

12/31/07		Brooks	12/4/07	NSL	PKUR0733828903
DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE SD	APP NO. PKUR0733829046

ABOVE THIS LINE FOR DIVISION USE ONLY

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



CHEVRON USA Inc.
 Rollon Brunson #9
 NSL 5767

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

[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.

Sarah Rittenhouse _____ Project Manager / Geologist _____ 11/6/2006 _____
 Print or Type Name Signature Title Date
 Sarah.Rittenhouse@chevron.com _____
 e-mail Address



Sarah C. Rittenhouse
Project Manager / Geologist

North America Upstream
Midcontinent Business Unit
11111 S. Wilcrest, Rm S1037
Houston, Texas 77099
Tel (281) 561-3773
Fax (281) 561-3576
sarah.rittenhouse@chevron.com

October 30, 2007

Request for Administrative Approval of
Unorthodox Oil Well Location and
Simultaneous Dedication

Mr. Mark E. Fesmire
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2007 DEC 3 PM 1 29

Dear Mr. Fesmire:

Chevron respectfully requests administrative approval of an unorthodox oil well location for the following well:

Rollon Brunson #9
1330' FNL & 2310' FEL, SW/4 NE/4 of
Section 10, T22S, R37E, Unit Letter G
Lea County, New Mexico

The proposed well will be an infill producer in the Penrose Skelly, Grayburg Pool [Pool Code 50350], which is an oil pool spaced on 40 acres. This well is a continuation of our 5 year infill drilling in the same Pool. Chevron's technical analysis of the reservoir still supports the contention that typical Grayburg wells cannot drain 40 acres.

The SW/4 NE/4 of Section 10 will be simultaneously dedicated in the Penrose Skelly, Grayburg Pool to the proposed well and to the SO Penrose Sky Unit #166, the Rollon Brunson #8 and the Rollon Brunson #7. The SO Penrose Sky Unit #166 was drilled in 1977 and was completed as a Penrose Skelly, The Rollon Brunson #7 and Rollon Brunson #8 were drilled in 2007 and was completed as Penrose Skelly, Grayburg producers. Chevron also requests approval of the simultaneous dedication.

This application is based on geological and engineering analysis. The analysis and justification for this request is attached as Exhibit 1, along with other supporting documentation. There are nine wells that have produced the Grayburg formation in the NE/4 of Section 10. The proposed well will be located in the approximate western center point of those wells and 330' off the lease line. Based on drainage calculations, Chevron believes that drilling the infill well will recover reserves that would not be recovered by existing Grayburg producers.

A land plat highlighting the proposed well's location is attached as Exhibit 2. The NE/2 of the NE/4 of Section 10 is covered by a single fee lease and has common royalty and working interest ownerships. For that reason and the proposed location of the infill well, there are no adversely affected interest owners and no one has been notified of this application.

October 30, 2007

Page 2

If you have any questions concerning this application or need additional information, please contact me by phone at (281) 561-3773 or by email at sarah.rittenhouse@chevron.com. If I am not available, you can also reach Meilin Du by phone at (281) 561-3564 or by email at meilin.du@chevron.com. Thank you for consideration of this matter.

Sincerely,

A handwritten signature in black ink that reads "Sarah C. Rittenhouse". The signature is written in a cursive style with a large initial 'S'.

Sarah C. Rittenhouse
Project Manager / Geologist

Attachments

cc: NMOCD District 1 – Hobbs, NM
Sarah Rittenhouse
Meilin Du
Ed Van Reet
Well File

NOTIFICATION LIST

Application of Chevron U.S.A. Inc. for Administrative Approval of an Unorthodox Oil Well Location and Simultaneous Dedication:

Rollon Brunson #9

1330' FNL & 2310' FEL, SW/4 NE/4 of
Section 10, T22S, R37E, Unit Letter G
Lea County, New Mexico

Offset Operators, Working Interest Owners, SW/4, NE/4 Section 10:

1. Chevron U.S.A. Inc. Operator/100% WI
11111 S. Wilcrest
Houston, TX 77099

EXHIBIT 1

ENGINEERING AND GEOLOGICAL JUSTIFICATION

Application of Chevron U.S.A. Inc. for Administrative Approval of an Unorthodox Oil Well Location and Simultaneous Dedication:

Rollon Brunson #9

1330' FNL & 2310' FEL, SW/4 NE/4 of
Section 10, T22S, R37E, Unit Letter G
Lea County, New Mexico

PRIMARY OBJECTIVE: GRAYBURG

SUPPORTING DATA:

1. Chevron U.S.A. Inc. (Chevron) is the operator of the proposed Rollon Brunson #9 well (Exhibit 3). The proposed total depth is 4300' in the top of the San Andres formation.
2. The completion will be in the Penrose Skelly, Grayburg Oil Pool and the proposed location encroaches toward the following wells (Exhibit 4).

Operator	Well	API #	Location	Formation	Cum Prod		Current Prod		Status
					MBO	MMCF	BOPD	MCFPD	
Chevron	Rollon Brunson #1	30025100280000	10-B	Grayburg	69	62	0	0	Inactive
Chevron	Rollon Brunson #6	30025101620000	10-B	Grayburg	7	12	9	389	Active
Chevron	Eaves #6	30025101690000	10-A	Grayburg	131	484	-	-	Inactive
Chevron	So Penrose SU 167	30025101640000	10-H	Grayburg	76	703	-	-	Inactive
Chevron	Brunson #2	30025101710000	10-G	Grayburg	2	79	-	-	Inactive

3. The proposed Rollon Brunson #9 unorthodox Grayburg location is based primarily on drainage considerations:

- a. Grayburg Reservoir

The Grayburg is a series of alternating subtidal and supratidal dolomites with the subtidal rock having porosity and hydrocarbons while the supratidal rock is tight. The Grayburg depositional environments varied rapidly so that many porous and tight intervals are not continuous from well to well on 40-acre spacing. Tight dolomite and/or anhydrite intervals within the Grayburg create vertical and horizontal flow barriers between different zones of porosity. Additionally, average porosity of the Grayburg is less than 10%, and the average permeability is less than 1 millidarcy. For all of these reasons, Grayburg wells are not usually capable of draining a 40-acre proration unit.

The reservoir was also analyzed by mapping the Hydrocarbon Pore Volume (HCPV) (Exhibit 5). HCPV is the product of feet of net pay (h) times average porosity (phi) times oil saturation (S_o). The attached map is the arithmetic product of grids interpreted from those values. The values were obtained as follows:

1. Net pay was read from either modern neutron-density logs or estimated from a map developed from gross pay times net-to-gross ratio (Exhibit 4).
2. Average porosity was calculated from modern well logs using a minimum of 6% crossplot porosity and a maximum of 20%.
3. Oil saturation was calculated from a fractional flow curve using representative water cut values.

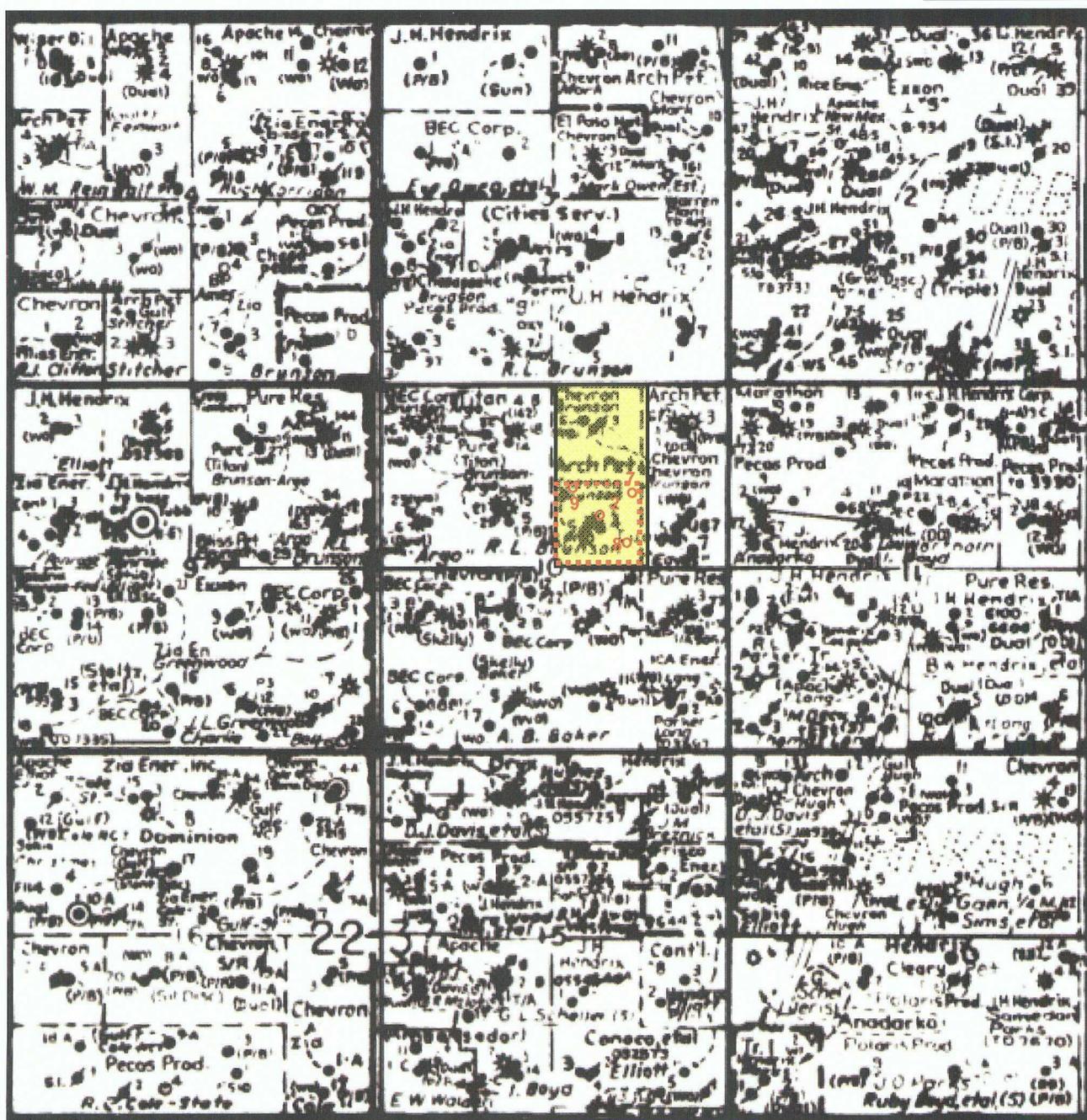
The following table provides drainage areas calculated from the HCPV map and reserves of the offsetting wells.

