



#10

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

GARREY CARRUTHERS
GOVERNOR

November 1, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: A. W. Bohling

Administrative Order NSL-2919(SD)

Dear Mr. Bohling:

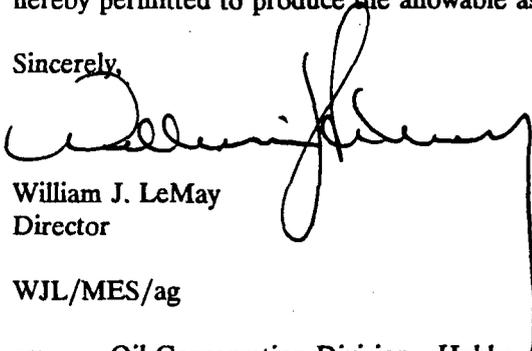
Reference is made to your application dated October 3, 1990 for an unorthodox Eumont gas well location in an existing non-standard 477.14-acre gas spacing and proration unit (GPU) for said Eumont Gas Pool comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order No. R-1487, dated September 14, 1959 and presently has dedicated thereon the B.V. Culp (NCT-A) Well Nos. 3 and 9 located respectively in Units F and J of said Section 19 (simultaneous dedication authorized by Division Order No. R-6482, dated October 20, 1980).

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170 as amended, the following described well located at an unorthodox gas well location is hereby approved:

*B.V. Culp (NCT-A) Gas Com Well No. 10
840' FNL - 990' FEL (Unit A)*

Also, you are hereby authorized to simultaneously dedicate Eumont Gas production from the B.V. Culp (NCT-A) Gas Com Well No. 10 with the B.V. Culp (NCT-A) Gas Com Well Nos. 3 and 9. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from all of said wells in any proportion.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe

#11

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. 10367
Order No. R-9575

APPLICATION OF CHEVRON U.S.A.,
INC. FOR AN UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 22, 1991, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 3rd day of September, 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 of an unorthodox gas well location in the Eumont Gas Pool for its B. V. Culp (NCT-A) Gas Com (Culp Com) Well No. 11 to be drilled 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Chevron also proposes simultaneous dedication of a 477.14-acre non-standard gas spacing and proration unit to three wells. The three wells are the proposed Well No. 11 and two existing wells, B. V. Culp (NCT-A) Gas Com Wells No. 9 (Unit J) and No. 10 (Unit A). The 477.14-acre proration unit is made up of Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of said Section 19.

(3) Pool rules for the Eumont Gas Pool provide for standard 640 acre spacing and proration units and for well locations no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section or subdivision line.

For non-standard gas proration units, pool rules provide that the maximum acreage that may be assigned to a well shall be governed by the well location as follows: 660-660, 160 acres; 660-990, 320 acres; and 990-990, 600 acres.

Acreage is the only proration factor in the Eumont Gas Pool. A 640-acre proration unit is assigned an Acreage Factor of 4.00, a 160-acre proration unit an acreage factor of 1.00, etc.

(4) Chevron submitted the following information through exhibits and the testimony of witnesses:

- (a) Well No. 11 was proposed at a location 660 feet from the North line (instead of 990) so that it would be further removed from Well No. 3, a plugged and abandoned well in Unit F of Section 19, which recovered 9.336 BCF prior to abandonment.
- (b) Texaco's Saunders "K" State Com Well No. 1 in Section 18 is 760 feet North of Chevron's Culp Com acreage in Section 19. Chevron believes the Texaco well, which has already produced 7.233 BCF is draining Chevron's acreage. The Texaco well produced at the rate of 742 MCF per day in May, 1991.
- (c) Chevron considered dividing the 477.14 acre proration unit into two smaller units. A 160-acre proration unit in the SE/4 of Section 19 would have been assigned to the well No. 9 and the remaining 317.14 acres to Wells Nos. 10 and 11. Had this been possible, well No. 11 would have been at a standard location. However, the Gas Pooling Agreement which was entered into in 1957 and force pooling Order No. R-1487 dated September 14, 1959, make this impractical and unfair to royalty owners.
- (d) Chevron indicated a willingness to produce the three wells using allowable restrictions which would result from a proration unit division as described in Finding (4)(c) above. The 477.14-acre proration unit would remain intact, but Chevron would maintain separate records of self-imposed allowable restrictions and production and provide Texaco, Inc. with the information so that they could also monitor the producing rates of the three wells.

(5) Representatives of Texaco, Inc. (Texaco) appeared at the hearing and objected to the Chevron application. Texaco submitted the following information through exhibits and the testimony of witnesses:

- (a) The high cumulative production of Chevron's Culp No. 3 was discussed. The well recovered 9.336 BCF. Texaco indicated this recovery together with a 660 feet from the North line location for well No. 11 would allow Chevron to drain Texaco. Texaco proposed moving the 660 location to 990 feet from the North line.
- (b) A structure map and a cross-section were presented to show that geologically, the 990 location is as good as the 660 location proposed by Chevron for well No. 11.

- (c) The Chevron proposal to restrict production to the rates which would be allowed if the Culp proration unit were divided as outlined in Findings (4)(c) and (4)(d) is not acceptable to Texaco. They prefer that OCD monitor the allowable producing rates for the wells.
- (d) To prevent drainage of its acreage, Texaco recommended a 55% penalty, resulting in an acreage factor of 1.35 for Chevron's 477.14-acre Culp Com gas proration unit.

(6) Both Chevron and Texaco indicated they would be agreeable to the assignment of an acreage factor of 1.00 to the SE/4 of said Section 19 (Well No. 9) and a factor of 1.98 to the N/2 of the section (Wells Nos. 10 and 11) if this could be done without dividing the Culp Com gas proration unit.

(7) OCD does not have procedures available to assign acreage factors as set out in Finding (6) above. However a penalized acreage factor for the entire proration unit could be developed to accomplish essentially the same result.

(8) The Chevron Culp Com Well No. 9 is a marginal well which produced at a rate of 170 MCF per day during June and July, 1991 (based on OCD records). An acreage factor of 0.28 would result in the assignment of an allowable equal to the recent producing rate of Well No. 9. The acreage factor for the 317.14-acre N/2 of Section 19 should be set at 1.98; ($\frac{317.14}{160}$). Total acreage factor for the Culp Com

Gas Proration Unit would be 2.26; $0.28 + 1.98 = 2.26$.

(9) Chevron and Texaco will be able to review production information from all three Culp Com wells to be sure that producing rates are in line with the assigned acreage factor.

(10) No other offset operator or interested party objected to the proposed unorthodox location.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the affected pool and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) An unorthodox gas well location in the Eumont Gas Pool is hereby approved for the Chevron U.S.A. Inc., B.V. Culp (NCT-A) Gas Com Well No. 11 to be drilled 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

Case No. 10367
Order No. R-9575
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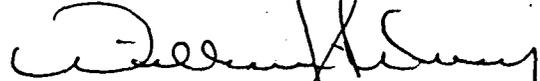
(2) An existing 477.14-acre non-standard gas spacing and proration unit consisting of Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of said Section 19 shall be simultaneously dedicated to the B. V. Culp (NCT-A) Gas Com Wells No. 11 (Unit C), No. 9 (Unit J), and No. 10 (Unit A), all in said Section 19.

(3) For allowable purposes the 477.14-acre B.V. Culp (NCT-A) Gas Com gas proration unit shall be assigned an acreage factor of 2.26 in the Eumont Gas Pool.

(4) 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

dr/

#3 & #9

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7021
Order No. R-6482

APPLICATION OF GULF OIL CORPORATION
FOR SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 17, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of October, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Gulf Oil Corporation, seeks approval for the simultaneous dedication of a previously approved 477-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.
- (3) That the applicant further seeks to simultaneously dedicate its B. V. Culp (NCT-A) Wells Nos. 3 and 9 located in Units F and J, respectively, of said Section 19.
- (4) That the above-described wells will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed simultaneous dedication.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

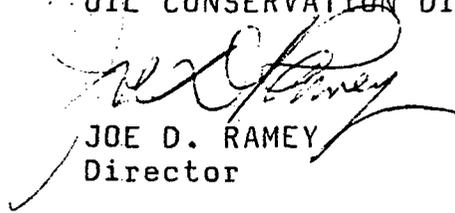
IT IS THEREFORE ORDERED:

(1) That Gulf Oil Corporation is hereby authorized to simultaneously dedicate its B. V. Culp (NCT-A) Wells Nos. 3 and 9 located in Units F and J, respectively, of Section 19, Township 19 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to a previously approved 477-acre non-standard gas proration unit consisting of the N/2 and SE/4 of said Section 19.

(2) That 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


JOE D. RAMEY
Director

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

#1 + #3

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 1683
Order No. R-1487

APPLICATION OF GULF OIL CORPORA-
TION FOR AN ORDER FORCE-POOLING
THE EUMONT GAS INTERESTS IN THE
N/2 AND THE SE/4 OF SECTION 19,
TOWNSHIP 19 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO, TO FORM
A 477-ACRE NON-STANDARD GAS PRO-
RATION UNIT IN THE EUMONT GAS
POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on August 19, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of September, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, is the operator of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, and is the owner and operator of the B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19.

(3) That the applicant seeks an order force-pooling said N/2 and SE/4 of Section 19 as a 477-acre non-standard Eumont gas proration unit.

(4) That all parties owning working interests in the above-described acreage have agreed to communitization, as have a majority of the parties owning royalty interests and contingent interests.

(5) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 477-acre unit for the Eumont Gas Pool, but has been unable to obtain the consent of all persons owning such royalty interest in said 477-acre unit.

(6) That all parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and that the Commission has received no objection to the approval of the subject application.

(7) That it is impractical to form a standard unit in the Eumont Gas Pool by combining the acreage in question with adjacent acreage because all surrounding property is presently dedicated to other Eumont gas wells.

(8) That accordingly, the enforcement of a uniform spacing pattern would tend to deprive the owners of the tract the opportunity to recover their just and equitable share of Eumont gas underlying the 477-acre tract.

(9) That the most efficient and orderly development of the subject acreage can be accomplished by force-pooling the N/2 and the SE/4 of said Section 19 to form a 477-acre non-standard gas proration unit in the Eumont Gas Pool, and that such an order should be entered.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons, or either of them, from the Eumont Gas Pool underlying the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby pooled, said unit to be dedicated to Gulf Oil Corporation's B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19, and that Gulf Oil Corporation be and the same is hereby designated as the operator of said pooled unit.

(2) That as prescribed in the Gas Pooling Agreement for the B. V. Culp (NCT-A) Eumont Gas Unit No. 1, the production from the above-described pooled 477-acre non-standard unit be allocated to each tract in the unit in the proportion that the acreage interest contained in each of the tracts bears to the entire surface acreage of said unit.

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Case No. 1683
Order No. R-1487

(3) That the allowable assigned to the above-described 477-acre non-standard gas proration unit shall bear the same ratio to a standard allowable in the Eumont Gas Pool as the acreage in said unit bears to the acreage in a standard unit in the Eumont Gas Pool.

(4) That the effective date of this order shall be the first day of the month following the month in which the Commission is notified that the subject well has been brought into balance.

(5) That Administrative Order NSP-256 shall be cancelled as of the effective date of this order.

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

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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