



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

July 31, 1990

Chevron USA, Inc.
P.O. Box 670
Hobbs, NM 88240

Attention: R. C. Anderson, District Manager

Administrative Order NSL-2838(SD)

Dear Mr. Anderson:

Reference is made to your application dated June 21, 1990 for a non-standard Blinebry gas well location for your existing Mark Owen Well No. 4 which was drilled in 1946 and completed in the Drinkard formation at a standard oil well location 2068 feet from the South and East lines (Unit J) of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. Our records indicate that in 1963 the Blinebry formation was tested in said wellbore and was completed as a Blinebry Oil well, however the Blinebry zone was shut-in from 1967 to 1988.

It is our understanding that after recent recompletion operation the GOR (Gas/Oil Ratio) exceeded 50,000 to 1 thereby changing the status of the Blinebry zone from an oil well to a gas well, which pursuant to the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, is unorthodox.

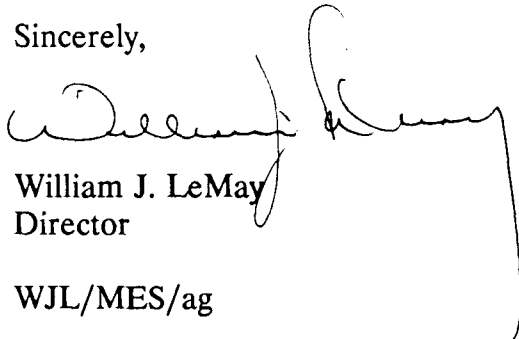
Furthermore, it is our understanding that gas production from the subject well and from your Mark Owen Well No. 3 located 1980 feet from the South line and 960 feet from the East line (Unit I) of said Section 34 is to be simultaneously dedicated to the SE/4 of said Section 34 thereby forming a standard 160-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 2(c) of said Order No. R-8170, as amended, the above-described unorthodox gas well location is hereby approved. Also, you are hereby authorized to simultaneously dedicated Blinebry Gas production from both the Mark Owen Well Nos. 3 and 4; furthermore, you are authorized to produce the allowable assigned the subject proration unit from both wells in any proportion.

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By further order of the Division, previous Administrative Order Nos. NSP-725 (dated November 8, 1965), NSP-724 (dated November 8, 1965) and NSP-841 (dated July 12, 1971) are all superseded by this order.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs