

ChevronTexaco
Permian BU
15 Smith Rd
Midland, TX 79705
Tel 915 687 7212
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scottingram@chevrontexaco.com

Scott Ingram
Technical Team Leader
Carlsbad Asset Team

P WJ 023 195 1948

NA 11/15/02

November 15, 2002

ChevronTexaco

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, New Mexico 87505

Re: Request for Administrative Approval
Unorthodox Gas Well Location
Skelly Unit #950
973' FNL & 2226' FWL, Unit C
Section 28, T17S, R31E
Eddy County, New Mexico

Dear Mr. Ezeanyim,

ChevronTexaco respectfully requests NMOCD administrative approval for a non-standard location for a 320 acre gas proration unit, consisting of the N/2 of Section 28, T17S, R31E, Eddy County, N.M.

This SU #950 well was originally permitted at a location 1650' FNL & 660' FWL Section 28, T17S, R31E (copy attached). It became necessary to move the location to the northeast to reduce reservoir risk after incorporating into our subsurface interpretations new subsurface data acquired through the recent drilling of an offset well. Several attempts were made to re-stake the well at a location which reduced the reservoir risk, based on the revised interpretation, and avoided area pipelines, existing wells, a drainage draw and a rather large arch site in the vicinity. These attempts included locations at 660' FNL & 1650' FWL, 810' FNL & 1650' FWL, 1210' FNL & 1650' FWL, and 1260' FNL & 1650' FWL. These locations all proved unacceptable due to pipelines, topography, or archaeological considerations, therefore it became necessary to stake the well at the unorthodox location referenced above. This location is unorthodox as it encroaches by 246' on an internal quarter section line.

Because this unorthodox location encroaches only ChevronTexaco operated acreage, there are no "affected persons" associated with this request. Furthermore, since ChevronTexaco, et al, own all leasehold rights below the San Andres formation in the N/2 of Section 28 (common ownership in entire N/2 of Section 28), correlative rights will be protected for any future uphole recompletion attempts in this wellbore.

Please refer to the attached C-102 plat and maps for supporting data to this request.

Thank you for your consideration of this proposal. If you have any questions concerning this application, please contact Darrell Carriger at (915) 687-7356 or Scott Ingram at (915) 687-7212.

Sincerely,

Scott M. Ingram
Scott M. Ingram
Technical Team Leader / Geologist

/Attachments

ad
Carlsbad

DISTRICT I
P.O. Box 1090, Hobbs, NM 88441-1090

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised February 10, 1994
Submit to Appropriate District Office
State Leads - 4 Copies
Per Leads - 3 Copies

DISTRICT II
P.O. Drawer 52, Alameda, NM 88411-0519

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1800 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-32437	Pool Code	Pool Name MORROW
Property Code	Property Name SKELLY UNIT	Well Number 950
GRID No. 4323	Operator Name Chevron USA, INC.	Elevation 3784'

Surface Location

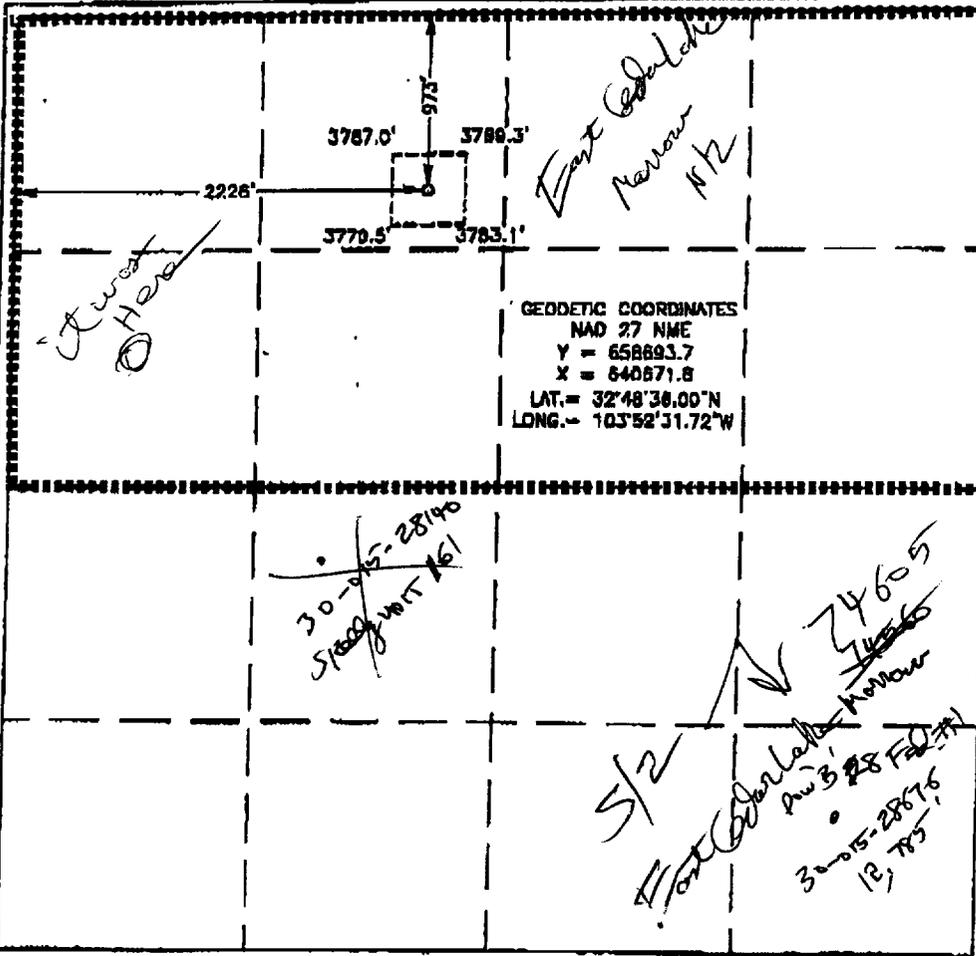
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	28	17-S	31-E		973'	NORTH	2226'	WEST	EDDY

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 320	Joint or Infill	Consolidation Code	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



OPERATOR CERTIFICATION

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

Denise Leake
Signature
Denise Leake
Printed Name
Regulatory Specialist
Title
11-12-02
Date

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.

NOVEMBER 06, 2002

Date Surveyed

Signature of Surveyor
Robert L. Anderson
Professional Surveyor
NEW MEXICO
02.17.08#8
10/08/02

Plate No. ROBERT L. ANDERSON 9339
12841

plwvj0231957948

ChevronTexaco

Stelly Unit

Stelly Unit #950

Unorthodox Location Application

Eddy County, N.M.

