

January 6, 1998



**Administrative Application for
Simultaneous Dedication,
Unorthodox Gas Well Locations
and Unorthodox Gas Spacing
and Proration Unit
Mark Well #2
454' FNL & 2086' FEL, Unit B
Mark Well #7
1980' FNL & 760' FEL, Unit H
Mark Well #11
430' FNL & 960' FEL, Unit A
Section 3, T22S, R37E
Lea County, New Mexico**

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

State of New Mexico
Energy, Minerals & Natural Resource Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. William J. LeMay - Director

Dear Mr. LeMay:

Chevron U.S.A. Inc. respectfully requests administrative approval for Unorthodox Blinebry Gas Well Locations, Simultaneous Dedication and creation of an Unorthodox Blinebry Gas Spacing and Proration Unit for Mark Wells Nos. 2, 7, and 11.

Chevron U.S.A is planning to recomplete the Mark #2 and Mark #11 into the Blinebry Gas Pool. Mark #2 is currently completed in the Drinkard Pool. The location of the proposed recompletion is 454' FNL and 2086' FEL of Section 3, T22S, R37E, Lea County, New Mexico. Mark #11, currently classified as a Blinebry "oil" producer, will have perforations added to the Blinebry gas zone, which should ultimately reclassify the well as a Blinebry "gas" producer. The location of the proposed recompletion is 430' FNL and 960' FEL of said Section 3.

Mark Well No. 7 is currently dedicated to a non-standard 40-acre Gas Proration Unit which consists of the SE/4 NE/4 of Section 3, T22S, R37E. This was approved January 4, 1996 under Administrative Order NSP-1716-B. Well No. 7 is located 1980' FNL and 760' FEL (Unit H) of said Section 3.

Chevron respectfully requests creation of an unorthodox 120-acre gas spacing and proration unit comprising Lot 1, Lot 2 and the SE/4 NE/4 of said Section 3. It is also requested that Mark Wells Nos. 2, 7, & 11 be simultaneously dedicated to this 120-acre Gas Proration Unit. The request for the 120-acre GPU is necessary since a producing Blinbry "oil" well (Mark #3) exists in the SW/4 NE/4 of Section 3, at a location of 1980' FNL and 1980' FEL, Unit G.

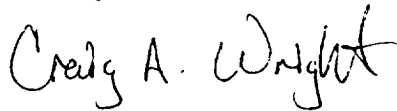
Mark Wells Nos. 2, 7, & 11 will require unorthodox gas well locations for the subject 120-acre unit.

Administrative Orders NSP-1716-B dated January 4, 1996, NSP-1716-A(SD)(L) dated May 15, 1995 and NSP-1716(SD)(L) dated January 31, 1995 have been included in this package to assist you in the review of this administrative application.

A copy of this administrative application is being provided to our offset operators via Certified Mail. Attached is a commercial map and Form C-102 plats illustrating the proration unit acreage and well locations. Also included is a copy of the letter sent to our offset operators and a copies of the aforementioned Administrative Orders.

If you have any questions, or if you require further information, please contact Craig Wright at (915)687-7284.

Sincerely,



Craig A. Wright
Production Engineer
PBPC

Attachments

cc: NMOCD - Hobbs, New Mexico
C.O. Blake
J.K. Ripley
B.A. Foster
C.A. Wright
Central Files - Lease and Well Files

EUNICE

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Aztec, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-09991		Pool Code 72480		Pool Name Blinchury (Pro Gas)	
Property Code 2678		Property Name Mark			Well Number 2
OGRID No. 4323		Operator Name Chevron U.S.A.			Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	3	22S	37E		454'	North	2086'	East	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dunes	1 Acres	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

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Tanya Kerley Signature Tanya Kerley Printed Name Office Assistant Title 1-16-98 Date	
18 SURVEYOR CERTIFICATION I hereby certify that the well locations 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number						

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-8719
District III
1000 Rio Brazos Rd., Aztec, NM 87418
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-09997	Pool Code 72480	Pool Name Blinebry (Pro Gas)
Property Code 2678	Property Name Mark	Well Number 7
OGRID No. 4323	Operator Name Chevron U.S.A.	Elevation

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
H	3	22S	37E		1980'	North	760'	East	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 Ductile 1 Acres 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

16		#2	#11
		#3	#7

17 OPERATOR CERTIFICATION

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

Tanya Kerley
Signature
Tanya Kerley
Printed Name
Office Assistant
Title
1-5-98
Date

18 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.

Date of Survey
Signature and Seal of Professional Surveyor
Certificate Number

District I
PO Box 1988, Hobbs, NM 88241-1988

District II
PO Drawer DD, Arizona, NM 88211-9719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-26051		Pool Code 72480	Pool Name Blinebry (Pro Gas)
Property Code 2678	Property Name Mark		Well Number 11
OGED No. 4323	Operator Name Chevron U.S.A.		Elevation

10 Surface Location

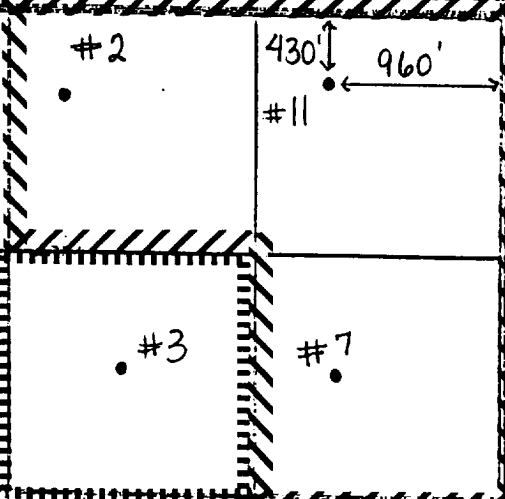
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	3	22S	37E		430'	North	960'	East	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dunes	1 Acres	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

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
					Signature Tanya Kerley	
					Printed Name Tanya Kerley	
					Title Office Assistant	
Date 1-6-98		Date		18 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.		
Date of Survey		Signature and Seal of Professional Surveyor				
				Certificate Number		

January 6, 1998

**Administrative Application for
Simultaneous Dedication,
Unorthodox Gas Well Locations
and Unorthodox Gas Spacing
and Proration Unit**

Mark Well #2

454' FNL & 2086' FEL, Unit B

Mark Well #7

1980' FNL & 760' FEL, Unit H

Mark Well #11

430' FNL & 960' FEL, Unit A

Section 3, T22S, R37E

Lea County, New Mexico

Ladies/Gentlemen:

This is to inform you as an offset operator that Chevron U.S.A. Inc. has applied for administrative approval for Unorthodox Blinebry Gas Well Locations, Simultaneous Dedication and creation of an Unorthodox Blinebry Gas Spacing and Proration Unit for Mark Wells Nos. 2, 7, and 11.

Chevron U.S.A is planning to recomplete the Mark #2 and Mark #11 into the Blinebry Gas Pool. Mark #2 is currently completed in the Drinkard Pool. The location of the proposed recompletion is 454' FNL and 2086' FEL of Section 3, T22S, R37E, Lea County, New Mexico. Mark #11, currently classified as a Blinebry "oil" producer, will have perforations added to the Blinebry gas zone, which should ultimately reclassify the well as a Blinebry "gas" producer. The location of the proposed recompletion is 430' FNL and 960' FEL of said Section 3.

Mark Well No. 7 is currently dedicated to a non-standard 40-acre Gas Proration Unit which consists of the SE/4 NE/4 of Section 3, T22S, R37E. This was approved January 4, 1996 under Administrative Order NSP-1716-B. Well No. 7 is located 1980' FNL and 760' FEL (Unit H) of said Section 3.

Chevron respectfully requests creation of an unorthodox 120-acre gas spacing and proration unit comprising Lot 1, Lot 2 and the SE/4 NE/4 of said Section 3. It is also requested that Mark Wells Nos. 2, 7, & 11 be simultaneously dedicated to this 120-acre Gas Proration Unit. The request for the 120-acre GPU is necessary since a producing

Blinebry "oil" well (Mark #3) exists in the SW/4 NE/4 of Section 3, at a location of 1980' FNL and 1980' FEL, Unit G.

Mark Wells Nos. 2, 7, & 11 will require unorthodox gas well locations for the subject 120-acre unit.

Administrative Orders NSP-1716-B dated January 4, 1996, NSP-1716-A(SD)(L) dated May 15, 1995 and NSP-1716(SD)(L) dated January 31, 1995 have been included in this package to assist you in the review of this administrative application.

