Chevion



Carl Okpattah Geologist Permian Basin **Mid-Continent Business Unit**

Chevron U.S.A. Inc. 11111 S. Wilcrest Dr. Houston, Texas 77099 Tel 281-561-4903 Fax 281-561-3576 cokpattah@chevron.com

May 4, 2006

Request for Administrative Approval Simultaneous Dedication Request Jayhawk "35" State # 4 990' FSL & 1650' FWL Unit N, Section 35, T19S, R37E Lea County, New Mexico

New Mexico Oil Conservation Division Attn: Michael Stogner 1220 S. St. Francis Drive Santa Fe, NM 87505

Dear Mr. Stogner:

Chevron respectfully requests administrative approval to Simultaneously Dedicate the allowable for the Monument Tubb to the Jayhawk #1 (API No. 300-25-34329) and the Jayhawk "35" State #4.

Chevron is planning to drill and complete the Jayhawk "35" State #4 as a gas well in the Tubb formation. It is proposed to complete the subject well as a gas producer in the Monument Tubb pool and downhole commingle in the Blinebry and Drinkard zones. Upon completion, the subject zone in the well would be simultaneously dedicated to the Jayhawk #1 on an 80 acre proration unit.

This application is based on geological and engineering analysis. The analysis and justification for this request is attached (Exhibit 1).

Also, enclosed is a Form C-102 plat, a land map (**Exhibit 2**), highlighting the proposed well's location and a list of offset operators (**Exhibit 3**).

Notification to the necessary offset operators has been made.

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April 4, 2006 Page 2

If you have any questions concerning this application, or need additional information, please contact me by phone at (281)-561-4903 or by email at <u>COKPATTAH@CHEVRON.COM</u>. If I am not available, you can contact Andrew Lawther at (281)-561-4796 or by email at <u>LAWTHER@CHEVRON.COM</u>. Thank you.

Sincerely, Carl Okpattah Geologist

Attachments

cc: NMOCD District 1 – Hobbs, NM Andrew Lawther Well File

5/11/04

DATE IN

5112/06

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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:

Print or Type Name

	[PC-Pc	[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] mhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] lified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF AI [A]	PPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Directional Drilling NSL NSP DD SD
		One Only for [B] and [C]
	[B]	Commingling - Storage - Measurement
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
[2]	NOTIFICAT	TION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
	[A]	□ Working, Royalty or Overriding Royalty Interest Owners
	[B]	I 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]	\Box 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 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. Carl Okpattah Geologist 05/04/2006 Title Date

<u>District II</u> 811 South First, Artesia, NM 88210

<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, NM 87505

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

□ AMENDED REPORT

District IV 2040 South Pacheco, Santa Fe, NM 87505

80

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Number 0-025-34329			² Pool Code 47090	,			³ Pool Name Monument Tub	b		
	⁴ Property Code 22556			^s Property Name Jayhawk				⁶ Well Number 1			
⁷ OGRID No. 4323						Operator Name vron Corporation				⁹ Elevation 3609' KB	
					¹⁰ Surfa	ace Lo	ocation				
UL or Lot No.	Section	Township	Range	Lot Idn	Feet fro	om the	North/South line	Feet from the	East/West	line	County
M	35	19S	37E		33	0	South	330	West		Lea
<u> </u>			¹¹ Bott	om Hole	> Locatio	on If D	ifferent From S	Surface			
UL or Lot No.	Section	Township	Range	Lot Idn	Feet fro	om the	North/South line	Feet from the	East/West	line	County
¹² Dedicated Acr	es ¹³ Join	nt or Infill ¹⁴ C	onsolidation	Code ¹⁵ Or	rder No.			1			

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

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35			17
			OPERATOR CERTIFICATION
			I hereby certify that the information contained herein is
			true and complete to the best of my knowledge and belief.
			(1)
			Signature
			Carl Okpattah
			Printed Name
			Geologist
			Title
			May 1, 2006
			¹⁸ SURVEYOR CERTIFICATION
			SURVETOR 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:
80-acre			
proration unit			
10501	#4	•	
1650'	$\rightarrow Q$		
330' #1			
	990'		
330'			
L			Certificate Number

