EXHIBIT

GEOLOGICAL AND ENGINEERING REVIEW PROPOSED K-M CHAVEROO SAN ANDRES UNIT

General

The Chaveroo pool produces from the San Andres formation. It is located in Roosevelt and Chaves Counties, New Mexico. Production is found at a depth of approximately 4250'. This field was discovered in 1965 and was essentially developed over the next two years. It is currently producing at or near the economic limit on primary depletion in the area operated by Kerr-McGee Corporation (Exhibit 8).

San Andres Geology

The San Andres formation is one of the most widespread hydrocarbon bearing formations in New Mexico. Production is from a cyclic sequence of shallow-water carbonates and evaporites which progressed thru the northwest shelf. These fields are primarily stratigraphic traps and produce from interbedded dolomites and minor limestones. The rock is gray to brown fine crystalline to fine granular anhydritic dolomite with fine vuggy intercrystalline and fracture porosity zones. A more complete description of this field was prepared for the Roswell Geological Society Symposium by George L. Scott, Jr. in November, 1966 (Exhibit 9).

The San Andres can be divided into upper and lower parts based on the occurrence of a regionally correlatable marker bed, a siltstone 5-10' thick, known as the "Pi" marker, which typically occurs 400-650' below the formation top. At Chaveroo, the "Pi" marker is about 100-150' above the top of the porosity. A log cross-section was prepared for the proposed Kerr-McGee unit and shows typical San Andres continuity (Exhibit 10). Logs were located on a datum 100' above sea level. In the project area, the Chaveroo San Andres gross pay zone is up to 200' thick with 40-50' of net effective pay in the P1 and P2 and only isolated porosity stringers in the P3 and P4 zones. Between the P1 and P2 zones, there is an anhydrite layer. San Andres porosities average 7.5% in the project area. Permeabilities in the field are low and are typically less than 1 millidarcy.

Chaveroo San Andres Field

This field produces a sour crude of 24.5° API gravity and it was developed on 40 acre spacing. Cumulative field production was 22.9 million barrels of oil, 33.6 BCF of gas and 27.2 million barrels of water as of January 1, 1988. The field now has about 400 wells. The rapid decline in oil producing rates after development was completed, and rising producing gas-oil ratio's is indicative of

CARINO. 9682+9683

solution gas drive on primary. Water-oil contacts are hard to pick in this San Andres reservoir and wells in the project area typically start to produce water with depletion. This water production does not correlate with primary oil recovery and should not materially affect secondary oil recovery (Exhibit 11 and 12). Champlin had a degree of success at Chaveroo using produced water on a dump flood basis. In spite of the generally limited and uncoordinated injection, one 40 acre five-spot that was flooded by Champlin had a secondary to primary ratio (SPR) of 0.86. We anticipate a secondary to primary ratio of up to 1.0 based on favorable characteristics of the proposed Kerr-McGee Unit on primary depletion.

Proposed K-M Chaveroo San Andres Unit

The K-M Chaveroo Sand Andres Unit area has geologic characteristics and reservoir conditions that are similar to or superior to a typical well of the Chaveroo Field. It is in a area of relatively high per well recovery as shown in Exhibit 13, "Derivation of Tract Participation Factors", attached. Nineteen (19) wells in the K-M Chaveroo San Andres Unit have recovered 1,660,627 barrels of oil to December 31, 1988, or an average of 87,401 barrels of oil per well. A participation formula for the proposed Kerr-McGee Unit is a simple unit formula which credits cumulative production (essentially ultimate primary recovery) to December 31, 1988 as 100%.

Summary

A review of technical data and the proposed operational plans indicate that the K-M Chaveroo San Andres Unit is similar or perhaps somewhat superior to the rest of the Chaveroo field. The Unit area is considered typical of numerous other San Andres fields located in New Mexico that have been waterflooded successfully. The proposed operational plans appear to be sound and provide a water injection pattern consistent with the offset Murphy Haley Chaveroo San Andres Unit. The unitization and waterflooding of the Unit should: a) protect correlative rights; b) promote the conservation of petroleum; and c) prove beneficial to the interest owners, and county, state and federal treasuries.

