O. Box 1150  
Midland, TX 79702

**Lease Name and Well Number**

Alice Paddock #2  
1980' FSL & 1980' FEL, Unit Letter J  
Section 1, T22S, R37E  
Lea County, New Mexico

**Division Order**

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

**Pools To Be Commingled In Alice Paddock #2**

(50350) Penrose Skelly; Grayburg  
(24170) Eunice; San Andres, South

**Perforated Intervals**

Grayburg (3742'-3913')  
San Andres, South (4013'-4336')

**Location Plat**

Attached

**Well Test Report & Production Plots**

Attached.

**Product Characteristics And Value**

Previous commingling of these zones by Chevron and other operators in the area have shown that the produced 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>Remarks</u>
Grayburg	2	2	23	Alice Paddock #2 - Well Test Report 4/24/2007
San Andres	2	51	5	Alice Paddock #2 - Well Test Report 2/14/2007
<b>Totals</b>	<b>4</b>	<b>53</b>	<b>28</b>	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Grayburg	50.00	3.77	82.14	Calculated using above production volumes
San Andres	50.00	96.23	17.86	Calculated using above production volumes
<b>Totals</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	

**Ownership**

Ownership of all zones is identical so correlative rights will not be compromised.

**State / Federal Land Notification**

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
May 27, 2004

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO.

**30-025-09939**

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

**Alice Paddock**

8. Well Number

**2**

9. OGRID Number

**4323**

10. Pool name or Wildcat

**San Andres**

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

**Chevron U.S.A. Inc.**

3. Address of Operator

**15 Smith Road Midland, TX 79705**

4. Well Location

Unit Letter **J** : **1980'** feet from the **South** line and **1980'** feet from the **East** line  
Section **1** Township **22S** Range **37E** NMPM County **LEA**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

**3345'**

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: **DHC Grayburg and San Andres** ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

IT IS PROPOSED TO DOWNHOLE COMMINGLE POOLS, PENROSE SKELLY GRAYBURG (PERFS 3742'-3913'), AND SAN ANDRES (4013'-4336') IN THE CAPTIONED WELL. PRODUCTION WILL BE ALLOCATED BACK TO THE TWO POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPORT DATA.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE  TITLE PETR. ENGINEER DATE 05/7/2007

Type or print name

E-mail address:

Telephone No.

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any):

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

District II  
811 South First, Artesia, NM 88210

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-09939		<sup>2</sup> Pool Code 24170		<sup>3</sup> Pool Name Eunice; San Andres, South	
<sup>4</sup> Property Code 2703		<sup>5</sup> Property Name Alice Paddock			<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.			<sup>9</sup> Elevation 3345'


<sup>10</sup> Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	1	22S	37E		1980'	South	1980'	East	Lea

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 80		<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> 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

<div>16</div>				<div>17</div> <div>OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div></div> <div>Signature</div> <div>Richard A. Jenkins</div> <div>Printed Name</div> <div>Petr. Engineer</div> <div>Title</div> <div>5/7/2007</div>	
<div>18</div> <div>SURVEYOR CERTIFICATION</div> <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> <div>Signature and Seal of Professional Surveyor:</div>				<div>Certificate Number</div>	

80-acre proration unit

#2

1980'

1980'

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

District II  
811 South First, Artesia, NM 88210

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

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Submit to Appropriate District Office  
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-09939		<sup>2</sup> Pool Code 50350		<sup>3</sup> Pool Name Penrose Skelly Grayburg					
<sup>4</sup> Property Code 2703		<sup>5</sup> Property Name Alice Paddock						<sup>6</sup> Well Number 2	
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.						<sup>9</sup> Elevation 3345'	

<sup>10</sup> Surface Location


UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	1	22S	37E		1980	South	1980	East	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<div>16</div>				<div>17</div> <div>OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</div> <div></div> <div>Signature</div> <div>Richard A. Jenkins</div> <div>Printed Name</div> <div>Petr. Engineer</div> <div>Title</div> <div>5/7/2007</div>			
				<div>18</div> <div>SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Signature and Seal of Professional Surveyor:</div> <div></div> <div>Certificate Number</div>			

40-acre proration

#2

1980'

1980'



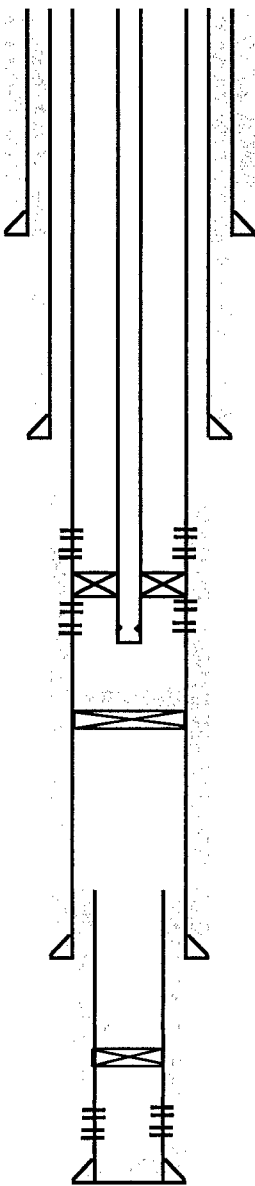
Well: Alice Paddock #2

Reservoir: San Andres

Location:	
1980 FSL & 1980' FEL	
Section:	1
Township:	22S
Range:	37E
County:	LEA, NM.

Elevations:	
GL:	3345'
DF:	
KB:	

Current Wellbore Diagram



Well ID Info:	
Refno:	FB4760
API No:	30-025-09939
L5/L6:	UCU495600
Spud Date:	
Compl. Date:	

Surf Csg: 13-3/8" 54.5#, K-55  
Set: @ 312' w/ 300 sks  
Hole Size: 17"  
Circ: Yes  
TOC By: Circulation

TOC: Surface

Interm Csg: 9-5/8" 36#  
Set: @ 2966 w/ 1300 sks  
Hole Size: 12-1/4"  
Circ: Yes  
TOC By: Circulated

TOC: Surface

Grayburg Status  
3742'-3913' Open - Isolated By Packer

San Andres Status  
4013'-4336' Open

CIBP @ 5025' w/ 25' cmt

Prod Csg: 7" 23#, J-55  
Set: @ 5157' w/ 400 sks  
Hole Size: 8-3/4"  
Circ: No  
TOC By: Temperature Survey

TOC: 3415'

Liner: 4-1/2" O.D. 11.6#, J-55  
Set: @ 5700' w/ 75 sks  
Hole Size:  
Circ: Yes  
TOC By: Circulated

TOC: 5040' (top of liner)

CIBP @ 5425' w/ 20' cmt on top

Blinbry Status  
5474'-5554' Open - Below CIBP  
5619'-5653' Open - Below CIBP

COTD: 4846'  
PBSD: 5000'  
TD: 5700'

Updated: 1/25/2007

By: rjdg

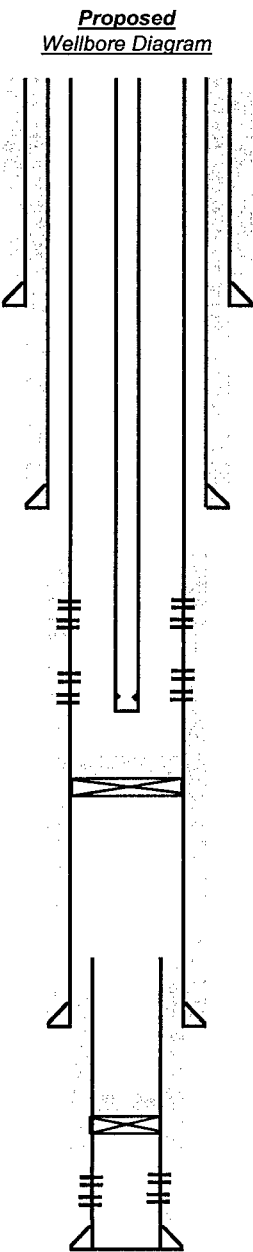
This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss with WCO Engineer, WCO Rep OS, ALS & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

Well: Alice Paddock #2

Reservoir: Grayburg/San Andres

Location:	
1980 FSL & 1980' FEL	
Section:	1
Township:	22S
Range:	37E
County:	LEA, NM.

