strict I - (505) 393-6161
Box 1980
obs, NM 88241-1980
strict II - (505) 748-1283
1 S. First
tesia, NM 88210
strict III - (505) 334-6178
0 Rio Brazos Road
tec, NM 87410
istrict IV

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-140
Originated 11/1/95

Submit Original
Plus 2 Copies
to appropriate
District Office

H-0105

APPLICATION FOR QUALIFICATION OF WELL WORKOVER PROJECT AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

I. Operator: CHEVRON U.S.A. OGRID #: 4323

Address: P.O. BOX 1150, MIDLAND, TX 79702

Contact Party: MICHELLE LEVAN, PETROLEUM ENGR. Phone: 915-687-7307

II. Name of Well: MARK OWEN #3 API #: 30-025-07022

Location of Well: Unit Letter I, 1980 Feet from the South line and 960 feet from the East line,
Section 34, Township 21S, Range 37E, NMPM, Lea County

III. Date Workover Procedures Commenced: 10/20/95

Date Workover Procedures were Completed: 10/25/95

IV. Attach a description of the Workover Procedures undertaken to increase the projection from the Well.

V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.

VI. Pool(s) on which Production Projection is based: BLINEBRY OIL & GAS

VII. AFFIDAVIT:

State of TEXAS)
) ss.
County of MIDLAND)

Michelle LeVan, being first duly sworn, upon oath states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.

2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.

3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

Michelle LeVan
(Name)

Petroleum Engineer
(Title)

SUBSCRIBED AND SWORN TO before me this 31st day of July, 1996

MELANIE J. HUDDLESTON
MY COMMISSION EXPIRES
March 16, 2000

Melanie J. Huddleston

Notary Public

My Commission expires: 3/16/2000

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 10/25, 1995

Frank T. Chavez

District Supervisor, District 1 Geologist
Oil Conservation Division

Date: 8/15/96

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

AUG

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

November 1, 1995

ADMINISTRATIVE ORDER DHC-1167

Chevron USA Production Company
P.O. Box 1150
Midland, Texas 79702-1150

Attention: Ms. Michelle L. LeVan

Mark Owens Well No.3
Unit I, Section 34, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.
Blinebry Oil & Gas and Drinkard Pools

Dear Ms. LeVan:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 4000 by the top unit allowable for the Blinebry Oil & Gas Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Blinebry Oil & Gas Pool	Oil 100%	Gas 41%
Drinkard Pool	Oil 0%	Gas 59%

OFFICE OF THE SECRETARY - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5950
ADMINISTRATIVE SERVICES DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5925
ENERGY CONSERVATION AND MANAGEMENT DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5900
FORESTRY AND RESOURCES CONSERVATION DIVISION - P. O. BOX 1948 - SANTA FE, NM 87504-1948 - (505) 827-5830
MINING AND MINERALS DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5970
OIL CONSERVATION DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-7131
PARK AND RECREATION DIVISION - P. O. BOX 1147 - SANTA FE, NM 87504-1147 - (505) 827-7465

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 1st day of November, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Hobbs

