

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. 30-025-38374 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name H.T. Orcutt NCT-E |
| 8. Well Number 5 |
| 9. OGRID Number 4323 |
| 10. Pool name or Wildcat Tubb/Drinkard |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3602' |

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 **F** : **1980** feet from the **North** line and **1980** feet from the **West** line
Section **2** Township **20S** Range **37E** NMPM County **LEA**

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: Amendment; DHC only Tubb/Drinkard w/o Blinbry ☒

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.

UNDER THE PROVISION OF RULE 303(C) IT IS PROPOSED TO DOWNHOLE COMMINGLE PRE-APPROVED POOLS, MONUMENT TUBB (PERFS 6430-6700'), AND SKAGGS DRINKARD (PERFS 6700-7000') IN THE CAPTIONED WELL. PRODUCTION WILL BE ALLOCATED BACK TO THE TWO POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPORT DATA.

DHC Order No. HOB-0200-A

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 [Signature] TITLE PETR. ENGINEER DATE 1/8/2008

Type or print name

E-mail address:

Telephone No.

For State Use Only

APPROVED BY: Chris Williams

OC DISTRICT SUPERVISOR/GENERAL MANAGER
TITLE _____ DATE JAN 16 2008

Conditions of Approval (if any):

RECEIVED

JAN 15 2008

HOBBS O.C.D.



Lonnie Grohman
Petroleum Engineer
New Mexico Team

Permian Business Unit
Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705
Tel 432-238-9233
Fax 432-687-7871
lgek@chevron.com

January 11, 2008

State of New Mexico
Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240

Request to AMEND DHC-HOB-0200; H.T. Orcutt NCT E # 5 (30-025-38374)

Attention: Oil and Gas Regulatory Department

Chevron U.S.A. Inc. respectfully requests administrative approval for an amendment to Downhole Commingle the Monument Tubb (40790) and the Skaggs Drinkard (57000) in the Orcutt # 5, API number is 30-025-38374. The #5, is located 1980' FNL & 1980' FWL, Unit F, Section 2, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The Orcutt #5 was originally permitted to produce from the Blinebry, Tubb, & Drinkard formations. The #5 was making 25BOPD, 787 BWPB, and 45 MCFGBD. After the completion a large volume of water was encountered, and the Blinebry was found to be uneconomic. The Blinebry was cement squeezed. Chevron request an amendment to downhole commingle order DHC-HOB-0200 to produce only the Tubb & Drinkard formations.

The proposed allocation percentages were calculated using offset EUR data, as well as swab data. Attached in support of this request is a well test report, a proposed well schematic diagram for the #5, C107, a C102 form for each pool, and a lease plat.

Chevron is the operator, with 100% working interest in the lease, the commissioner of Public Lands; State of New Mexico holds the royalty ownership.

If you require additional information or have any questions, please contact me by telephone at 432-687-7420, or by email at lgek@chevron.com.

Sincerely,

Lonnie Grohman
Petroleum Engineer

Enclosure

cc: Denise Pinkerton
Denise Beckham

District I
1625 N French Drive Hobbs, NM 88240
District II
1301 W Grand Avenue Artesia NM 88210
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1000 Rio Bravo Road Aztec NM 87410
Pools
District IV
1220 S St Francis Dr Santa Fe NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003
APPLICATION TYPE
X Single Well
Establish Pre-Approved
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Chevron Corporation 15 Smith Road, Midland TX 79705
Operator Address

H.T. Orcutt NCT- E #5 F-2-20S-37E Lea
Lease Well No Unit Letter-Section-Township-Range County

OGRID No. 4323 Property Code 22114 API No. 30-025-38374 Lease Type: Federal X State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|---|-------------------|--|
| Pool Name | Monument Tubb | - | Skaggs Drinkard |
| Pool Code | 47090 | - | 57000 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 6430-6700' | - | 6700-7000' |
| Method of Production (Flowing or Artificial Lift) | Artificial Lift | - | Artificial 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) | 2550# From Build-up Test | - | 2260 From Build-up Test |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 36° | - | 36° |
| Producing, Shut-In or New Zone | Producing | - | Producing |
| 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: Swab 1/9/08 Oil Gas 17 BOPD 107 MCFPD | - | Date: Swab 1/9/08 Oil Gas 14 BOPD 53 MCFPD |
| 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 35% 53% | - | Oil Gas 65% 47% |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X
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 TITLE Petroleum Engineer DATE 1/8/2008
TYPE OR PRINT NAME Lonnie Grohman TELEPHONE NO. (432) 687-7420
E-MAIL ADDRESS lgek@chevron.com

Request for Amendment of DHC-HOB-0200

Operator

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

Lease Name and Well Number

H.T. Orcutt NCT-E # 5
1980' FNL & 1980' FWL, Unit Letter F
Section 2, T20S, R37E
Lea County, New Mexico

30-025-38374

Division Order

Pre-approved Pools or Areas established by division order # R-11363, Amendment to DHC: HOB-0200

Pools To Be Commingled In Orcutt # 5

(47090) Monument Tubb (Oil)
(57000) Skaggs Drinkard (Oil)

Perforated Intervals

Monument Tubb (6340'-6700')
Skaggs Drinkard (6700'-7000')

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> |
|---------------|--------------|-------------|--------------|-----------------------------|
| Tubb | 17 | 340 | 107 | Calculated from Allocations |
| Drinkard | 14 | 60 | 53 | Calculated from Allocations |
| Totals | 30.00 | 400 | 160 | Orcutt #5 (from swab data) |

| <u>Allocated %</u> | <u>Oil %</u> | <u>Water %</u> | <u>Gas %</u> | <u>Remarks</u> |
|--------------------|---------------|----------------|---------------|-------------------------------------|
| Tubb | 55 | 85 | 67 | Based off of selective swab results |
| Drinkard | 45 | 15 | 33 | Based off of selective swab results |
| Totals | 100.00 | 100.00 | 100.00 | |

Ownership

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

State / Federal Land Notification

The well is on a State lease

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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

| | | |
|---|--|---|
| ¹ API Number 30-025-38374 | ² Pool Code 40790 | ³ Pool Name Monument Tubb |
| ⁴ Property Code 22114 | ⁵ Property Name H.T. Orcutt NCT-E | ⁶ Well Number 5 |
| ⁷ OGRID No 4323 | ⁸ Operator Name Chevron U.S.A., Inc. | ⁹ Elevation 3602' |

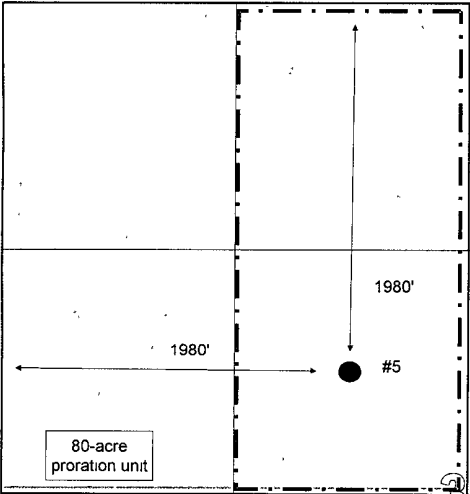

¹⁰ Surface Location

| | | | | | | | | | |
|-------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or Lot No F | Section 2 | Township 20S | Range 37E | Lot Idn | Feet from the 1980 | North/South line North | Feet from the 1980 | East/West line West | County 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 Dedicated Acres 80 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No HOB_0200 | | | | | | |

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>¹ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p> Signature</p> <p>Lonnie Grohman Printed Name</p> <p>Petr. Engineer Title</p> <p>1/11/2008</p> |
| | <p>¹ SURVEYOR CERTIFICATION</p> <p><i>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</i></p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p> |

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|---|
| ¹ API Number 30-025-38374 | ² Pool Code 57000 | ³ Pool Name Skaggs Drinkard |
| ⁴ Property Code 22114 | ⁵ Property Name H.T. Orcutt NCT-E | ⁶ Well Number 5 |
| ⁷ OGRID No 4323 | ⁸ Operator Name Chevron U.S.A., Inc. | ⁹ Elevation 3602' |

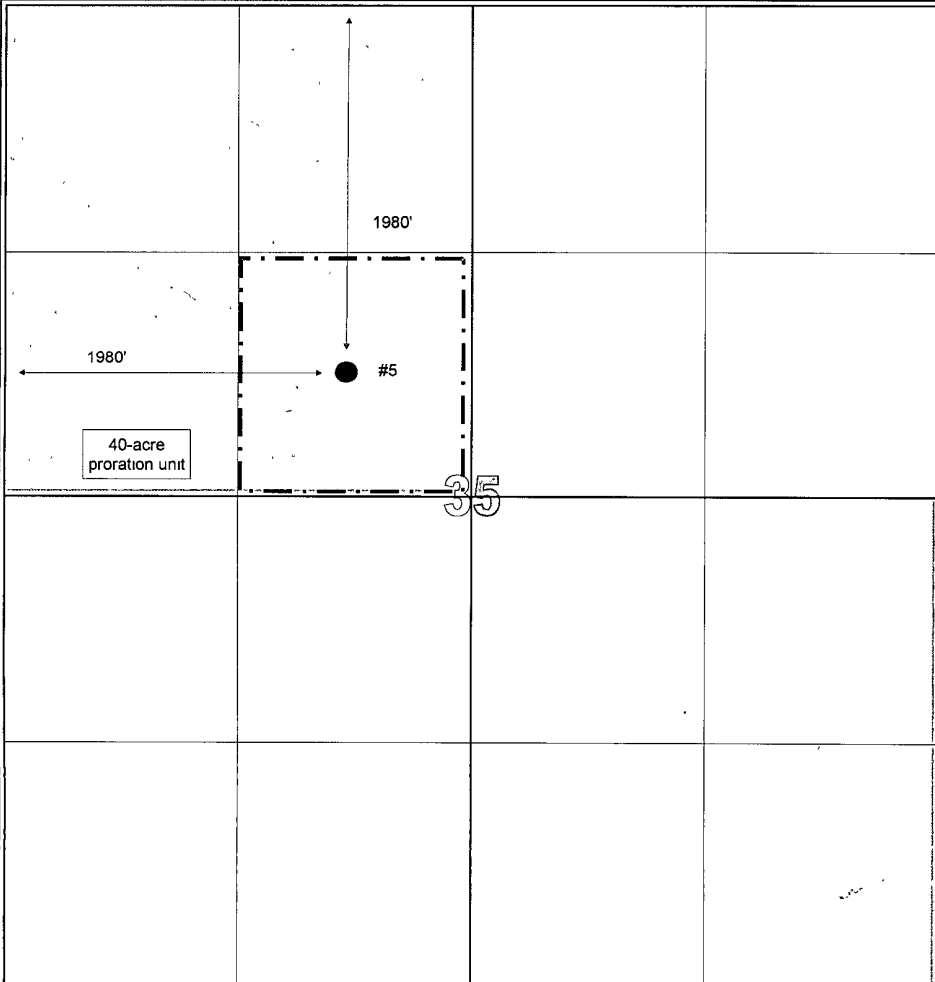

¹⁰ Surface Location

| | | | | | | | | | |
|-------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or Lot No F | Section 2 | Township 20S | Range 37E | Lot Idn | Feet from the 1980 | North/South line North | Feet from the 1980 | East/West line West | County 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 Dedicated Acres 40 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No HOB_0200 | | | | | | |

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>¹ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature Lonnie Grohman</p> <p>Printed Name Petr. Engineer</p> <p>Title 1/11/2008</p> |
| | <p>¹ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Signature and Seal of Professional Surveyor</p> |
| | Certificate Number |

