



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 26, 2005

Mark Fesmire

Director

Oil Conservation Division

Chevron U.S.A., Inc.
c/o MidContinent SBU
Chevron North America Exploration and Production Company
11111 South Hillcrest
Houston, Texas 77099

Attention: **George F. Prichard**
Geologist
GPrichard@chevron.com

AMENDED Administrative Order NSL-5227 (SD)

Dear Mr. Prichard:

Reference is made to the following: (i) your initial application that was submitted to Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico, by e-mail on Friday, October 21, 2005 (*administrative application reference No. pMES0-529934133*); (ii) your follow-up hard copy received by the Division on October 25, 2005; and (iii) the Division's records in Hobbs and Santa Fe, including the file on Division Administrative Order NSL-5227 (SD): all concerning Chevron U.S.A., Inc.'s ("Chevron") request to move the surface location of its proposed Mark Well No. 13 (**API No. 30-025-37385**), which well was the subject of Division Administrative Order NSL-5227 (SD), dated June 30, 2005, and to directionally drill to an unorthodox subsurface oil well location within the SE/4 NE/4 (Unit H) of Section 3, Township 22 South, Range 37 East, NMPM, Penrose Skelly (Grayburg) Pool (**50350**), Lea County, New Mexico.

Your amended application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The Division understands that Chevron is moving its Mark Well No. 13 from its originally intended location 1678 feet from the North line and 1425 feet from the East line (Unit G) of Section 3 approximately 316 feet to the southeast "due to severe surface issues" that were evidently not known to exist by Chevron personnel at the time the application that resulted in the issuance of Division Administrative Order NSL-5227 (SD) was submitted. It is further understood the proposed bottomhole location for this new well, which is targeted to be 1395 feet from the North line and 1305 feet from the East line in Unit "H" of Section 3, should result in the more effective infill drainage of Grayburg reserves within Chevron's "Mark" fee lease that comprises the NE/4 equivalent of Section 3.

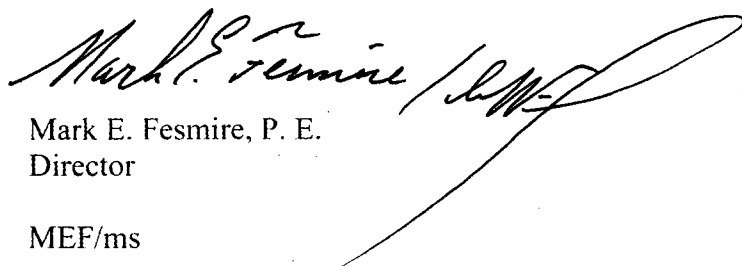
This move and resulting bottomhole location will place the Mark Well No. 13 within another existing standard Penrose Skelly (Grayburg) 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 3, which unit is currently dedicated to Chevron's Mark Well No. 10 (API No. 30-025-25785), located at a standard oil well location 1650 feet from the North line and 340 feet from the East line of Section 3.

By the authority granted me under the provisions of Division Rule 104.F (2) the application of Chevron for its proposed Mark Well No. 13, to be directionally drilled from a surface location 1881 feet from the North line and 1183 feet from the East line (Unit H) of Section 3 to an unorthodox bottomhole infill oil well location 1395 feet from the North line and 1305 feet from the East line (Unit H) of Section 3, is hereby approved.

This amended order shall supersede the previous order issued on June 30, 2005.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: NSL-5227 (SD) - *Division administrative application reference No. pSEM0-517329469*