



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 13, 2000

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSP-876-A (SD)

Dear Mr. Howell:

Reference is made to the following: (i) your letter of application dated April 4, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated April 17, 2000; (iii) your telephone conversation with Mr. Stogner on Thursday, April 27, 2000; (iv) your application submitted to the Division on May 22, 2000; and (v) the Division's records in Santa Fe, including the file on Division Administrative Order NSP-876: all concerning Chevron U.S.A., Inc.'s ("Chevron") request for an exception to **Rule 2** of the "*Special Rules and Regulations for the South Eunice-San Andres Pool*," as promulgated by Division Order No. R-3706, as amended, in order to form a non-standard, or disoriented, 80-acre stand-up oil spacing and proration unit within this pool underlying the following described acreage in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 10: E/2 NE/4.

This newly established unit is to be simultaneously dedicated to the two following described wells:

- (1) Eaves Well No. 1 (API No. 30-025-10163), located at a standard oil well location 660 feet from the North and East lines (Unit A) of Section 10; and
- (2) Eaves Well No. 4 (API No. 30-025-10167), located at a standard oil well location 1874 feet from the North line and 554 feet from the East line (Unit H) of Section 10.

By the authority granted me under the provision of the special pool rules governing the South Eunice-San Andres Pool, Division Memorandum 4-86, dated June 2, 1986, and Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, the above-described 80-acre non-standard oil spacing and proration unit is hereby approved.

Administrative Order NSP-876-A(SD)
Chevron USA Inc.
July 13, 2000
Page 2

This newly established 80-acre unit is to be simultaneously dedicated to the above-described Eaves Wells No. 1 and 4, with allowable assigned thereto in accordance with Rule 6 of the special pool rules.

It is further ordered that Division Administrative Order NSP-876, dated April 12, 1972, which established a 40-acre non-standard oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 10 for the above-described Eaves Well No. 4, shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or signature mark.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-876

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

April 12, 1972

C
O
P
Y

Gulf Oil Company
P. O. Box 670
Hobbs, New Mexico 88240

Attention: C. D. Borland

Administrative Order NSP-876

Gentlemen:

Reference is made to your application for approval of a 40-acre non-standard gas proration unit in the South Eunice-San Andres Pool consisting of the following acreage:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 10: SE/4 NE/4

It is understood that this unit is to be dedicated to your Eaves Well No. 4, located 1874 feet from the North line and 554 feet from the East line of said Section 10.

By authority granted me under the provisions of Rule 3 of Order No. R-3706, you are hereby authorized to operate the above-described acreage as a non-standard oil proration unit.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/GMH/dr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
Proration Department, OCC, Santa Fe

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

March 14, 1972

**Gulf Oil Corporation
P. O. Box 670
Hobbs, New Mexico 88240**

Attention: Mr. C. D. Borland

**Re: Application for 40-acre non-
standard proration unit for
Eaves Well No. 4, South Eunice
San Andres Pool, Lea County,
New Mexico**

Gentlemen:

**After a review of the above-described
application, I have determined that the matter
can be granted administratively, so please ignore
my letter of March 13, 1972, advising that the
matter would be set for hearing.**

Very truly yours,

**GEORGE M. HATCH
Attorney**

GMH/esr

C
O
P
Y

*GMH
NSP 876
issue 4-12-72*

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

March 13, 1972

C
O
P
Y

Gulf Oil Corporation
P. O. Box 670
Hobbs, New Mexico 88240

Attention: Mr. C. D. Borland

Gentlemen:

Reference is made to your application dated March 10, 1972, wherein you request administrative approval for a 40-acre non-standard proration unit in the Eunice-San Andres South Pool consisting of the SE/4 NE/4 of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico, to be dedicated to your Eaves Well No. 4, located 1874 feet from the North line and 554 feet from the East line of said Section 10.

As this application is not eligible for administrative approval, it has been set up for an examiner hearing on April 5, 1972. A copy of the docket will be mailed to you.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

*not eligible for
adm. approval -
set for hearing
April 5, 1972*

Gulf Oil Company - U.S.

HOBBS PRODUCTION AREA

C. D. Borland
AREA PRODUCTION MANAGER

March 10, 1972

P. O. Box 670
Hobbs, New Mexico 88240

RECEIVED
MAR 13 1972
NEW MEXICO OIL
CONSERVATION COMM.

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

Gulf Oil Corporation requests your administrative approval for a 40 acre non-standard proration unit in the Eunice San Andres South Pool consisting of the SE/4 NE/4 Section 10, 22-S, 37-E, Lea County, New Mexico, to be dedicated to our Eaves No. 4 well, located 1874' FNL & 554' FEL, Section 10, 22-S, 37-E.

In support of this application the following facts are submitted:

1. Subject well is now open in the Paddock zone and at this time is carried as closed in, uneconomical to produce, however plans have been made to abandon the Paddock zone and complete in the Eunice San Andres South Pool.
2. Our Eaves lease comprises the E/2 NE/4 Section 10, 22-S, 37-E and, as you know, Rule 2 of the Special Field Rules for the Eunice San Andres South Pool requires a standard 80 acre proration unit consisting of the N/2 or S/2 of a governmental quarter section.
3. There are no other wells producing from this zone in the E/2 of this section.
4. The attached plat shows our Eaves lease outlined in red.
5. All offset operators have been furnished a copy of this application.

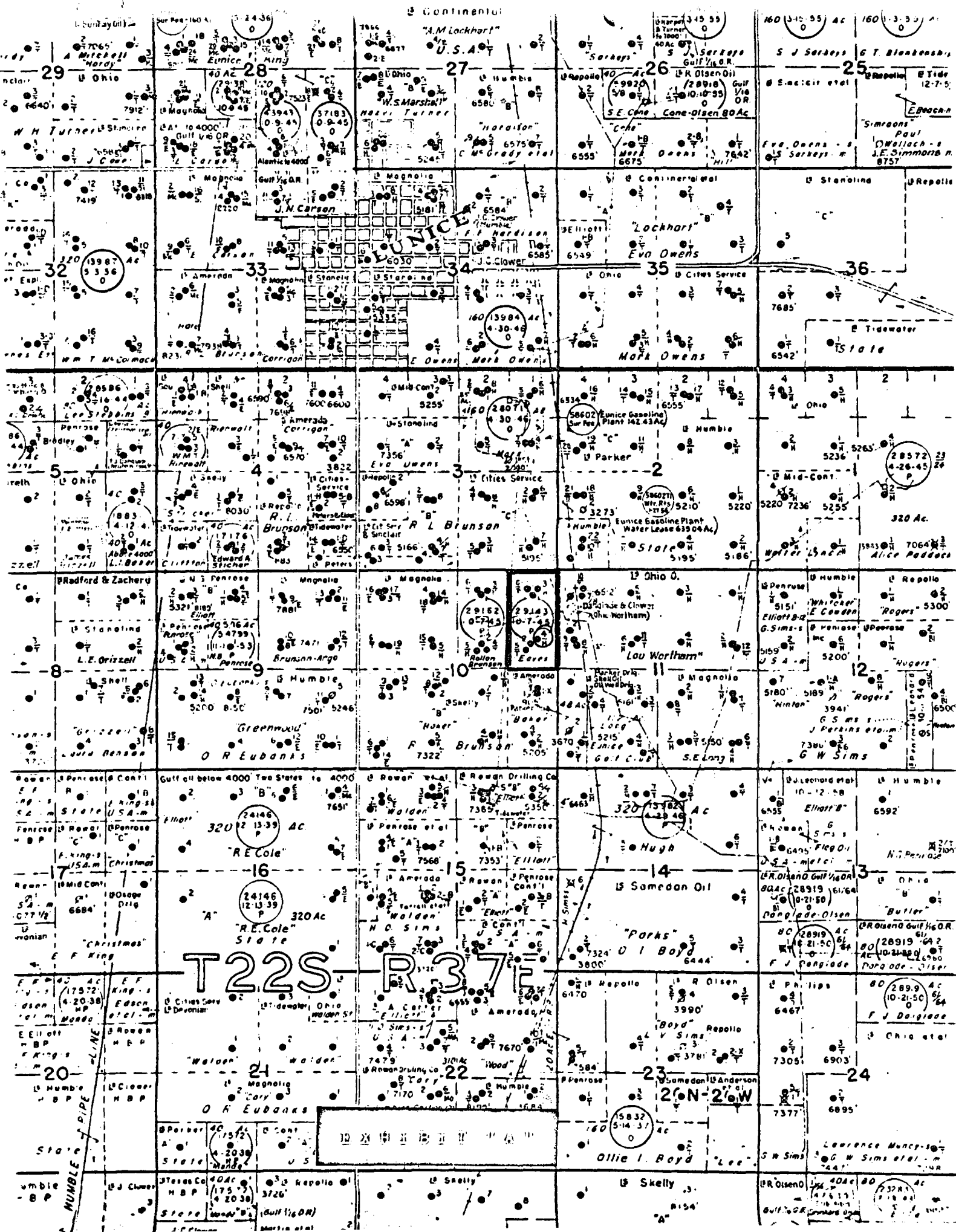
Your early consideration will be appreciated.

