

Submit 3 Copies To Appropriate District

Office:

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103

May 27, 2004

WELL API NO.

**30-025-12115**

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil &amp; Gas Lease No.

7. Lease Name or Unit Agreement Name

**H.P. Saunders**

8. Well Number

**1**

9. OGRID Number

**4323**

10. Pool name or Wildcat

**Blinebry/Tubb/Drinkard**

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

**Chevron U.S.A. Inc.**

3. Address of Operator

**15 Smith Road Midland, TX 79705**

4. Well Location

Unit Letter **O** : **330** feet from the **South** line and **2308** feet from the **East** lineSection **7** Township **22S** Range **38E** NMPM County **LEA**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

**3345'**Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: DHC Blinebry/Tubb/Brunson; Drinkard Abo, South ☒

## SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

UNDER THE PROVISION OF RULE 303C (5) IT IS PROPOSED TO DOWNHOLE COMMINGLE PRE-APPROVED POOLS, BLINEBRY OIL & GAS (6660) (5700-5870'), TUBB OIL & GAS (60240) (6295-6460'), & BRUNSON; DRINKARDABO, SOUTH (7900) (6500-7145') IN THE CAPTIONED WELL. PRODUCTION WILL BE ALLOCATED BACK TO THE THREE POOLS BASED ON THE PERCENTAGES SHOWN IN THE ATTACHED SUPPORT DATA.

**DHC Order No. HOB-0247**

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE  TITLE **PETR. ENGINEER** DATE **5/16/2008**Type or print name  
**For State Use Only**

E-mail address:

Telephone No.

APPROVED BY:   
Conditions of Approval (if any):TITLE **PETROLEUM ENGINEER**DATE **JUN 12 2008**

**Request for exemption to rule 303-A**  
**FOR WELLS LOCATED IN PRE-APPROVED POOLS OR AREAS**

**Operator**

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

**Lease Name and Well Number**

H.P. Saunders #1  
30-025-12115  
330' FSL & 2308' FEL, Unit Letter O  
Section 7, T22S, R38E  
Lea County, New Mexico

**Division Order**

Pre-approved Pools or Areas established by division order # R-11363

**Pools To Be Commingled In H.P. Saunders #1**

(6660) Blinebry Oil & Gas (OIL)  
(60240) Tubb Oil & Gas (OIL)  
(7900) Brunson Drinkard-Abo (OIL)

**Perforated Intervals**

Blinebry Oil & Gas (5700-5870')  
Tubb Oil & Gas (6295-6460')  
Brunson Drinkard-Abo (6500-7145')

**Location Plat**

Attached

**Well Test Report & Production Plots**

Attached.

**Product Characteristics And Value**

Previous commingling of these zones by Chevron and other operators in the area have shown that the produced fluids are compatible and commingling will not cause formation damage or producing problems. Also, the price received by Chevron for products from these zones is very similar, so value will not be adversely affected.

**Production Allocation**

<u>Pool</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>Remarks</u>
Blinebry	20	28	31	Calculated From Allocations %
Tubb	21	30	65	Calculated From Allocations %
Brunson; Drinkard Abo, South	10	1	4	Estimated IP, H.P. Saunders #1
<b>Totals</b>	<b>50</b>	<b>60</b>	<b>100</b>	

<u>Allocated %</u>	<u>Oil %</u>	<u>Water %</u>	<u>Gas %</u>	<u>Remarks</u>
Blinebry	39	48	31	Based off offset EUR
Tubb	42	50	65	Based off offset EUR
Brunson; Drinkard Abo, South	19	2	4	Based off production test
<b>Totals</b>	<b>100</b>	<b>100</b>	<b>100</b>	

**Ownership**

Ownership of all zones is identical so correlative rights will not be compromised.

**State / Federal Land Notification**

This is a FEE lease

**H.P. Saunders #1- Offset Cumm's**

\*\* Wells from T-22S, R-33E, Sec. 7 &amp; 18

**Blinebry**

Well	Cum Oil (BBL)	Cum Gas (MCF)
Belcher (1)	44539	216407
Belcher A (1)	28551	112939
McCallister (1)	15034	53339
CH Lockhart 1-6	17344	165566
CH Lockhart 1-5	54762	599317
CH Lockhart 1-7	33540	232037
CH Lockhart 1-2	123869	873534
<b>Average</b>	<b>45377</b>	<b>321877</b>

**Tubb**

Well	Cum Oil (BBL)	Cum Gas (MCF)
Belcher (1)	44588	1618607
Belcher (1)	75391	709514
Belcher A (1)	39389	171565
McCallister (1)	30355	125694
CH Lockhart 1-5	51980	793987
<b>Average</b>	<b>48341</b>	<b>683873</b>

Estimated EUR - Brunson South, Drinkard-Abo (from H.P. Saunders #1)

Cum Oil	Cum Gas
14027	26300

Totals	107745	1032050
--------	--------	---------

Allowcations	Oil %	Gas %
Blinebry	0.42	<b>0.31</b>
Tubb	0.45	<b>0.66</b>
Brunson, Drinakrd Abo, South	0.13	0.03

