

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.

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(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.

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IT IS THEREFORE ORDERED THAT:

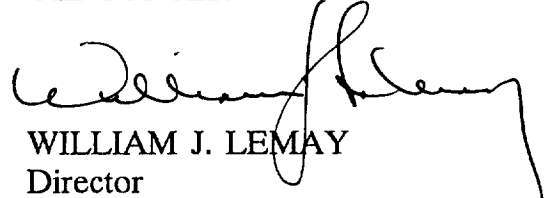
(1) A non-standard 240-acre gas spacing and proration unit in the Eumont Gas Pool comprising the NE/4 and the N/2 NW/4 of Section 34, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox gas well location 1900 feet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

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