Yours truly,

C. D. Borland
C. D. BORLAND

lwd:
Att'd.
cc: H. E. Braunig, Jr.
New Mexico Oil Conservation Commission
Hobbs, New Mexico
All offset operators





Gulf Oil Company - U.S.

HOBBS PRODUCTION AREA

C. D. Borland
AREA PRODUCTION MANAGER

March 10, 1972

P. O. Box 670
Hobbs, New Mexico 88240

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

Gulf Oil Corporation requests your administrative approval for a 40 acre non-standard proration unit in the Eunice San Andres South Pool consisting of the SE/4 NE/4 Section 10, 22-S, 37-E, Lea County, New Mexico, to be dedicated to our Eaves No. 4 well, located 1874' FNL & 554' FEL, Section 10, 22-S, 37-E.

In support of this application the following facts are submitted:

1. Subject well is now open in the Paddock zone and at this time is carried as closed in, uneconomical to produce, however plans have been made to abandon the Paddock zone and complete in the Eunice San Andres South Pool.
2. Our Eaves lease comprises the E/2 NE/4 Section 10, 22-S, 37-E and, as you know, Rule 2 of the Special Field Rules for the Eunice San Andres South Pool requires a standard 80 acre proration unit consisting of the N/2 or S/2 of a governmental quarter section.
3. There are no other wells producing from this zone in the E/2 of this section.
4. The attached plat shows our Eaves lease outlined in red.
5. All offset operators have been furnished a copy of this application.

Your early consideration will be appreciated.

