

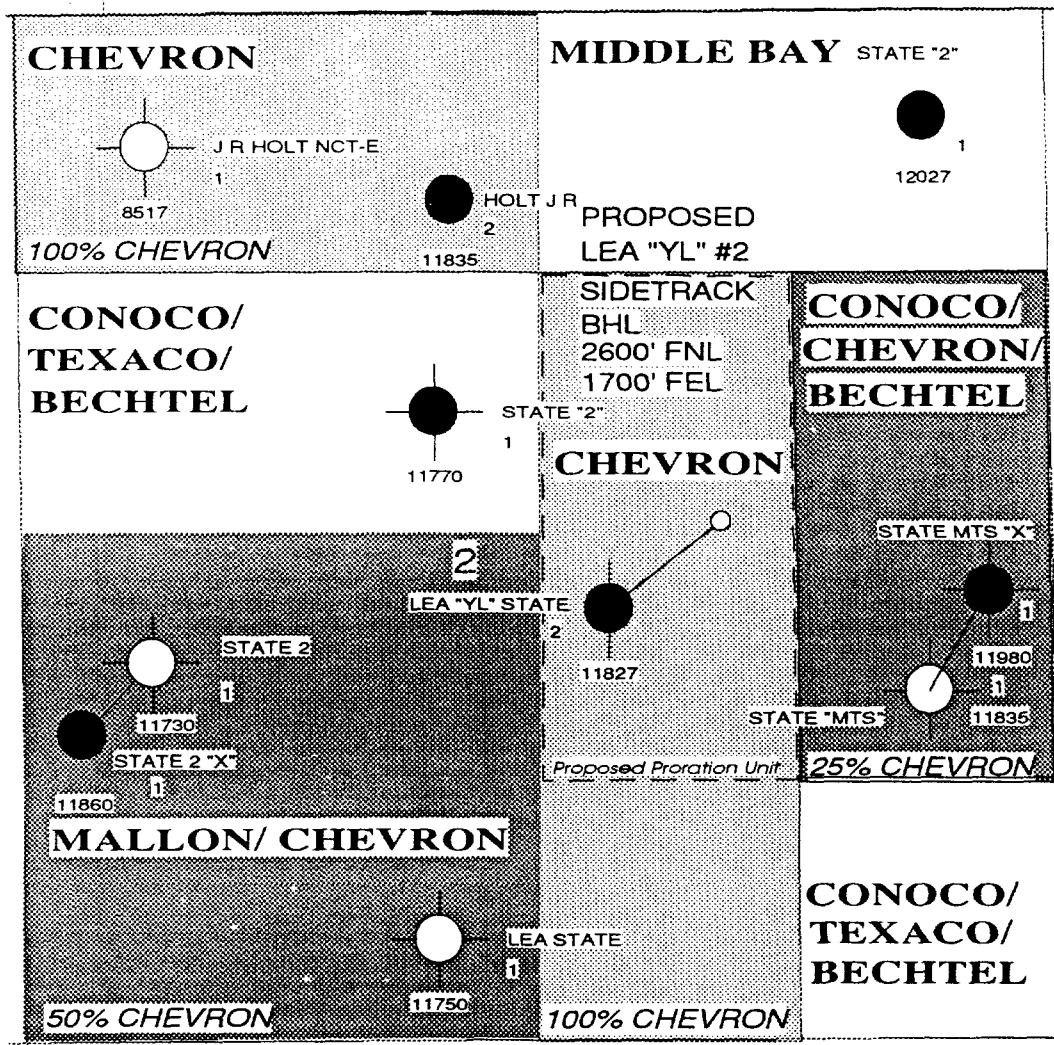
Chevron USA - Shipp Strawn Pool		
Proration Unit Map Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		08/20/95
	Scale 1:12000.	

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11367 Exhibit No. 1

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995



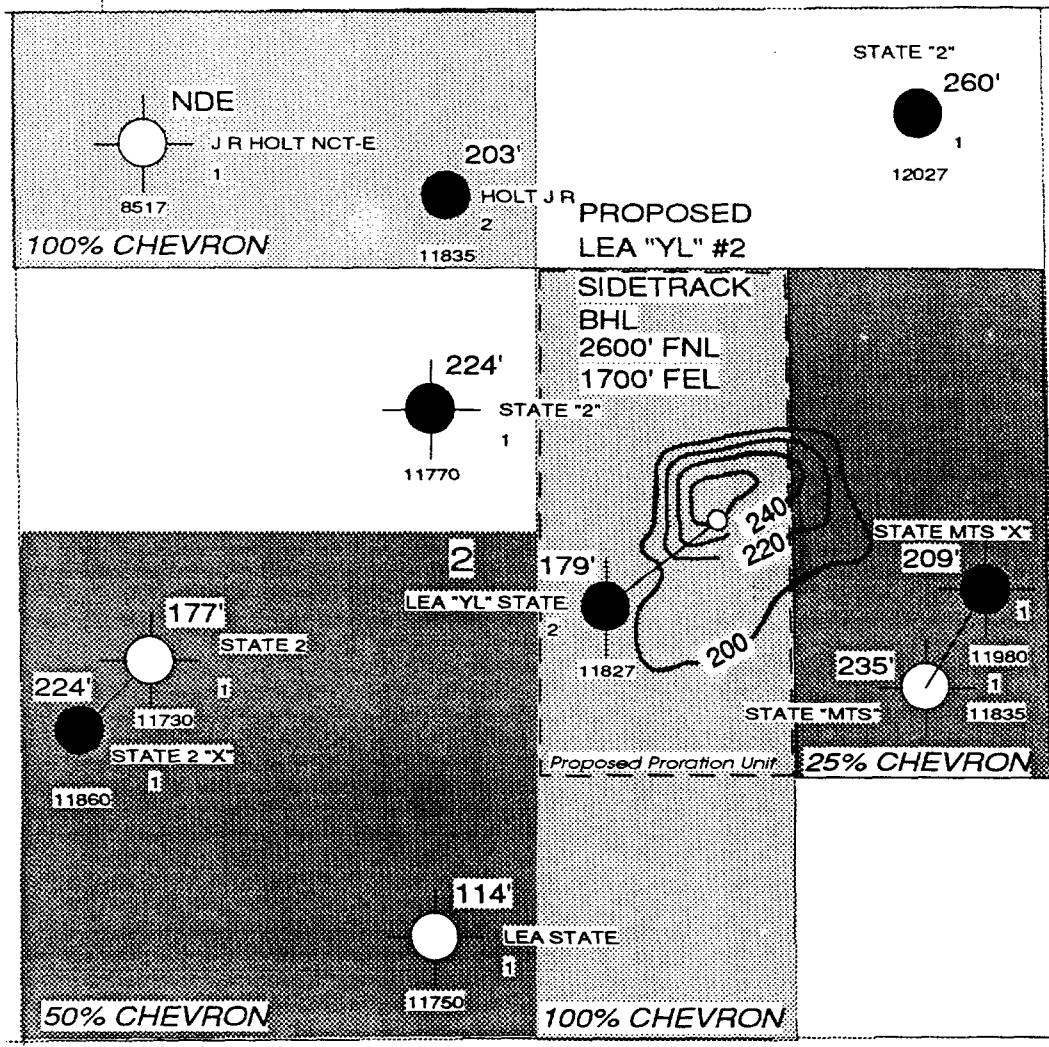
Chevron USA - Shipp Strawn Pool		
Operator Map Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		08/13/95
	Scale 1:12000.	

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 2

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995



Chevron USA - Shipp Strawn Pool		
Strawn Isopach Map Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher	C.I. = 20'	08/11/95
	Scale 1:12000.	

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 3

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995

CHEVRON USA - SHIPP STRAWN POOL

**Proposed Lea "YL" #2 Sidetrack
BHL: 2600' FNL 1700' FEL Section 2-T17S-R37E
Lea County, N.M.**

TARGET STRAWN MOUND VOLUMETRICS

Total Contoured Volume: 537 acre-feet

Total Contoured Volume In The Proposed Proration Unit: 445 acre-feet

% Contoured Volume In The Proposed Proration Unit: $445 \text{ acre-feet} / 537 \text{ acre-feet} = 83\%$

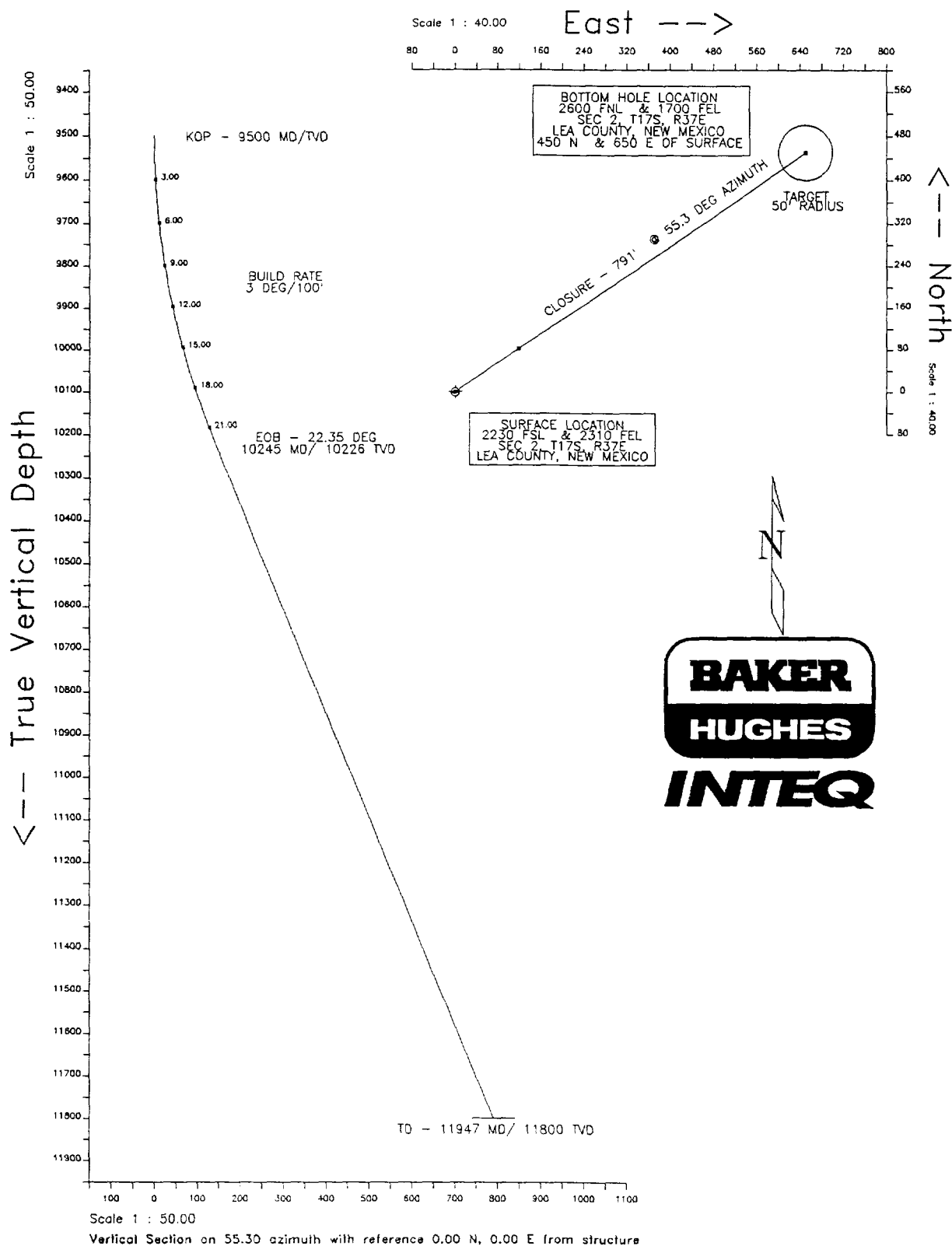
**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11367 Exhibit No. 4

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995

Location : LEA COUNTY, NEW MEXICO



**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 5

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES


IN THE MATTER OF THE APPLICATION
OF CHEVRON U.S.A. INC. FOR
DIRECTIONAL DRILLING, AN
UNORTHODOX BOTTOMHOLE OIL
WELL LOCATION AND A NON-
STANDARD OIL PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 11367

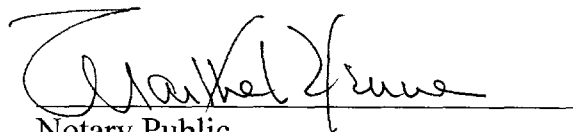
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Dave Rittersbacher, authorized representative of Chevron U.S.A. Inc., the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.


Dave Rittersbacher

SUBSCRIBED AND SWORN to before me this 23rd day of August, 1995.


Notary Public

My Commission Expires:

August 19, 1999

EXHIBIT A

Bechtel Energy Res. Corp.
5555 San Felipe, Suite 600
Houston, TX 77056

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705

Texaco Inc.
Post Office Box 3109
Midland, TX 79702

Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

Middle Bay Oil Company
Post Office Box 390
Mobile, AL 36601

NMOCD - District 1
Post Office Box 1980
Hobbs, NM 88240

OCD - District 1
1000 W. Broadway
Post Office Box 1980
Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural
Resources Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, NM 87504

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11367 Exhibit No. 6

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995

Bechtel Energy Res. Corp
5555 San Felipe, Suite 600
Houston, TX 77056

Mallon Oil Company
999 18th Street
Suite 1700
Denver, CO 80202

Is your RETURN ADDRESS completed on the reverse side?

SENDER: *Dore Litterbach*

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
BECHTEL ENERGY RES. CORP
5555 SAN FELIPE STE 600
HOUSTON TEXAS 77056

4a. Article Number *012070*

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery *8-9-95*

5. Signature (Addressee)
[Signature]

6. Signature (Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ★U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: *Dore Litterbach*

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
CONOCO INC
10 DESTA DR, STE 100W
MIDLAND TEXAS 79705

4a. Article Number *012028*

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery *[Signature]*

5. Signature (Addressee)
[Signature]

6. Signature (Agent)
Anita Gonzales

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ★U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: *Dore Litterbach*

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
TEXACO INC
P O BOX 3109
MIDLAND TEXAS 79702

4a. Article Number *012070*

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery *AUG - 2 1995*

5. Signature (Addressee)
[Signature]

6. Signature (Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ★U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <i>Dave Bittersbacher</i> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: MALLON OIL COMPANY 999 18th ST STE 1700 DENVER COLORADO 80202		4a. Article Number 002001	
5. Signature (Addressee) <i>[Signature]</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) <i>[Signature]</i>		7. Date of Delivery 8/5	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1991 ★U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <i>Dave Bittersbacher</i> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: MIDDLE BAY OIL COMPANY P O BOX 390 MOBILE ALABAMA 36601		4a. Article Number 002002	
5. Signature (Addressee) <i>[Signature]</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) <i>[Signature]</i>		7. Date of Delivery 8-4-95	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1991 ★U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

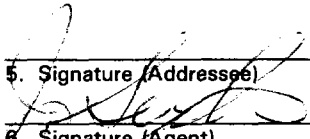

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <i>Dave Bittersbacher</i> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: NMOCD - District I P. O. Box 1980 Hobbs, NM 88240		4a. Article Number 002003	
5. Signature (Addressee) <i>[Signature]</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) <i>[Signature]</i>		7. Date of Delivery 8/2	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1991 ★U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

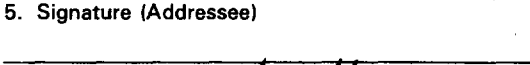

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none"> Complete items 1 and/or 2 for additional services. Complete items 3, and 4a & b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: OCD - DISTRICT I 1000 W BROADWAY P O BOX 1980 HOBBS NM 88240	4a. Article Number 002013	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
5. Signature (Addressee) 	7. Date of Delivery 7-7-95	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Agent) 		

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

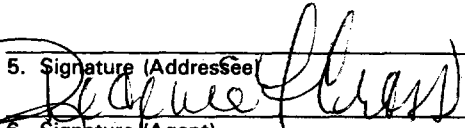
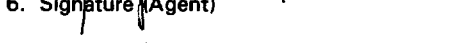
Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none"> Complete items 1 and/or 2 for additional services. Complete items 3, and 4a & b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: STATE OF NEW MEXICO ENERGY, MINERALS & NAT'L RESOURCES DEPARTMENT OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE NM 87504	4a. Article Number 002013	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
5. Signature (Addressee) 	7. Date of Delivery 7/12	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Agent) 		

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none"> Complete items 1 and/or 2 for additional services. Complete items 3, and 4a & b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: BECHTEL ENERGY RES. CORP 5555 SAN FELIPE, STE 600 HOUSTON TEXAS 77056	4a. Article Number 002013	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
5. Signature (Addressee) 	7. Date of Delivery 7-11-95	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Agent) 		

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

3. Article Addressed to:
CONOCO INC
10 DESTA DR, STE 100W
MIDLAND TEXAS 79705

4a. Article Number 42017

4b. Service Type
☐ Registered
☒ Certified
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery 7-7-91

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent) *[Signature]*

5. Signature (Addressee)

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print your name and address on the reverse of this form so that we can return this card to you.
 • Attach this form to the front of the mailpiece, or on the back if space does not permit.
 • Write "Return Receipt Requested" on the mailpiece below the article number.
 • The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
 Consult postmaster for fee.

Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

3. Article Addressed to:
TEXACO INC
P O BOX 3109
MIDLAND TEXAS 79702

4a. Article Number 42017

4b. Service Type
☐ Registered
☒ Certified
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery Jul - 7 1995

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent) *[Signature]*

5. Signature (Addressee)

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print your name and address on the reverse of this form so that we can return this card to you.
 • Attach this form to the front of the mailpiece, or on the back if space does not permit.
 • Write "Return Receipt Requested" on the mailpiece below the article number.
 • The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
 Consult postmaster for fee.

Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

3. Article Addressed to:
MIDDLE BAY OIL COMPANY
P O BOX 390
MOBILE ALABAMA 36601

4a. Article Number 42015

4b. Service Type
☐ Registered
☒ Certified
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery 7-10-95

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent) *[Signature]*

5. Signature (Addressee)

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print your name and address on the reverse of this form so that we can return this card to you.
 • Attach this form to the front of the mailpiece, or on the back if space does not permit.
 • Write "Return Receipt Requested" on the mailpiece below the article number.
 • The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
 Consult postmaster for fee.

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Is your RETURN ADDRESS completed on the reverse side?

Is your RETURN ADDRESS completed on the reverse side?

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

MALLOW OIL Company
999 18th ST.
Suite 1700
Denver Co, 80202

4a. Article Number

002020

4b. Service Type

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

5. Signature (Addressee)

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991

☆U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.



August 1, 1995
Midland, Texas

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

N.M. OCD Hearing - August 24, 1995
Application For Non- Standard Location And
Non-Standard Proration Unit
Chevron Lea "YL" State #2 Sidetrack
2600' FNL 1700' FEL
Section 2-T17S-R37E
Lea County, N.M.

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher
Senior Geologist
New Mexico Area

cc: NMOCD - Hobbs, New Mexico
A. L. Bohling
L. V. Trautman



August 1, 1995
Midland, Texas

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

**N.M. OCD Hearing - August 24, 1995
Application For Non- Standard Location And
Non-Standard Proration Unit
Chevron Lea "YL" State #2 Sidetrack
2600' FNL 1700' FEL
Section 2-T17S-R37E
Lea County, N.M.**

Texaco Inc.
P. O. Box 3109
Midland, Texas 79702

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher
Senior Geologist
New Mexico Area

cc: NMOCD - Hobbs, New Mexico
A. L. Bohling
L. V. Trautman



August 1, 1995
Midland, Texas

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

N.M. OCD Hearing - August 24, 1995
Application For Non- Standard Location And
Non-Standard Proration Unit
Chevron Lea "YL" State #2 Sidetrack
2600' FNL 1700' FEL
Section 2-T17S-R37E
Lea County, N.M.

Bechtel Energy Resources Corp.
5555 San Felipe, Suite 600
Houston, Texas 77056

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher
Senior Geologist
New Mexico Area

cc: NMOCD - Hobbs, New Mexico
A. L. Bohling
L. V. Trautman



August 1, 1995
Midland, Texas

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

N.M. OCD Hearing - August 24, 1995
Application For Non- Standard Location And
Non-Standard Proration Unit
Chevron Lea "YL" State #2 Sidetrack
2600' FNL 1700' FEL
Section 2-T17S-R37E
Lea County, N.M.

Mallon Oil Company
999 18th Street, Suite 1700
Denver, Colorado 80202

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher
Senior Geologist
New Mexico Area

cc: NMOCD - Hobbs, New Mexico
A. L. Bohling
L. V. Trautman



Chevron

August 1, 1995
Midland, Texas

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

N.M. OCD Hearing - August 24, 1995
Application For Non- Standard Location And
Non-Standard Proration Unit
Chevron Lea "YL" State #2 Sidetrack
2600' FNL 1700' FEL
Section 2-T17S-R37E
Lea County, N.M.

Middle Bay Oil Company
P. O. Box 390
Mobile, Alabama 36601

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher
Senior Geologist
New Mexico Area

cc: NMOCD - Hobbs, New Mexico
A. L. Bohling
L. V. Trautman



July 5, 1995
Midland, Texas

Administrative Application for Non-Standard Well Location
and Non-Standard Proration Unit
Shipp Strawn Oil Pool
Lea "YL" State #2 Sidetrack
2600' FNL 1700' FEL
Section 2, T17S, R37E
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 Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay - Director

Dear Mr. Lemay:

Chevron U.S.A. proposes to sidetrack the Lea "YL" State #2 to a non-standard location in the Shipp Strawn Oil Pool. The location of the original well bore is 2230' FSL 2310' FEL and the sidetrack bottom-hole location will be within a 50' radius of 2600' FNL 1700' FEL in Section 2, T17S, R37E, Lea County, N.M. The original Lea "YL" State #2 well is currently shut-in. The proposed 80 acre non-standard proration unit for this well would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. Administrative approval of this non-standard location and non-standard proration unit is requested.

Field rules for Shipp Strawn require 80 acre spacing and standard well locations to be within 150' of the center of a quarter-quarter section. A non-standard location was based on seismic analysis that showed the target Strawn limestone algal-mound reservoir was located north and east of the existing Lea "YL" State #2. The seismic data show that a commercial well is unlikely at a standard location. The proposed location is non-standard with respect to the east line, and the working interest owners to the east, Conoco and Bechtel, have provided waiver letters that are attached. The proposed location is also non-standard with respect to the north line that impacts only 100% Chevron leasehold. Field rules call for 80 acre proration units to be the N/2, S/2, E/2, or W/2 of a quarter section. The proposed proration unit for the Lea "YL" #2 sidetrack will consist of 100% Chevron leasehold in the SW/4 NE/4 and NW/4 SE/4 of Section 2. This proration unit was chosen because the well location lies very close to the boundary between the SW/NE and NW/SE quarter-quarter sections.

