

FROM

(MON) 10 23' 00 09 38/ST. 09 37/NO. 3561692455 P 3



October 11, 2000

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

Administrative Application For  
 Non-Standard Gas Well Location  
 Chevron USA Production Co.  
 G. C. Matthews #12  
 Surface Loc. 330' PSL & 990' FEL  
 Section 6, T20S, R37E  
 Monument Tubb West Pool  
Lea County, New Mexico

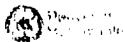
State of New Mexico  
 Energy, Minerals & Natural Resources Dept.  
 Oil Conservation Division  
 Attn.: Ms. Lori Wrotenbery  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

Dear Ms. Wrotenbery:

Chevron USA respectfully requests your approval of this administrative application for the subject non-standard gas well location in the Monument Tubb West Pool.

The G. C. Matthews #12 (30-025-05953) was drilled and completed in October, 1954, as a Paddock well in the Monument Paddock Field. The well has been completed in the Grayburg and the Eumont. The most recent work was in 1997 when the Yates was completed. See the attached wellbore schematic for the history of the well. The #12 well currently is shut-in. This well was drilled as a standard location for the Paddock at 330' from the lease line, but is a non-standard location for the Tubb gas.

*Sapient Energy*  
 The Cross Timbers Barber Bertha #12 (30-025-05978) well is located at 330' PNL and 660' FEL of Section 7, T20S, R37E and is the south offset to Chevron's #12 well. The G. C. Matthews #12 well will be deepened from 5700' to 6500' and then completed in the Tubb. The cost to do this is significantly less than to drill a new well.



BEFORE THE  
 OIL CONSERVATION DIVISION  
 Case No. 12587 Exhibit No. 20  
 Submitted By:  
 Sapient Energy Corp.  
 Hearing Date: March 1, 2001

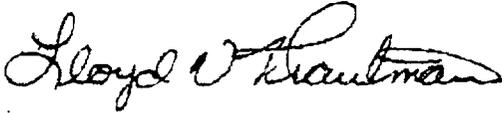
FROM

(MCM) 10.23.00 09:38/ST.09.07/NO 3561692465 P 4

A copy of this Application was sent to each of the offset operators. All notices were sent by certified mail.

Attachments include: map, wellbore schematic, C-102 plat, list of offset operators, and a copy of the notification letter sent. If you have any questions or require any further information concerning this application, please contact me at (915) 687-7152.

