

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] or [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

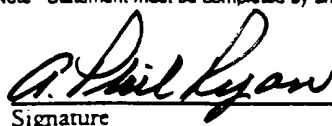
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public 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 further verify that all applicable API Numbers are included. 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. Phil Ryan
Print or Type Name


Signature

Commission Coordinator
Title

2/27/01
Date



Texaco North America Production
Denver Region - Permian Business Unit

500 North Loop East
Midland, TX 79701

P.O. Box 3169
Midland, TX 79702

February 27, 2001

GOV – STATE AND LOCAL GOVERNMENTS

Unorthodox Location
Mexico 'J' #27
Dollarhide Ellenburger
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Gentlemen:

An exception to Rule 104 F. (2) by administrative approval is requested for the captioned well. The well is located 165' FSL and 2320' FEL, Unit Letter "O" of Section 32, T-24-S, R-38-E.

The location of the Mexico 'L' #27 was chosen to maximize recovery of Ellenburger hydrocarbons while avoiding zones of reservoir depletion surrounding producers in the Dollarhide Ellenburger field. This location is non-standard because it encroaches on the lease line between Texaco's Mexico 'J' and Mexico 'L' state leases and encroaches on the quarter-quarter section line that is within Texaco's Mexico 'J' lease. The working interest ownership and royalty ownership of the Texaco Mexico 'J' lease are identical to those of the Texaco Mexico 'L' lease.

The positioning of the Mexico 'J' #27 is based on two factors: (1) location relative to the other Ellenburger producers (Mexico 'J' #2 and #4, Mexico 'L' #3 and #4), and (2) location of the well relative to the Ellenburger structure.

The Ellenburger wells nearest to the proposed location share a similar production history. The wells were drilled in the early 1950's and were completed in multiple zones within the Ellenburger Formation over the next 20 years until the Ellenburger reservoir was abandoned. At the time, the Ellenburger reservoir was viewed as a single reservoir under a strong water drive. The production strategy was to complete low in the Ellenburger, and produce until the oil production decreased significantly (approaching 100 BOPD) and the water production increased

significantly (approaching 50-150 BWPD). At that time the lower zone was squeezed off, and the Ellenburger was recompleted further uphole to reduce water production. Over the next several decades, our understanding of the Ellenburger reservoir has improved significantly. What we once thought of as a single reservoir is now known to be vertically compartmentalized (due to karsting) into several independent reservoirs each with its own water drive. Under this model, a significant amount of producible hydrocarbons remains within each partially depleted proration unit of the Dollarhide Ellenburger field. By drilling this well at a location equidistant from previous Ellenburger producers, we maximize our chances of recovering these producible hydrocarbons.

Because we were unable to resolve the Ellenburger on our 3-D seismic, we used a structure map made on the top of the Simpson Group as a proxy for the Ellenburger structure (see attached map). Because of the strong water drive within the Ellenburger, the location of the Mexico 'J' #27 was chosen to be at the highest structural position possible on the proration unit while avoiding surface obstructions.

There are no 'affected offset operators' to this location.

If there are any questions, please feel free to contact me at (915) 688-4606.