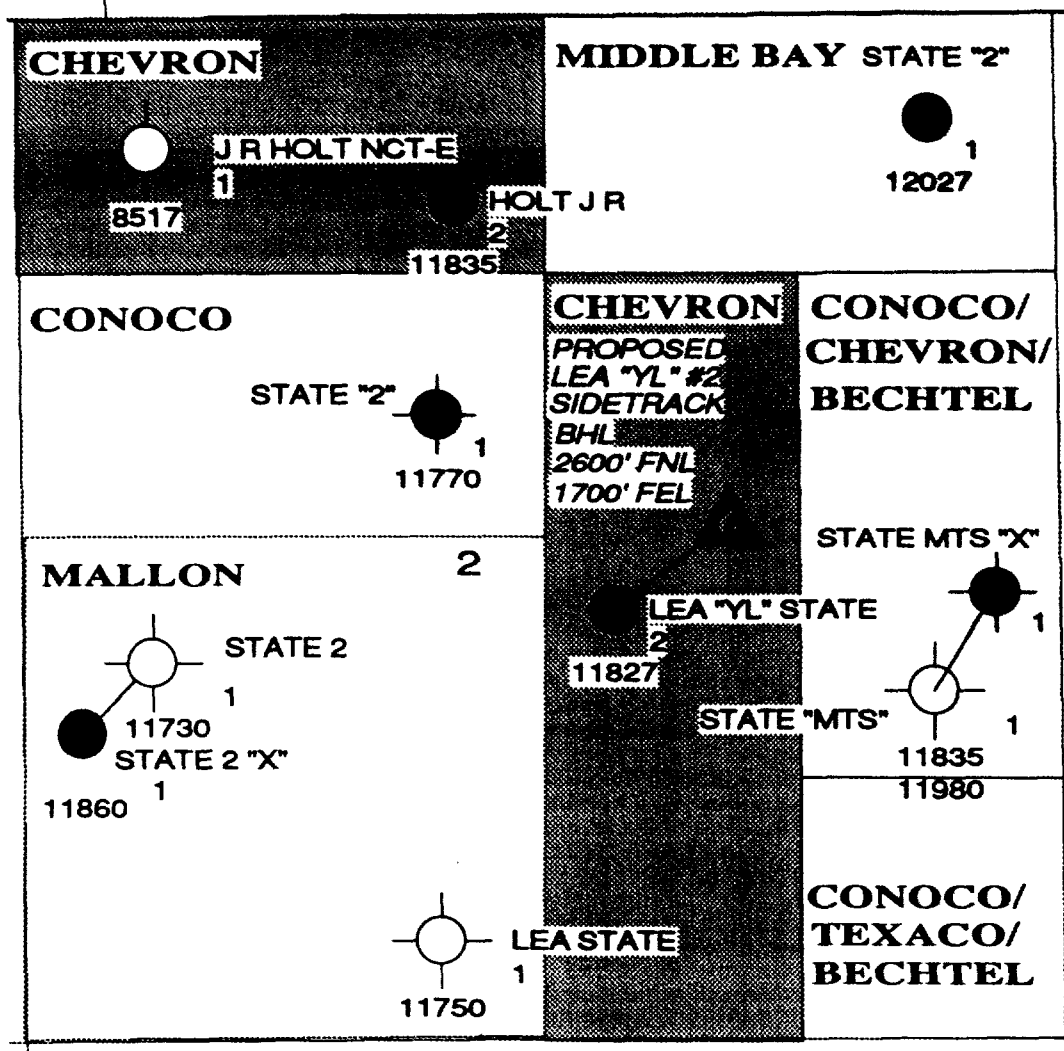
A copy of this administrative application was provided to our offset operators via Certified Mail. Attached is a map and a form C-102 plat illustrating the proration unit acreage and well location. Also included is a copy of the letter sent to our offset operators.

If you have any questions, or if you require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

Dave Rittersbacher
Senior Geologist
New Mexico Area

cc: NMOCD - Hobbs, New Mexico



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		06/21/95
	Scale 1:12000.	

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1500, Hobbs, NM 88240

DISTRICT II
P.O. Denver DD, Armon, NM 88210

DISTRICT III
1000 E. Benson Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHEVRON USA, INC.			Lease Lea YL State		Well No. 2
Unit Letter J	Section 2	Township 17 South	Range 37 East	County Lea	

Actual Footage Location of Well:

2230	feet from the	South	line and	2310	feet from the	East	line
Ground level Elev. 3757.9	Producing Formation STRAWN		Pool Shipp/STRAWN	Dedicated Acreage: 80		Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or include marks on the plat below.

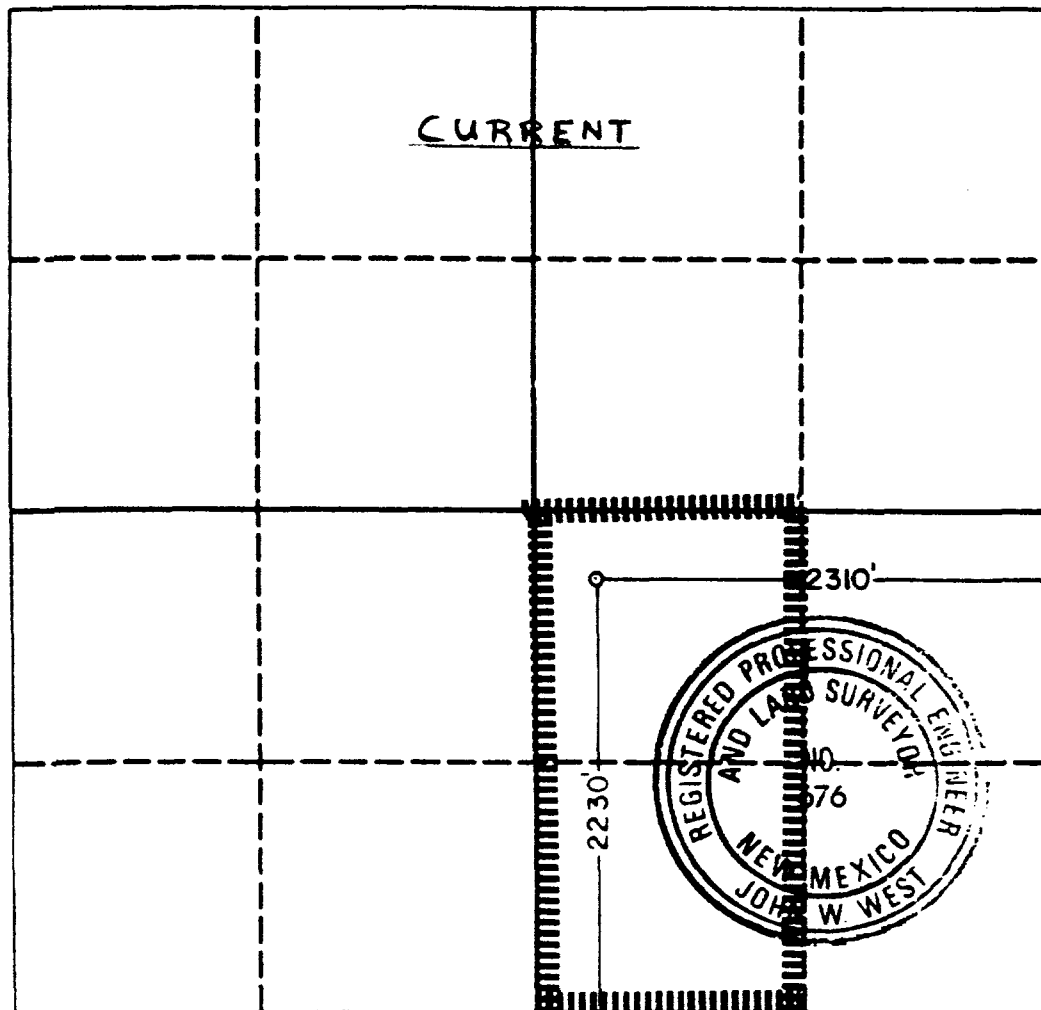
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
M. E. Akins 9/7/90
Printed Name
M.E. Akins
Position
Dalg Supt.
Company
Chevron USA Inc.
Date
9/10/90

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
August 21, 1990

Signature & Seal of
Professional Surveyor

Signature
John W. West
Certificate No.
JOHN W. WEST, 676
RONALD J. EIDSON, 3239

District I
PO Box 1900, Hobbs, NM 88241-1900
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo 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
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 30-025-31005	Pool Code	Pool Name SHIPP STRAWN
Property Code	Property Name LEA "YL" STATE	Well Number 2
OGRID No.	Operator Name CHEVRON USA INC	Elevation 3757.9

10 Surface Location

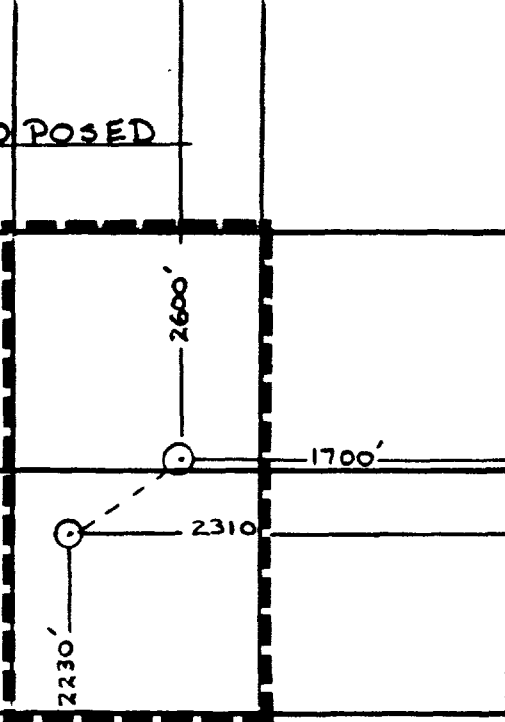
UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
J	2	17S	37E		2230	SOUTH	2310	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
G	2	17S	37E		2600	NORTH	1700	EAST	EDDY

12 Deline 1 Acre	13 Joint or Leases	14 Consideration 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

16 	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Dave Rittersbacher Signature Dave Rittersbacher Printed Name Sr. Geologist Title 6/21/95 Date
	18 SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor Certificate Number

OFFSET OPERATORS
PROPOSED LEA "YL" STATE #2 SIDETRACK

**Comoco Inc.
10 Dosta Drive
Suite 100W
Midland, Texas
79705**

**Texaco Inc.
P.O. Box 3109
Midland, Texas
79702**

**Bechtel Energy Resources Corp.
5555 San Felipe
Suite 600
Houston, Texas
77056**

**Mallon Oil Company
999 18th Street
Suite 1700
Denver, Colorado
80202**

**Middle Bay Oil Company
P.O. Box 390
Mobile, Alabama
36601**



Permian Basin
Land Division

Chevron U.S.A. Production Company

A Division of Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791

15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

RECEIVED
CONOCO, INC.

JUN 12 1995

LAND DEPT.

June 12, 1995

Shipp Prospect
Section 2, T-17-S, R-37-E,
Lea County, New Mexico

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attention: M. J. Johnson

Gentlemen:

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

Conoco has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Conoco Inc. hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Conoco leases.

Should Conoco wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Conoco leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Conoco Inc.

By: 

Title: Robert Cardman

Chevron U.S.A. Production
Company, a Division of Chevron
U.S.A. Inc.

By: 

Title: Prospect Cardman



Chevron U.S.A. Production Company

A Division of **Chevron** U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791

15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

Permian Basin
Land Division

June 15, 1995

Shipp Prospect
Section 2, T-17-S, R-37-E,
Lea County, New Mexico

Bechtel Energy Resources Corp.
5555 San Felipe, Suite 600
Houston, Texas 77056

Attention: Don Williamson

Gentlemen:

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

Bechtel Energy Resources Corp. has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Bechtel hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Bechtel leases.

Should Bechtel wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Bechtel leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Bechtel Energy Resources Corp.

Chevron U.S.A. Production
Company, a Division of Chevron
U.S.A. Inc.

By: 

