



chevron.15

CC

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

April 24, 2006

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

**Chevron U.S.A., Inc.**  
11,111 S. Wilcrest Drive  
Houston, Texas 77099

**Attention: Carl Okpattah, Geologist**

**RE: Chevron U.S.A., Inc.'s ("Chevron") proposed Jayhawk Well No. 3 to be drilled in the Monument-Tubb Pool (47090) at an unorthodox location 1504 feet from the South line and 428 feet from the West line (Unit L) of Section 35, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.**

Dear Mr. Okpattah:

Reference is made to your letter dated April 4, 2006 (*Division administrative reference No. pTDS0-610430407*) concerning Chevron's proposed development of the Monument-Tubb Pool with the above described well. As you know the Monument-Tubb Pool currently comprises the following described area in Lea County, New Mexico:

**TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM**

Section 27: SE/4

Section 32: SE/4

Section 34: NE/4 and S/2

Section 35: SW/4

**TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM**

Section 2: W/2 and SE/4

Sections 3 through 5: All

Section 8: N/2 and SE/4

Sections 9 through 12: All

Section 13: N/2

Section 14: N/2 and W/2 SW/4

Section 15: All

Section 16: N/2 and SE/4

Section 20: NE/4

Section 21: N/2

Section 22: N/2

Section 23: W/2

**TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM**

Section 6: S/2

Section 7: N/2 and SW/4

**Chevron U.S.A., Inc.**  
**April 24, 2006**  
**Page 2**

**Attention: Mr. Carl Okpattah**

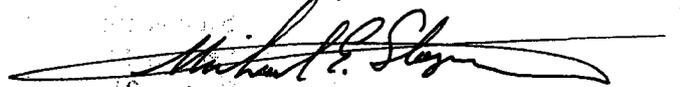
As you are also aware, the Monument-Tubb Pool is currently governed by the "Special Rules and Regulations for the Monument-Tubb Pool," as promulgated by Division Order No. R-2800, issued in Division Case No. 3123 on November 10, 1964, as amended by Division Order R-10128, issued in Division No. 10984 on June 3, 1994, and includes provisions requiring: (i) standard 80-acre oil spacing and proration units comprising the W/2, E/2, S/2, or N/2 of a governmental quarter section; (ii) wells to be located no closer than 330 feet to any governmental quarter-quarter section or lot line; and (iii) a limiting gas/oil ratio of 10,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 2220 MCF per day (depth bracket oil allowable for the Monument-Tubb Pool of 222 barrels of oil per day times 10,000).

My records indicate that the S/2 SW of Section 35, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, being a standard 80-acre lay-down oil spacing and proration unit within the Monument-Tubb Pool, is currently dedicated to Chevron's Jayhawk Well No. 1 (API No. 30-025-34329), located at a standard oil well location 330 feet from the South and West lines (Unit M) of Section 35.

I am returning your letter, which indicates that Chevron now proposes to: (i) reorient the 80-acre spacing and proration unit currently dedicated to the above-described Jayhawk Well No. 1 from a lay-down 80-acre unit to a stand-up 80-acre unit comprising the W/2 SW/4 of Section 35; and (ii) simultaneously dedicate Tubb production to its existing Jayhawk Well No. 1 and proposed Jayhawk Well No. 3. You failed however to provide the necessary information, or state the reason why the No. 3 well will be unorthodox. Should Chevron still find it necessary to drill at this particular non-standard location and unable to move at least 146 feet to the north to an orthodox location, please reference Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005] and resubmit this informational letter as a formal application for the Jayhawk Well No. 3 to be drilled either as an: (i) initial well at an unorthodox location within a newly formed lay-down standard 80-acre oil spacing and proration unit to comprise the N/2 SW/4 of Section 35; or (ii) infill well to the Jayhawk Well No. 1 at an unorthodox location to the reoriented 80-acre stand-up oil spacing and proration unit to comprise the W/2 SW/4 of Section 35.

Should you have any questions or concerns, please contact and consult your legal counsel, Mr. William F. Carr in Santa Fe at (505) 988-4421.

