



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

July 10, 2003

Lori Wrotenberg
Director
Oil Conservation Division

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Attention: J. Denise Pinkerton
leakejd@chevrontexaco.com

Administrative Order NSP-1621-B (SD)

Dear Ms. Pinkerton:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on June 30, 2003 (*administrative application reference No. pLR0-318227460*); and (ii) the Division's records in Santa Fe, including the files on Division Administrative Orders SD-00-05, NSL-4234 (SD), NSP-1621-A (L), and NSP-1621 (NSL): all concerning Chevron U.S.A., Inc.'s ("Chevron") request to delete the 40 acres comprising the SE/4 NE/4 (Unit H) of Section 28, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, from an existing standard 160-acre gas spacing and proration unit ("GPU") comprising the NE/4 of Section 28, in order to create a 120-acre non-standard GPU consisting of the following acreage in the Tubb Oil and Gas Pool (86440):

LEA COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 28: N/2 NE/4 and SW/4 NE/4.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

It is our understanding from this application and the Division's records that the aforementioned standard 160-acre GPU had, until recently, the following three wells simultaneously dedicated to it (see NMOCD Correspondence Reference No. SD-00-05 dated December 12, 2000):

- (i) Eunice King Well No. 13 (API No. 30-025-06849), located at an unorthodox gas well location 554 feet from the North and East lines (Unit A) of Section 28 [this location was "grandfathered" in as a standard Tubb gas well location for the subject 160-acre GPU pursuant to Rule 2 of the "*Special Rules and Regulations for the Tubb Gas Pool*", as promulgated by Division Order No. R-586, issued in Case No. 728 and dated April 11, 1955];
- (ii) Eunice King Well No. 14 (API No. 30-025-06851), located at an unorthodox gas well location [approved by Division Administrative Order NSL-4234 (SD)] 1874 feet from the North line and 2086 feet from the East line (Unit G) of Section 28; and

(iii) Eunice King Well No. 8 (API No. 30-025-06844), located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 28.

With Chevron's recent recompletion of the Eunice King Well No. 8 in Unit "H" of Section 28 as a Tubb "oil" well, its assigned standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 of Section 28 is to be omitted from this 160-acre GPU.

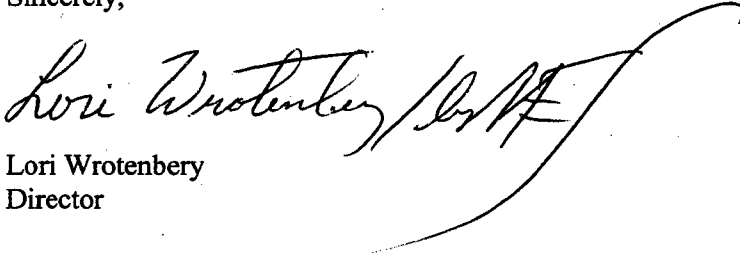
By authority granted me under the provisions of Division Rules 605.B (2) (b) and 104.D (2) and the applicable provisions of the special pool rules governing the Tubb Oil and Gas Pool, the above-described 120-acre non-standard GPU is hereby approved.

Further, Chevron is permitted to produce the allowable assigned this 120-acre unit from the two remaining Eunice King Wells No. 13 and 14 in accordance with Rule 8 of the special rules governing the Tubb Oil and Gas Pool and Division Rule 605.D (4) (a).

It is further ordered that all provisions applicable to the two Eunice King Wells No. 13 and 14 included in Division Administrative Order No. NSL-4234 (SD), not in conflict with this order, shall remain in full force and affect until further notice. This order shall supersede the previous Division Administrative Orders NSP-1621 (NSL), NSP-1621-A (L), and SD-00-05.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Hobbs
File: NSL-4234 (SD)
NSP-1621 (NSL)
NSP-1621-A (L)
SD-00-05