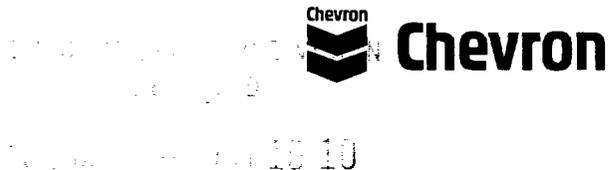


January 10, 1994
Midland, Texas



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

**Application for Authorization for
Water Disposal - OCD Form C-108
Eunice King Well #24 San Andres Formation
Lea County, New Mexico**

State of New Mexico
Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay, Director

Gentlemen:

Chevron U.S.A. respectfully requests your approval of the subject application to inject water into the Eunice King Well #24 located in Unit E, Section 28, T21S, R37E, Lea County, New Mexico.

This well is needed to replace the Eunice King Well #2 as a San Andres water disposal well. Well #2 has developed casing problems and will be abandoned upon approval of the conversion of well #24 to a water disposal well. The Eunice King Well # 2 is located one location north of well #24 at Unit D, Section 28, T21S, R37E, Lea County, New Mexico.

Attached is OCD Form C-108 with the information relative to the proposed conversion of well #24.

A copy of the letter and application is being sent to the applicable offset operators by certified mail as their notice. Chevron is the surface land owner on this tract of land. The proof of publication from the Hobbs News-Sun will be forwarded as soon as we receive it.

If further information is required, please contact me at (915) 687-7152.

Sincerely,

Lloyd V. Trautman
Sr. Petroleum Engineer

/tmr
11470.DOC

Attachments

cc: NMOCD - Hobbs, NM
O. G. Brown
D. L. Lovell - Eunice, NM



January 10, 1994
Midland, Texas

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

Request to Publish Legal Notice

Hobbs News-Sun
201 North Thorp
Hobbs, New Mexico 88240

Attn: Classified Department

Chevron U.S.A. Production Company requests that you publish the attached notice in your newspaper, one time only, as soon as possible.

Please mail the invoice to the letterhead address, Attention: Lloyd V. Trautman. Also, please attach a copy of the notice as run in your newspaper and an affidavit certifying publication of the attached notice and the date of publication.

Your prompt assistance in this matter will be greatly appreciated. Questions may be directed to Mr. Lloyd V. Trautman at 915/687-7152.

Yours very truly,

A handwritten signature in cursive script that reads "Lloyd V. Trautman".

Lloyd V. Trautman
Senior Petroleum Engineer

/s/mdr
11465.DOC

Attachment

LEGAL NOTICE
January 10, 1994

Chevron U.S.A. Production Company has applied to the Oil Conservation Division of the State of New Mexico for approval to convert the Euncie King #24 Well to a Water Disposal Well. This well will replace the Euncie King Well #2, which is scheduled for abandonment. Well #24 is located in Unit E, Section 28, T21S, R37E, NMPH, Lea County, New Mexico. Water will be injected into the San Andres formation. Injection will be at an expected maximum rate of 600 barrels of water per day and an expected maximum pressure of 500 pounds per square inch. Persons wishing to contact Chevron U.S.A. Production Company should direct their inquiries to Lloyd Trautman, P.O. Box 1150, Midland, Texas, 79702, telephone 915/687-7152.

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico, 87504, within 15 days.

APPLICATION FOR AUTHORIZATION
FOR WATER DISPOSAL - OCD FORM C-108
EUNICE KING WELL # 24
SAN ANDRES FORMATION
SECTION 28, T21S, R37E
LEA COUNTY, NEW MEXICO

Offset Operators

Mobil Producing Texas and New Mexico
P. O. Box 1800
Hobbs, New Mexico 88240

Amoco Production Company
200 Amoco Court
Farmington, New Mexico 87401

Marathon Oil Company
Box 552
Midland, Texas 79702

Conoco Inc.
10 Desta Drive West
Midland, Texas 79705

Texaco Exploration and Production
Box 730
Hobbs, NM 88241

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? yes no

II. Operator: Chevron U.S.A. Inc.

Address: P.O. Box 1150, Midland, Tx 79702

Contact party: Lloyd V. Trautman Phone: (915) 687-7152

III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? yes no
If yes, give the Division order number authorizing the project _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

* VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

* X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)

* XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Lloyd V. Trautman Title Sr. Petroleum Engineer

Signature: Lloyd V. Trautman Date: Jan 12, 1994

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) the formation name and depth with expected maximum injection rates and pressures; and
- (4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

APPLICATION FOR AUTHORIZATION
FOR WATER DISPOSAL - OCD FORM C-108
EUNICE KING WELL # 24
SAN ANDRES FORMATION
SECTION 28, T21S, R37E
LEA COUNTY, NEW MEXICO

NMOCD Form C-108 Information.

III.

A.

3. 2 3/8", 4.7#, poly-lined tubing will be used. End of tubing at \pm 3930'.
4. Guiberson Uni-VI 7" packer, set at +3900'.

B.

1. Formation - San Andres Field - Penrose Skelly
2. Injection interval - 4000' - 4400', perforated.
3. This well was not drilled as an injector, but as a producer in the McKee formation in 1950.
4. McKee - perforated 7662'-7860', CIBP at 7299' with cement to 7293'. Wantz Abo - perforated 7147'-7220', CIBP at 7100' with cement to 7088'. Blinebry - perforated 5788'-5886', CIBP at 5755'. Paddock - perforated 5090'-5248', squeezed with 250 sacks cement. Blinebry - perforated 5501'-5672', not sealed off yet.
5. Grayburg - 3685'
Glorieta - 5086'

VII.

1. Average daily rate - 350 bpd
Maximum daily rate - 550 bpd
2. System is a closed system.
3. Average injection pressure - 0 psig
Maximum injection pressure - 100 psig

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE