

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

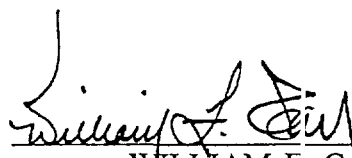
IN THE MATTER OF THE APPLICATION OF  
CHEVRON U.S.A., INC., FOR  
A NON-STANDARD PRORATION UNIT,  
AND UNORTHODOX WELL LOCATIONS,  
LEA COUNTY, NEW MEXICO.

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 diligent 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.

  
\_\_\_\_\_  
WILLIAM F. CARR

SUBSCRIBED AND SWORN to before me this 29<sup>th</sup> day of May, 1990.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

August 19, 1991

Chevron U.S.A. Inc. 4  
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

CAMPBELL & BLACK, P.A.

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

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED

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

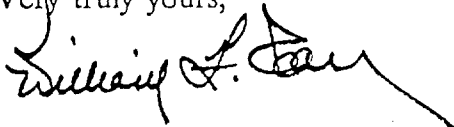
Re: Application of Chevron U.S.A., Inc. for a Non-Standard Proration Unit and  
Unorthodox Well Location, Lea County, New Mexico

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.

WFC:mlh

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 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 boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

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

4. Article Number: P 106 678 490

Type of Service: ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent. DATE DELIVERED.

5. Signature - Addressee: *J.I. Johnson*

6. Signature - Agent: *J.I. Johnson*

7. Date of Delivery: 5-10-90

8. Addressee's Address (ONLY if Certified and fee paid):

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 678 490

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   | \$           |
| 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 |              |
| TOTAL Postage and Fees  | \$           |
| Postmark or Date  | MAY - 8 1990 |

CAMPBELL & BLACK, P.A.

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BRUCE D. BLACK  
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JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED

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

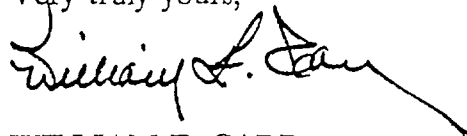
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WFC:mlh

P-106 678 491

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NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

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

|   |              |
|---|--------------|
| 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 |              |
| TOTAL Postage and Fees  | S            |
| Postmark or Date  | MAY - 8 1990 |

PS Form 3800, June 1985

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 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 boxes for additional service(s) requested.  
1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

|  |  |
|--|--|
| 3. Article Addressed to:<br><br>Lewis B. Burleson, Inc.<br>Post Office Box 2479<br>Midland, Texas 79702<br>Attn: S. Burleson | 4. Article Number<br><br>P 106 678 491   |
| 5. Signature - Address<br><br>X  | Type of Service:<br><input checked="" type="checkbox"/> Registered<br><input checked="" type="checkbox"/> Certified<br><input type="checkbox"/> Express Mail<br><input type="checkbox"/> Insured<br><input type="checkbox"/> COD<br><input type="checkbox"/> Return Receipt for Merchandise<br>Always obtain signature of addressee or agent and DATE DELIVERED. |
| 6. Signature - Agent<br>X <i>S. Burleson</i>   | 8. Addressee's Address (ONLY if requested and fee paid)<br><br>FEE NOT PAID  |
| 7. Date of Delivery<br><br>MAY 10 1990   |  |

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL & BLACK, P.A.

LAWYERS

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PATRICIA A. MATTHEWS

JEFFERSON PLACE  
SUITE I - III NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED

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

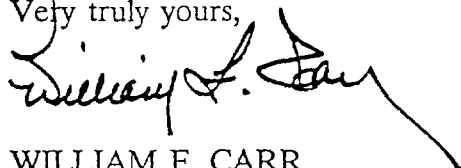
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3. Article Addressed to:

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

4. Article Number

P 106 678 492

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Address

*H. Ingram*

6. Signature - Agent

X

7. Date of Delivery

5-10-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 678 492  
RECEIPT FOR CERTIFIED MAIL

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

|   |    |
|---|----|
| P.O., State and ZIP Code                                      |    |
| Postage   | \$ |
| 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 |    |
| TOTAL Postage and Fees  | \$ |
| Postmark or Date  |    |
| MAY - 8 1990  |    |



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TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

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

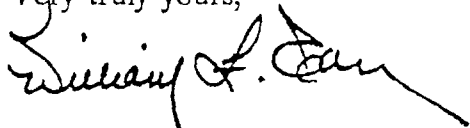
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☐ Registered  
☒ Certified  
☐ Express Mail  
☐ Insured  
☐ COD  
☐ Return Receipt for Merchandise  
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5. Signature — Address  
X

6. Signature — Agent  
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

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P-106 678 493

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Attn: R.E. Foppiano

|   |    |
|---|----|
| Postage   | \$ |
| 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 |    |
| TOTAL Postage and Fees  | \$ |
| Postmark or Date<br>MAY - 8 1990                              |    |

CAMPBELL & BLACK, P.A.

