

DATE IN 2-19-10	SUSPENSE	ENGINEER Brooks	LOGGED IN 2-19	TYPE NSL	PTG W APP NO. 1005040133 100 504 0133
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Chevron
3867-A

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☒ NSL ☐ NSP ☐ 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

- [D] Other: Specify _____

[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

ENCLOSING OURSELVES ONLY.

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

SCOTT M. INGRAM
Print or Type Name

Scott M. Ingram
Signature

Sr. Staff Geologist
Title

2/18/10
Date

scottingram@chevron.com
e-mail Address

RECEIVED OGD
20 FEB 19 A 9:56
NSL-387



Scott Ingram
Sr. Staff Geologist/Project Manager

Chevron USA, Inc.
15 Smith Road,
Midland, Texas 79705
Tel 432 687-7212
Fax 432 687-7871
smin@chevron.com

February 18th, 2010

New Mexico Oil Conservation Division
1220 S St. Francis Drive
Santa Fe, N.M. 87505

Attention: Mr. David Brooks

**Re: Request for Administrative Approval of Non-Standard Location
State AN #11 881' FNL 1425' FEL (Blinebry BHL),
Unit B Section 7, T18S R35E, Lea County, New Mexico**

RECEIVED OOD
2010 FEB 19 A 9:56

Dear Mr. Brooks,

Attached is data for an administrative approval of a non-standard location application for a Blinebry recompletion within the existing State AN #11 wellbore.

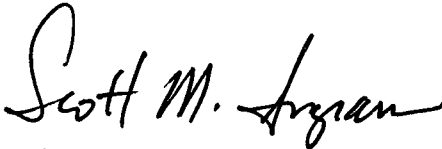
Pending your approval, Chevron desires to reenter this TA'd wellbore and recomplete it in the Vacuum Blinebry Pool. The State AN #11 well was directionally drilled in 1997 to a standard BHL of for its wildcat Atoka objective, which was necessary to avoid a surface caliche pit but resulted in a non-standard location for pools at shallower depths. Prior to drilling the State AN #11, the Oil Conservation Division approved the non-standard location via Administrative Order NSL-3867(SD), copy attached, for the Vacuum Abo Reef Pool on September 13th, 1997. This well produced the Abo Reef pool from 1998 until 2008 when it was temporarily abandoned.

As a result of the directional drilling described above, the proposed Blinebry interval recompletion will also be at a non-standard location. The steering towards the BHL target began at ~8000', a gyro station taken at a depth of 6000' (8' from the top proposed Blinebry perf with perforations planned from 6008' to 6244') shows the directional offset from the surface location being 15.40' to the east and 21.09' to the north, resulting in the above reference Blinebry location of 881' FNL and 1425' FEL. Integrating between the 6000' and 6600' gyro stations, the location at the bottom of the proposed completion interval (6244') is approximately 869' FNL and 1431' FEL (directional survey attached).

My interpretation of the State of New Mexico's unorthodox well location notice requirements suggests that, in this case, no offset operator notice is required as Chevron operates the tract being encroached upon. Citing 19.15.4.12A.(2)(c) NMAC, which I believe is the appropriate reference, it states "if the proposed location is unorthodox by being closer to the spacing unit's outer boundary than 19.15.15 NMAC or applicable special pool orders permit, the applicant shall notify the affected persons in the adjoining spacing units towards which the unorthodox location encroaches". From the attached plat it is evident that the Blinbry BHL encroaches toward the NE/4 NE/4 (unit A) of section 7 which is also part of the State 'AN' lease, operated by Chevron. Chevron also operates 100% WI State of New Mexico leases to the north, west and east of this location and spacing/proration unit.

If you have any questions concerning this application please contact me at 432-687-7212. Also, if my interpretation of the notice requirements is incorrect, please notify me as soon as possible so that I can proceed with what notices may be required.

Sincerely,

A handwritten signature in black ink that reads "Scott M. Ingram". The signature is written in a cursive, flowing style.

Scott M. Ingram

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

District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34097		² Pool Code 61850		³ Pool Name Vacuum Blinebry	
⁴ Property Code 11093		⁵ Property Name State 'AN' Lease			⁶ Well Number 11
⁷ OGRID No. 4323		⁸ Operator Name Chevron USA			⁹ Elevation 3985' KB

¹⁰ Surface Location

UL or lot no. B	Section 7	Township 18S	Range 35E	Lot Idn	Feet from the 900	North/South line North	Feet from the 1440	East/West line East	County Lea
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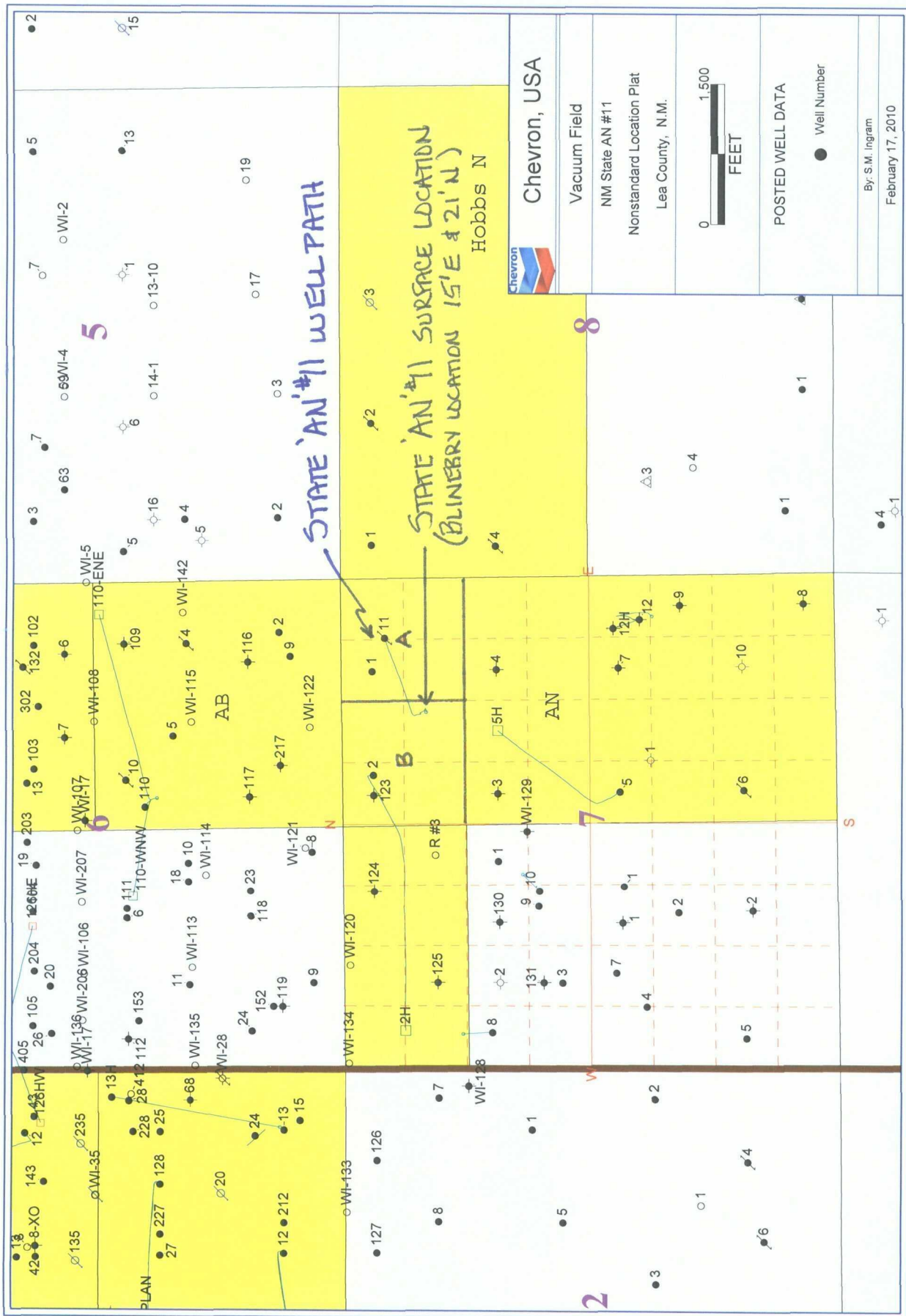
¹¹ Blinebry - Bottom Hole Location If Different From Surface

UL or lot no. B	Section 7	Township 18S	Range 35E	Lot Idn	Feet from the 881	North/South line North	Feet from the 1425	East/West line East	County Lea
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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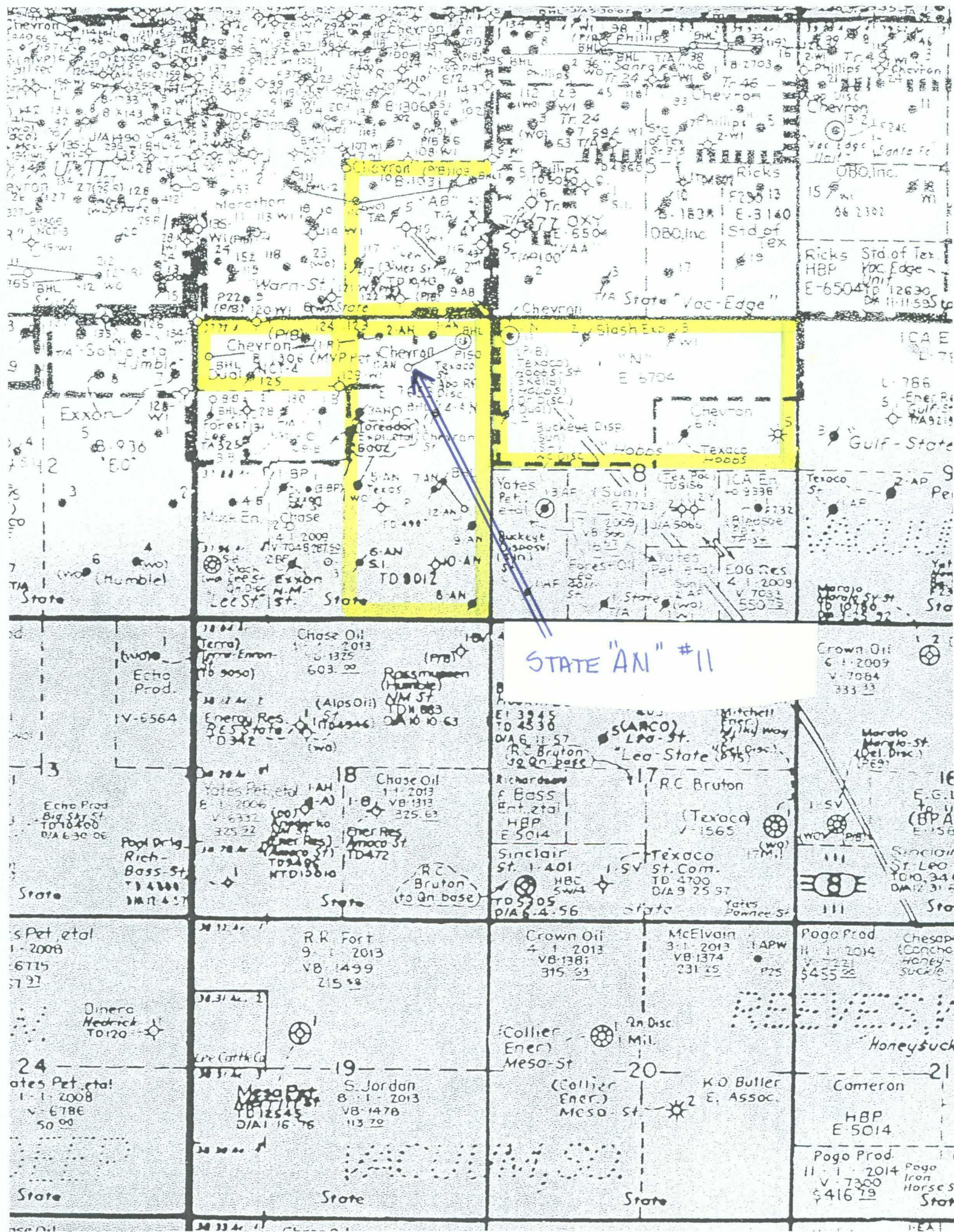
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Scott M. Ingram</u> Date: <u>2/17/10</u> Printed Name: <u>SCOTT M. INGRAM</u>	
	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. Date of Survey: Signature and Seal of Professional Surveyor:	
	Certificate Number	
	STATE 'AN' LEASE	



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Yellow = CHEVRON LEASEHOLD



STATE "AN" #11

Chevron (PBM) 24 123 2 AN
BHL 8 306 (MVP) Pet. Can. O. Texaco
Dual 125 129 WI
E 6704
Piso
Texaco
Hobbs
Chase
Energy Res
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RC Bruton
Sinclair
Crown Oil
McElvain
Pogo Prod
Chesap
Honey
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K.O. Butler
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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 13, 1997

