



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-2419-A

Re: H.T. Mattern NCT-B Well No. 25
API No. 30-025-30047
1400 feet FNL and 2600 feet FEL
Unit G, Section 31-21S-37E
Lea County, New Mexico

Dear Mr. Howell:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-15730266**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 4, 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 Blinebry formation at an unorthodox oil well location, described above in the caption of this letter. The SW/4 NE/4 of Section 31 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Blinebry Oil & Gas Pool (6660). Spacing in this pool is governed by the Special Rules and Regulation for the Blinebry Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard oil units shall consist of 40 acres, with wells located at least 330 feet from any unit outer boundary or quarter-quarter section line. This location is less than 330 feet from the northern and western unit boundaries.

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



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It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled to the Drinkard formation at an unorthodox location approved by NSL-2419.

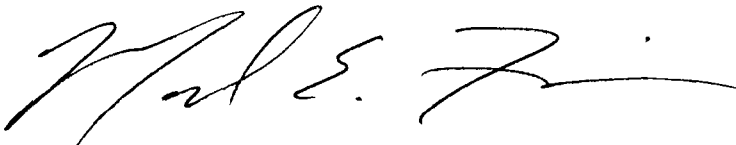
It is also understood that notice of this application to offsetting owners or operators is unnecessary due to common ownership.

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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs