



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 24, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-3752-A

Dear Mr. Trautman:

Reference is made to the following: (i) your initial application dated October 11, 2000, which was received on October 17, 2000 by the New Mexico Oil Conservation Division's ("Division") office in Santa Fe, for an exception to **Division Rule 104.C (3)**, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) your letter of amendment dated October 19, 2000, which was received on October 25, 2000; (iii) the Division's initial response by letter dated October 26, 2000 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe, which represents a lack time of nine days from receipt; (iv) letter of objection filed by Sapient Energy Corporation dated October 31, 2000; (v) your letter with supplemental data dated November 7, 2000; (vi) the records of the Division in Santa Fe, including the files in Division Cases No. 12586 and 12587 and Division Administrative Order NSL-3752 (SD), dated January 2, 1997; (vii) Sapient Energy Corporation's second letter dated January 23, 2001 withdrawing its previous objection; and (viii) a meeting in Santa Fe between Mr. Stogner, Mr. William F. Carr, legal counsel for Chevron U.S.A. Production Company ("Chevron"), and Mr. W. Thomas Kellahin, legal counsel for Sapient Energy Corporation: all concerning Chevron's request to deepen and recomplete its G. C. Matthews Well No. 12 (**API No. 30-025-05953**), located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, into the Undesignated West Monument-Tubb Gas Pool at an unorthodox gas well location within a standard 160-acre gas spacing and proration unit for the Undesignated West Monument-Tubb Gas Pool comprising the SE/4 of Section 6.

By Division Administrative Order NSL-3752 (SD) Chevron received authorization to recomplete its G. C. Matthews Well No. 12 from the Eunice Monument-Grayburg San Andres Pool into the Eumont Gas Pool within an existing non-standard 160-acre gas spacing and proration unit comprising the SE/4 of Section 6 (approved by Division Administrative Order NSP-312, dated September 7, 1956) at the above-described unorthodox gas well location.

The location of this well within the Undesignated West Monument-Tubb Gas Pool is also

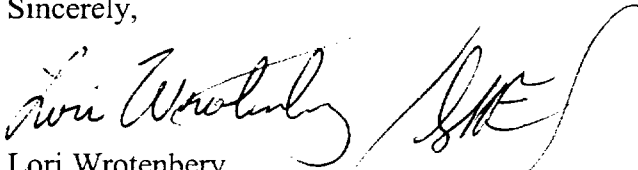
considered to be unorthodox pursuant to Division Rule 104.C (3).

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within the Undesignated West Monument-Tubb Gas Pool is hereby approved.

Further all provisions of Division Order NSL-3752 (SD) shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or scribble.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
William F. Carr, Legal Counsel for Chevron U.S.A. Production Company - Santa Fe
W. Thomas Kellahin, Legal Counsel for Sapient Energy Corporation - Santa Fe
File: NSL-3752
Case No. 12586
Case No. 12587