



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 4, 2008

Chevron U.S.A., Inc.
Attn: Mr. Carl Okpattah
11111 S. Wilcrest Dr
Houston, TX 77099

Administrative Order NSL-5838

Re: **C.H. Weir B Well No. 15**
API No. 30-025-
Unit I, Section 11-20S-37E
Lea County

Dear Mr. Okpattah:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-11553387**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 24, 2008, and

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

Chevron U.S.A., Inc. (Chevron) has requested to drill the above-referenced well at an unorthodox well location, 1333 feet from the South line and 1308 feet from the East line (Unit I) of Section 11, Township 20 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The NE/4 SE/4 of Section 11 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Skaggs-Drinkard Pool (57000) and the East Weir-Blinebry Pool (63800). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

In addition, the N/2 SE/4 of Section 11 will be dedicated to this well to form a standard 80-acre unit in the Monument-Tubb Pool (47090). Spacing in this pool is governed by the Special Rules and Regulations for the Monument-Tubb Pool, as provided in Order R-3123, effective November 10, 1964, which provide for 80-acre units, with wells to be located at least 330 feet from any quarter-quarter section line.



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This location is unorthodox in all pools, because it is less than 330 feet from the southern and eastern boundaries of the quarter-quarter section.

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

It is our understanding that this location is being requested because Chevron's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

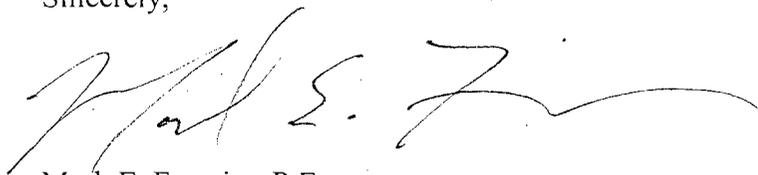
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs