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May 10, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 12671

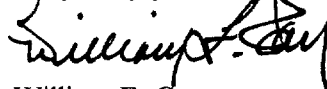
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MAY 15 PM 4:02

Re: Amended Application of Chevron U.S.A., Inc. for compulsory pooling,
Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Amended Application of Chevron U.S.A., Inc. in the above-referenced case as well as a copy of the legal advertisement. Chevron U.S.A., Inc. requests that this matter be placed on the docket for the June 14, 2001 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Denise K. Beckham (w/enclosures)
Senior Landman
Chevron U.S.A., Inc.
Post Office Box 1150
Midland, Texas 79702

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF CHEVRON U.S.A., INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12671

AMENDED APPLICATION

CHEVRON U.S.A., INC. ("Chevron"), through its undersigned attorneys, hereby makes an amended application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations from the surface to the base of the Tubb formation in the W/2 NW/4 of Section 35, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, for all formations developed on 80-acre spacing with said spacing unit to be dedicated to a well to be drilled at a standard location in the NW/4 NW/4 of said Section 35.

In support of this amended application, Chevron states:

1. Chevron is a working interest owner in the W/2 NW/4 of Section 35 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at a standard location in the NW/4 NW/4 of said Section 35, to a depth sufficient to

test any and all formations from the surface to the base of the Tubb formation, Undesignated Monument-Tubb Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for drilling pooling or farmout from Matador Petroleum Corporation, 8340 Meadow Road, Suite 158, Pecan Creek, Dallas, Texas 75231-3751 (Attention Jay Beavers).

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Chevron U.S.A., Inc. should be designated the operator of the well to be drilled.

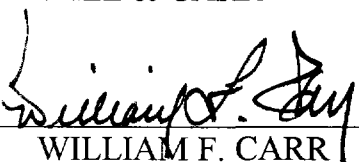
WHEREFORE, Chevron U.S.A., Inc. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on June 14, 2001 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating Chevron U.S.A., Inc. operator of this units and the well to be drilled thereon,
- C. authorizing Chevron to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and

- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

By: 
WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR CHEVRON U.S.A., INC.

Case 12671 :

Amended Application of Chevron U.S.A., Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations and pools developed on 80-acre spacing in the W/2 NW/4 of Section 35 Township 19 South, Range 37 East, NMPM, which includes but is not necessarily limited to the Undesignated Monument-Tubb Pool. Said units are to be dedicated to a well to be drilled at a standard location in the NW/4 NW/4 of said Section 35 to a depth sufficient to test all formations from the surface to the base of the Tubb formation.. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chevron U.S.A., Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles East Southeast of Monument, New Mexico.

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May 10, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Matador Petroleum Corporation
8340 Meadow Road, Suite 158
Pecan Creek
Dallas, Texas 75231-3751

Case 12671

Attention: Jay Beavers

Re: Amended Application of Chevron U.S.A., Inc. for Compulsory Pooling, Lea
County, New Mexico

Dear Mr. Beavers:

This letter is to advise you that Chevron U.S.A. Inc. has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking the force pooling of certain mineral interests from the surface to the base of the Tubb formation in the W/2 NW/4 of Section 35, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Chevron U.S.A., Inc. proposes to dedicate the referenced pooled unit to a well which it proposes to drill to a depth sufficient to test all formations to the base of the Tubb formation at a standard location in the W/2 NW/4 of said Section 35.

This application has been set for hearing before a Division Examiner on June 14, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify

Matador Petroleum Corporation

May 10, 2001

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at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over the typed name.

William F. Carr

Attorney for Chevron U.S.A., Inc.

cc: Denise Beckham

Case 12671 : Amended Application of Chevron U.S.A., Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations and pools developed on 80-acre spacing in the W/2 NW/4 of Section 35 Township 19 South, Range 37 East, NMPM, which includes but is not necessarily limited to the Undesignated Monument-Tubb Pool. Said units are to be dedicated to a well to be drilled at a standard location in the NW/4 NW/4 of said Section 35 to a depth sufficient to test all formations from the surface to the base of the Tubb formation.. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chevron U.S.A., Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles East Southeast of Monument, New Mexico.