

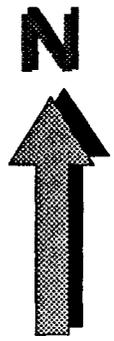
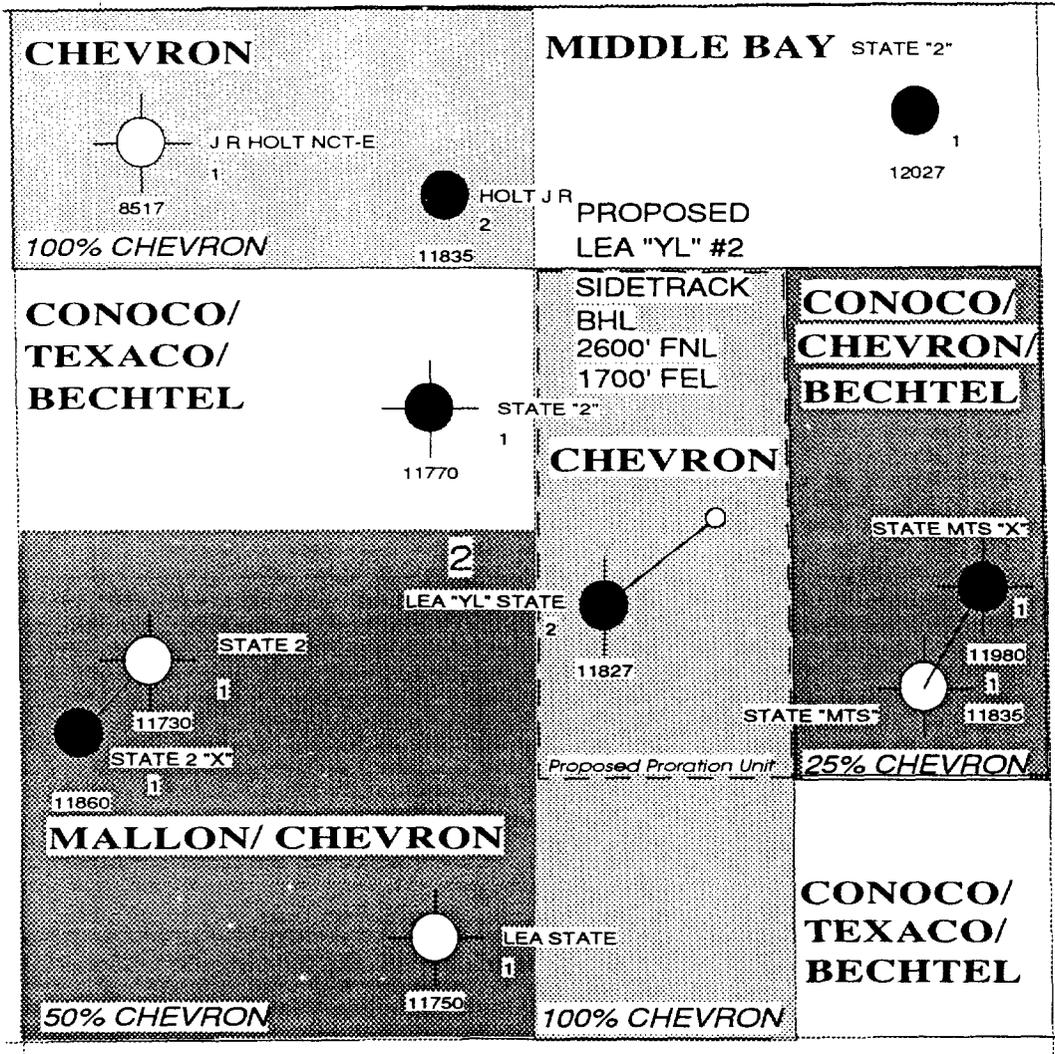
Chevron USA - Shipp Strawn Pool		
Proration Unit Map Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		08/20/95
	Scale 1:12000.	

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 11367 Exhibit No. 1

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995



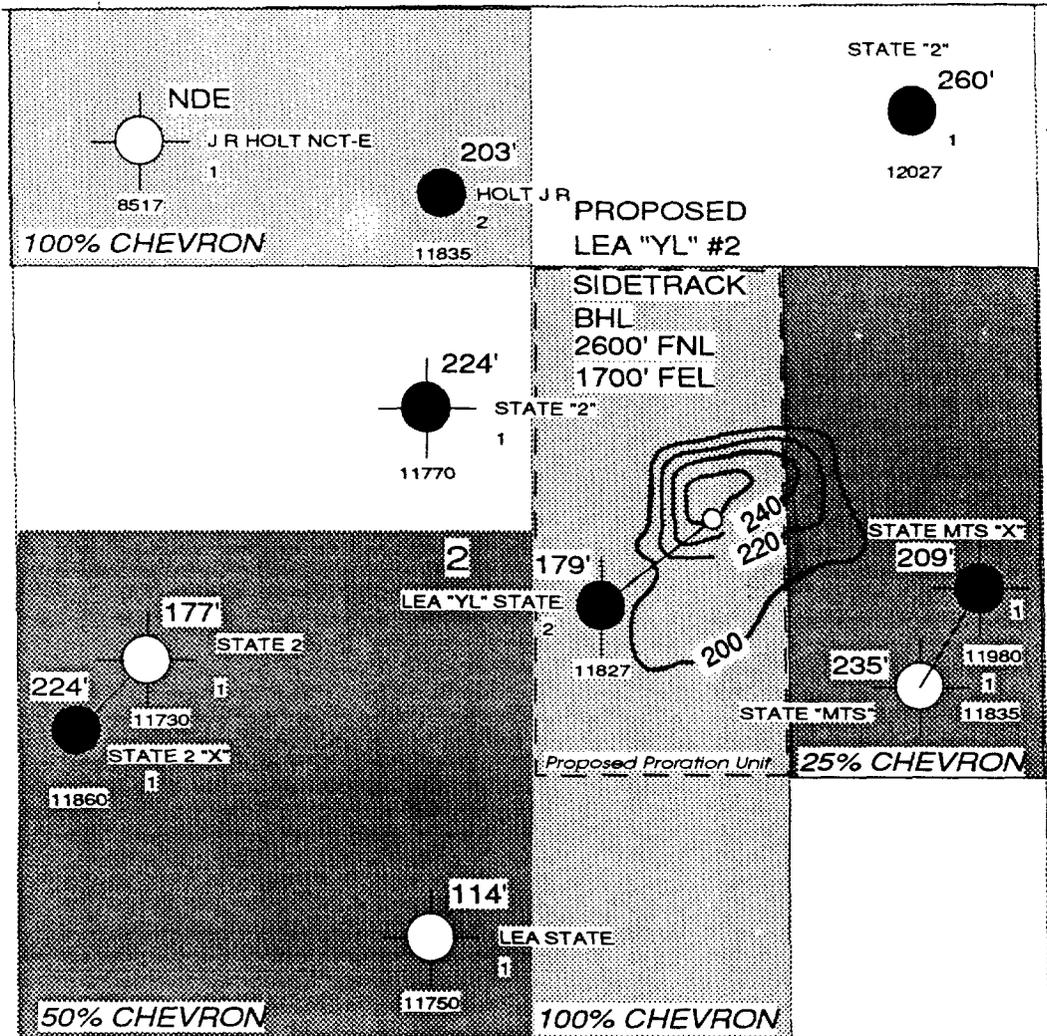
Chevron USA - Shipp Strawn Pool		
Operator Map Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		08/13/95
Scale 1:12000.		

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 2

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995



Chevron USA - Shipp Strawn Pool		
Strawn Isopach Map Proposed Leas "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher	C.I. = 20'	08/11/95
Scale 1:12000.		

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 3

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995

**CHEVRON USA - SHIPP STRAWN POOL**

**Proposed Lea "YL" #2 Sidetrack  
BHL: 2600' FNL 1700' FEL Section 2-T17S-R37E  
Lea County, N.M.**

**TARGET STRAWN MOUND VOLUMETRICS**

Total Contoured Volume: 537 acre-feet

Total Contoured Volume In The Proposed Proration Unit: 445 acre-feet

% Contoured Volume In The Proposed Proration Unit:  $445 \text{ acre-feet} / 537 \text{ acre-feet} = 83\%$

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 11367 Exhibit No. 4

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995



**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 5

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995



**EXHIBIT A**

Bechtel Energy Res. Corp.  
5555 San Felipe, Suite 600  
Houston, TX 77056

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705

Texaco Inc.  
Post Office Box 3109  
Midland, TX 79702

Mallon Oil Company  
999 18th Street, Suite 1700  
Denver, CO 80202

Middle Bay Oil Company  
Post Office Box 390  
Mobile, AL 36601

NMOCD - District 1  
Post Office Box 1980  
Hobbs, NM 88240

OCD - District 1  
1000 W. Broadway  
Post Office Box 1980  
Hobbs, NM 88240

State of New Mexico  
Energy, Minerals & Natural  
Resources Department  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, NM 87504

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11367 Exhibit No. 6

Submitted by: Chevron U.S.A. Inc.

Hearing Date: August 24, 1995

Bechtel Energy Res. Corp  
5555 San Felipe, Suite 600  
Houston, TX 77056

Mallon Oil Company  
999 18th Street  
Suite 1700  
Denver, CO 80202

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:** *Dore E. H. Schacher*

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
BECHTEL ENERGY RES. CORP  
5555 SAN FELIPE STE 600  
HOUSTON TEXAS 77056

4a. Article Number **012070**

4b. Service Type  
 Registered     Insured  
 Certified     COD  
 Express Mail     Return Receipt for Merchandise

7. Date of Delivery **8-9-95**

5. Signature (Addressee)  
*[Signature]*

6. Signature (Agent)  
*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991    ☆U.S. GPO: 1993-352-714    **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:** *Dore E. H. Schacher*

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
CONOCO INC  
10 DESTA DR, STE 100W  
MIDLAND TEXAS 79705

4a. Article Number **012028**

4b. Service Type  
 Registered     Insured  
 Certified     COD  
 Express Mail     Return Receipt for Merchandise

7. Date of Delivery **[Signature]**

5. Signature (Addressee)

6. Signature (Agent)  
*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991    ☆U.S. GPO: 1993-352-714    **DOMESTIC RETURN RECEIPT**

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**SENDER:** *Dore E. H. Schacher*

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
TEXACO INC  
P O BOX 3109  
MIDLAND TEXAS 79702

4a. Article Number **012070**

4b. Service Type  
 Registered     Insured  
 Certified     COD  
 Express Mail     Return Receipt for Merchandise

7. Date of Delivery **AUG - 2 1995**

5. Signature (Addressee)

6. Signature (Agent)  
*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991    ☆U.S. GPO: 1993-352-714    **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

HEARING ADVERTISEMENTS  
PAGE 2/2

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:** Dave Dittersbacher

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
MALLON OIL COMPANY  
999 18th ST STE 1700  
DENVER COLORADO 80202

4a. Article Number 002001

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery 8/5

5. Signature (Addressee) *[Signature]*

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:** Dave Dittersbacher

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
MIDDLE BAY OIL COMPANY  
P O BOX 390  
MOBILE ALABAMA 36601

4a. Article Number 002012

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery 8-4-95

5. Signature (Addressee)

6. Signature (Agent) *[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:** Dave Dittersbacher

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
NMOCD - District I  
P. O. Box 1980  
Hobbs, NM 88240

4a. Article Number 002013

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery 8/2

5. Signature (Addressee) *[Signature]*

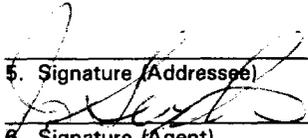
6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

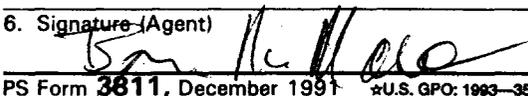
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<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  OCD - DISTRICT I 1000 W BROADWAY P O BOX 1980 HOBBS NM 88240		4a. Article Number 002013	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 7-7-95	
5. Signature (Addressee) 		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent)			

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

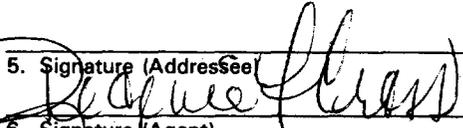
Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  STATE OF NEW MEXICO ENERGY, MINERALS & NAT'L RESOURCES DEPARTMENT OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE NM 87504		4a. Article Number 002013	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 7/12	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) 			

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  BECHTEL ENERGY RES. CORP 5555 SAN FELIPE, STE 600 HOUSTON TEXAS 77056		4a. Article Number 002013	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 7-11-95	
5. Signature (Addressee) 		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent)			

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714

**DOMESTIC RETURN RECEIPT**

3. Article Addressed to:  
CONOCO INC  
10 DESTA DR, STE 100W  
MIDLAND TEXAS 79705

4a. Article Number: 42017

4b. Service Type:  
 Registered  
 Insured  
 Certified  
 COD  
 Express Mail  
 Return Receipt for Merchandise

7. Date of Delivery: 7-27-91

8. Addressee's Address (Only if requested and fee is paid):  
[Signature]

6. Signature (Agent): [Signature]

**SENDER:**  
 • Complete items 1 and/or 2 for additional services.  
 • Complete items 3, and 4a & b.  
 • Print your name and address on the reverse of this form so that we can return this card to you.  
 • Attach this form to the front of the mailpiece, or on the back if space does not permit.  
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 1.  Addressee's Address  
 2.  Restricted Delivery  
 Consult postmaster for fee.

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714

**DOMESTIC RETURN RECEIPT**

3. Article Addressed to:  
TEXACO INC  
P O BOX 3109  
MIDLAND TEXAS 79702

4a. Article Number: 42017

4b. Service Type:  
 Registered  
 Insured  
 Certified  
 COD  
 Express Mail  
 Return Receipt for Merchandise

7. Date of Delivery: Jul - 7 1995

8. Addressee's Address (Only if requested and fee is paid):  
[Signature]

6. Signature (Agent): [Signature]

**SENDER:**  
 • Complete items 1 and/or 2 for additional services.  
 • Complete items 3, and 4a & b.  
 • Print your name and address on the reverse of this form so that we can return this card to you.  
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 2.  Restricted Delivery  
 Consult postmaster for fee.

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Thank you for using Return Receipt Service.

PS Form 3811, December 1991 \*U.S. GPO: 1993-352-714

**DOMESTIC RETURN RECEIPT**

3. Article Addressed to:  
MIDDLE BAY OIL COMPANY  
P O BOX 390  
MOBILE ALABAMA 36601

4a. Article Number: 42017

4b. Service Type:  
 Registered  
 Insured  
 Certified  
 COD  
 Express Mail  
 Return Receipt for Merchandise

7. Date of Delivery: 7-10-95

8. Addressee's Address (Only if requested and fee is paid):  
[Signature]

6. Signature (Agent): [Signature]

**SENDER:**  
 • Complete items 1 and/or 2 for additional services.  
 • Complete items 3, and 4a & b.  
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I also wish to receive the following services (for an extra fee):

1.  Addressee's Address
2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

MALLOW OIL Company  
999 18<sup>th</sup> ST.  
Suite 1700  
Denver Co, 80202

4a. Article Number

002020

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.



August 1, 1995  
Midland, Texas

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

N.M. OCD Hearing - August 24, 1995  
Application For Non- Standard Location And  
Non-Standard Proration Unit  
Chevron Lea "YL" State #2 Sidetrack  
2600' FNL 1700' FEL  
Section 2-T17S-R37E  
Lea County, N.M.

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher  
Senior Geologist  
New Mexico Area

cc: NMOCD - Hobbs, New Mexico  
A. L. Bohling  
L. V. Trautman



August 1, 1995  
Midland, Texas

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

**N.M. OCD Hearing - August 24, 1995**  
**Application For Non- Standard Location And**  
**Non-Standard Proration Unit**  
**Chevron Lea "YL" State #2 Sidetrack**  
**2600' FNL 1700' FEL**  
**Section 2-T17S-R37E**  
**Lea County, N.M.**

Texaco Inc.  
P. O. Box 3109  
Midland, Texas 79702

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

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Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

Dave Rittersbacher  
Senior Geologist  
New Mexico Area

cc: NMOCD - Hobbs, New Mexico  
A. L. Bohling  
L. V. Trautman



August 1, 1995  
Midland, Texas

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

**N.M. OCD Hearing - August 24, 1995  
Application For Non- Standard Location And  
Non-Standard Proration Unit  
Chevron Lea "YL" State #2 Sidetrack  
2600' FNL 1700' FEL  
Section 2-T17S-R37E  
Lea County, N.M.**

---

Bechtel Energy Resources Corp.  
5555 San Felipe, Suite 600  
Houston, Texas 77056

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

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Dave Rittersbacher  
Senior Geologist  
New Mexico Area

cc: NMOCD - Hobbs, New Mexico  
A. L. Bohling  
L. V. Trautman



August 1, 1995  
Midland, Texas

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

**N.M. OCD Hearing - August 24, 1995**  
**Application For Non- Standard Location And**  
**Non-Standard Proration Unit**  
**Chevron Lea "YL" State #2 Sidetrack**  
**2600' FNL 1700' FEL**  
**Section 2-T17S-R37E**  
**Lea County, N.M.**

**Mallon Oil Company**  
**999 18th Street, Suite 1700**  
**Denver, Colorado 80202**

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

A handwritten signature in cursive script that reads "Dave Rittersbacher".

**Dave Rittersbacher**  
**Senior Geologist**  
**New Mexico Area**

cc: NMOCD - Hobbs, New Mexico  
A. L. Bohling  
L. V. Trautman



**Chevron**

August 1, 1995  
Midland, Texas

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

**N.M. OCD Hearing - August 24, 1995**  
**Application For Non- Standard Location And**  
**Non-Standard Proration Unit**  
**Chevron Lea "YL" State #2 Sidetrack**  
**2600' FNL 1700' FEL**  
**Section 2-T17S-R37E**  
**Lea County, N.M.**

Middle Bay Oil Company  
P. O. Box 390  
Mobile, Alabama 36601

Dear Sir:

Please reference the attached letter sent to the New Mexico Oil Conservation Division and all offset operators regarding Chevron's administrative application for a non-standard location and non-standard proration unit in the Shipp Strawn Pool. Chevron proposes to sidetrack the Lea YL State #2 well from its current location 2230' FSL 2310' FEL to a bottom hole location of 2600' FNL 1700' FEL Section 2-T17S-R37E. The proposed 80 acre proration unit would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. This application has been scheduled for hearing before the Oil Conservation Division in Santa Fe, N.M. on August 24, 1995.

