



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 24, 1997

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

Reinstatement of Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997.

Dear Mr. Wright:

Reference is made to your petition dated September 12, 1997 to reinstate Division Administrative Order DD-189(H:w/NSDW)(SD) dated July 16, 1997, which order authorized Chevron to initiate a high angle/horizontal directionally drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

Subsequent to my review of the records in this matter: (i) said Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997 shall be reinstated to its initial extent and is to remain in full force and affect until further notice; (ii) AMENDED Administrative Order DD-189(H:w/NSDW)(SD), issued by the Division on August 17, 1997 is hereby placed in abeyance until further notice; and, (iii) Chevron's request to form a 160-acre "project area" for said high angle/horizontal directionally drilling project to comprise the S/2 NW/4 and the N/2 SW/4 of said Section 1 is deemed unnecessary and is hereby denied.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay", written over a large, stylized flourish that extends downwards and to the right.

WILLIAM J. LEMAY
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DD-189(H:w/NSDW)(SD)

DD. 189, RST

September 24, 1997

Rec: 9-15-97
Susp: NA
Released: 9-24-97

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

Attention: Craig A. Wright

***Reinstatement of Division Administrative Order
DD-189(H:w/NSDW)(SD), dated July 16, 1997.***

Dear Mr. Wright:

Reference is made to your petition dated September 12, 1997 to reinstate Division Administrative Order DD-189(H:w/NSDW)(SD) dated July 16, 1997, which order authorized Chevron to initiate a high angle/horizontal directionally drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

Subsequent to my review of the records in this matter: (i) said Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997 shall be reinstated to its initial extent and is to remain in full force and affect until further notice; (ii) AMENDED Administrative Order DD-189(H:w/NSDW)(SD), issued by the Division on August 17, 1997 is hereby placed in abeyance until further notice; and, (iii) Chevron's request to form a 160-acre "project area" for said high angle/horizontal directionally drilling project to comprise the S/2 NW/4 and the N/2 SW/4 of said Section 1 is deemed unnecessary and is hereby denied.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,

**WILLIAM J. LEMAY
Director**

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DD-189(H:w/NSDW)(SD)

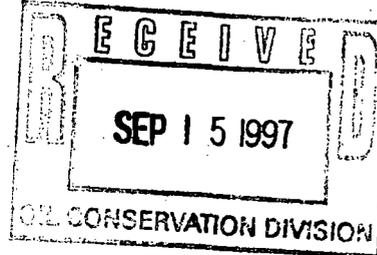
AMEND DD 10/6/97



September 12, 1997

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico

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



Attn: Mr. William J. LeMay - Director

Gentlemen:

On August 25, 1997, per a phone conversation with Michael Stogner, notification was made to the Division by Chevron that the Lentini '1' Federal #16 was drilling outside the "producing area" as specified in Administrative Order DD-189 (Amended). It was also at this time, that Chevron asked for permission to move the well's target BHL from 2575' FNL & 1056' FWL to 2191' FNL & 1725' FWL.

Based upon Chevron's information/request, Mr. Stogner advised Chevron to file an amendment to increase the "producing area" to an over-sized spacing unit comprising 160 acres (four standard 40-acre tracts) underlying the S/2 NW/4 and N/2 SW/4 of Section 1, and simultaneously dedicate Lentini '1' Federal #16 to the said 160 acres.

Chevron respectfully requests your approval of the attached administrative application for an over-sized oil spacing unit and simultaneous dedication of Lentini '1' Federal #16.

If you have any questions or require further information concerning this amendment, please contact Craig Wright at (915)687-7284.

Sincerely,

C.A. Wright
Petroleum Engineer

Attachments: Administrative Application (Amended #2)
Administrative Order DD-189 (Amended)
Administrative Order DD-189

cc: NMOCD - Artesia, NM
J.K. Ripley
Central Files - Lease & Well Files

September 12, 1997



**Amended #2
Administrative Application For Unorthodox
Oil Spacing & Proration Unit and
Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2575' FNL & 435' FWL (Surface)
2191' FNL & 1725' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy 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 87504

Attn: Mr. William J. LeMay - Director

Gentlemen:

Chevron U.S.A. Inc. respectfully requests your approval of this administrative application for the subject Unorthodox Oil Spacing & Proration Unit and Simultaneous Dedication.

Chevron planned to drill and complete the Lentini '1' Federal #16 such that the cased & open hole intervals lie within the 40-acre oil spacing and proration unit comprising the SW/ NW/4 of Section 1 as specified in Administrative Order DD-189 (Amended). Unfortunately, while drilling the hole to set the 5-1/2" casing to the top of the pay zone, Chevron drilled outside the approved 40-acre "producing area"; consequently, Chevron must now file an amendment to increase the "producing area" such that all of the open hole interval is contained within the enlarged "producing area".

Additionally, it is Chevron's desire to move the well's target BHL of 2575' FNL & 1056' FWL as specified in Administrative Order DD-189 (Amended) to a new target BHL of 2191' FNL & 1725' FWL. This will allow Chevron to contact significantly more reservoir with the open hole interval, thus increasing the potential productivity of the well.

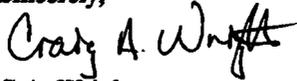
Chevron requests your approval to increase the "producing area" to an over-sized oil spacing unit comprising 160 acres (four standard 40-acre tracts) underlying the S/2 NW/4 and N2 SW/4 of Section 1. Granting of the 160 acre spacing unit will ensure that the entire open hole interval will be contained within the "producing area", and allow the BHL to remain atleast 330 feet from the north, south, east, and west boundaries.

Lentini '1' Federal #16 will need to be simultaneously dedicated with four existing producers located on the proposed 160 acre proration unit (Lentini #3, API 30-015-27535; Lentini #5, API 30-015-27565, Lentini 9, API 30-015-27569, and Lentini 10, API 30-015-27570). Wells #3, #5, #9, & #10 are marginal oil wells producing significantly below the allowable. If allowed to simultaneously dedicate production from Well #16, Chevron could economically capture incremental reserves which otherwise would not be produced from the said 160 acres.

In order to prevent waste, Chevron respectfully requests your approval of this administrative application for an unorthodox oil spacing & proration unit and simultaneous dedication. Attached are Form C-102 plats illustrating the well locations and proposed proration unit acreage.

If you have any questions or require further information concerning this application, contact Craig Wright at (915)687-7284.

Sincerely,



C.A. Wright
Petroleum Engineer

Attachments: Form C-102 Plat - Lentini '1' Federal #3
Form C-102 Plat - Lentini '1' Federal #5
Form C-102 Plat - Lentini '1' Federal #9
Form C-102 Plat - Lentini '1' Federal #10
Form C-102 Plat - Lentini '1' Federal #16

cc: NMOCD - Artesia, NM
J.K. Ripley
Central Files - Lease & Well Files



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

August 17, 1997

Chevron U.S.A. Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

AMENDED
Administrative Order DD-189(H:w/NSDW)(SD)
High Angle/Horizontal

Dear Mr. Wright:

Reference is made to your letter dated May 27, 1997 amending Chevron U.S.A. Inc.'s original application dated April 9, 1997 for authorization to initiate a high angle/horizontal directionally drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, in which the Division issued Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997. This letter was recently found attached to a file in an unrelated matter.

