



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



August 18, 2008

Chevron Midcontinent, L.P.
Attn: Daniel Pequeno
15 Smith Rd. RM-2235
Midland, TX 79705

Administrative Order NSL-5896

Re: Lovington Paddock Unit Well No. 83
API No. 30-025-03792
1650 feet FSL and 2310 feet FWL
Unit-K, Section 36-16S-36E
Lea County

Dear Mr. Pequeno:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-20651910**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 24, 2008, and

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

Chevron Midcontinent, L.P. (Chevron) has requested to complete the above-referenced well as a Queen gas well at an unorthodox location, as specified in the caption of this letter. The SW/4 of Section 36 will be dedicated to this well in order to form a standard 160-acre gas spacing unit in the undesignated Lovington-Queen Gas Pool (80720). This pool is governed by statewide Rule 104.C(3), which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 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.



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 adjoining 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', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe