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January 2, 2001

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OIL CONSERVATION DIV

HAND DELIVERED

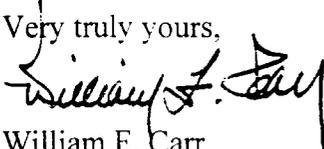
Mr. Michael E. Stogner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of Chevron U.S.A. Production company for administrative approval
of an unorthodox gas well location, Lea County, New Mexico.

Dear Mr. Stogner,

By letter dated October 11, 2000, Chevron U.S.A. Production Company filed an administrative application with the Oil Conservation Division seeking approval to recomplete its G. C. Matthews Well No. 12 in the Tubb formation, West Monument-Tubb Gas Pool, at an unorthodox gas well location 330 feet from the South line and 990 feet from the East line (Unit P) of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

On October 31, 2000, Sapient Energy Corp. filed an objection to this location but recommended that Sapient and Chevron discuss this matter prior to the application being set for hearing. To date no agreement has been reached concerning this dispute and Chevron requests that its application be set for hearing on January 25, 2001 before a Division examiner. Accordingly, I enclose and have filed a legal advertisement for this case. Your attention to this request is appreciated.

Very truly yours,

William F. Carr
Attorney for Chevron U.S.A.
Production Company

cc: W. Thomas Kellahin, Esq.
Lloyd V. Trautman
Chevron U.S.A. Production Company

CASE 12586:

Application of Chevron U.S.A. Production Company for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to recomplete its G. C. Matthews Well No. 12 (API No. 30-025-05953) in the ~~Tub formation, West Monument-Tubb Gas Pool~~ ^{Gas} ~~Pool~~ ^{Formation} at an unorthodox well location 330 feet from the South line and 990 feet from the East line (Unit P) of Section 6, Township 20 South, Range 37 East, ~~NMPM~~. The SE/4 of Section 6 is to be dedicated to the well. This well is located approximately 5 miles northwest of Eunice, New Mexico.

*To form a standard
160-acre gas spacing
and production unit for
the West Monument-Tubb Gas
Pool.*

OIL CONSERVATION DIV.
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