The Division Director Finds That:

- (1) Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, should be amended at this time to incorporate Chevron's requested changes to its original application of April 9, 1997;
- (2) The application, as amended, has been duly filed under the provisions of:
 - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules;
- (3) That portion of the East Herradura Bend-Delaware Pool in Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico currently encompasses all of Section 1, the N/2 equivalent and the SE/4 of Section 2, the NE/4 equivalent of Section 3, and the NE/4 of Section 12;
- (4) Said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units,

and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

- (5) The "project area" proposed by Chevron would consist of a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of said Section 1;
- (6) Division records and the application as amended indicate that the Lentini "1" Federal lease (Federal lease No. NM-91708 and/or NM-18038) comprises an area that includes all of said Section 1 and is operated by Chevron; therefore, there are no affected offsetting operators other than Chevron to the south of the proposed project area;
- (7) Chevron is currently developing the East Herradura Bend-Delaware Pool within the subject 40-acre project area with its Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line;
- (8) It is Chevron's intent to drill the proposed Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2575 feet from the North line and 435 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation;
- (9) The applicable drilling window or "producing area" for said wellbore as requested by Chevron should include that area within the subject 40-acre standard oil spacing and proration unit comprising the SW/ NW/4 of said Section 1 that is:
 - (a) no closer than 330 feet to the north and west boundaries of said quarter-quarter section;
 - (b) no closer than 264 feet to the eastern boundary of said quarter-quarter section; and,
 - (c) is no further than 2575 feet from the North line of said Section 1;
- (10) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111; and,
- (11) The original Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, is to be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) Chevron U.S.A. Inc. ("Chevron") is hereby authorized to initiate a high angle/horizontal directional drilling project within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend-Delaware Pool, Eddy County, New Mexico, by drilling its Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2575 feet from the North line and 435 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of a standard 40-acre oil spacing and proration unit comprising the 40 acres underlying the SW/4 NW/4 of said Section 1, whereby East Herradura Bend-Delaware oil production from the subject well and Chevron's Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line (Unit E), is to be simultaneously dedicated.

(4) The applicable drilling window or "producing area" for said wellbore shall include that area within the subject 40-acre standard oil spacing and proration unit comprising the SW/4 NW/4 of said Section 1 that is:

- (a) no closer than 330 feet to the north and west boundaries of said quarter-quarter section;
- (b) no closer than 264 feet from the eastern boundary of said quarter-quarter section; and,
- (c) is no further than 2575 feet from the North line of said Section 1.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

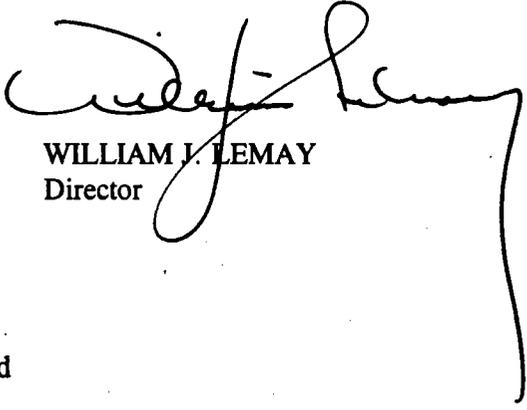
(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured vertical depth (MVD).

(7) The original Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, is hereby superseded by this order.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DD-189(H:w/NSDW)(SD)



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 16, 1997

Chevron U.S.A. Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

Administrative Order DD-189(H:w/NSDW)(SD)
High Angle/Horizontal

Dear Mr. Wright:

Reference is made to Chevron U.S.A. Inc.'s ("Chevron") application dated April 9, 1997 for authorization to initiate a high angle/horizontal directional drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of:
 - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996;
- (2) That portion of the East Herradura Bend-Delaware Pool in Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico currently encompasses all of Section 1, the N/2 equivalent and the SE/4 of Section 2, the NE/4 equivalent of Section 3, and the NE/4 of Section 12;

- (3) Said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (4) The "project area" proposed by Chevron would consist of an over-sized spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the S/2 NW/4 of said Section 1;
- (5) Division records and the application submitted seem to indicate that the Lentini "1" Federal lease (Federal lease No. NM-91708 and/or NM-18038) comprises an area that includes all of said Section 1 and is operated by Chevron; therefore, there are no affected offsetting operators other than Chevron to the south of the proposed project area;
- (6) Chevron is currently developing the East Herradura Bend-Delaware Pool within the subject 80-acre project area in the following manner:
 - (a) the SW/4 NW/4 (Unit E) of said Section 1, being a standard 40-acre oil spacing and proration unit, is dedicated to its Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line; and,
 - (b) the SE/4 NW/4 (Unit F) of said Section 1, being a standard 40-acre oil spacing and proration unit, is dedicated to its Lentini "1" Federal Well No. 5 (API No. 30-015-27565), located at a standard oil well location 1650 feet from the North line and 1725 feet from the West line;
- (7) It is Chevron's intent to drill its proposed Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2475 feet from the North line and 1050 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation;

- (8) The applicable drilling window or "producing area" for said wellbore as requested by Chevron should include that area within the subject 80-acre non-standard oil spacing and proration unit comprising the S/2 NW/4 of said Section 1 that is no closer than 330 feet to the north, east, and west boundaries and as close as is practically possible in this instance to a parallel line that is 165 feet from the southern boundary of said project area ; and,
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) Chevron U.S.A. Inc. ("Chevron") is hereby authorized to initiate a high angle/horizontal directional drilling project within a non-standard 80-acre oil spacing and proration unit comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend-Delaware Pool, Eddy County, New Mexico, by drilling its Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2475 feet from the North line and 1050 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of an over-sized spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the S/2 NW/4 of said Section

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Administrative Order DD-189(H:w/NSDW)(SD)

Chevron U.S.A. Inc.

July 16, 1997

Page 4

1, whereby East Herradura Bend-Delaware oil production from the subject well and Chevron's Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line (Unit E) and Lentini "1" Federal Well No. 5 (API No. 30-015-27565), located at a standard oil well location 1650 feet from the North line and 1725 feet from the West line (Unit F), is to be simultaneously dedicated.

(4) The applicable drilling window or "producing area" for said wellbore shall include that area within the subject 80-acre non-standard oil spacing and proration unit comprising the S/2 NW/4 of said Section 1 that is no closer than 330 feet to the north, east, and west boundaries and as close as is practically possible in this instance to a parallel line that is 165 feet from the southern boundary of said project area.

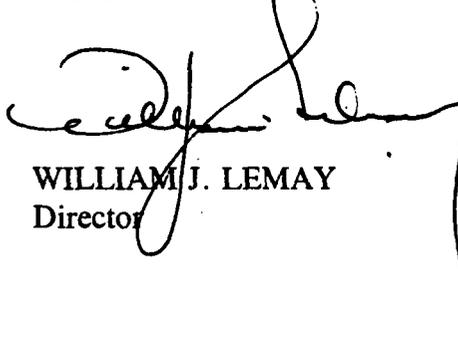
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured vertical depth (MVD).

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos 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 30-015-27535	Pool Code 30670	Pool Name East Herradura Bend
Property Code 15095	Property Name Lentini '1' Federal	Well Number 3
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
	1	23S	28E		1825'	North	900'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dunes	13 Acres	14 Joint or Infill	15 Consolidation Code	16 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

<p>16</p> <p>1825'</p> <p>900'</p> <p>#3</p> <p>#5</p> <p>#16 B.H.</p> <p>#16 swp.</p> <p>#9</p> <p>#10</p>	<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>Tanya Kerley Signature Tanya Kerley Printed Name Office Assistant Title 9/12/97 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>

District I
 PO Box 1908, Hobbs, NM 88241-1908
 District II
 PO Drawer DD, Artesia, NM 88211-8719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87418
 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 30-015-27565	Pool Code 30670	Pool Name East Herradura Bend
Property Code 15095	Property Name Lentini '1' Federal	Well Number 5
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
	1	23S	28E		1650'	North	1725'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Ducts	1 Acres	13 Joint or Infill	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

	<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>Signature: <u>Tanya Kerley</u></p> <p>Printed Name: <u>Tanya Kerley</u></p> <p>Title: <u>Office Assistant</u></p> <p>Date: <u>9/12/97</u></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>

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos 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 30-015-27569	Pool Code 30670	Pool Name East Herradura Bend
Property Code 15095	Property Name Lentini '1' Federal	Well Number 9
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
	1	23S	28E		2060'	South	900'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Ductile	1 Acre	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

<p>16</p>	<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>Signature: <u>Tanya Kerley</u></p> <p>Printed Name: <u>Tanya Kerley</u></p> <p>Title: <u>Office Assistant</u></p> <p>Date: <u>9/12/97</u></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>	

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-8719
 District III
 1000 Rio Brazos 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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27570	Pool Code 30670	Pool Name East Herradura Bend
Property Code 15095	Property Name Lentini '1' Federal	Well Number 10
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

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
	1	23S	28E		2310'	South	1750'	West	Eddy

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 District	1 Acres	13 Joint or Infill	14 Concession 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 	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> Signature <i>Tanya Kerley</i> Printed Name Tanya Kerley Title Office Assistant Date 9/12/97
	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

District I
 PO Box 1900, Hobbs, NM 88241-1900
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29614	Pool Code 30670	Pool Name East Herradura Bend
Property Code 15095	Property Name Lentini '1' Federal	Well Number 16
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
	1	23S	28E		2575'	North	435'	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
	1	23S	28E		2191'	North	1725'	West	Eddy

¹² Ductile	¹³ Acres	¹⁴ Joint or Infill	¹⁵ Consolidation Code	¹⁶ 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

	<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>Signature: <u>Tanya Kerley</u></p> <p>Printed Name: <u>Tanya Kerley</u></p> <p>Title: <u>Office Assistant</u></p> <p>Date: <u>9/12/97</u></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>

DD-189. AMD

M.S. - 8-16-97

August 17, 1997

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

Attention: Craig A. Wright

AMENDED

Administrative Order DD-189(H:w/NSDW)(SD)
High Angle/Horizontal

Dear Mr. Wright:

Reference is made to your letter dated May 27, 1997 amending Chevron U.S.A. Inc.'s original application dated April 9, 1997 for authorization to initiate a high angle/horizontal directionally drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, in which the Division issued Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997. This letter was recently found attached to a file in an unrelated matter.

The Division Director Finds That:

- (1) Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, should be amended at this time to incorporate Chevron's requested changes to its original application of April 9, 1997;
- (2) The application, as amended, has been duly filed under the provisions of:
 - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11/274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules;
- (3) That portion of the East Herradura Bend-Delaware Pool in Township 23 South,

Range 28 East, NMPM, Eddy County, New Mexico currently encompasses all of Section 1, the N/2 equivalent and the SE/4 of Section 2, the NE/4 equivalent of Section 3, and the NE/4 of Section 12;

- (4) Said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (5) The "project area" proposed by Chevron would consist of a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of said Section 1;
- (6) Division records and the application as amended indicate that the Lentini "1" Federal lease (Federal lease No. NM-91708 and/or NM-18038) comprises an area that includes all of said Section 1 and is operated by Chevron; therefore, there are no affected offsetting operators other than Chevron to the south of the proposed project area;
- (7) Chevron is currently developing the East Herradura Bend-Delaware Pool within the subject 40-acre project area with its Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line;
- (8) It is Chevron's intent to drill the proposed Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2575 feet from the North line and 435 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation;
- (9) The applicable drilling window or "producing area" for said wellbore as requested by Chevron should include that area within the subject 40-acre standard oil spacing and proration unit comprising the SW/ NW/4 of said Section 1 that is:
 - (a) no closer than 330 feet to the north and west boundaries of said quarter-quarter section;
 - (b) no closer than 264 feet to the eastern boundary of said quarter-quarter section; and,
 - (c) is no further than 2575 feet from the North line of said Section 1;
- (10) It appearing the applicant has satisfied all of the appropriate requirements

prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111; and,

- (11) The original Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, is to be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) Chevron U.S.A. Inc. ("Chevron") is hereby authorized to initiate a high angle/horizontal directional drilling project within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend-Delaware Pool, Eddy County, New Mexico, by drilling its Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2575 feet from the North line and 425 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of a standard 40-acre oil spacing and proration unit comprising the 40 acres underlying the SW/4 NW/4 of said Section 1, whereby East Herradura Bend-Delaware oil production from the subject well and Chevron's Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line (Unit E), is to be simultaneously dedicated.

(4) The applicable drilling window or "producing area" for said wellbore shall include that area within the subject 40-acre standard oil spacing and proration unit comprising the SW/4 NW/4 of said Section 1 that is:

(a) no closer than 330 feet to the north and west boundaries of said quarter-quarter section;

(b) no closer than 264 feet from the eastern boundary of said quarter-quarter section; and,

(c) is no further than 2575 feet from the North line of said Section 1.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured ^{Vertical} depth (MVD).

(7) The original Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, is hereby superseded by this order.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DD-189(H:w/NSDW)(SD)



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

August 17, 1997

Chevron U.S.A. Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

AMENDED
Administrative Order DD-189(H:w/NSDW)(SD)
High Angle/Horizontal

Dear Mr. Wright:

Reference is made to your letter dated May 27, 1997 amending Chevron U.S.A. Inc.'s original application dated April 9, 1997 for authorization to initiate a high angle/horizontal directionally drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, in which the Division issued Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997. This letter was recently found attached to a file in an unrelated matter.

The Division Director Finds That:

- (1) Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, should be amended at this time to incorporate Chevron's requested changes to its original application of April 9, 1997;
- (2) The application, as amended, has been duly filed under the provisions of:
 - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules;
- (3) That portion of the East Herradura Bend-Delaware Pool in Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico currently encompasses all of Section 1, the N/2 equivalent and the SE/4 of Section 2, the NE/4 equivalent of Section 3, and the NE/4 of Section 12;
- (4) Said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units,

and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

- (5) The "project area" proposed by Chevron would consist of a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of said Section 1;
- (6) Division records and the application as amended indicate that the Lentini "1" Federal lease (Federal lease No. NM-91708 and/or NM-18038) comprises an area that includes all of said Section 1 and is operated by Chevron; therefore, there are no affected offsetting operators other than Chevron to the south of the proposed project area;
- (7) Chevron is currently developing the East Herradura Bend-Delaware Pool within the subject 40-acre project area with its Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line;
- (8) It is Chevron's intent to drill the proposed Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2575 feet from the North line and 435 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation;
- (9) The applicable drilling window or "producing area" for said wellbore as requested by Chevron should include that area within the subject 40-acre standard oil spacing and proration unit comprising the SW/ NW/4 of said Section 1 that is:
 - (a) no closer than 330 feet to the north and west boundaries of said quarter-quarter section;
 - (b) no closer than 264 feet to the eastern boundary of said quarter-quarter section; and,
 - (c) is no further than 2575 feet from the North line of said Section 1;
- (10) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111; and,
- (11) The original Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, is to be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) Chevron U.S.A. Inc. ("Chevron") is hereby authorized to initiate a high angle/horizontal directional drilling project within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend-Delaware Pool, Eddy County, New Mexico, by drilling its Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2575 feet from the North line and 435 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of a standard 40-acre oil spacing and proration unit comprising the 40 acres underlying the SW/4 NW/4 of said Section 1, whereby East Herradura Bend-Delaware oil production from the subject well and Chevron's Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line (Unit E), is to be simultaneously dedicated.

(4) The applicable drilling window or "producing area" for said wellbore shall include that area within the subject 40-acre standard oil spacing and proration unit comprising the SW/4 NW/4 of said Section 1 that is:

- (a) no closer than 330 feet to the north and west boundaries of said quarter-quarter section;
- (b) no closer than 264 feet from the eastern boundary of said quarter-quarter section; and,
- (c) is no further than 2575 feet from the North line of said Section 1.

Amended Administrative Order DD-189

Chevron U.S.A. Inc.

August 17, 1997

Page 4

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

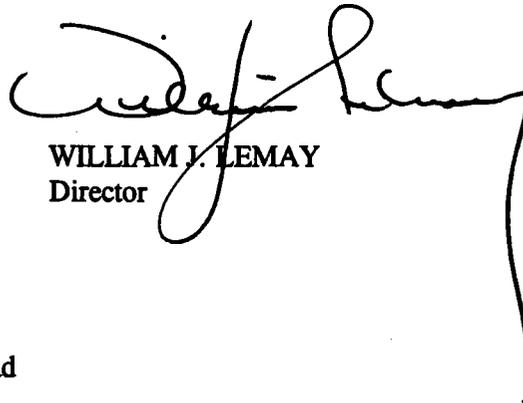
(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured vertical depth (MVD).

