

PNRM 0708735848

C-103 Received 3-23-2007
DHC No. Assigned 3-28-2007

Order Number		API Number	Operator		County			
HOB-0166-A		30-025-30623	Chevron USA Inc.		Lea			
Order Date		Well Name		Number	Location			
		L.R. Kershaw		013	D	13	20S	37E
					UL	Sec	T (+Dir)	R (+Dir)
Pool 1		Oil %		Gas %				
47090		82%		48%				
Pool 2		Oil %		Gas %				
57000		18%		52%				
Pool 3		Oil %		Gas %				
Pool 4		Oil %		Gas %				
Comments: Work completed effective _____ Work cancelled effective _____ Supplement _____								

Posted to
RBDM &
3-28-2007

3

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-30623
HOB-0166-A

OPERATOR: Chevron USA Inc.

PROPERTY NAME: L. R. Kershaw

WNULSTR: 13-D, 13-20-37

SECTION I:		ALLOWABLE AMOUNT	
47090	POOL NO. 1 <u>Monument Tubb</u>	<u>222</u>	<u>2220</u> MCF 10000
57000	POOL NO. 2 <u>Skaggs Drinkard</u>	<u>142</u>	<u>1420</u> MCF 10000
	POOL NO. 3 _____	_____	_____ MCF
	POOL NO. 4 _____	_____	_____ MCF
		POOL TOTALS <u>364</u>	<u>3640</u> MCF

SECTION II:		Oil	Gas
	POOL NO. 1 <u>Monument Tubb</u>	82% X 364 = 298.48	48%
	POOL NO. 2 <u>Skaggs Drinkard</u>	18%	52%
	POOL NO. 3 _____		
	POOL NO. 4 _____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>142 ÷ 82% = 173.17 (174)</u>	_____
SECTION IV:	<u>174 X 82% = 142.68 (143)</u>	_____
	<u>174 X 18% = 31.32 (31)</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
 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

Form C-103
 Feb 28, 2007

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-30623
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 LR Kershaw
8. Well Number 13
9. OGRID Number 4323
10. Pool name or Wildcat Monument Tubb

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 Gas Well Other

2. Name of Operator
Chevron U.S.A. Inc.

3. Address of Operator
15 Smith Road Midland, TX 79705

4. Well Location
 Unit Letter **D** : **330** feet from the **North** line and **330** feet from the **West** line
 Section **13** Township **20S** Range **37E** NMPM County **LEA**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3553' GL

Pit or Below-grade Tank Application or Closure

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 _____

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"/>		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: DHC Monument Tubb & Skaggs Drinkard <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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, MONUMENT TUBB (PERFS 6311'-6525'), AND SKAGGS DRINKARD (6618'-6860') IN THE CAPTIONED WELL. CURRENTLY, THE WELL IS PRODUCING FROM THE TUBB, AND THE DRINKARD IS OPEN, BELOW A CIBP. PRODUCTION WILL BE ALLOCATED BACK TO THE TWO POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPORT DATA.

DHC Order No. HOB-0166-A

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 Richard A Jenkins TITLE PETR. ENGINEER DATE 02/28/2007
 Type or print name RICHARD A JENKINS E-mail address: RJDG@CHEVRON.COM Telephone No. 432-631-3281
 For State Use Only

APPROVED BY: Chris Williams TITLE DISTRICT SUPERVISOR/GENERAL MANAGER DATE MAR 28 2007
 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 #13
 330' FNL & 330' FWL, Unit Letter D
 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 #13

(47090) Monument Tubb (~~Gas~~) (Oil)
 (57000) Skaggs Drinkard (Oil)

Perforated Intervals (Wellbore diagrams attached)

Tubb (6311'-6525')
 Drinkard (6618'-6860')

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>
Tubb	14	17	201	Current Well Test 2/23/07
Drinkard	3	1	220	Well Test 7/8/06
Totals	17	18	421	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Tubb	82.35 %	94.44	47.74 %	Calculated using above production volumes.
Drinkard	17.65 %	5.56	52.26 %	Calculated using above production volumes.
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

District IV
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30623		² Pool Code 47090		³ Pool Name Monument Tubb			
⁴ Property Code		⁵ Property Name Kershaw, LR				⁶ Well Number 13	
⁷ OGRID No. 4323		⁸ Operator Name Chevron Corporation				⁹ Elevation 3553' GL	

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
D	13	20S	37E		330'	North	330'	West	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.:

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>¹ 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>Richard A Jenkins</i></p> <p>Signature: Richard A Jenkins</p> <p>Printed Name: Petr. Engineer</p> <p>Title: March 16, 2007</p>
	<p>¹ 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>

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

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OIL CONSERVATION DIVISION Submit to Appropriate District Office
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30623		² Pool Code 57000		³ Pool Name Skaggs Drinkard	
⁴ Property Code		⁵ Property Name Kershaw, LR			⁶ Well Number 13
⁷ OGRID No. 4323		⁸ Operator Name Chevron Corporation			⁹ Elevation 3553' GL

¹⁰ Surface Location

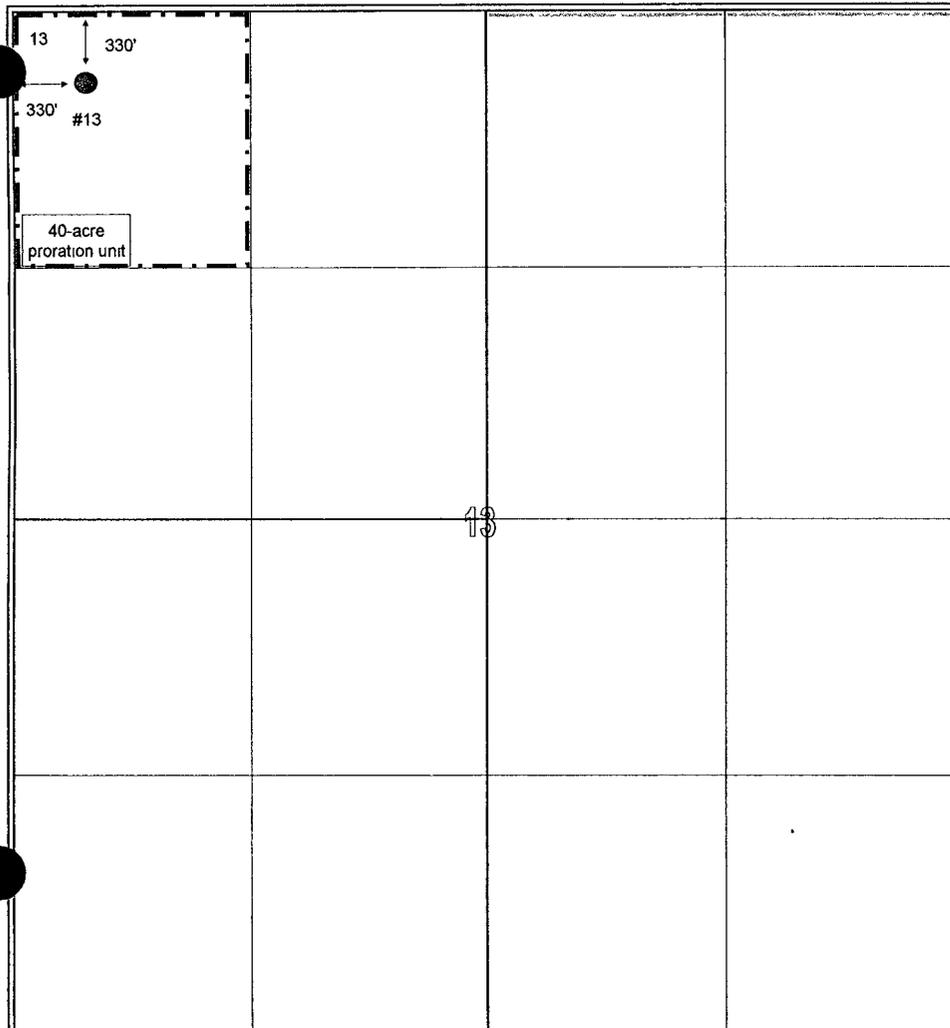
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	13	20S	37E		330'	North	330'	West	Lea

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



1 OPERATOR CERTIFICATION

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

Signature

Richard A Jenkins

Printed Name

Petr. Engineer

Title

March 16, 2007

1 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

WELL TEST REPORT

Lease: **KERSHAW, L. R.**

Field: **SKAGGS**

Reservoir: **DRINKARD**

Well: **13**

Field Code: **L21**

Resv Code: **000005817**

Unique Code: **UCL211100**

Battery: **LR.KERSHAW**

Wellbore: **428668**

API No: **300253062300**

Test Date	BOPD	BWPD	MCFPD	Tbg PSI	GOR	% Oil	Comp No.	Status	Remarks	Fluid Level	Fld Lvl Date	BTFPD
7/8/06	4	1	220		62857	87.5	01	PL			2/17/03	4
6/20/06	4	1	208		52000	88.9	01	PL			2/17/03	5
5/17/06	4	0	131		32750	100.0	01	PL			2/17/03	4
4/11/06	3	1	128		42667	75.0	01	PL			2/17/03	4
2/14/06	3	0	172		68800	100.0	01	PL			2/17/03	3
1/14/06	5	1	239		47800	83.3	01	PL			2/17/03	6
12/27/05	4	1	256		64000	80.0	01	PL			2/17/03	5
11/25/05	3	1	259		83548	75.6	01	PL			2/17/03	4
10/26/05	4	1	262		59545	81.5	01	PL			2/17/03	5
9/5/05	4	1	229		57250	80.0	01	PL			2/17/03	5
8/21/05	5	1	242		53778	81.8	01	PL			2/17/03	6
7/23/05	4	1	280		70000	80.0	01	PL			2/17/03	5
6/17/05	4	1	278		69500	80.0	01	PL			2/17/03	5
5/10/05	4	1	280		70000	80.0	01	PL			2/17/03	5
4/22/05	5	0	240		48000	100.0	01	PL			2/17/03	5
3/12/05	5	0	230		51111	100.0	01	PL			2/17/03	5
2/4/05	5	0	240		48000	100.0	01	PL			2/17/03	5
1/13/05	4	0	260		65000	100.0	01	PL			2/17/03	4
12/14/04	5	0	264		52800	100.0	01	PL			2/17/03	5
11/9/04	4	0	263		65750	100.0	01	PL			2/17/03	4
10/9/04	4	0	263		65750	100.0	01	PL			2/17/03	4
9/30/04	5	0	293		58600	100.0	01	PL			2/17/03	5
9/30/04	5	0	282		56400	100.0	01	PL			2/17/03	5
7/26/04	4	1	260		65000	88.9	01	PL			2/17/03	5
6/5/04	4	0	289		72250	100.0	01	PL			2/17/03	4
5/11/04	4	0	291		72750	100.0	01	PL			2/17/03	4
4/5/04	5	0	290		58000	100.0	01	PL			2/17/03	5
3/27/04	4	1	310		77500	80.0	01	PL			2/17/03	5
2/13/04	4	1	310		77500	80.0	01	PL			2/17/03	5
1/26/04	5	1	317		63400	83.3	01	PL			2/17/03	6
11/21/03	7	1	389		58939	86.8	01	PL			2/17/03	8
10/20/03	4	1	220		55000	80.0	01	PL			2/17/03	5
9/26/03	4	1	235		58750	80.0	01	PL			2/17/03	5
9/26/03	3	1	212		70667	75.0	01	PL			2/17/03	4
8/23/03	3	1	205		62121	86.8	01	PL			2/17/03	4
7/4/03	3	0	228		76000	100.0	01	PL			2/17/03	3
6/22/03	3	0	180		60000	100.0	01	PL			2/17/03	3
5/11/03	3	1	180		60000	75.0	01	PL			2/17/03	4
4/22/03	3	1	190		63333	75.0	01	PL			2/17/03	4
3/14/03	2	1	190		95000	66.7	01	PL			2/17/03	3
2/5/03	3	1	188		62667	75.0	01	PL				4
1/4/03	3	1	186		62000	75.0	01	PL				4
12/8/02	3	0	178		59333	100.0	01	PL				3
11/22/02	3	0	168		50909	100.0	01	PL				3
11/22/02	3	0	168		50909	100.0	01	PL				3

