

# 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



February 11, 2009

Chevron USA, Inc.  
Attn: Mr. Casey R. Mobley  
11111 S. Wilcrest, Rm S-1037  
Houston, TX 77099

## Administrative Order NSL-5989

**Re: C.P. Falby Federal A Well No. 8**  
**API No. 30-025**  
**2310 feet FNL and 1200 feet FWL**  
**Unit E, Section 8-22S-37E**  
**Lea County, New Mexico**

Dear Mr. Mobley:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-01449182**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 14, 2009, and

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

Chevron USA, Inc. (Chevron) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SW/4 NW/4 of Section 8 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Penrose Skelly-Grayburg Pool (50350). This pool is governed by statewide Rule 15.9.A, 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 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for engineering reasons, in order to most effectively drain the reserves underlying this unit.



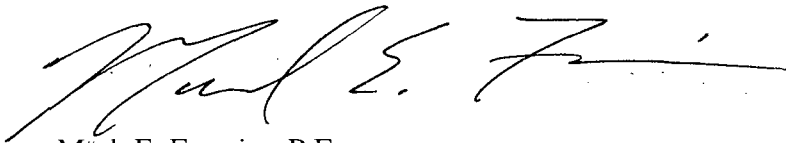
It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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', with a stylized flourish at the end.

Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division – Hobbs  
United States Bureau of Land Management - Carlsbad