

12/3/07 DATE IN	SUSPENSE	Brooks ENGINEER	12/4/07 LOGGED IN	NSL TYPE SD	PKUR0733828486 APP NO. PKUR0733828715
--------------------	----------	--------------------	----------------------	----------------	--

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Chevron USA INC
WT McComack #26
NSL-5768

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☒ NSL ☐ NSP ☒ SD
- Check One Only for [B] or [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
- [D] Other: Specify _____
- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Sarah Rittenhouse
Print or Type Name

Sarah Rittenhouse
Signature

Project Manager / Geologist
Title

11/6/2007
Date

Sarah.Rittenhouse@chevron.com
e-mail Address



Sarah C. Rittenhouse
Project Manager / Geologist

North America Upstream
Midcontinent Business Unit
11111 S. Wilcrest, Rm S1037
Houston, Texas 77099
Tel (281) 561-3773
Fax (281) 561-3576
sarah.rittenhouse@chevron.com

October 30, 2007

Request for Administrative Approval of
Unorthodox Oil Well Location and
Simultaneous Dedication

Mr. Mark E. Fesmire
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Chevron respectfully requests administrative approval of an unorthodox oil well location for the following well:

W.T. McComack #26
2485' FNL & 330' FEL, SE/4 NE/4 of
Section 32, T21S, R37E, Unit Letter H
Lea County, New Mexico

The proposed well will be an infill producer in the Penrose Skelly, Grayburg Pool [Pool Code 50350], which is an oil pool spaced on 40 acres. This well is a continuation of our 5 year infill drilling in the same Pool. Chevron's technical analysis of the reservoir still supports the contention that typical Grayburg wells cannot drain 40 acres.

The SE/4 NW/4 of Section 30 will be simultaneously dedicated in the Penrose Skelly, Grayburg Pool to the proposed well and to the W.T. McComack #8. The W.T. McComack #8 was drilled in 1974 and was completed as a Penrose Skelly producer. Chevron also requests approval of the simultaneous dedication.

This application is based on geological and engineering analysis. The analysis and justification for this request is attached as Exhibit 1, along with other supporting documentation. There are seven wells that have produced the Grayburg formation in the NE/4 of Section 32. The proposed well will be located in the approximate southeast center point of those wells and 330' off the lease line. Based on drainage calculations, Chevron believes that drilling the infill well will recover reserves that would not be recovered by existing Grayburg producers.

A land plat highlighting the proposed well's location is attached as Exhibit 2. The E/2 of Section 32 is covered by a single fee lease and has common royalty and working interest ownerships. For that reason and the proposed location of the infill well, there are no adversely affected interest owners and no one has been notified of this application.

RECEIVED
2007 DEC 3 PM 1 29

October 30, 2007

Page 2

If you have any questions concerning this application or need additional information, please contact me by phone at (281) 561-3773 or by email at sarah.rittenhouse@chevron.com. If I am not available, you can also reach Meilin Du by phone at (281) 561-3564 or by email at meilin.du@chevron.com. Thank you for consideration of this matter.

Sincerely,

A handwritten signature in black ink that reads "Sarah C. Rittenhouse". The signature is fluid and cursive, with the first name "Sarah" being the most prominent part.

Sarah C. Rittenhouse
Project Manager / Geologist

Attachments

cc: NMOCD District 1 – Hobbs, NM
Sarah Rittenhouse
Meilin Du
Ed Van Reet
Well File

NOTIFICATION LIST

Application of Chevron U.S.A. Inc. for Administrative Approval of an Unorthodox Oil Well Location and Simultaneous Dedication:

W.T. McComack #26

2485' FNL & 330' FEL, SE/4 NE/4 of
Section 32, T21S, R37E, Unit Letter H
Lea County, New Mexico

Offset Operators, Working Interest Owners, E/2 Section 32:

- | | | |
|----|---|------------------|
| 1. | Chevron U.S.A. Inc.
11111 S. Wilcrest
Houston, TX 77099 | Operator/100% WI |
|----|---|------------------|

EXHIBIT 1

ENGINEERING AND GEOLOGICAL JUSTIFICATION

Application of Chevron U.S.A. Inc. for Administrative Approval of an Unorthodox Oil Well Location and Simultaneous Dedication:

W.T. McComack #26

2485' FNL & 330' FEL, SE/4 NE/4 of
Section 32, T21S, R37E, Unit Letter H
Lea County, New Mexico

PRIMARY OBJECTIVE: GRAYBURG

SUPPORTING DATA:

1. Chevron U.S.A. Inc. (Chevron) is the operator of the proposed W.T. McComack #26 well (Exhibit 3). The proposed total depth is 4300' in the top of the San Andres formation.
2. The completion will be in the Penrose Skelly, Grayburg Oil Pool and the proposed location encroaches toward the following wells (Exhibit 4).

Operator	API #	Lease Name	Well #	Location	Formation	Cum Prod		Current Prod		Status
						BO	MCF	BOPD	MCFPD	
Chevron	30025069810001	CDU	141	33E 21S 37E	Grayburg	37	0	0	0	InactiveOil
Chevron	30025069300000	WT McComack	1	32A 21S 37E	Grayburg	38	1003	4	224	Oil
Chevron	30025069310000	WT McComack	2	32B 21S 37E	Grayburg	137	1096	6	197	Oil
Chevron	30025069320001	WT McComack	3	32P 21S 37E	Grayburg	13	702	3	279	Oil
Chevron	30025069330000	WT McComack	4	32O 21S 37E	Grayburg	96	736	1	134	Oil
Chevron	30025069350000	WT McComack	6	32J 21S 37E	Grayburg	81	932	0	191	Oil
Chevron	30025069360000	WT McComack	7	32I 21S 37E	Grayburg	33	0	0	0	InactiveOil
Chevron	30025069370000	WT McComack	8	32H 21S 37E	Grayburg	67	1027	1	154	Oil
Chevron	30025069400000	WT McComack	11	32A 21S 37E	Grayburg	4	7	0	0	InactiveOil
Chevron	30025367430000	WT McComack	20	32O 21S 37E	Grayburg	38	335	12	172	Oil
Chevron	30025069620001	CDU	148	33L 21S 37E	Grayburg	28	0	0	0	InactiveOil
Chevron	30025231170002	WT McComack	17	32I 21S 37E	Grayburg	14	608	3	223	Oil
Chevron	30025069320000	WT McComack	3	32P 21S 37E	Grayburg	92	817	0	0	InactiveOil
Chevron	30025367440000	WT McComack	21	32G 21S 37E	Grayburg	7	335	1	99	Oil
Chevron	30025069340000	WT McComack	5	32G 21S 37E	Grayburg	0	0			InactiveOil
Chevron	30025371800000	WT McComack	22	32B 21S 37E	Grayburg	27	590	9	204	Oil
Chevron	30025371790000	WT McComack	23	32G 21S 37E	Grayburg	18	425	6	198	Oil
Chevron	30025378370000	WT McComack	24	32B 21S 37E	Grayburg	10	336	4	236	Oil
Chevron	30025378380000	WT McComack	25	32P 21S 37E	Grayburg	19	218	11	239	Oil
Chevron	30025069430000	WT McComack	5	32G 21S 37E	Grayburg	76	0	0	0	InactiveOil

3. The proposed W.T. McComack #26 unorthodox Grayburg location is based primarily on drainage considerations:

- a. Grayburg Reservoir

The Grayburg is a series of alternating subtidal and supratidal dolomites with the subtidal rock having porosity and hydrocarbons while the supratidal rock is tight. The Grayburg depositional environments varied rapidly so that many porous and tight intervals are not continuous from well to well on 40-acre spacing. Tight dolomite and/or anhydrite intervals within the Grayburg create vertical and horizontal flow barriers between different zones of porosity. Additionally, average porosity of the Grayburg is less than 10%, and the average permeability is less than 1 millidarcy. For all of these reasons, Grayburg wells are not usually capable of draining a 40-acre proration unit.

The reservoir was also analyzed by mapping the Hydrocarbon Pore Volume (HCPV) (Exhibit 5). HCPV is the product of feet of net pay (h) times average porosity (phi) times oil saturation (S_o). The attached map is the arithmetic product of grids interpreted from those values. The values were obtained as follows:

1. Net pay was read from either modern neutron-density logs or estimated from a map developed from gross pay times net-to-gross ratio (Exhibit 4).
2. Average porosity was calculated from modern well logs using a minimum of 6% crossplot porosity and a maximum of 20%.
3. Oil saturation was calculated from a fractional flow curve using representative water cut values.

The following table provides drainage areas calculated from the HCPV map and reserves of the offsetting wells.

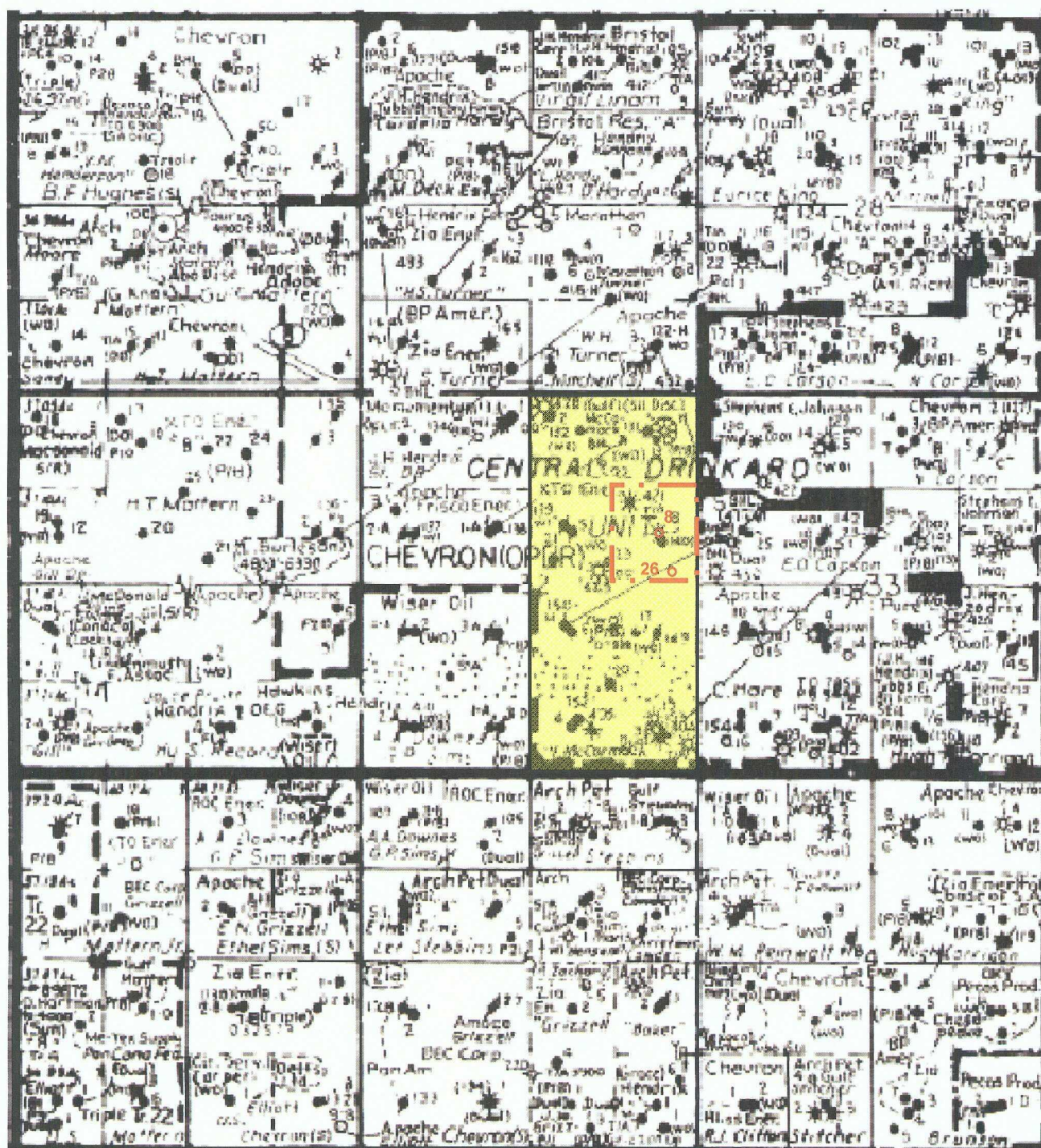
Operator	Well	#	API #	Location	Formation	Drainage Acres	EUR	
							MBO	MMCF
Chevron	CDU	141	30025069810001	33E 21S 37E	Grayburg	4	37	0
Chevron	WT McComack	1	30025069300000	32A 21S 37E	Grayburg	4	38	1003
Chevron	WT McComack	2	30025069310000	32B 21S 37E	Grayburg	15	137	1096
Chevron	WT McComack	3	30025069320001	32P 21S 37E	Grayburg	1	13	702
Chevron	WT McComack	4	30025069330000	32O 21S 37E	Grayburg	10	96	736
Chevron	WT McComack	6	30025069350000	32J 21S 37E	Grayburg	8	81	932
Chevron	WT McComack	7	30025069360000	32I 21S 37E	Grayburg	3	33	0
Chevron	WT McComack	8	30025069370000	32H 21S 37E	Grayburg	7	67	1027
Chevron	WT McComack	11	30025069400000	32A 21S 37E	Grayburg	0	4	7
Chevron	WT McComack	20	30025367430000	32O 21S 37E	Grayburg	4	38	335
Chevron	CDU	148	30025069620001	33L 21S 37E	Grayburg	3	28	0
Chevron	WT McComack	17	30025231170002	32I 21S 37E	Grayburg	1	14	608
Chevron	WT McComack	3	30025069320000	32P 21S 37E	Grayburg	10	92	817
Chevron	WT McComack	21	30025367440000	32G 21S 37E	Grayburg	1	7	335
Chevron	WT McComack	5	30025069340000	32G 21S 37E	Grayburg	0	0	0

Chevron	WT McComack	22	30025371800000	32B 21S 37E	Grayburg	3	27	590
Chevron	WT McComack	23	30025371790000	32G 21S 37E	Grayburg	2	18	425
Chevron	WT McComack	24	30025378370000	32B 21S 37E	Grayburg	1	10	336
Chevron	WT McComack	25	30025378380000	32P 21S 37E	Grayburg	2	19	218
Chevron	WT McComack	5	30025069430000	32G 21S 37E	Grayburg	8	76	0

As seen above, the average drainage area of the offsetting locations is only 4 acres, and additional reserves can be recovered by drilling the proposed infill well at an approximate equidistant location from the existing offsetting producers. Reserves for the proposed location were calculated using the HCPV map, a 6 acre drainage area, and a 15% recovery factor. The results are as follows:

Operator	Well	Location	HCPV	Drainage Acres	EUR	
					MBO	MMCF
Chevron	W.T. McComack #26	32-H	10.2	6	47	201

4. The N/2 of Section 30 is covered by a single fee lease which has common royalty and working interest ownerships. Chevron is the operator and 100% working interest owner of the Grayburg wells toward which the proposed well will encroach. Therefore, there are no offset interest owners or adversely affected parties to notify of this application.
5. The proposed W.T. McComack #26 will share a 40-acre proration unit and will be simultaneously dedicated with the W.T. McComack #8 as a Penrose Skelly, Grayburg producers in Section 32, Unit Letter H.
6. Approval of this application will allow for the recovery of oil and gas reserves which would not otherwise be recovered.