Elevations:	
GL:	3345'
DF:	
KB:	



Well ID Info:	
Refno:	FB4760
API No:	30-025-09939
L5/L6:	UCU495600
Spud Date:	
Compl. Date:	

Surf Csg: 13-3/8" 54.5#, K-55  
Set: @ 312' w/ 300 sks  
Hole Size: 17"  
Circ: Yes  
TOC By: Circulation

TOC: Surface

Interm Csg: 9-5/8" 36#  
Set: @ 2966 w/ 1300 sks  
Hole Size: 12-1/4"  
Circ: Yes  
TOC By: Circulated

TOC: Surface

Grayburg  
3742'-3913'  
Status  
Open

San Andres  
4013'-4336'  
Status  
Open

CIBP @ 5025' w/ 25' cmt

Prod Csg: 7" 23#, J-55  
Set: @ 5157' w/ 400 sks  
Hole Size: 8-3/4"  
Circ: No  
TOC By: Temperature Survey

TOC: 3415'

Liner: 4-1/2" O.D. 11.6#, J-55  
Set: @ 5700' w/ 75 sks  
Hole Size:  
Circ: Yes  
TOC By: Circulated

TOC: 5040' (top of liner)

CIBP @ 5425' w/ 20' cmt on top

Blaineby  
5474'-5554'  
5619'-5653'  
Status  
Open - Below CIBP  
Open - Below CIBP

TOC @ 3415'

TOC @ Top of Liner

COTD: 4846'  
PBSD: 5000'  
TD: 5700'

Updated: 1/25/2007

By: rjdg

This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WEO Engineer, WQ Rep, OS, ALS & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

WELL TEST REPORT

Lease: PADDOCK ALICE  
Well: 2

Field: BLINEBRY OIL & GAS  
Field Code: U46  
Unique Code: UCU463400  
Wellbore: 044598

Reservoir: BLINEBRY  
Resv Code: 0000004532  
Battery: ALICE PADDOCK  
API No: 300250993900

Test Date	BOPD	BWPD	MCFPD	Tbg PSI	GOR	% Oil	Comp No.	Status	Remarks	Fluid Level	Fid Lvl Date	BTFPD
4/24/07	2	51	5		2500	3.8	03	PR				53
4/21/07	0	52	0		#DIV/0!	0.0	03	PR				52
4/11/07	0	37	6		#DIV/0!	0.0	03	PR	San Andres			37
4/10/07	0	25	0		#DIV/0!	0.0	03	PR				25
4/9/07	0	43	0		#DIV/0!	0.0	03	PR				43
2/14/07	2	2	23		11700	50.0	02	PR		4007	2/23/06	4
12/2/06	2	3	24		12190	40.0	02	PR		4007	2/23/06	5
11/18/06	5	0	23		4680	100.0	02	PR		4007	2/23/06	5
10/3/06	3	0	30		10077	100.0	02	PR		4007	2/23/06	3
9/15/06	2	3	24		12190	40.0	02	PR		4007	2/23/06	5
8/6/06	2	2	25		12675	50.0	02	PR	Grayburg	4007	2/23/06	4
6/21/06	1	2	19		18530	33.3	02	PR		4007	2/23/06	3
6/5/06	2	1	23		11700	66.7	02	PR		4007	2/23/06	3
5/5/06	2	1	25		12675	66.7	02	PR		4007	2/23/06	3
4/1/06	2	1	23		11700	66.7	02	PR		4007	2/23/06	3
2/23/06	1	1	24		24380	50.0	02	PR		4007	2/23/06	2
11/30/05	1	1	23		23400	50.0	02	PR		4007	11/30/05	2

