

HOLLAND & HART^{LLP}
and
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

January 2, 2001

OIL CONSERVATION DIV.
01 JAN -2 AM 5:14:2

HAND DELIVERED

Mr. Michael E. Stogner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 Pacheco Street
Santa Fe, New Mexico 87505

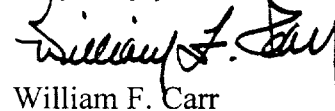
Re: Application of Chevron U.S.A. Production company for administrative approval
of an unorthodox gas well location, Lea County, New Mexico.

Dear Mr. Stogner,

By letter dated October 11, 2000, Chevron U.S.A. Production Company filed an administrative application with the Oil Conservation Division seeking approval to recompleate its G. C. Matthews Well No. 12 in the Tubb formation, West Monument-Tubb Gas Pool, at an unorthodox gas well location 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.

On October 31, 2000, Sapient Energy Corp. filed an objection to this location but recommended that Sapient and Chevron discuss this matter prior to the application being set for hearing. To date no agreement has been reached concerning this dispute and Chevron requests that its application be set for hearing on January 25, 2001 before a Division examiner. Accordingly, I enclose and have filed a legal advertisement for this case. Your attention to this request is appreciated.

Very truly yours,



William F. Carr
Attorney for Chevron U.S.A.
Production Company

cc: W. Thomas Kellahin, Esq.
Lloyd V. Trautman
Chevron U.S.A. Production Company

CASE _____: Application of Chevron U.S.A. Production Company for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to recomplete its G. C. Matthews Well No. 12 (API No. 30-025-05953) in the ~~Tub formation, West Monument Tubb Gas Pool~~ ^{Gas} at an unorthodox well location 330 feet from the South line and 990 feet from the East line (Unit P) of Section 6, Township 20 South, Range 37 East, ~~N41W~~ ^{N41E}. The SE/4 of Section 6 is to be dedicated to the well. This well is located approximately 5 miles northwest of Eunice, New Mexico.

*To form a structural
160 acre gas spacing
and production unit for
the West Monument-Tubb Gas
Pool,*

OIL CONSERVATION DIV
01 JAN -2 AM 5:50