Attached is a commercial map and Form C-102 plats illustrating the proration unit acreage and well locations.

If you have any questions, or if you require further information, please contact Craig Wright at (915)687-7284.

Sincerely,

Craig A. Wright
Production Engineer
PBPC

Offset Operators:

Altura Energy LTD.
P.O. Box 4294
Houston, TX 77210-4294

BEC
P.O. Box 1392
Midland, TX 79702

Exxon Corp.
P.O. Box 2189
Houston, TX 77252-2189

J.H. Hendrix Corp.
P.O. Box 3040
Midland, TX 79702-3040

Marathon Oil Company
P.O. Box 552
Midland, TX 79702



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

January 4, 1996

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

Attention: Michelle L. LeVan

Administrative Order NSP-1716-B

Dear Ms. LeVan:

By Division Administrative Order NSP-1716-A(SD)(L), dated May 15, 1995, Chevron was authorized a 79.77-acre non-standard gas spacing and proration unit ("GPU") in the Blinebry Oil and Gas Pool comprising Lot 1 and the SE/4 NE/4 of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. Blinebry gas production from said unit to be simultaneously dedicated to the Mark Well No. 7 (API No. 30-025-09997), located at an unorthodox gas well location for the subject 79.77-acre GPU 1980 feet from the North line and 760 feet from the East line (Unit H) of said Section 3 and the Mark Well No. 11 (API No. 30-025-26051), also located at an unorthodox gas well location for the subject GPU 430 feet from the North line and 960 feet from the East line (Lot 1/Unit A) of said Section 3.

Reference is made to your application dated November 22, 1995 to reduce said 79.77-acre GPU by deleting the 39.77 acres comprising Lot 1 (Unit A) of said Section 3. It is our understanding that Lot 1 is to be utilized as a standard "oil" spacing and proration unit in the Blinebry Oil and Gas Pool for the Mark Well No. 11, which was recently reclassified from a Blinebry "gas well" to an "oil well".

By authority granted me under the provisions of Rule 4(b)2 of the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*" as promulgated by Division Order No. R-8170, as amended, the following 40-acre non-standard gas spacing and proration unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: SE/4 NE/4.

Said 40-acre GPU is to be dedicated to the above-described Mark Well No. 7, which is now considered to be at a standard gas well location for the subject 40-acre GPU.



OIL CONSERVATION DIVISION



May 15, 1995

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

Attention: Lloyd Trautman

Administrative Order NSP-1716-A(SD)(L)

Dear Mr. Trautman:

By Division Administrative Order NSP-1716(SD)(L), dated January 31, 1995, Chevron was authorized a 119.53-acre non-standard gas spacing and proration unit ("GPU") in the Blinebry Oil and Gas Pool comprising Lots 1 and 2 and the SE/4 NE/4 of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. Blinebry gas production from said unit to be simultaneously dedicated to the Mark Well No. 7 (API No. 30-025-09997), located at an unorthodox gas well location 1980 feet from the North line and 760 feet from the East line (Unit H) of said Section 3, the Mark Well No. 8 (API No. 30-025-09998), located at an unorthodox gas well location 554 feet from the North line and 1874 feet from the East line (Lot 2/Unit B) of said Section 3, and the Mark Well No. 11 (API No. 30-025-26051), located at an unorthodox gas well location 430 feet from the North line and 960 feet from the East line (Lot 1/Unit A) of said Section 3.

Reference is made to your application dated April 18, 1995 to reduce said 119.53-acre GPU by deleting the 39.76 acres comprising Lot 2 (Unit C) of said section 3. It is our understanding that Lot 2 is to be utilized as a standard "oil" spacing and proration unit in the Blinebry Oil and Gas Pool for the Mark Well No. 8.

By authority granted me under the provisions of Rule 4(b)2 of the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*" as promulgated by Division Order No. R-8170, as amended, the following 79.77-acre non-standard gas spacing and proration unit is hereby approved:

VILLAGRA BUILDING - 408 Gallardo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7485

INDLAND

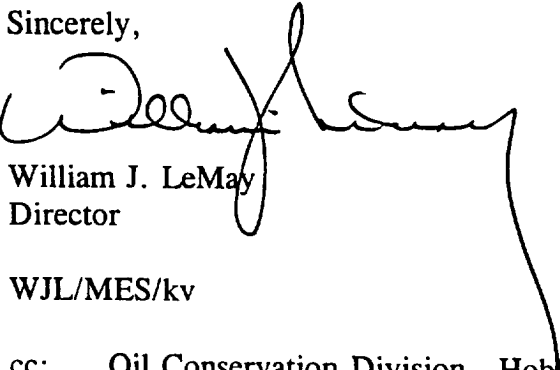
2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131

Administrative Order NSP-1716-A(SD)(L)
Chevron U.S.A. Production Company
March 15, 1995
Page 2

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: Lot 1 and the SE/4 NE/4.

Further, by authority granted me under the provisions of Rule 2(c) of said Special Blinebry Oil and Gas Pool Rules the above-described Mark Well Nos. 7 and 11, located at unorthodox gas well locations for the subject 79.77-acre unit are hereby approved. Chevron is authorized to simultaneously dedicate Blinebry gas production from both wells. Also, you are hereby permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of said pool rules based upon a unit size of 79.77 acres.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
File: NSP-1716(SD)(L)
NSP-612
NSP-1446





State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

OIL CONSERVATION DIVISION



January 31, 1995

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



Attention: Lloyd V. Trautman

Administrative Order NSP-1716(SD)(L)

Dear Mr. Trautman:

Reference is made to your applications dated October 14, 1994 and December 7, 1994, all three of which pertain to Blinebry gas production on Chevron's Mark Owen fee lease in the NE/4 equivalent of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

It is our understanding that both the Mark Well No. 7 (API No. 30-025-09997), located 1980 feet from the North line and 760 feet from the East line (Unit H) of said Section 3 and the Mark Well No. 11 (API No. 30-025-26051), located 430 feet from the North line and 960 feet from the East line (Lot 1/Unit A) of said Section 3 have both recently been reclassified from Blinebry oil wells to gas wells and that Chevron is proposing to recomplete the Mark Well No. 8 (API No. 30-025-09998), located 554 feet from the North line and 1874 feet from the East line (Lot 2/Unit B) of said Section 3, which is currently a producing oil well in the Wantz Abo Pool, to a gas well in the Blinebry Oil and Gas Pool. It is further understood that these three gas wells are to be simultaneously dedicated to a proposed 120-acre, more or less, tract comprising the N/2 NE/4 equivalent and SE/4 NE/4 of said Section 3.

By authority granted me under the provisions of Rule 2(a)4 of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described 119.53-acre non-standard gas spacing and proration unit ("GPU") is hereby approved:

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-5900

Administrative Order NSP-1716(SD)(L)

Chevron USA Inc.

January 31, 1995

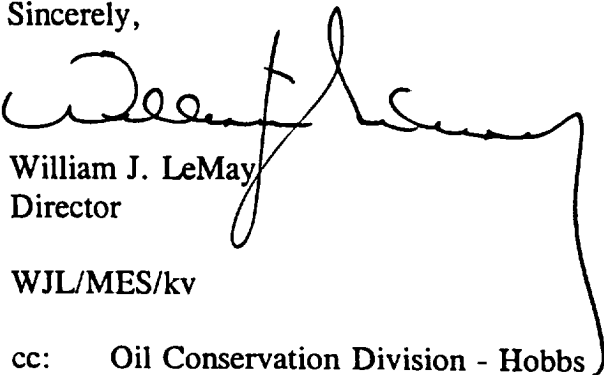
Page 2

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: Lots 1 and 2 and SE/4 NE/4

By authority granted me under the provisions of Rule 2(c) of said special Blinebry Oil and Gas Pool rules the above-described Mark Well Nos. 7, 8, and 11, located at unorthodox Blinebry gas well locations for the subject 119.53-acre unit, are hereby approved.

Also, Chevron is hereby authorized to simultaneously dedicate Blinebry gas production from the Mark Well Nos. 7, 8, and 11. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
File: NSP-612
NSP-1446

REMARKS: The previously approved Division Administrative Order NSP-612, dated August 13, 1962, as amended by orders dated May 22, 1975 and June 13, 1975, and Order NSP-1446, dated January 11, 1985, all of which addressed Blinebry gas production, non-standard gas spacing and proration units in the NE/4 equivalent of said Section 3, and the simultaneous dedication of wells thereon shall be rescinded at this time.