



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 20, 2007

Chevron U.S.A. Inc.
Attn: Ms. Pamela A. Boring, P.E.
15 Smith Rd
Midland, TX 79705

Administrative Order NSL-5687

Re: Madera 24 Federal Well No. 1
API No. 30-025-36666
Unit M, Section 24, Twsp. 26S, Range 34E
Lea County

Dear Ms Boring:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-23332058**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 20, 2007,

(b) your supplemental email communication dated September 20, 2007; and

(c) the Division's records pertinent to this request.

Chevron U.S.A. Inc. (Chevron) has requested to produce its Madera 24 Federal Well No. 1 (API No. 30-025-36666), as an oil well, at an unorthodox Wolfcamp oil well location, 1310 feet from the South line and 1310 feet from the West line (Unit M) of Section 24, Township 26 South, Range 34 East, N.M.P.M., in Lea County, New Mexico. The SW/4 SW/4 of Section 24 will be dedicated to this well in order to form a standard 40-acre wildcat Wolfcamp oil spacing unit. This pool is governed by statewide Rule 104B.(1), which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. This location is approximately 10 feet from the northern and eastern unit boundaries.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Chevron is seeking this location because this well was originally drilled as a Wolfcamp gas well at a standard gas well location, but has been re-classified as a Wolfcamp oil well due to a change in the gas-oil ratio.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because working interest is common throughout the SW/4 of Section 24.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management - Carlsbad