

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 3662  
Order No. R-3327

APPLICATION OF EL PASO NATURAL GAS COMPANY  
FOR A NON-STANDARD GAS PRORATION UNIT AND  
AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1967,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of October, 1967, the Commission, a  
quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Administrative Order NSP-45, dated December 23,  
1954, the Commission established a 230-acre non-standard gas  
proration unit in the Eumont Gas Pool comprising Lots 9, 10, 11,  
12, 13, and 14 of Section 6, Township 21 South, Range 36 East,  
NMPM, Lea County, New Mexico, to be dedicated to the El Paso  
Natural Gas Company Shell State Well No. 9, located 3622 feet  
from the North line and 1980 feet from the West line of said  
Section 6.

(3) That the applicant, El Paso Natural Gas Company, now  
seeks the establishment of a 230.32-acre non-standard gas prora-  
tion unit in the Eumont Gas Pool comprising all of Lots 9, 10,  
11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East,

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NMPM, Lea County, New Mexico, to be dedicated to its Shell State Com "E" Well No. 1 located at an unorthodox location for said pool 3300 feet from the North line and 1980 feet from the East line of said Section 6.

(4) That the applicant proposes to shut in its Shell State Well No. 9 and dedicate the acreage approved by Administrative Order NSP-45 to its Shell State Com "E" Well No. 1.

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Shell State Com "E" Well No. 1.

(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 Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(7) That the subject application should be approved and should become effective the date a notice of disconnection is filed with the Commission for said Shell State Well No. 9.

(8) That Administrative Order NSP-45 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to complete its Shell State Com "E" Well No. 1 at an unorthodox location in the Eumont Gas Pool 3300 feet from the North line and 1980 feet from the East line of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That a 230.32-acre non-standard gas proration unit in the Eumont Gas Pool comprising all of Lots 9, 10, 11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the El Paso Natural Gas Company Shell State Com "E" Well No. 1.

(3) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 230.32 acres.

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(4) That Administrative Order NSP-45 is hereby superseded.

(5) That this order shall be effective the date a notice of disconnection is filed with the Commission for the El Paso Natural Gas Company Shell State Well No. 9.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/



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

July 2, 1991

'91 JUL 8 AM 9 14

Permian Basin Production Business Unit

CONDITIONAL WAIVER  
MERIDIAN'S STATE 'E' COM.  
WELL NO. 4  
EUMONT GAS POOL  
LEA COUNTY, NEW MEXICO

Meridian Oil Inc.  
21 Desta Drive  
P. O. Box 51810  
Midland, Texas 79710-1810

Attention: Connie L. Malik,  
Regulatory Compliance Rep.

Gentlemen:

Chevron "conditionally" waives objection with regards to your notice of June 20, 1991 concerning the simultaneous dedication of your proposed State 'E' Com Well No. 4 and your existing State 'E' Com Well No. 1 to a 320-acre Eumont Gas Proration Unit comprising the S/2 of Section 35, Township 20 South, Range 37 East.

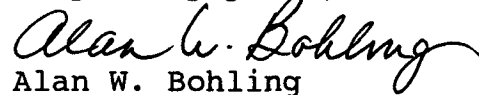
According to the Special Rules and Regulations for the Eumont Gas Pool, Rule 2(b) 4, the proposed location for your State 'E' Com Well No. 4 will be unorthodox at the stated 660' FWL and 1980' FSL for a 320-acre proration unit. The location is unorthodox in that it is less than 990 feet from the end boundary of the proration unit.

Chevron has no objection to the said proposed location for your State 'E' Com Well No. 4 providing that Meridian will waive objection to a Chevron well which may be located at a similar unorthodox location within the Eumont Gas Pool relative to your State 'E' Com lease.

Please acknowledge your agreement to this conditional waiver of objection by Chevron to the subject well by signing the attached and returning to Chevron in the enclosed self addressed, stamped envelope.

Should you have any questions concerning this matter, please call me at (915) 687-7246. Your prompt consideration will be greatly appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Alan W. Bohling". The signature is written in dark ink and is positioned above the printed name and title.

Alan W. Bohling  
Proration Engineer

AWB/  
Attachments  
Enclosures

cc: NMOCD - Santa Fe, NM  
NMOCD - Hobbs, NM

**CONDITIONAL WAIVER OF OBJECTION**

Per Chevron's letter dated July 2, 1991, Chevron U.S.A. Inc. agrees that it will not object to the unorthodox location of Meridian Oil Inc.'s proposed State 'E' Com Well No. 4 to be located 660' FWL & 1980' FSL, Section 35, T-20-S, R-37-E. In turn, however, Meridian Oil Inc. will also waive any objection to a well which may be proposed by Chevron at a similar unorthodox location within the Eumont Gas Pool offset to Meridian's State 'E' Com Lease.

We, the undersigned, hereby agree to the above stated Conditional Waiver of Chevron U.S.A. Inc.:

Company\_\_\_\_\_

Representative\_\_\_\_\_

Position\_\_\_\_\_

Date\_\_\_\_\_