



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 11, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Lloyd V. Trautman

Telefax No. (915) 687-7221

Administrative Order NSL-4511(NSBHL)

Dear Mr. Trautman:

Reference is made to the following: (i) your application dated August 9, 2000; (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe; and (iii) Ms. Jani Rippley's telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division on Tuesday, October 3, 2000: all concerning Chevron U.S.A., Inc.'s ("Chevron") request for a non-standard subsurface oil producing area/bottomhole oil well location within a project area [see Division Rule 111.A (9)] comprising the SE/4 SE/4 (Unit P) of Section 11, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, being a standard 40-acre oil spacing and proration unit for the Undesignated North Monument-Abo Pool.

It is our understanding that Chevron drilled its Monument "11" State Well No. 30 (API No. 30-025-34778) at a standard oil well location 754 feet from the South line and 330 feet from the East line (Unit P) of Section 11 to a total depth of 7,491 feet in January, 2000. In March, 2000 Chevron completed this well in the Abo formation from the open hole interval from 7,316 feet to 7,400 feet. In April, 2000 this well was deemed uneconomical and was subsequently shut-in. From a directional survey of this wellbore taken in June, 2000, the subsurface location of this wellbore at a depth of 7,446 feet was found to be 686 feet from the South line and 146 feet from the East line (Unit P) of Section 11.

At this time Chevron is requesting authorization to recomplete this well to a more desirable location within the Abo formation by sidetracking in a south-southwesterly direction to a targeted standard bottomhole location 330 feet from the South and East lines of Section 11. It is our understanding the kick-off point for this sidetrack will be at the top of the Abo formation at a depth of 7,150 feet, whereby the directional survey indicates the subsurface location of this wellbore at this depth to be 711 feet from the South line and 151 feet from the East line.

This application has been duly filed under the provisions of Division Rules 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, and 111.C (2).

By authority granted me under the provisions of Rule 104.F (2) the applicable drilling window or producing area within the Undesignated North Monument-Abo Pool for this wellbore shall include that area within the subject 40-acre oil spacing and proration unit that is:

(a) no closer than the normal set-back requirement of 330 feet to the southern, western and northern boundaries of the subject 40-acre tract; and

(c) no closer than 151 feet to the eastern boundary of the unit.

Further, Chevron shall comply with all provisions of Division Rule 111 applicable in this matter.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery". To the right of the signature is a large, stylized flourish or mark that resembles a large "S" or a checkmark.

Lori Wrotenbery
Director

LW/MES/kv

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