



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 13, 2000

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: A. M. Howell

Administrative Order NSP-1825

Dear Mr. Howell:

Reference is made to the following: (i) your letter of application dated April 4, 2000 concerning Chevron U.S.A., Inc.'s ("Chevron") planned development of the South Eunice-San Andres Pool within the E/2 NE/4 of Section 10, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated April 17, 2000; (iii) your telephone conversation with Mr. Stogner on Thursday, April 27, 2000; (iv) your application submitted to the Division on May 22, 2000; and (v) the Division's records in Santa Fe, including the file on Division Administrative Orders NSP-876 and NSP-876-A (SD): all concerning Chevron's request for an exception to **Rule 2** of the "*Special Rules and Regulations for the South Eunice-San Andres Pool*," as promulgated by Division Order No. R-3706, as amended, in order to form a non-standard, or disoriented, 80-acre stand-up oil spacing and proration unit within this pool underlying the following described acreage in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 10: W/2 NE/4.

This newly established 80-unit is to be dedicated to Chevron's Rollon Brunson Well No. 5, which is located at a standard oil well location 2086 feet from the North and East lines (Unit G) of Section 10. The Division's records indicate that this well was originally drilled to a total depth of 5,270 feet in 1947 by Gulf Oil Corporation and completed within the Paddock Pool. In 1987 Chevron plugged and abandoned this well.

By the authority granted me under the provision of the special pool rules governing the South Eunice-San Andres Pool, Division Memorandum 4-86, dated June 2, 1986, and Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, above-described 80-acre non-standard oil spacing and proration unit is hereby approved.

Further, the aforementioned Rollon Brunson Well No. 5 and 80-acre spacing unit will be

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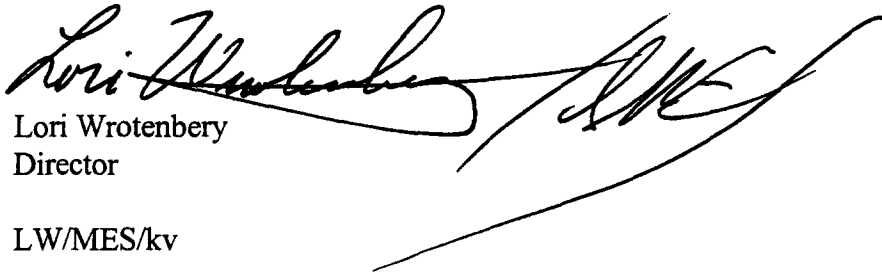
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subject to all existing rules, regulations, policies, and procedures applicable to these pools.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or scribble.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

File: NSP-876

NSP-876-A (SD)

NSP-611