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. 12610 ORDER NO. R-11631

FOR SIMULTANEOUS APPLICATION OF CHEVRON USA INC. **DEDICATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 9, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of August, 2001, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

The applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 12610 is hereby dismissed.

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



STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Director



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

February 13, 2001

Lori Wrotenbery Director Oil Conservation Division

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

Ense 12610

Attention: C. J. Affeld

Re: Administrative application for simultaneous dedication of Eumont gas production to the previously approved 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 28, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico (approved by Division Administrative Order NSP-272, dated June 27, 1956) from Chevron U.S.A., Inc.'s S. E. Fulton Wells No. 1, 2, 5, and 6.

Dear Mr. Affeld:

Since there are no clear procedures for administrative review, either contained in the Division's rules governing the Eumont Gas Pool or the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, for future infill gas wells that result in spacing of less than 160 acres per well on a proration unit, your application dated January 22, 2001 will be placed on the next available docket scheduled for hearing on March 8, 2001.

I have prepared the attached advertisement for this matter. Should you have any questions concerning this matter, please contact Mr. William F. Carr, Legal Counsel for Chevron U.S.A., Inc., in Santa Fe at (505) 988-4421.

Sincerely

Michael E. Stogner Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs
 William F. Carr, Legal Counsel for Chevron U.S.A. Production Company - Santa Fe
 Kathy Valdes - NMOCD, Santa Fe
 Florene Davidson NMOCD, Santa Fe

<u>CASE 12610</u>: Application of Chevron U.S.A., Inc. for simultaneous dedication, Lea County, New Mexico.

Applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to the previously approved 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 28, Township 21 South, Range 36 East (approved by Division Administrative Order NSP-272, dated June 27, 1956) from the following four wells:

- existing S. E. Felton Well No. 1 (API No. 30-025-04815) located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 28;

- existing S. E. Felton Well No. 2 (API No. 30-025-25352) located at a standard gas well location either 800 feet or 880 feet from the South line and 1980 feet from the East line (Unit O) of Section 28; and,

- existing S. E. Felton Well No. 5 (API No. 30-025-33796) located at a standard Eumont gas well location 1980 feet from the South and East lines (Unit J) of Section 28; and

- proposed S. E. Felton Well No. 6 (**API No. 30-025-35395**) to be drilled at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 28.

This unit is located approximately eight miles southwest of Monument, New Mexico.

DATE IN

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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS **Application Acronyms:** [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] Case 12610 [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A] Location - Spacing Unit - Directional Drilling [A] □ NSL \square NSP \square DD 🛛 SD Check One Only for [B] and [C] Commingling - Storage - Measurement [B] \Box DHC \Box CTB \square PLC $\square PC$ □ OLS □ OLM [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery □ WFX \square PMX □ SWD □ IPI \Box EOR \Box PPR [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply [A] Working, Royalty or Overriding Royalty Interest Owners [B] Offset Operators, Leaseholders or Surface Owner [C] □ Application is One Which Requires Published Legal Notice □ Notification and/or Concurrent Approval by BLM or SLO [D] U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] \Box Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Signature

Christian J Affeld Print or Type Name

Petroleum Engineer Title January 22, 2001 Date



Chevron U.S.A. Production Company P.O. Box 1150 Midland, TX 79702

Administrative Application For Simultaneous Dedication Eumont (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Lea County, New Mexico

Case 12610

State of New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87504

Attn: Mr. Stogner

Dear Mr. Stogner:

Chevron U.S.A. Inc. respectfully requests your approval of this administrative application for Simultaneous Dedication.

Chevron is planning to drill the **S.E. Felton #6** in the Eumont (Pro Gas) Pool. We are requesting the approval to simultaneously dedicate the existing 160 acre Non-Standard Gas Proration Unit assigned to our S.E. Felton wells # 1, # 2, and # 5 (Administrative Order SD-97-3) to all three wells. This 160 acre GPU consist of SE/4 of Section 28, T-21-S, R-36-E, NMPM, Lea County, New Mexico.

Chevron respectfully requests your approval of this administrative application for Simultaneous Dedication.

Attachments to this request include:

- Commercial Map with Proration Unit Outline and Offset Operators
- Form C-102 plat
- Copy of Administrative Order SD-97-3 Dated 7/10/1997
- List of "Affected Persons" as defined in Division Rule 1207.A(2)
- Copy of Letters to Affected Persons
- Copy of Certified Mailing Labels
- Supporting Evidence

All offset operators have been properly notified by certified mail in compliance with Division rules and orders and the stipulated declaratory judgement of the district court of the Santa Fe County, dated January 4, 2001. If you have any questions or require any further information concerning this application, please feel free to contact me.

Yours very truly,

C.J. Affeld Chevron U.S.A. Production Co. Petroleum Engineer Midland, Texas ph. (915) 687 - 7271 fx. (915) 687 - 7905 e-mail: <u>caff@chevron.com</u>

Attachments

cc: CJ Affeld – Engineering Bill Dees – Geology Marcia Barabash – Land Janice Ripley – Regulatory Central Files Nathan Mouser – Field Hobbs District Office Administrative Application For Non-Standard Location and Simultaneous Dedication Eumont (Pro Gas) Pool S.E. Felton # 6

1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E <u>Commercial Map</u>

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Chevron U.S.A. Production Co.

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OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

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OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

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OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

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AMENDED REPORT

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STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO SANTA FE, NEW MEXICO 87505 (505) 827-7131

July 10, 1997

Chevron U.S.A. Inc. P. O. Box 1150 Midland, Texas 79702 Attention: J. H. Saenz

Administrative Order SD-97-3

Dear Mr. Saenz:

Reference is made to your application dated May 5, 1997. Chevron U.S.A. Inc. ("Chevron") is hereby authorized to simultaneously dedicate Eumont Gas Pool production to the previously approved non-standard 160-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 28, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-272, dated June 27, 1956) from the following three wells:

- the existing S. E. Felton Well No. 1 (API No. 30-025-04815) located at a standard gas well location 660 feet from the South and East lines (Unit P) of said Section 28;

- the existing S. E. Felton Well No. 2 (API No. 30-025-25352) located at a standard gas well location 800 feet from the South line and 1980 feet from the East line (Unit O) of said Section 28; and,

- the newly drilled S. E. Felton Well No. 5 (API No. 30-025-33796) located at a standard Eumont gas well location 1980 feet from the South and East lines (Unit J) of said Section 28.

Further, Chevron is permitted to produce the allowable assigned said non-standard 310.01-acre GPU from all three wells in any proportion.

Sincerely. William J. Le

Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs New Mexico State Land Office - Santa Fe File: NSP-272 Chevron U.S.A. Production Co.

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Administrative Application For Simultaneous Dedication Eumont (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E <u>Affected Persons</u>

> TEXACO 500 N. Loraine Midland, Texas 79702

BURLESON, LEWIS B P.O. Box 2479 Midland, Texas 79702

CITATION O&G 8223 Willow Pl. Dr. S., Ste 250 Houston, Texas 77070-5623

> EXXON P.O. Box 4697 Houston, Texas 77210

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

OXY U.S.A. P. O. Box 50250 Midland, Texas 79702



Chevron U.S.A. Production Company P.O. Box 1150 Midland, TX 79702

Administrative Application For Simultaneous Dedication Jalmat (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Lea County, New Mexico

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

New Mexico Operations Director:

Attached is a copy of an administrative application to the NMOCD for simultaneous dedication and of a standard location for the **S.E. Felton # 6** to be drilled and operated by Chevron U.S.A.

"Affected Persons", as defined in Division Rule 1207.A(2), are required by NMOCD Rule 104.D (2) to be notified. "Affected Persons" are allowed 20 days from the Division's receipt of this application to file any objections in writing.

If you have any questions or require any further information concerning this application, please feel free to contact me.

Yours verv truly.

Č.J. Affeld Chevron U.S.A. Production Co. Petroleum Engineer Midland, Texas ph. (915) 687 - 7271 fx. (915) 687 - 7905 e-mail: caff@chevron.com



Chevron U.S.A. Production Company P.O. Box 1150 Midland, TX 79702

Administrative Application For Simultaneous Dedication Jalmat (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Lea County, New Mexico

Lewis B. Burleson P. O. Box 2479 Midland, Texas 79702

New Mexico Operations Director:

Attached is a copy of an administrative application to the NMOCD for simultaneous dedication and of a standard location for the **S.E. Felton # 6** to be drilled and operated by Chevron U.S.A.

"Affected Persons", as defined in Division Rule 1207.A(2), are required by NMOCD Rule 104.D (2) to be notified. "Affected Persons" are allowed 20 days from the Division's receipt of this application to file any objections in writing.

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Yours very truly,

Č.J. Affeld

Chevron U.S.A. Production Co. Petroleum Engineer Midland, Texas ph. (915) 687 - 7271 fx. (915) 687 - 7905 e-mail: caff@chevron.com



Chevron U.S.A. Production Company P.O. Box 1150 Midland, TX 79702

Administrative Application For Simultaneous Dedication Jalmat (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Lea County, New Mexico

Citation O&G 8223 Willow Place Drive South, Ste 250 Houston, Texas 77070-5623

New Mexico Operations Director:

Attached is a copy of an administrative application to the NMOCD for simultaneous dedication and of a standard location for the **S.E. Felton # 6** to be drilled and operated by Chevron U.S.A.

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Yours very truly,

C.J. Affeld Chevron U.S.A. Production Co. Petroleum Engineer Midland, Texas ph. (915) 687 - 7271 fx. (915) 687 - 7905 e-mail: caff@chevron.com



Chevron U.S.A. Production Company P.O. Box 1150 Midland, TX 79702

Administrative Application For Simultaneous Dedication Jalmat (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Lea County, New Mexico

Exxon P. O. Box 4697 Houston, Texas 77210

New Mexico Operations Director:

Attached is a copy of an administrative application to the NMOCD for simultaneous dedication and of a standard location for the **S.E. Felton # 6** to be drilled and operated by Chevron U.S.A.

"Affected Persons", as defined in Division Rule 1207.A(2), are required by NMOCD Rule 104.D (2) to be notified. "Affected Persons" are allowed 20 days from the Division's receipt of this application to file any objections in writing.

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Yours very truly,

C.J. Affeld Chevron U.S.A. Production Co. Petroleum Engineer Midland, Texas ph. (915) 687 - 7271 fx. (915) 687 - 7905 e-mail: caff@chevron.com



Chevron U.S.A. Production Company P.O. Box 1150 Midland, TX 79702

Administrative Application For Simultaneous Dedication Jalmat (Pro Gas) Pool **S.E. Felton # 6** 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Lea County, New Mexico

Oxy U.S.A. P. O. Box 50250 Midland, Texas 79702

New Mexico Operations Director:

Attached is a copy of an administrative application to the NMOCD for simultaneous dedication and of a standard location for the **S.E. Felton # 6** to be drilled and operated by Chevron U.S.A.

"Affected Persons", as defined in Division Rule 1207.A(2), are required by NMOCD Rule 104.D (2) to be notified. "Affected Persons" are allowed 20 days from the Division's receipt of this application to file any objections in writing.

If you have any questions or require any further information concerning this application, please feel free to contact me.

Yours very truly,

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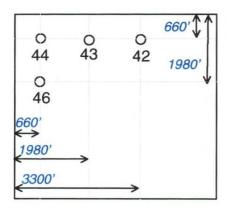
C.J. Affeld

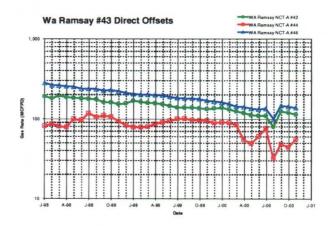
Chevron U.S.A. Production Co. Petroleum Engineer Midland, Texas ph. (915) 687 - 7271 fx. (915) 687 - 7905 e-mail: caff@chevron.com

Chevron U.S.A. Production Co. Administrative Application For Simultaneous Dedication Eumont (Pro Gas) Pool S.E. Felton # 6 1980' FSL and 660' FEL, Unit I Section 28, T-21-S, R-36-E Supporting Evidence

In September of 2000 the WA Ramsay NCT A #43 well in the adjoining lease (T:21S R:36E S:27) was worked over in the Eumont with a fracture stimulation. This is the ninth Eumont gas well in the 640-acre WA Ramsay NCT A lease. Two of the wells are direct offsets to the WA Ramsay NCT A #43 to the East, West and a third is diagonally offset to the Southwest (Figure 1). There is a dip in production in August, this is due to the El Paso line explosion that caused production to be shut down for 2 weeks. The WA Ramsay #42 is completed lower in the Eumont (Queen and Penrose) and has experienced some difficulty recovering from the El Paso Shut down. The WA Ramsay #44, #46, and #43 are all completed in the same interval and have not seen adverse affects to production from the recompletion of the WA Ramsay NCT A #43 (Figure 2). The lease production has shown an increase in production and reserves from the WA Ramsay NCT A lease that would otherwise have gone undeveloped (Figure 3).

The WA Ramsay lease is analogous to the **S.E. Felton** lease and the same increased Gas production and increased reserves response is expected in the **S.E. Felton** Lease. The Geology for the WA Ramsay lease is similar to the **S.E. Felton** lease of the proposed new well location and therefore an additional well location is necessary to efficiently and economically drain the proration unit to prevent waste and protect correlative rights.









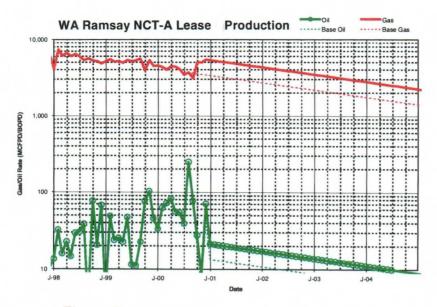
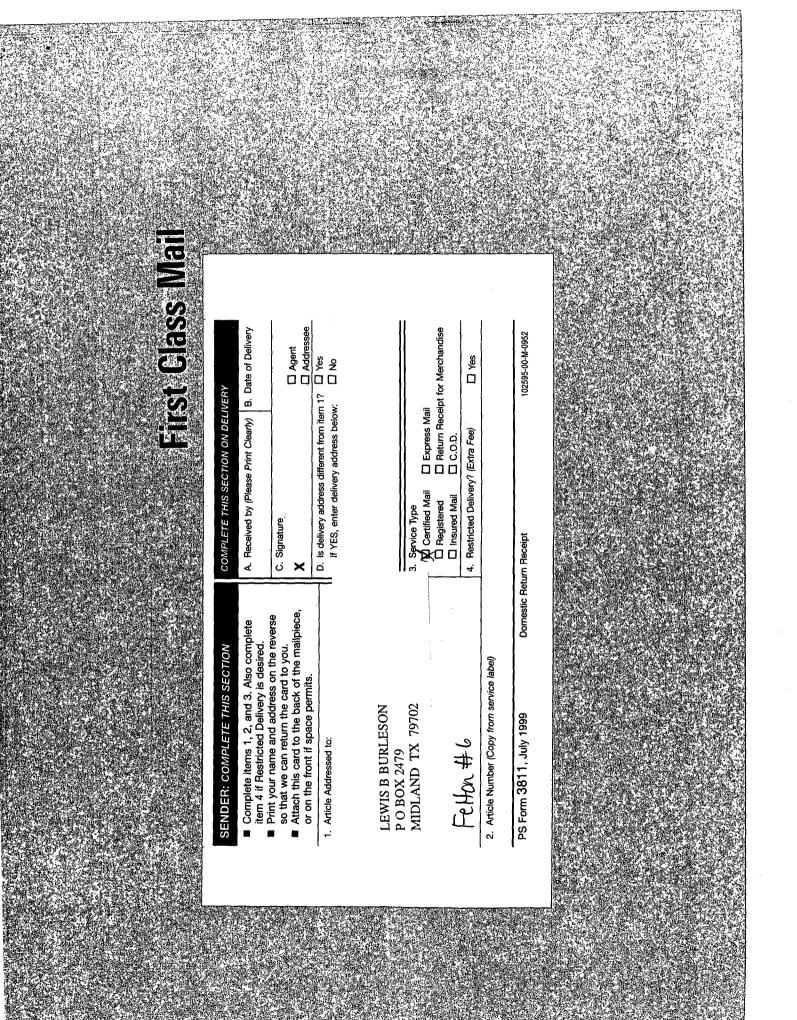


Figure 3

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MIDLAND TX 79705	TX 79705	. Service Type	 Express Mail Return Receipt for Merchandise C.O.D. 		
LEHON # 6 2. Article Number (CODY	F C HUN サ し 2. Article Number (Copy from service label)	4. Restricted Delivery? (Extra Fee)	C Yes		
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First Class Mail □ Agent □ Addressee Express Mail
 Return Receipt for Merchandise A. Received by (Please Print Clearly) B. Date of Delivery 102595-00-M-0952 D Yes COMPLETE THIS SECTION ON DELIVERY If YES, enter delivery address below: 4. Restricted Delivery? (Extra Fee) П С.О.D. Service Type Certified Mail Begistered Insured Mail C. Signature Domestic Return Receipt × So that we can return the card to you.
■ Attach this card to the back of the mailpiece, Print your name and address on the reverse Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. SENDER: COMPLETE THIS SECTION 2. Article Number (Copy from service label) or on the front if space permits. OXY USA P O BOX 50250 MIDLAND TX 79702 PS Form 3811, July 1999 1. Article Addressed to: Fe Hon + 6