Sincerely,



Michael E. Stogner  
Engineer

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
Mr. William F. Carr, Legal Counsel for Chevron U.S.A., Inc. - Santa Fe

DATE IN 4/13/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED 4/16/06	TYPE SD
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

PTD50610430407

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling  
 NSL     NSP     DD     SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

2006 APR 13 PM 12 46

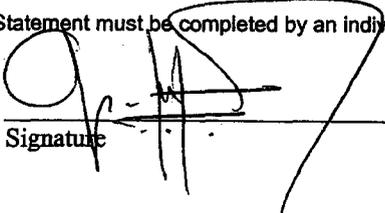
[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Carl Okpattah		Geologist	04/4/2006
Print or Type Name	Signature	Title	Date



**Carl Okpattah  
Geologist  
Permian Basin**

**Mid-Continent Business Unit**  
Chevron U.S.A. Inc.  
11111 S. Wilcrest Dr.  
Houston, Texas 77099  
Tel 281-561-4903  
Fax 281-561-3576  
cokpattah@chevron.com

April 4, 2006

Request for Administrative Approval  
Simultaneous Dedication Request  
**Jayhawk "35" State # 3**  
1504' FSL & 428' FWL  
Unit L, Section 35, T19S, R37E  
Lea County, New Mexico

New Mexico Oil Conservation Division  
Attn: Michael Stogner  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Dear Mr. Stogner:

Chevron respectfully requests administrative approval to Simultaneously Dedicate the allowable for the Monument Tubb to the Jayhawk #1 and the Jayhawk "35" State #3.

Chevron is planning to drill and complete the Jayhawk "35" State #3 as a gas well in the Tubb formation. It is proposed to complete the subject well as a gas producer in the Monument Tubb pool and downhole commingle in the Blinebry and Drinkard zones.

Upon completion, the subject zone in the well would be simultaneously dedicated to the Jayhawk #1 on an 80 acre proration unit. A land map highlighting the proposed well's location is attached as Exhibit 1.

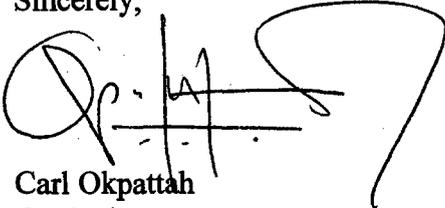
Notification to the necessary offset operators has been made.

If you have any questions concerning this application, or need additional information, please contact me by phone at (281)-561-4903 or by email at [COKPATTAH@CHEVRON.COM](mailto:COKPATTAH@CHEVRON.COM). If I

April 4, 2006  
Page 2

am not available, you can contact Andrew Lawther at (281)-561-4796 or by email at [LAWTHER@CHEVRON.COM](mailto:LAWTHER@CHEVRON.COM). Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl Okpattah', written over a horizontal line. The signature is stylized and somewhat cursive.

Carl Okpattah  
Geologist

Attachments

cc: NMOCD District 1 – Hobbs, NM  
Andrew Lawther  
Well File

# OIL CONSERVATION DIVISION

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

2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-		<sup>2</sup> Pool Code 47090		<sup>3</sup> Pool Name Monument Tubb			
<sup>4</sup> Property Code		<sup>5</sup> Property Name Jayhawk '35' State				<sup>6</sup> Well Number 3	
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron Corporation				<sup>9</sup> Elevation 3609' KB	