If you have any questions or require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

Dave Rittersbacher  
Senior Geologist  
New Mexico Area

cc: NMOCD - Hobbs, New Mexico  
A. L. Bohling  
L. V. Trautman



July 5, 1995  
Midland, Texas

Administrative Application for Non-Standard Well Location  
and Non-Standard Proration Unit  
Shipp Strawn Oil Pool  
Lea "YL" State #2 Sidetrack  
2600' FNL 1700' FEL  
Section 2, T17S, R37E  
Lea County, New Mexico

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

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

Attn: Mr. William J. LeMay - Director

Dear Mr. Lemay:

Chevron U.S.A. proposes to sidetrack the Lea "YL" State #2 to a non-standard location in the Shipp Strawn Oil Pool. The location of the original well bore is 2230' FSL 2310' FEL and the sidetrack bottom-hole location will be within a 50' radius of 2600' FNL 1700' FEL in Section 2, T17S, R37E, Lea County, N.M. The original Lea "YL" State #2 well is currently shut-in. The proposed 80 acre non-standard proration unit for this well would comprise the SW/4 NE/4 and NW/4 SE/4 of Section 2. Administrative approval of this non-standard location and non-standard proration unit is requested.

Field rules for Shipp Strawn require 80 acre spacing and standard well locations to be within 150' of the center of a quarter-quarter section. A non-standard location was based on seismic analysis that showed the target Strawn limestone algal-mound reservoir was located north and east of the existing Lea "YL" State #2. The seismic data show that a commercial well is unlikely at a standard location. The proposed location is non-standard with respect to the east line, and the working interest owners to the east, Conoco and Bechtel, have provided waiver letters that are attached. The proposed location is also non-standard with respect to the north line that impacts only 100% Chevron leasehold. Field rules call for 80 acre proration units to be the N/2, S/2, E/2, or W/2 of a quarter section. The proposed proration unit for the Lea "YL" #2 sidetrack will consist of 100% Chevron leasehold in the SW/4 NE/4 and NW/4 SE/4 of Section 2. This proration unit was chosen because the well location lies very close to the boundary between the SW/NE and NW/SE quarter-quarter sections.

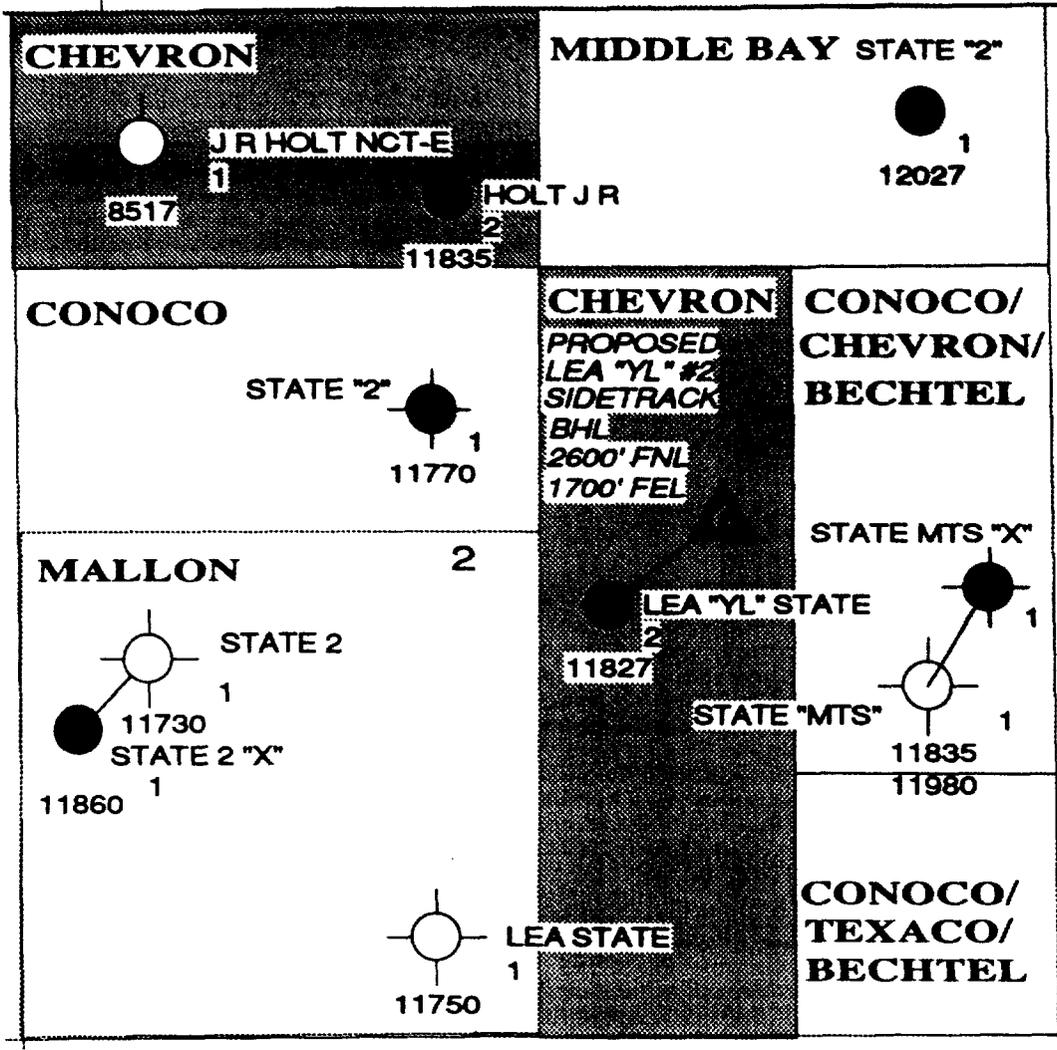
A copy of this administrative application was provided to our offset operators via Certified Mail. Attached is a map and a form C-102 plat illustrating the proration unit acreage and well location. Also included is a copy of the letter sent to our offset operators.

If you have any questions, or if you require further information, please contact Dave Rittersbacher at (915) 687-7114.

Sincerely,

Dave Rittersbacher  
Senior Geologist  
New Mexico Area

cc: NMOCD - Hobbs, New Mexico



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Ritterbacher		06/21/85
	Scale 1:12000.	

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I  
 P.O. Box 1500, Hobbs, NM 88240

DISTRICT II  
 P.O. Drawer DD, Aramis, NM 88210

DISTRICT III  
 1000 Rio Hondo Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>CHEVRON USA, INC.</b>			Lease <b>Lea YL State</b>		Well No. <b>2</b>
Unit Letter <b>J</b>	Section <b>2</b>	Township <b>17 South</b>	Range <b>37 East</b>	County <b>Lea</b>	

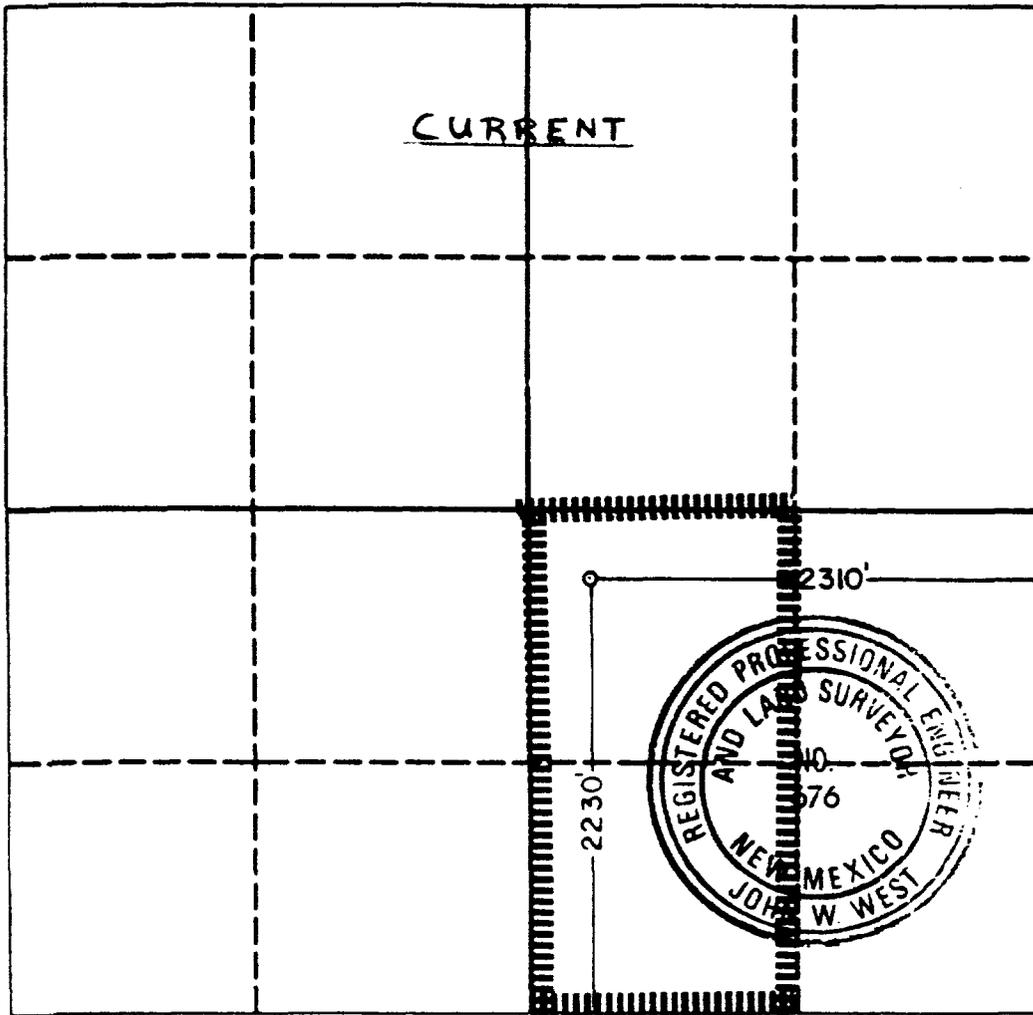
Actual Footage Location of Well:  
 2230 feet from the South line and 2310 feet from the East line

Ground level Elev. <b>3757.9</b>	Producing Formation <b>STRAWN</b>	Pool <b>Shipp/STRAWN</b>	Dedicated Acreage: <b>80</b> Acres
-------------------------------------	--------------------------------------	-----------------------------	---------------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or inkline marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
  - Yes       No      If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowance will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

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

Signature  
*M. E. Akins 9/7/90*

Printed Name  
**M.E. Akins**

Position  
**Delg Supt.**

Company  
**Chevron USA Inc.**

Date  
**9/10/90**

**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  
**August 21, 1990**

Signature & Seal of Professional Surveyor

*[Signature]*

Certificate No. **JOHN W. WEST, 676**  
**RONALD J. EIDSON, 3239**

District I  
 PO Box 1900, Hobbs, NM 88241-1900  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Bravo Rd., Alamogordo, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 10, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

APN Number <b>30-025-31005</b>	Pool Code	Pool Name <b>SHIPP STRAWN</b>
Property Code	Property Name <b>LEA "YL" STATE</b>	Well Number <b>2</b>
OGRID No.	Operator Name <b>CHEVRON USA INC</b>	Elevation <b>3757.9</b>

**10 Surface Location**

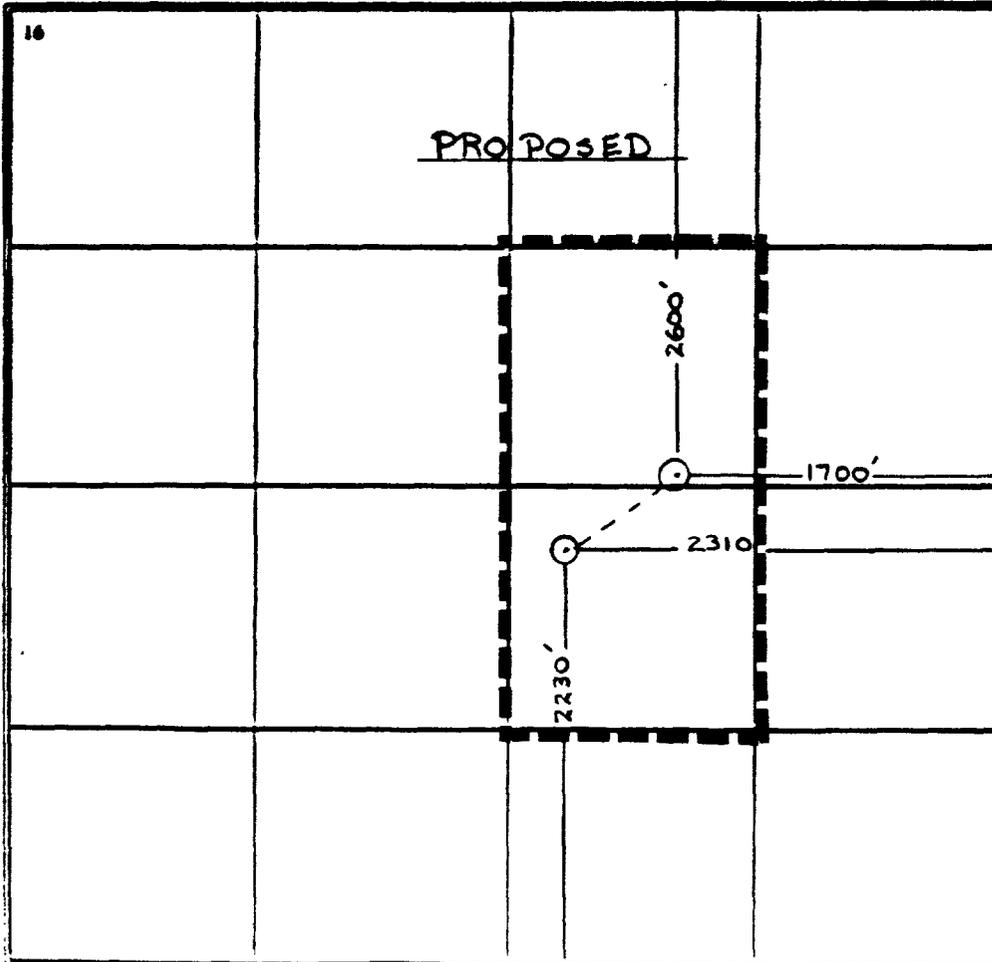
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>J</b>	<b>2</b>	<b>17S</b>	<b>37E</b>		<b>2230</b>	<b>SOUTH</b>	<b>2310</b>	<b>EAST</b>	<b>EDDY</b>

