



October 13, 1994
Midland, Texas

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

**ADMINISTRATIVE APPLICATION FOR
REINSTATEMENT OF ORDER R-9197
FOR A NON-STANDARD GAS PRORATION UNIT
AND UNORTHODOX GAS WELL LOCATION
EUMONT (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn.: Mr. William J. LeMay -- Director

Gentlemen:

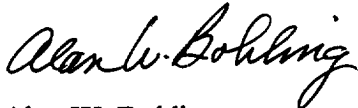
Chevron U. S. A. respectfully requests your approval for reinstatement of Order R-9197, dated June 11, 1990, which provided for a 240-acre Eumont Gas Proration Unit comprising the NE/4 and the N/2 NW/4 of Section 34, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico. Order R-9197 also dedicated the unit to the J. W. Smith Well No. 7 and approved an unorthodox gas well location of 1900 feet from the North line and 660 feet from the East line (Unit H) of Section 34 for said well.

Based upon an annually required GOR test, Well No. 7 was reclassified from gas to oil effective July 1, 1993 resulting in the current assignment of a standard 40-acre oil proration unit comprising the SE/4 NE/4 (Unit H) of Section 34 to this well.

Now, Chevron proposes to add additional perforations and fracture stimulate the J. W. Smith Well No. 7 in the Eumont Yates and Seven-Rivers gas zones which should result in the reclassification of this well from oil back to gas. Therefore, Chevron respectfully requests that Order R-9197 be reinstated allowing for appropriate, prudent production operations and prevention of waste.

Copies of this application have been sent by certified mail to all offset operators. New C-102's and a map of the area showing the offset operators and reflecting the proposed changes are enclosed. If there are any further questions concerning this application, please contact me at (915) 687-7246.

Very truly yours,



Alan W. Bohling
Petroleum Engineer

/s/andr
14182.DOC

cc: NMOCD-Hobbs

CHEVRON U.S.A. INC.

J. W. Smith Lease
Well No. 7

Administrative Application For
Reinstatement Of Order R-9197
For A Non-Standard Gas Proration Unit
And An Unorthodox Gas Well Location
Eumont (Pro Gas) Pool
Lea County, New Mexico

OFFSET OPERATORS

Amerada Hess Corporation
1201 Louisiana, Ste. 700
Houston, Texas 77002

Lewis B. Burleson, Inc.
P. O. Box 2479
Midland, Texas 79702

Oxy U.S.A., Inc.
P. O. Box 50250
Midland, Texas 79710

Rhombus Energy Co.
200 N. Loraine, Ste. 1270
Midland, Texas 79701

Shell Western E & P Inc.
P. O. Box 576
Houston, Texas 77001-0576

Texaco Exploration & Production, Inc.
205 E. Bender
Hobbs, New Mexico 88240

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-30923		2 Pool Code 76480		3 Pool Name Eumont Yates SR Queen	
4 Property Code 2723		5 Property Name J. W. Smith			6 Well Number 7
7 OGRID No. 4323		8 Operator Name Chevron U.S.A. Inc.			9 Elevation 3637'