Yours truly,



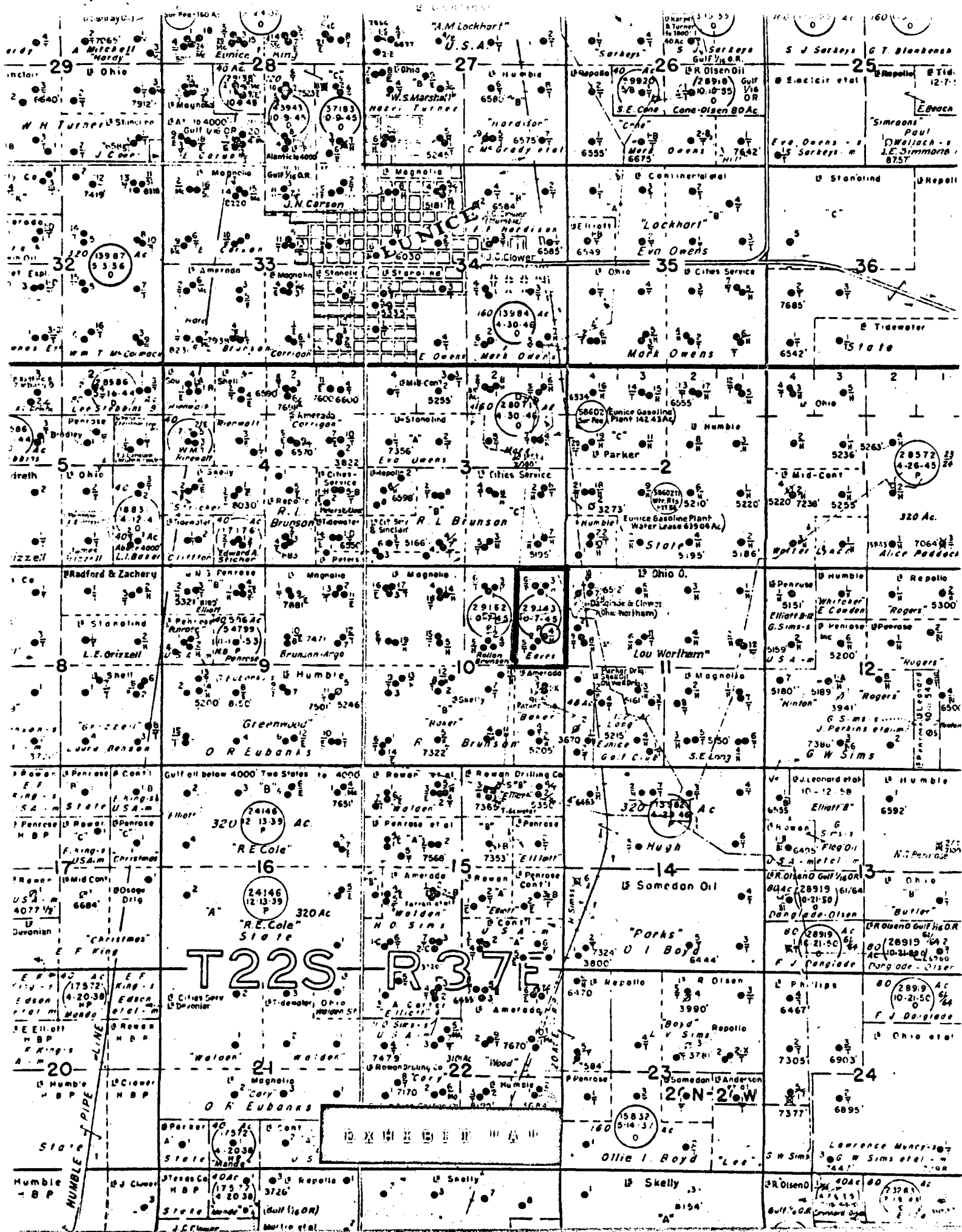
C. D. BORLAND

lwd:

Att'd.

cc: H. E. Braunig, Jr.
New Mexico Oil Conservation Commission
Hobbs, New Mexico
All offset operators








STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

June 2, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501-2088
(505) 827-5800

MEMORANDUM NO. 4-86

TO: ALL OPERATORS AND INTERESTED PARTIES
FROM: R. L. STAMETS, DIRECTOR 
SUBJECT: CLARIFICATION OF ADMINISTRATIVE APPROVAL PROCESSES IN CERTAIN
POOLS WITH SPECIAL RULES

Division Rule 1 provides in part that: "Special rules, regulations and orders have been and will be issued when requested and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply."

Over the years, many special pool rules have been written. Many of these contained special rules providing for administrative exceptions to such matters as location requirements or spacing unit size while others did not. One prevailing opinion is that the intent of those special rules without administrative exception provisions was to preclude such exceptions. The counter opinion is that when read with Rule 1, if nothing is said, then the administrative exception provisions in the General Rules shall apply.

