



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 05, 2007

Phyllis Edwards
Regulatory Analyst
Chevron USA Inc.
550 W. Texas Avenue, Suite 1300
Midland, Texas 79701

RE: **Skelly Unit Well No. 969**
1290 feet FSL & 330 feet FWL (Unit M) (Unorthodox)
SW/4SW/4 of Section 14, T-17 -S, R-31-E,
NMPM, Eddy County, New Mexico

Administrative Order NSL-5728

Dear Ms Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0729559460**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 22, 2007; and

(b) the Division's records pertinent to Chevron's request.

Chevron USA Inc., (Chevron) requests to drill its Skelly Unit Well No. 969 at an unorthodox Fren; Glorieta-Yeso oil well location as referenced above in Section 14, Township 17 South, Range 31 East, N.M.P.M., in Eddy County, New Mexico.

The SW/4SW/4 of Section 14 will be dedicated to this well to form a standard 40-acre oil spacing and proration unit. Chevron intends to test the Fren; Glorieta-Yeso Oil Pool. This pool is governed by the Division's Statewide Rules and Regulations which provide for wells on 40-acre spacing units to be located no closer than 330 feet to a quarter-quarter section line.

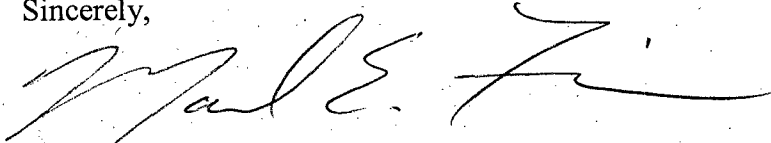
The location of the well is due to geological reasons, and Chevron expects to maximize production at this location.

Your application has been duly filed under the provisions of Division Rules 104. F. It is our understanding that the offsetting acreage has interest ownership identical in all respects, therefore no notice of this application is required.

Pursuant to the authority granted under the provisions of Division Rules 104. F(2), the above-described unorthodox Fren; Glorita-Yeso oil pool location is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division - Artesia
Bureau of Land Management (BLM) - Carlsbad