



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

April 6, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Chevron U.S.A., Inc.
c/o **ChevronTexaco**
11,111 S. Wilcrest – Room S-1052
Houston, Texas 77099

Attention: Michael R. Villalva
Petroleum Engineer
mrvillalva@chevrontexaco.com

Administrative Order NSL-5189 (SD)

Dear Mr. Villalva:

Reference is made to the following: (i) your application (***administrative application reference No. pSEM0-506648505***) submitted on behalf of the operator, Chevron U.S.A., Inc. ("Chevron"), to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on March 7, 2005; and (ii) the Division's records: all concerning Chevron's request for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 (Unit C) of Section 17, Township 21 South, Range 37 East, NMPM, Penrose Skelly (Grayburg) Pool (**50350**), Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre Grayburg unit is currently dedicated to Chevron's Mittie Weatherly Well No. 3 (API No. **30-025-06649**) located at a standard oil well location 660 feet from the North line and 1980 feet from the West line of Section 17.

The geologic interpretation submitted with this application indicates that the proposed infill unorthodox oil well location will be at a more favorable geologic position within the NW/4 of Section 17 in order to excess additional reserves underlying this unit that may otherwise be unrecoverable.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox "infill" oil well location within the NE/4 NW/4 (Unit C) of Section 17 is hereby approved:

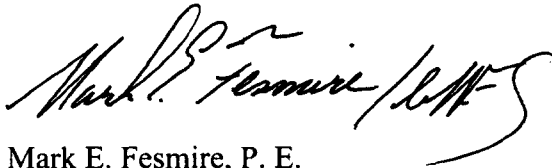
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**Mittie Weatherly Well No. 8
1140' FNL & 1690' FWL.**

Further, both the existing Mittie Weatherly Well No. 3 and the proposed Mittie Weatherly Well No. 8 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs