



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

NSL-3204

January 15, 1997

Chevron U.S.A. Inc.
P.O. Box 1150
Midland, Texas 79702

Attn: Michelle LeVan

Re: Application for a non-standard 80-acre oil spacing and proration unit comprising the N/2 SW/4 of Section 31, Township 22 South, Range 38 East, NMPM, Tubb Oil and Gas Pool, Lea County, New Mexico. Said unit to be dedicated to the Scarborough Estate Well No. 8 (API No. 30-025-20342), located 1830 feet from the South line and 660 feet from the West line (Unit L) of said Section 31.

Dear Ms. LeVan:

The Division is returning the subject application to you at this time. Oil wells in the Tubb Oil and Gas Pool are spaced on drilling tracts consisting of 40 surface contiguous acres, more or less, substantially in the form of a square which is a quarter-quarter section or lot, being a legal subdivision of the U. S. Public Lands survey, this pursuant to **Rule 2(a)** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended. Division General Rule 104.M, applicable in this pool under certain conditions, provides for the pooling or communitization of fractional lots of 20.49 acres or less with another drilling tract.

Any other increase in acreage to a particular proration unit from the standard 40 acres, more or less, especially in instances where an additional quarter-quarter section is joined to a standard 40-acre unit is strictly prohibited and will **not** be considered by the Division under any circumstance, either through the hearing process or administratively. An operator or operators in a pool can seek to have pool rules changed or formed to increase spacing in an established pool, but only after notice and hearing.

Should Chevron wish to proceed down this avenue, please request a hearing to amend Division Order No. R-8170, as amended, to increase oil spacing for the Tubb Oil and Gas Pool from its present 40 acres to 80 acres, also Chevron will be required to provide notice pursuant to Division General Rule 1207.A(7) and in accordance with the Uhden decision by the New Mexico Supreme Court.

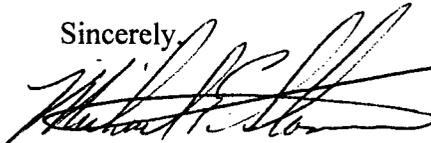
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Should you have any questions or comments concerning this matter, please contact me at (505) 827-8185.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William J. LeMay, Director - OCD, Santa Fe
Kathy Valdes - OCD, Santa Fe
William F. Carr, Counsel for Chevron - Santa Fe
File: NSL-3204