April 9, 1997

Administrative Application For Unorthodox
Oil Well Location and Simultaneous Dedication
East Herradura Bend Field
Lentini '1' Federal #16
2475' FNL & 1050' FWL (Surface)
2475' FNL & 1671' FWL (Est. Bottom)
Section 1, T-23-S, R-28-E
Eddy County, New Mexico

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay – Director

Gentlemen:

Chevron U.S.A. Inc. respectfully requests your approval of this administrative application for the subject Non-Standard Location and Simultaneous Dedication.

Chevron is planning to drill and complete the Lentini '1' Federal #16 in the East Herradura Bend – Delaware Pool. It is our desire to simultaneously dedicate said well to the existing standard 40-acre oil spacing and proration unit currently assigned to Lentini '1' Federal #5 (API No. 30-015-27565). The 40-acre oil proration unit comprises Unit Letter F of Section 1, Township 23 South, Range 28 East, NMPM, East Herradura Bend – Delaware Pool, Eddy County, New Mexico. Well #5 is a marginal oil well producing at a current rate of 20 bopd 65 bwpd 75 mcfpd; significantly shy of the 142 bopd allowable and 10,000 GOR limit. If allowed to simultaneously dedicate production from Well #16, Chevron could economically capture incremental reserves which otherwise would not be produced from this proration unit.

The proposed bottom hole location for Lentini '1' Federal #16 of 2475' FNL & 1671' FWL (Unit Letter F) of said Section 1 is non-standard. This non-standard location, however, encroaches only upon Chevron leasehold acreage.

In order to prevent waste, Chevron respectfully requests your approval of this administrative application for an unorthodox oil well location and simultaneous dedication. Attached is a map indicating offset operators and a Form C-102 plat. A copy of this letter and attachments are being furnished by Certified Mail to offset operators as their notice of this application.