District II 811 South First, Artesia, NM 88210

<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410

Energy, Minerals & Natural Resources Department

State of New Mexico

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

□ AMENDED REPORT

Submit to Appropriate District Office

District IV 2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1	API Number 30-025-			² Pool Code 47090						
⁴ Property Code				⁵ Property Name Jayhawk '35' State					⁶ Well Number 4	
⁷ OGRID 432 3			⁸ Operator Name Chevron Corporation					⁹ Elevation 3609' KB		
	·· · · · ·				¹⁰ Surface Lo	ocation				
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	line	County
N	35	19S	37E		990	South	1650	West		Lea
· · · · · · · · · · · · · · · · · · ·			¹¹ Bott	om Hole	Location If D	ifferent From S	urface			

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acr	es ¹³ Joir	nt or Infill 14	Consolidation	Code ¹⁵ Or	der No.	<u> </u>	<u> </u>		

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

35		ระคม และ	an an an an ann ann ann ann ann ann ann	17 OPERATOR CERTIFICATION
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
				Signature Carl Okpattah
				Geologist /
	3	R.		May 1, 2006
	2			¹⁸ 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:
80-acre proration unit 1650'	_ #4		•	
1000				
330' #1 •↓	990,			
330'				
		<u> </u>		Certificate Number

EXHIBIT 1

GEOLOGICAL AND ENGINEERING JUSTIFICATION

Application of Chevron U.S.A. Inc. for Administrative Approval for Simultaneous Dedication

Jayhawk "35" State #4 990 FSL & 1650 FWL, Unit Letter N Section 35, T19S, R37E Lea County, New Mexico

PRIMARY OBJECTIVE: TUBB

SUPPORTING DATA:

- 1. Chevron U.S.A Inc. is the operator of the proposed Jayhawk "35" State #4. The proposed total depth is 7100'.
- 2. The proposed Jayhawk "35" State #4 well will share an 80-acre proration unit and would be simultaneously dedicated with the Jayhawk #1 (AP1 No.3002534329)
- 3. The completion will be in the Monument-Tubb gas pool and the proposed location encroaches toward the following well (80-acre proration unit).

ADENIA	W7-11	Leastion	Formation	Cum	Prod	Currer	nt Prod	Status
API No.	Well	Location	Formation	MBO	MMCF	BOPD	MCFPD	Status
3002534329	Jayhawk #1	35-M	Tubb	115	920	12	121	Active

4. The proposed location is based on the following geological and engineering analysis.

A. Tubb Reservoir

The tight dolomite and siltstone intervals within the Tubb formation create vertical and horizontal flow barriers between different porous zones. Average permeability of the Tubb is less than 1 millidarcy and average porosity is about 9%. For the above stated reasons, the Tubb units are not usually capable of draining an 80-acre proration unit.

The reservoir was also analyzed by estimating the Hydrocarbon Pore Volume (HCPV). The HCPV is the product of feet of net pay (h) and average porosity (Phi) and oil saturation (So). The values were generated as follows:

Net pay was estimated from Neutron-Density and Gamma Ray logs using a minimum cut-off of 6% cross-plot porosity and 65 API Gamma-ray cut-off.

Oil saturation was estimated from Archie calculated water-saturation curves and representative water cut values.

4 DI	Well	Location	Formation	Drainage	Curr	ent Prod	Status
API	wen	Location	romation	Acres	BOPD	MCFPD	
T19S-37E							
3002534329	Jayhawk #1	35-M	Tubb	7.9	12	121	Active
3002536078	Shelly State #3	35-J	Tubb	7.4	4	41	Active
3002535838	Shelly State #4	35-G	Tubb	0.4	1	16	Active
T20S-37E							
3002534182	Orcutt HT #2	2-D	Tubb	14	8	142	Active

The table below provides drainage areas estimated using the HCPV and reserves of the offsetting wells.

