

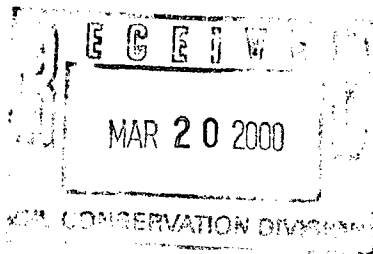
March 15, 2000



Chevron

Administrative Application For
Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL & 2005' FWL
Bottom Hole Location: 219' FSL & 1964' FWL
Section 29, T18S, R32E
North Lusk Strawn Pool
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 Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn.: Micheal E. Stogner

Dear Mr. Stogner:

Per our phone conversation on March 15, 2000, here is the additional information required for Chevron's Administrative Application for a non-standard oil well location for the above named well.

Attachments include the package you returned to Chevron, a new original cover letter, a list of the offset operators, and a copy of the letter sent to the offset operators by certified mail. Thank you for your help with this application.

If you have any questions or require any further information concerning this application, please contact me at (915) 687-7152.

Sincerely,

A handwritten signature in cursive script that reads "Lloyd V. Trautman".

Lloyd V. Trautman
Sr. Petroleum Engineer
New Mexico Area

lvt

Attachments

cc: NMOCD - Hobbs, NM
US Bureau of Land Management - Carlsbad, NM
J. K. Ripley
L. V. Trautman
M. D. Barabash
Central Files

February 28, 2000



Chevron

Administrative Application For
Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL & 2005' FWL
Bottom Hole Location: 219' FSL & 1964' FWL
Section 29, T18S. R32E
North Lusk Strawn Pool
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 Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn.: Lori Wrotenbery

Dear Ms. Wrotenbery:

Chevron USA respectfully requests your approval of this administrative application for the subject non-standard oil well location in the North Lusk Strawn Pool.

Chevron drilled and completed the above mentioned well from a standard oil well location in the Strawn Pool. Attached is a plat of the well bore trajectory while drilling the well. Well 29 #1 was not directional drilled or deviated mechanically by Chevron. The well bore ended at 219.55' FSL and 1964.49' FWL, which is a non-standard location.

Attachments include a directional survey and a plot of the wellbore path. If you have any questions or require any further information concerning this application, please contact me at (915) 687-7152.

Sincerely,

A handwritten signature in cursive script, reading "Lloyd V. Trautman".

Lloyd V. Trautman
Sr. Petroleum Engineer
New Mexico Area

lvt

Attachments

cc: NMOCD -- Hobbs, NM
J. K. Ripley
L. V. Trautman
M. D. Barabash
Central Files





**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 7, 2000

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

Attention: Lloyd V. Trautman

Re: *Administrative application for subsurface well location exception for Chevron U.S.A., Inc.'s North Lusk "29" Federal Well No. 1 (API No. 30-025-34673) at an unorthodox bottomhole oil well location 219.55' FSL & 1964.49' FWL (Unit N) of Section 29, Township 18 South, Range 32 East, NMPM, Undesignated North Lusk-Strawn Pool, Lea County, New Mexico.*

Dear Mr. Trautman:

I have reviewed your application dated February 28, 2000, which was received on March 3, 2000, but am unable to process it at this time. Pursuant to Division Rules 111.C (3), 104.F (3) and (4), and 1207.A (2) [see copies attached], the subject application appears to be incomplete. Please either submit the required data and proof of notice or provide me with a sufficient explanation why such information was not included with this application.

Thank you for your cooperation in this matter.

Sincerely

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

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

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Carlsbad
Mr. Ray Vaden, Chevron U.S.A. Production Company - Midland

NSL 3/23/00

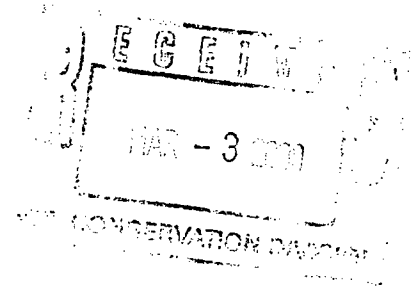


Chevron

February 28, 2000

Administrative Application For
Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL and 2005' FWL
Bottom Hole Location: Section 29, T18S, R32E
North Lusk Morrow Pool
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 Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn.: Lori Wrotenbery

Dear Ms. Wrotenbery:

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Chevron drilled and completed the above mentioned well from a standard oil well location in the Strawn Pool. Attached is a plat of the well bore trajectory while drilling the well. Well 29 #1 was not directional drilled or deviated mechanically by Chevron. The well bore ended at 219.55' FSL and 1964.49' FWL, which is a non-standard location.

Attachments include a directional survey and a plot of the wellbore path. 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
J. K. Ripley
L. V. Trautman
M. D. Barabash
Central Files

CHEVRON U.S.A.
North Lusk 29 Federal No.1

slot #1

LEA COUNTY, NEW MEXICO

S U R V E Y L I S T I N G

by
Baker Hughes INTEQ

Your ref : Gyro
Our ref : svy1297
License :

Date printed : 27-Sep-1999
Date created : 3-Sep-1999
Last revised : 27-Sep-1999

Field is centred on n32 58 13.100,w103 14 15.6
Structure is centred on n32 45 0.000,w103 45 0

Slot location is n32 45 0.000,w103 45 0.000
Slot Grid coordinates are N 637054.841, E 679344.165
Slot local coordinates are 0.00 N 0.00 E

Projection type: mercator - New Mexico East (3001), Spheroid: Clarke - 1866
Reference North is True North

CHEVRON U.S.A.
North Lusk 29 Federal No.1, slot #1
, LEA COUNTY, NEW MEXICO

SURVEY LISTING Page 1
Your ref : Gyro
Last revised : 27-Sep-1999

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100ft	Vert Sect
0.00	0.00	0.00	0.00	0.00 N 0.00 E	0.00	0.00
100.00	0.52	180.35	100.00	0.00 S 0.00 W	0.52	-0.45
200.00	0.64	155.14	199.99	1.41 S 0.23 E	0.28	-1.40
300.00	0.65	170.96	299.99	2.47 S 0.55 E	0.18	-2.44
400.00	0.67	142.98	399.98	3.49 S 0.99 E	0.32	-3.44
500.00	0.66	133.29	499.97	4.36 S 1.76 E	0.11	-4.26
600.00	0.63	140.64	599.97	5.18 S 2.53 E	0.09	-5.04
700.00	0.34	91.02	699.96	5.61 S 3.18 E	0.48	-5.44
800.00	0.42	19.01	799.96	5.27 S 3.60 E	0.45	-5.07
900.00	0.41	357.91	899.96	4.56 S 3.70 E	0.15	-4.36
1000.00	0.61	347.38	999.96	3.68 S 3.57 E	0.22	-3.49
1100.00	0.67	347.06	1099.95	2.59 S 3.33 E	0.06	-2.42
1200.00	0.71	333.40	1199.94	1.47 S 2.92 E	0.17	-1.32
1300.00	0.42	9.82	1299.94	0.56 S 2.70 E	0.45	-0.42
1400.00	0.40	12.12	1399.94	0.15 N 2.84 E	0.02	0.29
1500.00	0.45	25.89	1499.93	0.84 N 3.08 E	0.11	1.00
1600.00	0.51	347.24	1599.93	1.63 N 3.16 E	0.32	1.79
1700.00	0.47	336.74	1699.93	2.44 N 2.90 E	0.10	2.59
1800.00	0.47	337.50	1799.92	3.20 N 2.58 E	0.01	3.32
1900.00	0.50	341.10	1899.92	3.98 N 2.28 E	0.04	4.09
2000.00	0.60	21.19	1999.92	4.88 N 2.33 E	0.39	4.99
2100.00	1.42	56.52	2099.90	6.04 N 3.55 E	0.99	6.22
2200.00	2.08	53.86	2199.85	7.80 N 6.04 E	0.67	8.10
2300.00	2.60	54.48	2299.77	10.19 N 9.36 E	0.52	10.65
2400.00	3.78	61.95	2399.61	13.05 N 14.11 E	1.24	13.76