10 Surface Location

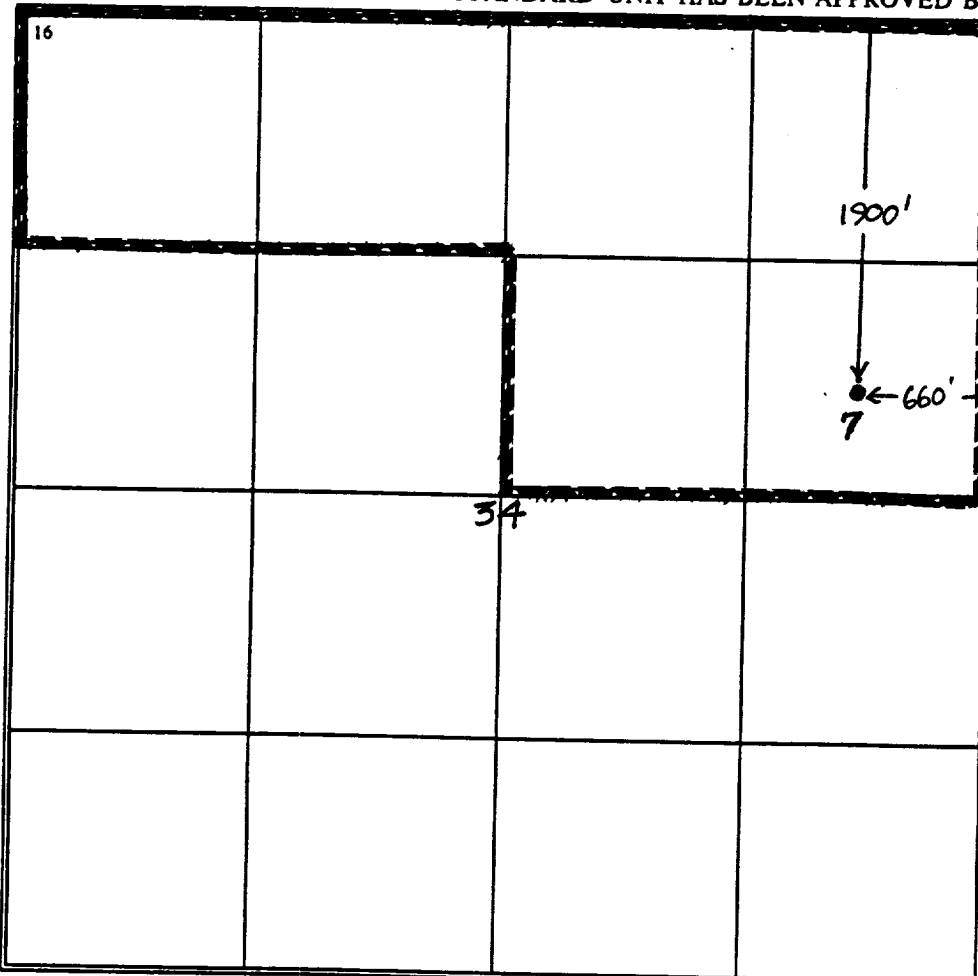
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	34	19S	36E		1900	NORTH	660	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 240	13 Joint or Infill	14 Consolidation Code	15 Order No. R-9197
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

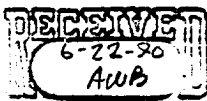
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Alan W. Bohling
 Signature
 Alan W. Bohling
 Printed Name
 Petroleum Engineer
 Title
 October 13, 1994
 Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
 Signature and Seal of Professional Surveyer:
 Certificate Number



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:

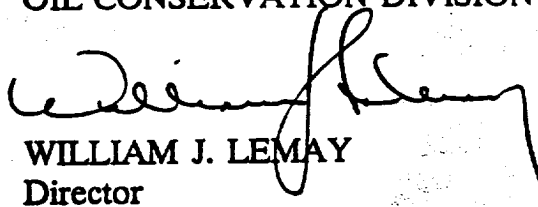
(1) A non-standard 240-acre gas spacing and proration unit in the Eumont Gas Pool comprising the NE/4 and the N/2 NW/4 of Section 34, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox gas well location 1900 feet 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L



October 13, 1994
Midland, Texas

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

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EUMONT (PRO GAS) POOL
LEA COUNTY, NEW MEXICO**

Amerada Hess Corporation
1201 Louisiana, Ste. 700
Houston, Texas 77002

Gentlemen:


Attached is a copy of Chevron's administrative application for NMOCD approval to reinstate the subject Order R-9197 which provides for a 240-acre Non-Standard Eumont Gas Proration Unit and an Unorthodox Eumont Gas Well Location.

Chevron plans to add perforations and fracture stimulate the **J. W. Smith Well No. 7** in the Eumont Yates 7 Rvrs Qn (Pro Gas) Pool. As a result, the well is anticipated to become a gas well thus necessitating reinstatement of the subject NMOCD Order R-9197.

Reinstating Order R-9197 will result in a Non-Standard Gas Proration Unit comprising the NE/4 and N/2 NW/4 of Section 34, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico. and approve an Unorthodox Gas Well Location for the **J. W. Smith Well No. 7** at 1900 feet FNL and 660 feet FEL of said Section 34.

If you have any questions concerning the attached application, please contact me at (915) 687-7246.

Yours very truly,


A. W. Bohling
Petroleum Engineer

/tmdr
14186.DOC

Attachments



October 13, 1994
Midland, Texas

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

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Lewis B. Burleson, Inc.
P. O. Box 2479
Midland, Texas 79702

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LEA COUNTY, NEW MEXICO**

Oxy U.S.A., Inc.
P. O. Box 50250
Midland, Texas 79710

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Rhombus Energy Co.
200 N. Loraine, Ste. 1270
Midland, Texas 79701

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Shell Western E & P Inc.
P. O. Box 576
Houston, Texas 77001-0576

Gentlemen:

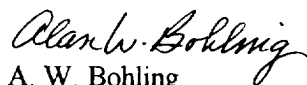
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