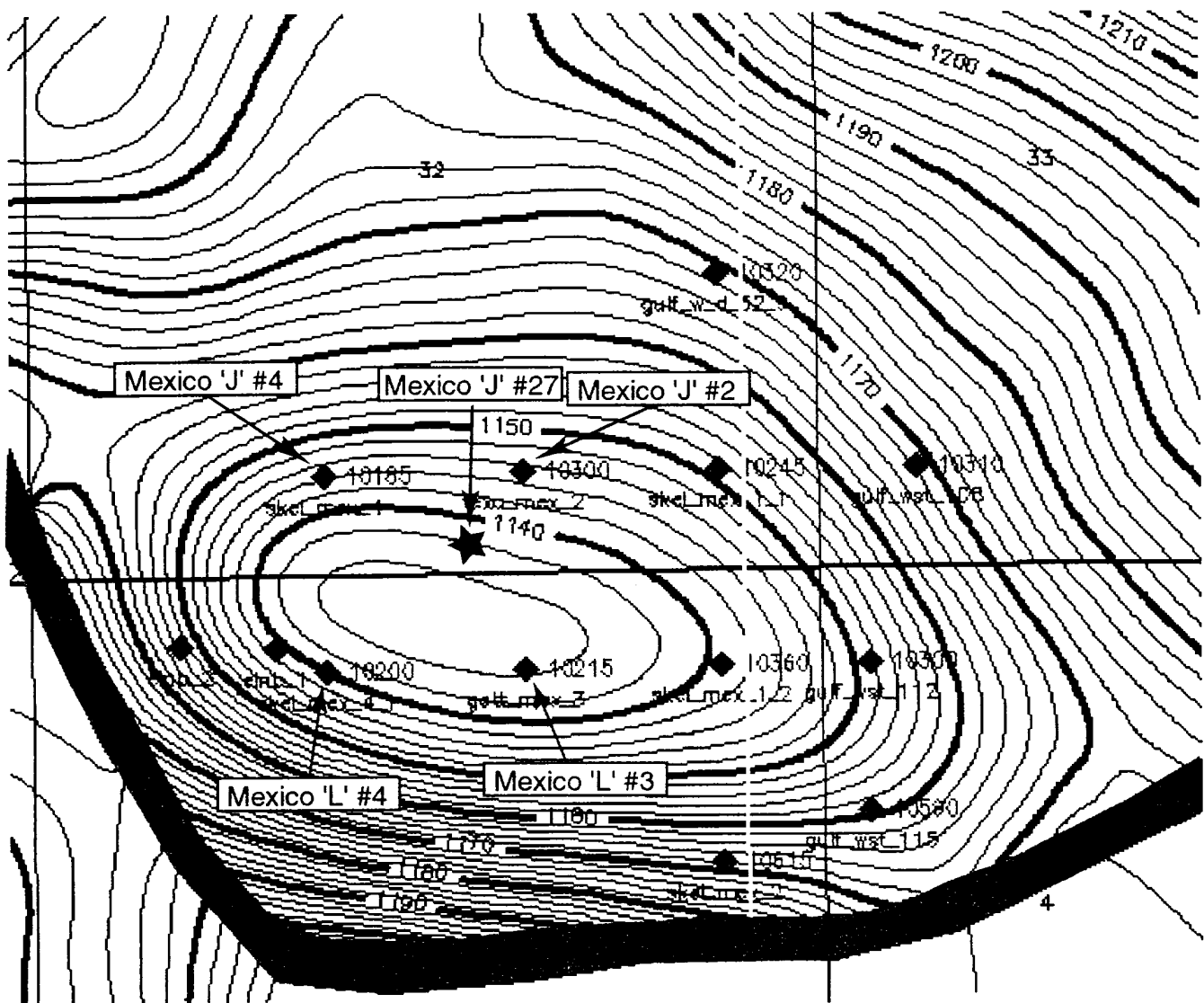
Yours very truly,



A. Phil Ryan
Commission Coordinator

Attachments: cc: OCD Hobbs, NM

Structure Map on top of Simpson Group
in Dollarhide Ellenburger Field



The Mexico 'J' #27 is on the same proration unit as the Mexico 'J' #2 (to the NE). Only the Mexico 'L' #4 is still producing from the Ellenburger.

Red dots are existing wells in the Dollarhide Ellenburger field.

Red star is proposed location for the Mexico 'J' #27.

Thick, blue line represents the faults bounding this structure.

Contours are in milliseconds. Contour interval = 2 milliseconds.

DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

¹ API Number 30-025-35479		² Pool Code 18430		³ Pool Name Dollarhide Ellenburger, Fusselman, Devonian					
⁴ Property Code 10996		⁵ Property Name Mexico "J"						⁶ Well Number 27	
⁷ OCRID No. 22351		⁸ Operator Name TEXACO EXPLORATION & PRODUCTION, INC.						⁹ Elevation 3152'	
¹⁰ Surface Location									
UL or lot no. 0	Section 32	Township 24-S	Range 38-E	Lot Idn	Feet from the 165'	North/South line South	Feet from the 2320'	East/West line East	⁷ County 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	⁷ County
¹² Dedicated Acres 40		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 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>A. Phil Ryan</i> Printed Name A. Phil Ryan Position Commissioner Coordinator Company Texaco Expl. & Prod. Inc. Date February 22, 2001
	¹⁷ 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 knowledge and belief. Date Surveyed February 21, 2001 Signature & Seal of Professional Surveyor <i>John S. Piper</i> Certificate No. 7254 John S. Piper Sheet

○ = Staked Location • = Producing Well * = Injection Well ◊ = Water Supply Well ◆ = Plugged & Abandon Well
⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found /4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing 426750.12 (1927=426693.92)		Easting 928704.29 (1927=887516.33)	
Latitude 32°10'01.275" (1927=32°10'00.839")		Longitude 103°04'53.340" (1927=103°04'51.704")	
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983/92	0.9999352	Dollar83.cr5
Drawing File		Field Book	