Operator	Well	#	API #	Location	Formation	Drainage Acres	EUR	
							MBO	MCF
Chevron	Rollon Brunson	6	30025101620005	10B 22S 37E	Grayburg	9	20	556
Chevron	S. Penrose Skelly Unit	166	30025101710001	10G 22S 37E	Grayburg	3	32	0
Chevron	Eaves	1	30025101690000	10A 22S 37E	Grayburg	18	131	484
Chevron	S. Penrose Skelly Unit	167	30025101640000	10H 22S 37E	Grayburg	16	76	703
Chevron	Rollon Brunson	1	30025101590000	10B 22S 37E	Grayburg	7	69	62
Chevron	S. Penrose Skelly Unit	163	30025101390000	9H 22S 37E	Grayburg	8	52	171
Chevron	S. Penrose Skelly Unit	144	30025101380000	9A 22S 37E	Grayburg	13	91	196
Chevron	Rollon Brunson	7	30025383350000	10H 22S 37E	Grayburg	8	29	420
Chevron	Rollon Brunson	8	30025200710091	10G 22S 37E	Grayburg	8	29	420
Chevron	Eaves	8	30025200710090	10A 22S 37E	Grayburg	8	29	420

As seen above, the average drainage area of the offsetting locations is only 10 acres, and additional reserves can be recovered by drilling the proposed infill well at an approximate equidistant location from the existing offsetting producers. Reserves for the proposed location were calculated using the HCPV map, a 6 acre drainage area, and a 15% recovery factor. The results are as follows:

Operator	Well	Location	HCPV	Drainage Acres	EUR	
					MBO	MMCF
Chevron	Rollon Brunson 9	10-G	10.2	6	47	201

4. The W/2 of the NE/4 of Section 10 is covered by a single fee lease which has common royalty and working interest ownerships. Chevron is the operator and 100% working interest owner of the Grayburg wells toward which the proposed well will encroach. Therefore, there are no offset interest owners or adversely affected parties to notify of this application.
5. The proposed Rollon Brunson #9 will share a 40-acre proration unit and will be simultaneously dedicated with the SO Penrose Skelly Unit #166, the Rollon Brunson #7 and the Rollon Brunson #8 as a Penrose Skelly, Grayburg producers in Section 10, Unit Letter G.
6. Approval of this application will allow for the recovery of oil and gas reserves which would not otherwise be recovered.



Chevron USA Inc.

- Rollon Brunson #2
- 1980 FNL & 1980 FEL
- Rollon Brunson #7
- 1460 FNL & 1330 FEL
- Rollon Brunson #8
- 2310 FNL & 1390 FEL
- Rollon Brunson #9 (proposed)
- 1330 FNL & 2310 FEL, Unit G
- Section 10, T22S-R37E
- Lea County, New Mexico

Rollon Brunson Lease
 40 Acre Proration Unit

Scale: 1"=2000' Approx.

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code		Pool Name	
Property Code	Property Name			Well Number	
	ROLLON BRUNSON			9	
OGRID No.	Operator Name			Elevation	
	CHEVRON USA INC.			3400	

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	10	22-S	37-E		1330	NORTH	2310	EAST	LEA

Bottom Hole Location If Different From Surface

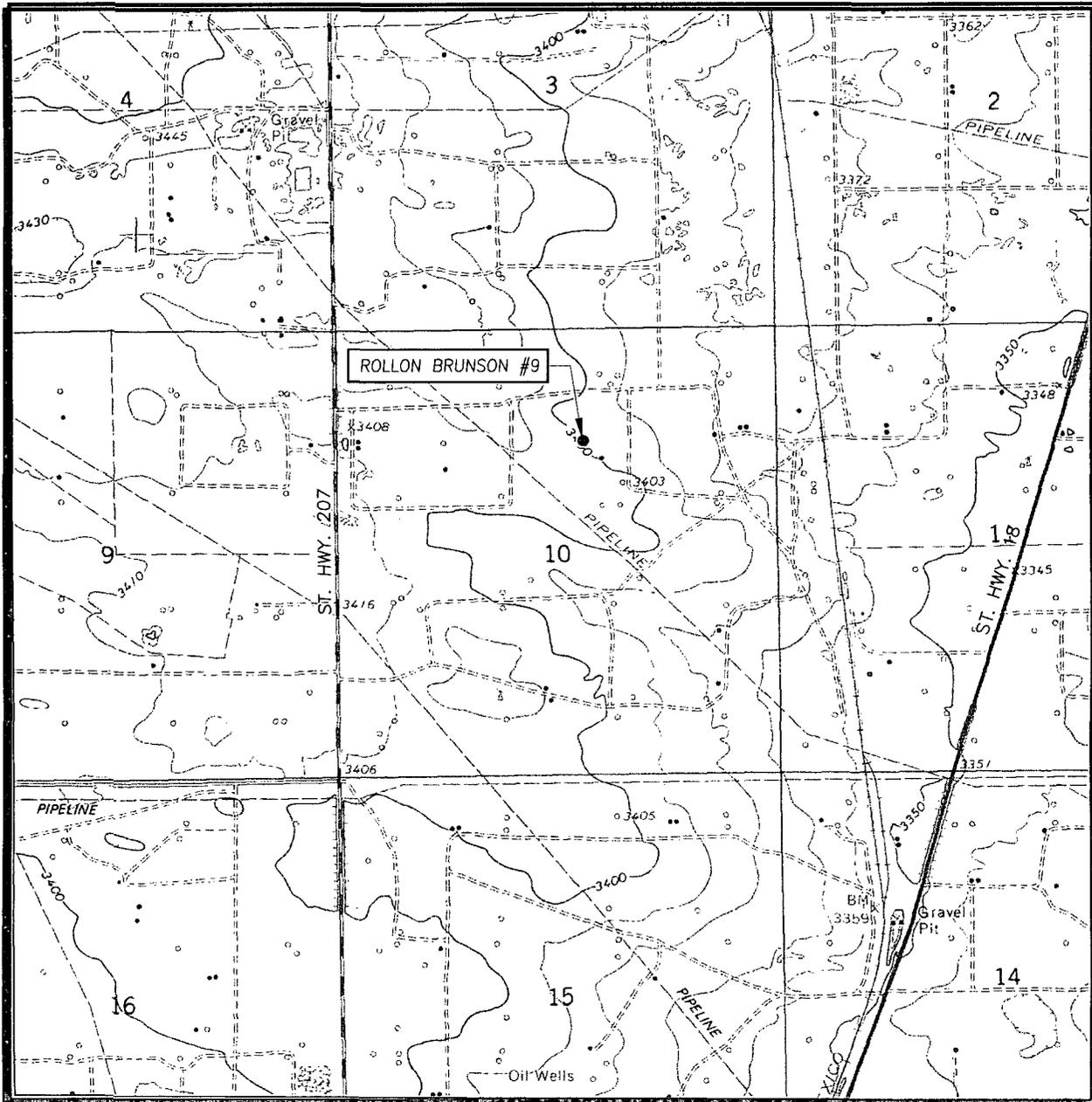
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation 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

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date Surveyed _____ DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 10/18/07 07.11.1318</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'

SEC. 10 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

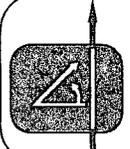
DESCRIPTION 1330' FNL & 2310' FEL

ELEVATION 3400'

OPERATOR CHEVRON USA

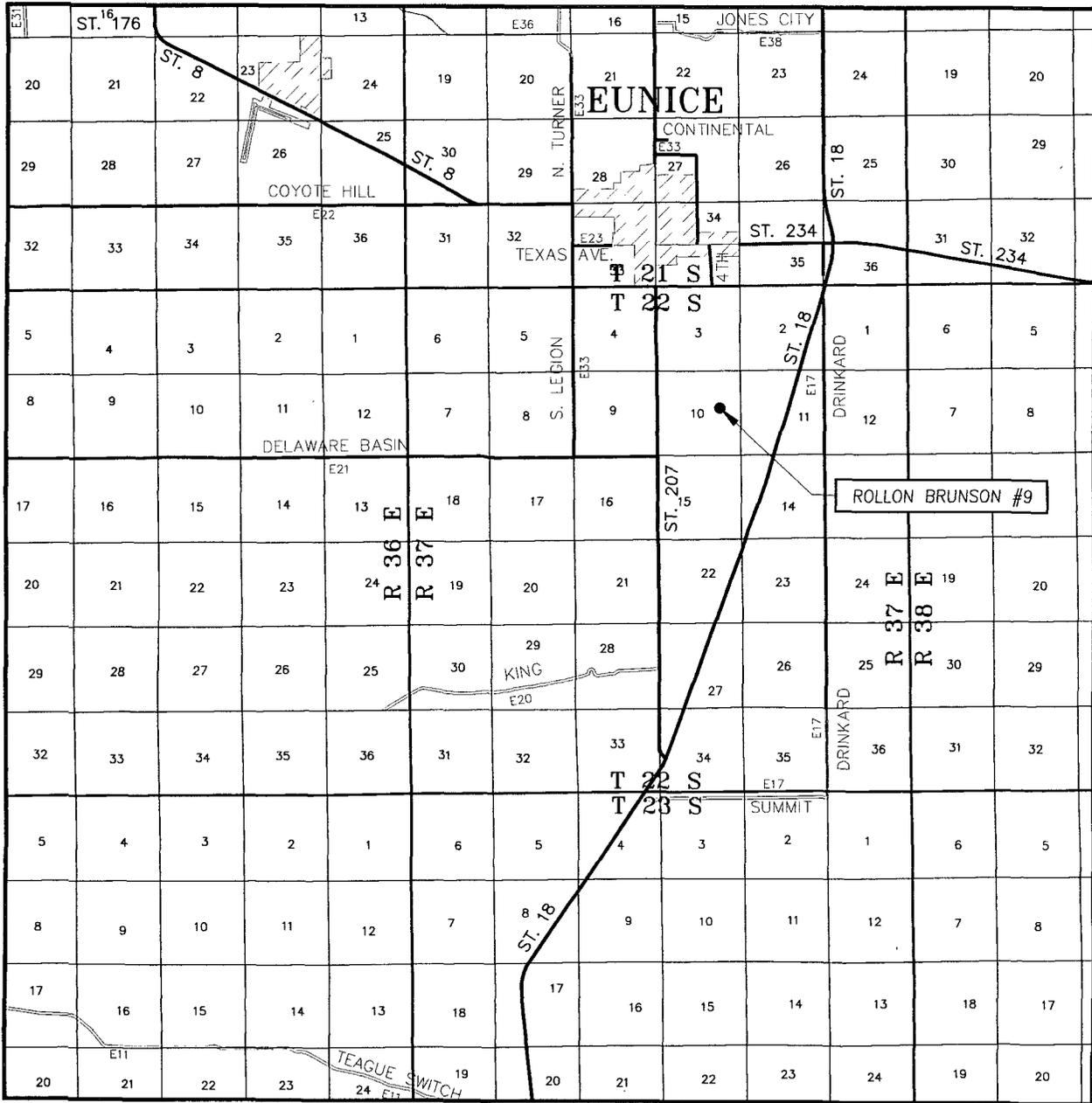
LEASE ROLLON BRUNSON

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.



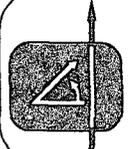
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 22-S RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1330' FNL & 2310' FEL
 ELEVATION 3400'
 OPERATOR CHEVRON USA INC.
 LEASE ROLLON BRUNSON



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

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

1220 South St. Francis Dr.
Santa Fe, NM 87505

Exhibit 3.1

District IV
1220 South St. Francis Dr., Santa Fe, NM
87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 50350		³ Pool Name Penrose Skelly; Grayburg	
⁴ Property Code		⁵ Property Name Rollon Brunson			⁶ Well Number 9
⁷ OGRID No.		⁸ Operator Name Chevron U.S.A., Inc.			⁹ Elevation 3400

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
G	10	22S	37E		1330	North	2310	East	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 40	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



¹⁷ OPERATOR CERTIFICATION

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

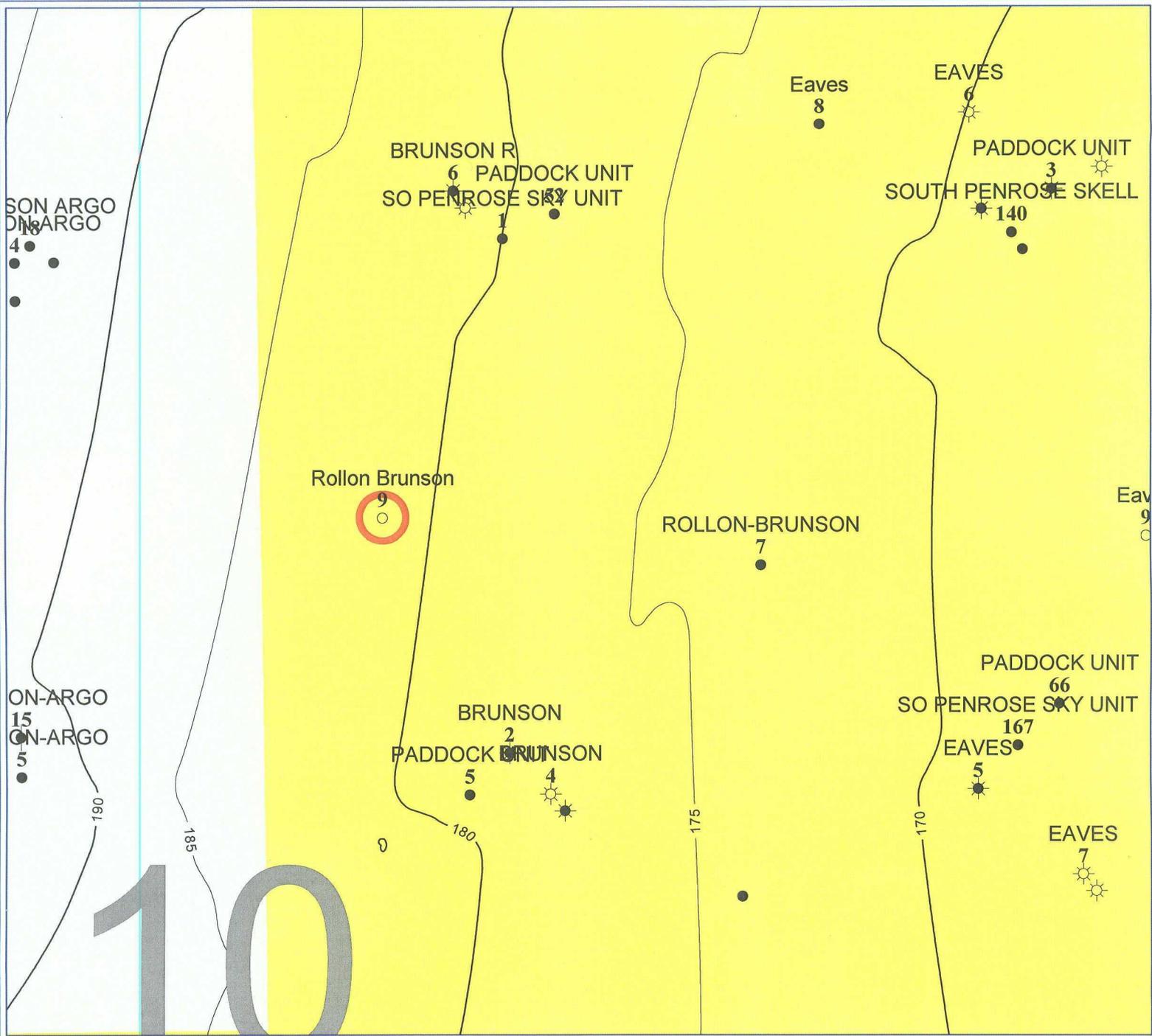
Sarah C. Rittenhouse
Signature
Sarah C. Rittenhouse
Printed Name
Geologist
Title
November 2, 2007

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



PETRA 11/27/2007 8:41:23 AM



Chevron U.S.A. Inc.

EXHIBIT 4

Penrose-Skelly Field Rollon Brunson 9

Sec 10, T22S-37E, Lea CO, New Mexico

Grayburg Net Pay CI=5'[Gr<40, Por>6%]

POSTED WELL DATA

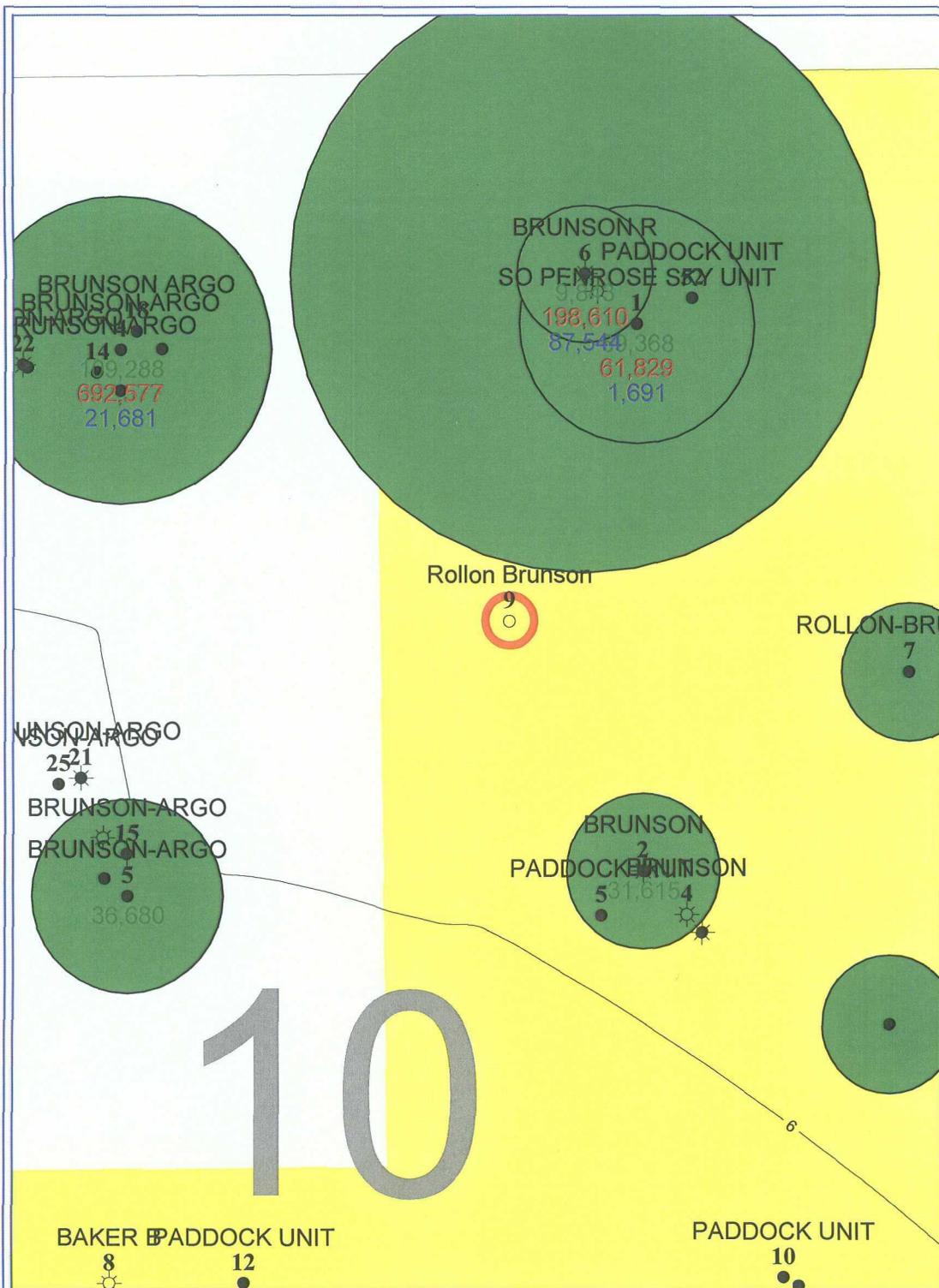
Well Name
Well Number



0 368



FEET



PETRA 11/28/2007 8:39:09 AM



Chevron U.S.A. Inc.

EXHIBIT 5

Penrose Skelly Field Rollon Brunson 9

See 10, T21S-37E, Lea CO. New Mexico

Grayburg HCPV CI=2 & EUR - Drainage

POSTED WELL DATA

Well Name
Well Number

PRODUCTION - O_GRAYBURG
PRODUCTION - G_GRAYBURG
PRODUCTION - W_GRAYBURG

0 402

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, January 16, 2008 4:55 PM
To: 'Casey.Mobley@chevron.com'
Subject: Rollon Brunson #9 - NSL Application

Dear Mr. Mobley:

I have before me the referenced application, and have the following question.

You state (final paragraph on first page) that "the NE/2 of the NE/4 of Section 10 is covered by a single fee lease and has common . . . ownership."

Of course in New Mexico, as distinguished from Texas, it would be highly unusual for a section to have a NE/2. I therefore assume this is a typo. I suspect you may have intended to say that the E/2 NE/4 of Section 35 is covered by a single lease and has common ownership. If that is the case, please specifically confirm this. Otherwise, please furnish proof of notice to affected persons in the NW/4 NE/4 of Section 35.

Thanks in advance for your response.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Mobley, Casey R. [Casey.Mobley@chevron.com]
Sent: Thursday, January 17, 2008 9:36 AM
To: Brooks, David K., EMNRD
Subject: RE: Rollon Brunson #9 - NSL Application

David,

Thank you for informing us of the error in our application. I checked with my Land Rep and Regulatory Agent on this matter; the correction that they recommended is as follows:

The W/2 of the NE/4 of Section 10 is covered by two fee leases and has common royalty and working interest ownership from the surface to the top of the Paddock formation. Chevron no longer owns any working interest in the Paddock formation, but it appears that royalty interest ownership is common for ALL depths in the W/2 of the NE/4 of Section 10.

Please accept these changes. Don't hesitate to bring to me any further questions or concerns you have regarding this or other permits.

Thanks in advance for your time and attention.

Casey

Casey R. Mobley

Geologist

New Mexico Asset Development
MidContinent SBU
Chevron North American Exploration and Production
11111 S. Wilcrest Dr., S1212B
Houston, TX 77099
(281) 561-4830

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, January 16, 2008 5:55 PM
To: Mobley, Casey R.
Subject: Rollon Brunson #9 - NSL Application

Dear Mr. Mobley:

I have before me the referenced application, and have the following question.

You state (final paragraph on first page) that "the NE/2 of the NE/4 of Section 10 is covered by a single fee lease and has common . . . ownership."

Of course in New Mexico, as distinguished from Texas, it would be highly unusual for a section to have a NE/2. I therefore assume this is a typo. I suspect you may have intended to say that the E/2 NE/4 of Section 35 is

1/17/2008

covered by a single lease and has common ownership. If that is the case, please specifically confirm this. Otherwise, please furnish proof of notice to affected persons in the NW/4 NE/4 of Section 35.

Thanks in advance for your response.

Sincerely

David K. Brooks
Legal Examiner

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient (s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

This inbound email has been scanned by the MessageLabs Email Security System.

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected. The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

5 Records Found

Displaying Screen 1 of 1

API Number	ULSTR	Footages
<input type="radio"/> 3002510156	G -10-22S-37E	2086 FNL & 2086 FEL
Well Name & Number: ROLLON BRUNSON No. 005		
Operator: CHEVRON U S A INC		
<input type="radio"/> 3002510161	G -10-22S-37E	2086 FNL & 1874 FEL
Well Name & Number: ROLLON BRUNSON No. 004		
Operator: CHEVRON U S A INC		
<input type="radio"/> 3002510171	G -10-22S-37E	1980 FNL & 1980 FEL
Well Name & Number: ROLLON BRUNSON No. 002		
Operator: CHEVRON U S A INC		
<input type="radio"/> 3002538335	G -10-22S-37E	1460 FNL & 1330 FEL
Well Name & Number: ROLLON BRUNSON No. 007		
Operator: CHEVRON U S A INC		
<input type="radio"/> 3002538385	G -10-22S-37E	2310 FNL & 1390 FEL
Well Name & Number: ROLLON BRUNSON No. 008		
Operator: CHEVRON U S A INC		

SA

Blindery

X

✓

✓

5 Records Found

Displaying Screen 1 of 1