

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

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 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,

A handwritten signature in cursive script that reads "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>Estimated 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 1998, Hobbs, NM 88241-1998
District II
PO Drawer DD, Artesia, NM 88211-8719
District III
1008 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
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. P	Section 34	Township 21S	Range 37E	Lot 1/4	Feet from the 660'	North/South line SOUTH	Feet from the 660'	East/West line EAST	County LEA
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
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12 District 160	13 Acres	14 Joint or Infill	15 Consolidation Code	16 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

16 NOTE: BLINEBRY GAS POOL PRODUCTION FROM MARK OWEN WELLS NOS. 3, 4, 5 & 6 IS SIMULTANEOUSLY DEDICATED TO SAID 160 ACRES (ADMINISTRATIVE ORDER SD-97-6)	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 08/11/98 Date	
#4	#3	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
#6	#5	CERTIFICATE NUMBER

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer 00, 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
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Fee Lease - 3 Copies

☐ 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

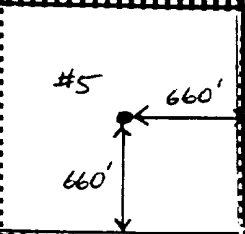
11 Bottom Hole Location If Different From Surface

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

Dunes	Acres	Joint or Infill	Consolidation Code	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: <u>Craig A. Wright</u> Printed Name: <u>Craig A. Wright</u> Title: <u>PE</u> Date: <u>08/11/98</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:					



Offset Operators

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

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

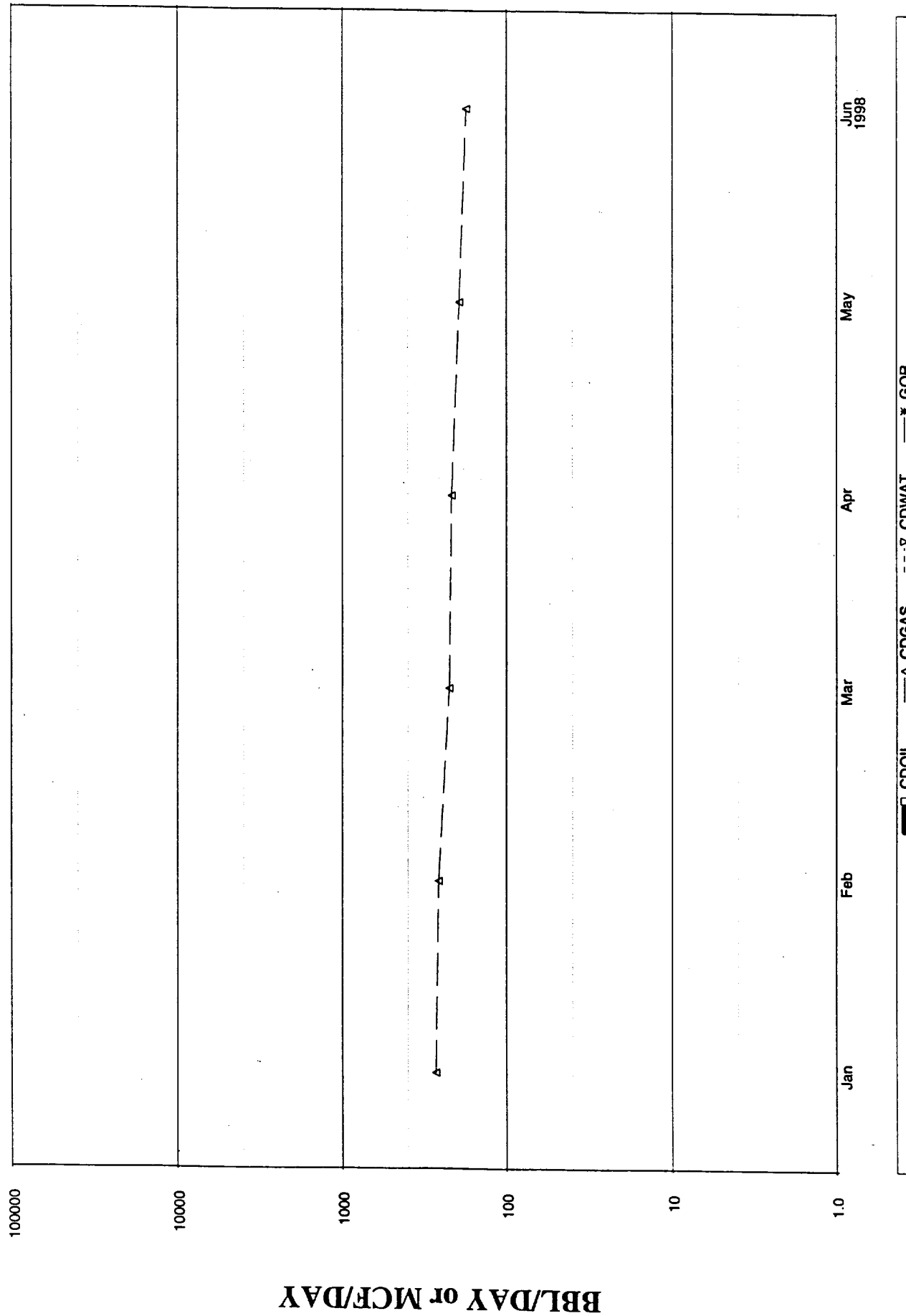
Exxon Corp.
P.O. Box 4698
Houston, TX 77210-4698

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

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

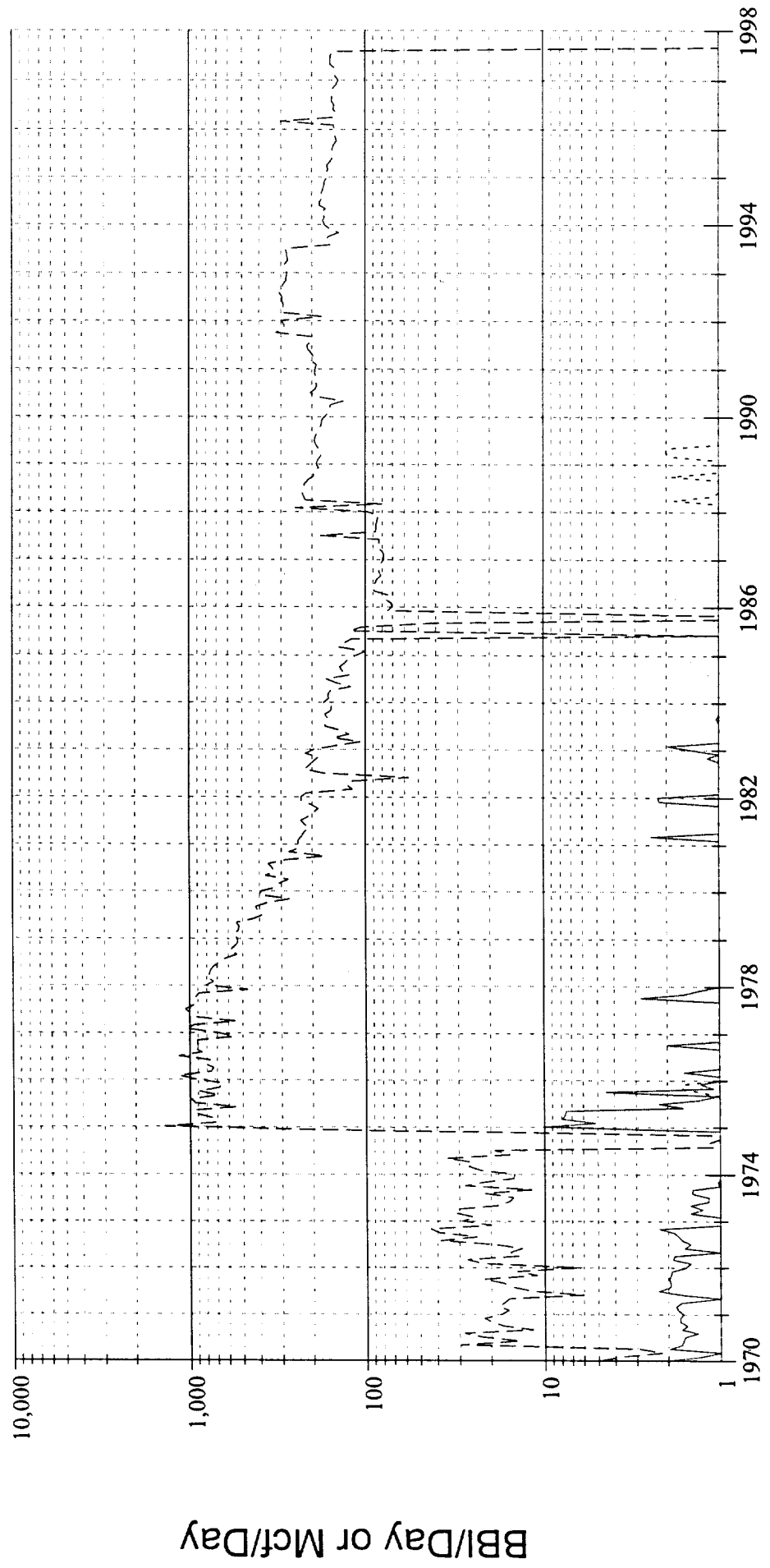
Mobil Exploration & Prod.
P.O. Box 633
Midland, TX 79702

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



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 87505-6429Form 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

OGRID NO. 4323 Property Code 2701 API NO. 30-025-07004 Spacing Unit Lease Types: (check 1 or more)
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 b. (Original) 1550 psi (1965)	a. b.	a. 250 psi 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	Date: Rates:	Date: Rates:	Date: 11-28-97 Rates: 0/153/0
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	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 ___ No11. 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 ___ No13. 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. NMOC 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 08-11-98TYPE OR PRINT NAME Craig A. Wright TELEPHONE NO. (915) 687-7284