



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 12, 1998

AW
Danna

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Lloyd V. Trautman

Administrative Order NSL-3927

Dear Mr. Trautman:

Reference is made to your application dated November 20, 1997 for approval to drill the H. T. Orcutt (NCT-E) Well No. 2 (30-025-34182) at an unorthodox gas well location to test the Undesignated Skaggs-Abo Gas Pool 660 feet from the North line and 330 feet from the West line (Lot 4/Unit D) of Section 2, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 2 is to be dedicated to said well to form a standard 161.33-acre gas spacing and proration unit for said interval.

It is our understanding that the even though the subject well is to be drilled to a depth sufficient to test the Abo formation, it is the shallower Tubb (Undesignated Moment-Tubb Pool) and Drinkard (Undesignated Northwest Skaggs-Drinkard Pool) intervals that are the primary zones of interests and pursuant to the rules governing both oil pools the proposed location is considered to be "orthodox".

The geologic interpretation submitted with this application indicates that a well drilled at the proposed location will be at a more favorable geologic position within the oil producing interval of the Undesignated Moment-Tubb Pool than a well drilled at a location considered to be standard within the subject NW/4 equivalent of said Section 2.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

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

Sincerely,

Kathleen A. Garland
Director

KAG/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs /
New Mexico State Land Office - Santa Fe