

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Chevron
C.C. Frisvold
Fed NCT-2 #30

ADMINISTRATIVE APPLICATION CHECKLIST

5825

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [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

- [D] Other: Specify _____

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Casey R. Mobley
Print or Type Name

Casey R. Mobley
Signature

Project Manager / Geologist
Title

5/08/2008
Date

Casey.Mobley@Chevron.com
e-mail Address



Casey R. Mobley
Project Manager / Geologist

North America Upstream
Midcontinent Business Unit
11111 S. Wilcrest, Rm S1037
Houston, Texas 77099
Tel (281) 561-4830
Fax (281) 561-3576
Casey.Mobley@Chevron.com

May 8, 2008

Request for Administrative Approval of
Unorthodox Oil Well Location

Mr. Mark E. Fesmire
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Chevron respectfully requests administrative approval of an unorthodox oil well location for the following well:

CC Fristoe B Federal NCT-2 #30
1000' FNL & 1650' FEL, NW/4 NE/4 of
Section 35, T24S, R37E, Unit Letter B
Lea County, New Mexico

The proposed well will be an infill producer in the Langlie-Mattix, Seven Rivers/Queen/Grayburg Pool [Pool Code 37240] which is an oil pool spaced on 40 acres. This well is a continuation of our 2-year infill drilling in the same Pool. Chevron's technical analysis of the reservoir still supports the contention that typical Grayburg wells cannot drain 40 acres.

The NW/4 NE/4 of Section 35 will be simultaneously dedicated in the Langlie-Mattix, Seven Rivers/Queen/Grayburg Pool to the proposed well and to the CC Fristoe B Federal NCT-2 #14 pursuant to Statewide Rule 104.B(1). The CC Fristoe B Federal NCT-2 #14 was drilled in 1970 and was re-completed as a Langlie-Mattix, Grayburg producer in 2001.

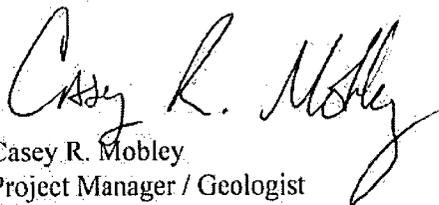
This application is based on geological and engineering analysis. The analysis and justification for this request is attached as Exhibit 1, along with other supporting documentation. There are four wells that have produced the Grayburg formation in the NE/4 of Section 35. The proposed well will be located in a central position with respect to those wells. Based on drainage calculations, Chevron believes that drilling the infill well will recover reserves that would not be recovered by existing Grayburg producers.

A land plat highlighting the proposed well's location is attached as Exhibit 2. The NE/4 and the E/2 of the NW/4 of Section 35, as well as the SE/4 of Section 26, is covered by a single fee lease and has common royalty and working interest ownerships. For that reason and the proposed location of the infill well, there are no adversely affected interest owners and no one has been notified of this application.

May 8, 2008
Page 2

If you have any questions concerning this application or need additional information, please contact me by phone at (281) 561-4830 or by email at Casey.Mobley@Chevron.com. If I am not available, you can also reach Meilin Du by phone at (281) 561-3564 or by email at meilin.du@chevron.com. Thank you for consideration of this matter.

Sincerely,

A handwritten signature in black ink that reads "Casey R. Mobley". The signature is written in a cursive style with a large, looping 'C' and 'M'.

Casey R. Mobley
Project Manager / Geologist

Attachments

cc: NMOCD District 1 – Hobbs, NM
Casey R. Mobley
Meilin Du
Ed Van Reet
Well File

NOTIFICATION LIST

Application of Chevron U.S.A. Inc. for Administrative Approval of an Unorthodox Oil Well Location and Simultaneous Dedication:

CC Fristoe B Federal NCT-2 #30
1000' FNL & 1650' FEL, NW/4 NE/4 of
Section 35, T24S, R37E, Unit Letter B
Lea County, New Mexico

Offset Operators, Working Interest Owners, NW/4 NE/4 Section 35:

1. Chevron U.S.A. Inc. Operator/100% WI
11111 S. Wilcrest
Houston, TX 77099

EXHIBIT 1

ENGINEERING AND GEOLOGICAL JUSTIFICATION

Application of Chevron U.S.A. Inc. for Administrative Approval of an Unorthodox Oil Well Location and Simultaneous Dedication:

CC Fristoe B Federal NCT-2 #30
1000' FNL & 1650' FEL, NW/4 NE/4 of
Section 35, T24S, R37E, Unit Letter B
Lea County, New Mexico

PRIMARY OBJECTIVE: GRAYBURG

SUPPORTING DATA:

1. Chevron U.S.A. Inc. (Chevron) is the operator of the proposed CC Fristoe B Federal NCT-2 #30 well (Exhibit 3). The proposed total depth is 4300' in the top of the San Andres formation.
2. The completion will be in the Langlie-Mattix, Seven Rivers – Queen - Grayburg Oil Pool and the proposed location encroaches toward the following wells (Exhibit 4).

Operator	Well	#	API#	Location	Formation	Cum Prod	
						MBO	MMCF
Chevron	CC Fristoe B Federal NCT-1	1	30025112370000	24S 37E Sec 26	7Rivers/Queen/Grayburg	19.9	0
Chevron	CC Fristoe B Federal NCT-2	1	30025112380000	24S 37E Sec 26	7Rivers/Queen/Grayburg	24.6	7.5
Chevron	CC Fristoe B Federal NCT-2	2	30025112390000	24S 37E Sec 26	7Rivers/Queen/Grayburg	57.5	127.3
Chevron	CC Fristoe B Federal NCT-2	10	30025214130000	24S 37E Sec 26	7Rivers/Queen/Grayburg	31.1	14.9
Chevron	CC Fristoe B Federal NCT-2	5	30025113700000	24S 37E Sec 35	7Rivers/Queen/Grayburg	26.1	118.5
Chevron	CC Fristoe B Federal NCT-2	12	30025220320002	24S 37E Sec 26	7Rivers/Queen/Grayburg	2.3	12.6
Chevron	CC Fristoe B Federal NCT-2	14	30025234660002	24S 37E Sec 35	7Rivers/Queen/Grayburg	62.8	71.7
Chevron	CC Fristoe B Federal NCT-2	17	30025333830001	24S 37E Sec 35	7Rivers/Queen/Grayburg	16.1	46.7
Chevron	CC Fristoe B Federal NCT-2	28	30025359830000	24S 37E Sec 26	7Rivers/Queen/Grayburg	10.2	48
Chevron	CC Fristoe B Federal NCT-2	29	30025359840000	24S 37E Sec 35	7Rivers/Queen/Grayburg	10.5	58.1
Chevron	CC Fristoe B Federal NCT-2	4	30025113690000	24S 37E Sec 35	7Rivers/Queen/Grayburg	83.6	232.6
Chevron	CC Fristoe B Federal NCT-2	8	30025209280003	24S 37E Sec 35	7Rivers/Queen/Grayburg	17.2	25.4

3. The proposed CC Fristoe B Federal NCT-2 #30 well unorthodox Langlie-Mattix location is based primarily on drainage considerations:

- a. Grayburg Reservoir

The Grayburg is a series of alternating subtidal and supratidal dolomites with the subtidal rock having porosity and hydrocarbons while the supratidal rock is tight. The Grayburg depositional environments varied rapidly so that many porous and tight intervals are not continuous from well to well on 40-acre spacing. Tight dolomite and/or anhydrite intervals within the Grayburg create vertical and horizontal flow barriers between

different zones of porosity. Additionally, average porosity of the Grayburg is less than 10%, and the average permeability is less than 1 millidarcy. For all of these reasons, Grayburg wells are not usually capable of draining a 40-acre proration unit.

The reservoir was also analyzed by mapping the Hydrocarbon Pore Volume (HCPV) (Exhibit 5). HCPV is the product of feet of net pay (h) times average porosity (ϕ) times oil saturation (S_o). The attached map is the arithmetic product of grids interpreted from those values. The values were obtained as follows:

1. Net pay was read from either modern neutron-density logs or estimated from a map developed from gross pay times net-to-gross ratio (Exhibit 4).
2. Average porosity was calculated from modern well logs using a minimum of 6% crossplot porosity and a maximum of 20%.
3. Oil saturation was calculated from a fractional flow curve using representative water cut values.

The following table provides drainage areas calculated from the HCPV map and reserves of the offsetting wells.

Operator	Well	#	API #	Location	Formation	Drainage Acres	EUR	
							MBO	MMCF
Chevron	CC Fristoe B Federal NCT 2	1	30025112380000	24S 37E Sec 26	7Rivers/Queen/Grayburg	3	24.562	7.5
Chevron	CC Fristoe B Federal NCT 2	2	30025112390000	24S 37E Sec 26	7Rivers/Queen/Grayburg	9	57.495	127.3
Chevron	CC Fristoe B Federal NCT 2	4	30025113690000	24S 37E Sec 35	7Rivers/Queen/Grayburg	14	85.749	249.0
Chevron	CC Fristoe B Federal NCT 2	5	30025113700000	24S 37E Sec 35	7Rivers/Queen/Grayburg	5	26.145	118.5
Chevron	CC Fristoe B Federal NCT 2	8	30025209280003	24S 37E Sec 35	7Rivers/Queen/Grayburg	3	22.607	35.6
Chevron	CC Fristoe B Federal NCT 2	10	30025214130000	24S 37E Sec 26	7Rivers/Queen/Grayburg	4	31.072	14.9
Chevron	CC Fristoe B Federal NCT 2	12	30025220320002	24S 37E Sec 26	7Rivers/Queen/Grayburg	2	8.608	56.3
Chevron	CC Fristoe B Federal NCT 2	14	30025234660002	24S 37E Sec 35	7Rivers/Queen/Grayburg	11	79.338	101.9
Chevron	CC Fristoe B Federal NCT 2	17	30025333830001	24S 37E Sec 35	7Rivers/Queen/Grayburg	5	33.788	78.2
Chevron	CC Fristoe B Federal NCT 2	28	30025359830000	24S 37E Sec 26	7Rivers/Queen/Grayburg	4	17.596	119.4
Chevron	CC Fristoe B Federal NCT 2	29	30025359840000	24S 37E Sec 35	7Rivers/Queen/Grayburg	3	14.025	74.3
Avg						6		

As seen above, the average drainage area of the offsetting locations is only 5 acres, and additional reserves can be recovered by drilling the proposed infill well at an approximate equidistant location from the existing offsetting producers. Reserves for the proposed location were calculated using the HCPV map, a 6 acre drainage area, and a 15% recovery factor. The results are as follows:

Operator	Well	Location	HCPV	Drainage Acres	EUR	
					MBO	MMCF
Chevron	CC Fristoe B Federal NCT-2 #30	35-B	10.2	6	47	201

4. The NW/4 of the NE/4 of Section 35 is covered by a single fee lease which has common royalty and working interest ownerships. Chevron is the operator and 100% working interest owner of the Grayburg wells toward which the proposed well will encroach. Therefore, there are no offset interest owners or adversely affected parties to notify of this application.
5. The proposed CC Fristoe B Federal NCT-2 #30 well will share a 40-acre proration unit and will be simultaneously dedicated with the Fristoe CC Federal NCT2 #14 as a Langlie-Mattix, Grayburg producer in Section 35, Unit Letter B pursuant to Statewide Rule 104.B(1).
6. Approval of this application will allow for the recovery of oil and gas reserves which would not otherwise be recovered.

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 37240	Pool Name <i>Jangle's Matrix FR/16-B</i>
Property Code	Property Name CC FRISTOE B FEDERAL "NCT-2"	Well Number 30
OGRID No.	Operator Name CHEVRON USA INC.	Elevation 3170'

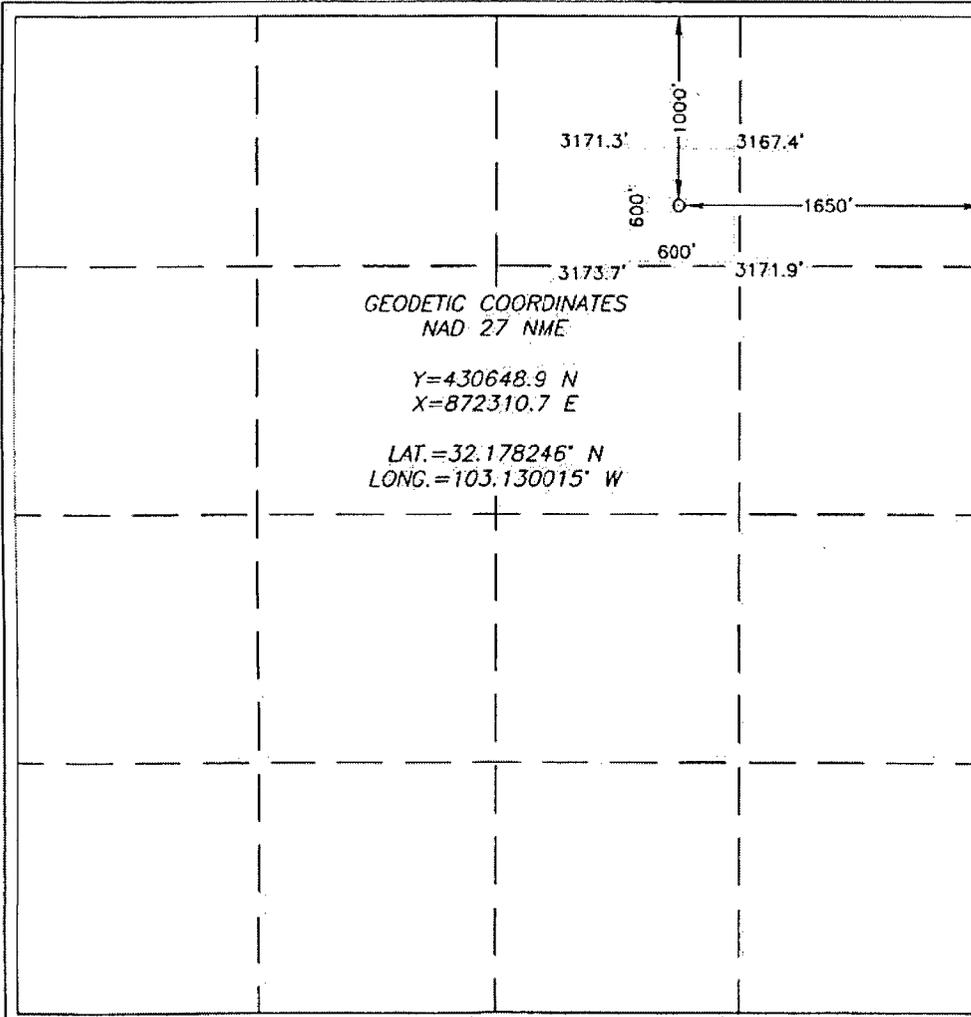
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	35	24-S	37-E		1000	NORTH	1650	EAST	LEA

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
Dedicated Acres		Joint or Infill	Consolidation Code		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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

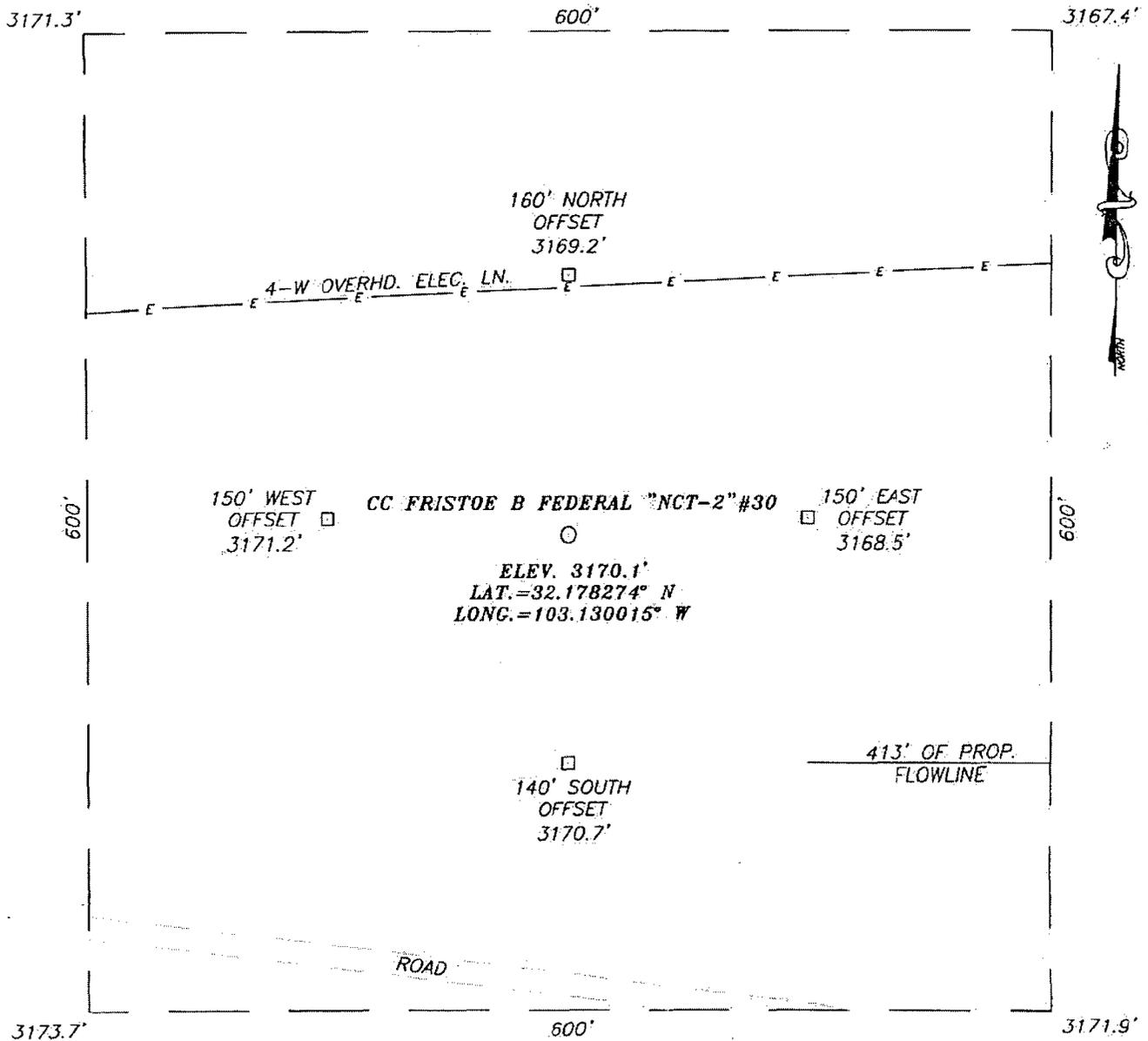
SURVEYOR CERTIFICATION

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.

MARCH 12 2008
Date Surveyed: REV. 3/27/08 DSS
Signature & Seal of Professional Surveyor
Ronald J. Eidson
07-11-1365

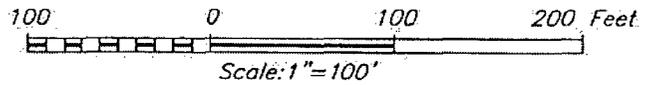
Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239

SECTION 35, TOWNSHIP 24 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF WILLIS RD.
(CO. RD. #J-4) AND DOLLARHIDE RD.
(CO. RD. #J-14), GO EAST APPROX. 0.5
MILES ON DOLLARHIDE RD. TURN RIGHT
AND GO APPROX. 0.2 MILES SOUTH TO
LEASE RD. TURN LEFT AND GO APPROX.
0.1 MILE. THIS LOCATION IS 280 FEET
NORTH.



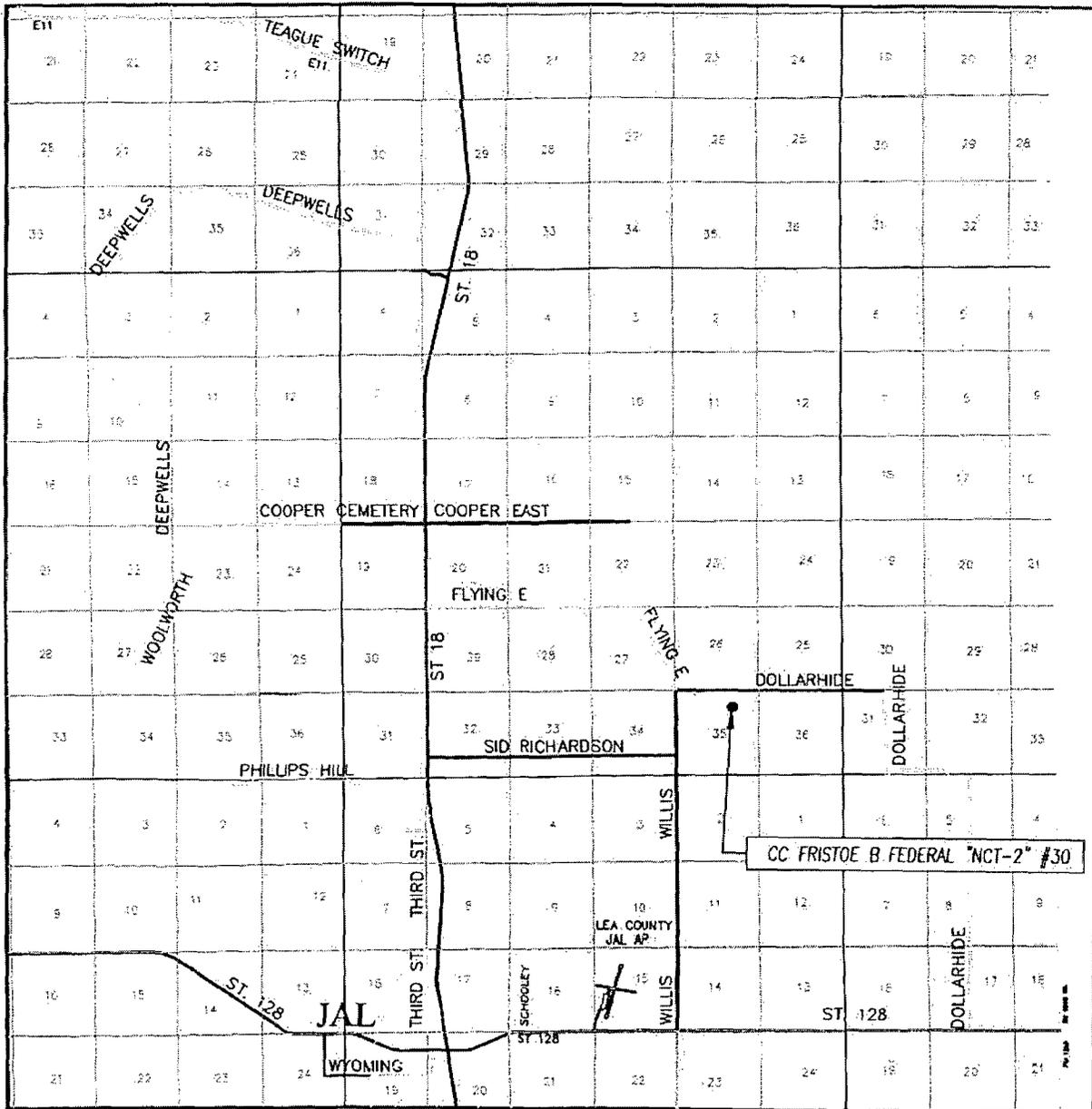
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

CHEVRON USA INC.

CC FRISTOE B FEDERAL "NCT-2" #30 WELL
1000 FEET FROM THE NORTH LINE AND
1650 FEET FROM THE EAST LINE OF SECTION 35,
TOWNSHIP 24 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 10/4/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.1365	Dr By: DSS
Date: 10/13/07	07111365
	Scale: 1"=100'

VICINITY MAP



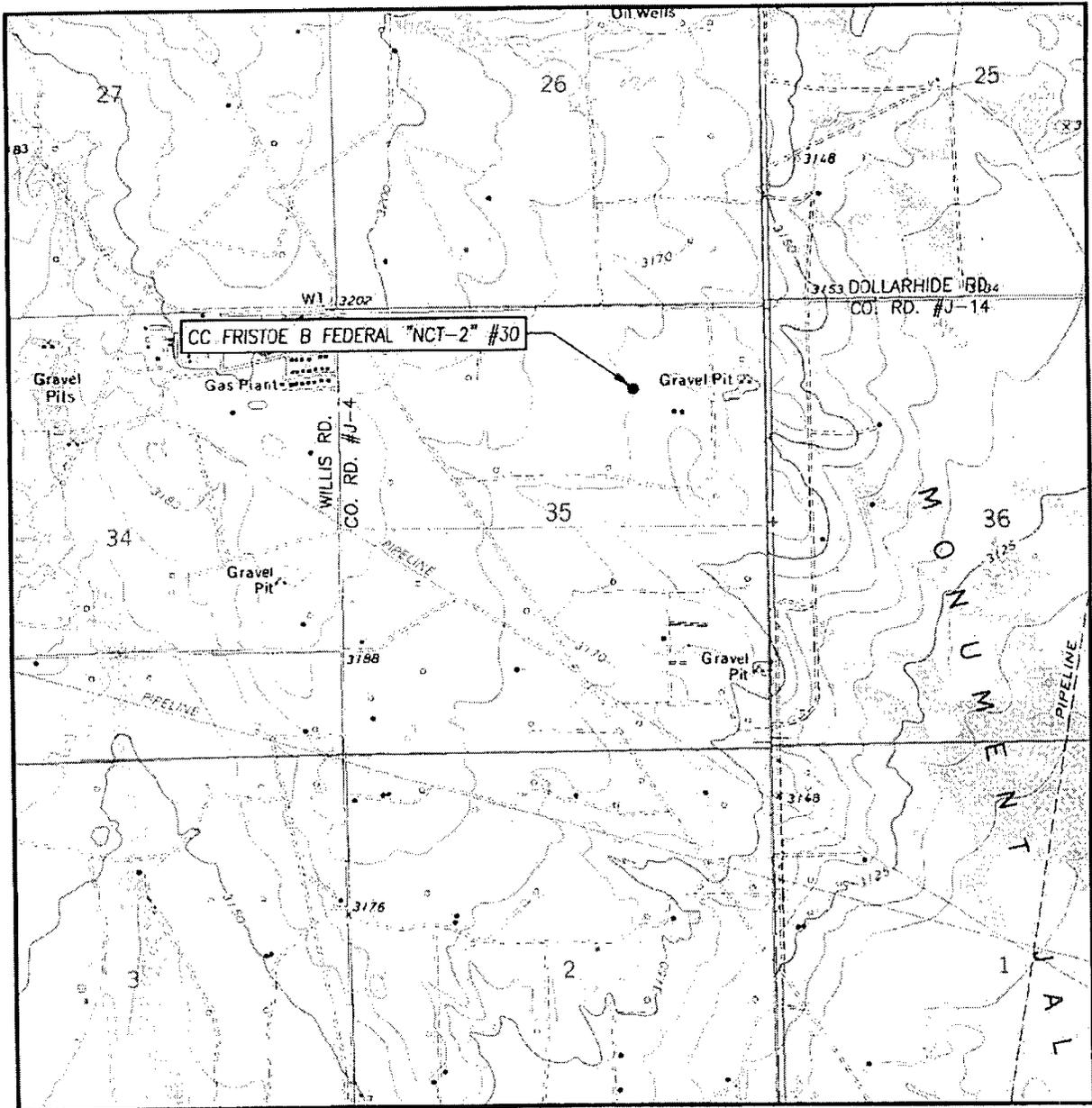
SCALE: 1" = 2 MILES

SEC. 35 TWP. 24-S RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1000' FNL & 1650' FEL
 ELEVATION 3170'
 OPERATOR CHEVRON-USA INC.
 LEASE CC FRISTOE B FEDERAL "NCT-2"



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10 FEET
JAL NW, N.M.

SEC. 35 TWP. 24-S RGE. 37-E

SURVEY _____ N.M.P.M. _____

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1000 FNL & 1650' FEL

ELEVATION _____ 3170' _____

OPERATOR CHEVRON USA INC.

LEASE CC FRISTOE B FEDERAL "NCT-2"

U.S.G.S. TOPOGRAPHIC MAP
JAL NW, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASC
HOBBS, N.M. 88240
(505) 393-3117

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to _____ District Office

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

1220 South St. Francis Dr.
Santa Fe, NM 87505

Exhibit 3.1

District IV
1220 South St. Francis Dr., Santa Fe, NM
87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 37240		³ Pool Name Langille-Mattix Seven Rivers/Queen/Grayburg	
⁴ Property Code		⁵ Property Name CC Fristoe B Federal NCT-2			⁶ Well Number 30
⁷ OGRID No.		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3170

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
B	35	24S	37E		1000	North	1650	East	Lea

¹¹ Bottom Hole Location If Different From Surface

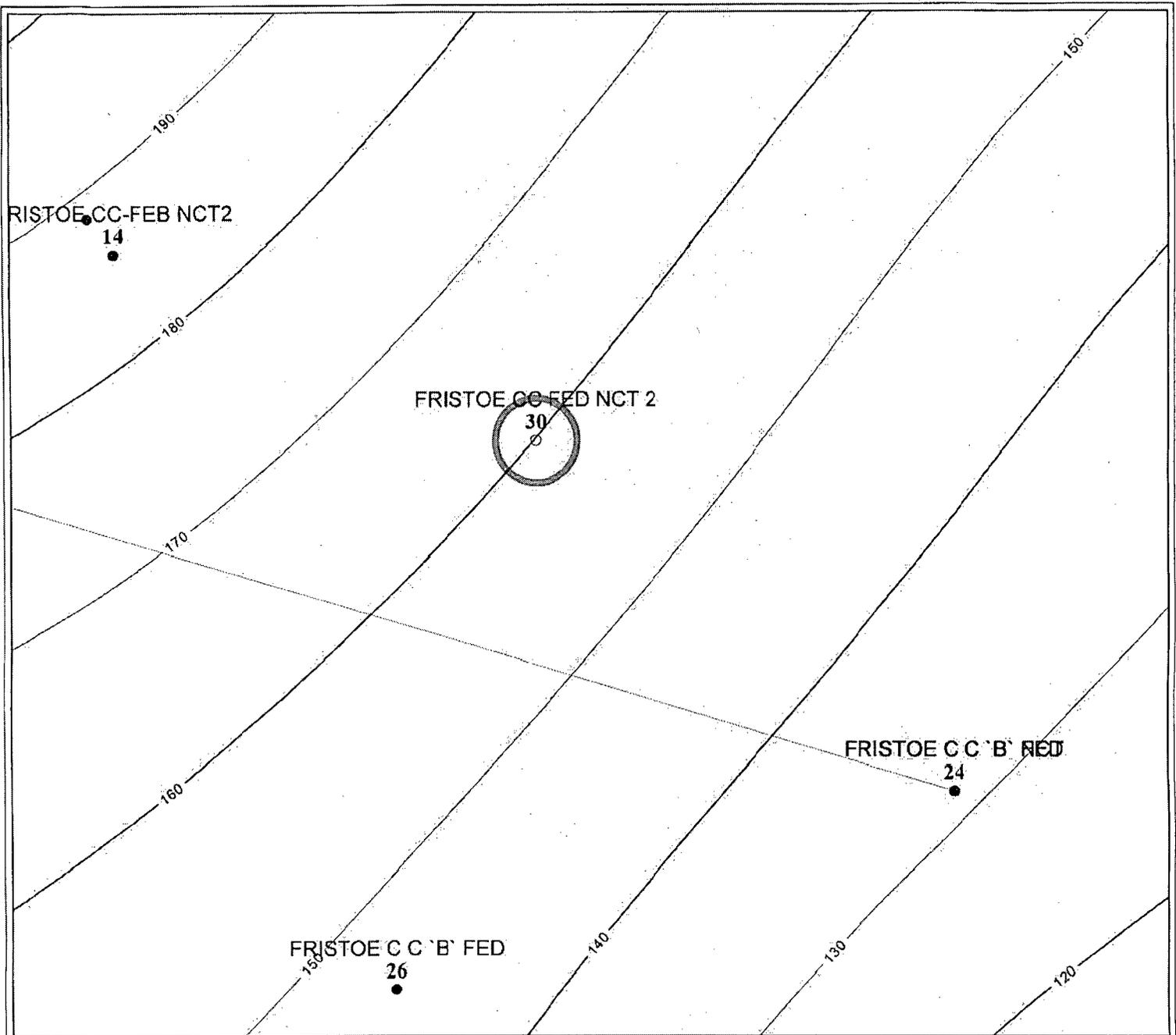
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	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</p> <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Casey R Mobley</i> Signature Casey R. Mobley</p> <p>Printed Name Geologist</p> <p>Title May 8, 2008</p>
	<p>¹⁸</p> <p>SURVEYOR CERTIFICATION</p> <p><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></p> <p>Signature and Seal of Professional Surveyor:</p>