Mark Owen #3

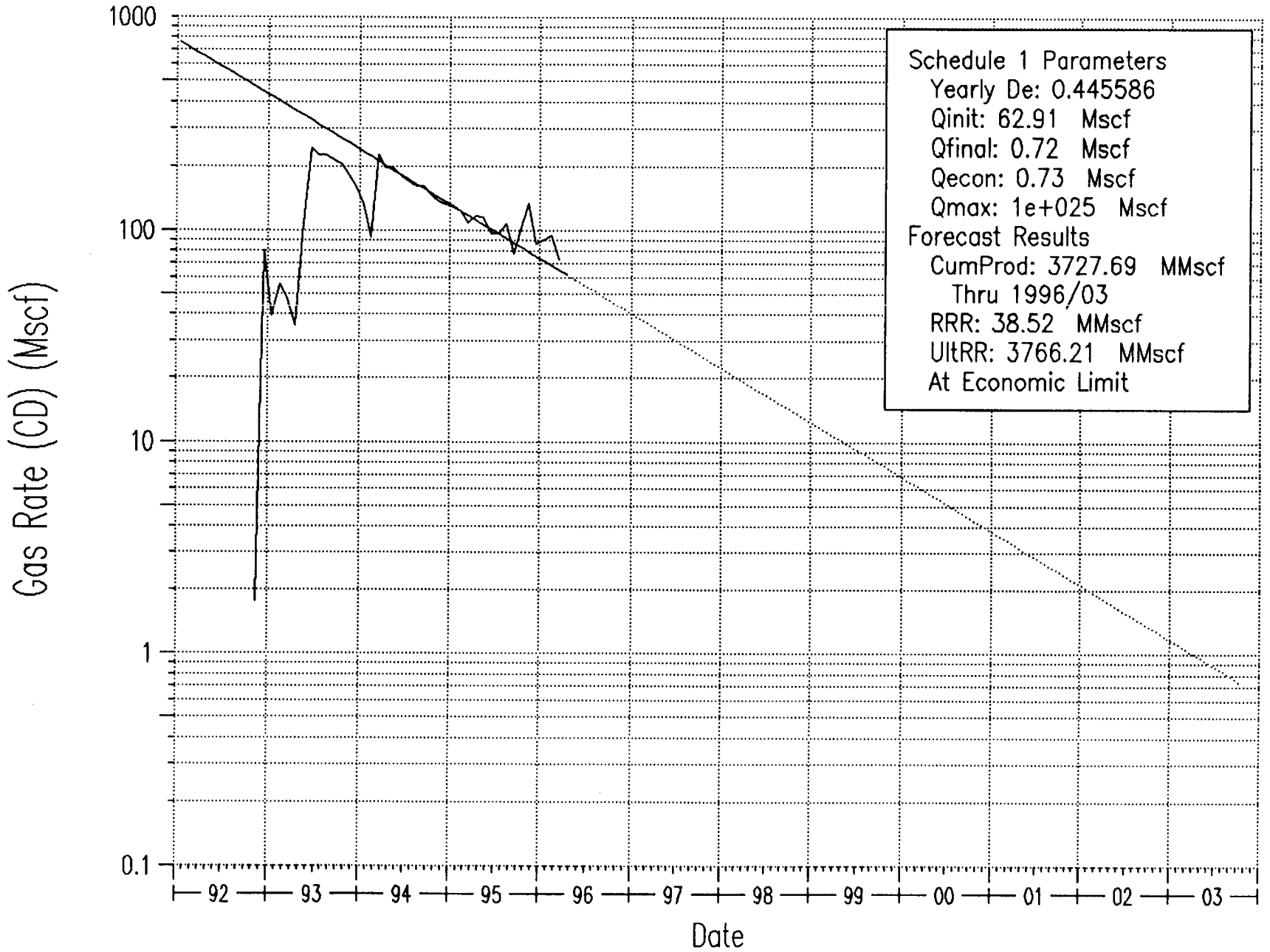
Workover Description
Commingle Blinebry & Drinkard Zones

10/20/95	RIH Retrieve pkr.
10/23/95	RIH w/prod tbg as follows: 206 jts 2 3/8" tbg (6360.38'), SN (6361.48'), PS & mud anchor joint w/end of tbg @ 6396'. PU 2 x 1 1/4 x 20' pmp. RIH PU 254-3/4 rods off racks. Space out. HWO. Ld & test tbg 500#, tbg bleed to 0# in 1 min. Long stroke pmp. Retest tbg w/same results.
10/24/95	POH w/rods & pmp. Pump was dry. Drop SV & test tbg 500# w/bleed off. NDWH NUBOP. POH w/2 3/8 tbg. RU tbg tests. RIH testing tbg 5000#. Found hole 2 jts above SN. RD tbg tests. Land tbg as follows: 206 jts, SN (6361'), PS & mud anchor joint w/end of tbg @ 6396'.
10/25/95	RIH w/pmp & rods. HWO. Ld & tst tbg 500# OK. Leave well shut down. F/gang to hook-up flowline. RD PU clean location. Turn over to operations. Release rig.

FIELD : BLINEBRY OIL & GAS

LEASE : OWEN MARK #3

CHEVRON U.S.A.



TRK Tue Jul 30 10:50:08 1996

MARK OWEN #3
CHEVRON U.S.A.
3

Cum. Gas Production:	3727.69	MMscf
Remaining Recoverable Gas Reserves:	38.52	MMscf
Ultimate Recoverable Gas Reserves:	3766.21	MMscf

