

DATE IN 6/22/01	SUSPENSE 7/12/01	ENGINEER MS	LOGGED KN	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

117755394

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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

A. M. Howell

Sr. Petro. Engineer

6/15/2001

Print or Type Name

Signature

Title

Date



June 15, 2001

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

Request for Administrative Approval
120-Acre Non-Standard Proration Unit,
Unorthodox Gas Well Location, And
Simultaneous Dedication
Drinkard (NCT-B) # 7
2120' FSL & 1980' FWL, Unit K
Drinkard (NCT-B) # 8
810' FSL & 1980' FWL, Unit N
Section 30, T22S, R38E
Lea County, New Mexico

New Mexico Oil Conservation Division
Attn: Lori Wrotenbery
2040 South Pacheco
Santa Fe, NM 87505

Dear Ms. Wrotenbery:

Attached is an amended application for NMOCD administrative approval of a 120-acre non-standard gas proration unit and simultaneous dedication for the subject wells.

This re-filing for the subject wells is in response to the NMOCD letter dated June 8, 2001 (copy attached), which notified Chevron that our original application requesting a non-standard 160-acre proration unit had been set for hearing. Rather than go to the considerable preparation and expense required for a hearing, we prefer to amend our application to a 120-acre non-standard gas proration unit, consisting of the E $\frac{1}{2}$ SW $\frac{1}{4}$ and the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30. As mentioned in our original letter (copy attached), this gas proration unit is needed because the producing GOR for the subject wells increased to above 50,000:1 on the last annual gas-oil ratio tests filed. Please remove the original application from the hearing docket, and process this amended application requesting administrative approval for a 120-acre non-standard gas proration unit in the Tubb Oil & Gas Pool, simultaneously dedicated to Drinkard (NCT-B) # 7 and # 8. Administrative approval is also requested for the unorthodox gas well location created by the re-classification of Drinkard B # 7.

A copy of this application was mailed via certified mail to all affected offset operators.

If you have any questions concerning this application, please contact Mike Howell at (915) 687-7516.

Sincerely,

A handwritten signature in black ink that reads "A. M. Howell". The signature is written in a cursive style with a large, stylized "A" and "H".

A. M. Howell
Sr. Petroleum Engineer

cc: NMOCD – Hobbs District
A.M. Howell
D. K Beckham
J. K. Ripley
N. V. Mouser
W. F. Carr
Central Files – Lease and Well Files



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

June 8, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Chevron U.S.A. Production Company

P. O. Box 1150

Midland, Texas 79702

Attention: A. M. Howell

Re: *Two administrative applications to form non-standard 160-acre gas spacing and proration units within the Tubb Oil and Gas Pool in Section 30, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, comprising: (i) the NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 of Section 30; and (ii) the N/2 NE/4, SE/4 NE/4, and NE/4 NW/4 of Section 30.*

Dear Mr. Howell:

I have reviewed the two subject applications, as you know the Tubb Oil and Gas Pool is subject to: (i) special pool rules (see Division Order No. R-8170, as amended); (ii) the gas proration rules under Division Rule 605; and (iii) Division Rule 104. Since both proposed 160-acre units are to cross a governmental quarter section line and take portions of acreage from two quarter sections, these applications can not be processed administratively [see Division Rules 605.B (2) (b) and 104.D (2) (b) (ii)].

Both applications have therefore been set for hearing and will appear on the Division's first available docket scheduled for July 12, 2001. Should you have any questions concerning this matter please refer them to your legal counsel.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs
Mr. Ray Vaden, Chevron U.S.A. Production Company - Midland
William F. Carr, Legal Counsel for Chevron U.S.A. Production Company - Santa Fe
Kathy Valdes - NMOCD, Santa Fe

April 23, 2001



Administrative Application For
160-Acre Non-Standard Proration Unit,
Unorthodox Gas Well Location, And
Simultaneous Dedication
Drinkard (NCT-B) # 7
2120' FSL & 1980' FWL, Unit K
Drinkard (NCT-B) # 8
810' FSL & 1980' FWL, Unit N
Section 30, T22S, R38E
Lea County, New Mexico

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

New Mexico Oil Conservation Division
Attn: Lori Wrotenbury
2040 South Pacheco
Santa Fe, NM 87505

Dear Ms. Wrotenbury:

Chevron respectfully requests NMOCD administrative approval for a 160-acre non-standard proration unit consisting of the E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30 and simultaneous dedication to Drinkard (NCT-B) # 7 and # 8. Also, since the Drinkard B # 8 is located 520' from the north lease line, approval is requested for an unorthodox gas well location in the Tubb Oil & Gas Pool.

The Drinkard (NCT-B) # 7 was drilled and completed in the Tubb Oil & Gas Pool during September 1985. The well has produced since initial completion in the Tubb as an oil well, with 40 acres assigned to the oil proration unit. However, on the last annual gas-oil ratio test filed, the GOR increased to above 50,000:1, so it is necessary to reclassify the well as a gas well. Since the B # 7 is located only 520' from the north lease line, the location is unorthodox for a Tubb gas well.

The Drinkard (NCT-B) # 8 was drilled and completed in the Tubb Oil & Gas Pool during December 1985. The well produced since initial completion in the Tubb as an oil well, with 40 acres assigned to the oil proration unit. As with the B # 7, the GOR of Drinkard B # 8 has increased to above 50,000:1. Therefore, it is also necessary to reclassify the B # 8 as a gas well in the Tubb Oil & Gas Pool.

In order to correct the classifications of these wells, it is proposed to form a 160-acre gas proration unit in the Tubb Oil & Gas Pool, simultaneously dedicated to Drinkard (NCT-B) # 7 and # 8. There are 160 acres available for dedication in the S $\frac{1}{2}$ of Section 30, but they do not comprise a standard governmental quarter-section. Therefore, NMOCD administrative approval

is requested to form a 160-acre non-standard gas proration unit in the Tubb Oil & Gas Pool, simultaneously dedicated to Drinkard (NCT-B) # 7 and # 8. Administrative approval is also requested for the unorthodox gas well location created by the re-classification of Drinkard B # 7.

A copy of this application was mailed via certified mail to all affected offset operators.

If you have any questions concerning this application, please contact Mike Howell at (915) 687-7516.

Sincerely,



A. M. Howell
Sr. Petroleum Engineer

Attachments

cc: NMOCD – Hobbs, New Mexico
Nathan Mouser
Mike Howell
Janice Ripley
Denise Beckham
Well Files

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

District II
811 South First, Artesia, NM 88210

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

District IV
2040 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

¹ API Number 30-025-28590	² Pool Code 86440	³ Pool Name Tubb Oil & Gas
⁴ Property Code 2605	⁵ Property Name Drinkard (NCT-B)	⁶ Well Number 7
⁷ OGRID No. 4323	⁸ Operator Name Chevron U.S.A., Inc.	⁹ Elevation 3338'

¹⁰ Surface Location

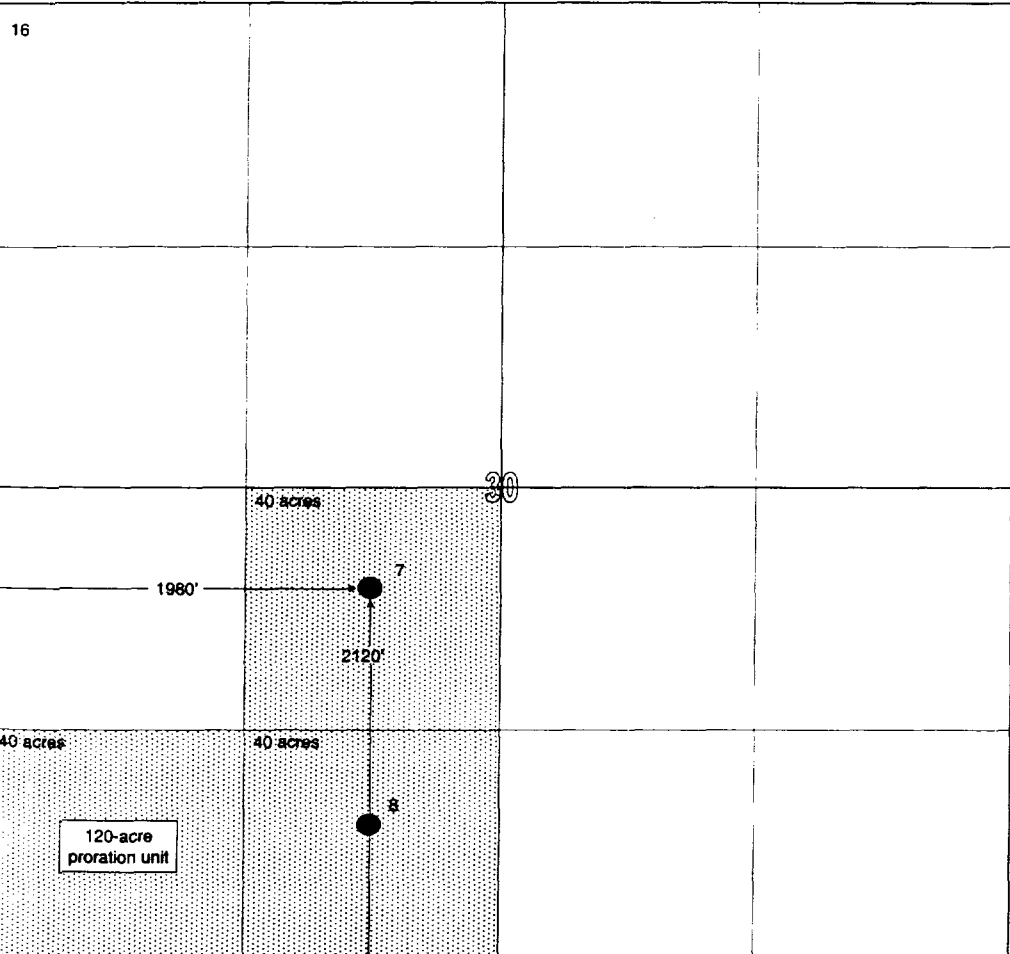
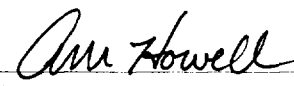
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	30	22S	38E		2120	South	1980	West	Lea

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
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¹² Dedicated Acres 120	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

<div>16</div> 	<div>17</div> <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature _____ A. M. Howell</p> <p>Printed Name _____ Sr. Petroleum Engineer</p> <p>Title _____ June 18, 2001</p>
	<div>18</div> <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>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

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

District II
811 South First, Artesia, NM 88210

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

District IV
2040 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

¹ API Number 30-025-28594	² Pool Code 86440	³ Pool Name Tubb Oil & Gas
⁴ Property Code 2605	⁵ Property Name Drinkard (NCT-B)	⁶ Well Number 8
⁷ OGRID No. 4323	⁸ Operator Name Chevron U.S.A., Inc.	⁹ Elevation 3334'

¹⁰ Surface Location

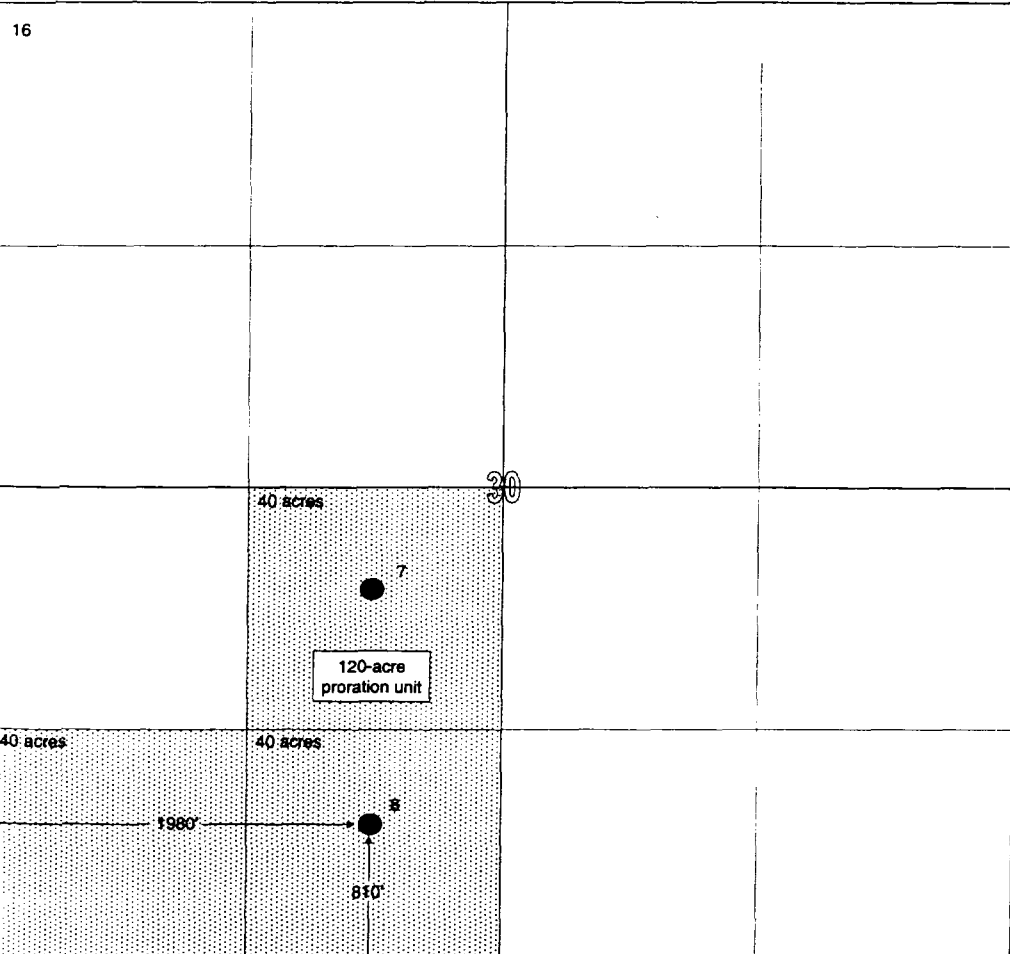
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	30	22S	38E		810	South	1980	West	Lea

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 120	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

<div>16</div> 	<div>17</div> <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>A. M. Howell</i></p> <p>Signature _____</p> <p>A. M. Howell</p> <p>Printed Name _____</p> <p>Sr. Petroleum Engineer</p> <p>Title _____</p> <p>June 18, 2001</p>
	<div>18</div> <p>SURVEYOR CERTIFICATION</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>

**Drinkard (NCT-B) # 7 & # 8
Chevron U.S.A. Inc.
120-Acre Non-Standard Gas Proration Unit,
Unorthodox Gas Well Location, And
Simultaneous Dedication
Request For Administrative Approval**

List Of Offset Operators:

1. Texaco Exploration And Production, Inc.
P.O. Box 3109
Midland, TX 79702-3109

2. John H. Hendrix Corporation
P. O. Box 3040
Midland, TX 79702-3040



June 15, 2001

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

Notice Of Administrative Application For
120-Acre Non-Standard Proration Unit,
Unorthodox Gas Well Location, And
Simultaneous Dedication
Drinkard (NCT-B) # 7
2120' FSL & 1980' FWL, Unit K
Drinkard (NCT-B) # 8
810' FSL & 1980' FWL, Unit N
Section 30, T22S, R38E
Lea County, New Mexico

Texaco Exploration And Production, Inc.
P.O. Box 3109
Midland, TX 79702-3109

Dear Sir or Madam:

Attached is a copy of an amended administrative application for NMOCD approval for a 120-acre non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication for the subject wells.

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 (915) 687-7516.

Sincerely,

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

A. M. Howell
Sr. Petroleum Engineer



June 15, 2001

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

Notice Of Administrative Application For
120-Acre Non-Standard Proration Unit,
Unorthodox Gas Well Location, And
Simultaneous Dedication
Drinkard (NCT-B) # 7
2120' FSL & 1980' FWL, Unit K
Drinkard (NCT-B) # 8
810' FSL & 1980' FWL, Unit N
Section 30, T22S, R38E
Lea County, New Mexico

John H. Hendrix Corporation
P. O. Box 3040
Midland, Texas 79702-3040

Dear Sir or Madam:

Attached is a copy of an amended administrative application for NMOCD approval for a 120-acre non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication for the subject wells.

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 (915) 687-7516.

Sincerely,

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

A. M. Howell
Sr. Petroleum Engineer



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

5/7/01

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC	_____
DHC	_____
NSL	_____
NSP	_____
SWD	_____
WFX	_____
PMX	_____

Gentlemen:

I have examined the application for the:

Chevron USA Inc Drinkard NCT-B #7-K-30-225-38e
Operator Lease & Well No. Unit S-T-R 30-025-28590

and my recommendations are as follows:

Yours very truly,

Chris Williams (Signature)

Chris Williams
Supervisor, District 1