WELL TEST REPORT

Lease: **KERSHAW, L. R. 13**

Field: SKAGGS

Reservoir: TUBB

Well: **13**

Field Code: L21

Resv Code: 000005817

Unique Code: UCL211100

Battery: LR KERSHAW

Wellbore: 428668

API No: 300253062300

Test Date	BOPD	BWPD	MCFPD	Tbg PSI	GOR	% Oil	Comp No.	Status	Remarks	Fluid Level	Fld Lvl Date	BTFPD
	0	0	0				01	PL			2/17/03	
	0	0	0				02	PR		6376	2/22/07	
	0	0	0				02	PR		6480	3/7/07	
3/4/07	13	6	152		11692	68.4	02	PR		6376	2/22/07	19
3/3/07	12	7	91		7583	63.2	02	PR		6376	2/22/07	19
3/2/07	13	7	120		9231	65.0	02	PR		6376	2/22/07	20
3/1/07	13	8	158		12154	61.9	02	PR		6376	2/22/07	21
2/28/07	13	9	170		13077	59.1	02	PR		6376	2/22/07	22
2/27/07	13	10	172		13231	56.5	02	PR		6376	2/22/07	23
2/26/07	13	11	182		14000	54.2	02	PR		6376	2/22/07	24
2/25/07	12	10	182		15167	54.5	02	PR		6376	2/22/07	22
2/24/07	8	12	195		24375	40.0	02	PR		6376	2/22/07	20
2/23/07	14	17	201		14357	45.2	02	PR		6376	2/22/07	31
2/18/07	12	35	157		13083	25.5	01	PL			2/17/03	47

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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-107A
Revised June 10, 2003

APPLICATION TYPE
 Single Well
 Establish Pre-Approved

EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Chevron Corporation Address 15 Smith Road, Midland TX 79705

Lease LR Kershaw Well No #13 Unit Letter-Section-Township-Range D-13-20S-37E County United States

OGRID No. 4323 Property Code _____ API No. 30-025-30623 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Monument Tubb		Skaggs Drinkard
Pool Code	47090		57000
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6311'-6525'		6618'-6860'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36.0° Battery Currently Commingled in both zones		36.0° Battery Currently Commingled in both zones
Producing, Shut-In or New Zone	New Zone - Producing		Shut In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 2/23/2007 Rates: 14 BOPD 201 MCFD		Date: 7/8/06 Rates: 3 BOPD 220 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 82% Gas 48%		Oil 18% Gas 52%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
 Are all produced fluids from all commingled zones compatible with each other? Yes No
 Will commingling decrease the value of production? Yes No
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

MOCD Reference Case No. applicable to this well: _____

Attachments:

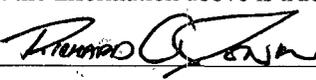
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE  TITLE Petroleum Engineer DATE 2/28/07

TYPE OR PRINT NAME Richard A Jenkins TELEPHONE NO. (432) 687-7120

E-MAIL ADDRESS rijdg@chevron.com