RJQ029P2/rw4

	STATUS	Shut - In Shut - In	, pro-	Kew -hrige	A SWD 4239-4416'	9682	2/ +9653
	1988 WATER	91133 1222 1232 1232 1232 123 123 123 123	155	375 268 375	187	103	3957
LEASES	DECEMBER, GAS, MCF	0211404527452 1022452 1022452 1022452 102175 102175 102175 1022 1022 1022 1022 1022 1022 1022 102	301	128 139 139	128 0	62	2899
STATE "2" LE	011	1 0 4 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	92	8 9 8 8 9 8	59 0	58	1286
WELL DATA FOR PROPOSED UNIT "F", "C", "FU" AND BRISTOL LEVICK S CHAVEROO (SAN ANDRES) FIELD	LOCATION	<pre>Sec 2, TWP 85, RGE 33E 660' FNL & 660' FWL 660' FNL & 1980' FWL 1980' FNL & 1980' FWL 1980' FNL & 1980' FWL 1980' FSL & 1980' FWL 1980' FSL & 1980' FEL 1980' FSL & 1980' FEL 660' FSL & 1980' FEL</pre>	1980' FNL & 1980' FEL	1980' FEL & 660' FNL 660' FNL & 660' FEL 1980' FNL & 660' FEL	Sec 1, TWP 8S, RCE 33E 660' FNL & 660' FWL 660' FNL & 1980' FWL	1650' FNL & 330' FWL	
KERR-MCGEE STATE	COMPLETION DATE	$\begin{array}{c} 06 & -07 & -66 \\ 06 & -07 & -66 \\ 07 & -15 & -66 \\ 07 & -15 & -66 \\ 09 & -03 & -66 \\ 09 & -17 & -66 \\ 09 & -17 & -66 \\ 110 & -25 & -66 \\ 111 & -27 & -66 \\ 111 & -27 & -66 \\ 111 & -03 & -80 \end{array}$	08-23-66	06 - 20 - 66 06 - 14 - 66 07 - 20 - 66	08-10-66 08-05-66	09-29-66	
KEF	WELL TYPE	Producer	Producer	Producer "	Producer SWD	Producer	
	NEW UNIT WELL #	00000000000000000000000000000000000000	010	004 003 011	002 001	012	
	WELL NAME	State "F" #1D ##2C ##3E ##3E ##7J ##120 #1120 #1120 #1120 #14C	Levick State "2" #1G	State "C" #1B #2A #3H	State "C" #4D #5C	State "FU" #9E	TOTAL RJQ05:1rg01

WELL DATA FOR PROPOSED UNIT

EXHIDIT-)

ROSWELL GEOLOGICAL SOCIETY SYMPOSIUM

		•	
Author: Affiliation: Date:	George L. Scott, Jr. Consulting Geologist November 1966	Field Name: Location: County & State:	Chaveroo T-7,8-S, R-33, 34-E Chaves_& Roosevelt Counties, New Mexico
-	ell: Champlin Pet. Co. & Warren Section 32, T-7-S, R-33-E. Co IPP 148 BOPD + 2 BWPD, GOR 810	mpleted 3/20/0	Co. #1 Hondo State, SE/4 NE/4
Exploration 1 Pay Zone:	Method Leading to Discovery: 00% SUDSUR)		Top of field pay is at 4184 (+255)
Litholog inclu from is ba	y Description: Tan to brown, fine t usions, and vugular, inter-crys lst to 2nd porosities; scatter	o medium cryst talline and fi ed wells also ers only lst a	Well: Top perf in disc. well 4299. talline dolomite with scattered anhydrite racture porosity. Most wells complete perf 3rd porosity. The net porosity and 2nd porosities. (Cont. under Type Trap)
Pay Zone where poros Reservoir Do 6 Oil: Gas: Water: Sp	vest margin of the field to pro e (cont. from above). Net poro e extensive fracturing has lowe	vide the trap sity map is no red the poros al at the sout ter contact. 5% sw, <u>16</u> % 55,600 ct, <u>200</u> 035	so HCO3,Fef

Normal Completion Practices: Set casing through pay and selectively perforate with one shot per interval. Acidize with 2000 gallons of acid, and sand fracture with 30,000 gallons of oil and 30,000 pounds of sand.

V

Type completion: Both flowing and pumpingNormal Well Spacing _____ 40_____ Acres

Deepest Horizon Penetrated & Depth: Bough "C" at 9100' in the discovery well. At the south end of the field several abandoned Bough "C" wells have been plugged back to the San Andres Other Producing Formations in Field: None within the area of San Andres production, however, Bough "C" production in the Tobac field adjoins the Chaveroo San Andres field on the south.

Production Data:

AR	TYPE	No. of @ yr.	end	PRODU OIL IN GAS IN	BARRELS	YEAR	YPE	No. ol @ yr	r	OIL IN	UCTION BARRELS MMCF
YE	L ا	Prod.	S.I.or Abd.	ANNUAL -	CUMULATIVE	٦× [-	Prod.	S.I.or Abd.	ANNUAL	CUMULATIVE
1965	OIL	45		166,896	166,896		OIL				
	GAS			179,400	179,400		GAS				
1966	*OIL	241		1,474,705	1.641.601		OIL				
	GAS			1.084.527	1.263.927		GUS				
	OIL		·				OIL				
	GAS						GLS				
	OIL					T	OIL				
	GAS				•		GAS	1	1.	<u></u>	

* 1966 production to September 30, 1966.



