Chevron

November 7, 2000

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

Administrative Application For
Non-Standard Gas Well Location
Chevron USA Production Co.
G. C. Matthews #12
Surface Loc. 330' FSL & 990' FEL
Section 6, T20S, R37E
Monument Tubb West Pool
Lea County, New Mexico

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
Attn.: Mr. Michael Stogner
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

This letter is in response to your letter dated October 26, 2000, (copy attached) concerning why well #12 was chosen for the Tubb recompletion.

Here is a recap of the process used to determine the proper well to recomplete into the Tubb formation in section 6. While reviewing Chevron's G. C. Matthews lease for production improvements or cost reduction ideas, we noticed the activity in Section 5 and 7 of T20S, R37E in the Tubb. At this time we decided to recomplete the #6 well. It is located 990' FEL and 1650' FSL of Section 6. Permits were obtained and the work was completed July 14, 2000 and the Tubb zone was tight. Proper treatment was not possible as we screened out on a fracture treatment and could not pump an acid stimulation at the desired rate. Production testing resulted in no fluid entry.

At this time we reviewed the rest of the wells in the SE/4; well bore schematics of the wells are attached for you to look at. Following is a well by well discussion of this review. Wells #3, 4, 8, and 11 are P&A'd, therefore not considered as a candidate well. Well # 5 has a 4 ½" liner across the Tubb, but is another nonstandard location, 2310' FSL and 2310' FEL. Well #2 has a 4 ½" liner cemented in and would have to be deepened about 2600'. This small size liner would cause longer time to drill, more costs and would limit the completion tool selection and production that could be obtained from the well. Therefore, wells #2 and 5 were not considered as preferred candidates. Well #10 has 7" casing and would have to be deepened about 800', and is at a non-

BEFORE THE
OIL CONSERVATION COMMISSION
Case No.12605 Denovo Exhibit No.
Submitted By:
Sapient Energy Corp.
Hearing Date: November 6, 2001

32

standard location at 1650' FSL and 2310' FEL. Well #7 has 5 ½" casing and is a non-standard location at 990' FSL and 330' FEL. Well #9 has 5 ½" casing at 5250' and is at a standard location, 660' FSL and 1650' FEL. Well #1 has 7" casing at 3714' and would have to be deepened about 2600' and is a standard location at 660' FSL and 1980' FEL. Well #12 has 7" casing at 5700' and would have to be deepened about 800' and is at a non-standard location.

Summarizing the details above, the P&A'd wells and the wells with 4 ½" casing or liners were not considered to be viable candidates, so wells #3, 4, 8, 11, 5, and 2 were put aside. Of the wells with 5 ½" and 7" casing, the 7" casing is the preferred size as it allows us to run 4 ½" casing as opposed to 3 ½" casing. The increased casing size allows us to run more conventional tools in the well for completion. The cost to drill a 4 ½" hole as compared to a 6 1/8" hole would be increased as we estimate an additional 4-5 days to drill to TD with the smaller hole. This makes wells #1, 10, and 12 the most desirable candidates. Of these three, well #12 was decided upon. Well #10 was in a nonfavorable location based upon the results of well #6, and #1 required an additional 1800' of hole to be drilled, which was estimated to take an additional 4-5 days and cost an additional $30,000 - $40,000. Well #12 also allows Chevron to protect the reserves on our lease from being drained by a well 330' from the lease line in a non-standard 160 acre standup proration unit.

Attachments include: wellbore schematics of Chevron's wells, copy of OCD letter to Chevron dated October 26, 2000, Tubb structure map, and a map of the G. C. Matthews lease. If you have any questions or require any further information concerning this information, please contact me at (915) 687-7152.

Sincerely,

Lloyd V. Trautman

Lloyd V. Trautman
Sr. Petroleum Engineer
New Mexico Area

lvt
Attachments

cc: NMOCD – Hobbs, NM
J. K. Ripley
T. R. Denny
L. V. Trautman
R. M. Vaden
Central Files