Texaco Exploration & Production Inc.
P. O. Box 3109
Midland, Texas 79702
Attention: C. Wade Howard

*Administrative Order DD-198
&
Administrative Order NSL-3867(SD)*

Dear Mr. Howard:

Reference is made to your application dated June 19, 1997 for authorization to: (i) further develop the Vacuum-Abo Reef Pool underlying an existing standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 7, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico with its proposed State "AN" Well No. 11 (API No. 30-025-34097) at an unorthodox oil well location 900 feet from the North line and 1440 feet from the East line of said Section 7; and, (ii) with the same wellbore directional drill to a standard subsurface oil well location within the NE/4 NE/4 (Unit A) of said Section 7, being a standard 40-acre oil spacing and proration unit, in order to test the Undesignated Vacuum-Atoka Pool.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of:
 - (a) **Rule 111.D and E** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11274 on June 13, 1995; and,
 - (b) **Rule 104.F** of said Division general rules;
- (2) The current pool boundaries in Lea County, New Mexico for the:
 - (a) Vacuum-Atoka Pool comprises the E/2 of Section 36, Township 17 South, Range 34 East, NMPM and the NE/4 of Section 1, Township 18 South, Range 34 East, NMPM; and,
 - (b) Vacuum-Abo Reef Pool includes the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 24: SE/4
Sections 25 and 26: All
Section 27: S/2 SW/4 and SE/4
Section 33: S/2 NE/4, S/2 SW/4, and SE/4
Sections 34 and 35: All
Section 36: SW/4 NW/4 and SW/4

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 18: S/2
Section 19: N/2 NW/4, SW/4 NW/4, and W/2 SW/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 1: SE/4
Section 2: S/2 SW/4 and SE/4
Section 3: S/2 SE/4
Section 10: NE/4
Section 11: N/2 and SE/4
Section 12: All

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 2: NE/4
Section 3: W/2 NW/4
Section 4: N/2 and SW/4
Section 5: All
Section 6: SE/4 NE/4 and S/2
Sections 7 and 8: All
Section 9: SW/4
Section 17: NW/4;

- (3) Both the Vacuum-Abo Reef and Vacuum-Atoka Pools are subject to the statewide rules and regulations, as promulgated by **Rule 104.C(1)(a)**, which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (4) Division records and the application indicate that the State "AN" lease (New Mexico State Lease No. E-07653) comprises an area that includes the E/2 of said Section 7 and is operated by Texaco; therefore, there is no affected offsetting operator other than Texaco to the north of the proposed project area;
- (5) Within the NE/4 of said Section 7 Texaco is currently developing the Vacuum-Abo Reef Pool in the following manner:

- (a) the NE/4 NE/4 (Unit A) of said Section 7, being a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's State "AN" Well No. 1 (**API No. 30-025-03101**), located at a standard oil well location 330 feet from the North line and 990 feet from the East line of said Section 7;
 - (b) the NW/4 NE/4 (Unit B) of said Section 7, being a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's State "AN" Well No. 2 (**API No. 30-025-03102**), located at a standard oil well location 330 feet from the North line and 2100 feet from the East line of said Section 7;
 - (c) the SW/4 NE/4 (Unit G) of said Section 7, being a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's State "AN" Well No. 3 (**API No. 30-025-03103**), located at a standard oil well location 1650 feet from the North line and 2310 feet from the East line of said Section 7; and,
 - (d) the SE/4 NE/4 (Unit H) of said Section 7, being a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's State "AN" Well No. 4 (**API No. 30-025-03104**), located at a standard oil well location 1650 feet from the North line and 990 feet from the East line of said Section 7;
- (6) The proposed "infill well" location in Unit "B" of said Section 7 (to be approximately 900 feet from the North line and 1400 feet from the East line) within the Vacuum-Abo Reef Pool, being of equidistance to all four of the above-described producing oil wells, will enable Texaco to further develop and deplete the reserves within the NE/4 of said Section 7, while the directionally drilling of this well in a conventional manner into the Undesignated Vacuum-Atoka Pool to a proposed standard bottomhole location within the NE/4 NE/4 (Unit A) of said Section 7 should enable Texaco to utilize fully the same wellbore in order to test the Atoka interval for oil production;
- (7) It is Texaco's intent to directionally drill the State "AN" Well No. 11 to an unorthodox surface oil well location 900 feet from the North line and 1440 feet from the East line (Unit B) of said Section 7 by drilling vertically to an approximate depth of 8,000 feet (the top of the Abo Reef within said well is expected to be at approximately 8326 feet), kick-off in a east-northeasterly direction building angle at a rate of 2 degrees per 100 feet until an inclination of 20 degrees is obtained, and drill directionally at a 20-degree angle to a

targeted standard bottomhole oil well location within the Atoka formation that is approximately 400 feet from the North line and 500 feet from the East line (Unit A) of said Section 7;

