



PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

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COMMISSIONER'S OFFICE

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www.nmstatelands.org

February 21, 2008

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 70705

Attention: Mr. Daniel Pequeno

Re: Application for Second Expansion  
Vacuum Grayburg San Andres Unit  
Vertical Expansion of Unitized Formation  
Lea County, New Mexico

Dear Mr. Pequeno:

We are in receipt of your letter of January 31, 2008 requesting preliminary approval of the amendment to Article 1.4 Unitized Formation of the Vacuum Grayburg San Andres Unit Agreement. Chevron has applied to extend the vertical limits of the unitized formation to include portions of the Grayburg and San Andres formations found between the stratigraphic equivalents of the depths of 3,902 feet and 5,020 feet on the Welex Acoustic Velocity Log, dated February 22, 1965, run in Texaco's New Mexico "M" State Well No. 8, located 330 feet from the North line and 1,880 feet from the West line of Section 1, T-18-S, R-34-E, Lea County, New Mexico.

The Commissioner of Public Lands hereby grants preliminary approval to your request to amend the Vacuum Grayburg San Andres Unit Agreement.

When submitting your application for final approval please include the following:

1. Application for final approval together with the amended agreement form.
2. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Amended Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
4. A copy of your 2008 Plan of Operation.
5. A re-designation of well names and numbers or a listing of all wells (and API's) in the unit.
6. Please submit a revised Exhibit "B" if there have been changes made to any of the exhibits.

**-State Land Office Beneficiaries -**

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

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Your \$150.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PH/JB/pm

pc: Reader File,  
NMOCD – Attn: Mr. William Jones