



Chevron

**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

2006 MAY 11 PM 1 44

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 Blinbry 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**).

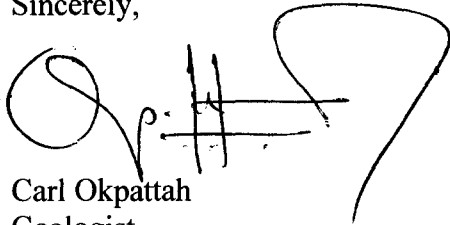
Also, enclosed is a Form C-102 plat, a land map (**Exhibit 2**), highlighting the proposed well's location and a list of offset operators (**Exhibit 3**).

Notification to the necessary offset operators has been made.

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 COKPATTAH@CHEVRON.COM. If I am not available, you can contact Andrew Lawther at (281)-561-4796 or by email at LAWTHER@CHEVRON.COM. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Okpattah', with a large, stylized flourish extending to the right.

Carl Okpattah
Geologist

Attachments

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

DATE IN 5/11/06	SUSPENSE	ENGINEER MARK STOGNER	LOGGED 5/12/06	TYPE SD
--------------------	----------	--------------------------	-------------------	------------

ABOVE THIS LINE FOR DIVISION USE ONLY

p TD 50613231188

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] and [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

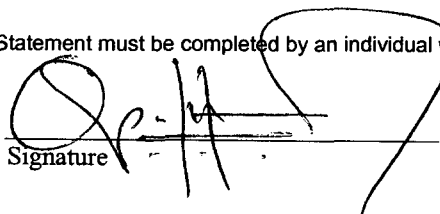
[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[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 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
Print or Type Name	Signature	Title	Date

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

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34329	² Pool Code 47090	³ Pool Name Monument Tubb
⁴ Property Code 22556	⁵ Property Name Jayhawk	⁶ Well Number 1
⁷ OGRID No. 4323	⁸ Operator Name Chevron Corporation	⁹ Elevation 3609' KB

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
M	35	19S	37E		330	South	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

<div>35</div> <div><p>80-acre proration unit</p><p>1650'</p><p>330' #1</p><p>990' #4</p></div>	<div>17</div> <div>OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div></div> <p>Signature Carl Okpattah</p> <p>Printed Name Geologist</p> <p>Title May 1, 2006</p>
--	--

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 47090	³ Pool Name Monument Tubb
⁴ Property Code	⁵ Property Name Jayhawk '35' State	⁶ Well Number 4
⁷ OGRID No. 4323	⁸ Operator Name Chevron Corporation	⁹ Elevation 3609' KB

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
N	35	19S	37E		990	South	1650	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	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

<div style="text-align: right; font-weight: bold; font-size: 1.2em;">35</div> <div style="text-align: center; font-weight: bold; font-size: 1.5em; margin-top: 200px;">35</div> <div style="border: 1px solid black; padding: 5px; margin-top: 20px;"><div style="border: 1px dashed black; padding: 5px;"><div style="border: 1px solid black; padding: 2px; font-size: 0.8em;">80-acre proration unit</div><div style="display: flex; justify-content: space-between; align-items: center; margin-top: 10px;"><div style="text-align: center;"><div style="border: 1px solid black; border-radius: 50%; width: 15px; height: 15px; margin: 0 auto;"></div><div style="margin-top: 5px;">#1</div></div><div style="text-align: center;"><div style="border: 1px solid black; border-radius: 50%; width: 15px; height: 15px; background-color: black; margin: 0 auto;"></div><div style="margin-top: 5px;">#4</div></div></div><div style="display: flex; justify-content: space-between; margin-top: 10px;"><div style="text-align: center;">330'</div><div style="text-align: center;">1650'</div></div><div style="display: flex; justify-content: space-between; margin-top: 10px;"><div style="text-align: center;">330'</div><div style="text-align: center;">990'</div></div></div></div>
--

 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 Printed Name Geologist Title May 1, 2006 | 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: 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 (API 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).

API No.	Well	Location	Formation	Cum Prod		Current Prod		Status
				MBO	MMCF	BOPD	MCFPD	
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.

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

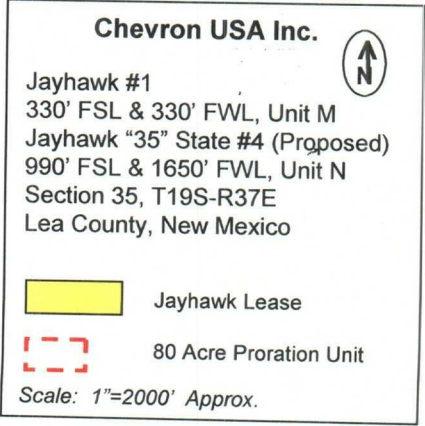
API	Well	Location	Formation	Drainage Acres	Current Prod		Status
					BOPD	MCFPD	
T19S-37E							
3002534329	Jayhawk #1	35-M	Tubb	7.9	12	121	Active
3002536078	Shelly State #3	35-J	Tubb	7.4	4	41	Active
3002535838	Shelly State #4	35-G	Tubb	0.4	1	16	Active
T20S-37E							
3002534182	Orcutt HT #2	2-D	Tubb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

The 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:

Operator	Well	Location	HCPV	Drainage Acres	EUR	
					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 40-acre 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.



 Jayhawk Lease

 80 Acre Proration Unit

Scale: 1"=2000' Approx.

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

T-19-S, R-37-E

Section 35: 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

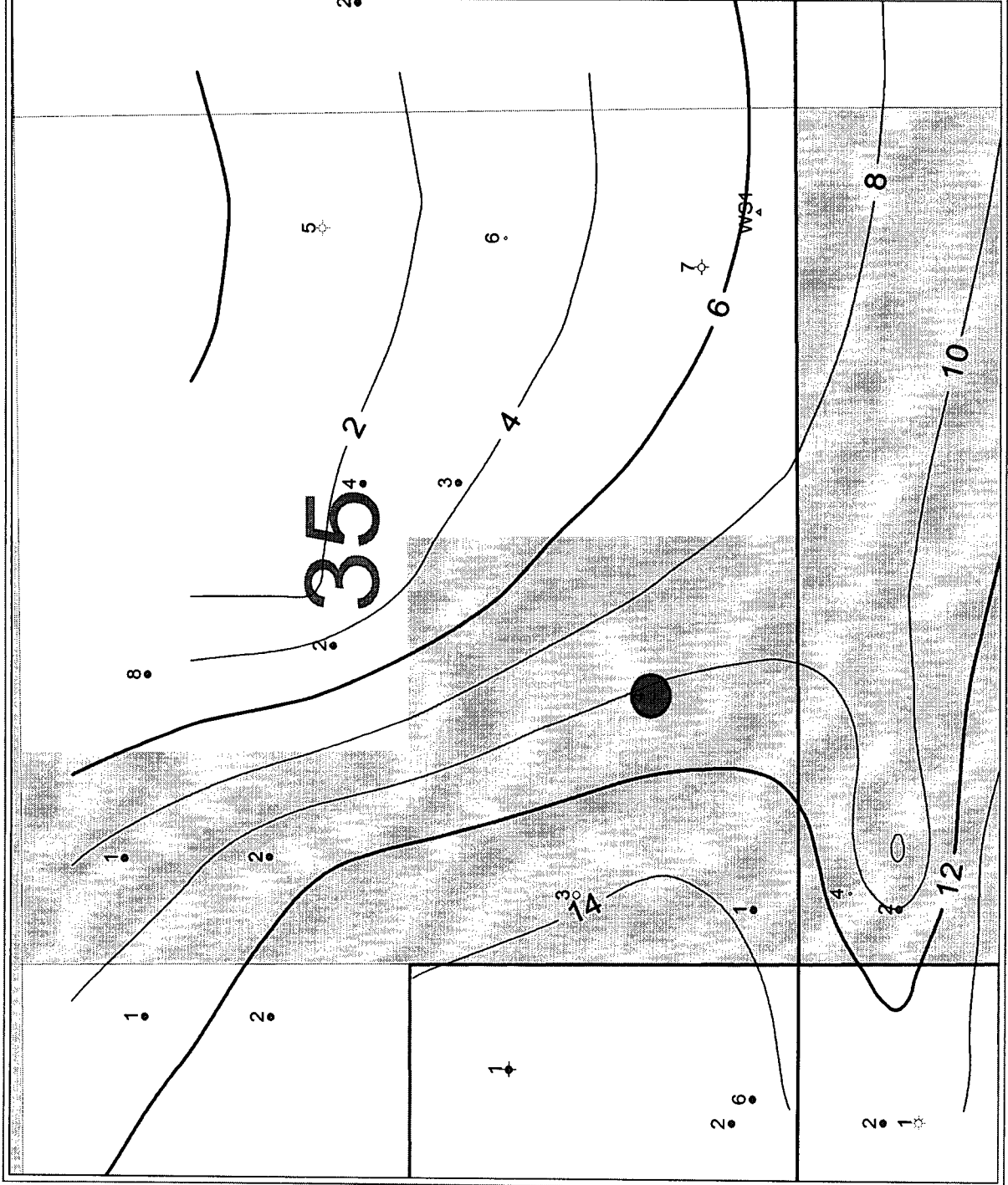
T-20-S, R-37-E

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

Chevron USA INC.	
Monument Field Development	
PHH Map	
Tube Formation	
Lea County	
0 830	FEET
POSTED WELL DATA	
CONTOURS (OKGA) 1: Prossity FI OKGA MONUMENT TUBPHHOKGA_1.GRD Contour Interval = 2	
WELL SYMBOLS Location Only Oil Well Gas Well Dry Hole Service Well	
REMARKS	
Wells > 5000'	
By: Carl Opatash	
May 5, 2008	



[illegible]