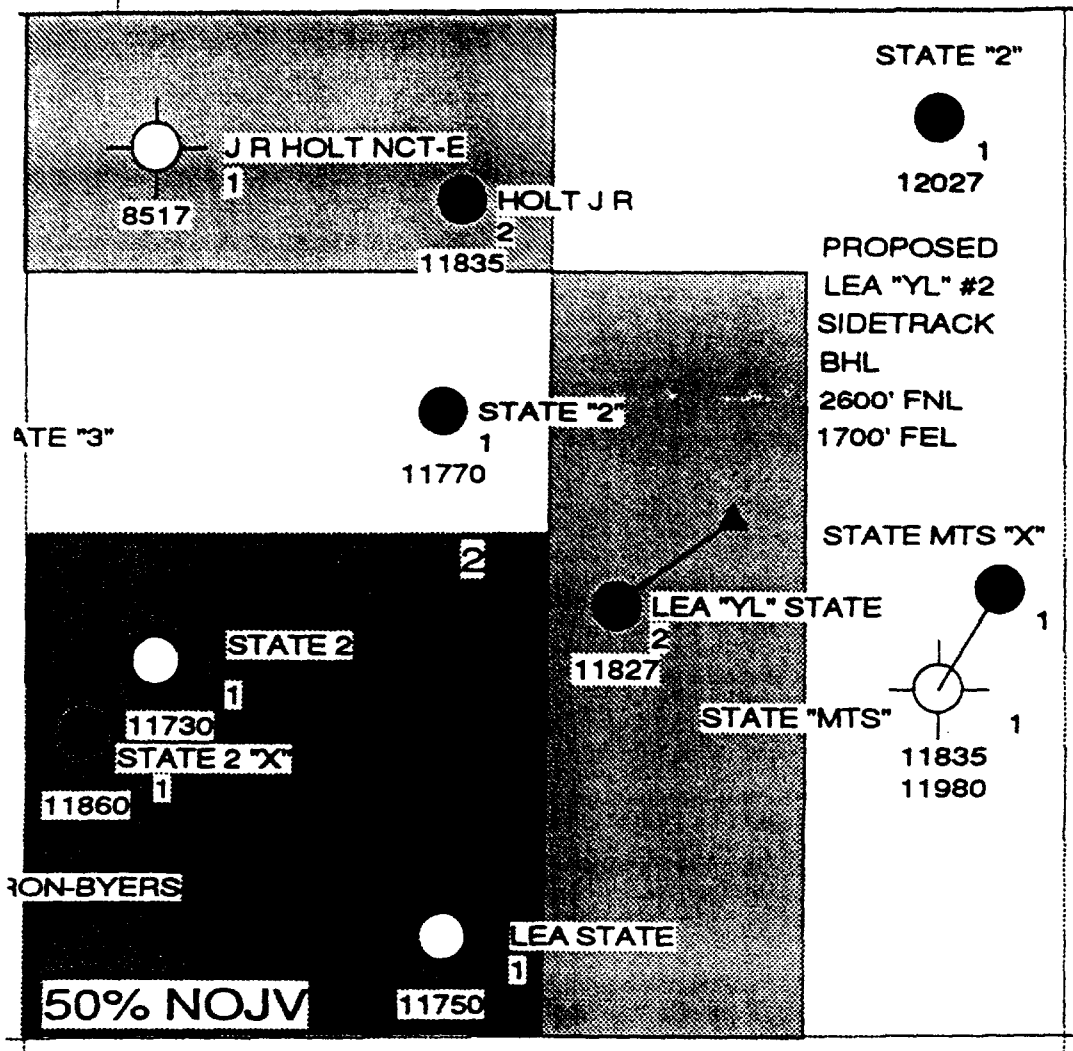
Title: Don Williamson

By: 

Title: Project Landman

Exhibit "A"

Attached hereto and made a part of that certain Letter Agreement dated June 15, 1995 by and between Chevron U.S.A. Production Company and Bechtel Energy Resources Corp.



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbecher		06/12/95
Scale 1:12000.		



Chevron U.S.A. Production Company

A Division of **Chevron** U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791

15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

Permian Basin
Land Division

June 15, 1995

Shipp Prospect
Section 2, T-17-S, R-37-E,
Lea County, New Mexico

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Bechtel Energy Resources Corp.
5555 San Felipe, Suite 600
Houston, Texas 77056

Case No. 11367 Exhibit No. 7

Attention: Don Williamson

Submitted by: Chevron U.S.A. Inc.

Gentlemen:

Hearing Date: August 24, 1995

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

Bechtel Energy Resources Corp. has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Bechtel hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Bechtel leases.

Should Bechtel wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Bechtel leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Bechtel Energy Resources Corp.

Chevron U.S.A. Production
Company, a Division of Chevron
U.S.A. Inc.

By: [Signature]

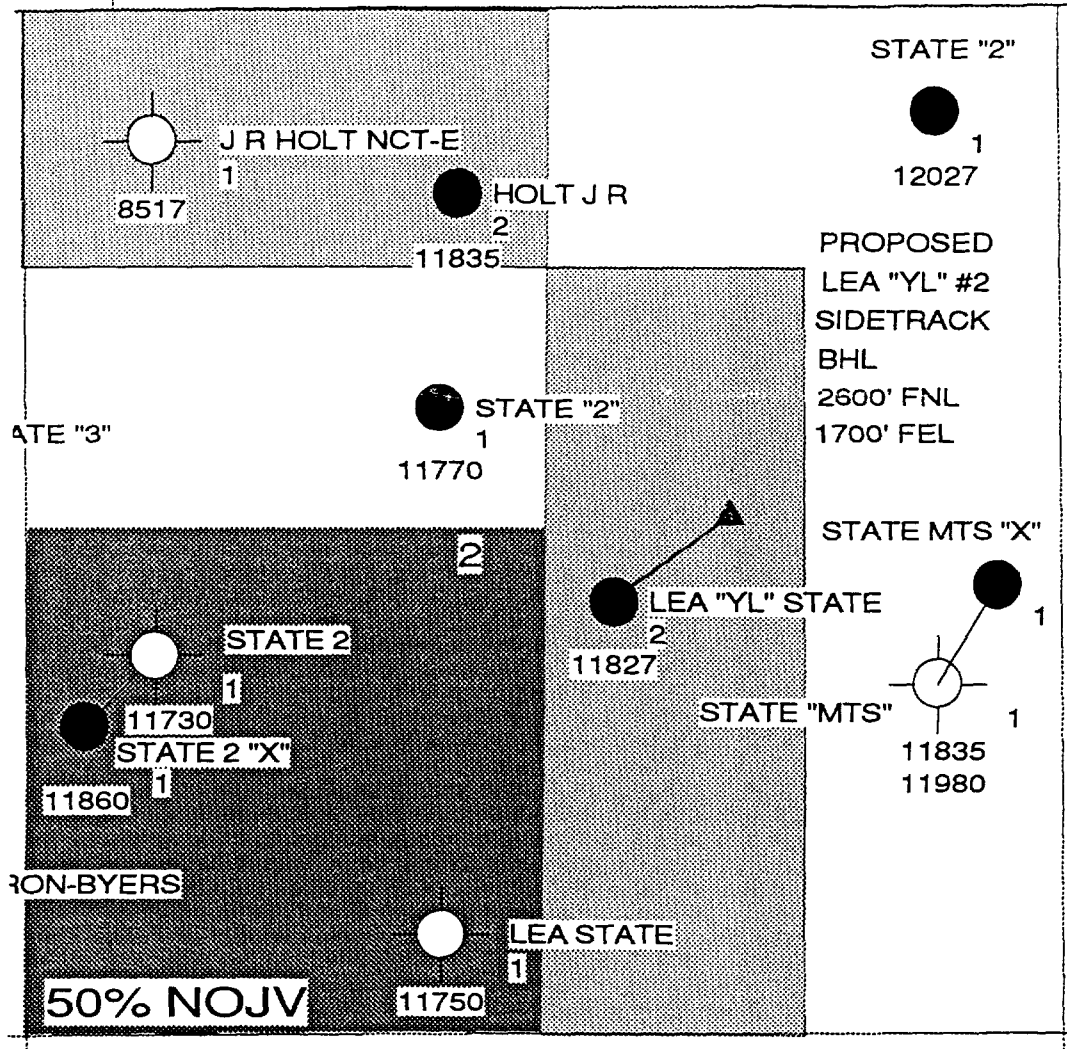
Title: [Signature]