Chevron

Lea Co Eunice Primary

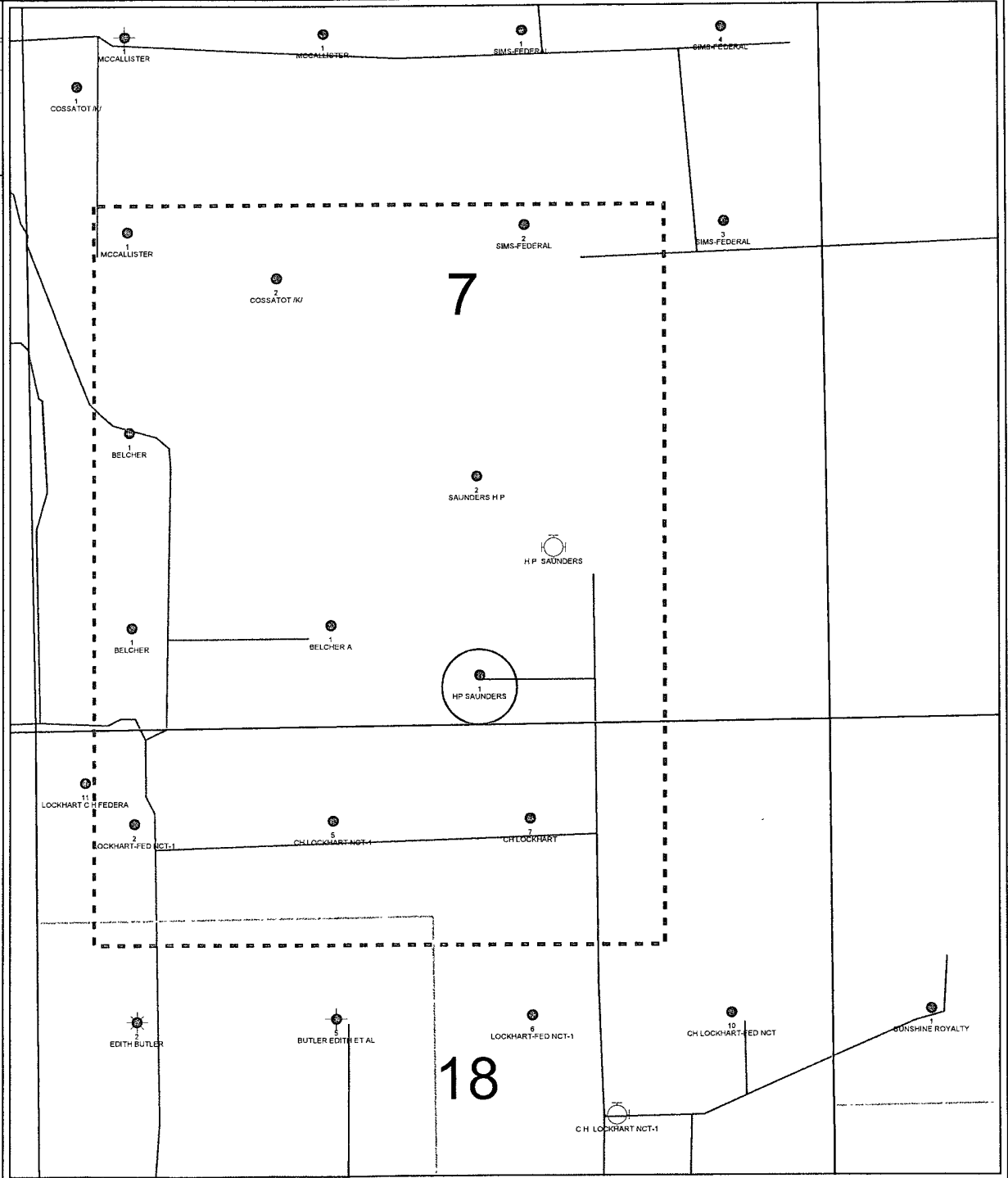
H P Saunders #1

0

964

FEET

Offset Cum Area



District I  
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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**

<sup>1</sup> API Number 30-025-12115	<sup>2</sup> Pool Code 6660	<sup>3</sup> Pool Name Blinebry Oil & Gas
<sup>4</sup> Property Code 2717	<sup>5</sup> Property Name H.P. Saunders	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No 4323	<sup>8</sup> Operator Name Chevron U.S.A., Inc.	<sup>9</sup> Elevation 3345'

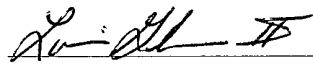
<sup>10</sup> Surface Location

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	7	22S	38E		330	South	2308	East	Lea

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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><sup>1</sup> 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> Signature</p> <p>Lonnie Grohman Printed Name</p> <p>Petr. Engineer Date</p> <p>5/16/2008</p>
	<p><sup>1</sup> 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>
	Certificate Number

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-12115		<sup>2</sup> Pool Code 60240		<sup>3</sup> Pool Name Tubb Oil & Gas	
<sup>4</sup> Property Code 2717		<sup>5</sup> Property Name H.P. Saunders			<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.			<sup>9</sup> Elevation 3345'

<sup>10</sup> Surface Location

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	7	22S	38E		330	South	2308	East	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No
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	<p><sup>1</sup> 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>
	Certificate Number

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**State of New Mexico**  
**Energy, Minerals & Natural Resources Department**

**Form C-102**  
**Revised March 17, 1999**

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**State Lease - 4 Copies**  
**Fee Lease - 3 Copies**

**2040 South Pacheco  
Santa Fe, NM 87505**

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-12115	<sup>2</sup> Pool Code 7900	<sup>3</sup> Pool Name Brunson Drinkard - Abo South
<sup>4</sup> Property Code 2717	<sup>5</sup> Property Name H.P. Saunders	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No 4323	<sup>8</sup> Operator Name Chevron U.S.A., Inc.	<sup>9</sup> Elevation 3345'

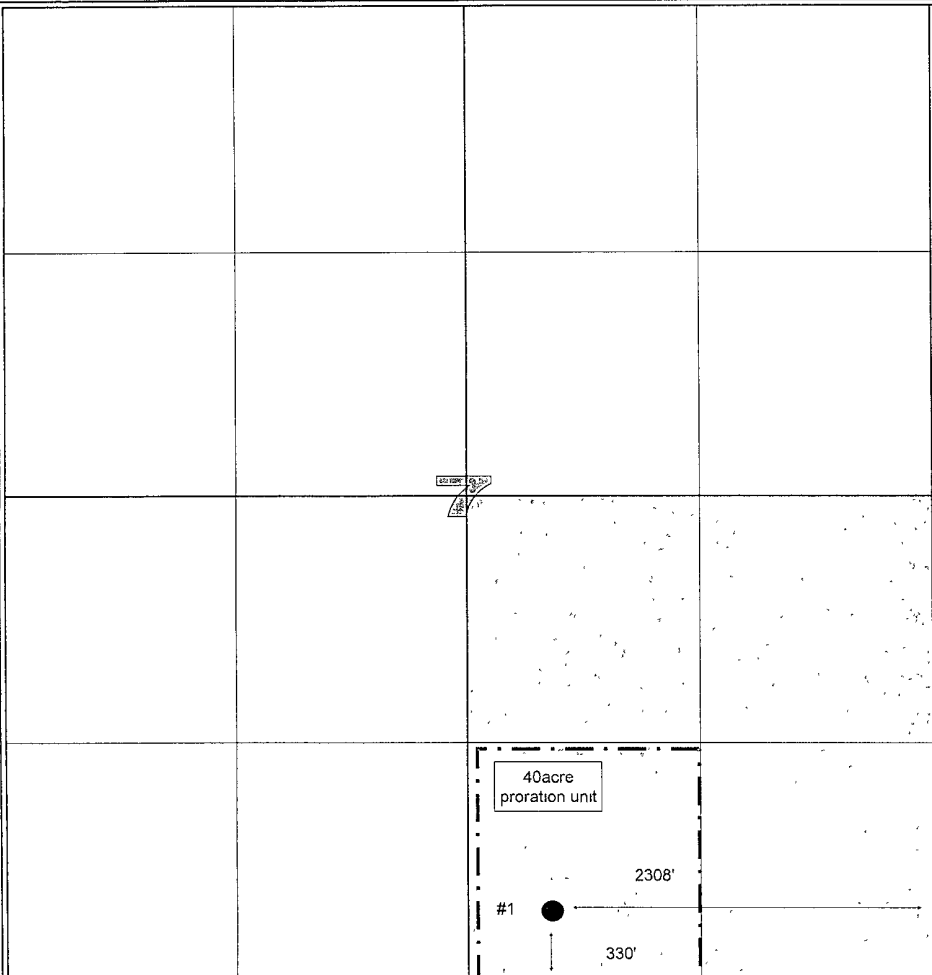

<sup>10</sup> Surface Location

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	7	22S	38E		330	South	2308	East	Lea

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> 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>1</p> <p><b>OPERATOR CERTIFICATION</b></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 <b>Lonnie Grohman</b></p> <p>Printed Name <b>Petr. Engineer</b></p> <p>Date <b>5/16/2008</b></p>
	<p>1</p> <p><b>SURVEYOR CERTIFICATION</b></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>

**H.P. Saunders # 1****Location:**

S-07 T-22S R-38E, 2300 FSL &amp; 300 FWL

**Unit Letter:** O**Field:** Brunson South**County:** Lea**State:** NM**Area:** Hobbs**Well Info:****Spud Date:** 9/9/1954**API:** 30-025-12115**Cost Center:** UCU862100**WBS#:****RefNO:** FB3066**Lease:** Fee**Current****Wellbore Diagram****Elevations:****DF:****KB:****GL:** 3545'

This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WFO Engineer, WD Rep, OS, ALS, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

Quantity	Component	Length
15	2-3/8" J-55 4.7# tbg	462.62
1	Seat Nipple- Standard	1.1
	<b>Total</b>	<b>463.72</b>

**Surface Casing****Size:** 13.3/8" OD, 48#, s-40**Set @:** 335'**With:** 400 SKS**Hole Size:** 17 1/4"**Circ:** Yes**TOC @:** Surface**Intermediate Casing****Size:** 8 5/8", 36# & 24#, J-55 LTC**Set @:** 2899'**With:** 1650 sks**Hole Size:** 11"**Circ:** Yes**TOC:** Surface**Perfs:**

Brunson, Drinkard Abo, South 6500-6780' open

Brunson, Drinkard Abo, South 6913-7145' open

**Production Casing****Size:** 5 1/2", 14, 15.5, & 17# J-55**Set @:** 7157'**With:** 1250 sks**Hole Size:** 7 7/8"**TOC:** 555'**PBTD:** 7155'**TD:** 7158'**Updated:** 11-Jan-08**By:** lgek

**H.P. Saunders # 1****Location:**

S-07 T-22S R-38E, 2300' SL & 300' FWL  
 Unit Letter: C  
 Field: Brunson South  
 County: Lea  
 State: NM  
 Area: Hobbs

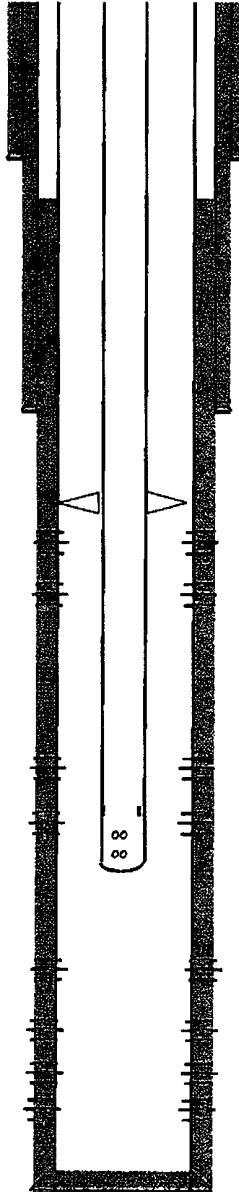
**Well Info:**

Spud Date: 9/9/1954  
 API: 30-025-12115  
 Cost Center: UCUB62100  
 WBS#:   
 RefNO: FB3066  
 Lease: Fee

**Proposed  
Wellbore Diagram****Elevations:**

DF:   
 KB:   
 GL: 3345'

This wellbore diagram is based on the most recent information regarding wellbore configuration and equipment that could be found in the Midland Office well files and computer databases as of the update date below. Verify what is in the hole with the well file in the Eunice Field Office. Discuss w/ WES Engineer, WO Rep, OS, ALC, & FS prior to rigging up on well regarding any hazards or unknown issues pertaining to the well.

**Surface Casing**

Size: 13 3/8" OD, 48#, s-40  
 Set @: 335'  
 With: 400 SKS  
 Hole Size: 17 1/4"  
 Circ: Yes  
 TOC @ Surface

**Intermediate Casing**

Size: 8 5/8", 36# & 24#, J-55 LTC  
 Set @: 2899'  
 With: 1650 sks  
 Hole Size: 11"  
 Circ: Yes  
 TOC: Surface

Perfs:		Status:
Blinbry	5700-05'	Proposed
Blinbry	5749-55'	Proposed
Blinbry	5760-68'	Proposed
Blinbry	5774-80'	Proposed
Blinbry	5812-22'	Proposed
Blinbry	5832-40'	Proposed
Blinbry	5850-60'	Proposed
Blinbry	5865-70'	Proposed

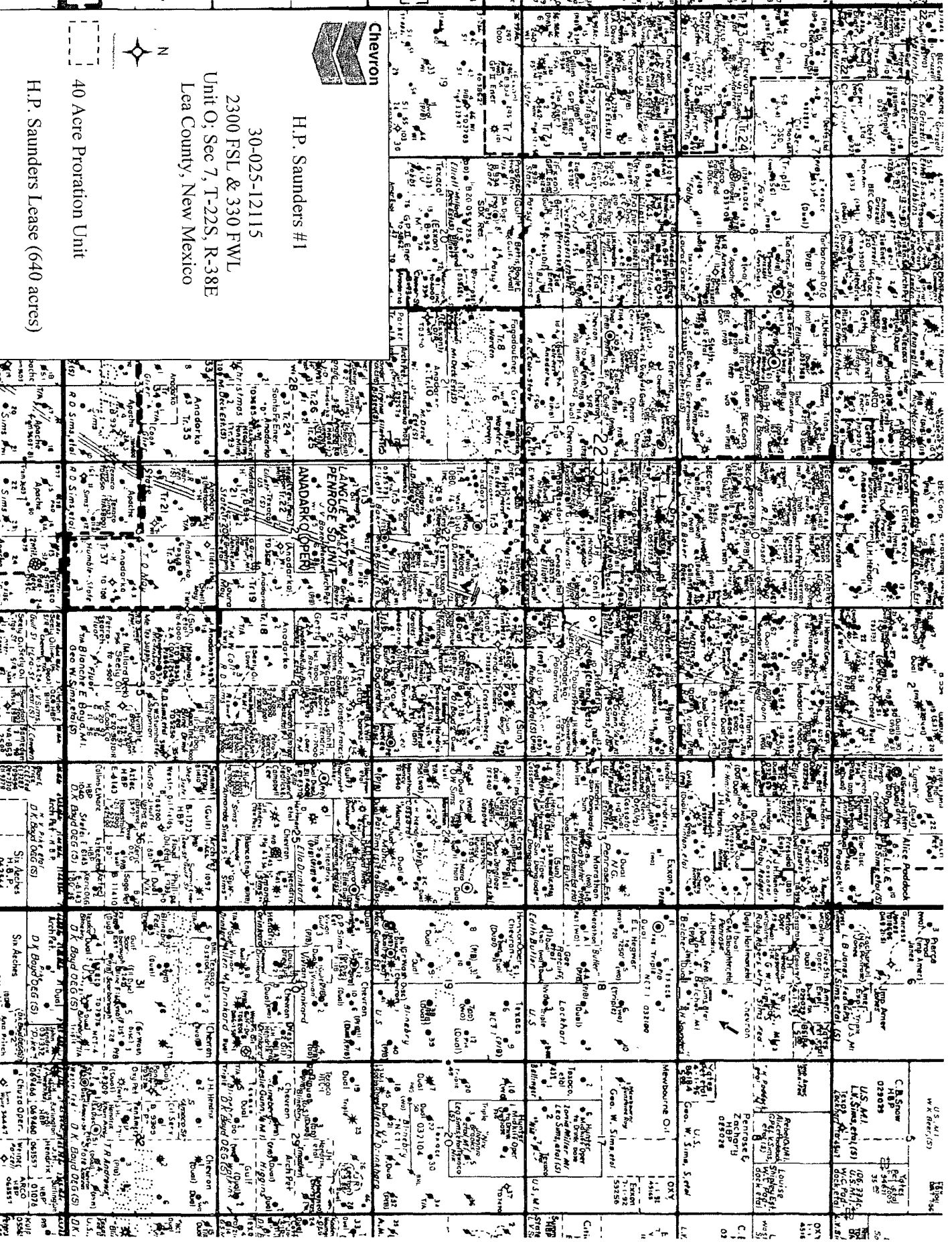
Perfs:		Status:
Tubb	6295-6305'	Proposed
Tubb	6315-25'	Proposed
Tubb	6335-40'	Proposed
Tubb	6375-85'	Proposed
Tubb	6400-10'	Proposed
Tubb	6420-30'	Proposed
Tubb	6440-50'	Proposed
Tubb	6455-60'	Proposed

Perfs:		Status:
Brunson; Drinkard Abo, South	6500-02'	open
Brunson; Drinkard Abo, South	6535-37'	open
Brunson; Drinkard Abo, South	6585-87'	open
Brunson; Drinkard Abo, South	6650-52'	open
Brunson; Drinkard Abo, South	6738-40'	open
Brunson; Drinkard Abo, South	6778-80'	open
Brunson; Drinkard Abo, South	6913-20'	open
Brunson; Drinkard Abo, South	6934-64'	open
Brunson; Drinkard Abo, South	7000-18'	open
Brunson; Drinkard Abo, South	7054-76'	open
Brunson; Drinkard Abo, South	7100-24'	open
Brunson; Drinkard Abo, South	7138-45'	open

**Production Casing**

Size: 5 1/2", 14, 15.5, & 17# J-55  
 Set @: 7157'  
 With: 1250 sks  
 Hole Size: 7 7/8"  
 TOC: 555'

PBTD: 7155'  
 TD: 7158'  
 Updated: 11-Jan-08  
 By: lgek



H.P. Saunders Lease (640 acres)

40 Acre Proration Unit



Lea County, New Mexico

Unit O; Sec 7, T-22S, R-38E

2300 FSL & 330 FWL

30-025-12115

H.P. Saunders #1



Chevron

District I  
1635 N. Pinack Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

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

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
X Single Well

District III  
1000 Rio Brazos Road, Aztec, NM 87410

     Establish Pre-Approved

Pools  
District IV

EXISTING WELLBORE  
  x   Yes      No

1120 S. St. Francis Dr., Santa Fe, NM 87505

### APPLICATION FOR DOWNHOLE COMMINGLING

Chevron Corporation  
Operator

15 Smith Road, Midland TX 79705  
Address

H.P. Saunders

#1

Q-7-22S-38E

Lea

Lease

Well No

Unit Letter-Section-Township-Range

County

OGRID No.      Property Code 2217 API No. 30-025-12115 Lease Type:      Federal      State   X   Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinberry Oil & Gas	Tubb Oil & Gas	Brunson, Drinkard Abo, South
Pool Code	6660	60240	7900
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5700-5870' Perforated	6295-6460' Perforated	6500-7145' Perforated
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	n/a	n/a	n/a
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36°	36°	36°
Producing, Shut-In or New Zone	New Zone	New Zone	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Estimated  Oil                      Gas 20 BBL                31 MCF	Date: Estimated  Oil                      Gas 21 bbl                65 MCF	Date: Estimated  Oil                      Gas 10 BBL                4 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil                      Gas 45%                    30%	Oil                      Gas 49%                    63%	Oil                      Gas 6%                     7%

### ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes   X   No     

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes      No     

Are all produced fluids from all commingled zones compatible with each other?

Yes   X   No     

Will commingling decrease the value of production?

Yes      No   X  

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes      No     

NMOC Reference Case No. applicable to this well:                                 

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication

Production curve for each zone for at least one year. (If not available, attach explanation.)

For zones with no production history, estimated production rates and supporting data.

Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.

Any additional statements, data or documents required to support commingling.

### PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.

Bottomhole pressure data.

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

SIGNATURE  TITLE Petroleum Engineer DATE 5/30/2008

TYPE OR PRINT NAME Lonnie Grohman TELEPHONE NO. (432) 687-7420

E-MAIL ADDRESS lgek@chevron.com



**Lonnie Grohman**  
Petroleum Engineer  
New Mexico Team

**Permian Business Unit**  
Chevron U.S.A. Inc.  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7420  
Fax 432-687-7558  
lgek@chevron.com

May 29, 2008

State of New Mexico  
Oil Conservation Division  
1625 N. French Drive  
Hobbs, New Mexico 88240

Request DHC H.P. Saunders #1 (30-025-12115)

Attention: Oil and Gas Regulatory Department

Chevron U.S.A. Inc. respectfully requests administrative approval for an amendment to Downhole Commingle the Blinebry Oil & Gas (6660), Tubb Oil & Gas (60240), Brunson; Drinkard Abo, South (7900) in the H.P. Saunders #1, API number is 30-025-12115. The #1 is located 330' FSL & 2308' FEL, Unit O, Section 7, Township 22 South, Range 38 East, Lea County, New Mexico.

The H.P. Saunders #1 was previously producing from the Brunson; Drinkard Abo, South until a mechanical failure at the beginning of the year. The #1 was making 1 BOPD, 0 BWPD, and 8 MCFGPD. Due to the low production volumes the mechanical failure could not be repaired economically, thus leaving the well shut in for evaluation. Recently the H.P. Saunders #2 was successfully plugged back to the Tubb Oil & Gas zone; it had an IP of 25BOPD, 48 BWPD, & 47 MCF. The Blinebry formation has not been tested on this lease, but has been tested by other offset operators. A downhole commingle of all three zones in the #1 is the proposed completion, with a potential IP of 50 BOPD, 60 BWPD, & 100 MCF.

The proposed allocation percentages were calculated using offset EUR data, as well as production test from offset wells. Attached in support of this request is a well test report, a proposed well schematic diagram for the #3, C107, a C102 form for each pool, and a lease plat.

Chevron is the operator, with 100% working interest in the lease.

If you require additional information or have any questions, please contact me by telephone at 432-687-7420, or by email at lgek@chevron.com.

Sincerely,

Lonnie Grohman  
Petroleum Engineer

Enclosure

cc: Denise Pinkerton  
Denise Beckham

DATE IN	SUSPENSE	ENGINEER	LOGGED	TYPE
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**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

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**JUN 10 2008**

**ADMINISTRATIVE APPLICATION COVERSHEET**

**HOBBS OCD**

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

Lonnie Grohman



Petro. Engineer

5/16/2008

Print or Type Name

Signature

Title

Date