

January 19, 1998



State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Attn.: Mr. Michael E. Stogner – Chief Hearing Officer / Engineer

Re: Letter dated on January 8, 1998 about:
Administrative Application For
Non-Standard Gas Well Location
And Simultaneous Dedication
Eumont Yates 7Rvrs Qn (Pro Gas) Pool
H. T. Mattern (NCT-A) # 6
1980' FSL and 660' FWL
Section 24, T-21-S, R-36-E
Lea County, New Mexico

Dear Mr. Stogner:

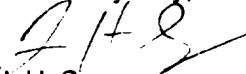
In response to your questions in your letter dated on January 8, 1998, the closest standard location is 1980' FSL & 990' FWL. To prevent waste and to protect correlative rights the location for the H. T. Mattern (NCT-A) # 6 was chosen to be drilled at a "standard 40-acre oil well location" at 1980' FSL & 660' FWL of section 24, Township 21 South, Range 36 East, Lea County, New Mexico. The proposed new drill has a primary target of Eumont oil hence the "standard location" for an oil well to prevent waste by maximizing oil recovery through this location. However, due to the recent reclassification from oil to gas of the nearest southern offset well (See Reinstatement of Order NSP-152(SD) dated August 16, 1996), we are proposing a simultaneous dedication to the current Eumont GPU which makes the proposed location unorthodox. We feel that due to the high cumulative gas production from wells offsetting the proposed location to the east, the eastern flank position on the platform, and the current lower reservoir pressure and rates occurring in this immediate area, that our proposed location is necessary to capture undrained reserves and to better allow for possible future Eumont oil development to the east. The 40-acre infill development pattern and anticipated production being considerably less than current allowables, is protecting the correlative rights of all affected parties.

Therefore, your approval of the subject administrative NSL application dated December 23, 1997 is respectfully requested.

Attached is the Form C-102. On the attached C-102, red is for the nearest "standard location", and yellow is for the proration unit boundary.

If you have any questions or require any further information concerning this application, please contact me at (915) 687-7347.

Yours very truly,


J. H. Saenz
Petroleum Engineer

Attachments
cc: NMOCD – Hobbs, NM