BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF CHEVRON U.S.A., INC., FOR A NON-STANDARD PRORATION UNIT, AND UNORTHODOX WELL LOCATIONS, LEA COUNTY, NEW MEXICO.

CASE NO. 9948

AFFIDAVIT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

WILLIAM F. CARR, attorney in fact and authorized representative of Chevron U.S.A., Inc., the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diliger t effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

SUBSCRIBED AND SWORN to before me this Add on May, 1990.

Notary Public

My Commission Expires:

Chevron U.S.A.

المحمدة .

9948

EXHIBIT A

Amerada Hess Corporation Post Office Box 840 Seminole, Texas 79360 Attn: J.I. Johnson

Lewis B. Burleson, Inc. Post Office Box 2479 Midland, Texas 79702 Attn: S. Burleson

Conoco Inc.
Post Office Box 460
Hobbs, New Mexico 88240
Attn: H. Ingram

OXY U.S.A., Inc. Post Office Box 50250 Midland, Texas 79710 Attn: R.E. Foppiano

Pearson-Sibert Oil Co. 901 W. Missouri Avenue Midland, Texas 79701 Attn: R.D. Fitting

Phillips Petroleum Company 4001 Penbrook Odessa, Texas 79762 Attn: W. B. Berry

Shell Western E&P Inc. Post Office Box 576 Houston, Texas 77001

Texaco Producing Company Post Office Box 728 Hobbs, New Mexico 88240 Attn: J.A. Head

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFI:RSON PLACE
SUITE I - IIC NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

May 8, 1990

<u>CERTIFIED MAIL</u> -RETURN RECEIPT REQUESTED

Amerada Hess Corporation Post Office Box 840 Seminole, Texas 79360 Attn: J.I. Johnson

Re: Application of Chevron U.S.A., Inc. for a Non-Standard Proration Unit and

Unorthodox Well Location, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Chevron U.S.A., Inc. has filed an application with the New Mexico Oil Conservation Division seeking approval of a 240-acre Eumont non-standard proration unit consisting of the NE/4 and the N/2 NW/4 of Section 34, Township 19 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Chevron U.S.A., Inc. proposes to dedicate this non-standard proration unit to its J.W. Smith No. 7 Well to be located at an unorthodox location 1900 feet from the North line and 660 feet from the East line of said Section 34 in the Eumont Gas Pool.

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR CHEVRON U.S.A., INC.

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

Amerada Hess Corporation Post Office Box 840 Seminole, Texas 79360 Attn: J.I. Johnson

	Postage	S
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PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865	7. Date of Delivery -90	6. Signature — Agent X	5. Signature - Address /	Attn: J.l. Johnson	Post Office Box 840 Seminole, Texas 79360	Amerada Hess Corporation	3. Article Addressed to:	for leas and check boxies) for additional service(s) requests 1. 25 Show to whom delivered, date, and addresses a	Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster	SENDER: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4.
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JEFFERSON PLACE
SUITE I - II(NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208
TELEPHO IE: (505) 988-4421
TELECOPI :R: (505) 983-6043

May 8, 1990

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Lewis B. Burleson, Inc. Post Office Box 2479 Midland, Texas 79702 Attn: S. Burleson

Re: Application of Chevron U.S.A., Inc. for a Non-Standard Proration Unit and

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WILLIAM F. CARR

ATTORNEY FOR CHEVRON U.S.A., INC.

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1.0 INSURANCE COVERAGE PROVIDED
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PS Form 3811, Mar. 1988 * U.S.Q.P.O. 1988-212-865	7.7 Date of Delivery MAY 1 0 1990	8. Signature - Agent Setherle	5. Signature — Address X	Atm: S. Buricson	Lewis B. Burleson, Inc. Post Office Box 2479 Middiand, Texas 79702	3. Article Addressed to:	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. 3 and 4. 3 and 4. 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1. S- Show to whom delivered, date, and addressed's address. 2. Restricted Delivery (Extra charge)
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SANTA FE, NIW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

May 8, 1990

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Conoco Inc.
Post Office Box 460
Hobbs, New Mexico 88240
Attn: H. Ingram

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P-106 678 492 RECEIPT FOR CERTIFIED MAIL

Conoco Inc. Post Office Box 460
Hobbs, New Mexico 88240
Attn: H. Ingram

Postage	S
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom. Date, and Address of Delivery	
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SOUTE 1 - 110 NORTH GUADALUPE
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SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

May 8, 1990

<u>CERTIFIED MAIL -</u> <u>RETURN RECEIPT REQUESTED</u>

OXY U.S.A., Inc. Post Office Box 50250 Midland, Texas 79710 Attn: R.E. Foppiano

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Pearson-Sibert Oil Co. 901 W. Missouri Avenue Midland, Texas 79701 Attn: R.D. Fitting

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JEFI'ERSON PLACE
SUITE 1 - 113 NORTH GUADALUPE
POST ()FFICE BOX 220B