Sincerely,

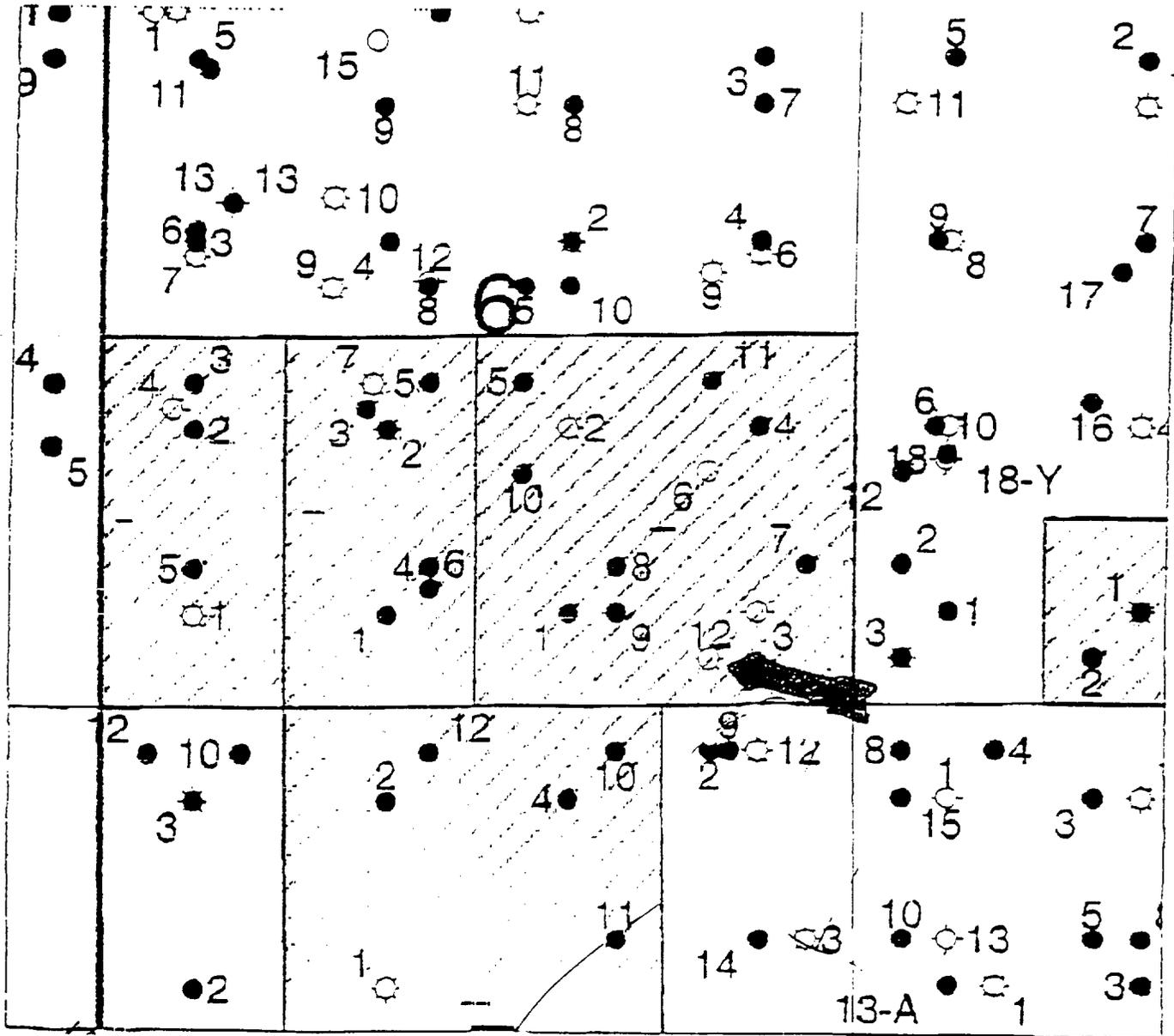


Lloyd V. Trautman  
Sr. Petroleum Engineer  
New Mexico Area

lvt  
Attachments

cc: NMOCD -- Hobbs, NM  
  
T. R. Denny  
L. V. Trautman  
R. M. Vaden  
Central Files

Administrative Application For  
Non-Standard Gas Well Location  
Chevron USA Production Co.  
G. C. Matthews #12  
Surface Loc. 330' FSL & 990' FEL  
Section 6, T20S, R37E  
Monument Tubb West Pool  
Lea County, New Mexico



FROM

(MON) 10. 23. 00 09. 39/ST. 09. 37/NO. 3561692455 P. 8

**Administrative Application For  
Non-Standard Gas Well Location  
Chevron USA Production Co.  
G. C. Matthews #12  
Surface Loc. 330' FSL & 990' FEL  
Section 6, T20S, R37E  
Monument Tubb West Pool  
Lea County, New Mexico**

**Offset Operators**

Amerada Hess Corporation  
500 Dallas Street, Level 2  
Houston, TX 77002

Cross Timbers Operating Company  
3000 N. Garfield  
Suite 250  
Midland, TX 79705

Marathon Oil Company  
125 West Missouri Ave  
Midland, TX 79701

Rice Engineering  
122 West Taylor  
Hobbs, NM 88240

Texaco Exploration and Production Inc.  
P.O. Box 3109  
Midland, TX 79702

FROM

(MON) 10:20:00 09 09:37:09 37 (NO. 3581892455 P. 7

District I  
1625 N. French Dr., Hobbs, NM 87240

District II  
511 South First, Artesia, NM 88210

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-025-05953		* Pool Code		* Pool Name Monument; Tubb West	
* Property Code 2688		* Property Name G. C. Mathews			* Well Number 12
* OGRID No. 4323		* Operator Name Chevron			* Revision 3556

10 Surface Location

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
T	6	20S	37E		330	South	990	East	Lea

11 Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Jctn or Infill N	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lloyd V. Trawman</i> Signature</p> <p>Lloyd V. Trawman Printed Name</p> <p>Sr Pet Eng Title</p> <p>10/11/2000 Date</p>	
				<p>18 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 of Survey</p> <p>____ Signature and Seal of Professional Surveyor</p>	
				<p>Certificate Number</p>	



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

October 26, 2000

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

**Attention: Lloyd V. Trautman**

**Re: *Application for administrative approval for Chevron U.S.A. Production Company's existing G. C. Matthews Well No. 12 (API No. 30-025-05953) located 330' FSL & 990' FEL (Unit P) of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, to be deepened to the Undesignated West Monument-Tubb Gas Pool and completed at the above-described unorthodox gas well location within the SE/4 of Section 6, being a standard 160-acre gas spacing and proration unit for this pool.***

Dear Mr. Trautman:

In reviewing the subject application I can't help but notice the availability of several other Chevron owned wells within the SE/4 of Section 6 located at standard gas well locations that could be deepened or others that would require a recompletion to add the Tubb interval. Why was this well chosen?

Sincerely

**Michael E. Stogner**  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs



November 7, 2000

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

Administrative Application For  
Non-Standard Gas Well Location  
Chevron USA Production Co.  
G. C. Matthews #12  
Surface Loc. 330' FSL & 990' FEL  
Section 6, T20S, R37E  
Monument Tubb West Pool  
Lea County, New Mexico

State of New Mexico  
Energy, Minerals & Natural Resources Dept.  
Oil Conservation Division  
Attn.: Mr. Michael Stogner  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

This letter is in response to your letter dated October 26, 2000, (copy attached) concerning why well #12 was chosen for the Tubb recompletion.

