

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. 10092
Order No. R-9430

APPLICATION OF CHEVRON U.S.A. INC.
FOR ACREAGE REDEDICATION, TWO NON-
STANDARD GAS PRORATION UNITS,
SIMULTANEOUS DEDICATION, AND TWO
UNORTHODOX GAS WELL LOCATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 19, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of February, 1991, 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 U.S.A. Inc (Chevron), seeks approval to rededicate certain Eumont Gas Pool acreage in portions of Sections 4 and 9, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, thereby forming a 160-acre non-standard gas spacing and proration unit for said pool comprising Lots 12 and 13 and the W/2 SW/4 of said Section 4, to be simultaneously dedicated to its existing Bell Ramsay NCT-A Well No. 5 located at a standard gas well location 660 feet from the South and West lines (Unit U) and to the existing Bell Ramsay NCT-A Well No. 8 located at an unorthodox gas well location 3258 feet from the North line and 660 feet from the West line (Unit L), both wells in said Section 4, and a 240-acre non-standard gas spacing and proration unit comprising the NW/4 and E/2 SW/4 of said Section 9, to be dedicated to its Meyer Bell Ramsay Well No. 5 to be drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 9.

(3) At the time of the hearing, it was determined that the location for the proposed Meyer Bell Ramsay Well No. 5 is orthodox for the proposed proration unit pursuant to the Special Rules and Regulations for the Eumont Gas Pool as promulgated by Division Order No. R-8170, as amended.

(4) The proposed non-standard gas proration units would serve to combine two active and one inactive non-standard gas proration units in the Eumont Gas Pool as follows:

- a) NSP-261, dated May 8, 1956 authorized a 120-acre non-standard gas proration unit comprising Lots 12 and 13 and the NW/4 SW/4 of Section 4, said unit currently dedicated to the Bell Ramsay NCT-A Well No. 8 as described above;
- b) NSP-287, dated July 11, 1956 authorized a 160-acre non-standard gas proration unit comprising the E/2 W/2 of Section 9, said acreage currently undedicated, and;

- c) R-850, dated August 1, 1956 authorized a 120-acre non-standard gas proration unit comprising the SW/4 SW/4 of Section 4 and the W/2 NW/4 of Section 9, said unit currently dedicated to the Bell Ramsay NCT-A Well No. 5 as described above.

(5) According to applicant's evidence, both the Bell Ramsay NCT-A Well Nos. 5 and 8 are currently classified as marginal gas wells in the Eumont Gas Pool capable of producing approximately 47 percent and 60 percent, respectively, of the preceding twelve month average Eumont gas allowable assigned to their respective 120-acre non-standard gas proration units.

(6) Testimony presented by the applicant indicates that the proposed Meyer Bell Ramsay Well No. 5 may be capable of producing approximately 450 MCF of gas per day; however, evidence presented suggests that said well may be capable of producing substantially more than that.

(7) The proposed Meyer Bell Ramsay Well No. 5 has recently been offset by two newly drilled wells, the Texaco Producing Inc. Skelly "B" State Com Well No. 2 located in Unit G of Section 16, Township 21 South, Range 36 East, NMPM, and the Texaco Producing Inc. O. L. Coleman Well No. 6 located in Unit B of Section 17, Township 21 South, Range 36 East, NMPM, which had initial potentials in the Eumont Gas Pool, respectively, of 2223 MCFGPD and 848 MCFGPD.

(8) The applicant seeks the proposed acreage rededication for the purpose of increasing the acreage dedicated to the proposed Meyer Bell Ramsay Well No. 5, thereby increasing the gas allowable assigned the well under the Division's gas proration system.

(9) By Order No. R-8170-G dated November 8, 1990, the Division approved a minimum gas allowable in the Eumont Gas Pool of 600 MCF gas per day per acreage factor of 1.0.

(10) The acreage proposed to be dedicated to the Bell Ramsay NCT-A Well Nos. 5 and 8, as described above, should provide sufficient gas allowable such that these marginal wells may be produced at capacity.

(11) All working interest owners owning an interest in the proposed proration units have consented to and agreed to the proposed acreage rededication.

(12) Doyle Hartman (Hartman), an offset operator, appeared at the hearing and presented evidence and testimony in opposition to the application; however, the objection by Hartman was contingent upon Division denial of a similar application filed by Hartman in Case No. 9994 which was heard by the Division on June 28, 1990.

(13) The application of Hartman in said Case No. 9994 was approved by the Division by Order No. R-9332 entered on October 24, 1990.

(14) No other offset operator appeared at the hearing in opposition to the application.

(15) Approval of the application will enable the applicant to recover the remaining gas reserves underlying the proposed proration units, thereby preventing waste, and will not violate correlative rights.

(16) Division Order Nos. NSP-261, NSP-287 and R-850 should be superseded by this order.

(17) The subject 160 and 240-acre non-standard gas proration units should be assigned acreage factors of 1.0 and 1.5, respectively, in the Eumont Gas Pool for the purpose of assigning gas allowable.

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre gas spacing and proration unit comprising Lots 12 and 13 and the W/2 SW/4 of said Section 4, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to the existing Bell Ramsay NCT-A Well No. 5 located at a standard gas well location 660 feet from the South and West lines (Unit U), and to the existing Bell Ramsay NCT-A Well No. 8 located at an unorthodox gas well location 3258 feet from the North line and 660 feet from the West line (Unit L), both wells in said Section 4.

(2) A non-standard 240-acre gas spacing and proration unit comprising the NW/4 and E/2 SW/4 of Section 9, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and dedicated to the Meyer Bell Ramsay Well No. 5 to be drilled at a standard gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 9.

(3) Division Order Nos. NSP-261, NSP-287 and R-850 are hereby superseded by this order.

(4) The 160 and 240-acre non-standard gas proration units as described above shall be assigned acreage factors of 1.0 and 1.5, respectively, in the Eumont Gas Pool for the purpose of assigning gas allowable.

(5) The gas allowable assigned to the 160-acre non-standard gas proration unit as described above may be produced from the Bell Ramsay NCT-A Well Nos. 5 and 8 in any proportion.

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

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

STATE OF NEW MEXICO
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A handwritten signature in black ink, appearing to read 'William J. Lemay', written over the printed name.

WILLIAM J. LEMAY
Director

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