All data is in feet unless otherwise stated.
Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 117.64 on azimuth 200.14 degrees from wellhead.
Vertical section is from wellhead on azimuth 2.94 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

CHEVRON U.S.A.
North Lusk 29 Federal No.1, slot #1
, LEA COUNTY, NEW MEXICO

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100ft	Vert Sect
2500.00	4.12	61.61	2499.37	16.31 N	0.34	17.32
2600.00	3.24	53.74	2599.17	19.69 N	1.01	20.98
2700.00	2.48	47.80	2699.04	22.81 N	0.82	24.30
2800.00	2.14	37.52	2798.96	25.74 N	0.53	27.36
2900.00	1.94	28.69	2898.90	28.70 N	0.37	30.42
3000.00	1.63	11.85	2998.85	31.57 N	0.60	33.34
3100.00	1.75	2.41	3098.81	34.49 N	0.30	36.27
3200.00	1.90	357.47	3198.76	37.67 N	0.22	39.45
3300.00	2.01	350.45	3298.70	41.06 N	0.26	42.82
3400.00	2.03	348.45	3398.64	44.53 N	0.07	46.25
3500.00	1.99	345.12	3498.58	47.95 N	0.12	49.62
3600.00	2.10	346.91	3598.51	51.42 N	0.12	53.04
3700.00	1.63	355.56	3698.46	54.62 N	0.54	56.21
3800.00	1.32	355.47	3798.43	57.19 N	0.31	58.77
3900.00	0.92	350.06	3898.41	59.13 N	0.42	60.70
4000.00	0.86	340.85	3998.39	60.63 N	0.15	62.18
4100.00	0.83	341.84	4098.38	62.03 N	0.04	63.55
4200.00	0.81	345.65	4198.37	63.40 N	0.06	64.89
4300.00	0.76	328.94	4298.36	64.64 N	0.23	66.11
4400.00	0.67	338.74	4398.36	65.76 N	0.15	67.19
4500.00	0.70	339.33	4498.35	66.88 N	0.03	68.29
4600.00	0.62	335.16	4598.34	67.94 N	0.09	69.33
4700.00	0.58	340.60	4698.34	68.91 N	0.07	70.27
4800.00	0.57	339.12	4798.33	69.85 N	0.02	71.20
4900.00	0.59	336.26	4898.33	70.79 N	0.04	72.12

All data is in feet unless otherwise stated.
Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 117.64 on azimuth 200.14 degrees from wellhead.
Vertical section is from wellhead on azimuth 2.94 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100ft	Vert Sect
5000.00	0.55	332.78	4998.32	71.70 N 27.24 E	0.05	73.00
5100.00	0.60	326.24	5098.32	72.56 N 26.73 E	0.08	73.84
5200.00	0.42	322.39	5198.31	73.29 N 26.21 E	0.18	74.54
5300.00	0.71	325.77	5298.31	74.09 N 25.64 E	0.29	75.31
5400.00	0.66	315.70	5398.30	75.02 N 24.89 E	0.13	76.19
5500.00	0.62	313.66	5498.29	75.80 N 24.09 E	0.04	76.94
5600.00	0.57	287.19	5598.29	76.33 N 23.22 E	0.28	77.42
5700.00	0.50	313.84	5698.28	76.78 N 22.43 E	0.26	77.83
5800.00	0.50	286.85	5798.28	77.20 N 21.70 E	0.23	78.22
5900.00	0.54	287.03	5898.28	77.47 N 20.84 E	0.05	78.44
6000.00	0.41	282.78	5998.27	77.69 N 20.03 E	0.13	78.61
6100.00	0.52	277.73	6098.27	77.83 N 19.23 E	0.12	78.71
6200.00	0.34	301.81	6198.27	78.04 N 18.53 E	0.25	78.89
6300.00	0.52	283.91	6298.26	78.31 N 17.84 E	0.23	79.12
6400.00	0.36	284.17	6398.26	78.49 N 17.09 E	0.16	79.27
6500.00	0.27	257.41	6498.26	78.52 N 16.55 E	0.17	79.27
6600.00	0.37	275.06	6598.26	78.50 N 16.00 E	0.14	79.22
6700.00	0.33	265.22	6698.26	78.50 N 15.39 E	0.07	79.19
6800.00	0.28	301.76	6798.26	78.61 N 14.90 E	0.20	79.27
6900.00	0.25	326.31	6898.25	78.92 N 14.56 E	0.12	79.56
7000.00	0.16	73.04	6998.25	79.15 N 14.57 E	0.33	79.79
7100.00	0.08	205.66	7098.25	79.12 N 14.67 E	0.22	79.77
7200.00	0.13	218.56	7198.25	78.96 N 14.56 E	0.05	79.61
7300.00	0.35	202.61	7298.25	78.59 N 14.37 E	0.23	79.22
7400.00	0.52	209.33	7398.25	77.91 N 14.03 E	0.18	78.53

All data is in feet unless otherwise stated.
 Coordinates from slot #1 and TVD from rotary table.
 Bottom hole distance is 117.64 on azimuth 200.14 degrees from wellhead.
 Vertical section is from wellhead on azimuth 2.94 degrees.
 Calculation uses the minimum curvature method.
 Presented by Baker Hughes INTEQ

CHEVRON U.S.A.
North Lusk 29 Federal No.1, slot #1
, LEA COUNTY, NEW MEXICO

SURVEY LISTING Page 4
Your ref : Gyro
Last revised : 27-Sep-1999

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100ft	Vert Sect
7500.00	0.92	212.33	7498.24	76.83 N	0.40	77.41
7600.00	0.99	210.46	7598.23	75.40 N	0.08	75.94
7700.00	0.90	247.84	7698.21	74.36 N	0.61	74.84
7800.00	1.27	266.99	7798.20	74.01 N	0.52	74.40
7900.00	1.47	256.63	7898.17	73.65 N	0.32	73.92
8000.00	1.50	274.20	7998.14	73.45 N	0.45	73.59
8029.00	1.75	277.70	8027.12	73.54 N	0.93	73.63
8527.00	1.75	256.00	8524.90	72.72 N	0.13	72.05
9026.00	1.25	225.00	9023.73	67.02 N	0.19	65.79
9504.00	1.75	199.00	9501.57	56.44 N	0.17	54.90
9996.00	2.25	186.00	9993.27	39.73 N	0.14	38.04
10481.00	3.25	189.00	10477.71	16.68 N	0.21	14.86
10579.00	3.00	178.00	10575.56	11.37 N	0.66	9.54
10756.00	4.25	172.00	10752.21	0.25 N	0.74	-1.51
10875.00	4.75	172.00	10870.84	9.00 S	0.42	-10.68
10917.00	4.75	177.00	10912.70	12.45 S	0.99	-14.11
11109.00	6.00	182.00	11103.85	30.42 S	0.69	-32.06
11229.00	6.50	183.00	11223.14	43.47 S	0.43	-45.12
11322.00	7.00	184.00	11315.49	54.38 S	0.55	-56.05
11448.00	7.00	184.00	11440.55	69.70 S	0.00	-71.40
11544.00	6.50	182.00	11535.89	80.97 S	0.58	-82.68
11669.00	5.75	191.00	11660.17	94.19 S	0.97	-95.96
11860.00	4.25	194.00	11850.44	110.45 S	0.80	-112.38

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Presented by Baker Hughes INTEQ



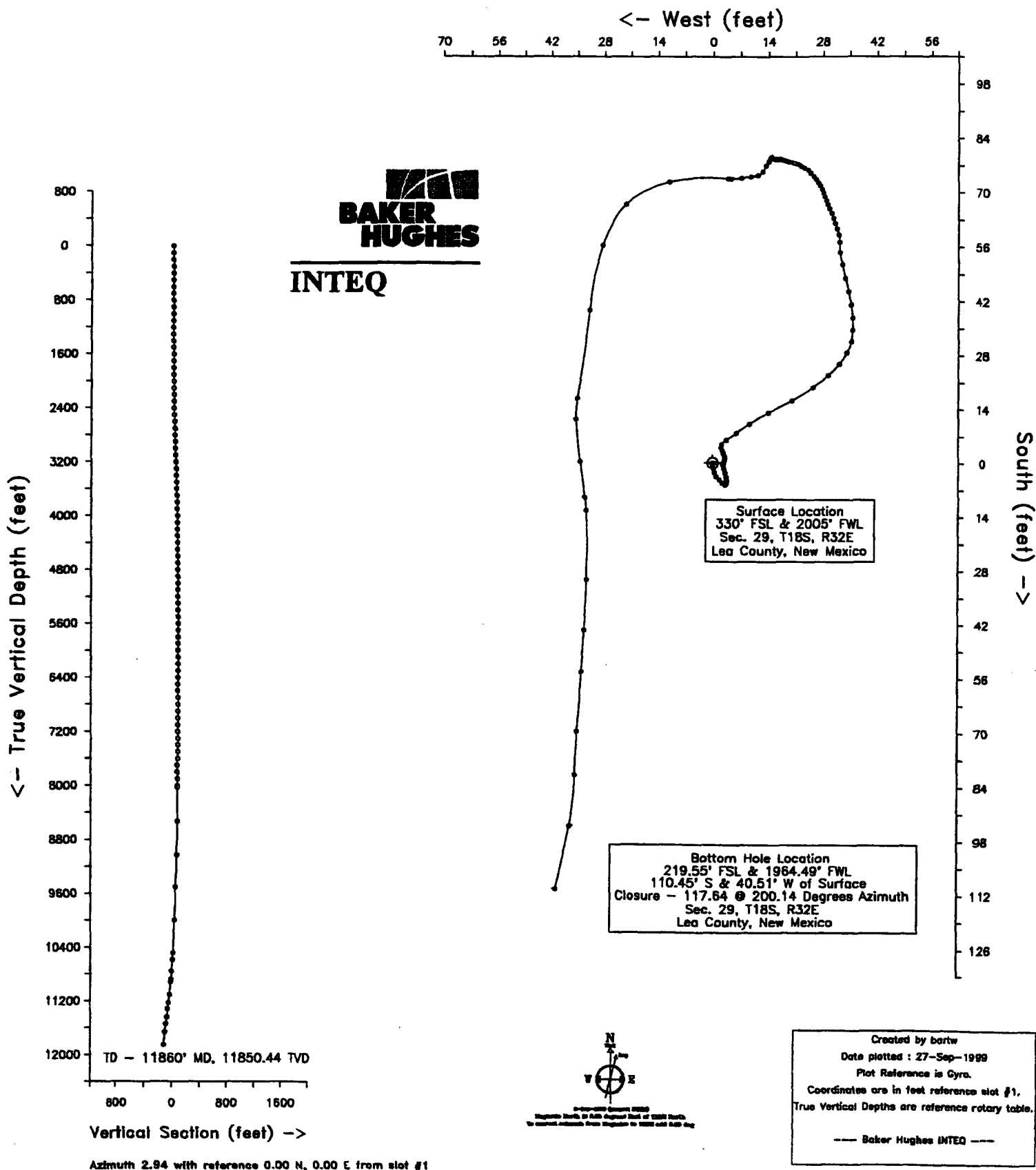
CHEVRON U.S.A.

Structure : North Lusk 29 Federal No.1

Slot : slot #1

Field :

Location : LEA COUNTY, NEW MEXICO



Rule 1207. A

(e) At the request of any interested person or upon the Division's own initiative, any pooling application submitted shall be set for full hearing with oral testimony by the applicant. [Rn, 19 NMAC 15.N.1207.A.(4), 7-15-99; A, 7-15-99]

(2) **Unorthodox Well Locations:** [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A.(5), 7-15-99; A, 7-15-99]

(a) **Definition: "Affected persons"** are the following persons owning interests in the adjoining spacing units:

1. the Division-designated operator;
2. in the absence of an operator, any lessee whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application is filed; and
3. in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application was filed.

In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit. [1-1-87...2-1-96; N, 7-15-99]

(b) If the proposed location is unorthodox by being located closer to the outer boundary of the spacing unit than permitted by rule, notice shall be given to the affected persons in the adjoining spacing units towards which the unorthodox location encroaches. [Rn, 19 NMAC 15.N.1207.A.(5).(a), 7-15-99, A, 7-15-99]

(c) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than provided in special pool orders, notice shall be given to all affected persons. [Rn, 19 NMAC 15.N.1207.A.(5).(a), A, 7-15-99]

(d) The applicant shall submit a statement attesting that the applicant, on or before the date the application was submitted to the Division, sent notification to the affected persons by submitting a copy of the application, including a copy of the plat described in (c) above, by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the Division receives the application. The Director may approve the application upon receipt of waivers from all the notified persons or if no person has filed an objection within the 20-day period.

(e) The Director may set for hearing any application for administrative approval.

(3) Number of Wells Per Spacing Unit. Exceptions to the provisions of statewide rules or special pool orders concerning the number of wells allowed per spacing unit may be permitted by the Director only after notice and opportunity for hearing. Notice shall be given to those affected persons defined in Rule 1207.A(2).

104.E. FORMS

Form C-102 "Well Location and Acreage Dedication Plat" for any well shall designate the exact legal subdivision dedicated to the well. Form C-101 "Application for Permit to Drill, Deepen, or Plug Back" will not be approved without an acreage designation on Form C-102.

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells that are unorthodox based on the requirements of B above and are necessary for an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that the unorthodox location within the project is no closer than the required minimum distance to the outer boundary of the lease or unitized area, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. These locations shall only require such prior approvals as are necessary for an unorthodox location.

(2) The Director may grant an exception to the well location requirements of B and C above or special pool orders after notice and opportunity for hearing when the exception is necessary to prevent waste or protect correlative rights.

(3) Applications for administrative approval pursuant to F(2) above shall be submitted to the Division's Santa Fe Office accompanied by (a) a plat showing the spacing unit, the proposed unorthodox well location and the adjoining spacing units and wells; (b) a list of affected persons as defined in Rule 1207.A(2); and (c) information evidencing the need for the exception. Notice shall be given as required in Rule 1207.A(2).

(4) The applicant shall submit a statement attesting that applicant, on or before the date that the application was submitted to the Division, sent notification to the affected persons by submitting a copy of the application, including a copy of the plat described in F(3) above, by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the Division receives the application. The Director may approve the unorthodox location upon receipt of waivers from all the affected persons or if no affected person has filed an objection within the 20-day period.

(5) The Director may set for hearing any application for administrative approval of an unorthodox location.

(6) Whenever an unorthodox location is approved, the Division may order any action necessary to offset any advantage of the unorthodox location.

104.G. EFFECT ON ALLOWABLES

(1) If the drilling tract is within a prorated/allocated oil pool or is subsequently placed within such pool and the drilling tract consists of less than 39½ acres or more than 40½ acres, the top unit allowable for the well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40.

(2) If the drilling tract is within a prorated/allocated gas pool or is subsequently placed within such pool and the drilling tract consists of less than 158 acres or more than 162 acres in 160-acre pools, or less than 316 acres or more than 324 acres in 320-acre pools, or less than 632 acres or more than 648 acres in 640-acre pools, the top allowable for the well shall be decreased or increased in the proportion that the number of acres in the drilling tract bears to a standard spacing unit for the pool.

(3) In computing acreage under (1) and (2) above, less than ½ acre shall not be counted but ½ acre or more shall count as one acre.

(4) The provisions of (1) and (2) above shall apply only to wells completed after January 1, 1950.

104.H. DIVISION-INITIATED EXCEPTIONS

In order to prevent waste, the Division may, after hearing, set different spacing requirements and require different acreage for drilling tracts in any defined oil or gas pool.