**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
<b>G</b>	<b>2</b>	<b>17S</b>	<b>37E</b>		<b>2600</b>	<b>NORTH</b>	<b>1700</b>	<b>EAST</b>	<b>EDDY</b>

" Decline	" Acres	" Joint or Leases	" Consideration Code	" 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**



**17 OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Dave Rittersbacher  
 Signature  
Dave Rittersbacher  
 Printed Name  
Sr. Geologist  
 Title  
6/21/95  
 Date

**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

**OFFSET OPERATORS**  
**PROPOSED LEA "YL" STATE #2 SIDETRACK**

**Conoco Inc.**  
**10 Dosta Drive**  
**Suite 100W**  
**Midland, Texas**  
**79705**

**Texaco Inc.**  
**P.O. Box 3109**  
**Midland, Texas**  
**79702**

**Bechtel Energy Resources Corp.**  
**5555 San Felipe**  
**Suite 600**  
**Houston, Texas**  
**77056**

**Mallon Oil Company**  
**999 18th Street**  
**Suite 1700**  
**Denver, Colorado**  
**80202**

**Middle Bay Oil Company**  
**P.O. Box 390**  
**Mobile, Alabama**  
**36601**



Permian Basin  
Land Division

## Chevron U.S.A. Production Company

A Division of Chevron U.S.A. Inc.  
P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791  
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

RECEIVED  
CONOCO, INC.

JUN 12 1995

LAND DEPT.

June 12, 1995

Shipp Prospect  
Section 2, T-17-S, R-37-E,  
Lea County, New Mexico

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705-4500

Attention: M. J. Johnson

Gentlemen:

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

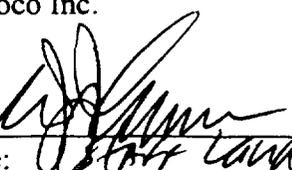
Conoco has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Conoco Inc. hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Conoco leases.

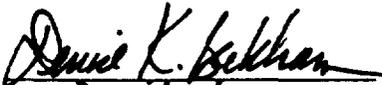
Should Conoco wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Conoco leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Conoco Inc.

By:   
Title: Mark J. Johnson

Chevron U.S.A. Production  
Company, a Division of Chevron  
U.S.A. Inc.

By:   
Title: Project Landman





**Chevron U.S.A. Production Company**

A Division of **Chevron** U.S.A. Inc.  
P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791  
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

Permian Basin  
Land Division

June 15, 1995

Shipp Prospect  
Section 2, T-17-S, R-37-E,  
Lea County, New Mexico

Bechtel Energy Resources Corp.  
5555 San Felipe, Suite 600  
Houston, Texas 77056

Attention: Don Williamson

Gentlemen:

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

Bechtel Energy Resources Corp. has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Bechtel hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Bechtel leases.

Should Bechtel wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Bechtel leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Bechtel Energy Resources Corp.

Chevron U.S.A. Production  
Company, a Division of Chevron  
U.S.A. Inc.

By: *[Signature]*

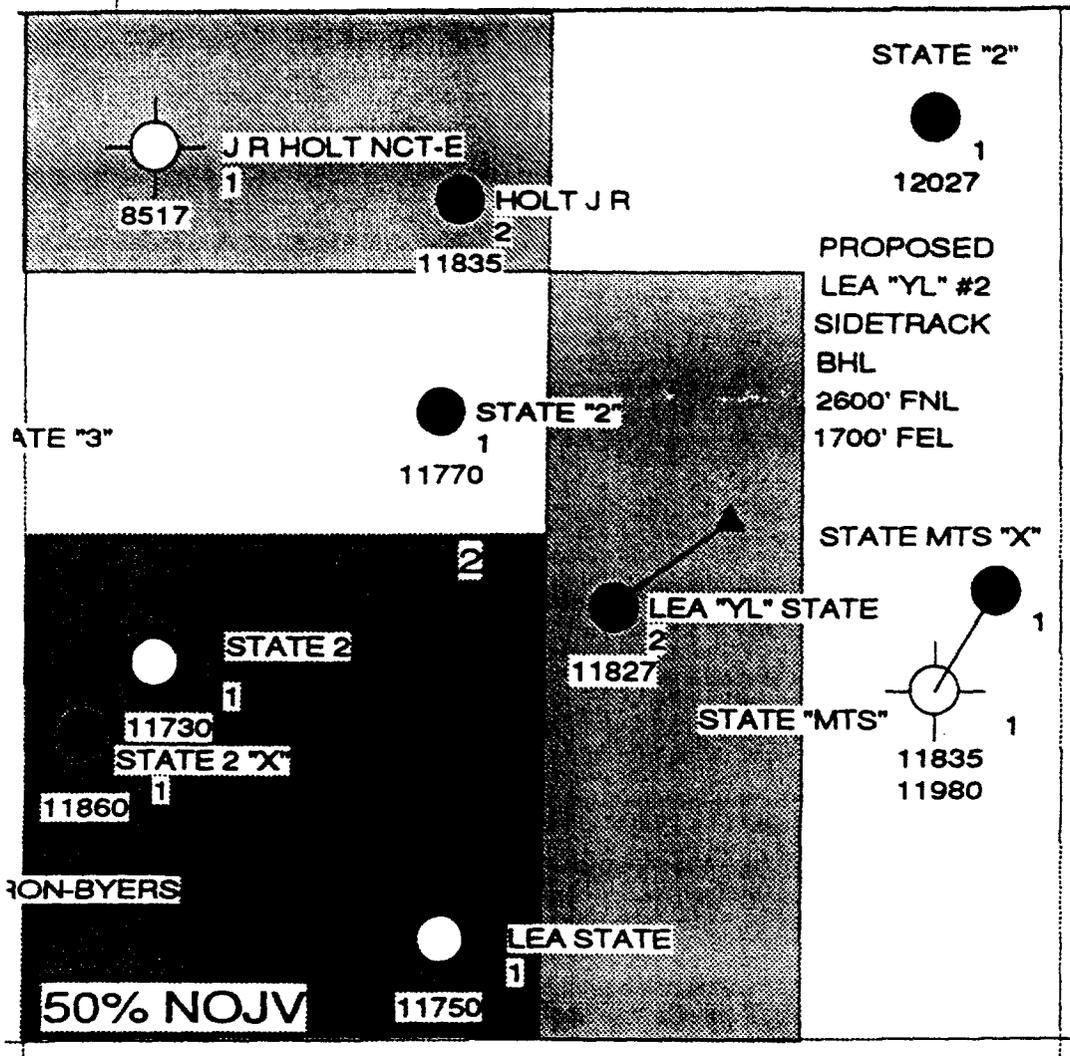
Title: *[Signature]*

By: *[Signature]*

Title: *[Signature]*

Exhibit "A"

Attached hereto and made a part of that certain Letter Agreement dated June 15, 1995 by and between Chevron U.S.A. Production Company and Bechtel Energy Resources Corp.



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbecher		06/12/95
	Scale 1:12000.	



**Chevron U.S.A. Production Company**

A Division of **Chevron U.S.A. Inc.**  
P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791  
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

Permian Basin  
Land Division

June 15, 1995

Shipp Prospect  
Section 2, T-17-S, R-37-E,  
Lea County, New Mexico

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Bechtel Energy Resources Corp.  
5555 San Felipe, Suite 600  
Houston, Texas 77056

Case No. 11367 Exhibit No. 7

Attention: Don Williamson

Submitted by: Chevron U.S.A. Inc.

Gentlemen:

Hearing Date: August 24, 1995

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

Bechtel Energy Resources Corp. has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Bechtel hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Bechtel leases.

Should Bechtel wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Bechtel leases.

Agreement and acceptance of the above is indicated by the parties' signature below.

Bechtel Energy Resources Corp.

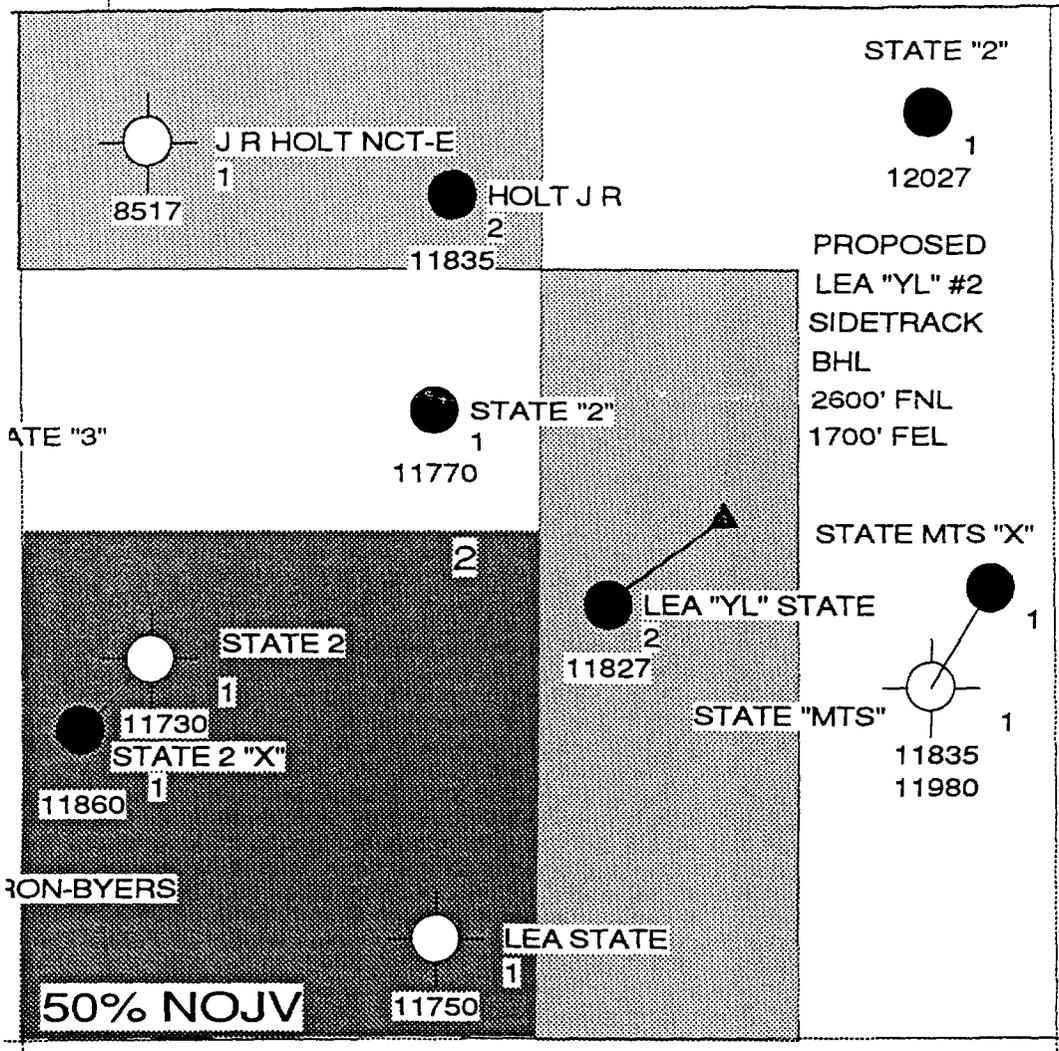
Chevron U.S.A. Production  
Company, a Division of Chevron  
U.S.A. Inc.