- (8) The "project area" within the Undesignated Vacuum-Atoka Pool proposed by Texaco would consist of a single standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 of said Section 7 and the applicable drilling window or "producing area" for said wellbore should include that area within the NW/4 NE/4 (Unit A) of said Section 7 that is no closer than 330 feet to the outer boundary of said dedicated 40-acre tract; and,
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rule 111.D and E and 104.F(2)**, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of **Division General Rule 111**.

IT IS THEREFORE ORDERED THAT:

(1) Texaco Exploration and Production, Inc. ("Texaco") is hereby authorized to drill its proposed State "AN" Well No. 11 (**API No. 30-025-34097**) at an unorthodox surface oil well location 900 feet from the North line and 1440 feet from the East line (Unit B) of Section 7, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico, drill vertically to an approximate depth of 8,000 feet, kick-off in a east-northeasterly direction building angle at a rate of 2 degrees per 100 feet until an inclination of 20 degrees is obtained, penetrating the Abo Reef interval at an approximate 8326 feet, and continue to drill directionally to a targeted standard bottomhole oil well location within the Atoka formation that is approximately 400 feet from the North line and 500 feet from the East line (Unit A) of said Section 7.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Hobbs District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Hobbs offices of the Division upon completion.

(3) For the Vacuum-Abo Reef Pool the existing standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of said Section 7, which is presently dedicated to Texaco's State "AN" Well No. 2 (**API No. 30-025-03102**), located at a standard oil well location 330 feet from the North line and 2100 feet from the East line of said Section 7, and said State "AN" Well No. 11 are both to be

dedicated to said well.

(4) Further, Texaco is hereby: (i) authorized to simultaneously dedicate Vacuum-Abo Reef oil production from the existing State "AN" Well No. 2 with the proposed State "AN" Well No. 11; and, (ii) permitted to produce the allowable assigned the subject standard 40-acre oil spacing and proration unit from both wells in any proportion.

(5) For the deeper Undesignated Vacuum-Atoka Pool the "project area" for the directionally drilled portion of the State "AN" Well No. 11 is to be a standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of said Section 7.

(6) The applicable drilling window or "producing area" in the Undesignated Vacuum-Atoka Pool for said State "AN" Well No. 11 shall consist of that area within the NE/4 NE/4 (Unit A) of said Section 7 that is no closer than 330 feet to the outer boundary of said dedicated 40-acre tract.

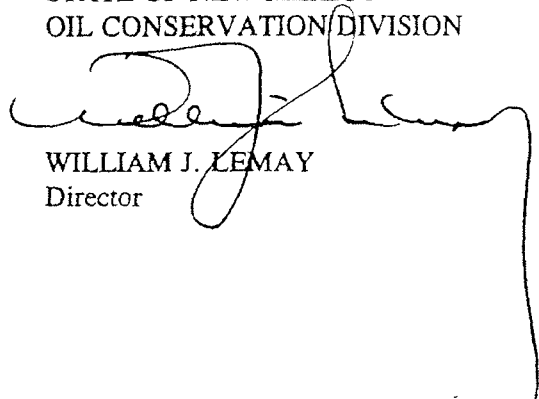
(7) The operator shall comply with all requirements and conditions set forth in **Division General Rule 111.E(2)** and any applicable requirements in **111.D** and **F**.

(8) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured vertical depth (MVD).

(9) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

State AN #11 Directional survey (API 30-025-34097)							
MD	Inc	Azi	TVD	+N/-S	+E/-W	Vert Sec	Dog Leg
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.50	87.00	200.00	0.05	0.87	0.79	0.25
600.00	0.75	137.00	599.96	-1.59	6.05	4.58	0.29
800.00	0.25	127.00	799.95	-2.81	7.29	5.09	0.25
1000.00	0.50	117.00	999.95	-3.57	8.42	5.77	0.13
1400.00	0.25	302.00	1399.94	-4.47	9.09	5.90	0.23
1800.00	0.50	92.00	1799.94	-4.86	8.96	5.59	0.35
2200.00	0.50	97.00	2199.93	-4.13	10.37	7.36	0.31
2600.00	1.00	77.00	2599.88	-2.48	16.35	13.24	0.09
3000.00	2.00	68.99	2999.00	2.44	26.48	25.36	0.12
3600.00	0.75	57.00	3599.57	5.78	38.60	36.74	0.26
4000.00	0.75	277.00	3999.56	6.65	38.40	36.98	0.38
4600.00	1.00	284.00	4599.51	9.59	31.90	32.64	0.34
5000.00	0.50	307.00	4999.46	12.64	26.72	29.52	0.25
5600.00	1.00	292.00	5599.44	14.29	21.84	26.00	0.27
6000.00	2.00	328.02	5999.32	21.09	15.40	23.54	0.40
6600.00	3.25	332.04	6598.64	45.18	0.62	21.91	0.13
7000.00	3.00	331.03	6998.02	64.78	-9.89	21.93	0.13
7600.00	3.50	327.05	7597.15	53.94	-23.45	23.78	0.51
7800.00	4.00	332.06	7796.72	105.23	-30.04	23.31	0.30
7970.00	4.00	329.06	7966.31	115.55	-35.87	23.06	0.12
8046.00	4.80	351.90	8042.10	121.00	-37.70	24.00	2.50
8110.00	6.50	19.30	8105.80	127.00	-36.90	27.60	4.90
8141.00	7.00	23.50	8136.60	130.40	-35.50	30.40	2.30
8205.00	7.90	44.60	8200.00	137.10	-30.90	37.70	4.50
8269.00	8.10	55.80	8263.40	142.80	-24.10	46.30	2.50
8332.00	7.90	59.30	8325.80	147.50	-16.70	55.10	0.80
8396.00	9.10	66.40	8389.10	151.80	-8.30	64.50	2.50
8459.00	9.90	70.60	8451.20	155.60	1.40	74.80	1.70
8523.00	11.60	72.70	8514.10	159.30	12.80	86.60	2.70
8585.00	12.30	72.70	8574.80	163.10	25.00	99.20	1.10
8649.00	12.50	72.70	8637.30	167.20	38.10	112.70	0.30
8713.00	13.90	73.40	8699.60	171.50	52.10	127.00	2.20
8776.00	14.60	69.90	8760.60	176.40	66.80	142.30	1.80
8840.00	16.20	69.90	8822.30	182.20	82.80	159.10	2.50
8900.00	16.90	69.20	8879.90	188.20	98.80	176.10	1.20
8964.00	17.80	69.90	8940.90	194.80	116.70	195.00	1.40
9027.00	17.80	71.30	9000.90	201.20	134.80	214.00	0.70
9091.00	18.30	69.90	9061.80	207.80	153.50	233.60	1.00
9154.00	18.10	71.30	9121.60	214.40	172.10	253.00	0.80
9217.00	18.80	69.90	9181.40	221.00	190.90	272.70	1.30
9280.00	19.20	69.90	9241.00	228.00	210.20	293.00	0.60
9344.00	18.60	70.60	9301.50	235.10	229.70	313.50	1.00
9407.00	18.10	70.60	9361.30	241.60	248.40	333.10	0.80
9471.00	18.80	70.60	9422.00	248.40	267.50	353.20	1.10
9535.00	19.00	71.30	9482.60	255.10	287.10	373.60	0.50
9598.00	18.70	71.30	9542.20	261.70	306.40	393.70	0.50
9662.00	18.10	72.00	9602.90	268.00	325.50	413.60	1.00
9726.00	18.30	70.60	9663.70	274.40	344.50	433.30	0.80