By: [Signature]

Title: Project Landman

Exhibit "A"

Attached hereto and made a part of that certain Letter Agreement dated June 15, 1995 by and between Chevron U.S.A. Production Company and Bechtel Energy Resources Corp.



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		06/12/95
Scale 1:12000.		



Permian Basin
Land Division

Chevron U.S.A. Production Company

A Division of **Chevron** U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791

15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

RECEIVED
CONOCO, INC.

JUN 12 1995

LAND DEPT.

June 12, 1995

Shipp Prospect
Section 2, T-17-S, R-37-E,
Lea County, New Mexico

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attention: M. J. Johnson

Gentlemen:

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

Conoco has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Conoco Inc. hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Conoco leases.

Should Conoco wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Conoco leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Conoco Inc.

By: 

Title: Staff Landman

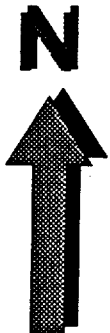
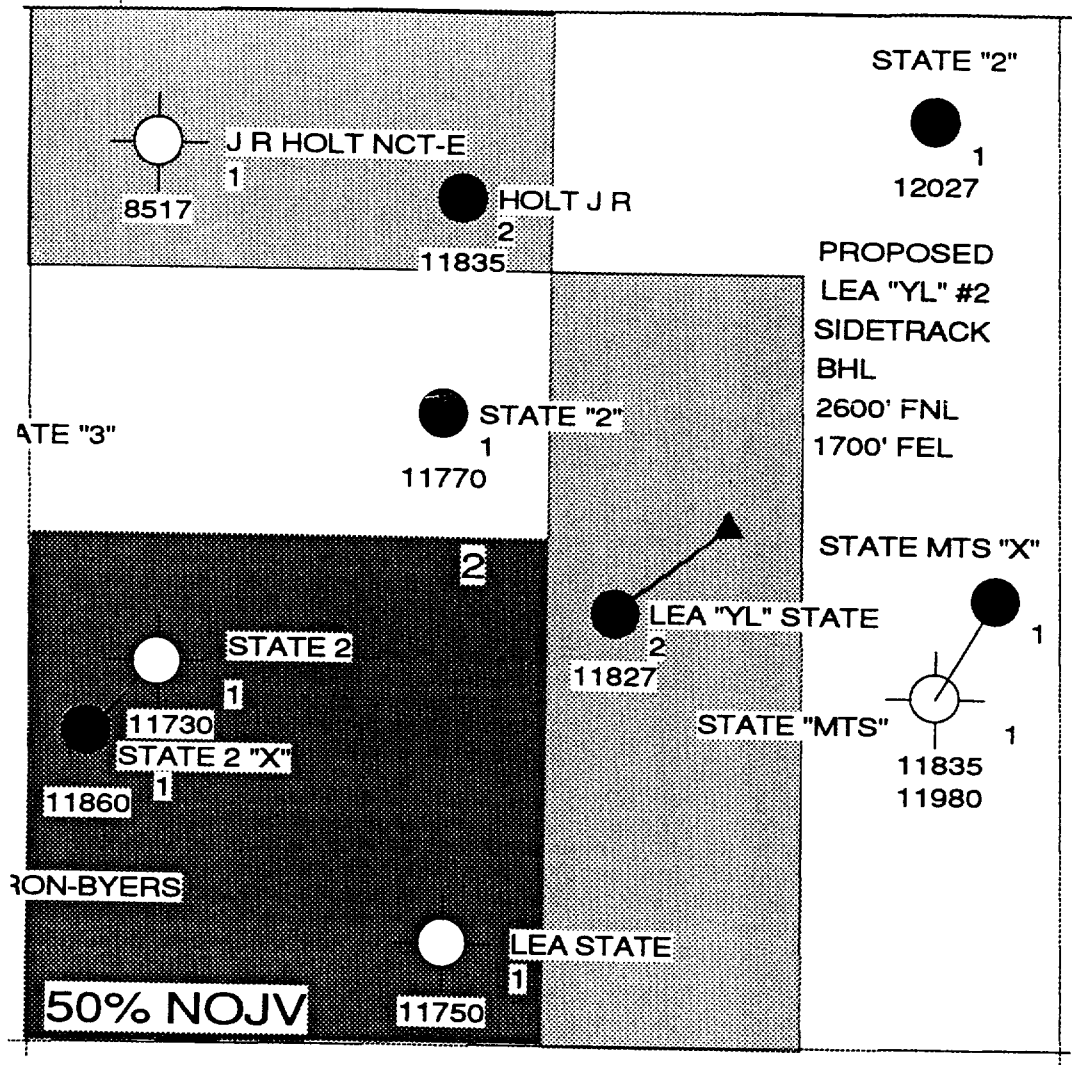
Chevron U.S.A. Production
Company, a Division of Chevron
U.S.A. Inc.

By: 

Title: Prospect Landman

Exhibit "A"

Attached hereto and made a part of that certain Letter Agreement dated June 12, 1995 by and between Chevron U.S.A. Production Company and Conoco Inc.



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		06/12/95
	Scale 1:12000.	