Chevron USA Inc.

W. T. McComack #8
 1980 FNL & 660 FEL, Unit H
 W. T. McComack #26 (proposed)
 2485 FNL & 330 FEL, Unit H
 Section 32, T21S-R37E
 Lea County, New Mexico



W. T. McComack Lease

40 Acre Proration Unit

Scale: 1"=2000 Approx.'

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name W.T. McCOMACK	Well Number 26
OGRID No.	Operator Name CHEVRON USA INC.	Elevation 3455'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	32	21-S	37-E		2485	NORTH	330	EAST	LEA

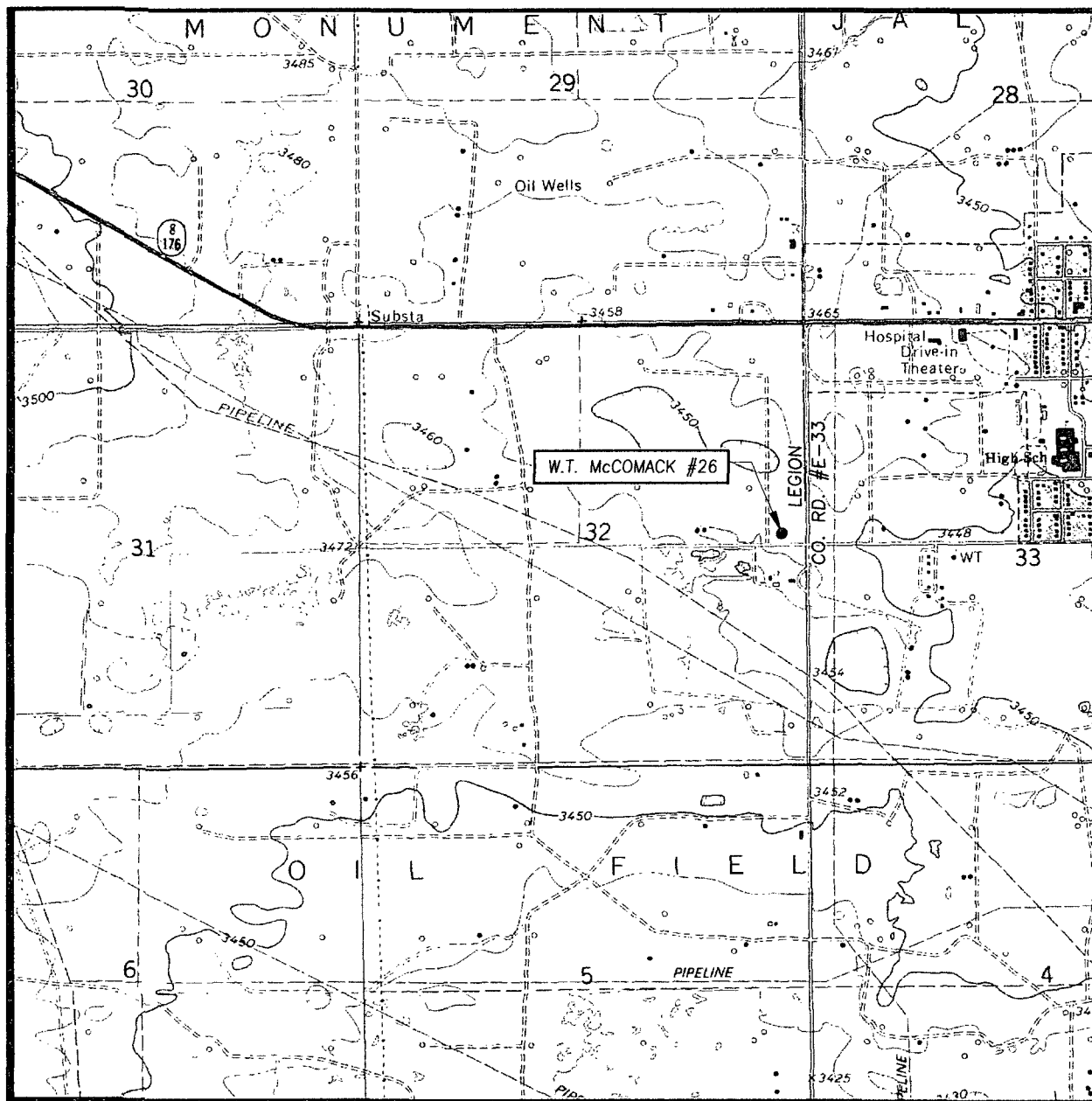
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	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><p>GEODETIC COORDINATES NAD 27 NME</p><p>Y=524143.2 N X=856715.4 E</p><p>LAT.=32.435675° N LONG.=103.177152° W</p></div>	<div><p>2485'</p><p>330'</p></div>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>SURVEYOR CERTIFICATION</p> <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> <p>DATE SURVEYED OCTOBER 12, 2007 SIGNATURE & SEAL OF 3239 PROFESSIONAL SURVEYOR RONALD J. EIDSON 07.11.1546</p> <p>Certificate No. GARY EIDSON 12841</p>
---	------------------------------------	---

