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September 22, 1992

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

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OIL CONSERVATION DIVISION

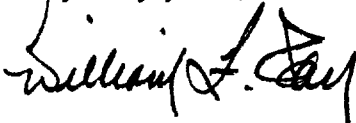
10571

Re: In the Matter of the Application of Chevron U.S.A. Inc. for a High Angle/Horizontal Drilling Pilot Project, the Promulgation of Special Project Rules, an Unorthodox Well Location, a Nonstandard Proration Unit, and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Chevron U.S.A. Inc., in the above-referenced case. Chevron U.S.A. Inc., respectfully request that this matter be placed on the docket for the October 15, 1992 Examiner hearings.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Al Bohling  
Chevron U.S.A. Inc.  
Post Office Box 1150  
Midland, Texas 79702

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BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF CHEVRON U.S.A. INC. FOR A  
HIGH ANGLE/HORIZONTAL DRILLING  
PILOT PROJECT, THE PROMULGATION  
OF SPECIAL PROJECT RULES, AN  
UNORTHODOX WELL LOCATION, A  
NONSTANDARD PRORATION UNIT, AND  
SIMULTANEOUS DEDICATION,  
LEA COUNTY, NEW MEXICO.

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OIL CONSERVATION DIVISION

CASE NO. 10571

**APPLICATION**

CHEVRON U.S.A., INC., by its undersigned attorneys, hereby makes application to the New Mexico Oil Conservation Division for authority to initiate a high angle/horizontal drilling pilot project in the W/2 SE/4 of Section 30, Township 22 South, Range 38 East, N.M.P.M., Lea County, New Mexico, forming a nonstandard 80-acre oil spacing and proration unit in the South Brunson Drinkard-Abo Pool.

1. Chevron is the operator of the Drinkard and Abo formations, South Brunson Drinkard-Abo Pool, underlying the W/2 SE/4 of Section 30, Township 22 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

2. Chevron proposes to reenter its Drinkard (NCT-B) Well No. 5 which is located at a standard surface location 880 feet from the South line and 1980 feet from the East line of Section 30, plug back from the Wantz Granite Wash Oil Pool, kick off at approximately 6772 feet and drill in a north-northeasterly direction until an angle of 90 degrees is achieved and then continue drilling for approximately 400 feet.

3. The well will be located on and will drain an 80-acre non-standard oil proration unit in the Drinkard and Abo formations comprised of the W/2 SE/4 of Section 30.

4. The wellbore will be located within a target area described as a rectangle 880 feet from the South line, 1780 feet from the East line, 4000 feet from the North line and 3300 feet from the West line of said Section 30.

5. Chevron seeks authority to simultaneously dedicate the proposed horizontal Drinkard (NCT-B) Well No. 5 and its Drinkard (NCT-B) Well No. 3 located 660 feet from the South line and 1980 feet from the East line of Section 30.

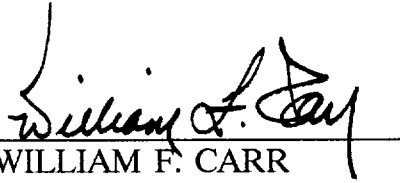
6. Chevron also seeks an exemption to the oil well allowable limitations for wells in the South Brunson Drinkard-Abo Pool and the adoption of Special Operating Rules which (1) permit increased allowables for the project area based on the total acres dedicated to the wells therein and (2) authorize Chevron to produce the allowable in any proportion out of either well.

7. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Chevron requests that this application be set for hearing before an appointed Examiner of the Oil Conservation Division on October 15, 1992 and, after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR

Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR CHEVRON  
U.S.A., INC.

SECTION \_\_\_\_\_

TOWNSHIP \_\_\_\_\_

RANGE \_\_\_\_\_

