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William F. Carr

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September 30, 2003

Ms Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

SEP 30 2003

Case 13174

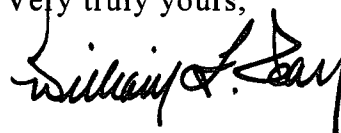
Oil Conservation Division

Re: Application of Chevron U.S.A. Inc. for Special Pool Rules, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in duplicate is the application of Chevron U.S.A. Inc. in the above-referenced case and a copy of the legal advertisement. Chevron requests that this application be included in the Examiner hearing docket for October 23, 2003.

Very truly yours,



William F. Carr

cc: David Crawford
Chevron U.S.A. Inc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

RECEIVED

**IN THE MATTER OF THE APPLICATION
OF CHEVRON U.S.A. INC. FOR
SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.**

SEP 30 2003

Oil Conservation Division
CASE NO. 13174

APPLICATION

CHEVRON U.S.A. INC. ("Chevron"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order promulgating special pool rules and regulations for the North Lusk-Strawn Pool, including a special limiting gas-oil ratio of 20,000 cubic feet of gas for each barrel of oil produced, and in support of this application states:

1. The North Lusk-Strawn Pool was established by Division Order No. R-10795, dated May 1, 1997, and has been extended from time to time to include the following acreage in Lea County, New Mexico:

Township 18 South, Range 32 East, N.M.P.M.

Section 28: SW/4
Section 29: S/2
Section 32: NW/4
Section 33: N/2

2. Certain wells in the North Lusk-Strawn Pool are operated by Chevron under statewide rules with a depth bracket allowable of 365 barrels per day and a gas allowable rate of 730 mcf per day at a 2000 to 1 gas-oil ratio.

3. Certain wells in this pool can produce at rates in excess of the authorized rates and to keep them within the allowable have to be shut in approximately 50% of the time. At low daily gas producing rates, wells make little or no oil production and the GOR's are as high as 100,000 to 1. If wells in this pool are not produced at rates higher than currently allowed,

reservoir energy will be wasted and ultimately oil will be left in the ground that at higher producing rates could be recovered.

4. Chevron seeks the establishment of a special gas-oil ratio for the pool of 20,000 cubic feet of gas per barrel of oil produced.

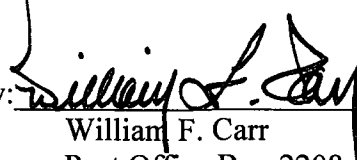
5. ChevronTexaco is the only operator in the pool and there are no operators of wells within the Strawn formation and within one mile of the outer boundary of the pool that have not been assigned to another Strawn Pool. Accordingly there are no parties to whom notice of this application must be provided under Division Rule 1207.A(4)(b). Notice has been provided to the Commissioner of Public Lands and the Bureau of Land Management, the affected royalty owners in the pool.

6. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Chevron U.S.A. Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 23, 2003, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR CHEVRON
U.S.A. INC.

CASE 13174:

Application of Chevron U.S.A. Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause seeks the promulgation of Special Pool Rules for the North-Lusk Strawn Pool located in portions of Sections 28, 29, 32 and 33 of Township 18 South, Range 32 East, NMPM, including the adoption of a special gas-oil ratio for the pool of 20,000 cubic feet of gas for each barrel of oil produced. Said area is located approximately 10.5 miles south of Maljamar, New Mexico.