| Lease Well Name | Date | Oil | Water | Total Gas |
|------------------|------------|-----|-------|-----------|
| ORCUTTHTNCTE5DHC | 12/22/2007 | 25 | 787 | 45 |
| ORCUTTHTNCTE5DHC | 12/21/2007 | 24 | 768 | 47 |
| ORCUTTHTNCTE5DHC | 12/19/2007 | 24 | 748 | 46 |
| ORCUTTHTNCTE5DHC | 12/18/2007 | 24 | 751 | 45 |
| ORCUTTHTNCTE5DHC | 12/17/2007 | 23 | 749 | 44 |
| ORCUTTHTNCTE5DHC | 12/10/2007 | 26 | 822 | 46 |
| ORCUTTHTNCTE5DHC | 12/9/2007 | 26 | 821 | 47 |
| ORCUTTHTNCTE5DHC | 11/19/2007 | 28 | 1046 | 38 |
| ORCUTTHTNCTE5DHC | 11/18/2007 | 33 | 1050 | 33 |
| ORCUTTHTNCTE5DHC | 11/14/2007 | 23 | 763 | 43 |
| ORCUTTHTNCTE5DHC | 11/12/2007 | 23 | 744 | 47 |
| ORCUTTHTNCTE5DHC | 11/11/2007 | 23 | 863 | 38 |
| ORCUTTHTNCTE5DHC | 11/7/2007 | 0 | 923 | 22 |
| ORCUTTHTNCTE5DHC | 11/6/2007 | 1 | 966 | 24 |
| ORCUTTHTNCTE5DHC | 11/5/2007 | 1 | 946 | 24 |
| ORCUTTHTNCTE5DHC | 11/4/2007 | 1 | 1055 | 28 |
| ORCUTTHTNCTE5DHC | 11/3/2007 | 2 | 1020 | 25 |
| ORCUTTHTNCTE5DHC | 11/2/2007 | 10 | 1050 | 29 |

H.T. Orcutt NCT-E #5

Location:

1980' FNL & 1980' FWL, Sec-2, T-20S, R-37E
Unit Letter: F
Field: Weir East/Monument/Skaggs
County: Lea
State: NM
Area: Hobbs

Well Info:

Spud Date: 7/14/2007
API: 30-025-38374
Cost Center: UCU935700
WBS#: UWDPS-D7508
RefNO: JU2426
Lease: State

Current Wellbore Diagram

Elevations:

DF: 3619'
KB: 3620'
GL: 3602'

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/ WED Engineer, WO Rep, OS, ALS & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

DV Tool/ECP @ 3773'

Marker Jt @ 5720'

Marker Jt @ 6647'

Current Tubing Detail:

| #Jts: | Size: | Footage |
|-------|---------------------|---------|
| | KB Correction | 18.00 |
| 207 | Jts 2 7/8" J-55 Tbg | 6464.36 |
| | Drain Valve | 0.58 |
| | 2 7/8" Tubing Sub | 4.3 |
| | Centrlift Pump | 86.05 |
| 207 | Bottom Of Mtr >> | 6573.29 |

Surface Casing

Size: 11 3/4", 42#, H-40 ST&C
Set @: 533'
With: 350 sx
Hole Size: 14-3/4"
Circ: yes
TOC @: Surface

Intermediate Casing

Size: 8 5/8", 32#, J-55 LTC
Set @: 2794'
With: 880 sx
Hole Size: 11"
TOC: Surface

Perfs:

Blindbry-squeezed 5714'-32'
 Blindbry-squeezed 5740'-52'
 Blindbry-squeezed 5774'-80'
 Blindbry-squeezed 5838'-50'
 Blindbry-squeezed 5860'-72'
 Blindbry-squeezed 5894'-06'
 Blindbry-squeezed 5925'-43'
 Blindbry-squeezed 6068'-78'
 Blindbry-squeezed 6086'-92'

Perfs:

Tubb 6580'-98'
 Tubb 6620'-30'
 Tubb 6657'-74'
 Tubb 6689'-96'
 Tubb 6702'-08'
 Tubb 6730'-40'
 Tubb 6774'-86'

Perfs:

Drnkard 6902'-12'
 Drnkard 6956'-66'
 Drnkard 6982'-94'
 Drnkard 7006'-12'

Production Casing

Size: 5 1/2", 17#, L-80 LTC
Set @: 7600'
With: 2857 sx
Hole Size: 7 7/8"
TOC: Surface
By: Circulation

Updated: 13-Dec-07
 By: rjdg

PBTD: 7521'
 TD: 7600'

