



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 15, 2008

Chevron USA, Inc.
Attn: Mr. A.M. Howell
15 Smith Road
Midland, TX 79705

Administrative Order NSL-3866-B

Re: F.B. Davis Well No. 6
API No. 30-025-34105
510 feet FNL and 1350 feet FEL
Unit B, Section 8-23S-37E
Lea County

Dear Mr. Howell:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-15849987**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 6, 2008, and

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

Chevron U.S.A., Inc. (Chevron) has requested to re-complete the above-referenced well in the Grayburg formation at an unorthodox well location, as described in the caption of this letter. The NW/4 NE/4 of Section 8 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Langlie Mattix-Seven Rivers/Queen/Grayburg Pool (37240). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).



It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled to another formation at an unorthodox location approved in original Order NSL-3866

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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/db

cc: New Mexico Oil Conservation Division - Hobbs