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'

SEC. 32 TWP. 21-S RGE. 37-E

SURVEY _____ N.M.P.M.

COUNTY LEA STATE NEW MEXICO

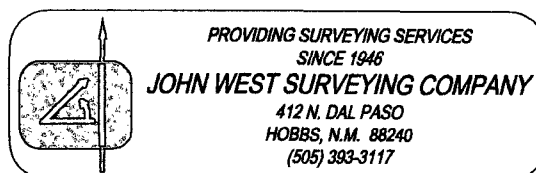
DESCRIPTION 2485' FNL & 330' FEL

ELEVATION 3455'

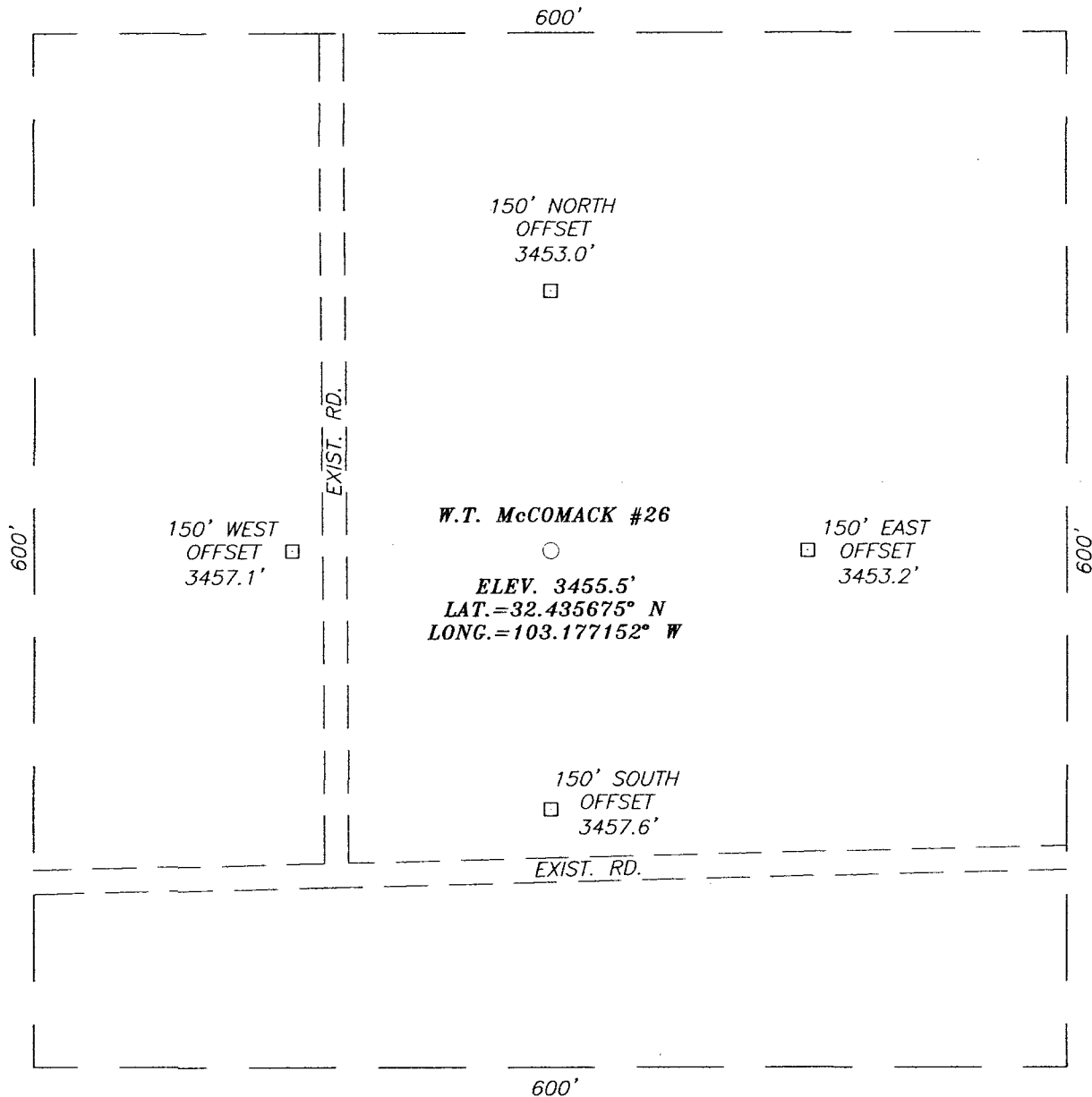
OPERATOR CHEVRON USA INC.

LEASE W.T. McCOMACK

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.

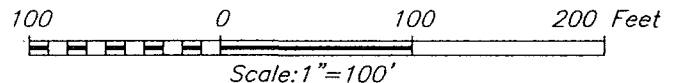


SECTION 32, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF STATE HWY. 8 AND
 LEGION RD. (CO. RD. #E-33) GO SOUTH ON
 LEGION RD. APPROX. 0.5 MILES. TURN RIGHT
 (WEST) AND GO APPROX. 0.1 MILE. TURN RIGHT
 (NORTH) AND GO APPROX. 200 FEET. THIS
 LOCATION IS APPROX. 200 FEET RIGHT (EAST).



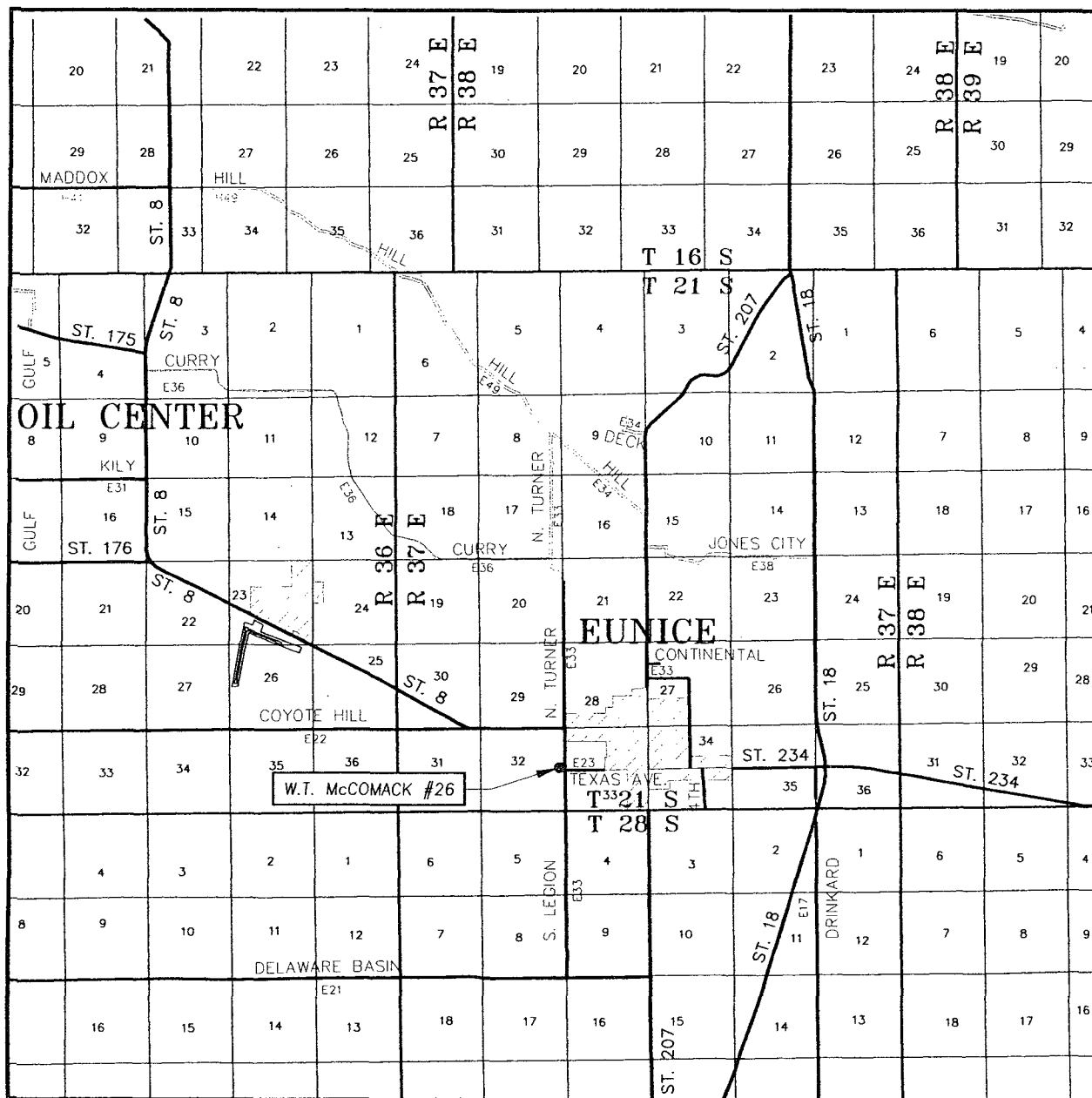
CHEVRON USA INC.

W.T. McCOMACK #26 WELL
 LOCATED 2485 FEET FROM THE NORTH LINE
 AND 330 FEET FROM THE EAST LINE OF SECTION 32,
 TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

Survey Date: 10/9/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.1316	Dr By: DSS
Date: 10/15/07	Rev 1:N/A
Disk: .	07111316
	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 32 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

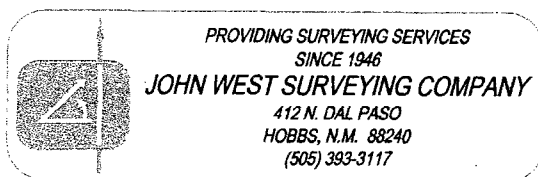
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2485' FNL & 330' FEL

ELEVATION 3455'

OPERATOR CHEVRON USA INC.

LEASE W.T. McCOMACK



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 South St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office

Exhibit 3.1

☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 50350	³ Pool Name Penrose Skelly; Grayburg
⁴ Property Code	⁵ Property Name W.T. McComack	⁶ Well Number 26
⁷ OGRID No. 4323	⁸ Operator Name Chevron U.S.A., Inc.	⁹ Elevation 3455'


¹⁰ Surface Location

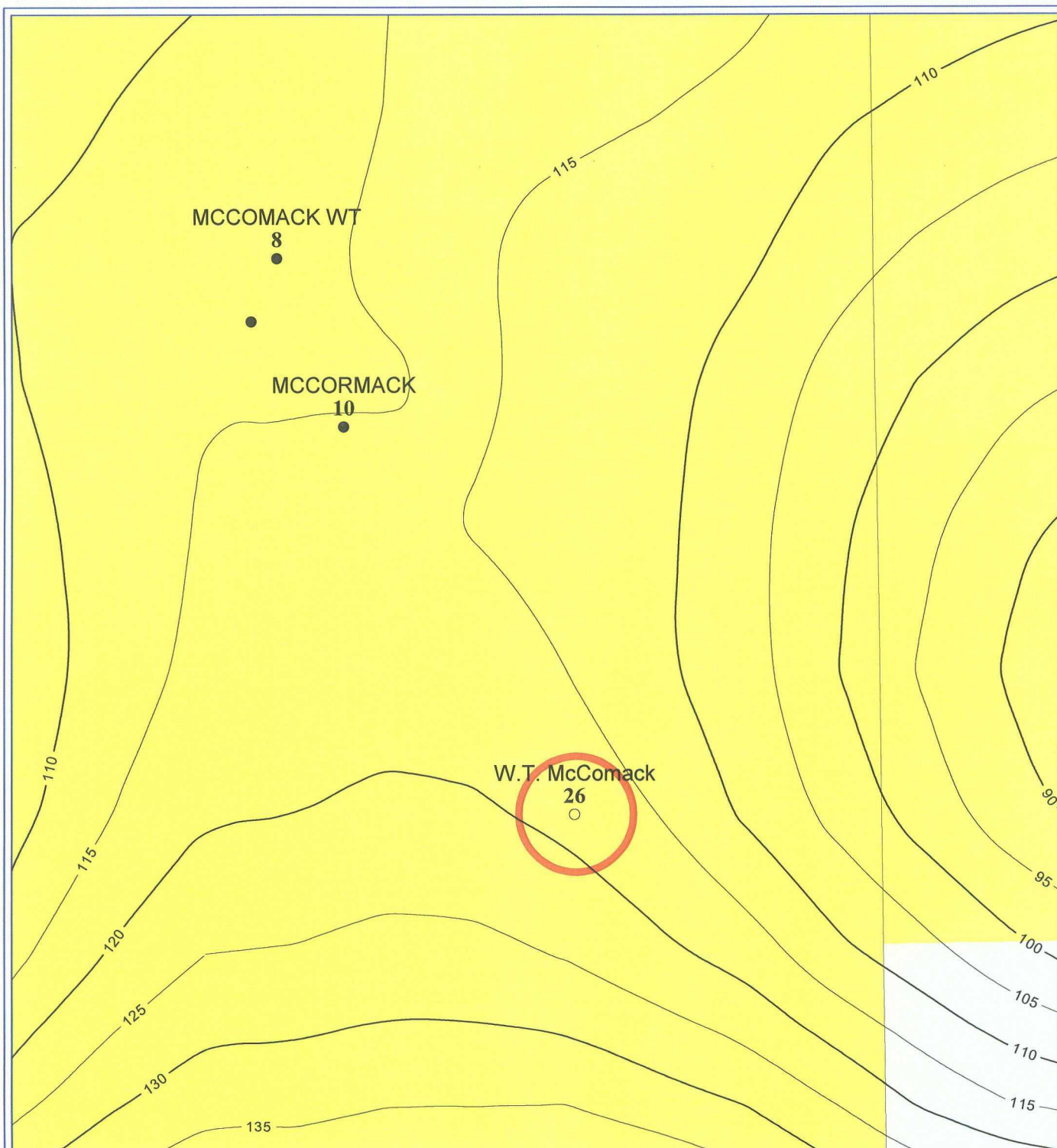
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	32	21S	37E		2485	North	330	East	Lea

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.						

**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><p>16</p><p>2485'</p><p>32</p><p>40-acre proration unit</p><p>26</p><p>330'</p><p>W T McComack Lease</p></div>	<div><p>17</p><p>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 Sarah C. Rittenhouse Printed Name Geologist Title November 1, 2007</p></div> <div><p>18</p><p>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></div>
---	--



PETRA 11/27/2007 8:38:38 AM



Chevron U.S.A. Inc.

EXHIBIT 4

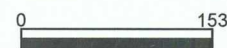
Penrose-Skelly Field W.T. McComack 26

Sec 32, T21S-37E, Lea CO, New Mexico

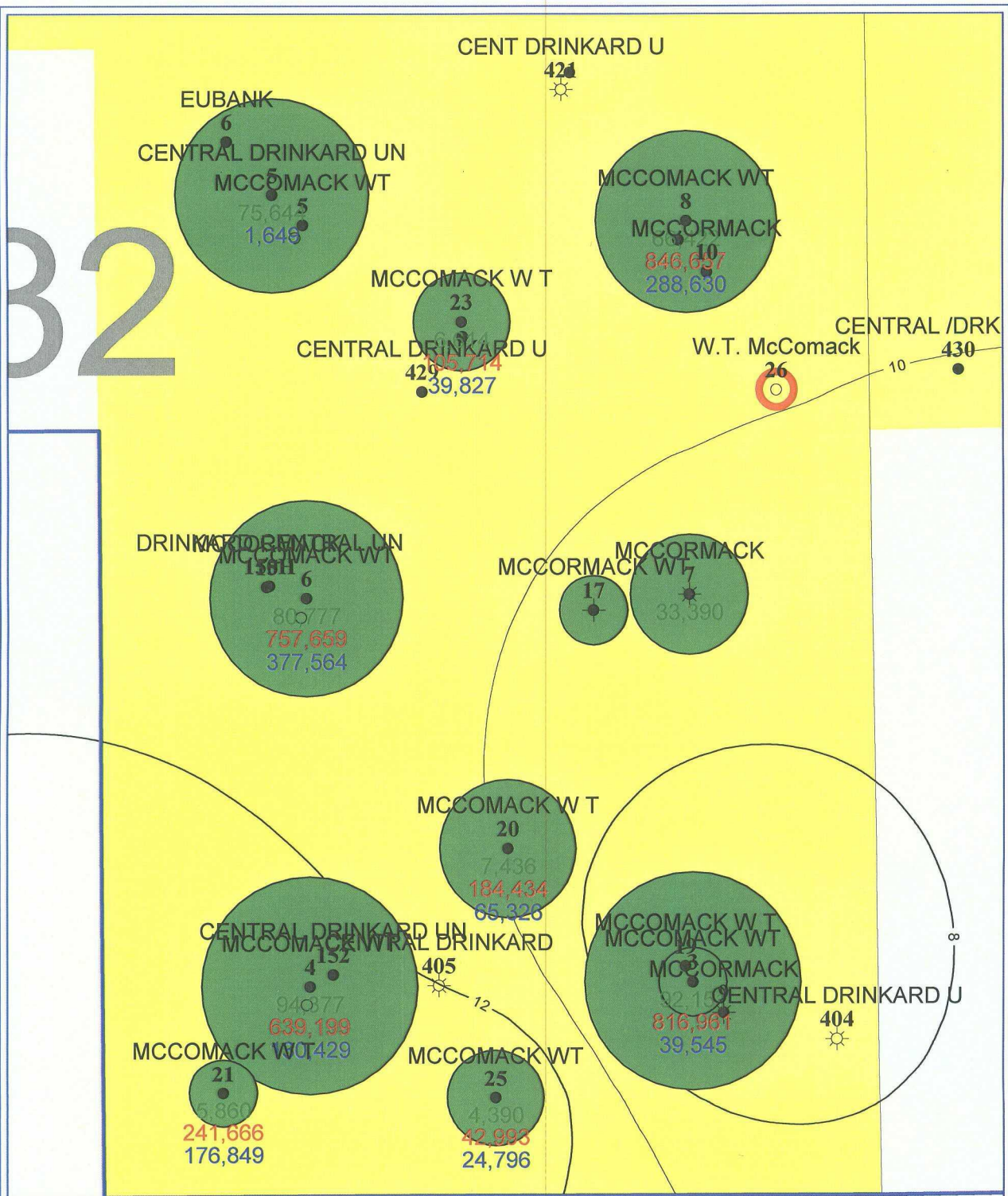
Grayburg Net Pay CI=5'[Gr<40, Por>6%]

POSTED WELL DATA

Well Name
Well Number



FEET



PETRA 11/28/2007 8:36:37 AM



Chevron U.S.A. Inc.

EXHIBIT 5

Penrose Skelly Field H.T. McComack 26

Sec 32, T21S-37E, Lea CO, New Mexico

Grayburg HCPV CI=2 & EUR - Drainage

POSTED WELL DATA

Well Name
Well Number



PRODUCTION - O. GRAYBURG
PRODUCTION - G. GRAYBURG
PRODUCTION - W. GRAYBURG

0 525