



OIL CONSERVATION DIVISION
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OXY USA INC.
Box 50250, Midland, TX 79710

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August 16, 1991

New Mexico Oil Conservation Division
P. O. Box 2088, State Land Office Bldg.
Santa Fe, New Mexico 87504

Attention: Mr. William J. Lemay, Director

**Re: Chevron's Administrative Application for Unorthodox Gas
Well Location and Simultaneous Dedication for it's Graham
State (NCT-C) Com Well No. 11, Eumont Yates Seven-
Rivers Queen (Pro Gas) Pool, Lea County, New Mexico.**

Dear Mr. Lemay:

OXY USA Inc., an offset operator to the subject well, protests the approval of Chevron's application. We believe this application, if approved, would allow Chevron to produce a 320 acre allowable from a well drilled on 160 acre pattern. Since it directly offsets our State "E" unit, which is a 160 acre unit with only one well, we feel that OXY would be adversely affected by this situation.

Please put the undersigned as well as Mr. Tom Kellahin, our attorney, on the service list for future notices regarding this application.

Thank you for your consideration.

Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor - Western Region

REF/ref

XC: Mr. Tom Kellahin
Kellahin, Kellahin & Aubrey
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Mr. A. W. Bohling
Chevron U.S.A Inc.
P. O. Box 1150
Midland, Texas 79702

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



August 29, 1991

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

OXY USA, INC.
Box 50250
Midland, Texas 79710

ATTN: Richard E. Foppiano, Regulatory Affairs Advisor
Western Region

RE: *Administrative Application by Chevron USA,
Inc. for an Unorthodox Gas Well Location
Graham State (NCT-L) Com Well No. 11
P-25-T19S-R36E, Eumont Gas Pool,
Lea County, New Mexico.*

Dear Mr. Foppiano:

I am in receipt of your objection by letter dated August 16, 1991 to the subject application. The well in which your objection is directed meet the requirements for Rule 2(b)4 of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, as it relates to off-setting outer boundary lines to a 320-acre gas spacing and proration unit. The necessity for said application occurred because the location is closer than 330 feet to an internal quarter - quarter section line. In fact all three wells to be simultaneously dedicated to the E/2 of said Section 11 meet the off-set requirements of Rule 2(b)4.

OXY's objection is without merit at this time, the NMOCD shall therefore process the subject application of Chevron.

Should OXY wish to renew the stated objection, please file an appropriate application for hearing.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", written over a horizontal line.

MICHAEL E. STOGNER
Chief Hearing Officer/Engineer

MES/jc

cc: OCD - Hobbs
NMSLO - Santa Fe
File: NSL - 3044(SD)