



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 4, 1999

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: Craig A. Wright

*Reinstatement of Division
Administrative Order NSP-1716-A (SD)(L)*

Dear Mr. Wright:

Reference is made to your application dated February 9, 1999 to reinstate a previously approved non-standard 79.77-acre gas spacing and proration unit ("GPU") in the Blinebry Oil and Gas Pool comprising Lot 1 and the SE/4 NE/4 (E/2 NE/4 equivalent) of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

By Division Administrative Order NSP-1716-A (SD)(L), dated May 15, 1995, this 79.77-acre GPU was established and had simultaneously dedicated Chevron U.S.A. Inc.'s ("Chevron"): (i) Mark Well No. 7 (API No. 30-025-09997), located at an unorthodox gas well location 1980 feet from the North line and 760 feet from the East line (Unit H) of Section 3; and (ii) Mark Well No. 11 (API No. 30-025-26051), located at an unorthodox gas well location 430 feet from the North line and 960 feet from the East line (Lot 1/Unit A) of Section 3.

By Division Administrative Order NSP-1716-B, dated January 4, 1996, the aforementioned 79.77-acre GPU was reduced to a 40-acre GPU, comprising only the SE/4 NE/4 (Unit H) of Section 3. This 40-acre GPU is currently dedicated (as referenced in Order NSP-1716-B) to the aforementioned Mark Well No. 7. This 40-acre GPU was created by deleting therefrom the 39.77 acres comprising Lot 1 (Unit A) of Section 3 in order to establish a standard Blinebry oil spacing and proration unit for the Mark Well No. 11, which had been reclassified from a Blinebry "gas well" to an "oil well".

The Blinebry interval in the Mark Well No. 11 was abandoned in July, 1998 and the well was subsequently recompleted to the Wantz-Abo Pool.

It is our understanding at this time that Chevron intends to reestablish Blinebry gas production in the Mark Well No. 11 and combine Blinebry gas production from both the Mark Well Nos. 7 and 11 in order to reestablish the 79.77-acre GPU.

By the authority granted me under the provisions of **Rule 2(d)** of the special Blinebry Oil and Gas Pool rules, the above-described 79.77-acre GPU should be restored and that Division Administrative Order NSP-1716-A (SD)(L) shall be reinstated to its initial extent and is to remain

Administrative Order NSP-1716-A(SD)(L)

Chevron U.S.A. Inc.

March 4, 1999

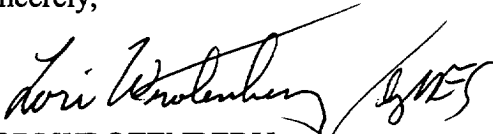
Page 2

in full force and affect until further notice. Also, Chevron is hereby permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of said pool rules based upon a unit size of 79.77 acres, from the Mark Well Nos. 7 and 11 in any proportion.

Further, Division Administrative Order No. NSP-1716-B is hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a stylized mark that looks like "LWES".

LORI WROTENBERY

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs /

File: NSP-1716 (SD)(L)

NSP-1716-A (SD)(L)

NSP-1716-B

NSP-612

NSP-1446