

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



January 31, 1995

Chevron U.S.A. Inc.
P.O. Box 1150
Midland, Texas 79702

Attention: Lloyd V. Trautman

Administrative Order NSP-1716(SD)(L)

Dear Mr. Trautman:

Reference is made to your applications dated October 14, 1994 and December 7, 1994, all three of which pertain to Blinebry gas production on Chevron's Mark Owen fee lease in the NE/4 equivalent of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

It is our understanding that both the Mark Well No. 7 (API No. 30-025-09997), located 1980 feet from the North line and 760 feet from the East line (Unit H) of said Section 3 and the Mark Well No. 11 (API No. 30-025-26051), located 430 feet from the North line and 960 feet from the East line (Lot 1/Unit A) of said Section 3 have both recently been reclassified from Blinebry oil wells to gas wells and that Chevron is proposing to recomplete the Mark Well No. 8 (API No. 30-025-09998), located 554 feet from the North line and 1874 feet from the East line (Lot 2/Unit B) of said Section 3, which is currently a producing oil well in the Wantz Abo Pool, to a gas well in the Blinebry Oil and Gas Pool. It is further understood that these three gas wells are to be simultaneously dedicated to a proposed 120-acre, more or less, tract comprising the N/2 NE/4 equivalent and SE/4 NE/4 of said Section 3.

By authority granted me under the provisions of Rule 2(a)4 of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described 119.53-acre non-standard gas spacing and proration unit ("GPU") is hereby approved:

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

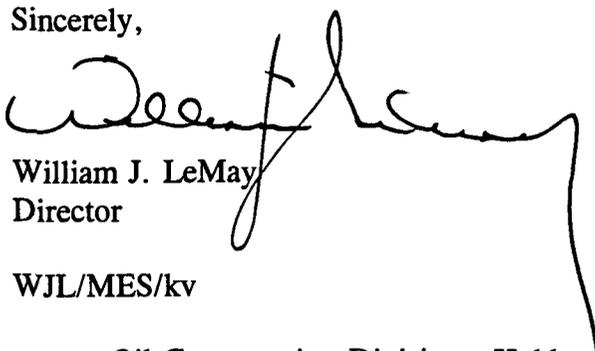
2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: Lots 1 and 2 and SE/4 NE/4

By authority granted me under the provisions of Rule 2(c) of said special Blinebry Oil and Gas Pool rules the above-described Mark Well Nos. 7, 8, and 11, located at unorthodox Blinebry gas well locations for the subject 119.53-acre unit, are hereby approved.

Also, Chevron is hereby authorized to simultaneously dedicate Blinebry gas production from the Mark Well Nos. 7, 8, and 11. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs)
File: NSP-612
NSP-1446

REMARKS: The previously approved Division Administrative Order NSP-612, dated August 13, 1962, as amended by orders dated May 22, 1975 and June 13, 1975, and Order NSP-1446, dated January 11, 1985, all of which addressed Blinebry gas production, non-standard gas spacing and proration units in the NE/4 equivalent of said Section 3, and the simultaneous dedication of wells thereon shall be rescinded at this time.