

PNR M0603729703

C-103 Received 2-1-2006

DHC Assigned 2-6-2006

Order Number	API Number	Operator	County			
HOB-0133	30-025-30806	Chevron USA Inc.	Lea			
Order Date	Well Name	Number	Location			
	L.R. Kershaw	015	B	13	20S	37E
			UL	Sec	T (+Dir)	R (+Dir)
		Oil %	Gas %			
Pool 1	Weir Blinebry, East	40%	3%			
Pool 2	Monument Tubb	35%	48%			
Pool 3	Skaggs Drinkard	25%	49%			
Pool 4						
Comments:						
Work completed effective _____						
Work cancelled effective _____						
Supplement _____						

Previously - DHC-1478

Posted to
RBDMA
2-6-2006

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-30806
HOB-0133

OPERATOR: Chevron USA Inc.

PROPERTY NAME: L.R. Kershaw

WNULSTR: 15-B, 13-20-37

	SECTION I:	ALLOWABLE AMOUNT	
63800	POOL NO. 1 <u>Weir Blinebry, East</u>	<u>107</u>	<u>1070</u> MCF 10000
47090	POOL NO. 2 <u>Monument Tubb</u>	<u>222</u>	<u>2220</u> MCF 10000
57000	POOL NO. 3 <u>Skaggs Drinkard</u>	<u>142</u>	<u>1420</u> MCF 10000
	POOL NO. 4 _____		MCF
		POOL TOTALS <u>471</u>	<u>4710</u>

	SECTION II:	Oil	Gas
	POOL NO. 1 <u>Weir Blinebry, East</u>	40% X 471 = 188.40	3%
	POOL NO. 2 <u>Monument Tubb</u>	35%	48%
	POOL NO. 3 <u>Skaggs Drinkard</u>	25%	49%
	POOL NO. 4 _____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>107 ÷ 40% = 267.50 (268)</u>	_____
SECTION IV:	<u>268 X 40% = 107.20 (107)</u>	_____
	<u>268 X 35% = 93.80 (94)</u>	_____
	<u>268 X 25% = 67 (67)</u>	_____
	_____	_____

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 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
 OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 January 30, 2006

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> 2. Name of Operator Chevron U.S.A. Inc. 3. Address of Operator 15 Smith Road Midland, TX 79705 4. Well Location Unit Letter B : 330 feet from the North line and 2305 feet from the East line Section 13 Township 20S Range 37E NMPM County LEA 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3556' GL Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	WELL API NO. 30-025-30806
	5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
	6. State Oil & Gas Lease No.
	7. Lease Name or Unit Agreement Name L.R. Kershaw
	8. Well Number 15
	9. OGRID Number 4323
	10. Pool name or Wildcat Monument Tubb/Weir East

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: DHC Monument Tubb; Weir East Blinebry; and Skaggs Drinkard <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

UNDER THE PROVISIONS OF RULE 303 C (5), IT IS PROPOSED TO DOWNHOLE COMMINGLE PRE-APPROVED POOLS, WEIR EAST BLINEBRY (PERFS 5754'-5844'); MONUMENT TUBB (PERFS 6327'-6567'); AND SKAGGS DRINKARD (PERFS 6662'-6865') IN THE CAPTIONED WELL. CURRENTLY, PRODUCTION FROM WEIR EAST BLINEBRY AND MONUMENT TUBB ARE DHC'D AND THE SKAGGS DRINKARD IS PLUGGED. ADDING THE SKAGGS DRINKARD TO THIS DHC WILL INCREASE PRODUCTION RATES DUE TO THE ADDED RESERVOIR. PRODUCTION WILL BE ALLOCATED BACK TO THE THREE POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPORT DATA.

DHC Order No. HOB-0133

000
 5000H
 10000
 10000

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE *Keith Kopp* TITLE PETR. ENGINEER DATE 01/30/2006
 or print name _____ E-mail address: _____
 For State Use Only Telephone No. Cell (432) 631-3281
(432) 687-7120

APPROVED BY: *[Signature]* TITLE PETROLEUM ENGINEER DATE FEB 06 2006
 Conditions of Approval (if any): _____

**REQUEST FOR EXCEPTION TO RULE 303-A
FOR WELLS LOCATED IN PRE-APPROVED POOLS OR AREAS**

Operator

Chevron U.S.A., Inc.
15 Smith Road
Midland, TX 79705

Lease Name and Well Number

LR Kershaw #15
330' FNL & 2305' FEL, Unit Letter B
Section 13, T20S, R37E
Lea County, New Mexico

Division Order

Pre-approved pools or area established by Division Order No. R-11363.

Pools To Be Commingled In Kershaw #15

(63800) East Weir Blinebry (Oil)
(47090) Monument Tubb (Oil)
(57000) Skaggs Drinkard (Oil)

Perforated Intervals (Wellbore diagrams attached)

Blinebry (5754'-5844')
Tubb (6327'-6567')
Drinkard (6662'-6865')

Location Plat

Attached

Well Test Report & Production Plots

Attached.

Product Characteristics And Value

Previous commingling of these zones by Chevron and other operators in the area have shown that the produced fluids are compatible and commingling will not cause formation damage or producing problems. Also, the price received by Chevron for products from these zones is very similar, so value will not be adversely affected.

Production Allocation

<u>Pool</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>Estimation Method</u>
Blinebry	3.2	8	5.1	Current production & allocation factors
Tubb	2.8	8	67.9	Current production & allocation factors
Drinkard	2	31	69	PI production report
Totals	8	47	142	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Blinebry	40.00	17.00	3.60 3 <i>n/m</i>	<i>OK with Keith Lopez</i> Calculated using above production volumes.
Tubb	35.00	17.00	47.60 48	
Drinkard	25.00	66.00	48.60 49	
Totals	100.00	100.00	100.00	

Ownership

Ownership of all zones is identical so correlative rights will not be compromised.

State / Federal Land Notification

Well is on a fee lease.

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

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

2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

District IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30806		² Pool Code 63800		³ Pool Name Weir East Blinebry	
⁴ Property Code 010974		⁵ Property Name LR Kershaw			⁶ Well Number 15
⁷ OGRID No. 4323		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3556'

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	13	20S	37E		330	North	2305	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>13</p>	<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></p> <p>Signature Keith Lopez</p> <p>Printed Name Petr. Engineer</p> <p>Title</p> <p>January 30, 2006</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>
	<p>Certificate Number</p>

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AMENDED REPORT

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30806		² Pool Code 47090		³ Pool Name Monument Tubb	
⁴ Property Code 010974		⁵ Property Name LR Kershaw			⁶ Well Number 15
⁷ OGRID No 4323		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3556'

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	13	20S	37E		330	North	2305	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 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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13		17	OPERATOR CERTIFICATION
			<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>Signature: <i>Keith Lopez</i></p> <p>Printed Name: Keith Lopez</p> <p>Title: Petr. Engineer</p> <p>Date: January 30, 2006</p>
13		18	SURVEYOR CERTIFICATION
			<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> <p>Certificate Number</p>

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30806		² Pool Code 57000		³ Pool Name Skaggs Drinkard	
⁴ Property Code 010974		⁵ Property Name LR Kershaw			⁶ Well Number 15
⁷ OGRID No 4323		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3556'

¹⁰ Surface Location

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		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> Signature and Seal of Professional Surveyor: Certificate Number