(7) The original Division Administrative Order DD-189(H:w/NSDW)(SD), dated July 16, 1997, is hereby superseded by this order.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DD-189(H:w/NSDW)(SD)



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 16, 1997

Chevron U.S.A. Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

Administrative Order DD-189(H:w/NSDW)(SD)
High Angle/Horizontal

Dear Mr. Wright:

Reference is made to Chevron U.S.A. Inc.'s ("Chevron") application dated April 9, 1997 for authorization to initiate a high angle/horizontal directional drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of:
 - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996;
- (2) That portion of the East Herradura Bend-Delaware Pool in Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico currently encompasses all of Section 1, the N/2 equivalent and the SE/4 of Section 2, the NE/4 equivalent of Section 3, and the NE/4 of Section 12;

- (3) Said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (4) The "project area" proposed by Chevron would consist of an over-sized spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the S/2 NW/4 of said Section 1;
- (5) Division records and the application submitted seem to indicate that the Lentini "1" Federal lease (Federal lease No. NM-91708 and/or NM-18038) comprises an area that includes all of said Section 1 and is operated by Chevron; therefore, there are no affected offsetting operators other than Chevron to the south of the proposed project area;
- (6) Chevron is currently developing the East Herradura Bend-Delaware Pool within the subject 80-acre project area in the following manner:
 - (a) the SW/4 NW/4 (Unit E) of said Section 1, being a standard 40-acre oil spacing and proration unit, is dedicated to its Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line; and,
 - (b) the SE/4 NW/4 (Unit F) of said Section 1, being a standard 40-acre oil spacing and proration unit, is dedicated to its Lentini "1" Federal Well No. 5 (API No. 30-015-27565), located at a standard oil well location 1650 feet from the North line and 1725 feet from the West line;
- (7) It is Chevron's intent to drill its proposed Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2475 feet from the North line and 1050 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation;

- (8) The applicable drilling window or "producing area" for said wellbore as requested by Chevron should include that area within the subject 80-acre non-standard oil spacing and proration unit comprising the S/2 NW/4 of said Section 1 that is no closer than 330 feet to the north, east, and west boundaries and as close as is practically possible in this instance to a parallel line that is 165 feet from the southern boundary of said project area ; and,
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) Chevron U.S.A. Inc. ("Chevron") is hereby authorized to initiate a high angle/horizontal directional drilling project within a non-standard 80-acre oil spacing and proration unit comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend-Delaware Pool, Eddy County, New Mexico, by drilling its Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2475 feet from the North line and 1050 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of an over-sized spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the S/2 NW/4 of said Section

1, whereby East Herradura Bend-Delaware oil production from the subject well and Chevron's Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line (Unit E) and Lentini "1" Federal Well No. 5 (API No. 30-015-27565), located at a standard oil well location 1650 feet from the North line and 1725 feet from the West line (Unit F), is to be simultaneously dedicated.

(4) The applicable drilling window or "producing area" for said wellbore shall include that area within the subject 80-acre non-standard oil spacing and proration unit comprising the S/2 NW/4 of said Section 1 that is no closer than 330 feet to the north, east, and west boundaries and as close as is practically possible in this instance to a parallel line that is 165 feet from the southern boundary of said project area.

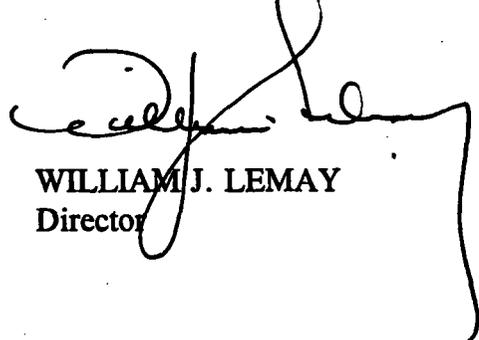
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured vertical depth (MVD).

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

DD-Chev. 2

Rec: 4-14-97
Susp: 5-5-97
Released: 7-16-97

July 16, 1997

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

Attention: Craig A. Wright

189
*Administrative Order DD-*** (H:w/NSDW) (SD)*
High Angle/Horizontal

Dear Mr. Wright:

Reference is made to Chevron U.S.A. Inc.'s ("Chevron") application dated April 9, 1997 for authorization to initiate a high angle/horizontal directionally drilling project within the East Herradura Bend-Delaware Pool underlying the 80 acres comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of:
 - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996;
- (2) That portion of the East Herradura Bend-Delaware Pool in Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico currently encompasses all of Section 1, the N/2 equivalent and the SE/4 of Section 2, the NE/4 equivalent of Section 3, and the NE/4 of Section 12;
- (3) Said pool is subject to the statewide rules and regulations, as promulgated by Rule

104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

- (4) The "project area" proposed by Chevron would consist of an over-sized spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the S/2 NW/4 of said Section 1;
- (5) Division records and the application submitted seem to indicate that the Lentini "1" Federal lease (Federal lease No. NM-91708 and/or NM-18038) comprises an area that includes all of said Section 1 and is operated by Chevron; therefore, there are no effected offsetting operators other than Chevron to the south of the proposed project area;
- (6) Chevron is currently developing the East Herradura Bend-Delaware Pool within the subject 80-acre project area in the following manner:
 - (a) the SW/4 NW/4 (Unit E) of said Section 1, being a standard 40-acre oil spacing and proration unit, is dedicated to its Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line; and,
 - (b) the SE/4 NW/4 (Unit F) of said Section 1, being a standard 40-acre oil spacing and proration unit, is dedicated to its Lentini "1" Federal Well No. 5 (API No. 30-015-27565), located at a standard oil well location 1650 feet from the North line and 1725 feet from the West line;
- (7) It is Chevron's intent to drill its proposed Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2475 feet from the North line and 1050 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation;
- (8) The applicable drilling window or "producing area" for said wellbore as requested by Chevron should include that area within the subject 80-acre non-standard oil spacing and proration unit comprising the S/2 NW/4 of said Section 1 that is no closer than 330 feet to the north, east, and west boundaries and as close as is practically possible in this instance to a parallel line that is 165 feet from the southern boundary of said project area ; and,

- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) Chevron U.S.A. Inc. ("Chevron") is hereby authorized to initiate a high angle/horizontal directional drilling project within a non-standard 80-acre oil spacing and proration unit comprising the S/2 NW/4 of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend-Delaware Pool, Eddy County, New Mexico, by drilling its Lentini "1" Federal Well No. 16 (API No. 30-015-29614) at an unorthodox surface oil well location 2475 feet from the North line and 1050 feet from the West line (Unit E) of said Section 1, drill vertically to an approximate depth of 5500 feet, kick-off due east, build angle at a rate of 16.84 degrees per 100 feet until an inclination of 80 degrees is obtained, and continue drilling while holding this angle a distance of approximately 350 feet through the Delaware formation.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of an over-sized spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the S/2 NW/4 of said Section 1, whereby East Herradura Bend-Delaware oil production from the subject well and Chevron's Lentini "1" Federal Well No. 3 (API No. 30-015-27535), located at a standard oil well location 1825 feet from the North line and 900 feet from the West line (Unit E) and Lentini "1" Federal Well No. 5 (API No. 30-015-27565), located at a standard oil well location 1650 feet from the North line and 1725 feet from the West line (Unit F), is to be simultaneously dedicated.

(4) The applicable drilling window or "producing area" for said wellbore shall include that area within the subject 80-acre non-standard oil spacing and proration unit comprising the S/2 NW/4 of said Section 1 that is no closer than 330 feet to the north, east, and west boundaries and as close as is practically possible in this instance to a parallel line that is 165 feet from the southern boundary of said project area.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depth (MVD).
Vertical ?

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

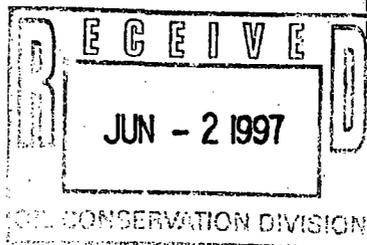
cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad



May 27, 1997

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico

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



Attn: Mr. William J. LeMay - Director

Gentlemen:

On April 14, 1997 your office received an Administrative Application for Unorthodox Oil Well Location and Simultaneous Dedication for the Lentini '1' Federal #16. Since that time, Chevron has decided to move the wellbore up-dip in order to minimize the completion risk associated with the proposed new drill.

If allowed to move the location, changes to the original administrative application will be as follows:

Original

Amended

2475' FNL & 1050' FWL (Surface Location)
2475' FNL & 1671' FWL (Est. Btm. Location)
Simultaneously Dedicated w/ Lentini #5

2575' FNL & 435' FWL (Surface Location)
2575' FNL & 1056' FWL (Est. Btm. Location)
Simultaneously Dedicated w/ Lentini #3

Chevron respectfully requests your approval of the amended administrative application for an unorthodox oil well location and simultaneous dedication for said well. Attached is the amended application along with a copy of the original application which you received on April 14, 1997.

If you have any questions or require further information concerning this amendment, please contact Craig Wright at (915)687-7284.

Sincerely,

C.A. Wright
Petroleum Engineer

Attachments: Amended Administrative Application
Original Administrative Application

cc: NMOCD - Artesia, NM
J.K. Ripley
Central Files - Lease & Well Files



May 27, 1997

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

Amended

**Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2575' FNL & 435' FWL (Surface)
2575' FNL & 1056' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay - Director

Gentlemen:

Chevron U.S.A. Inc. respectfully requests your approval of this amended administrative application for the subject Non-Standard Location and Simultaneous Dedication.

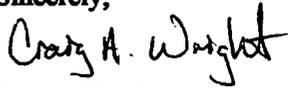
Chevron is planning to drill and complete the Lentini '1' Federal #16 in the East Herradura Bend - Delaware Pool. It is our desire to simultaneously dedicate said well to the existing standard 40-acre oil spacing and proration unit currently assigned to Lentini '1' Federal #3 (API No. 30-015-27535). The 40-acre oil proration unit comprises Unit Letter E of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend - Delaware Pool, Eddy County, New Mexico. Well #3 is a marginal oil well producing at a current rate of 20 bopd 130 bwpd 50 mcfpd; significantly shy of the 142 bopd allowable and 10,000 GOR limit. If allowed to simultaneously dedicate production from Well #16, Chevron could economically capture incremental reserves which otherwise would not be produced from this proration unit.

The proposed bottom hole location for Lentini '1' Federal #16 of 2575' FNL & 1056' FWL (Unit Letter E) of said Section 1 is non-standard. This non-standard location, however, encroaches only upon Chevron leasehold acreage. The surface location has been approved by the BLM.

In order to prevent waste, Chevron respectfully requests your approval of this amended administrative application for an unorthodox oil well location and simultaneous dedication. Attached are Form C-102 plats for Lentini #3 & #16.

If you have any questions or require any further information concerning this application, please contact Craig Wright at (915)687-7284.

Sincerely,



C. A. Wright
Petroleum Engineer

Attachments: Form C-102 Plat - Lentini '1' Federal #3
Form C-102 Plat - Lentini '1' Federal #16

cc: NMOCD -- Artesia, NM
J. K. Ripley
Central Files - Lease & Well Files

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos 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	Pool Code 30670	Pool Name Herradura Bend; East
Property Code 15095	Property Name Lentini '1' Federal	Well Number 16
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

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
E	1	23S	28E		2575'	North	435'	West	Eddy

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
E	1	23S	28E		2575'	North	1056'	West	Eddy

11 Ductile	1 Acres	12 Joint or Infill	13 Consolidation Code	14 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

	<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>Signature Tanya Kerley</p> <p>Printed Name Tanya Kerley</p> <p>Title Office Assistant</p> <p>Date 5-23-97</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>

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-9719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

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 State Lease - 4 Copies
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OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27535	Pool Code 30670	Pool Name Herradura Bend; East
Property Code 15095	Property Name Lentini '1' Federal	Well Number 3
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

10 Surface Location

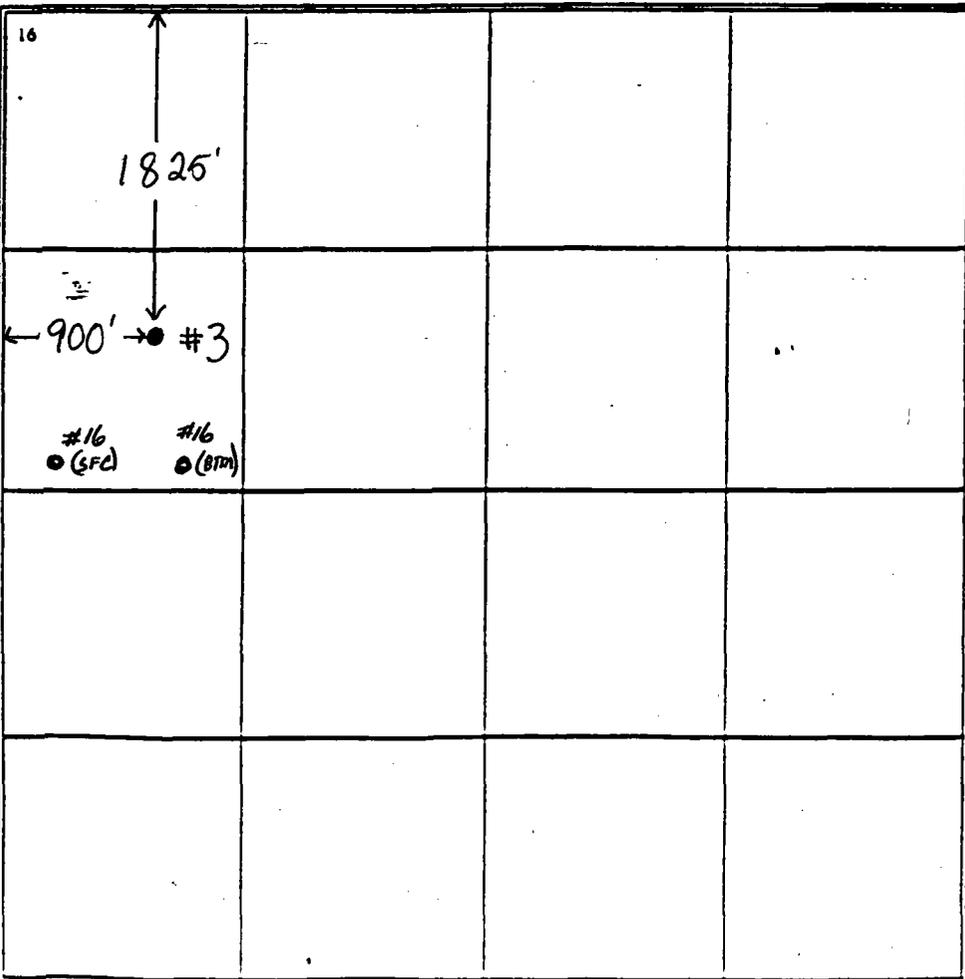
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	1	23S	28E		1825'	North	900'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
									Eddy

12 Ductile 1 Acres	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



17 OPERATOR CERTIFICATION

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

Signature
 Tanya Kerley
 Printed Name
 Office Assistant
 Title
 5-23-97
 Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
 Signature and Seal of Professional Surveyor:

Certificate Number



April 9, 1997

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

**Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay - Director

Gentlemen:

Chevron U.S.A. Inc. respectfully requests your approval of this administrative application for the subject Non-Standard Location and Simultaneous Dedication.

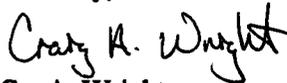
Chevron is planning to drill and complete the Lentini '1' Federal #16 in the East Herradura Bend - Delaware Pool. It is our desire to simultaneously dedicate said well to the existing standard 40-acre oil spacing and proration unit currently assigned to Lentini '1' Federal #5 (API No. 30-015-27565). The 40-acre oil proration unit comprises Unit Letter F of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend - Delaware Pool, Eddy County, New Mexico. Well #5 is a marginal oil well producing at a current rate of 20 bopd 65 bwpd 75 mcfpd; significantly shy of the 142 bopd allowable and 10,000 GOR limit. If allowed to simultaneously dedicate production from Well #16, Chevron could economically capture incremental reserves which otherwise would not be produced from this proration unit.

The proposed bottom hole location for Lentini '1' Federal #16 of 2475' FNL & 1671' FWL (Unit Letter F) of said Section 1 is non-standard. This non-standard location, however, encroaches only upon Chevron leasehold acreage.

In order to prevent waste, Chevron respectfully requests your approval of this administrative application for an unorthodox oil well location and simultaneous dedication. Attached is a map indicating offset operators and a Form C-102 plat. A copy of this letter and attachments are being furnished by Certified Mail to offset operators as their notice of this application.

If you have any questions or require any further information concerning this application, please contact Craig Wright at (915)687-7284.

Sincerely,



C. A. Wright
Petroleum Engineer

caw

Attachments

cc: NMOCD -- Artesia, NM
N. V. Mouser -- Eunice
B. A. Foster
J. K. Ripley
S. Cooper
R. M. Vaden
Central Files - Lease & Well Files

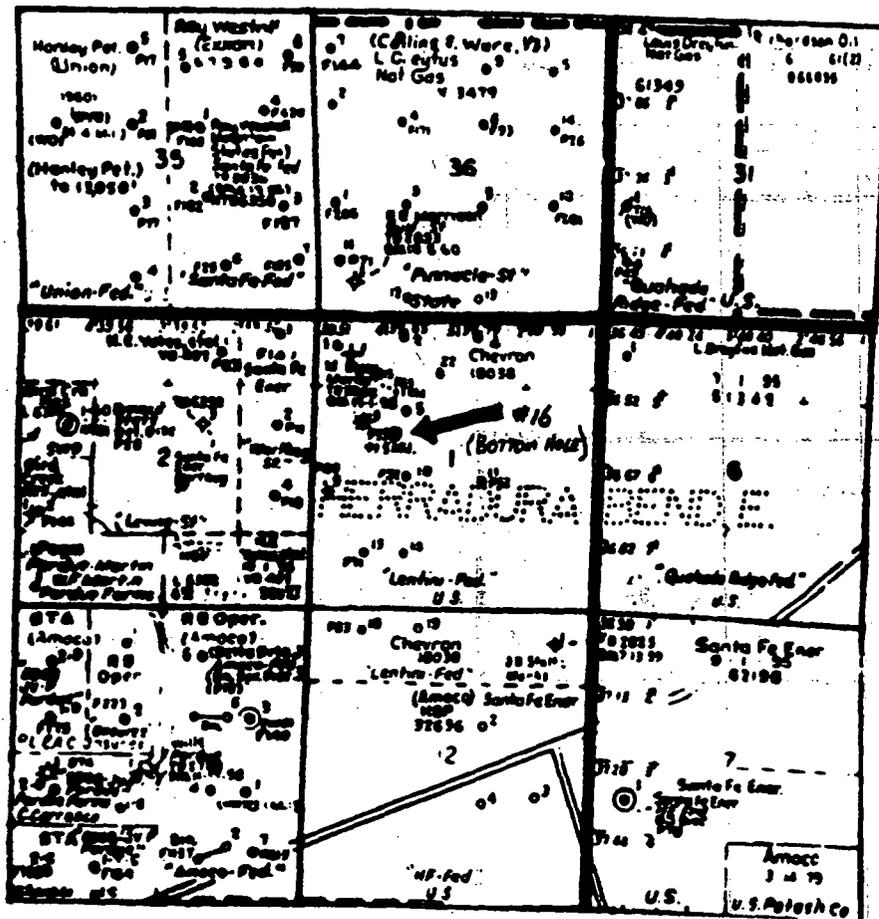
CHEVRON U.S.A. INC.

Lentini '1' Federal Lease

Well No. 16

**Unorthodox Location and
Simultaneous Dedication Application
East Herradura Bend-Delaware Pool
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

COMMERCIAL MAP



District I
PO Box 1990, Hobbs, NM 88241-1990
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos 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	Pool Code 30670	Pool Name East Herradura Bend Field
Property Code 15095	Property Name Lentini "1" Federal	Well Number 16
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

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
E	1	23S	28E		2475'	North	1050'	West	Eddy

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
F	1	23S	28E		2475'	North	1671'	West	Eddy

¹² Ductile Iron	¹³ Acres	¹⁴ Joint or In/IR	¹⁵ Consolidation Code	¹⁶ Order No.
40				

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

<p>16</p>	<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>Signature: <u>Tanja Kerley</u></p> <p>Printed Name: <u>Tanja Kerley</u></p> <p>Title: <u>Office Assistant</u></p> <p>Date: <u>4-9-97</u></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>

District I
 PO Box 1988, Hobbs, NM 88241-1988
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 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 10, 1994

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

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 30-015-27565	Pool Code 30670	Pool Name East Herradura Bend Field
Property Code 15095	Property Name Lentini "1" Federal	Well Number 5
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation 3067'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	1	23S	28E		1650'	North	1725'	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Ductile 1 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

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> Signature: Tanya Kerley Printed Name: Tanya Kerley Title: Office Assistant Date: 4-9-97
	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:

CHEVRON U.S.A. INC.
Lentini '1' Federal Lease
Well No. 16

**Unorthodox Location and
Simultaneous Dedication Application
East Herradura Bend-Delaware Pool
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

OFFSET OPERATORS

**HEYCO-Harvey E. Yates Co.
P.O. Box 1933
Roswell, NM 88201**

**Louis Dreyfus Natural Gas Corp.
14000 Quail Springs Parkway, #600
Oklahoma City, OK 73134**

**RAMCO Operating Co.
5100 E. Skelly Drive
Suite 650, Meridian Tower
Tulsa, Oklahoma 74135-6549**

**Ray Westall Operating, Inc.
P.O. Box 4
Loco Hills, NM 88255**

**Santa Fe Energy Operating Partners, L.P.
550 W. Texas, Suite 1330
Midland, TX 79701**

CMD :
OG6C101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

08/15/97 15:51:28
OGOMES -EMEW

OGRID Idn : 4323 API Well No: 30 15 29614 APD Status(A/C/P): A
Opr Name, Addr: CHEVRON U S A INC Aprvl/Cncl Date : 04-28-1997
PO BOX J SECTION 975R
CONCORD, CA 94524

Prop Idn: 15095 LENTINI 1 FEDERAL Well No: 16

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: E	1	23S	28E			FTG 2575 F N	FTG 435 F W
OCD U/L	: E		API County	: 15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3057

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 6400 Prpsd Frmtn : DELAWARE

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

Sec : 01 Twp : 23S Rng : 28E Section Type : NORMAL

<p>4 39.51</p> <p>Federal owned</p> <p>A A</p>	<p>3 39.65</p> <p>Federal owned</p> <p>A A</p>	<p>2 39.79</p> <p>Federal owned</p> <p>A</p>	<p>1 39.93</p> <p>Federal owned</p> <p>A</p>
<p>E 40.00</p> <p>Federal owned</p> <p>A A C</p>	<p>F 40.00</p> <p>Federal owned</p> <p>A A C</p>	<p>G 40.00</p> <p>Federal owned</p> <p>A</p>	<p>H 40.00</p> <p>Federal owned</p> <p>A</p>

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

Sec : 01 Twp : 23S Rng : 28E Section Type : NORMAL

L 40.00 Federal owned A	K 40.00 Federal owned A	J 40.00 Federal owned A	I 40.00 Federal owned A
M 40.00 Federal owned A	N 40.00 Federal owned A	O 40.00 Federal owned C	P 40.00 Federal owned C

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

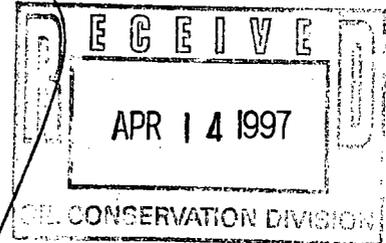
~~NSL 507~~ 5/5/97
DD



April 9, 1997

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

**Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**



see DD-Chev. 2

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay - Director

Gentlemen:

Chevron U.S.A. Inc. respectfully requests your approval of this administrative application for the subject Non-Standard Location and Simultaneous Dedication.

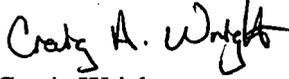
Chevron is planning to drill and complete the Lentini '1' Federal #16 in the East Herradura Bend - Delaware Pool. It is our desire to simultaneously dedicate said well to the existing standard 40-acre oil spacing and proration unit currently assigned to Lentini '1' Federal #5 (API No. 30-015-27565). The 40-acre oil proration unit comprises Lot 6 (the SE/4 NW/4 equivalent) of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend - Delaware Pool, Eddy County, New Mexico. Well #5 is a marginal oil well producing at a current rate of 20 bopd 65 bwpd 75 mcfpd; significantly shy of the 142 bopd allowable and 10,000 GOR limit. If allowed to simultaneously dedicate production from Well #16, Chevron could economically capture incremental reserves which otherwise would not be produced from this proration unit.

The proposed bottom hole location for Lentini '1' Federal #16 of 2475' FNL & 1671' FWL (Lot 6/Unit F) of said Section 1 is non-standard. This non-standard location, however, encroaches only upon Chevron leasehold acreage.

In order to prevent waste, Chevron respectfully requests your approval of this administrative application for an unorthodox oil well location and simultaneous dedication. Attached is a map indicating offset operators and a Form C-102 plat. A copy of this letter and attachments are being furnished by Certified Mail to offset operators as their notice of this application.

If you have any questions or require any further information concerning this application, please contact Craig Wright at (915)687-7284.

Sincerely,



C. A. Wright
Petroleum Engineer

caw

Attachments

cc: NMOCD -- Artesia, NM
N. V. Mouser -- Eunice
B. A. Foster
J. K. Ripley
S. Cooper
R. M. Vaden
Central Files - Lease & Well Files

Chevron



5/31
2475
2475
165

CHEVRON U.S.A.

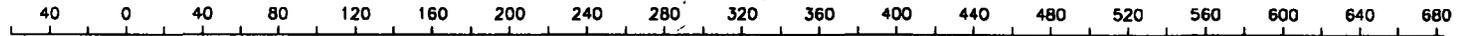
Structure : LENTINI FED 1 NO. 16

Slot : slot #1

Field :

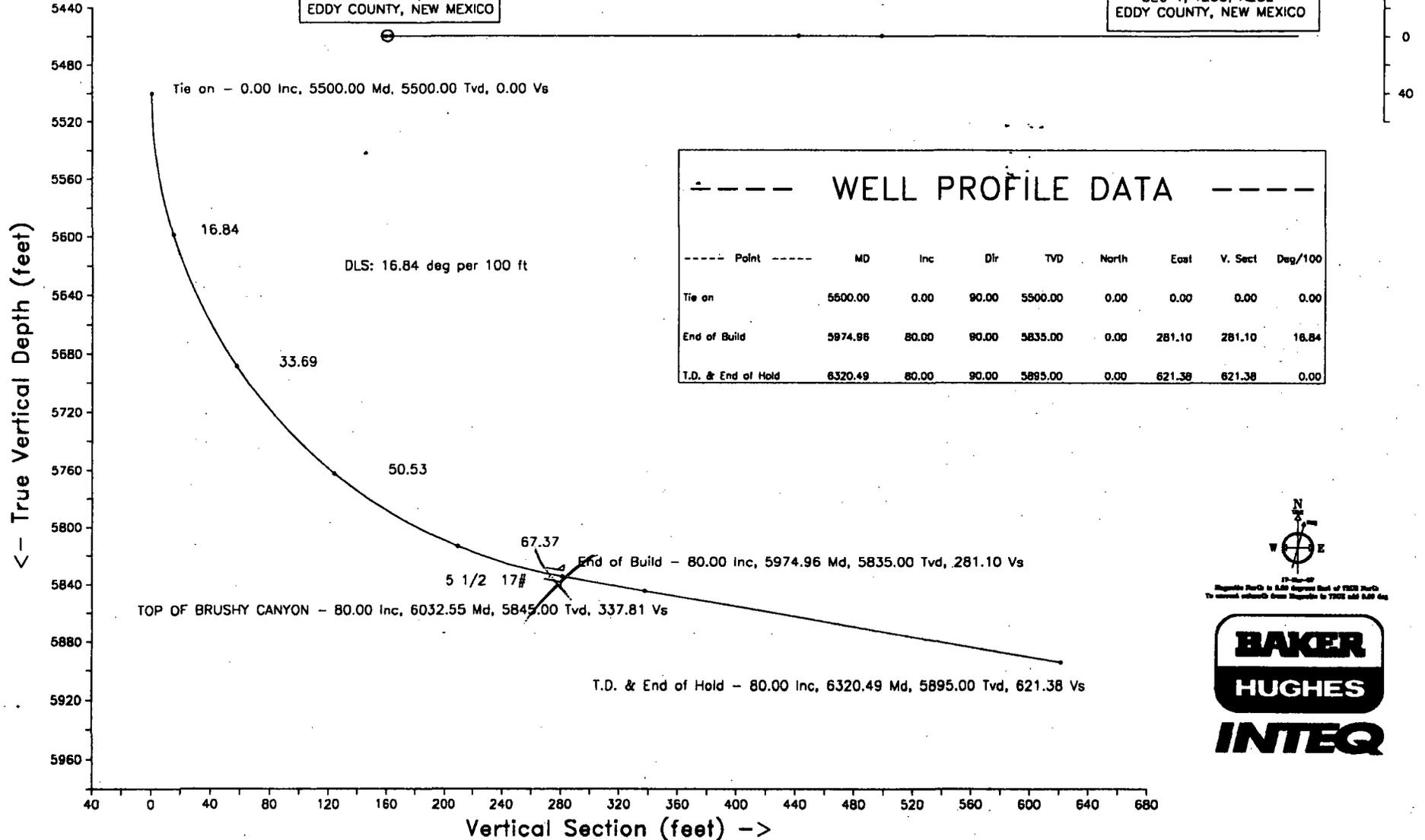
Location : EDDY CO., NEW MEXICO

East (feet) ->



SURFACE LOCATION
2475 FNL & 1050 FWL
SEC 1, T23S, R28E
EDDY COUNTY, NEW MEXICO

BOTTOM HOLE LOCATION
2475 FNL & 1671 FWL
SEC 1, T23S, R28E
EDDY COUNTY, NEW MEXICO



----- WELL PROFILE DATA -----

Point	MD	Inc	Dir	TVD	North	East	V. Sect	Deg/100
Tie on	5500.00	0.00	90.00	5500.00	0.00	0.00	0.00	0.00
End of Build	5974.96	80.00	90.00	5835.00	0.00	281.10	281.10	16.84
T.D. & End of Hold	6320.49	80.00	90.00	5895.00	0.00	621.38	621.38	0.00



17-100-07
Magetic North is 1.50 degrees East of True North.
To convert magnetic bearing to True bearing add 1.50 deg.



Azimuth 90.00 with reference 0.00 N, 0.00 E from slot #1

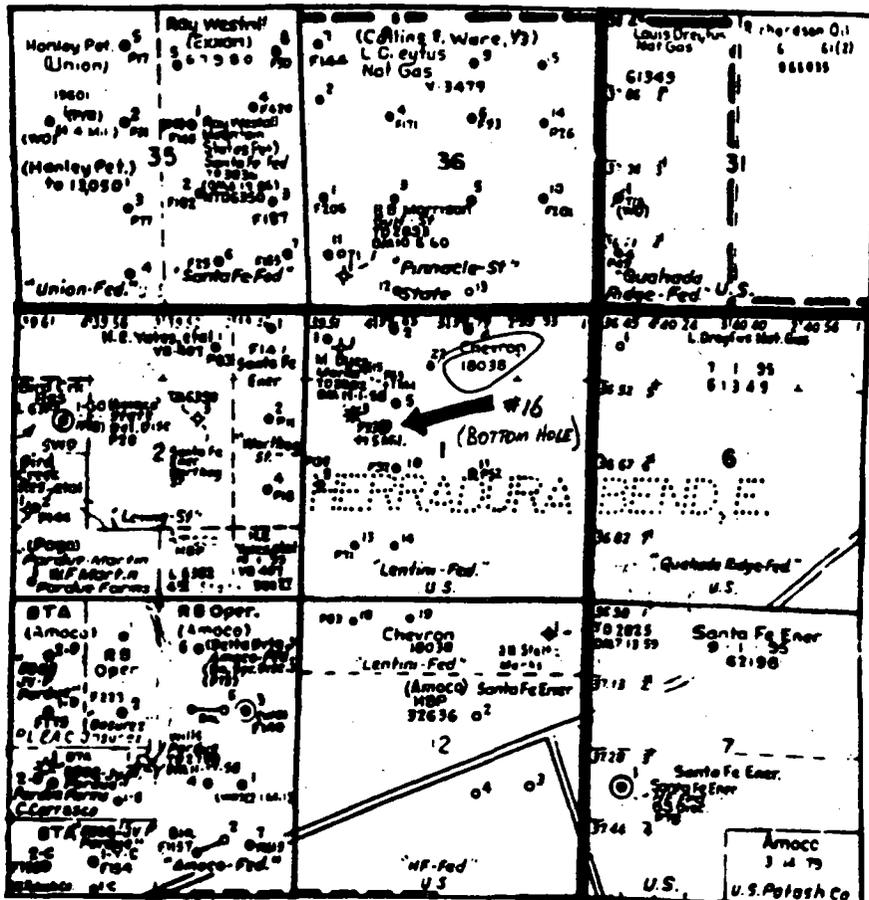
CHEVRON U.S.A. INC.

Lentini '1' Federal Lease

Well No. 16

Unorthodox Location and
Simultaneous Dedication Application
East Herradura Bend-Delaware Pool
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico

COMMERCIAL MAP



District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos 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	Pool Code 30670	Pool Name East Herradura Bend Field
Property Code 15095	Property Name Lentini "1" Federal	Well Number 16
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation

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
E	1	23S	28E		2475'	North	1050'	West	Eddy

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
F	1	23S	28E		2475'	North	1671'	West	Eddy

12 Dunes	1 Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40				

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

<p>16</p>	<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>Signature Tanya Kerley</p> <p>Printed Name Tanya Kerley</p> <p>Title Office Assistant</p> <p>Date 4-9-97</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>

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27565	Pool Code 30670	Pool Name East Herradura Bend Field
Property Code 15095	Property Name Lentini "1" Federal	Well Number 5
OGRID No. 4323	Operator Name Chevron U.S.A. Inc.	Elevation 3067'

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
F	1	23S	28E		1650'	North	1725'	West	Eddy

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 Duzies 1 Acre 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

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> Signature: <u>Tanya Kerley</u> Printed Name: <u>Tanya Kerley</u> Title: <u>Office Assistant</u> Date: <u>4-9-97</u>
	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: _____

CHEVRON U.S.A. INC.
Lentini '1' Federal Lease
Well No. 16

**Unorthodox Location and
Simultaneous Dedication Application
East Herradura Bend-Delaware Pool
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

OFFSET OPERATORS

HEYCO-Harvey E. Yates Co.
P.O. Box 1933
Roswell, NM 88201

Louis Dreyfus Natural Gas Corp.
14000 Quail Springs Parkway, #600
Oklahoma City, OK 73134

RAMCO Operating Co.
5100 E. Skelly Drive
Suite 650, Meridian Tower
Tulsa, Oklahoma 74135-6549

Ray Westall Operating, Inc.
P.O. Box 4
Loco Hills, NM 88255

Santa Fe Energy Operating Partners, L.P.
550 W. Texas, Suite 1330
Midland, TX 79701



April 9, 1997

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

Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico

HEYCO - Harvey E. Yates Co.
P. O. Box 1933
Roswell, NM 88201

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of a Non-Standard Location and Simultaneous Dedication.

Chevron plans to drill and complete the Lentini '1' Federal #16 in the East Herradura Bend--Delaware Pool. It is our desire to simultaneously dedicate said well to the existing standard 40-acre oil spacing and proration unit currently assigned to Lentini '1' Federal #5. The proposed bottom hole location for said well of 2475' FNL & 1671' FWL, Lot 6/Unit F, Section 1, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico is non-standard.

If you have any questions, please contact Craig Wright at (915)687-7284.

Sincerely,

C. A. Wright
Petroleum Engineer

caw

Attachments

cc: NMOCD -- Artesia, NM
N. V. Mouser -- Eunice
B. A. Foster
J. K. Ripley
S. Cooper
R. M. Vaden
Central Files - Lease & Well Files



Chevron

April 9, 1997

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

**Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

**Louis Dreyfus Natural Gas Corp.
14000 Quail Springs Parkway, #600
Oklahoma City, OK 73134**

Gentlemen:

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**C. A. Wright
Petroleum Engineer**

**caw
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J. K. Ripley
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April 9, 1997

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

**Administrative Application For Unorthodox
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Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
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Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

**RAMCO Operating Co.
5100 E. Skelly Drive
Suite 650, Meridian Tower
Tulsa, Oklahoma 74135-6549**

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Sincerely,

**C. A. Wright
Petroleum Engineer**

caw
Attachments

cc: **NMOCD -- Artesia, NM
N. V. Mouser -- Eunice
B. A. Foster
J. K. Ripley
S. Cooper
R. M. Vaden
Central Files - Lease & Well Files**



April 9, 1997

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

**Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico**

**Ray Westall Operating, Inc.
P. O. Box 4
Loco Hills, NM 88255**

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Craig A. Wright
**C. A. Wright
Petroleum Engineer**

caw

Attachments

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April 9, 1997

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

**Administrative Application For Unorthodox
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Eddy County, New Mexico**

**Santa Fe Energy Operating Partners, L.P.
550 W. Texas, Suite 1330
Midland, TX 79701**

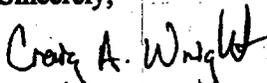
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J. K. Ripley
S. Cooper
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Central Files - Lease & Well Files

Sec : 01 Twp : 23S Rng : 28E Section Type : NORMAL

4 39.51 <i>NM-91078</i> Federal owned A A <i>NM-91078</i>	3 39.65 <i>NM-91078</i> Federal owned A A	2 39.79 <i>NM-91078</i> Federal owned A	1 39.93 Federal owned A <i>NM-18038</i>
E 40.00 <i>NM-91078</i> <i>NM-18038</i> Federal owned A A C	F 40.00 <i>NM-91078</i> Federal owned A C	G 40.00 <i>NM-91078</i> Federal owned A	H 40.00 <i>NM-18038</i> Federal owned A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

Sec : 01 Twp : 23S Rng : 28E Section Type : NORMAL

L 40.00 <i>NM-91078</i> Federal owned A	K 40.00 <i>NM-18038</i> Federal owned A	J 40.00 <i>NM-91078</i> Federal owned A	I 40.00 <i>NM-18038</i> Federal owned A
M 40.00 <i>NM-91078</i> Federal owned A	N 40.00 <i>NM-91078</i> Federal owned A	O 40.00 Federal owned C	P 40.00 Federal owned C

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

