



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

September 13, 2005

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**Chevron U.S.A., Inc.**  
**15 Smith Road**  
**Midland, Texas 79705**

**Attention: Mike Howell**

**Re:** Request for administrative approval (*administrative application reference No. pSEM0-522842265*) of simultaneous dedication within a standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 28, Township 21 South, Range 37 East, NMPM, Penrose Skelly (Grayburg) Pool (50350), Lea County, New Mexico.

Dear Mr. Howell:

The New Mexico Oil Conservation Division's ("Division") office in Santa Fe, New Mexico received your application on August 16, 2005. I have reviewed it and determined it to be unnecessary. The Penrose Skelly (Grayburg) Pool is subject to Division Rule 104.B (1), which reads in its entirety as follows:

*"B. Oil Well Acreage And Well Location Requirements*

*(1) Any wildcat well that is projected to be drilled as an oil well to a formation and in an area that in the opinion of the division may reasonably be presumed to be productive of oil rather than gas and each development well for a defined oil pool, unless otherwise provided in special pool orders, shall be located on a spacing unit consisting of approximately 40 contiguous surface acres substantially in the form of a square which is a legal subdivision of the U.S. public land surveys, which is a governmental quarter-quarter section or lot, and shall be located no closer than 330 feet to any boundary of such unit. Only those 40-acre spacing units committed to active secondary recovery projects shall be permitted more than four wells".*

Since there will only be two wells within the subject 40-acre unit: Chevron's (i) Eunice King Well No. 11 (API No. 30-025-06847), located at a standard oil well location, 554 feet from the North line and 2086 feet from the East line of Section 28; and (ii) Eunice King Well No. 28 (API No. 30-025-36739), located at an unorthodox oil well location (approved by Division Administrative Order NSL-5062, dated June 1, 2004) 1250 feet from the North line and 1340 feet from the East line of Section 28, no approval at the Santa Fe level is necessary; therefore, I am **dismissing** your application and returning it to you at this time.

Sincerely,

Michael E. Stogner  
Engineer

cc: New Mexico Oil Conservation Division - Hobbs  
File: NSL-5062

DATE IN 8.16.05	SUSPENSE 9-6-05	ENGINEER <del>STIGMER</del>	LOGGED 8.16.05	TYPE SD
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

PSEM0522842205

**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.

A. M. Howell

Print or Type Name

Signature

*A. M. Howell*

Advisor Petro. Engineer

Title

8/9/2005

Date



**A. M. Howell**  
Advisor Petr. Engineer  
Permian Basin

**Mid-Continent Business Unit**  
Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705  
Tel 432-687-7516  
Fax 432-687-7871  
maho@chevron.com

August 10, 2005

**Request For Administrative Approval Of  
Simultaneous Dedication**

*Eunice King # 11*

554' FNL & 2086' FEL, Unit B

*Eunice King # 28*

1250' FNL & 1340' FEL, Unit B

Section 28, T21S, R37E

Lea County, New Mexico

State Of New Mexico  
Energy, Minerals & Natural Resources Dept.  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Dear Sir or Madam:

Chevron U.S.A., Inc. respectfully requests administrative approval for simultaneous dedication of the Eunice King # 11 with the Eunice King # 28 in the Penrose Skelly (Grayburg) Pool.

Chevron U.S.A. is planning to reenter the Eunice King # 11 (formerly Central Drinkard Unit # 102) and complete in the Penrose Skelly (Grayburg) Pool. The well is currently plugged & abandoned. The location of the proposed recompletion is 554' FNL & 2086' FEL, Unit B, Section 28, T21S, R37E, Lea County, New Mexico.

Eunice King # 28 is currently completed in the Penrose Skelly (Grayburg) Pool and is dedicated to a standard 40-acre oil proration unit comprised of the NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  of Section 28, T21S, R37E, Lea County, New Mexico. The well was drilled at an unorthodox "effective 20-acre infill" location authorized by Administrative Order NSL-5062 (copy attached). Eunice King # 28 is located 1250' FNL & 1340' FEL, Unit B, Section 28, T21S, R37E, Lea County, New Mexico.

Eunice King # 11 was plugged and abandoned in 1994 after becoming uneconomic in the Drinkard Formation as Central Drinkard Unit # 102. Although the well previously produced from the Penrose Skelly (Grayburg) Pool from October 1960 to December 1975, recent

August 10, 2005

Page 2

results from other similar reentries show that additional reserves can be recovered by recompleting in the Penrose Skelly (Grayburg) Pool. Therefore, Chevron U.S.A. respectfully requests authorization to simultaneously dedicate Penrose Skelly (Grayburg) production from Eunice King # 11 and Eunice King # 28 to a standard 40-acre oil proration unit comprised of the NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  of Section 28, T21S, R37E, Lea County, New Mexico.

A copy of this administrative application is being provided to offset operators via certified mail. Attached is a commercial map and Form C-102 plat illustrating the proration unit acreage and well locations. Also included is a copy of the letter sent to offset operators.

If you have any questions concerning this application or need additional information, please contact me by telephone at (432) 687-7516 or by e-mail at [MAHO@chevrontexaco.com](mailto:MAHO@chevrontexaco.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Howell". The signature is fluid and cursive, with the first name "Mike" and last name "Howell" clearly distinguishable.

Mike Howell  
Advisor Petroleum Engineer



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

June 1, 2004

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

Chevron U.S.A., Inc.  
15 Smith Road  
Midland, Texas 79705

Attention: **Mike Howell**  
*MAHO@chevrontexaco.com*

*Administrative Order NSL-5062*

Dear Mr. Howell:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-413440619*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on May 12, 2004; and (ii) the Division's records: all concerning Chevron U.S.A., Inc.'s ("Chevron") request for an unorthodox "effective infill" oil well location within a former standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 28, Township 21 South, Range 37 East, NMPM, Penrose Skelly (Grayburg) Pool (50350), Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that initial development of Grayburg oil production within this 40-acre unit commenced in the 1960 when Gulf Oil Corporation recompleted its Central Drinkard Unit Well No. 102, formerly the Eunice King Well No. 11 (API No. 30-025-06847), located at a standard oil well location 554 feet from the North line and 2086 feet from the East line of Section 28, from the Drinkard Pool (19190) into the Penrose Skelly (Grayburg) Pool. Penrose Skelly (Grayburg) oil production ceased in this well in January, 1976 and, in January, 1994, this well was plugged and abandoned.

It is further understood that such unorthodox location is necessitated for geologic and engineering reasons in that this location is approximately equidistance to other offsetting Penrose Skelly (Grayburg) oil wells within the Eunice King fee lease. The proposed effective infill oil well location will enable Chevron to further develop and deplete the Grayburg reserves within this lease that might not otherwise be recovered.

Furthermore, the Division understands that the N/2 of Section 28 comprises a single fee lease (Eunice King lease) with common mineral interest in which Chevron is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Grayburg interval.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox Grayburg oil well location within this former 40-acre unit is hereby approved:

**Eunice King Well No. 28  
1250' FNL & 1340' FEL.**

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a stylized flourish at the end.

Michael E. Stogner  
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Hobbs

## **NOTIFICATION LIST**

Application Of Chevron U.S.A. Inc. For Administrative Approval Of  
Simultaneous Dedication:

**Eunice King # 11 (formerly Central Drinkard Unit # 102)**

554' FNL & 2086' FEL

Section 28, T21S, R37E, Unit Letter B

Lea County, New Mexico

**Eunice King # 28**

1250' FNL & 1340' FEL

Section 28, T21S, R37E, Unit Letter B

Lea County, New Mexico

**Offset Operators:**

1. Lanexco, Inc.

Box 2730

Midland, TX 79702

strict I  
25 N. French Dr., Hobbs, NM 88240

strict II  
1 South First, Artesia, NM 88210

strict III  
00 Rio Brazos Rd., Aztec, NM 87410

strict IV  
40 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

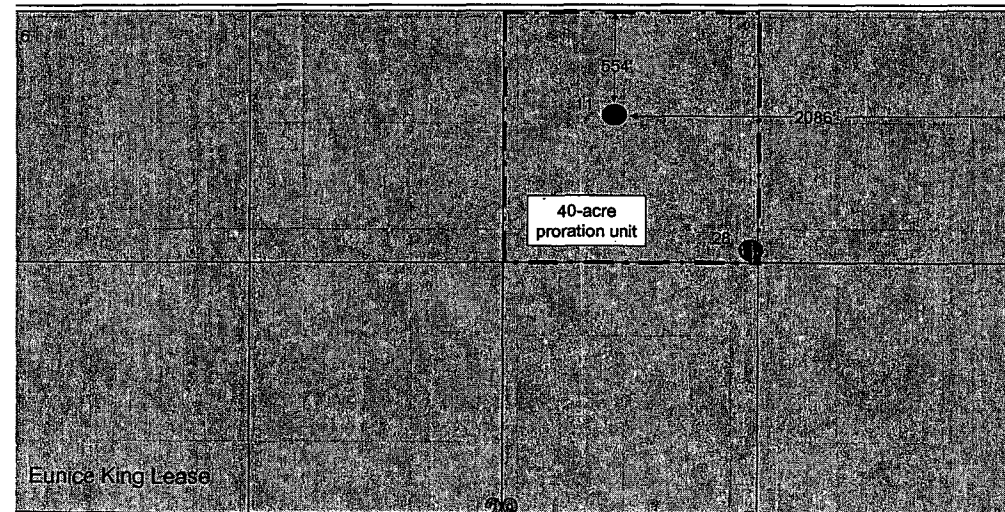
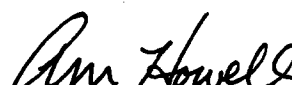
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-06847		<sup>2</sup> Pool Code 50350		<sup>3</sup> Pool Name Penrose Skelly; Grayburg					
<sup>4</sup> Property Code 2615		<sup>5</sup> Property Name Eunice King						<sup>6</sup> Well Number 11	
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.						<sup>9</sup> Elevation 3457'	
<sup>10</sup> Surface Location									
JL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	28	21S	37E		554	North	2086	East	Lea
<sup>11</sup> Bottom Hole Location If Different From Surface									
JL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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**

						<p><sup>17</sup></p> <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p></p> <p>Signature <b>A. M. Howell</b></p> <p>Printed Name <b>Advisor Petr. Engineer</b></p> <p>Title <b>August 10, 2005</b></p>	
						<p><sup>18</sup></p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	



istrict I  
25 N. French Dr., Hobbs, NM 88240

istrict II  
1 South First, Artesia, NM 88210

istrict III  
00 Rio Brazos Rd., Aztec, NM 87410

istrict IV  
40 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

<sup>1</sup> API Number 30-025-36739	<sup>2</sup> Pool Code 50350	<sup>3</sup> Pool Name Penrose Skelly; Grayburg
<sup>4</sup> Property Code 2815	<sup>5</sup> Property Name Eunice King	<sup>6</sup> Well Number 28
<sup>7</sup> OGRID No. 4323	<sup>8</sup> Operator Name Chevron U.S.A., Inc.	<sup>9</sup> Elevation 3436'

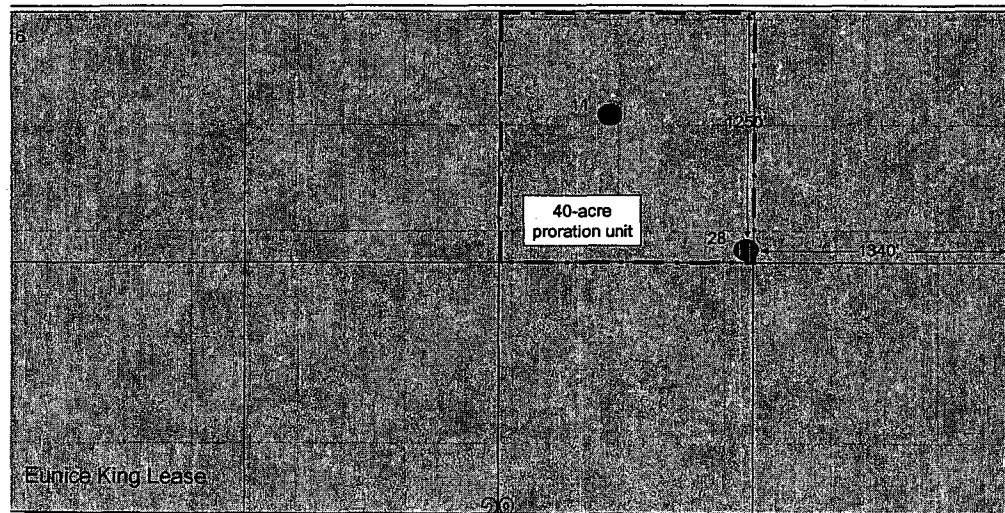
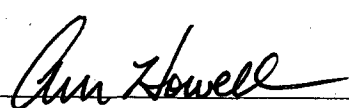
<sup>10</sup> Surface Location

JL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	28	21S	37E		1250	North	1340	East	Lea

<sup>11</sup> Bottom Hole Location If Different From Surface

JL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<p>17</p> <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p></p> <p>Signature</p> <p>A. M. Howell</p> <p>Printed Name</p> <p>Advisor Petr. Engineer</p> <p>Title</p> <p>August 10, 2005</p>
	<p>18</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>





**A. M. Howell**  
Advisor Petr. Engineer  
Permian Basin

**Mid-Continent Business Unit**  
Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705  
Tel 432-687-7516  
Fax 432-687-7871  
maho@chevron.com

August 9, 2005

Notice of Request for Administrative Approval  
Of Simultaneous Dedication

*Eunice King # 11*

554' FNL & 2086' FEL

*Eunice King # 28*

1250' FNL & 1340' FEL

Unit B, Section 28, T21S, R37E

Lea County, New Mexico

Lanexco, Inc.  
Box 2730  
Midland, TX 79702

Dear Sir or Madam:

Attached is a copy of an administrative application for NMOCD approval for simultaneous dedication of a 40-acre oil proration unit.

Any objections must be filed with the Oil Conservation Division within 20 days of the Division receiving this application.

If you have any questions concerning this application, please contact Mike Howell at (432) 687-7516.

Sincerely,

A handwritten signature in cursive script that reads "Mike Howell".

Mike Howell  
Advisor Petroleum Engineer

cc: Central Files – Well Files  
Denise Pinkerton  
Denise Beckham