104.I. POOLING OR COMMUNITIZATION OF SMALL OIL LOTS

(1) The Division may approve the pooling or communitization of fractional oil lots of 20.49 acres or less with a contiguous oil spacing unit when the ownership is common and the tracts are part of the same lease with the same royalty interests if the following requirements are satisfied:

approved secondary, secondary, tertiary or pressure maintenance project. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.A.(7), 7-31-97; A, 7-31-97]

(10) Project Well -- any well drilled, completed, produced or injected into as either a vertical well, deviated well or directional well. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.A.(6), 7-31-97; A, 7-31-97]

(11) Spacing Unit -- the acreage that is dedicated or a well in accordance with Rule 104, included in this definition is a "unit of proportion for oil or gas" as defined by the Division and all non-standard such units previously approved by the Division. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.A.(4), 7-31-97; A, 7-31-97]

(12) Terminus -- the farthest point attained along the wellbore. [7-26-95, 2-1-96; A, 7-31-97]

(13) Unorthodox -- any part of the producing interval which is located outside of the producing area. [7-31-97]

(14) Vertical Well -- a well that does not have an intentional departure or course deviation from the vertical. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.A.(3), 7-31-97; A, 7-31-97]

(15) Wellbore -- the interior surface of a cased or open hole through which drilling, production, or injection operations are conducted. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.A.(5), 7-31-97; A, 7-31-97]

111.B. Deviated Wellbores: [7-26-95, 2-1-96; A, 7-31-97]

(1) Deviation Tests Required. Any vertical or deviated well which is drilled or deepened shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas. [7-26-95, 2-1-96; A, 7-31-97]

(2) Excessive Deviation. When the deviation averages more than five degrees in any 500-foot interval, the operator shall include the calculations of the maximum possible horizontal displacement of the hole. When the maximum possible horizontal displacement exceeds the distance to the nearest outer boundary line of the appropriate unit, the operator shall run a directional survey to establish the location of the producing interval(s). [7-26-95, 2-1-96; A, 7-31-97]

(3) Unorthodox Locations. If the results of the directional survey indicate that the producing interval is more than 50 feet from the approved surface location and closer than the minimum setback requirements to the outer boundaries of the applicable unit, then the well shall be considered unorthodox. To obtain authority to produce such well, the operator shall file an application with the Division Director, copy to the appropriate Division District Office, and shall otherwise follow the normal process outlined in Rule 104(F)(3) to obtain approval of the unorthodox location. [7-26-95, 2-1-96; A, 7-31-97]

(4) Directional Survey Requirements. Upon request from the Division Director, any vertical or deviated well shall be approximately surveyed. The appropriate Division District Office shall be notified of the approximate time any directional surveys are to be conducted. All directional surveys run on any well in any manner for any reason must be filed with the Division upon completion of the well. The Division shall not assign an allowable to the well until all such directional surveys have been filed. [7-26-95, 2-1-96; A, 7-31-97]

111.C. Directional Wellbores: [7-26-95, 2-1-96; R 7-31-97; Rn, 19 NMAC 15.C.111.D, 7-31-97]

(1) Directional Drilling Within a Project Area. A permit to directionally drill a wellbore may be granted by the appropriate Division District Office if the producing interval is entirely within the producing area or at an unorthodox location previously approved by the Division. Additionally, if the project area consists of a

combination of drilling units and includes any State or Federal acreage, a copy of the OGD Form C-102 shall be sent to the State Land Office or the Bureau of Land Management. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.D.(1), 7-31-97; A, 7-31-97]

(2) Unorthodox Wellbores. If all or part of the producing interval of any directional wellbore is projected to be outside of the producing area, the wellbore shall be considered unorthodox. To obtain approval for such wellbores, the applicant shall file a written application in duplicate with the Division Director, copy to the appropriate Division District Office, and shall otherwise follow the normal process outlined in Rule 104(F)(3). [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.D.(2), 7-31-97; A, 7-31-97]

(3) Allowables for Project Areas With Multiple Protraction Units. The maximum allowable assigned to the project area within a protracted pool shall be based upon the number of standard spacing units (or approved non-standard spacing units) that are developed or traversed by the producing interval of the directional wellbore or wellbores. Such maximum allowable shall be applicable to all production from the project area, including any vertical wellbores on standard spacing units inside the project area. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.D.(3), 7-31-97; A, 7-31-97]

(4) Directional Surveys Required. A directional survey shall be required on each well drilled under the provisions of this section. The appropriate Division District Office shall be notified of the approximate time all directional surveys are to be conducted. All directional surveys run on any well in any manner for any reason must be filed with the Division upon completion of the well. The Division shall not assign an allowable to the well until all such directional surveys have been filed. If the directional survey indicates that any part of the producing interval is outside of the producing area, or, in the case of an approved unorthodox location, less than the approved setback requirements from the outer boundary of the applicable unit, then the operator shall file an application with the Division Director, copy to the appropriate Division District Office, and shall otherwise follow the normal process outlined in Rule 104(F)(3) to obtain approval of the unorthodox location. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.E, 7-31-97; A, 7-31-97]

(5) Re-entry of Vertical or Deviated Wellbores for Directional Drilling Projects. These wellbores shall be considered orthodox provided the surface location is orthodox and the location of producing interval is within the tolerance allowed for deviated wellbores under Rule 111.B.(3). [7-31-97]

111.D. Additional Matters:

(1) Directional surveys required under the provisions of this rule shall have shot points no more than 200 feet apart and shall be run by competent surveying companies that are approved by the Division Director. Exceptions to the minimum shot point spacing will be allowed provided the accuracy of the survey is still within acceptable limits. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.F.(1), 7-31-97; A, 7-31-97]

(2) The Division Director, may, at his discretion, set any application for administrative approval whereby the operator shall submit appropriate information and give notice as requested by the Division Director. Unprotected applications may be approved administratively within 20 days of receipt of the application and supporting information. If the application is protested, or the Division Director decides that a public hearing is appropriate, the application may be set for public hearing. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.E.(1) & 19 NMAC 15.C.111.F.(1)&(2), 7-31-97; A, 7-31-97]

(3) Permission to deviate or directionally drill any wellbore for any reason or in any manner not provided for in this rule shall be granted only after notice and opportunity for hearing. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.F.(3), 7-31-97; A, 7-31-97]

111.E. Reserved. [7-26-95, 2-1-96; 7-31-97]

(1) Reserved. [7-26-95, 2-1-96; 7-31-97]

(2) Reserved. [7-26-95, 2-1-96; 7-31-97]

111.F. Reserved. [8-28-92...2-1-96; 7-31-97]

**Administrative Application For
Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL & 2005' FWL
Bottom Hole Location: 219' FSL & 1964' FWL
Section 29, T18S, R32E
North Lusk Strawn Pool
Lea County, New Mexico**

OFFSET OPERATORS

Pride Energy Company
P. O. Box 701602
Tulsa, OK 74170

Camterra Resources Partners, Ltd.
2615 East End Blvd. South
Marshall, TX 75670

Christeve Oil Co. Inc.
4422 FM 1960 W.
Suite 425
Houston, TX 77068

March 15, 2000



Chevron

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

Administrative Application For
Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL & 2005' FWL
Bottom Hole Location: 219' FSL & 1964' FWL
Section 29, T18S, R32E
North Lusk Strawn Pool
Lea County, New Mexico

Pride Energy Company
P. O. Box 701602
Tulsa, OK 74170

Ladies/Gentlemen:

Attached is a copy of an administrative application for a subsurface non-standard Strawn oil well location.

Any objections must be filed with the NMOCD within 20 days of the NMOCD receiving this notice.

If you have any questions regarding this application, please contact Lloyd Trautman at (915) 687-7152.

Sincerely,

A handwritten signature in black ink that reads "Lloyd V. Trautman". The signature is fluid and cursive, with the first and last names being more prominent.

Lloyd V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

cc: Central Files - Lease and Well Files

March 15, 2000



Chevron

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

Administrative Application For
Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL & 2005' FWL
Bottom Hole Location: 219' FSL & 1964' FWL
Section 29, T18S, R32E
North Lusk Strawn Pool
Lea County, New Mexico

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2615 East End Blvd. South
Marshall, TX 75670

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Sincerely,

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Lloyd V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

cc: Central Files - Lease and Well Files

March 15, 2000



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

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Non-Standard Oil Well Location
Chevron USA Production Co.
North Lusk 29 Federal #1
Surface Location: 330' FSL & 2005' FWL
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Section 29, T18S, R32E
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4422 FM 1960 W.
Suite 425
Houston, TX 77068

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Lloyd V. Trautman
Sr. Petroleum Engineer
New Mexico Area

Attachments

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