Notice is hereby provided that it is henceforth to be Division policy to utilize the administrative exceptions or approval procedures of the General Rules when special pool rules are silent as to such exceptions. This policy will save both the Division and operators the cost of unnecessary hearings.

Any person who is aware of any pool with special rules which should preclude any of the administrative exceptions or approvals provided in the General Rules should notify this office of such situation at the earliest possible date providing the reasoning for precluding administrative exceptions. Thereafter, we would suspend this policy for such pool and schedule a case to modify such special rules to incorporate the necessary prohibitions.

RLS:dp

(SAN JUAN BASIN AREA (GAS WELL TESTING RULE
AMENDMENT - ORDER NO. R-3673) -
Cont'd.)

and only insofar as said paragraph directs that in order to obtain the shut-in pressure of a well under test, the well shall be shut in immediately after the 7-day deliverability flow test for the full period of seven consecutive days and that such shut-in pressure shall be measured within the next succeeding twenty-four hours following the 7-day shut-in period.

(2) That to obtain the shut-in pressure of a well, subject to the testing requirements of said Order No. R-333-F, under test during the duration of the annual deliverability and shut-in test period for 1969, the well shall be shut in at some time during the year of 1969 for a period of seven to fourteen consecutive days. Such shut-in pressure shall be measured during the eighth to fifteenth day following shutting in of the well.

(3) That each gas transportation facility shall, in cooperation with the operators involved, prepare and submit a schedule of shut-in pressure tests in accordance with Chapter I, Section 3, provided, however, that said schedule need only be submitted prior to the shutting in of the well or wells involved.

(4) That the Aztec District Office of the Commission shall be notified of the date the shut-in pressure of a well is to be measured in order that said measurement may be witnessed.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SOUTH EUNICE-SAN ANDRES POOL
Lea County, New Mexico

Order No. R-3706, Adopting Temporary Operating Rules for the South Eunice-San Andres Pool, Lea County, New Mexico, March 12, 1969.

Order No. R-3706-A, March 11, 1970, makes permanent the rules adopted in Order No. R-3706.

Application of Humble Oil & Refining Company for the Creation of a New Oil Pool, Assignment of Discovery Allowable, and the Promulgation of Pool Rules, Lea County, New Mexico.

CASE NO. 4065
Order No. R-3706

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on March 5, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of March, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Humble Oil & Refining Company, is the owner and operator of the New Mexico State "S" Water Source Well No. 4 (CP-427), located 175 feet from the South line and 650 feet from the West line of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks the reclassification of the aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427) as an oil well for the production of oil from the San Andres formation.

(4) That the applicant further seeks the creation of a new oil pool for San Andres production in Lea County, New Mexico, for its aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427), and the assignment of an oil discovery allowable in the amount of 21,190 barrels to said well.

(5) That the applicant further seeks the promulgation of special rules and regulations governing said pool, including a provision for 80-acre spacing units.

(6) That the evidence presently available indicates that the aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427) has discovered a separate common source of supply which should be designated the South Eunice-San Andres Pool; that the vertical limits of said pool should be the San Andres formation and that the horizontal limits of said pool should be the S/2 SW/4 of said Section 2 and the N/2 NW/4 of Section 11, Township 22 South, Range 37 East, NMPM.

(7) That the aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427) should be reclassified as an oil well for the production of oil from the San Andres formation.

(8) That the discovery well for the aforesaid pool, Humble Oil & Refining Company's New Mexico State "S" Water Source Well No. 4 (CP-427), is entitled to and should receive a bonus discovery oil allowable in the amount of 21,190 barrels, based upon the top perforations in said well at 4238 feet, to be assigned over a two-year period.

(9) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the South Eunice-San Andres Pool.

(10) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(SOUTH EUNICE-SAN ANDRES POOL - Cont'd.)

(12) That this case should be reopened at an examiner hearing in March, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the South Eunice-San Andres Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the Humble Oil & Refining Company New Mexico State "S" Water Source Well No. 4 (CP-427), located 175 feet from the South line and 650 feet from the West line of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby reclassified as an oil well for the production of oil from the San Andres formation.

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production, is hereby created and designated the South Eunice-San Andres Pool, with vertical limits comprising the San Andres formation and horizontal limits comprising the following-described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: S/2 SW/4
Section 11: N/2 NW/4

(3) That the discovery well, the aforesaid Humble Oil & Refining Company New Mexico State "S" Water Source Well No. 4 (CP-427), is hereby authorized an oil discovery allowable of 21,190 barrels to be assigned to said well at the rate of 30 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(4) That temporary Special Rules and Regulations for the South Eunice-San Andres Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH EUNICE-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the South Eunice-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2 or S/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States

Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no closer than 330 feet to a quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Eunice-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1969.

(2) That each well presently drilling to or completed in the South Eunice-San Andres Pool or in the San Andres formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

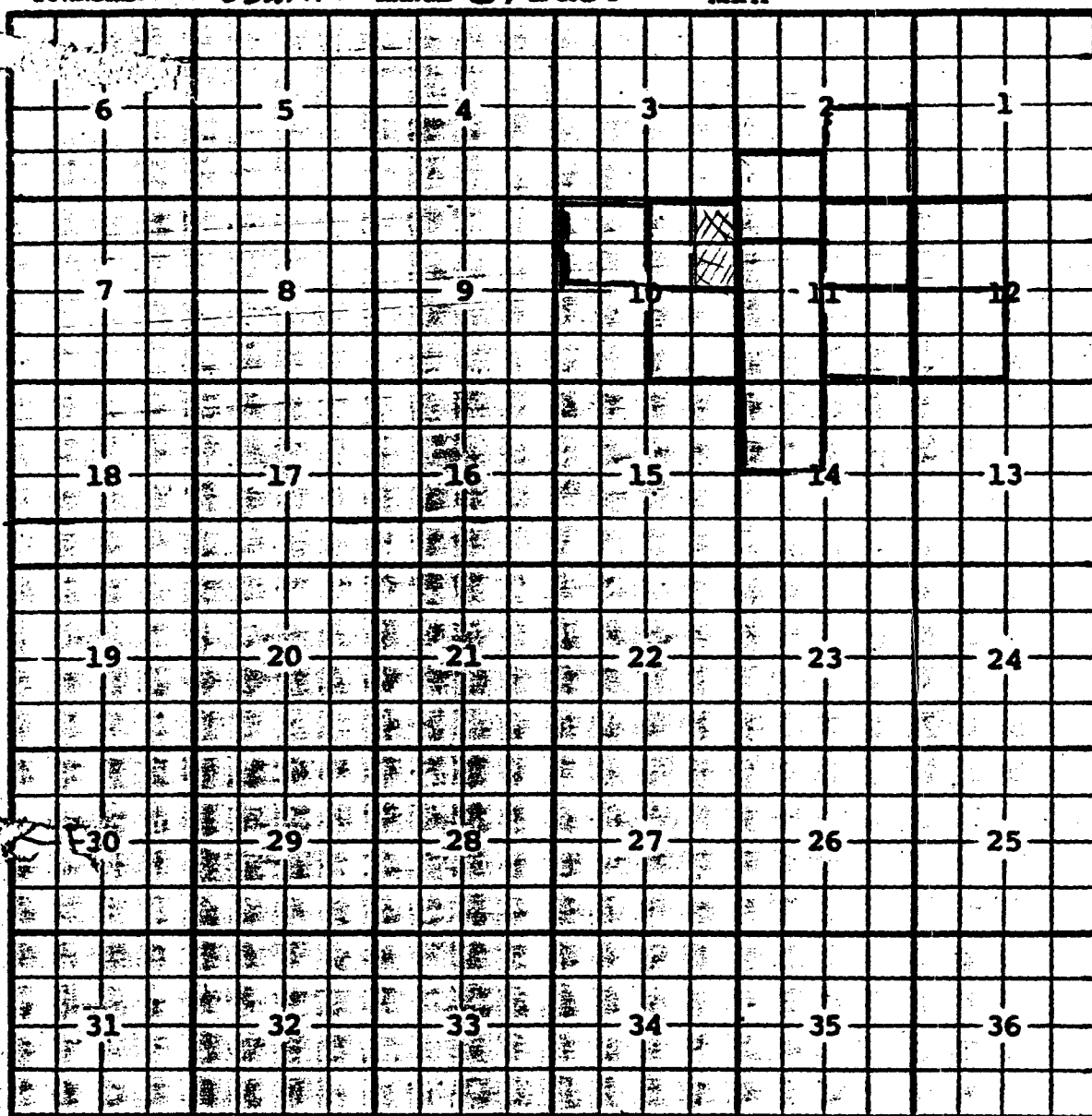
(3) That this case shall be reopened at an examiner hearing in March, 1970, at which time the operators in the subject pool may appear and show cause why the South Eunice-San Andres Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