The average drainage area of the offsetting wells is approximately 7 acres. Reserves for the proposed well were estimated using a Porosity Feet (PhiH) map, average drainage area, average oil saturation, and a 30% recovery factor. The results are presented below:

Onerster	Wall	Location	HCPV	Drainage	EUR	
Operator	Well	Location	HCP V	Acres	MBO	MMCF
Chevron	Jayhawk #4	35-N	6	7	75	1744

Exhibit 4 is a PhiH map which shows the proposed well location in section 35. **Exhibit 5** is a table of cum production and estimated EUR for the offset wells around the proposed well.

- 5. Tubb producers have been down-spaced on the North Monument field from 80-acre to 40acre spacing in previous tests resulting in the production of new reserves without any interference occurring in the Monument-Tubb pool.
- 6. Approval of this application will allow for the efficient recovery of hydrocarbons and will not violate correlative rights.

Exhibit 2

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A Inc.
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Lease
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Exhibit 3

Administrative Application Simultaneous Dedication Request Chevron U.S.A. Inc. Jayhawk "35" State # 4 990' FSL & 1650' FWL Unit N, Section 35, T19S, R37E Lea County, New Mexico

OFFSET OPERATORS

<u>T-19-S, R-37-E</u> <u>Section 35:</u> Southwest Quarter of the Southeast Quarter (SW/4SE/4) Northwest Quarter of the Southeast Quarter (NW/4SE/4)

Cimarex Energy Co. 5215 N. O'Connor Blvd. Suite 500 Irving, TX 75039 Attn: Zack B. Brittain

T-20-S, R-37-E

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Section 2: Northwest Quarter of the Northeast Quarter (NW/4NE/4) Northeast Quarter of the Northeast Quarter (NE/4NE/4)

Marbob Energy Corporation P. O. Box 227 Artesia, NM 88211-0227

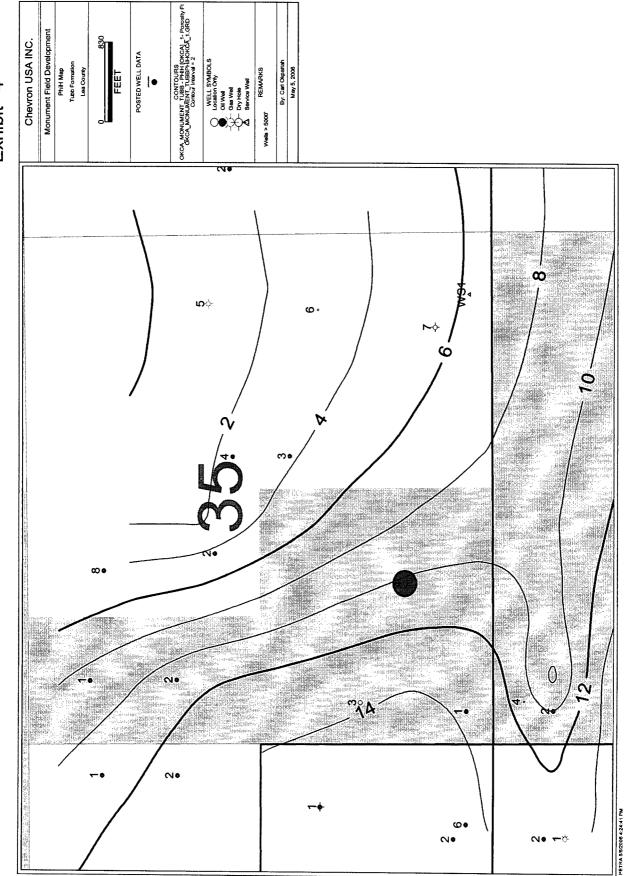


Exhibit 4

Offset wells t	o new well	Jayhawk #4			<u>estrue derband in d</u>				
Section: 35		Location: N		T19S, R37E					
Well API	Location	Comp. Date	Zone	Cum (MBO	Cum (MMCF)	Cur Rate (BO	Cur Rate (MCFPD)	EUR(MBO)	EUR(MMCFG
3002534329	M	Jun-98	Tubb	115	920	12	121	146	1279
3002536078	J	Feb-03	Tubb	7	164	4	41	21	1125
3002535838	G	Jul-02	Tubb	1	74	1	16	1	74
Section 2, T2	0S,R37E								
3002534182	D	Feb-98	Tubb	57	947	8	142	70	1165
		rep-90		57	947	0	142		

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