



NSL-4420(SD)
**NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT**

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 21, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705**

Attention: Keith Lopez

Administrative Order NSL-4420-A (SD)

Dear Mr. Lopez:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on November 19, 2004 (*administrative application reference No. pMES0-433151114*); and (ii) the Division's records in Hobbs and Santa Fe, including the file on Division Administrative Order NSL-4420 (SD): all concerning Chevron U.S.A. Inc.'s ("Chevron") request for an unorthodox Tubb infill gas well location within an existing standard 160-acre gas spacing and proration unit ("GPU") for the Tubb Oil and Gas Pool (86440) comprising the SE/4 of Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. This GPU is currently simultaneously dedicated to Chevron's: (i) Alice Paddock Well No. 3 (API No. 30-025-09936), located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 1; and (ii) Alice Paddock Well No. 8 (API No. 30-025-26286), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-4420 (SD), dated March 15, 2000] 1980 feet from the South line and 2250 feet from the East line (Unit J) of Section 1.

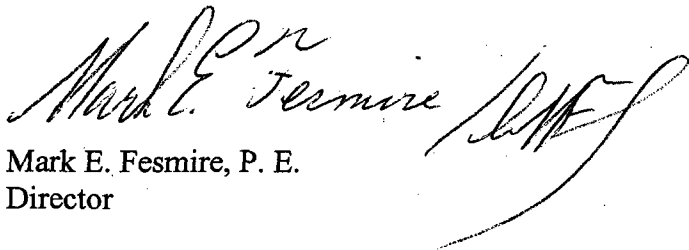
It is the Division's understanding that the well that is the subject of this application, Chevron's Alice Paddock Well No. 6 (API No. 30-025-24815), was originally drilled by Gulf Oil Corporation in 1974 to a total depth of 7,504 feet and dually completed in the Wantz Granite Wash (62730) and South Brunson-Drinkard Abo (7900) Pools at a standard oil well location 660 feet from the South line and 2230 feet from the East line (Unit O) of Section 1. It is further understood that Chevron now intends to recomplete this well up-hole into the Tubb Oil and Gas Pool; however, pursuant to Rule 2 (b) 1 of the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended, this location is considered to be unorthodox.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the special rules governing the Tubb Oil and Gas Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the Tubb Oil and Gas Pool, the above-described unorthodox gas well location for Chevron's Alice Paddock Well No. 6 is hereby approved.

Also, Chevron is hereby authorized to simultaneously dedicate Tubb gas production from the three above-described Alice Paddock Wells No. 3, 6, and 8. Furthermore, Chevron is hereby permitted to produce the allowable assigned the subject 160-acre GPU from all three wells in any proportion.

Sincerely,

A handwritten signature in cursive script, reading "Mark E. Fesmire", followed by a large, stylized flourish or initial "M".

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: NSL-4420 (SD)