By: [Signature]  
Title: [Signature]

By: [Signature]  
Title: Project Landman

Exhibit "A"

Attached hereto and made a part of that certain Letter Agreement dated June 15, 1995 by and between Chevron U.S.A. Production Company and Bechtel Energy Resources Corp.



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		06/12/95
Scale 1:12000.		



**Chevron U.S.A. Production Company**

A Division of **Chevron** U.S.A. Inc.  
P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7791  
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7448

Permian Basin  
Land Division

**RECEIVED  
CONOCO, INC.**

**JUN 12 1995**

**LAND DEPT.**

June 12, 1995

Shipp Prospect  
Section 2, T-17-S, R-37-E,  
Lea County, New Mexico

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705-4500

Attention: M. J. Johnson

Gentlemen:

Chevron U. S. A. Production Company plans to drill a Strawn well located 1700' from the East Lease Line and 2600' from the North Lease Line of Chevron's lease covering, among other lands, the W/2SE/4 and SW/4NE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico, as further described on the plat attached hereto as Exhibit "A".

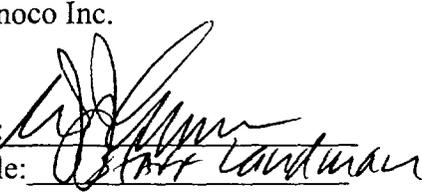
Conoco has a leasehold interest in the lease offsetting Chevron's lease, covering Lots 1 and 2, SE/4NE/4, and the E/2SE/4 of Section 2, T-17-S, R-37-E, Lea County, New Mexico.

In anticipation of Chevron drilling the above described well, Conoco Inc. hereby agrees that it will not oppose Chevron as to the location of the well in regard to its proximity to the vertical lease line that separates the Chevron and Conoco leases.

Should Conoco wish to drill a well offsetting Chevron's lease, Chevron hereby agrees not to oppose a well being located at a like distance from the vertical lease line that separates the Chevron and Conoco leases.

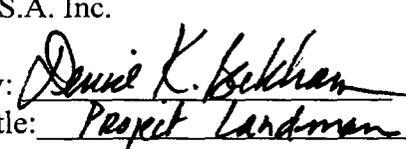
Agreement and acceptance of the above is indicated by the parties' signature below.

Conoco Inc.

By: 

Title: Staff Landman

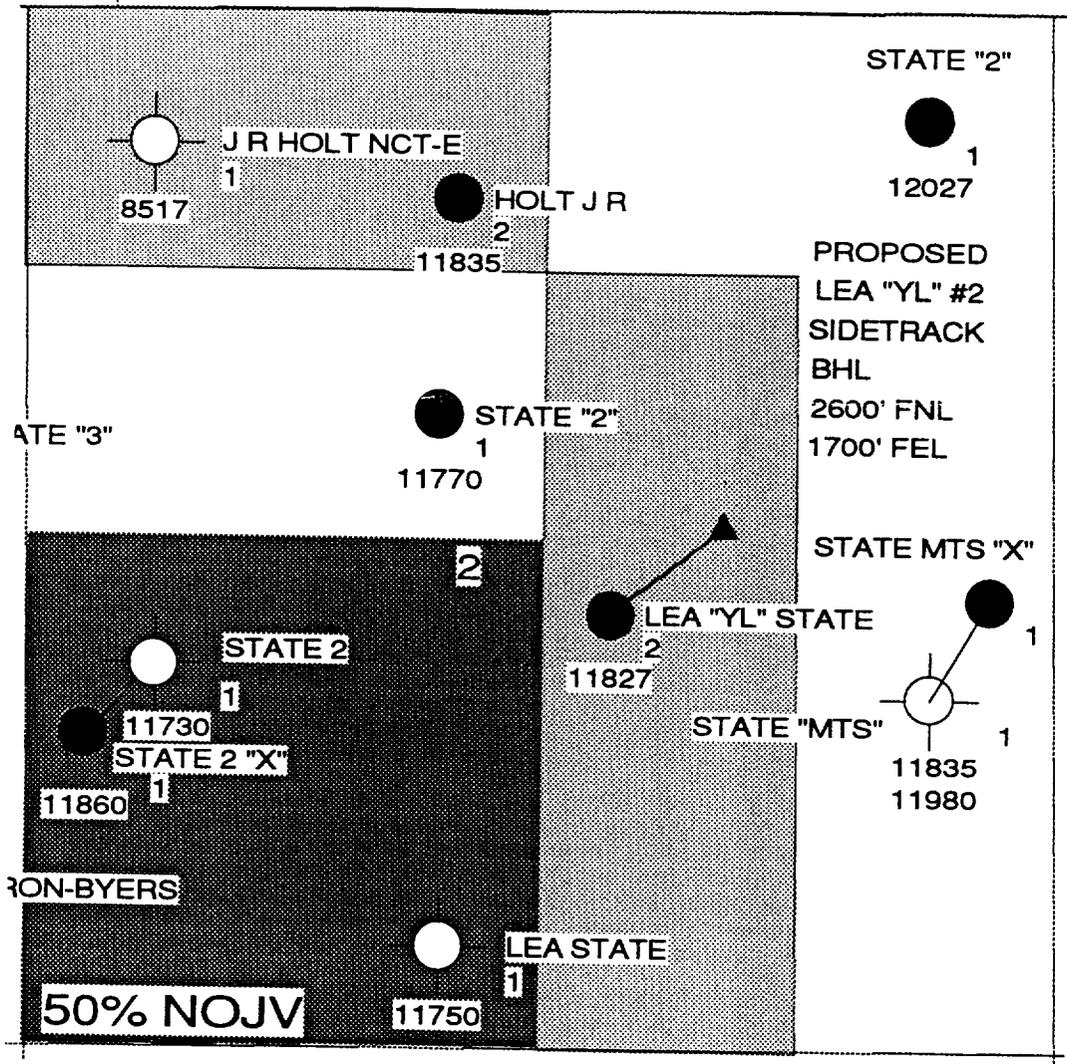
Chevron U.S.A. Production  
Company, a Division of Chevron  
U.S.A. Inc.

By: 

Title: Prospect Landman

Exhibit "A"

Attached hereto and made a part of that certain Letter Agreement dated June 12, 1995 by and between Chevron U.S.A. Production Company and Conoco Inc.



Chevron USA		
Shipp Strawn Proposed Lea "YL" #2 Sidetrack Sec. 2-T17S-R37E, Lea Co., N.M.		
Dave Rittersbacher		06/12/95
Scale 1:12000.		