COUNTY LeaPOOL South Eunice - San AndresTOWNSHIP 22 SouthRANGE 37 East

NMPM

Description: $\frac{S}{2}$ $\frac{SW}{4}$ Sec. 2 - $\frac{N}{2}$ $\frac{NW}{4}$ Sec. 11 (R-3706, 3-12-69)Ext: $\frac{S}{2}$ $\frac{NW}{4}$ & $\frac{SW}{4}$ Sec. 11; $\frac{NW}{4}$ Sec. 14 (R-3895, 1-1-70) - $\frac{NE}{4}$ Sec. 11 (R-3948, 5-1-70)- $\frac{NE}{4}$ Sec. 10 (R-4351, 1-1-72); Ext: $\frac{SE}{4}$ Sec. 2 (R-4665, 12-1-73)Ext: $\frac{NW}{4}$ Sec. 12 (R-6005, 6-1-79) Ext: $\frac{SW}{4}$ Sec. 12 (R-6170, 11-1-79)Ext: $\frac{SE}{4}$ Sec. 16 (R-6328, 5-1-80) Ext: $\frac{NW}{4}$ Sec. 10 (R-10972, 4-13-98)Ext: $\frac{SE}{4}$ Sec. 11 (R-11243, 9-15-99)

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/17/00 11:46:37
OGOMES -TPQC
PAGE NO: 1

Sec : 10 Twp : 22S Rng : 37E Section Type : NORMAL

D 40.00 Fee owned U A A A A	C 40.00 Fee owned U A A A A	B 40.00 Fee owned U P	A 40.00 Fee owned U A A A
E 40.00 Fee owned U A A A	F 40.00 Fee owned U A A A A	G 40.00 Fee owned U A	H 40.00 Fee owned U A A A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

04/17/00 11:47:05
OGOMES -TPQC

API Well No : 30 25 10163 Eff Date : 12-08-1999 WC Status :
Pool Idn : 24170 EUNICE;SAN ANDRES, SOUTH
OGRID Idn : 4323 CHEVRON U S A INC
Prop Idn : 2607 EAVES

Well No : 001
GL Elevation: 3388

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : A	10	22S	37E	FTG	660 F N FTG	660 F E	A
Lot Identifier:							
Dedicated Acre:							
Lease Type : P							
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 04/17/00 11:47:42
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPQC

API Well No : 30 25 10167 Eff Date : 01-01-1900 WC Status : A
Pool Idn : 24170 EUNICE;SAN ANDRES, SOUTH
OGRID Idn : 4323 CHEVRON U S A INC
Prop Idn : 2607 EAVES

Well No : 004
GL Elevation: 3375

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : H	10	22S	37E	FTG 1874	F N FTG	554 F E	A

Lot Identifier:
Dedicated Acre: 40.00
Lease Type : P
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC