



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 2, 1998

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

Administrative Order NSP-688-B

Dear Mr. Wright:

Subsequent to our review of your letter dated March 23, 1998 concerning Blinebry Oil and Gas Pool production from Chevron U.S.A. Production Company's ("Chevron"): (i) Alice Paddock Well No. 1 (API No. 30-025-09938), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico; and, (ii) Alice Paddock Well No. 2 (API No. 30-025-09939), located 1980 feet from the South and East lines (Unit J) of Section 1, the following Administrative Orders issued by the New Mexico Oil Conservation Division ("Division") are hereby rescinded:

- Division Administrative Order NSP-688, dated August 19, 1964, which authorized a 40-acre non-standard gas spacing and proration unit ("GPU") for Blinebry gas production comprising the SW/4 SE/4 (Unit O) of Section 1 to be dedicated to Chevron's aforementioned Alice Paddock Well No. 1;
- Division Administrative Order NSP-692, dated September 30, 1964, which authorized a 120-acre non-standard GPU for Blinebry gas production comprising the NE/4 SE/4 and S/2 SE/4 of said Section 1 for Alice Paddock Well No. 1;
- AMENDED Administrative Order NSP-692, dated January 27, 1986, which stayed the provisions of NSP-692 and formed an 80-acre non-standard GPU for Blinebry gas production comprising the S/2 SE/4 of Section 1 for the Alice Paddock Well No. 1.
- Division Administrative Order NSP-688-A, dated March 8, 1996, which placed in abeyance the three previous administrative orders (NSP-688, NSP-692, and AMENDED NSP-692) and formed an 80-acre non-standard GPU for Blinebry gas production comprising the W/2 SE/4 of Section 1 for the Alice Paddock Well No. 1 and the above-described Alice Paddock Well No. 2.

It is our understanding that the Alice Paddock Well No. 1 in Unit "O" of Section 1 is classified as an "oil well" in the Blinebry Oil and Gas Pool; therefore, pursuant to **Rule 2(a)2** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry Oil and Gas Pool*," the SW/4 SE/4 (Unit O) of Section 1, being a standard 40-acre oil spacing and proration unit, shall be dedicated to said well.

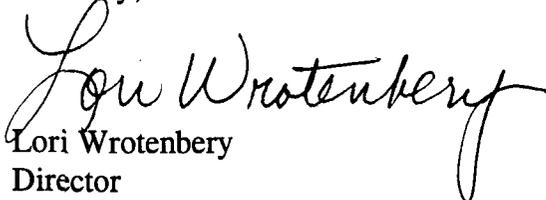
By authority granted me under the provisions of **Rule 2(d)** of said special pool rules the following described acreage in the Blinebry Oil and Gas Pool is hereby approved as a 40-acre non-standard GPU that is to be dedicated to Chevron's aforementioned Alice Paddock Well No. 2:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: NW/4 SE/4.

Chevron is permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of said special pool rules based upon a unit size of 40 acres.

The effective date of this order shall be made retroactive to March 8, 1996.

Sincerely,


Lori Wrottenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-688
NSP-688-A
NSP-692