

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT --" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well: ☒ OIL WELL ☐ GAS WELL ☐ OTHER

2. Name of Operator
TEXACO EXPLORATION & PRODUCTION INC.

3. Address and Telephone No. 205 E. Bender, HOBBS, NM 88240 397-0405

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit Letter K : 2008 Feet From The SOUTH Line and 2022 Feet From The
WEST Line Section 35 Township 24S Range 37E

5. Lease Designation and Serial No.
LC-032874 A

6. If Indian, Alottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and Number
ERWIN, G. L. -A- FEDERAL
5

9. API Well No.
30 025 30875

10. Field and Pool, Exploatory Area
JUSTIS BLINEBRY/TUBB DRINKARD

11. County or Parish, State
LEA, NEW MEXICO

12. Check Appropriate Box(s) To Indicate Nature of Notice, Report, or Other Data

| TYPE OF SUBMISSION | TYPE OF ACTION |
|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Abandonment |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> Attering Casing |
| | <input checked="" type="checkbox"/> OTHER: Remove CIBP & DHC |
| | <input type="checkbox"/> Change of Plans |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Conversion to Injection |
| | <input type="checkbox"/> Dispose Water |

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

Texaco intends to remove the CIBP across the Drinkard interval & DHC the Blinebry & Drinkard intervals. The intended procedure is as follows:

1. MIRU PU.
2. TOH with rods & pump.
3. Install BOP.
4. TOH with 2 7/8" tubing.
5. TIH with bit & WS. RU air eqpt & power swivel. CO fill & cut over CIBP & push to 6265'. (CIBP set @ 6265'.)
6. TIH with sonic hammer tool & acidize wash the Blinebry & Drinkard perms fr 5106-6178' w/5000 gals 15% NEFE HCL.
7. Swab back load.
8. TOH with tbq & sonic hammer tool.
9. TIH with prod tbq. Land well.
10. TIH with rods & pump. Return to production.

Order # R-10371

14. I hereby certify that the foregoing is true and correct.

SIGNATURE J. Denise Leake TITLE Engineering Assistant DATE 3/2/99
TYPE OR PRINT NAME J. Denise Leake

(This space for Federal or State office use)

APPROVED BY Chris Williams TITLE DISTRICT 1 SUPERVISOR DATE MAR 11 1999
CONDITIONS OF APPROVAL, IF ANY:

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

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

State of New Mexico

Energy, Minerals and Natural Resources Department

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**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|---|
| ¹ API Number 30 025 30875 | ² Pool Code 34220 | ³ Pool Name JUSTIS BLINEBRY/TUBB DRINKARD |
| ⁴ Property Code 10929 | ⁵ Property Name ERWIN, G. L. -A- FEDERAL | ⁶ Well No. 5 |
| ⁷ OGRID Number 022351 | ⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC. | ⁹ Elevation 3177' |

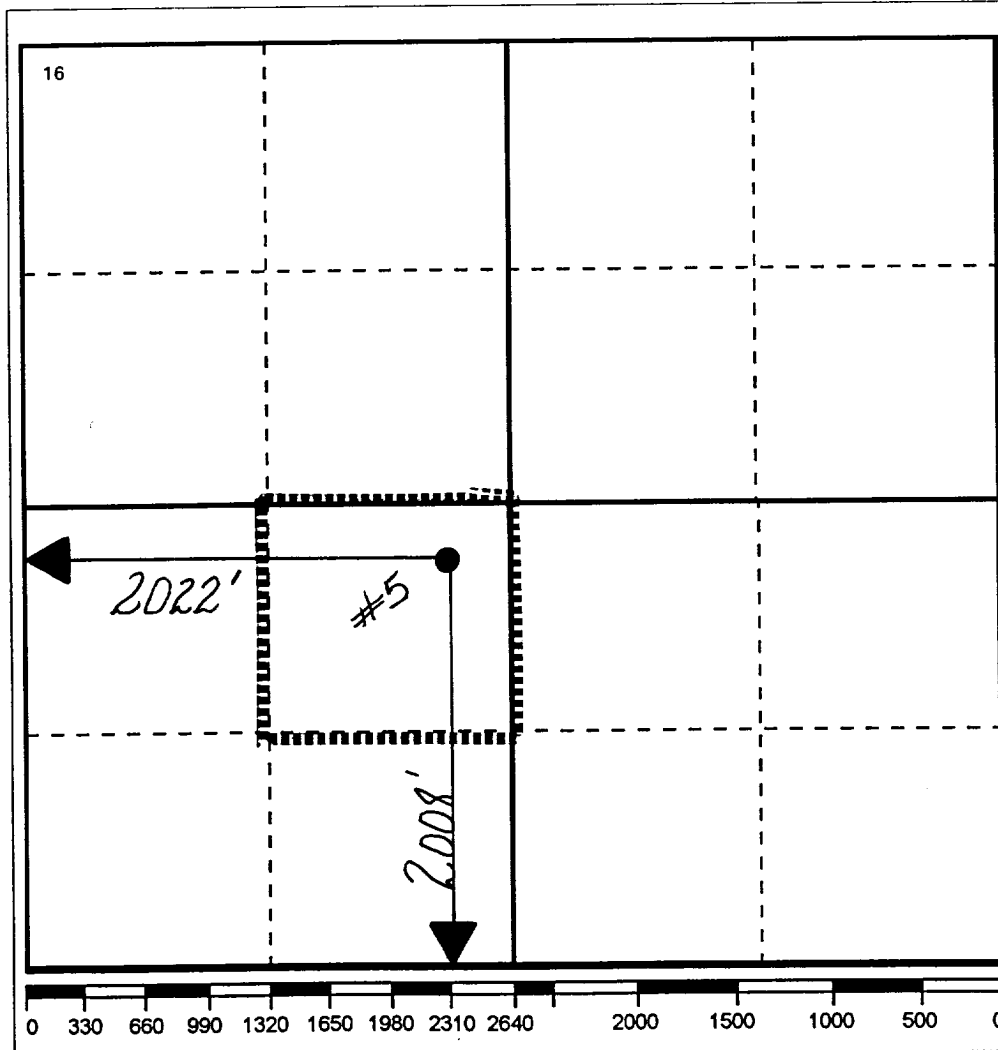
¹⁰ Surface Location

| UI or lot no. | Section | Township | Range | Lot.Idn | Feet From The | North/South Line | Feet From The | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 35 | 24S | 37E | | 2008 | SOUTH | 2022 | WEST | LEA |

¹¹ 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 |
|-------------------------------------|-------------------------------------|----------------------------------|-------------------------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ¹² Dedicated Acres 40 | ¹³ Joint or Infill No | 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



| |
|---|
| 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief |
| Signature <i>J. Denise Leake</i> |
| Printed Name J. Denise Leake |
| Position Engineering Assistant |
| Date 3/2/99 |
| 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 |
| Signature & Seal of Professional Surveyor |
| Certificate No. |

B

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11278
Order No. R-10371

APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC. FOR DOWNHOLE
COMMINGLING, LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 4, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of May, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Texaco Exploration and Production Inc., seeks authority to downhole commingle Justis-Blinbry and Justis Tubb-Drinkard Pool production within those existing and subsequently drilled wells located within the following described area in Lea County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 26: E/2, SW/4 SW/4

Section 35: All

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 2: SW/4, S/2 NW/4, NW/4 NW/4

(3) The subject acreage is contained within the applicant's 1995 Re-development Area, and is composed of the following described Federal and State Leases. The interest ownership within any given lease, according to applicant's testimony, is common throughout including working, royalty and overriding royalty interests:

| <u>LEASE NAME</u> | <u>DESCRIPTION</u> |
|------------------------|---------------------------|
| Erwin "B" NCT-1 | NE/4 Section 26 |
| Fristoe "B" NCT-2 | SE/4 Section 26 |
| | NE/4, E/2 NW/4 Section 35 |
| Fristoe NCT-1 | SW/4 SW/4 Section 26 |
| Fristoe "A" NCT-1 | W/2 NW/4 Section 35 |
| Erwin "A" | SW/4 Section 35 |
| Erwin "B" NCT-2 | SE/4 Section 35 |
| State "BB" | NW/4 NW/4 Section 2 |
| State "L" | S/2 NW/4 Section 2 |
| N.M. State "BZ" NCT-10 | SW/4 Section 2 |

(4) According to Division records, there are approximately fifteen wells currently producing from the Justis-Blinebry, two wells currently producing from the Justis Tubb-Drinkard, and nine wells currently downhole commingled in the Justis-Blinebry and Justis Tubb-Drinkard Pools within the subject area.

(5) Applicant's testimony indicates that approximately twelve of the existing wells within the subject area are candidates for downhole commingling. In addition, applicant testified that an additional ten wells, which may be drilled in the near future within the subject area, are also candidates for downhole commingling.

(6) The Justis-Blinebry and Justis Tubb-Drinkard Pools within the subject area are in an advanced state of primary depletion.

(7) According to production data presented by the applicant, the average production from the Justis-Blinebry and Justis Tubb-Drinkard Pools within the nine downhole commingled wells it operates within the subject area is approximately 3.22 and 3.0 BOPD, respectively.

(8) Division records further indicate that during December, 1993, the average production from the Justis-Blinebry and Justis Tubb-Drinkard Pools within the subject area was approximately 7.3 BOPD and 43.0 MCFGD and 2.0 BOPD and 12.0 MCFGD, respectively.

(9) Due to the marginal nature of both producing horizons, applicant testified that it is much more economic to downhole commingle existing and subsequently drilled wells within the subject area as opposed to dually completing these wells.

(10) In its newly drilled wells, the applicant expects to encounter producing rates of approximately 50 BOPD, however, these rates should decline sharply in a short period of time.

(11) The applicant further demonstrated through its evidence and testimony that within the wells it proposes to commingle within the subject area:

- a) there will be no crossflow between the commingled pools;
- b) none of the commingled zones exposes the others to damage by produced liquids;
- c) the fluids from each zone are compatible with the other;
- d) the bottomhole pressure of the lower pressure zones should not be less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

(12) The evidence indicates that the proposed downhole commingling is necessary in order to economically recover the remaining oil and gas reserves within the Blinbry and Tubb-Drinkard formations underlying the subject area.

(13) Approval of the subject application will allow the applicant the opportunity to recover additional oil and gas reserves from the Blinbry and Tubb-Drinkard formations which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(14) The applicant proposed that the production from a well on a given lease within the subject area be allocated on the basis of cumulative Blinbry and Tubb-Drinkard production that has occurred on such lease.

(15) A more accurate method of allocating production from the subject wells should be utilized.

(16) Production from the wells within the subject area should be allocated as follows:

- a) for existing wells where production history from both zones is available, the allocation of production should be determined by such production history;
- b) for existing wells where production history from only one zone is available, the applicant should be required to calculate remaining recoverable reserves from each zone and the allocation of production should be determined utilizing these calculations;
- c) for newly drilled wells, the applicant should be required to obtain a stabilized test rate from the Blinebry zone and a stabilized test rate from the commingled Blinebry/Tubb-Drinkard zones. The allocation of production should be determined on the basis of such flow tests.

(17) The applicant should be required to submit the data described in Finding No. (16) above to the Santa Fe office of the Division for approval of the allocation percentages determined for each well within the subject area.

(18) The applicant should notify the supervisor of the Division's Hobbs district office of the date and time of the conductance of flow tests on the newly drilled wells within the subject area in order that these tests may be witnessed.

(19) The operator should immediately notify the supervisor of the Hobbs district office of the Division any time any of the subject wells have been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco Exploration and Production Inc., is hereby authorized to downhole commingle Justis-Blinebry and Justis Tubb-Drinkard Pool production within those existing and subsequently drilled wells located within the following described area in Lea County, New Mexico:

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TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 26: E/2, SW/4 SW/4

Section 35: All

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 2: SW/4, S/2 NW/4, NW/4 NW/4

(2) Production from the wells within the subject area shall be allocated as follows:

- a) for existing wells where production history from both zones is available, the allocation of production shall be determined by such production history;
- b) for existing wells where production history from only one zone is available, the applicant shall calculate remaining recoverable reserves from each zone and the allocation of production shall be determined utilizing these calculations;
- c) for newly drilled wells, the applicant shall obtain a stabilized test rate from the Bluebry zone and a stabilized test rate from the commingled Bluebry/Tubb-Drinkard zones. The allocation of production shall be determined on the basis of such flow tests.

(3) The applicant shall submit the data described in Ordering Paragraph No. (2) above to the Santa Fe office of the Division for approval of the allocation percentages determined for each well within the subject area.

(4) The applicant shall notify the supervisor of the Division's Hobbs district office of the date and time of the conductance of flow tests on the newly drilled wells within the subject area in order that these tests may be witnessed.

(5) The operator shall immediately notify the supervisor of the Hobbs District Office of the Division any time any of the subject wells have been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

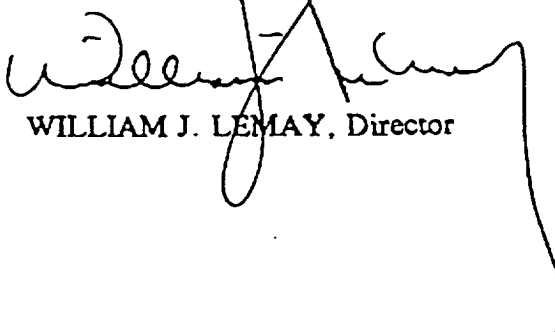
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY, Director

S E A L