0 1,827

FEET

POSTED WELL DATA

MORROW
Well Number

PRODUCER

WELL SYMBOLS

- Oil Well
- ☀ Gas Well
- Dry Hole
- Location Only

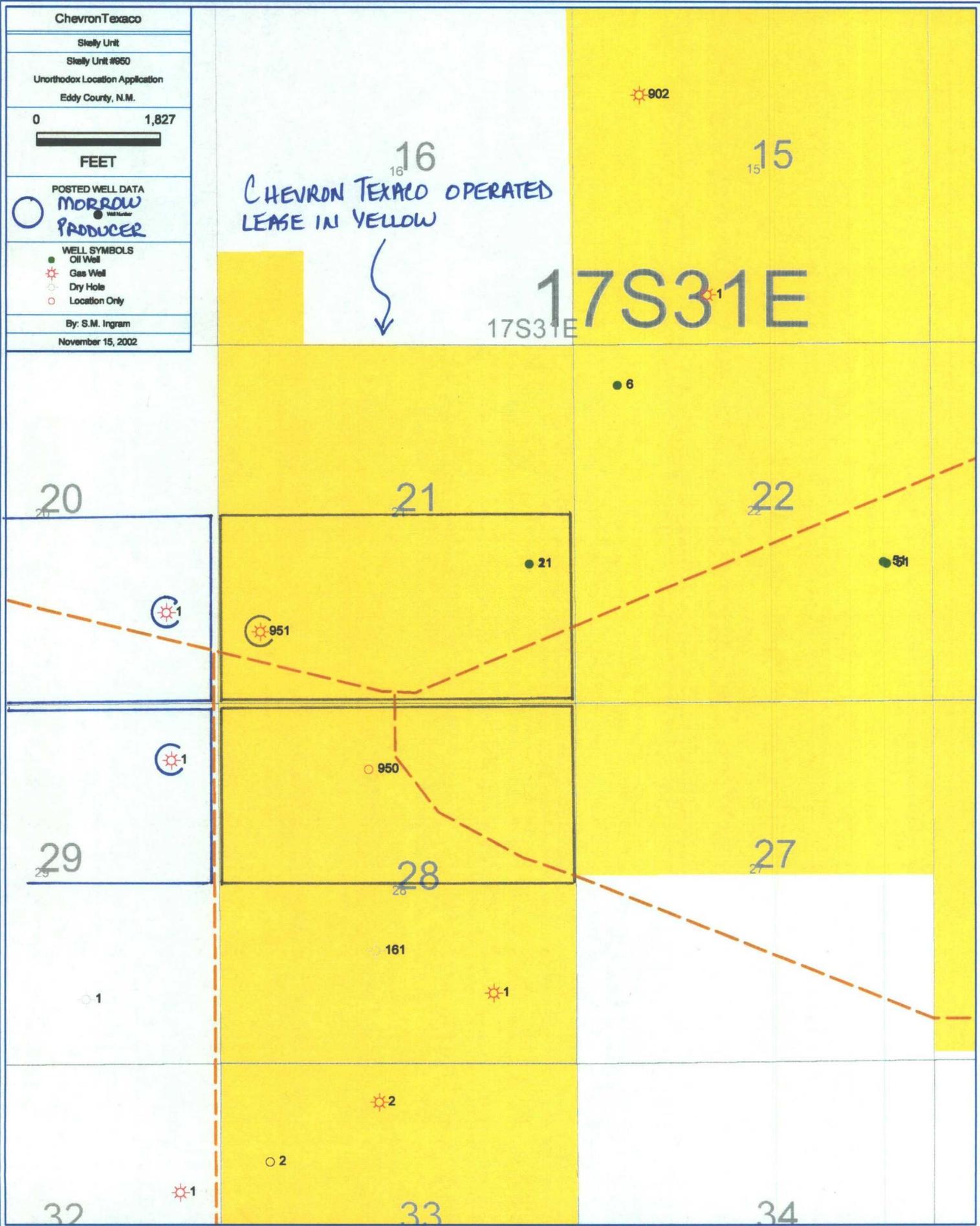
By: S.M. Ingram

November 15, 2002

16
CHEVRON TEXACO OPERATED
LEASE IN YELLOW



17S31E



**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN *Ref no: HI 1842*

b. TYPE OF WELL
 OIL WELL Gas Well OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Mack Energy Corporation

3. ADDRESS AND TELEPHONE NO.
P.O. Box 960, Artesia, NM 88211-0960 (505) 748-1288

4. LOCATION OF WELL (Report location clearly and in accordance with any state requirement.*)
 At surface
1650 FNL & 660 FWL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
6 miles east of Loco Hills Post Office

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	660	16. NO. OF ACRES IN LEASE	4160	17. NO OF ACRES IN LEASE TO THIS WELL	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT.	330	19. PROPOSED DEPTH	12,200'	20. ROTARY OR CABLE TOOLS	Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3761' GR				22. APPROX. DATE WORK WILL START* 8/17/02	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	J-55, 13 3/8	48	400	Circ
12 1/4	J-55, 8 5/8	32	4500	Sufficient to Circ
7 7/8	S-95 & N-80, 5 1/2	17	12,200	Sufficient to Circ

Mack Energy proposes to drill to a depth sufficient to test the Morrow Formation for gas. If productive, 5 1/2" casing will be cemented. If non-productive, plugging and abandoning in a manor consistent with federal regulation. Specific programs as per Onshore Oil and Gas Order #1 are outlined in the following attachments:

- 1. Surveys
Exhibit #1- Well Location Plat
Exhibit #2- Vicinity Map
Exhibit #3- Location Verification Map
- 2. Drilling Program
- 3. Surface Use & Operating Plan
Exhibit #4- One Mile Radius Map
Exhibit #5- Production Facilities Layout
Exhibit #6- Location Layout
- 4. Certification
- 5. Hydrogen Sulfide Drilling Operation Plan
Exhibit #7- H2S Warning Sign
Exhibit #8- H2S Safety Equipment
- 6. Blowout Preventers
Exhibit #9- BOPE Schematic
Exhibit #10- Blowout Preventer Requirements
Exhibit #11- Choke Manifold
- 7. Responsibility Statement

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Chris D. Cole* TITLE Production Analyst DATE 7/22/02

(This space for Federal or State office use)
PERMIT NO. _____ APPROVAL DATE SEP - 4 2002

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *Joey Y. Lora* Acting FIELD MANAGER DATE 8/30/02

*See Instructions On Reverse Side **APPROVAL FOR 1 YEAR**

OPERATOR'S COPY

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No
NM-98122

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Skelly Unit #950

2. Name of Operator
Mack Energy Corporation

9. API Well No.

3. Address and Telephone No.
P.O. Box 960, Artesia, NM 88211-0960 (505)748-1288

10. Field and Pool, or Exploratory Area
Morrow

4. Location of Well (Footage, Sec., T. R., M. or Survey Description)
1650 FNL & 660 FWL, Sec. 28, T17S R31E, E

11. County or Parish, State
Eddy, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Change Operator</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Mack Energy Corporation respectfully request a change of operator on the Skelly Unit #950 from Mack Energy Corporation to ChevronTexaco E & P Inc.

14. I hereby certify that the foregoing is true and correct
Signed Craig D. Cat Title Production Analyst Date 8/20/02

(This space for Federal or State office use)

Approved by Alexis C. Swoboda Title PETROLEUM ENGINEER Date SEP 30 2002

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or Agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

•See Instruction on Reverse Side

TRANSACTION REPORT

P. 01

NOV-15-2002 FRI 09:55 AM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
NOV-15	09:54 AM	+9156877905	1'34"	6	RECEIVE	OK		

Cedar Lake - narrow (Eoz 74560)
East Cedar Lake - narrow (Eoz 74605)
North " " " " 74600

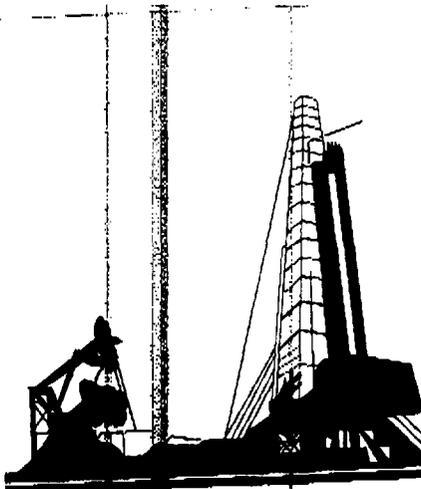
TRANSACTION REPORT

P. 01

NOV-15-2002 FRI 02:46 PM

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
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TOTAL :						29S PAGES:	2	



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
 1220 S. ST. FRANCIS DRIVE
 SANTA FE, NM 87505
 (505) 476-3440
 (505) 476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO:

Scott INGRAM - CHEVRON TEXACO

FROM:

Will Jones - NM OCD SANTA FE