SANTA FE, N:W MEXICO 87504-2208
TELEPHC NE: (505) 988-4421
TELECOP ER: (505) 983-6043

May 8, 1990

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Shell Western E&P Inc. Post Office Box 576 Houston, Texas 77001

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Certified Control Express Mell Return Receipt for Merchandise	Post Office Box 5/6 Flourston, Texas 77001
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PATRICIA A. MATTHEWS

JEFFI:RSON PLACE
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May 8, 1990

<u>CERTIFIED MAIL</u> -RETURN RECEIPT REQUESTED

Texaco Producing Company Post Office Box 728 Hobbs, New Mexico 88240 Attn: J.A. Head

Re: Application of Chevron U.S.A., Inc. for a Non-Standard Proration Unit and

Unorthodox Well Location, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Chevron U.S.A., Inc. has filed an application with the New Mexico Oil Conservation Division seeking approval of a 240-acre Eumont non-standard proration unit consisting of the NE/4 and the N/2 NW/4 of Section 34, Township 19 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Chevron U.S.A., Inc. proposes to dedicate this non-standard proration unit to its J.W. Smith No. 7 Well to be located at an unorthodox location 1900 feet from the North line and 660 feet from the East line of said Section 34 in the Eumont Gas Pool.

This application has been set for hearing before a Division Examiner on May 30, 1990. You are not required to attend this hearing but, as the owner of an interest that may be affected by this non-standard proration unit or this unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR CHEVRON U.S.A., INC.

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
Texaco Producing Company Post Office Box 728 Hobbs, New Mexico 88240

Attn: J.A. Head

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	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
^	Return Receipt showing to whom and Date Delivered	
June 1985	Return Receipt showing to whom, Date, and Address of Delivery	
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rs rorm 3800,	Postmark or Date MAY - 8 1990	

865 DOMESTIC RETURN RECEIPT	PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865
	7. Date of Delivery
the rational	x / Agent
8. Addresseo's Address (ONLY If regrested and fee paid)	1 1
Always obtain signature of addresses or agent and DATE DELIVERED.	
	Hobbs, New Mexico 88240 Attn: J.A. Head
Type of Service:	Post Office Box 728
P 106 678 497	Texaco Producing Company
4. Article Number	3. Article Addressed to:
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se side. Failure to do this will prevent this ovide you the name of the person delivered services are available. Consult postmaster	Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this cerd from being returned to you. The return receipt fee will provide you the name of the person delivered to any the delivery. For additional fees the following services are available. Consult postmaster to the delivery. For additional fees the following services are available. Consult postmaster.
nervices are desired, and complete items	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 9948 Order No. R-9197

APPLICATION OF CHEVRON USA INC. FOR A NON-STANDARD GAS PRORATION UNIT AND AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 30, 1990, at Sander Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this <u>11th</u> day of June, 1990, the Division Director, naving considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Chevron USA Inc., seeks approval of a non-standard 240-acre gas spacing and proration unit in the Eumont Gas Pool comprising the NE/4 and the N/2 NW/4 of Section 34, Township 19 South. Range 36 East, NMPM, Lea County, New Mexico, said unit to be dedicated to the J. W. Smith Well No. 7 to be drilled at an unorthodox gas well location 1900 feet from the North line and 660 feet from the East line (Unit H) of said Section 34.

CASE NO. 9948 Order No. R-9197 Page -2-

- (3) A portion of the subject acreage, being the E/2 NE/4, has previously been developed within the Eumont Gas Pool by the Chevron USA Inc. J. W. Smith Well No. 2 located 660 feet from the North and East lines (Unit A) of said Section 34. Said well is currently a water injection well within the applicant's Northwest Eumont Unit.
- (4) The presence of an existing Eumont Gas Pcol non-standard gas proration unit within said Section 34 comprising the N/2 SE/4, NE/4 SW/4 and the SE/4 NW/4, precludes the formation of a standard gas proration unit within said section.
- (5) The proposed unorthodox gas well location is necessitated in part by the irregular size and shape of the proposed spacing unit and, according to geologic evidence presented by the applicant, a well at the proposed unorthodox location should encounter a greater amount of net pay within the Penrose formation than would a well located at a standard location thereon, thereby increasing the likelihood of obtaining commercial gas production.
- (6) The entire non-standard gas proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool, and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.
- (7) No offset operator and/or interest owner appeared at the hearing in opposition to the proposed non-standard gas proration unit or unorthodox gas well location.
- (8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.
- (9) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject proration unit should be assigned an acreage factor of 1.5.

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IT IS THEREFORE ORDERED THAT:

- (1) A non-standard 240-acre gas spacing and proration unit in the Eumont Gas Pool comprising the NE/4 and the N/2 NW/4 of Section 34, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox gas well location 1900 feet from the North line and 660 feet from the East line (Unit H) of said Section 34.
- (2) For purposes of assigning a gas allowable in the Eurnont Gas Pool, the subject proration unit shall be assigned an acreage factor of 1.5.
- (3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO OIL CONSERVATION DIVISION

WILLIAM J. LEMAY

Director