### <sup>10</sup> Surface Location

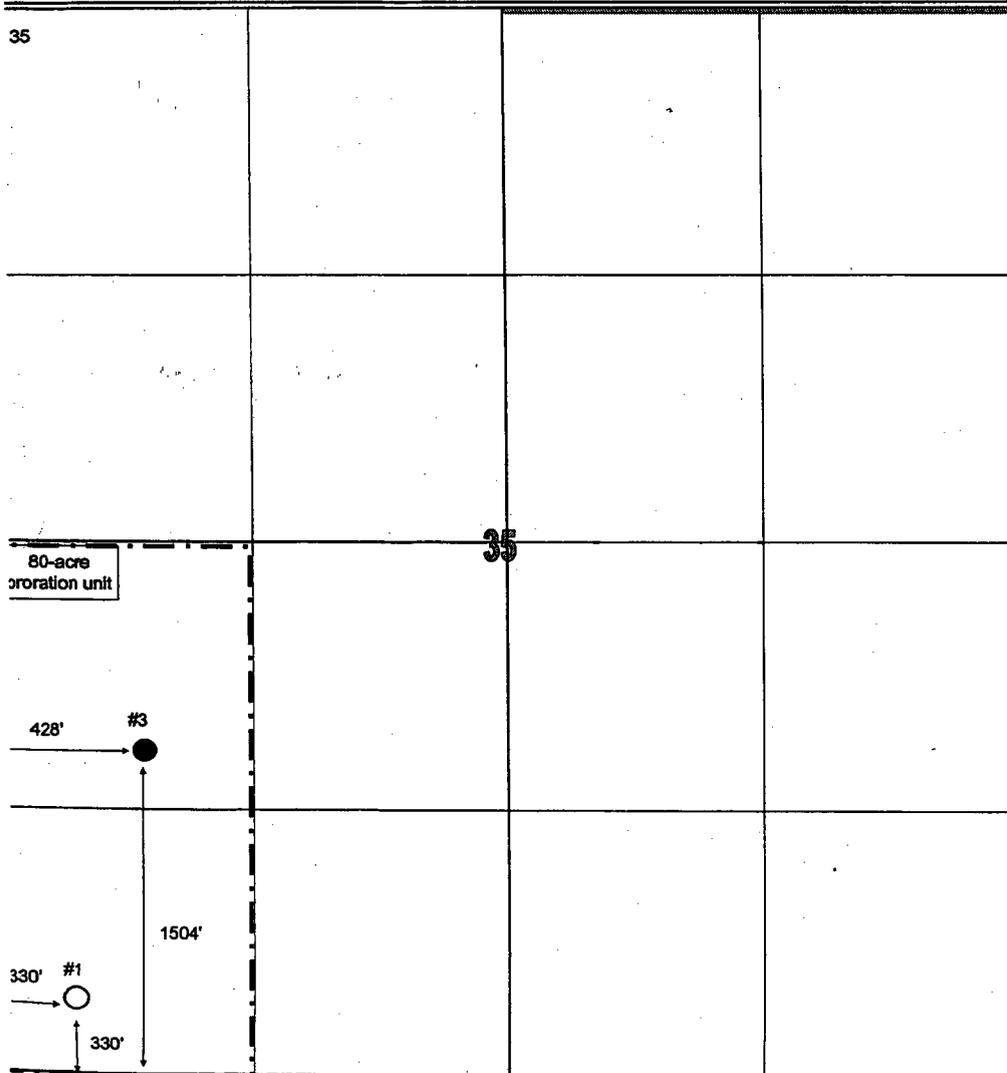
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	19S	37E		1504	South	428	West	Lea

### <sup>11</sup> 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

<sup>2</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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**



**17 OPERATOR CERTIFICATION**

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

Signature:

Printed Name: **Carl Okpattah**

Title: **Geologist**

Date: **April 5, 2006**

**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.*

Signature and Seal of Professional Surveyor:

Certificate Number

# OIL CONSERVATION DIVISION

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

2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-34329		<sup>2</sup> Pool Code 47090		<sup>3</sup> Pool Name Monument Tubb			
<sup>4</sup> Property Code 22556		<sup>5</sup> Property Name Jayhawk				<sup>6</sup> Well Number 1	
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron Corporation				<sup>9</sup> Elevation 3809' KB	

### <sup>10</sup> Surface Location

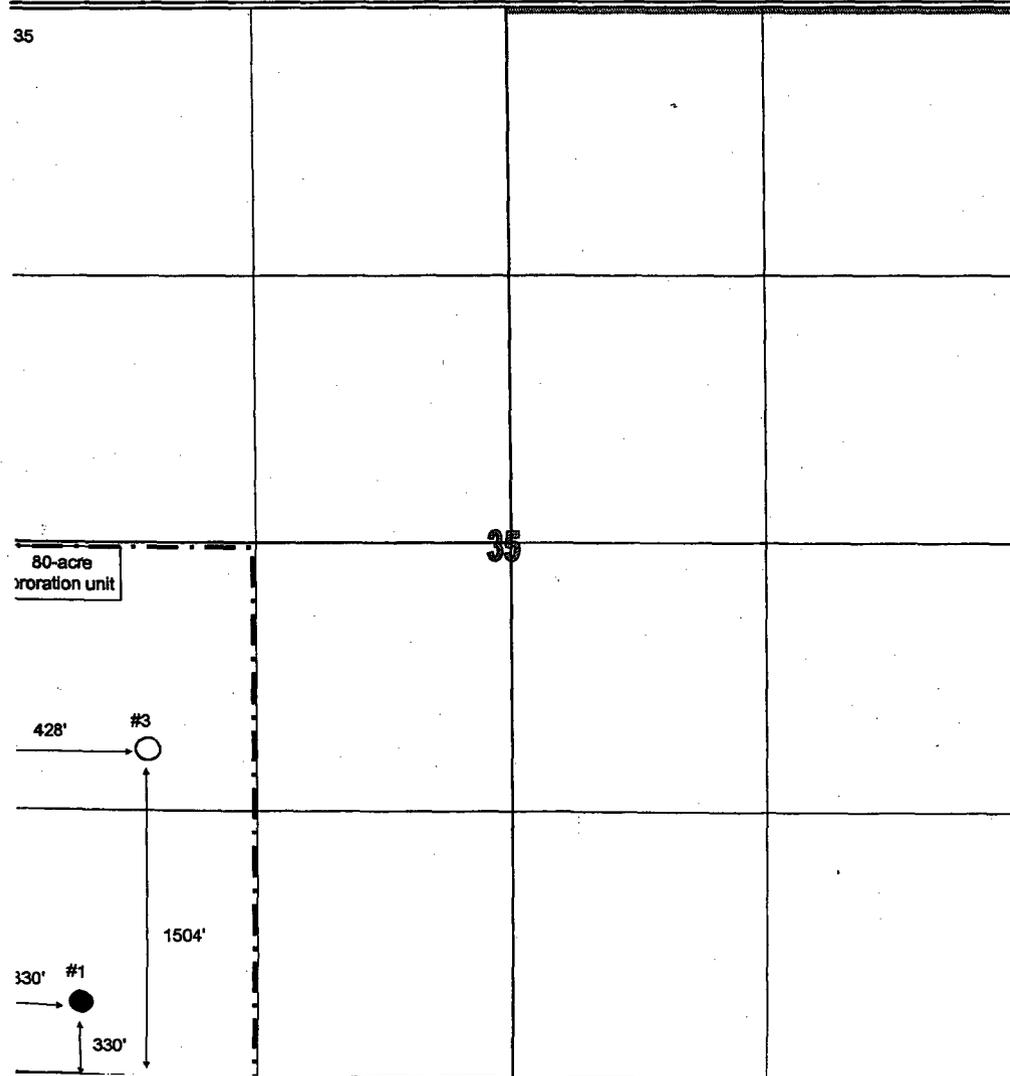
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	35	19S	37E		330	South	330	West	Lea

### <sup>11</sup> 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

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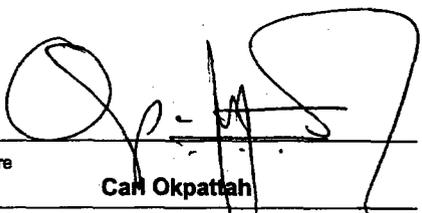
**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



17

### OPERATOR CERTIFICATION

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



Signature \_\_\_\_\_  
Printed Name **Carl Okpatiah**  
Title **Geologist**  
Date **April 5, 2006**

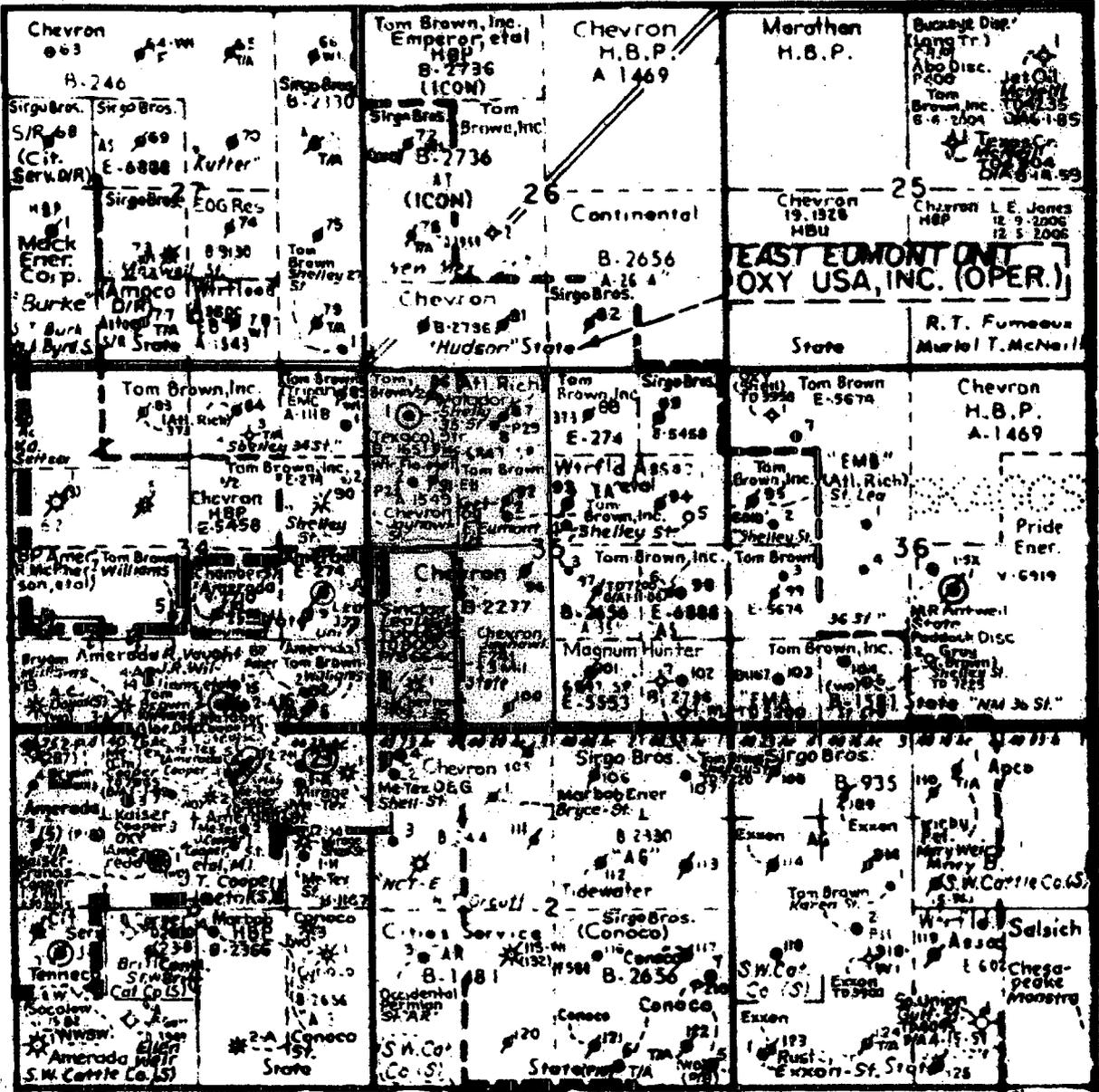
18

### 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.*

Signature and Seal of Professional Surveyor: \_\_\_\_\_

Certificate Number \_\_\_\_\_



**Chevron USA Inc.**



Jayhawk #1  
 330' FSL & 330' FWL, Unit M  
 Jayhawk "35" State #3 (Proposed)  
 1504' FSL & 428' FWL, Unit L  
 Section 35, T19S-R37E  
 Lea County, New Mexico

 Jayhawk Lease  
 80 Acre Proration Unit  
 Scale: 1"=2000' Approx.