9793.00	18.10	67.80	9727.40	281.90	364.00	454.10	1.30
9857.00	18.00	67.80	9788.20	289.40	382.40	473.80	0.20
9920.00	17.80	67.80	9848.20	296.70	400.30	493.00	0.30
9984.00	17.60	68.50	9909.10	303.90	418.40	512.40	0.50
10048.00	19.40	68.50	9969.80	311.40	437.30	532.50	2.80
10112.00	19.20	68.50	10030.20	319.10	457.00	553.50	0.30
10175.00	19.40	68.50	10089.70	326.70	476.30	574.20	0.30
10271.00	19.50	68.50	10180.20	338.50	506.10	606.00	0.10
10397.00	20.00	67.60	10298.80	354.40	545.60	648.30	0.50
10492.00	19.20	67.80	10388.30	366.50	575.00	680.00	0.80
10587.00	18.50	67.00	10478.20	378.30	603.40	710.50	0.80
10682.00	17.80	67.10	10568.50	389.80	630.60	740.00	0.70
10746.00	15.90	69.50	10629.70	396.70	647.90	758.40	3.20
10777.00	15.70	71.70	10659.50	399.50	655.80	766.80	2.00
10809.00	15.40	72.80	10690.40	402.10	664.00	775.20	1.30
10873.00	15.70	73.10	10752.00	407.10	680.40	792.00	0.50
10936.00	15.90	71.60	10812.70	412.30	696.70	808.90	0.70
10967.00	15.40	71.60	10842.50	415.00	704.70	817.10	1.60
10999.00	14.70	72.70	10873.40	417.50	712.60	825.30	2.40
11030.00	15.40	73.10	10903.30	419.90	720.30	833.20	2.30
11062.00	15.50	73.90	10934.20	422.30	728.40	841.50	0.70
11094.00	16.60	71.60	10964.90	424.90	736.90	850.20	4.00
11126.00	16.70	71.60	10995.60	427.80	745.60	859.30	0.30
11190.00	18.00	69.70	11056.70	434.20	763.60	878.10	2.20
11221.00	17.60	69.00	11086.20	437.50	772.50	887.50	1.50
11253.00	18.60	66.30	11116.60	441.30	781.60	897.40	4.10
11305.00	18.60	66.30	11165.90	448.00	796.80	913.90	0.00

Brooks, David K., EMNRD

From: Ingram, Scott (ScottIngram) [ScottIngram@chevron.com]
Sent: Thursday, February 18, 2010 2:09 PM
To: Brooks, David K., EMNRD
Subject: RE: Chevron State AN #11 Non-Standard Location Application

Thank you Mr. Brooks and great news! Since each encroached quarter quarter section (NE/4 NE/4 and SE/4 NE/4) is part of the same State 'AN' lease which is a 320 acre, 100% working interest lease, then we should be good.

Sincerely, Scott

Scott M. Ingram

Sr. Staff Geologist & Project Manager
Mid-Continent/Alaska BU
Chevron North America E & P
15 Smith Road, Midland, Tx. 79705
432-687-7212 office 432-238-3479 cell
scottingram@chevron.com

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From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Thursday, February 18, 2010 2:59 PM
To: Ingram, Scott (ScottIngram)
Subject: RE: Chevron State AN #11 Non-Standard Location Application

Dear Mr. Ingram

Where the applicant for an NSL is also the operator of a unit towards which the location encroaches, no notice is required provided that working interest ownership is identical between the two units. If working interest ownership is not identical, notice is required to the other working interest owners.

In this case, it appears that the proposed location is in the NW/4 NE/4 on a 40-acre unit. The location encroaches directly toward the NE/4 NE/4 and also diagonally toward the SE/4 NE/4. If working interest ownership is identical for all three of these quarter-quarter sections, then no notice is required.

Sincerely
David K. Brooks
Legal Examiner

From: Ingram, Scott (ScottIngram) [mailto:ScottIngram@chevron.com]
Sent: Thursday, February 18, 2010 12:22 PM
To: Brooks, David K., EMNRD
Subject: Chevron State AN #11 Non-Standard Location Application

Mr. Brooks,

Good afternoon. The attached file is a Non-Standard Location application that is being sent to you today via overnight mail. I thought I would also Email you as I made an assumption regarding the offset notice requirements and desired to learn as quickly as possible if my assumption was incorrect so that I could then make whatever notices might be required. My assumption is that since Chevron operates the tract that is being encroached upon, as part of this same State AN lease, that there is no notice necessary.

If you could please address whether this assumption is correct or not and let me know I would very much appreciate it.
Thank you for your time.

Sincerely, Scott Ingram

Scott M. Ingram

Sr. Staff Geologist & Project Manager
Mid-Continent/Alaska BU
Chevron North America E & P
15 Smith Road, Midland, Tx. 79705
432-687-7212 office 432-238-3479 cell
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