



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



July 8, 2008
Administrative Orders NSL-5850
SD-200819

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Richard A. Jenkins, Production Engineer

Dear Mr. Jenkins:

Chevron's NSL Application: GC Matthews No.5 (subject well)

API No. 30-025-05946
2310' FSL & 2310 FEL, Unit J
Section 6, T-20 South, R-37 East, NMPM, Lea County, New Mexico

Chevron's SD Application: GC Mathews No.5 & G.C. Matthews No. 12

GC Matthews No. 5 same as above
G.C. Matthews No. 12
API No. 30-025-05953
330' FSL & 990 FEL, Unit P
Section 6, T-20 South, R-37 East, NMPM, Lea County, New Mexico

Reference is made to the following:

- (a) Chevron U.S.A., Inc. ("Chevron") application for a non-standard well location (***administrative application reference No. pKVR0813030519***) for the GC Matthews No. 5 and No. 12 wells that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 8, 2008; and
- (b) the Division's records pertinent to Chevron's request.



Chevron (OGRID 4323) requests approval to recomplate the G. C. Matthews Well No. 5 as a gas well in the West Monument-Tubb Gas Pool (96968). This well has been temporarily abandoned since 2003. The proposed recompletion to the Monument Tubb West Gas Pool would create an unorthodox well location.

It is our understanding that the subject well in this application, the G.C. Matthews No. 5 was originally drilled by Gulf Oil Corporation in 1951 to a total depth of 5,780 feet and completed in the Monument Blinbry. In 1972 Gulf requested an OCD Hearing for approval to dual complete their GC Matthews No. 5 in the Eunice Monument and Paddock Monument Pools. May 24, 1972 Hearing Order R-4313 was issued. In 1977 these zones were abandoned and the Monument Abo was completed. It is further understood that Chevron now intends to recomplate this well up-hole into the West Monument-Tubb Gas Pool development within an existing standard 160-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The rules currently governing spacing, well locations, and allowables for this pool are governed by, but not necessarily limited to statewide Rule 104 and 605.

It is our understanding that gas production attributed to the West Monument -Tubb Gas Pool within this 160-acre GPU will to be simultaneously dedicated to the following two wells:

- G. C. Matthews Well No. 5 (**API No. 30-025-05946**), located at an unorthodox gas well location 2310 feet from the South and East lines (Unit J) of Section 6;
- G. C. Matthews Well No. 12 (**API No. 30-025-05953**), located at a standard gas well location 330 feet from the South line and 990 feet from the East line (Unit P) of Section 6.

By authority granted me under the provisions of Rule 2(d) of the special rules for the West Monument -Tubb Gas Pool, the unorthodox location of the G. C. Matthews Well No. 5 is hereby approved.

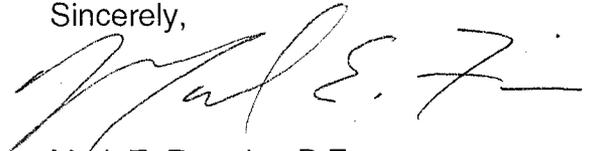
Furthermore, you are hereby authorized to simultaneously dedicate West Monument -Tubb Gas Pool production from the G. C. Matthews Well No. 5 with the G. C. Matthews Well No. 12. Also you are hereby permitted to produce the allowable assigned the subject 160-acre GPU from both wells in any proportion.

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

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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', written in a cursive style.

Mark E. Fesmire, P.E.
Division Director

MEF/tw

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-5850
SD-200819