U. S. Onshore Oper. MAR 0 3 1988 E & P DIV.

STATE OF NEW MEXICO

STATE ENGINEER OFFICE SANTA FE

S. E. REYNOLDS STATE ENGINEER BATAAN MEMORIAL BUILDING STATE CAPITOL SANTA FE NEW MEXICO 87503

EXHIBIT 14

Kerr- McGau 23 9682+9683

February 29, 1988

Kerr McGee Corporation c/o R.J. Quance Exploration and Production Division P.O. Box 25861 Oklahoma City, OK 73125

Dear Mr. Quance:

Your February 3, 1988, letter requests assistance in attempting to locate a suitable fresh, brackish, or saltwater source capable of supplying from 2,000 to 4,000 BWPD. You indicate that your investigation relates to leases in Sections 1 and 2, Township 8 South, Range 33 East. This area is not located within a declared underground water basin in the State of New Mexico; therefore the drilling of wells and appropriation of water in this area would not require a permit from this office. The State Engineer would have no jurisdiction over ground water development other than to prevent waste. A map showing the declared underground water-basins in New Mexico is enclosed.

The USGS Button Mesa NE Quadrangle map indicates that there is at least one windmill in Section 2, T8S, R33E with additional windmills in adjacent sections. The major water bearing formation in this area is the Ogallala Formation. The western boundary of the Ogallala is located just a few miles west from your area of interest and dips to the east from New Mexico into Texas. The gradient of water movement in the Ogallala is generally from west to east with the saturated thickness increasing from west to east. In your area of interest, the saturated thickness of the Ogallala may be very small, which may be indicative of low producing wells. The State Engineer Office has checked its records and does not have any specific information on ground water quality or quantity for your area. There are, however, the following reports available for the surrounding areas that may be of interest to you.

McAda, Douglas, 1984, <u>Projected Water Level Declines in the Ogallala Aquifer</u> in Lea County, New Mexico, U. S. Geological Survey Water Resources Investigations Report 84-4062 84 p., This report was prepared to provide information to planners and water users in determining how much water was available for use and to estimate the present quantity of water in the Ogallala Aquifer in Lea County and is available through the Open File Service Section Branch of Distribution, US Geological Survey, MS 306, Box 25425, Denver Federal Center, Denver, Colorado 80225. Kerr McGee Corporation February 29, 1988 Page 2

Cooper, J. B., 1960, <u>Ground Water in the Causey-Lingo Area, Roosevelt County,</u> <u>New Mexico</u>, New Mexico State Engineer Technical Report 14, 51 p., The Causey-Lingo area is located in south-central Roosevelt County. This report addresses water quantity, quality and water levels for the study area. Enclosed is a copy of this report.

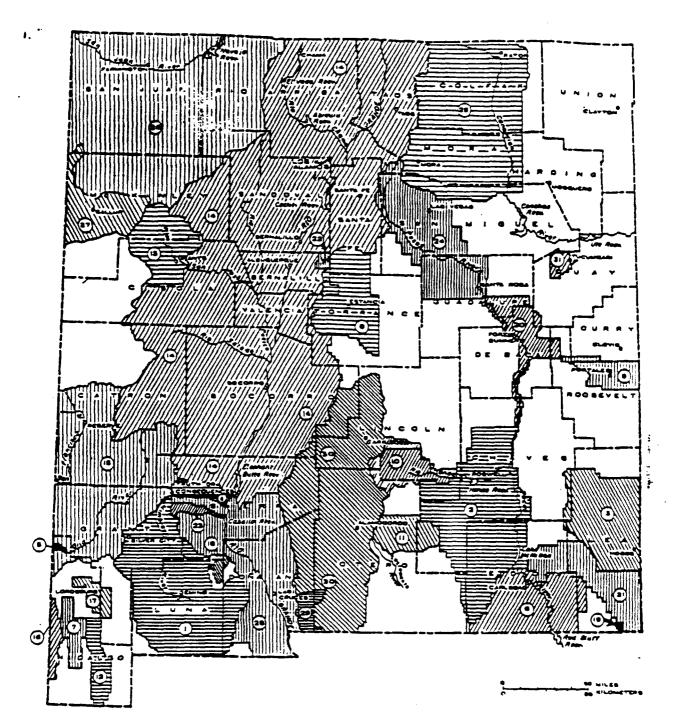
Lansford, Robert R., 1974, Water Resources Evaluation of the Southern High Plains of New Mexico, New Mexico Water Resources Research Institute, WRRI Report No. 44 59 p., The Southern High Plains includes your area of interest. This report indicates that groundwater in the Southern High Plains is normally encountered at reasonably shallow depths with a saturated thickness generally less than 200 feet. This report is available through the NMWRRI, New Mexico State University, Box 3167, Las Cruces, New Mexico 88003.

Please let me know if further discussion of this matter would be helpful.

Sincerely, S.E. Reynolds State Engineer

SER:egr

Enclosure



DECLARED UNDERGROUND WATER-BASING IN NEW MEXICO

BARMA 16. BAN BIMON	AREA <u>In School M.</u> 202
17. LORDSBURG WALLEY	
IS. NUTT - HOCKETT	135
19. JAL	15
20. FORT SUMMER	1,010
2 I. CAPITAN	1,550
22. SANDIA	75
28. LAS ANIMAS GREEK	131
24. UPPER PEGGO	3,790
SS. CANADIAN RIVER	8.885
SO. GAN JUAN	.7 .7
27. GALLIM	1,430
28. LOWER RIG GRANDE	1019
19. MUEGQ	
SO. TULAROBA	1.470
SI. TUGUMGARI	177
	723

	AREA
LAILIN .	IN SQUARE M
I. MINSPES VALLEY	4,271
1 POSWELL	4,281
3 LEA COUNTY	2,100
4. HOT SPRINGE	284
S, VIRGEN VALLEY	11
4. GAAL88AD	1,941
7. ANIMA 8	420
8. ESTANGIA	1.72
B. PORTALES	· • 2 (
10. HONDO	30
II. PENARCO	721
E PLAYAS VALLEY	\$ 11
IS. BLUEWATER	i, 3 ()
14. R10 GRANDE	26.20
18. 81LA - 84N PRANCISCO	8.061

Change 20 Ditsmber 28, 1984

iv

We Engineer of the Store of New Masice Rule No. 2, Adverserver No. 22 State of New Mexico Energy and Minerals Department

	BEFORE EXAMPLE STORENER
	1/ Clickness of a BRACH MALLER
COUNTY OF OKLAHOMA	} Len Michel 19 24
STATE OF OKLAHOMA	
STATE OF OREADONA	1 CHAND. 9682+9683
	Affidavit of Mailing

The undersigned hereby certifies that on this 20^{-t} day of April, 1989, he sent copies of the attached Application for Authorization to Inject by certified U. S. Mail, return receipt requested, to the parties listed below:

Surface Owners

Paul Davis, Thomas E. Davis, Jr., Marqurete S. Davis and Thomas H. Davis, trustees for H. H. and Margurete S. Davis Trust dated 6/16/87 South Star Route Elida, NM 88116

Finus M. and Laura J. Tucker Revocable Trust United New Mexico Trust Co. P. O. Box 1927 Roswell, NM 88201

Leasehold Operators Within One-Half Mile

Murphy Operating Co. P. O. Box 2648 Roswell, New Mexico 88202-2648 Attn: Ann Murphy Ezzell

Fina Oil and Chemical Company 1004 N. Big Spring Street Suite 400 P. O. Box 2990 Midland, TX 79701

Yates Petroleum Corporation Yates Building 207 South Fourth Artesia, NM 88210

Bristol Resources Corporation 3601 East 51st St. Suites B&C Tulsa, OK 74136 Attn: Mr. Bob Key

Warren American Oil Company P. O. Box 971 Midland, TX 79702 Attn: Mr. James A. O'Neill

Marathon Oil Company P. O. Box 552 125 West Missouri Street Midland, TX 79702

Ivan D. Geddie T-25C McGee Tower P. O. Box 25861 Oklahoma City, OK 73125 Tel: (405) 270-2124

Sworn to before me, a Notary Public, this 20^{4} day of April, 1989.

Koly Belles Notary Public in and for

Notary Public in and for Oklahoma County, Oklahoma

My commission expires:

4-13-93

State of New Mexico Energy and Minerals Department Oil Conservation Division

County of Oklahoma State of Oklahoma

)

)

Affidavit of Mailing

The undersigned hereby certifies that on May 12, 1989, he sent a copy of the K-M Chaveroo San Andres Application for Authorization to Inject by certified U. S. Mail, return receipt requested, to the additional party listed below:

Texaco, Inc. P. O. Box 3109 Midland, TX 79702

Ivan DJGeddie

T-25C McGee Tower P. O. Box 25861 Oklahoma City, OK 73125 Tel: (405) 270-2124

Sworn to before me, a Notary Public, this 23^{nd} day of May, 1989.

Notary Public in and for Oklahoma County, Oklahoma

My Commission Expires:

4-13-93



EXPLORATION AND PRODUCTION DIVISION

May 12, 1989

Texaco, Inc. P. 0. Box 3109 Midland, TX 79702

PROPOSED K-M CHAVEROO SAN ANDRES UNIT CHAVES COUNTY, NEW MEXICO

BEFORE EXAMINE COOCTAR CASEL

You are hereby given notice that the New Mexico Oil Conservation Division will hold a hearing on May 24, 1989, to consider the application of Kerr-McGee Corporation for an order establishing the subject unit and granting permission to conduct waterflood operations. You will find attached pertinent information concerning the waterflood.

If you have no objections to Kerr-McGee's application, please so indicate by signing below and returning one copy of this letter to the undersigned by May 22, 1989.

Ivan D. Geddie T-25C McGee Tower P. O. Box 25861 Oklahoma City, OK 73125 Tel: (405) 270-2124

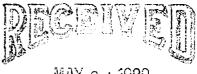
IDG:rb

The undersigned has no objections to the subject application:

Texaco, Inc.

Date:

cc: Karen Aubrey P. O. Box 2265 Santa Fe, NM 87504-2265



MAY 2.1 1989

EXPLORATION AND PRODUCTION CONSERVATION AND UNITIZATION

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF KERR MCGEE CORPORATION FOR STATUTORY UNITIZATION CHAVES COUNTY, NEW MEXICO

CASE NO. 9682

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on May 2, 1989, I caused to be mailed by certified mail-return receipt requested, a notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for June 7, 1989 to the parties shown in the Application evidenced by the attached Exhibit A. ~

KAREN AUBREY

SUBSCRIBED AND SWORN TO before me this 5th day of June, 1989 by Karen Aubrey, attorney for the applicant.

nump.

My Commission Expires:

arch 3, 1993

• .

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel KELLAHIN, KELLAHIN and AUBREY Attorneys at Law El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fé, New Mexico 87504-2265

May 2, 1989

HAND DELIVERED

William J. LeMay Director Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501 Telephone 982-4285 Area Code 505

RECEIVED,

20

May & 1989

OIL CONSERVATION DIVISION

Re: Application of Kerr-McGee Corporation for Statutory Unitization, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed are the original and one copy of the application of Kerr-McGee for statutory unitization which we would appreciate being set for hearing on the Examiner's docket on May 24, 1989.

We are sending all affected parties copies of the application and this letter by certified mail.

Sincerely, Aubrey

KA/rs Encl.

cc: All persons on attached service list

Service List

Floyd Prondo State Land Office, with C-108 P.O. Box 1148 Santa Fe, New Mexico 87504-1148

Paul Davis, Thomas E. Davis, Jr., Marqurete S. Davis and Thomas H. Davis, trustees for H.H. and Marqurete S. Davis Trust dated 6/16/87 South Star Route Elida, New Mexico 88116

Finus M. and Laura J. Tucker Revocable Trust United New Mexico Trust Company P.O. Box 1927 Roswell, New Mexico 88201

Murphy Operating Company P.O. Box 2648 Roswell, New Mexico 88202 Attn: Ann Murphy Ezzell

Fina Oil and Chemical Company P.O. Box 2990 Midland, Texas 79701

Yates Petroleum Corporation Yates Building 207 South Fourth Artesia, New Mexico 88210

Bristol Resources Corporation 3601 East 51st Street Suites B & C Tulsa, Oklahoma 74136 Attn. Mr. Bob Key

Warren American Oil Company P.O. Box 971 Midland, Texas 70702 Attn: Mr. James A. O'Neill

Marathon Oil Company P.O. Box 552 Midland, Texas 79702 BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO DEPARTMENT OF ENERGY, RECEIVED MINERALS AND NATURAL RESOURCES MAY 2 1989 IN THE MATTER OF THE APPLICATION OF KERR-MCGEE CORPORATION FOR APPROVAL OF STATUTORY UNITIZATION, CHAVES COUNTY, NEW MEXICO CASE NO.

APPLICATION

COMES NOW KERR-MCGEE CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey, and pursuant to the provision of the Statutory Unitization Act (Sections 70-7-1 through 70-7-21, N.M.S.A., 1978 Comp.) hereby applies to the New Mexico Oil Conservation Division for an order unitizing the K-M CHAVEROO SAN ANDRES UNIT, Chaves County, New Mexico, and in support of its application states:

1. Kerr-McGee Corporation is a Delaware corporation authorized to transact business in the State of New Mexico, is engaged in the business of, among other things, producing and selling oil and gas and seeks to be designated operator of the K-M Chevroo San Andres Unit.

2. The proposed unit area for which this application is made consists of 1280.37 acres, more or less, of State of

New Mexico lands located in Chaves County, New Mexico, and is more particularly described in Exhibit A attached hereto and incorporated herein by reference. Kerr-McGee Corporation seeks an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the project area.

3. The vertical limits of the formation to be included within the proposed unit area includes that interval known as the San Andres formation which extends from 4211 feet to 4341 feet as measured on the compensated formation density log run in the Kerr-McGee Corporation State "F" Well No. 1 on April 29, 1966, said well located 660 feet from the North line and 660 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaves County, New Mexico. The Unitized Formation shall further include all subsurface points throughout the Unit which are correlative to the aforementioned identified depths.

4. The portion of the reservoir involved in this application has been reasonably defined by development.

5. The type of operations to be conducted in this unit is secondary recovery by means of water flooding.

6. Attached to this application as Exhibit B and incorporated herein by reference is a copy of the proposed plan of unitization which Kerr-McGee considers fair, reasonable and equitable. 7. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.

8. Kerr-McGee Corporation has obtained the concurrence of at least 94% of the working interest ownership within the unit area of the proposed plan of unit operations, thereby assuring effective and efficient control of the unit.

9. Kerr-McGee Corporation further states:

a. Unitized management, operating and further development of the K-M Chaveroo San Andres Unit is reasonably necessary in order to effectively carry on secondary recovery and to substantially increase the ultimate recovery of oil from the unitized portion thereof.

b. Unitized methods of operations applied to the
K-M Chaveroo San Andres Unit are feasible, will
prevent waste and will result with reasonable
probability in the increased recovery of substantially more oil than would otherwise be recovered.
c. The estimated additional costs, if any, of
conducting such operations will not exceed the estimated value of additional oil so recovered plus
reasonable profit.

d. Unitization and adoption of unitized methods
of operation will benefit the working interest
owners, royalty owners and overriding royalty
owner of the oil and gas rights within the pool.
e. Kerr-McGee Corporation, as operator, has made
a good faith effort to secure voluntary unitization of all interests in the pool.

f. The participation formula contained in the unitization agreement allocated the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.

9. Statutory unitization of the San Andres formation is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

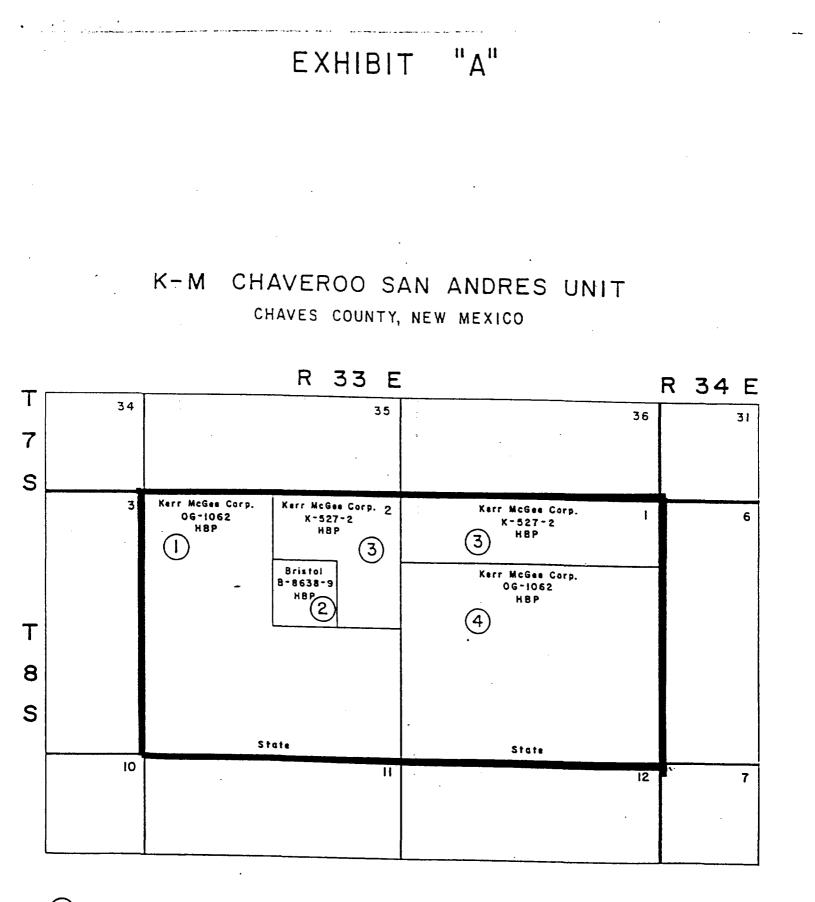
WHEREFORE, Kerr-McGee Corporation respectfully requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 24, 1989, and, that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application to statutorily unitize the San Andres formation, Chaves County, New Mexico.

Respectfully submitted,

Karen Aubrey Kellahin, Kellahin & Aubrey Post Office Box 2265 Santa Fe, New Mexico 87504

(505) 982-4285

Attorneys for Kerr-McGee Corporation



Tract Number

1280.37 Acres 100% Unit Area Scale: 1"= 2000'

Unit Outline

■ SENULITI: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4	P 155 278 618		명	135 Alwaya obtain signature of addressee or agent, and DATE DELIVERED.	8. Addressee's Address (ONLY U requested and fee paid)	3601 E. 51 C. F. C.	n 1412)	* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT	ТΤ	Complete Items 1 and 2 when additional services are desired, and complete Items	your address in the "RETURN TO" Space on the reverse side. Fallure to do this will prevent this	 The return receipt fee will provide you the name of the person delivered additional fees the following services are available. Consult postmaster additional secure and a services are available. 	$\frac{1}{4}$ $\frac{1}{4}$ Show to whom delivered, date, and addressee's address. 2. \Box Restricted Delivery $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ Restricted Delivery	4. Article Number	can Oil Co <u>P 155 278 619</u>		702 Sertified	Always obtain signature of addressee	or agent and DATE DELIVERED. R Addressee's Address (NNV If	requested and fee paid)	NP AND		+ 11S A D C 1988-212-885 DOMESTIC RETURN RECEIPT	
	Article Number 3. Article Addressed to:	Note: 1 August 1 2601 E. 51st		Always obtain signature of addressee $74/$ or agent and DATE DELIVERED.	Addressee's Address (ONLY if 5. Signature - Address requested and fee paid)	B. Signature – Agent // X. ////////////////////////////////	7. Date of Delivery	DOMESTIC RETURN RECEIPT PS Form 3811, Mar. 1988	TINUT NOT NOT NOT NOT NOT NOT NOT NOT NOT NO	SENDER:			× 		arren Amer	C. C. C. C. BOX	Registered Disured Atn James O'Nei	Mail Return Receipt for Merchandise	Always obtain signature of addressee or acont and DATE DEI IVERED		requested und see paid) 6. Signature – Agent X / J.	7. Date of Delivery	PS Form 3811. Mar. 1988	
SENDER: Complete iteme 1 and 2 when additional services are desired, and complete iteme Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipting will provide you the name of the person delivered to and the date of delivery. For additional service(s) requested. 2. □ Restricted Delivery for the sand check box(es) for additional service(s) requested. 2. □ Restricted Delivery 1. The Show to whom delivered, date, and addresse's address. 2. □ Restricted Delivery (Extra charge)	3. Article Addressed to: weater Detroitenim CO	4th St	Artesia, NM 88210 Artesia, NM 88210	Alwaya	5. Signature – Address CAA	6. Signature – Agent V X	7. Data of Delivery デ/ 5 / 39	PS Form 3811, Mar. 1988 + U.S.G.P.Cl. 1988-212-865	74 4 4 4 4 4 4 4 1 4 4 1 4 4 4 4 4 4 4 4	ka/kerr McGee/Unit	SENDER: Complete Items 1 and 2 when additional services are 3 and 4.	Put your address in the "KETURN TO". Space on the reverse side card from being returned to you r The return receipt fee will provide y	to and the date-of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxies) for additional service(s) requested. 1. RXSShow to whom delivered date and addressed's addresse	(Extra charge)	3. Article Addressed to: Thomas H Davis	Star Route			Alway or soo	. Signature – Address 8.	6. Signature, – Agent	X hana Marco		S Form 3811, Mar. 1988 * U.S.G.P.O. 1988–212–865

Exhibit "A"

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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF KERR MCGEE CORPORATION FOR WATERFLOOD PROJECT CHAVES COUNTY, NEW MEXICO

CASE NO. 9683

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on May 1, 1989, I caused to be mailed by certified mail-return receipt requested, a notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for June 7, 1989 to the parties shown in the Application evidenced by the attached Exhibit A.

KAREN AUBREY

SUBSCRIBED AND SWORN TO before me this 5th day of June, 1989 by Karen Aubrey, attorney for the applicant.

<u>nuupu Jones</u> ary Rublic

My Commission Expires:

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel KELLAHIN, KELLAHIN and AUBREY *Attorneys at Law* El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fé, New Mexico 87504-2265

May 1, 1989

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Telephone 982-4285 Area Code 505

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RECEIVED MAY 2 1989

OIL CONSERVATION DIVISION

William J. LeMay, Director Oil Conservation Division New Mexico Department of Energy, Minerals and Natural Resources State Land Office Building Santa Fe, New Mexico 87501

Re: Application of Kerr McGee Corporation for Waterflood Project, Chaves County, New Mexico

Dear Mr. LeMay:

HAND DELIVERED

Enclosed are the original and one copy of Oil Conservation Division Form C-108 and attachments which constitutes the application of Kerr McGee Corporation for a Waterflood Project, Chaves County, New Mexico.

We would appreciate it if you would set this application for hearing before the Division's Examiner on May 24, 1989.

Copies of the Form C-108 were sent by certified mail to the surface owners and leasehold operators within one-half mile on April 20, 1989. By copy of this letter, sent certified mail, we are notifying the surface owners and leasehold operators of our request for a hearing on May 24, 1989.

Sincerely.

Karen Aubrey

KA/rs Encl.

cc: Ivan Geddie Kerr McGee Corporation

KELLAHIN, KELLAHIN and AUBREY

Mr. William J. LeMay May 1, 1989 Page 2

CERTIFIED MAIL RETURN RECEIPT REQUESTED:

w/encl:

Floyd Prondo State Land Office, with C-108

w/o encl:

Paul Davis, Thomas E. Davis, Jr., Margurete S. Davis and Thomas H. Davis, trustees for H.H. and Margurete S. Davis Trust dated 6/16/87

Finus M. and Laura J. Tucker Revocable Trust United New Mexico Trust Company

Murphy Operating Company

Fina Oil and Chemical Company

Yates Petroleum Corporation

Bristol Resources Corporation

Warren American Oil Company

Marathon Oil Company

. ENERI	STATE OF NEW MEXICO GY AND MINERALS DEPARTHENT	OIL CONSERVATION DIVISION POST OFICE BUX 2000 STATE LAND OFICE BUX COM SANTA FE NEW MEXICO 27501	FORM C-108 Revised 7-1-81
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I.	Purpose: X Secondary Reco Application qualifies for	very Pressure Maintenance	Las Vlan
. II.	Operator: KERR-MCGEE CORE	ORATION	CONSERVATION DIVISION
	Address: P. O. BOX 25861	, OKLAHOMA CITY, OKLAHOMA	73125
	Contact party: <u>R. J. QUAN</u>	E Phor	ne: (405) 848-9750
111.	Well data: Complete the dat proposed for inj	a required on the reverse side ection. Additional sheets may	of this form for each well be attached if necessary.
IV.	Is this an expansion of an e If yes, give the Division or	xisting project? yes der number authorizing the proj	ک] no ject
۷.	Attach a map that identifies injection well with a one-ha well. This circle identifie	all wells and leases within tw lf mile radius circle drawn arc s the well's area of review.	o miles of any proposed ound each proposed injection
- VI.	penetrate the proposed injec well's type, construction, d	on all wells of public record w tion zone. Such data shall inc ata drilled, location, depth, r ell illustrating all plugging c	clude a description of each record of completion, and
VII.	Attach data on the proposed	operation, including:	
*	 Whether the system i Proposed average and Sources and an approtion the receiving form If injection is for at or within one method isposal zone literature, studie 	maximum injection pressure; priate analysis of injection fl ation if other than reinjected disposal purposes into a zone r ile of the proposed well, attac formation water (may be measure s, nearby wells, etc.).	luid and compatibility with produced water; and not productive of oil or gas th a chemical analysis of ed or inferred from existing
-vill.	detail, geological name, thi bottom of all underground so total dissolved solids conce	<pre>1 data on the injection zone in cknass, and depth. Give the ge urces of drinking water (aquife ntrations of 10,000 mg/l or les y such source known to be immed</pre>	eologic name, and depth to ers containing waters with es) overlying the proposed
IX.	Describe the proposed stimul	ation program, if any.	
+ X.	Attach appropriate logging a with the Division they need	nd test data on the well. (If not be resubmitted.)	well logs have been filed
* XI.	Attach a chemical analysis o avai ¹ able and producing) wit location of wells and dates	f fresh water from two or more hin one mile of any injection o samples were taken.	fresh water wells (if or disposal well showing
XII.	examined available geologic	s must make an affirmative stal and engineering data and find r ection between the disposal zor	no evidence of open faults
XIII.	Applicants must complete the	"Proof of Notice" section on t	the reverse side of this form.
XIV.	Certification		
	I hereby certify that the ir to the best of my knowledge	formation submitted with this : and belief.	application is true and correct
	Name: <u>R. J. OUANCE</u>	Title	SENIOR STAFF ENGINEER
	Signature: 17 Jun	Date:	APRIL / 1989
subm	he information required under litted, it need not be duplicat he earlier submittal.	Sections VI, VIII, X, and XI al ed and resubmitted. Please sho	ove has been previously ow the date and circumstance .

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Exhibit "A"

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EXPLORATION AND PRODUCTION DIVISION

May 12, 1989

Texaco, Inc. P. 0. Box 3109 Midland, TX 79702

PROPOSED K-M CHAVEROO SAN ANDRES UNIT CHAVES COUNTY, NEW MEXICO

BEFORE EXAMIN CASEN

You are hereby given notice that the New Mexico Oil Conservation Division will hold a hearing on May 24, 1989, to consider the application of Kerr-McGee Corporation for an order establishing the subject unit and granting permission to conduct waterflood operations. You will find attached pertinent information concerning the waterflood.

If you have no objections to Kerr-McGee's application, please so indicate by signing below and returning one copy of this letter to the undersigned by May 22, 1989.

Ivan D. Geddie T-25C McGee Tower P. O. Box 25861 Oklahoma City, OK 73125 Tel: (405) 270-2124

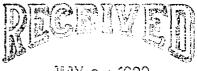
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The undersigned has no objections to the subject application:

Texaco, Inc.

Da te:

cc: Karen Aubrey P. 0. Box 2265 Santa Fe, NM 87504-2265



MAY 2.1 1989

EXPLORATION AND PRODUCTION CONSERVATION AND UNITIZATION