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TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

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

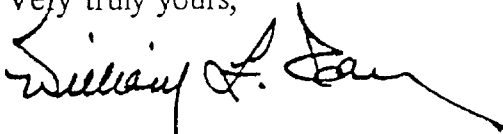
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|   |  |   |  |
|---|--|---|--|
| <b>3. Article Addressed to:</b><br>Pearson-Sibert Oil Co.<br>901 W. Missouri Avenue<br>Midland, Texas 79701<br>Attn: R.D. Fitting |  | <b>4. Article Number</b><br>P 106 678 494   |  |
| <b>5. Signature - Addressee</b><br><input checked="" type="checkbox"/> <i>[Signature]</i>   |  | <b>Type of Service:</b><br><input type="checkbox"/> Registered <input type="checkbox"/> Insured<br><input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD<br><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise<br>Always obtain signature of addressee or agent and DATE DELIVERED. |  |
| <b>6. Signature - Agent</b><br><input checked="" type="checkbox"/> <i>[Signature]</i>   |  | <b>8. Addressee's Address (ONLY if requested and fee paid)</b><br><i>[Blank]</i>  |  |
| <b>7. Date of Delivery</b><br>5-10-90   |  |   |  |

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 678 494  
 RECEIPT FOR CERTIFIED MAIL  
 NO INSURANCE COVERAGE PROVIDED  
 NOT FOR INTERNATIONAL MAIL

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

|   |              |
|---|--------------|
| 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 |              |
| TOTAL Postage and Fees  | S            |
| Postmark or Date  | MAY - 8-1990 |

PS Form 3800, June 1985

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
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TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

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RETURN RECEIPT REQUESTED

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

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WFC:mlh

P-106 678 495  
**RECEIPT FOR CERTIFIED MAIL**  
NO INSURANCE COVERAGE PROVIDED  
 NOT FOR INTERNATIONAL MAIL

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

|   |    |
|---|----|
| Postage   | \$ |
| 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 |    |
| TOTAL Postage and Fees  | \$ |
| Postmark or Date<br><b>MAY - 8 1990</b>                       |    |

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

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 P 106 678 495

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Agent  
 X *[Signature]*

6. Signature - Addressee  
 X *[Signature]*

7. Date of Delivery  
 5-14-90 *[Signature]*

8. Addressee's Address (ONLY if requested and fee paid)  
*SCML*

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-885 DOMESTIC RETURN RECEIPT

CAMPBELL & BLACK, P.A.  
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

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPYER: (505) 983-6043

May 8, 1990

CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED

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

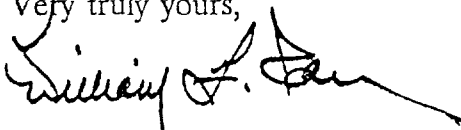
Re: Application of Chevron U.S.A., Inc. for a Non-Standard Proration Unit and  
Unorthodox Well Location, Lea County, New Mexico

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.

WFC:mlh

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 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 boxes for additional services requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Shell Western E&P Inc.  
Post Office Box 576  
Houston, Texas 77001

4. Article Number P 106 678 496

Type of Service: ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address X

6. Signature — Agent X

7. Date of Delivery MAY 11 1990

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 678 496

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

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

|   |   |
|---|---|
| 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 |   |
| TOTAL Postage and Fees  | S |
| Postmark or Date<br>MAY - 8 1990                              |   |



CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
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POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 8, 1990

CERTIFIED MAIL -  
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.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR CHEVRON U.S.A., INC.

WFC:mlh

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 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. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

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

4. Article Number  
 P 106 678 497

5. Signature Address  
☒ X  
 Signature - Agent  
☒ X  
 Date of Delivery

6. Addressee's Address (ONLY if requested and fee paid)  
 MAY 10 1990  
 if fee not paid

7. Type of Service:  
☒ Registered  
☐ Certified  
☐ Express Mail  
☐ COD  
☐ Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 678 497

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

|   |              |
|---|--------------|
| 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 |              |
| TOTAL Postage and Fees  | S            |
| Postmark or Date  | MAY - 8 1990 |

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 Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of June, 1990, the Division Director, having 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 Pool 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.

CASE NO. 9948  
Order No. R-9197  
Page -3-

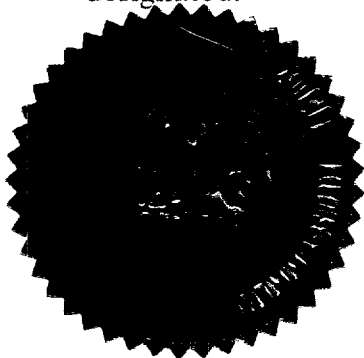
IT IS THEREFORE ORDERED THAT:

(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 Eumont Gas Pool, the subject proration unit shall be assigned an acreage factor of 1.5.

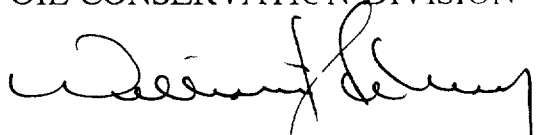
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director