

5/9/00 5/30/00 MS NW NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

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] 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

[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 further verify that all applicable API Numbers are included. 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.

A. Phil Ryan  
Print or Type Name

Signature

Commission Coordinator  
Title

5/9/00  
Date



Texaco North America Production  
Denver Region - Permian Business Unit

500 North Loraine  
Midland TX 79701

P O Box 3109  
Midland TX 79702

**May 9, 2000**

**GOV – STATE AND LOCAL GOVERNMENTS**

**Unorthodox Location**

**New Mexico 'DF' State Com. No. 3**

**Indian Basin, Upper Penn Field**

**SHL: 2000' FNL & 1650' FEL, Sec 32, T-21-S, R-23-E**

**Eddy County, New Mexico**

**State of New Mexico**

**Energy and Minerals Department**

**Oil Conservation Division**

**2040 South Pacheco**

**Santa Fe, New Mexico 87505**

**Attention: Mr. Michael E. Stogner**

**Gentlemen:**

**An exception to Rule 104 F. (2) by administrative approval is requested for the captioned well. The well is located 2000' FNL and 1650' FEL, Unit Letter "G" of Section 32, T-21-S, R-23-E.**

**Texaco has recently directionally drilled a horizontal lateral in the captioned well for the purpose of producing gas from the Upper Penn formation. The well was originally drilled as a vertical well at a standard surface location of 2000' FNL & 1650' FEL in January of 1997. On April 29, 2000 prior to kicking off the lateral, a directional survey was run which indicated that the bottom hole location, at a measured 6791', was at 1920' FNL & 1630' FEL. Field rules in the Indian Basin-Upper Penn Gas Pool states that a standard location shall be no closer than 1650' from the section line. Therefore, the subject well is non-standard to the East by 20'.**

**The lateral was eventually drilled to a bottom hole location of 1674' FNL and 1881' FEL, which is a standard location, and is only a few feet away from the permitted bottom hole location of 1672' FNL & 1879' FEL. During the drilling, the orientation of the lateral was away from the East Line; therefore, the lateral was not any nearer to the offset lease.**

**The current bottom hole location is encroaching on Chevron USA to the east;  
therefore, we are attaching the waiver letter from Chevron USA.**

Yours very truly,  
  
**A. Phil Ryan**  
**Commission Coordinator**

**Attachments: Form C-101, Form C-102, and Waiver Letter**  
**cc: OCD, Hobbs NM**

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

## DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-10

Revised February 10, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copie

Fee Lease - 5 Copie

☐ AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address TEXACO EXPLORATION & PRODUCTION INC. 205 E. Bender, HOBBS, NM 88240		<sup>2</sup> OGRID Number 022351
<sup>4</sup> Property Code 11032	<sup>5</sup> Property Name NEW MEXICO DF STATE COM	<sup>3</sup> API Number 30-015-29284
		<sup>6</sup> Well No. 3

<sup>7</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
G	32	21-S	23-E		2000	NORTH	1650	EAST	EDDY

<sup>8</sup> Proposed 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
G	32	21-S	23-E		1672	NORTH	1879	EAST	EDDY

<sup>9</sup> Proposed Pool 1<sup>10</sup> Proposed Pool 2

Indian Basin, Upper Penn.

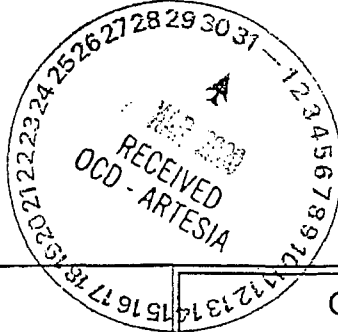
<sup>11</sup> Work Type Code E	<sup>12</sup> Well Type Code G	<sup>13</sup> Rotary or C.T. ROTARY	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 4059' GR
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 6924 TVD	<sup>18</sup> Formation CISCO	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 5/10/00

<sup>21</sup> Proposed Casing and Cement Program

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	9 5/8"	24#	1500'	650 SX, CIRC 15	SURFACE
7 7/8"	7"	26#	6920'	1050 SX, CIRC 201	SURFACE
				DV TOOL @ 3600'	

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

TEXACO INTENDS TO DRILL A HORIZONTAL RE-ENTRY USING A CONVENTIONAL RIG. THE OVERVIEW AND INTENDED PROCEDURE IS ATTACHED.



<sup>23</sup> I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature

*J. Denise Leake*

Printed Name

J. Denise Leake

Title Engineering Assistant

Date 3/20/00

Telephone 397-0405

## OIL CONSERVATION DIVISION

Approved By:

*Jim W. Gurn B6A*

Title:

**SUPERVISOR, DISTRICT II**

Approval Date: 4-6-00

Expiration Date: 4-6-01

Conditions of Approval:

Attached ☐

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department**OIL CONSERVATION DIVISION**P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-10.2

Revised February 10, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copie

Fee Lease - 3 Copie

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-29284	<sup>2</sup> Pool Code 79040	<sup>3</sup> Pool Name INDIAN BASIN UPPER PENN
<sup>4</sup> Property Code 11032	<sup>5</sup> Property Name NEW MEXICO DF STATE COM	
<sup>7</sup> OGRID Number 022351	<sup>6</sup> Operator Name TEXACO EXPLORATION & PRODUCTION INC.	<sup>8</sup> Well No. 3  <sup>9</sup> Elevation 4059' GR

<sup>10</sup> Surface Location

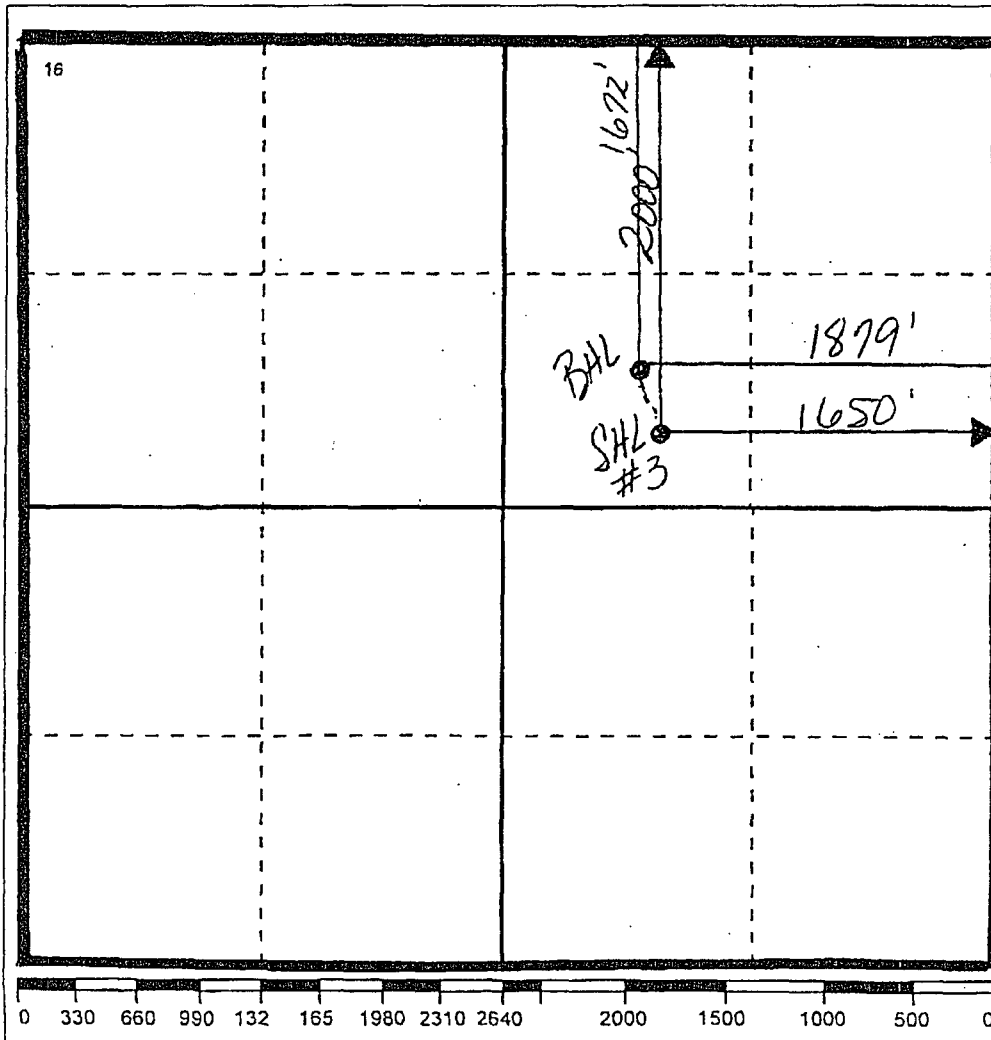
UI or lot no	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
G	32	21-S	23-E		2000	NORTH	1650	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UI or lot no	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
G	32	21-S	23-E		1672	NORTH	1879	EAST	EDDY

<sup>12</sup> Dedicated Acre 640	<sup>13</sup> Joint or Infill No	<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

<sup>17</sup> OPERATOR CERTIFICATION

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

Signature

*J. Denise Leake*

Printed Name

J. Denise Leake

Position

Engineering Assistant

Date

3/20/00

<sup>18</sup> 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 knowledge and  
belief.

Date Surveyed

Signature &amp; Seal of

Professional Surveyor

Certificate No.



Texaco North America Production  
Permian Business Unit

500 North Lorraine  
Midland TX 79701

P O Box 3109  
Midland TX 79702

May 9, 2000

Non-Standard Location  
New Mexico DF State Com. No. 3  
S.L.: 2000' FNL & 1650' FEL  
Sec. 32, T-21-S, R-23-E  
Indian Basin, Upper Penn  
Eddy County, New Mexico

Chevron U.S.A.  
P. O. Box 1150  
Midland, Texas 79702

Gentlemen:

Texaco has recently directionally drilled a horizontal lateral in the captioned well for the purpose of producing gas from the Upper Penn. formation. The well was originally drilled as a vertical well at a standard surface location of 2,000' FNL and 1,650' FEL in January of 1997. On April 29, 2000, prior to kicking off the lateral, a directional survey was run which indicated that the bottom hole location, at a measured depth of 6,791', was at 1,920' FNL and 1,630' FEL. Field rules in the Indian Basin - Upper Penn Gas Pool, state, that a standard location shall be no closer than 1,650' from the section line. Therefore, the subject well is non-standard to the East by 20'.

The lateral was eventually drilled to a bottom hole location of 1,674' FNL and 1,881' FEL, which is a standard location, and is only a few feet away from the permitted bottom hole location of 1,672' FNL and 1,879' FEL. During the drilling, the orientation of the lateral was away from the East Line and therefore did not encroach any nearer to the offset lease.

As an offset operator of the captioned well, please sign this waiver which states that you don't object to the non-standard BHL as it pertains to your lease.

If you have no objection, please sign and fax a copy to me at (915) 688-4831 at your earliest convenience.

Very truly yours,

Mark S. Wakefield  
Project Engineer

WAIVER APPROVED:

COMPANY:

