

June 3, 1998

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

Attention: Craig A. Wright

Administrative Order NSP-688-B

Dear Mr. Wright:

Subsequent to our review of your letter dated March 23, 1998 concerning Blinebry Oil and Gas Pool production from Chevron U.S.A. Production Company's ("Chevron"): (i) Alice Paddock Well No. 1 (API No. 30-025-09938), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico; and, (ii) Alice Paddock Well No. 2 (API No. 30-025-09939), located 1980 feet from the South and East lines (Unit J) of said Section 1, the following Administrative Orders issued by the New Mexico Oil Conservation Division ("Division") are hereby rescinded:

- Division Administrative Order NSP-688, dated August 19, 1964, which order authorized a 40-acre non-standard gas spacing and proration unit ("GPU") for Blinebry gas production comprising the SW/4 SE/4 (Unit O) of said Section 1 to be dedicated to Chevron's aforementioned Alice Paddock Well No. 1;
- Division Administrative Order NSP-692, dated September 30, 1964, which order authorized a 120-acre non-standard GPU for Blinebry gas production comprising the NE/4 SE/4 and S/2 SE/4 of said Section 1 for said Alice Paddock Well No. 1;
- AMENDED Administrative Order NSP-692, dated January 27, 1986, which order stayed the provisions of NSP-692 and formed an 80-acre non-standard GPU for Blinebry gas production comprising the S/2 SE/4 of said Section 1 for the Alice Paddock Well No. 1.
- Division Administrative Order NSP-688-A, dated March 8, 1996, which order placed in abeyance the three previous administrative orders (NSP-688, NSP-692, and AMENDED NSP-692) and formed an 80-acre non-standard GPU for Blinebry gas production comprising the W/2 SE/4 of said Section 1 for the Alice

Paddock Well No. 1 and the above-described Alice Paddock Well
No. 2.

It is our understanding that the Alice Paddock Well No. 1 in Unit "O" of said Section 1 is classified as an "oil well" in the Blinebry Oil and Gas Pool; therefore, pursuant to **Rule 2(a)2** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry Oil and Gas Pool*," the SW/4 SE/4 (Unit O) of said Section 1, being a standard 40-acre oil spacing and proration unit, shall be dedicated to said well.

By authority granted me under the provisions of **Rule 2(d)** of said special pool rules the following described acreage in the Blinebry Oil and Gas Pool is hereby approved as a 40-acre non-standard GPU that is to be dedicated to Chevron's aforementioned Alice Paddock Well No. 2:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: NW/4 SE/4.

Chevron is permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of said special pool rules based upon a unit size of 40 acres.

The effective date of this order shall be made retroactive to March 8, 1996.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-688
NSP-688-A
NSP-692