Certificate Number



PE1BA 11/28/2007 7:48:15 AM



Chevron U.S.A. Inc.

EXHIBIT 4

Langlie-Mattix Field C.C. Fristoe Fed 30

Sec 35, T24S-37E, Lea CO, New Mexico

Grayburg Net Pay C1-5 [Gr<40, Por>6%]

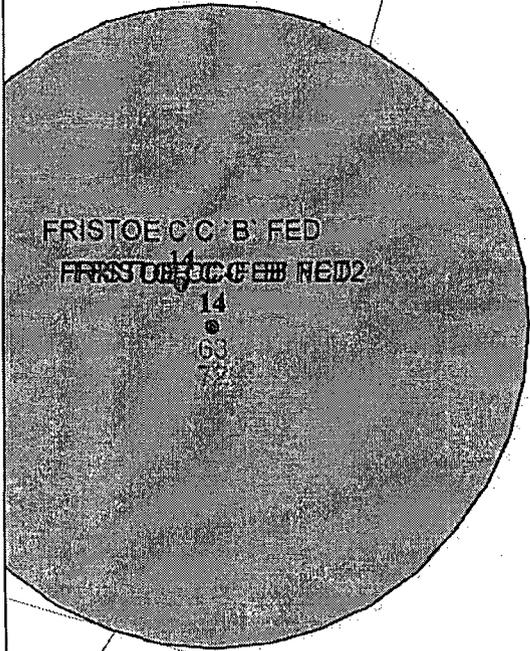
POSTED WELL DATA

Well Name
Well Number



FEET

21



FRISTOE C C FED NCT 2



FRISTOE C C B FED

24

FRISTOE C C B FED

26

8

PETRA 11/26/2007 1:42:30 PM



Chevron U.S.A. Inc.

EXHIBIT 5

Langlie Mattix Field C.C. Fristoe Fed 30

See 35, T24S-37E, Lea CO, New Mexico

Grayburg HCPV CI-1 & EUR - Drainage

POSTED WELL DATA

Well Name
Well Number



30-F, LANGLIE MATTIX - CCM, OIL (KLP)

30-F, LANGLIE MATTIX - CCM, GAS (30-F)



FEET

Brooks, David K., EMNRD

From: Mobley, Casey R. [Casey.Mobley@chevron.com]
Sent: Thursday, May 08, 2008 9:55 AM
To: Brooks, David K., EMNRD
Cc: Pinkerton, J. Denise (leakejd); Lawther, Andrew E; Baca, James (JMEB); Du, Meilin
Subject: Emailing: NMOCD_Packet_CC Fristoe B Federal NCT-2 30_revised.pdf

Attachments: NMOCD_Packet_CC Fristoe B Federal NCT-2 30_revised.pdf



NMOCD_Packet_CC
Fristoe B Fede...

<<NMOCD_Packet_CC Fristoe B Federal NCT-2 30_revised.pdf>> David,

Attached is the updated Nonstandard Location Application for the proposed Chevron Grayburg well, CC Fristoe B Federal NCT-2 #30, for your review and approval. We respectfully request that you review and rule on this application in a timely manner as it is on a rig schedule to be drilled in mid-June of this year. As per our telephone conversation from this morning, I have reviewed the ownership situation with my land department and no offset operator waivers are required for this location
- Chevron has 100% working interest and is the sole operator on this lease.

We really appreciate you accomodating us in this time-constrained situation. Please don't hesitate to contact me with questions or comments.

Sincerely,

Casey

Casey R. Mobley
Geologist

New Mexico Asset Development
MidContinent SBU
Chevron North American Exploration and Production
11111 S. Wilcrest Dr., S1037
Houston, TX 77099
(281) 561-4830

The message is ready to be sent with the following file or link attachments:

NMOCD_Packet_CC Fristoe B Federal NCT-2 30_revised.pdf

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

This inbound email has been scanned by the MessageLabs Email Security System.