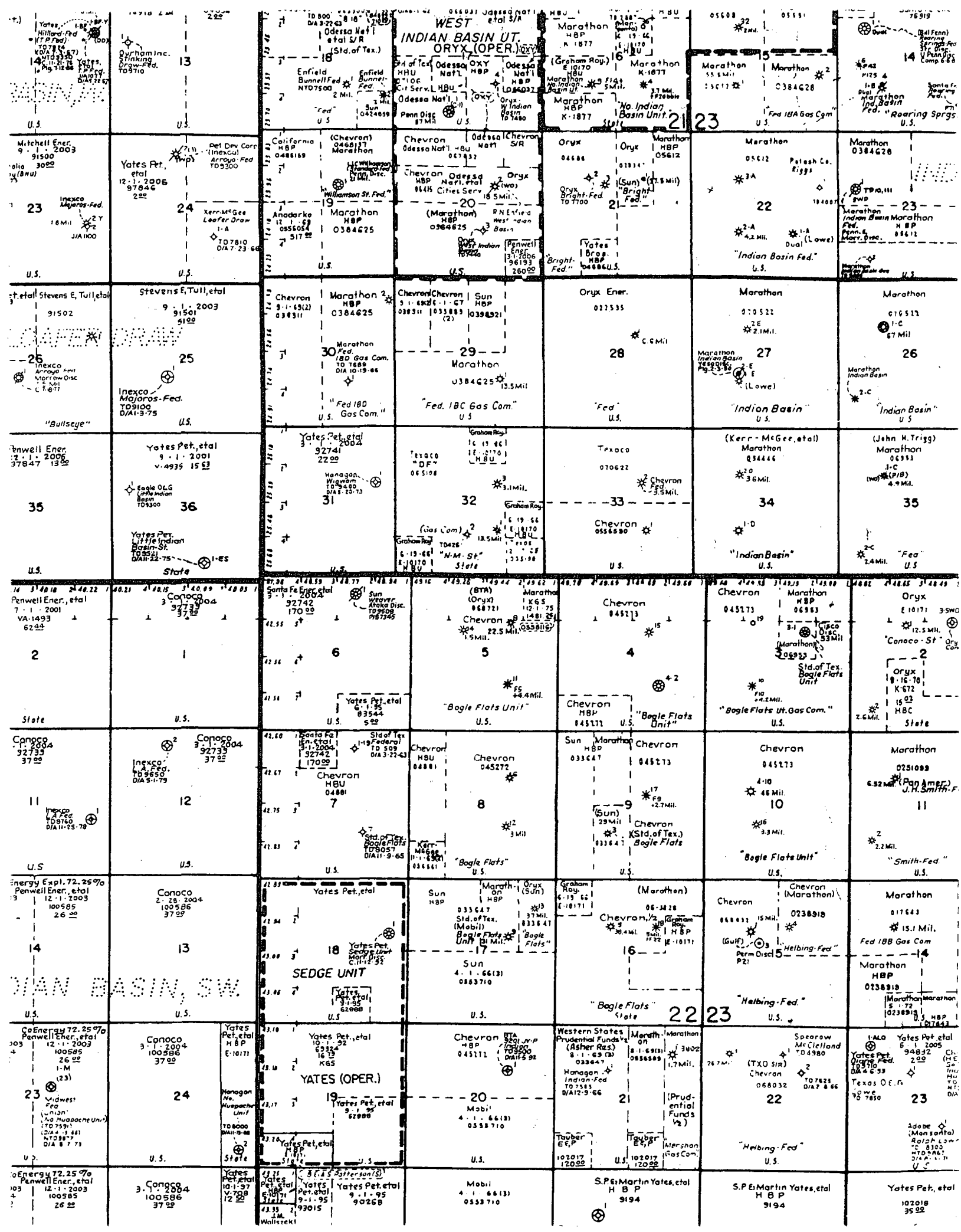
CHEVRON

BY:

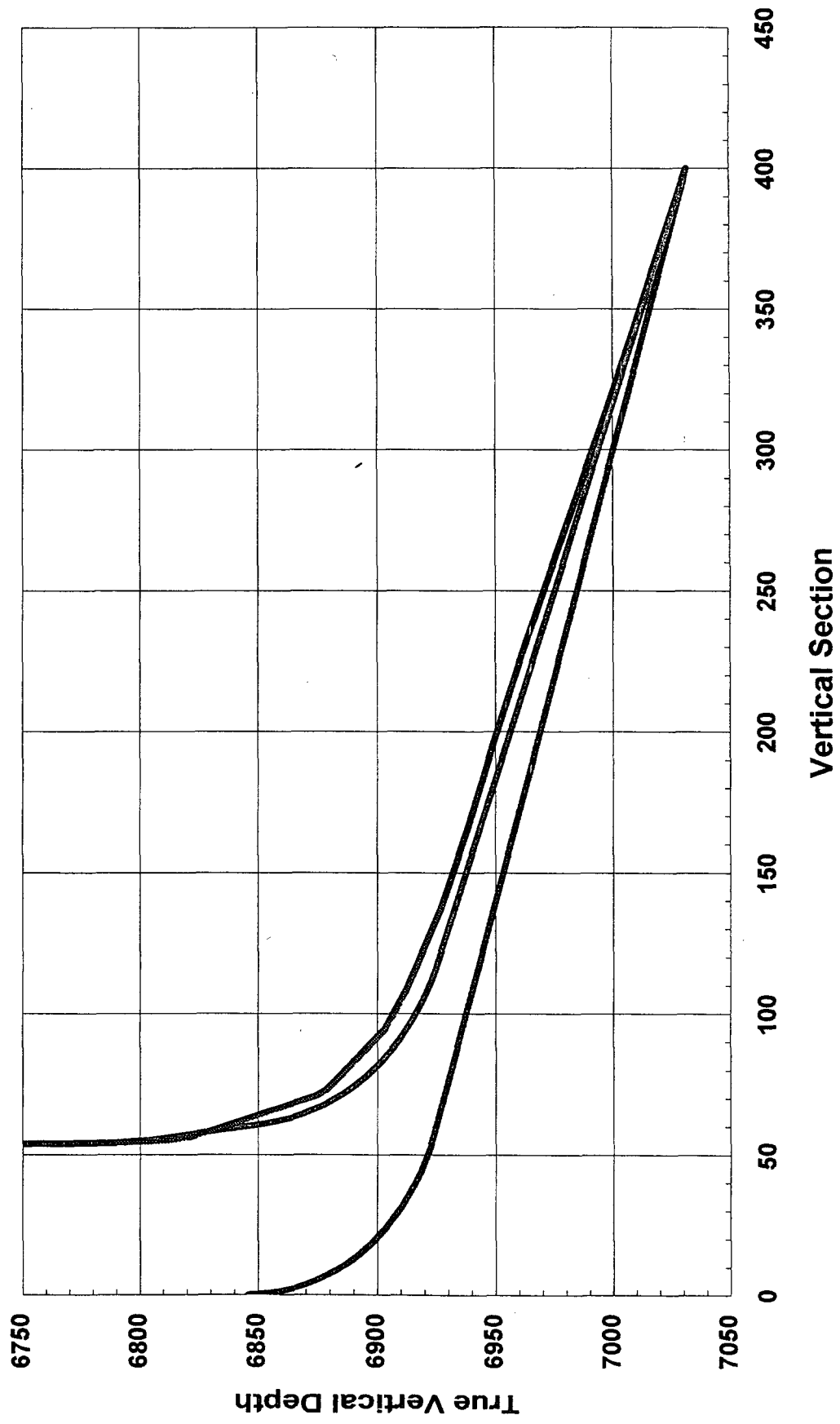
Scott McAnzian

DATE:

5/9/00

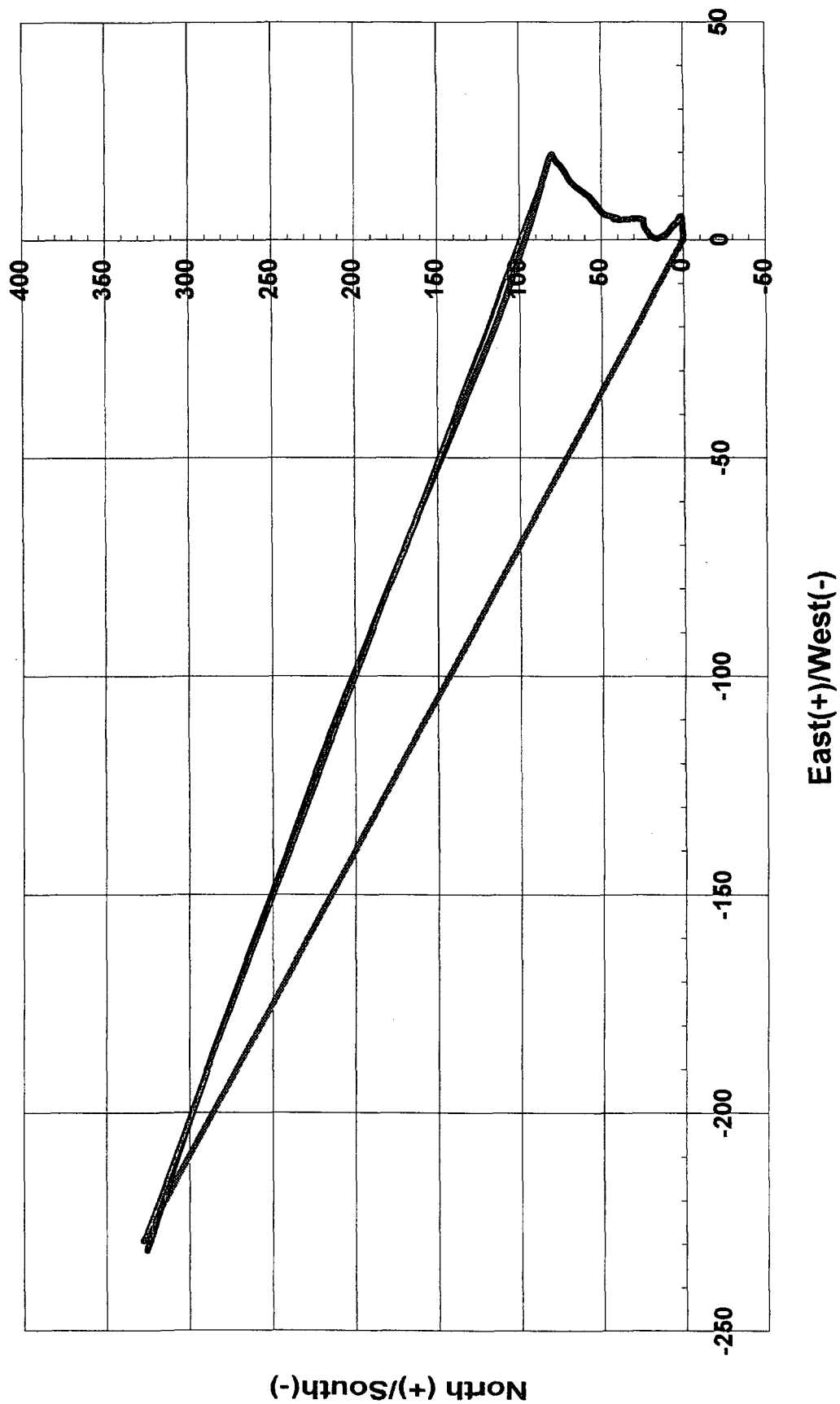


New Mexico "DF" State Com #3





New Mexico "DF" State Com #3



## SCIENTIFIC DRILLING

## HORIZONTAL SURVEY PROGRAM

## MINIMUM CURVATURE CALCULATIONS(SPE-3362)

OPERATOR: TEXACO E. &amp; P., INC

START: 4/30/00 FILE: TEXACO

WELL: NEW MEXICO "DF" STATE COM #3

FINISH:

LOCATION: EDDY COUNTY, NEW MEXICO

INFORMATION PROVIDED BY: SDI

JOB NO: 32D0400144

HORIZONTAL COORDINATOR: BILL LAMB, BILL HOFFMAN

DIP1 = -20.39 deg = 69.61 deg  
 TARGET1 = 7.032 ft TVD  
 VS1 = 400 ft  
 DIP2 = -20.39 deg = 69.61  
 TARGET2 = 7.032 ft TVD  
 VS2 = 400 ft

DATE: 05/05/00 TIME: 1:01 PM DECLINATION=

9.21 DIRECTION 325.00

## TRUE

## CENTER

SVY #	MEASURED DEPTH	INCL (DRIFT)	AZIMUTH (DIR)	VERTICAL DEPTH	VERTICAL SECTION	DLS/ 100	ACTUAL BUR	BUR REQ'D	ABOVE(+) BELOW(-)	RIGHT(+) LEFT(-)	NORTH(+) SOUTH(-)	EAST(+) WEST(-)
TIE	6791	1.93	43.22	6790.0	54.2	0.2	0.0	33.4	113.5	62.0	80.0	19.7
1	6823	6.94	313.20	6821.9	56.2	22.5	15.7	40.2	82.3	62.2	81.7	18.7
2	6878	25.87	306.14	6874.4	71.0	34.5	34.4	48.1	35.3	57.6	91.2	6.4
3	6883	28.72	306.18	6878.9	73.2	77.0	77.0	44.9	31.7	56.8	92.5	4.6
4	6916	54.57	314.03	6903.2	94.5	76.9	75.3	13.7	15.3	51.5	106.9	-12.0
5	6933	60.26	316.87	6912.3	108.6	36.3	33.5	7.1	11.4	49.2	117.2	-22.0
6	6965	66.61	317.75	6926.6	136.9	20.0	19.8	1.1	7.6	45.3	138.2	-41.4
7	6996	69.92	317.17	6938.1	165.5	10.8	10.7	0.0	6.7	41.6	159.4	-60.9
8	7028	70.43	316.96	6948.9	195.3	1.7	1.6	0.1	7.0	37.4	181.4	-81.4
9	7060	68.14	316.60	6960.3	224.9	7.2	-7.2	0.3	6.7	33.1	203.2	-101.9
10	7091	67.76	313.79	6971.9	253.2	8.5	-1.2	0.6	5.5	28.2	223.6	-122.1
11	7123	67.24	314.04	6984.1	282.2	1.8	-1.6	1.3	4.1	22.5	244.1	-143.4
12	7155	67.66	314.87	6996.4	311.3	2.7	1.3	1.4	2.6	17.1	264.8	-164.5
13	7186	68.05	313.45	7007.9	339.6	6.2	4.5	0.2	1.7	11.7	284.9	-185.2
14	7217	69.04	310.67	7018.9	367.8	8.4	0.0	0.3	1.1	5.2	304.3	-206.7
BIT	7252	69.04	310.67	7031.5	399.5	0.0	0.0	0.9	0.3	-2.9	325.6	-231.5