Here is a recap of the process used to determine the proper well to recomplete into the Tubb formation in section 6. While reviewing Chevron's G. C. Matthews lease for production improvements or cost reduction ideas, we noticed the activity in Section 5 and 7 of T20S, R37E in the Tubb. At this time we decided to recomplete the #6 well. It is located 990' FEL and 1650' FSL of Section 6. Permits were obtained and the work was completed July 14, 2000 and the Tubb zone was tight. Proper treatment was not possible as we screened out on a fracture treatment and could not pump an acid stimulation at the desired rate. Production testing resulted in no fluid entry.

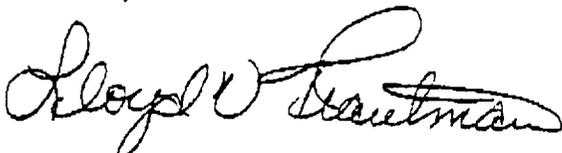
At this time we reviewed the rest of the wells in the SE/4; well bore schematics of the wells are attached for you to look at. Following is a well by well discussion of this review. Wells #3, 4, 8, and 11 are P&A'd, therefore not considered as a candidate well. Well # 5 has a 4 1/2" liner across the Tubb, but is another nonstandard location, 2310' FSL and 2310' FEL. Well #2 has a 4 1/2" liner cemented in and would have to be deepened about 2600'. This small size liner would cause longer time to drill, more costs and would limit the completion tool selection and production that could be obtained from the well. Therefore, wells #2 and 5 were not considered as preferred candidates. Well #10 has 7" casing and would have to be deepened about 800', and is at a non-

standard location at 1650' FSL and 2310' FEL. Well #7 has 5 ½" casing and is a non-standard location at 990' FSL and 330' FEL. Well #9 has 5 ½" casing at 5250' and is at a standard location, 660' FSL and 1650' FEL. Well #1 has 7" casing at 3714' and would have to be deepened about 2600' and is a standard location at 660' FSL and 1980' FEL. Well #12 has 7" casing at 5700' and would have to be deepened about 800' and is at a non-standard location.

Summarizing the details above, the P&A'd wells and the wells with 4 ½" casing or liners were not considered to be viable candidates, so wells #3, 4, 8, 11, 5, and 2 were put aside. Of the wells with 5 ½" and 7" casing, the 7" casing is the preferred size as it allows us to run 4 ½" casing as opposed to 3 ½" casing. The increased casing size allows us to run more conventional tools in the well for completion. The cost to drill a 4 ½" hole as compared to a 6 1/8" hole would be increased as we estimate an additional 4-5 days to drill to TD with the smaller hole. This makes wells #1, 10, and 12 the most desirable candidates. Of these three, well #12 was decided upon. Well #10 was in a nonfavorable location based upon the results of well #6, and #1 required an additional 1800' of hole to be drilled, which was estimated to take an additional 4-5 days and cost an additional \$30,000 - \$40,000. Well #12 also allows Chevron to protect the reserves on our lease from being drained by a well 330' from the lease line in a non-standard 160 acre standup proration unit.

Attachments include: wellbore schematics of Chevron's wells, copy of OCD letter to Chevron dated October 26, 2000, Tubb structure map, and a map of the G. C. Matthews lease. If you have any questions or require any further information concerning this information, please contact me at (915) 687-7152.

Sincerely,



Lloyd V. Trautman  
Sr. Petroleum Engineer  
New Mexico Area

lvt  
Attachments

cc: NMOCD -- Hobbs, NM  
J. K. Ripley  
T. R. Denny  
L. V. Trautman  
R. M. Vaden  
Central Files

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. 12586  
ORDER NO. R-11530

APPLICATION OF CHEVRON U.S.A. PRODUCTION COMPANY FOR AN  
UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 25, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of February, 2001, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, Chevron U.S.A. Production Company ("Chevron"), seeks an exception to Division Rule 104.C (3) for its G. C. Matthews Well No. 12 (**API No. 30-025-05953**), located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, to be deepened and recompleted into the Tubb formation at an unorthodox gas well location within a standard 160-acre gas spacing and proration unit for the Undesignated West Monument-Tubb Gas Pool comprising the SE/4 of Section 6.
- (3) Chevron originally filed this application with the Division on October 17, 2000, for administrative review pursuant to the provisions of Division Rule 104.F.
- (4) An objection filed by Sapient Energy Corporation ("Sapient"), an affected offset operator, on October 31, 2000 caused this application to be set for hearing.
- (5) On January 24, 2001 Sapient withdrew its objection. This matter was then

remanded to the Division's administrative process.

(6) By Administrative Order NSL-3752-A, dated January 24, 2001, the Division approved the subject application, thereby making this case unnecessary.

(7) Furthermore, the applicant, prior to the hearing, requested this matter be dismissed.

(8) Dismissal of this case should therefore be granted.

**IT IS THEREFORE ORDERED THAT:**

Case No. 12586 is hereby dismissed.

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrotenbery*  
LORI WROTENBERY  
Director