SCHEDULE 1

Start Date: 1996/04
End Date: 2006/04
Yearly Effective Decline (De): 0.445586

DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. MMscf	CUM. PROD. MMscf
1996/04	61.39	1.84	3729.53
1996/05	58.44	1.81	3731.35
1996/06	55.64	1.67	3733.01
1996/07	52.97	1.64	3734.66
1996/08	50.43	1.56	3736.22
1996/09	48.01	1.44	3737.66
1996/10	45.71	1.42	3739.08
1996/11	43.52	1.31	3740.38
1996/12	41.43	1.28	3741.67
1997/01	39.44	1.22	3742.89
1997/02	37.55	1.05	3743.94
1997/03	35.75	1.11	3745.05
1997/04	34.03	1.02	3746.07
1997/05	32.40	1.00	3747.08
1997/06	30.85	0.93	3748.00
1997/07	29.37	0.91	3748.91
1997/08	27.96	0.87	3749.78
1997/09	26.62	0.80	3750.58
1997/10	25.34	0.79	3751.36
1997/11	24.13	0.72	3752.09
1997/12	22.97	0.71	3752.80
1998/01	21.87	0.68	3753.48
1998/02	20.82	0.58	3754.06
1998/03	19.82	0.61	3754.67
1998/04	18.87	0.57	3755.24
1998/05	17.96	0.56	3755.80
1998/06	17.10	0.51	3756.31
1998/07	16.28	0.50	3756.81
1998/08	15.50	0.48	3757.29
1998/09	14.76	0.44	3757.74
1998/10	14.05	0.44	3758.17
1998/11	13.38	0.40	3758.57
1998/12	12.73	0.39	3758.97
1999/01	12.12	0.38	3759.34

DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. MMscf	CUM. PROD. MMscf
1999/02	11.54	0.32	3759.67
1999/03	10.99	0.34	3760.01
1999/04	10.46	0.31	3760.32
1999/05	9.96	0.31	3760.63
1999/06	9.48	0.28	3760.92
1999/07	9.03	0.28	3761.20
1999/08	8.59	0.27	3761.46
1999/09	8.18	0.25	3761.71
1999/10	7.79	0.24	3761.95
1999/11	7.42	0.22	3762.17
1999/12	7.06	0.22	3762.39
2000/01	6.72	0.21	3762.60
2000/02	6.40	0.19	3762.78
2000/03	6.09	0.19	3762.97
2000/04	5.80	0.17	3763.15
2000/05	5.52	0.17	3763.32
2000/06	5.26	0.16	3763.48
2000/07	5.00	0.16	3763.63
2000/08	4.76	0.15	3763.78
2000/09	4.54	0.14	3763.91
2000/10	4.32	0.13	3764.05
2000/11	4.11	0.12	3764.17
2000/12	3.91	0.12	3764.29
2001/01	3.73	0.12	3764.41
2001/02	3.55	0.10	3764.51
2001/03	3.38	0.10	3764.61
2001/04	3.22	0.10	3764.71
2001/05	3.06	0.09	3764.80
2001/06	2.91	0.09	3764.89
2001/07	2.77	0.09	3764.98
2001/08	2.64	0.08	3765.06
2001/09	2.51	0.08	3765.14
2001/10	2.39	0.07	3765.21
2001/11	2.28	0.07	3765.28
2001/12	2.17	0.07	3765.34
2002/01	2.07	0.06	3765.41
2002/02	1.97	0.06	3765.46
2002/03	1.87	0.06	3765.52
2002/04	1.78	0.05	3765.58
2002/05	1.70	0.05	3765.63
2002/06	1.62	0.05	3765.68
2002/07	1.54	0.05	3765.72
2002/08	1.46	0.05	3765.77
2002/09	1.39	0.04	3765.81
2002/10	1.33	0.04	3765.85
2002/11	1.26	0.04	3765.89
2002/12	1.20	0.04	3765.93
2003/01	1.15	0.04	3765.96
2003/02	1.09	0.03	3765.99
2003/03	1.04	0.03	3766.03
2003/04	0.99	0.03	3766.06
2003/05	0.94	0.03	3766.08

DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. MMscf	CUM. PROD. MMscf
2003/06	0.90	0.03	3766.11
2003/07	0.85	0.03	3766.14
2003/08	0.81	0.03	3766.16
2003/09	0.77	0.02	3766.19
2003/10	0.74	0.02	3766.21

BASIS FOR PRODUCTION FORECAST

Well Name: Mark Owen #3

Well Location: Unit I, 1980' FSL & 960' FEL
Sec 34, T21S, R37E

Field Name: Blinebry Oil & Gas

An OGCI Production Analyst Software Program was used to determine the decline through historical data points and to project forecasted production. The decline rate was derived from the slope of the best fit line through the historical production values over the time period shown below. The decline projection was then moved to start at the last point prior to the workover.

Start of Historical Production Period: Mar-95
End of Historical Production Period: Mar-96

Type of Decline Rate & Projection Used : _X_ Exponential ___ Hyperbolic