



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

RECEIVED

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8-31-92

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL X + SD
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Chertron USA Inc. Graham-Scott Gas Com #4-L 5-21-36
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed



Chevron U.S.A. Inc.
OIL CONSERVATION DIVISION
P.O. Box 1150, Midland, TX 79702

August 26, 1992

1992 AUG 28 PM 9 39

Permian Basin Production Business Unit

**ADMINISTRATIVE APPLICATION FOR
UNORTHODOX WELL LOCATION
AND SIMULTANEOUS DEDICATION
EUMONT (PRO GAS) POOL
3560' FNL AND 660' FWL
SECTION 5, T-21-S, R-36-E
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. Inc. respectfully requests your approval of this administrative application for the subject Unorthodox Gas Well Location and Simultaneous Dedication.

Chevron is planning to drill and complete the **Graham-Orcutt Gas Com Well No. 4** in the Eumont Yates 7 Rvrs Qn (Pro Gas) Pool. It is our desire to also simultaneously dedicate the existing 400-acre Eumont Gas Proration Unit currently assigned to our Graham-Orcutt Gas Com Well Nos. 1, 2 and 3 (Order R-9329) to all four wells. The 400-acre gas proration unit will comprise Lots 11 through 14 of Section 5 and Lots 15 and 16 and the SE/4 of Section 6, all in Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

As a result, the location of the Graham-Orcutt Gas Com Well No. 4 is unorthodox in that it is less than 990' from the outer boundary of the proration unit. The location of Well No. 4 is 3560 feet FNL and 660 feet FWL, Unit Letter L, Section 5, Township 21 South, Range 36 East, Lea County, New Mexico.

In order to prevent waste, Chevron respectfully requests your approval of this administrative application for an unorthodox gas well location and simultaneous dedication. Attached is a map showing offset operators and a Form C-102 plat. A copy of this letter and attachments are being furnished by Certified Mail to offset operators as their notice of this application.

If you have any questions or require any further information concerning this application, please contact me at (915) 687-7246.

Yours very truly,



A. W. BOHLING

Proration Engineer

awb
Attachments
Enclosures

cc: NMOCD - Hobbs, NM

CHEVRON U.S.A. INC.
Graham-Orcutt Gas Com Lease
Well No. 4

Unorthodox Location and
Simultaneous Dedication Application
Eumont (Pro Gas) Pool
3560' FNL and 660' FWL
Section 5, T-21-S, R-36-E
Lea County, New Mexico

OFFSET OPERATORS

Amerada Hess Corporation
Entex Bldg.
1200 Milam St.
Houston, Texas 77002

ARCO Oil and Gas Company
P. O. Box 1610
Midland, Texas 79701

Conoco Inc.
10 Desta Drive, Ste. 100W
Midland, Texas 79705

Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

Meridian Oil, Inc.
Box 51810
Midland, Texas 79710-1810

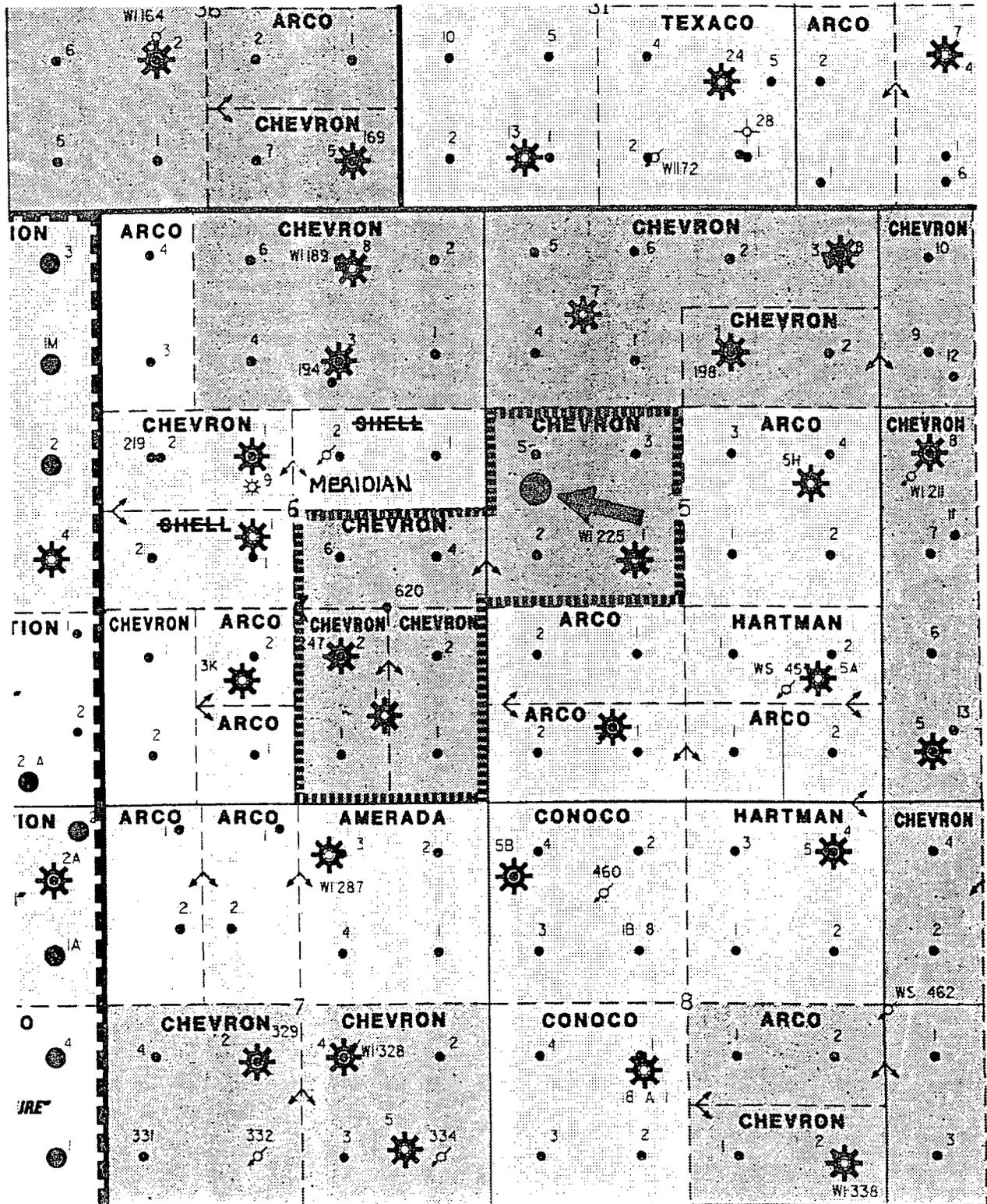
CHEVRON U.S.A. INC.
Graham-Orcutt Gas Com Lease
Well No. 4

Unorthodox Location and
Simultaneous Dedication Application
Eumont (Pro Gas) Pool
3560' FNL and 660' FWL
Section 5, T-21-S, R-36-E
Lea County, New Mexico



CHEVRON U.S.A. INC.
Graham-Orcutt Gas Com Lease
Well No. 4

Unorthodox Location and
Simultaneous Dedication Application
Eumont (Pro Gas) Pool
3560' FNL and 660' FWL
Section 5, T-21-S, R-36-E
Lea County, New Mexico



OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHEVRON U.S.A. INC.		Lease GRAHAM ORCUTT GAS COM.		Well No. 4
Unit Letter L	Section 5	Township 21 SOUTH	Range 36 EAST NMPM	County LEA

Actual Footage Location of Well:
3560 feet from the NORTH line and 660 feet from the WEST line

Ground Level Elev. 3585.7'	Producing Formation	Pool	Dedicated Acreage: Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____
- If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

OPERATOR CERTIFICATION

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

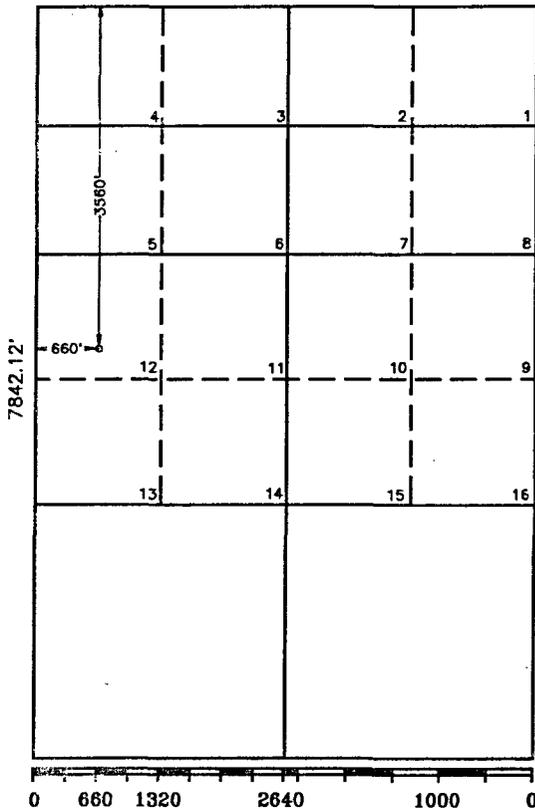
Signature
Printed Name
Position
Company
Date

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 knowledge and belief.

Date Surveyed JULY 22, 1992
Signature & Seal of Professional Surveyor

Certificate No.	JOHN W. WEST, 676
	RONALD J. EIDSON, 3239
	GARY L. JONES, 7877



**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

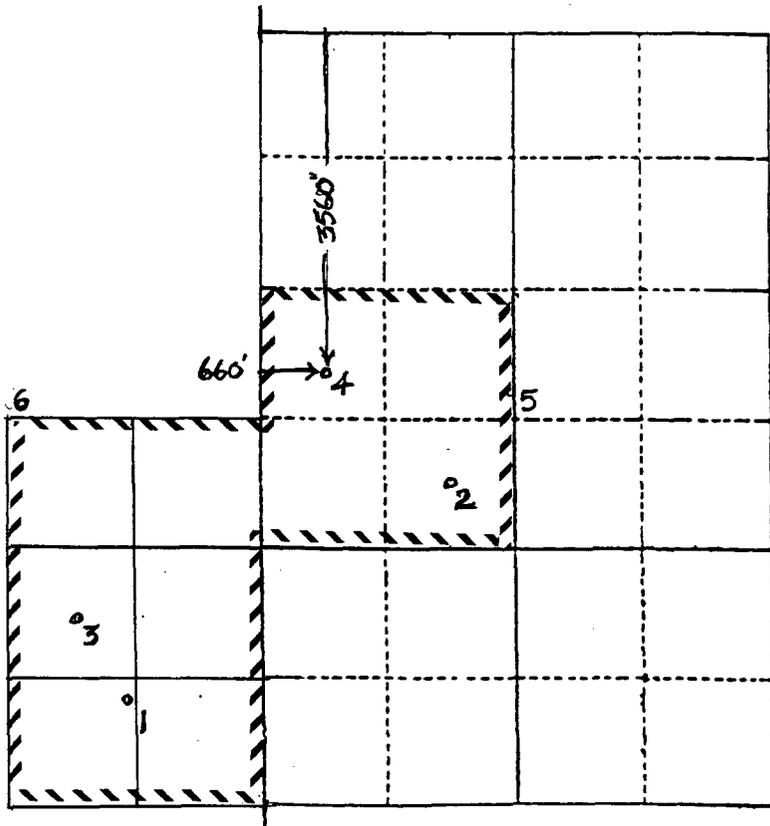
Operator Chevron U.S.A. Inc.		Lease Graham Orcutt Gas Com			Well No. 4
Unit Letter L	Section 5	Township 21 South	Range 36 East	County Lea	
Actual Footage Location of Well: 3560 feet from the North line and 660 feet from the West line					
Ground Level Elev. 3585.7'	Producing Formation Eumont Yates 7-Rvrs Qn		Pool Eumont Gas Pool	Dedicated Acreage: 400 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Alan W. Bohling

Name
Alan W. Bohling

Position
Petroleum Engineer

Company
Chevron U.S.A. Inc.

Date
August 26, 1992

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 knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No. **JOHN W. WEST 678**

Ronald J. Eidsen 3239

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. 9949
Order No. R-9329

APPLICATION OF CHEVRON U.S.A.
INC. FOR A NON-STANDARD GAS
PRORATION UNIT, UNORTHODOX GAS
WELL LOCATIONS, 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 May 30 and June 28, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach

NOW, on this 24th day of October, 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 U.S.A. Inc (Chevron), seeks approval for a non-standard 400-acre gas spacing and proration unit comprising Lots 11 through 14 of Section 5 and Lots 15 and 16 and the SE/4 of Section 6, all in Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, said unit to be simultaneously dedicated to a well to be drilled at an unorthodox gas well location 1175 feet from the South line and 1375 feet from the East line (Unit W) of said Section 6, to its Orcutt (NCF-A) Well No. 1 properly located 4600 feet from the North line and 1980 feet from

the West line (Unit N) of said Section 5 (which is unorthodox for this proration unit) and to its Graham State (NCT-E) Well No. 2 located at an unorthodox location 1980 feet from the South and East lines (Unit R) of said Section 6.

(3) Subsequent to the hearing, the Division determined that the advertisement for this case incorrectly described the location of the above-described Orcutt (NCT-A) Well No. 1, and that the actual location is 4600 feet from the North line and 1983 feet from the West line of said Section 5. The Division further determined that notice to offset operators contained the correct well location and that since the error in the description is insignificant (3 feet), re-advertisement of this case is not necessary.

(4) The evidence and Division records indicate that the proposed non-standard gas proration unit currently consists of two previously approved non-standard gas proration units currently owned and operated by Chevron and comprising the following described acreage:

- a) A 240-acre unit comprising Lots 15 and 16 and the SE/4 of said Section 6, approved by Division Order No. NSP-145, dated June 8, 1955, and currently dedicated to said Graham State (NCT-E) Well No. 2 and;
- b) A 160-acre unit comprising Lots 11 through 14 of said Section 5, approved or "grandfathered" in by Division Order No. R-520, dated August 12, 1954, and currently dedicated to said Orcutt (NCT-A) Well No. 1.

(5) According to evidence and testimony, the above-described Graham State (NCT-E) Well No. 2 and the Orcutt (NCT-A) Well No. 1 are both currently producing from the Queen and Penrose intervals of the Eumont Gas Pool, and both are currently classified as marginal gas wells within said pool.

(6) The applicant's geologic evidence indicates that there is potential for gas production from the Yates formation (also included in the Eumont Gas Pool) underlying its acreage in said Section 6.

(7) The applicant seeks authority to drill an additional well in said Section 6 in order to recover the gas reserves within the Yates formation, and also to protect said acreage from offset Yates drainage which may be presently occurring.

(8) Testimony by the applicant indicates that the two above-described existing wells are not suitable for recompletion to the Yates formation

(9) The proposed well location, which is unorthodox with respect to the interior quarter-quarter section lines, and does not encroach on the outer boundary of the proposed proration unit, is necessitated by geologic considerations.

(10) According to further evidence and testimony by the applicant, the average gas allowable for a 160-acre gas proration unit (1.0 acreage factor) within the Eumont Gas Pool during 1989 was approximately 290 MCFG per day.

(11) The Graham State (NCT-E) Well No. 2 is currently capable of producing approximately 66% of the average gas allowable assigned to its 240-acre proration unit.

(12) The applicant's evidence and testimony further indicates that the remaining gas allowable, approximately 34% or 147 MCFG per day is insufficient to economically justify the drilling of the proposed well on the existing 240-acre gas proration unit.

(13) The effect of forming the proposed 400-acre non-standard gas proration unit will be a significant increase in the amount of gas available for production from the proposed well, which in turn economically justifies its drilling.

(14) According to Division records, each of the offset Eumont gas proration units is capable of marginal gas production only, and therefore, the formation of the proposed 400-acre non-standard gas proration unit should not violate any offset operator's correlative rights.

(15) The two existing wells and a well at the proposed location should efficiently and economically drain and develop the proposed proration unit.

(16) Doyle Hartman, an offset operator to the proposed non-standard gas proration unit, appeared at the hearing but did not actively oppose the application.

(17) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

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

(19) Division Order No. NSP-145 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 400-acre gas spacing and proration unit comprising Lots 11 through 14 of Section 5 and Lots 15 and 16 and the SE/4 of Section 6, all in Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to a well to be drilled at an unorthodox gas well location 1175 feet from the South line and 1375 feet from the East line (Unit W) of said Section 6, to the existing Orcutt (NCT-A) Well No. 1, located at an unorthodox location 4600 feet from the North line and 1983 feet from the West line (Unit N) of said Section 5, and to the existing Graham State (NCT-E) Well No. 2 located at an unorthodox location 1980 feet from the South and East lines (Unit R) of said Section 6.

(2) For purposes of assigning gas allowable, the subject proration unit shall be assigned an acreage factor of 2.5 in the Eumont Gas Pool.

(3) The gas allowable assigned to the above-described proration unit may be produced from the three wells described above in any proportion.

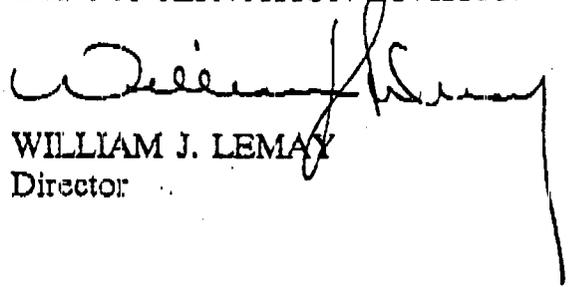
CASE NO. 9949
Order No. R-9329
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(4) Division Order No. NSP-145 is hereby superseded by this order.

(5) 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