



July 31, 1995

OCD Commissioner's Hearing On
August 3, 1995, Case No. 11350
Prorated Gas Allowables For October 1995 - March 1996
Eumont Yates 7 Rivers Qn (Pro Gas) Pool
Lea County, New Mexico

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

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. LeMay,

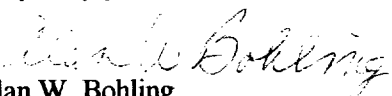
Chevron U.S.A. Production Company, as a principal operator in the Eumont (Pro Gas) Pool, fully supports the Oil Conservation Division's proposed allowable adjustments which result in a Monthly Acreage Allocation Factor (F1) of 38,000 MCF for the Eumont Yates 7-Rivers Qn (Pro Gas) Pool, presented in the OCD's Memorandum dated July 10, 1995.

Since January, 1995, Chevron has completed two new-drills and nine re-completions/re-stimulations yielding an increase of approximately 4.5 MMCF gas per day. Further, Chevron plans to pursue nine more re-completions/re-stimulations to increase production by another estimated 2.3 MMCF gas per day by the end of 1995.

In order to complete our 1995 development program and economically pursue a similar, already budgeted, program for 1996, Chevron requests that the proposed Monthly Acreage Allocation Factor of 38,000 MCF be adopted for the period of October, 1995 through March, 1996. Any lower allowable would have a negative economic impact, jeopardizing continuation of our development programs within the Eumont (Pro Gas) Pool.

We feel that by setting the Monthly Acreage Allocation Factor at the proposed 38,000 MCF for the Eumont (Pro Gas) Pool through the upcoming proration period will allow continuation of current development within the Pool thus preventing waste while still protecting correlative rights.

Very truly yours,


Alan W. Bohling
Petroleum Engineer
Chevron U.S.A. Production Company